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PM SVANidhi: Micro Credit Scheme for Street Vendors

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Why in News

The **Ministry of Housing and Urban Affairs (MoHUA)** has launched **Pradhan Mantri Street Vendor's Atma Nirbhar Nidhi (PM SVANidhi)**, for providing **affordable loans to street vendors**.

- Earlier, the Scheme was announced as a part of the **Economic Stimulus-II** under the **Atmanirbhar Bharat Abhiyan**.
- The scheme would benefit **vendors, hawkers, thelewale and people involved in goods and services related to textiles, apparel, artisan products, barbers shops, laundry services** etc. in different areas.

Key Points

- **Loan facility:**

- The vendors can avail a working **capital loan of up to Rs. 10,000**, which is repayable in monthly instalments within a year. The loans would be **without collateral**.

It is for the first time that **Microfinance Institutions, Non-Banking Financial Company, Self Help Groups** have been allowed in a scheme for the urban poor due to their ground level presence and proximity to the urban poor including the street vendors.

- There will be **no penalty on early repayment** of loan.

Early repayment (or resettlement) is a clearance of debt or loan before the scheduled time. Many banks and lenders charge penalties for repaying loans early.

- Those **who were vending till 24th March, 2020 can avail the benefits of the scheme**.

This is for the **first time** that **street vendors from peri-urban/rural** areas have become beneficiaries of an urban livelihood programme.

- The **scheme is valid until March 2022**.

- **Interest Subsidy:**

On timely/early repayment of the loan, an interest subsidy of **7% per annum** will be credited to the bank accounts of beneficiaries through direct benefit transfer on a six monthly basis.

- **Escalation of credit limits:**

The scheme provides for the rise of the credit limit on timely/early repayment of loans i.e. if a street vendor repays the installments on time or earlier, he or she can develop his or her credit score that makes him/her **eligible for a higher amount of term loan such as Rs. 20,000**.

- **Encourage digital transactions:**

The scheme incentivises digital transactions by the street vendors through monthly cash back.

- **Focus on capacity building:**

MoHUA in collaboration with State Governments will launch a capacity building and financial literacy programme of all the stakeholders and **Information, Education and Communication (IEC) activities** throughout the country during the month of **June** and **loaning will commence in the month of July**.

- **Role of Urban Local Bodies (ULBs):**

ULBs will play a pivotal role in the **implementation of the scheme** by ensuring to target the beneficiary and reaching to them in an efficient manner.

- **E-governance:**

- In line with the vision of leveraging technology to ensure effective delivery and transparency, a digital platform with web portal/ mobile app is being developed to administer the scheme with end-to-end solution.
- This platform will integrate the web portal/ mobile app with **UdyamiMitra portal of SIDBI** for credit management and **PAiSA portal of MoHUA** to administer interest subsidy automatically.
- It will help in **integrating the vendors into the formal financial system.**

Way Forward

- The loans through the scheme would help to **kick-start activity for vendors** who have been left without any income due to the impact of Covid-19 and lockdown.
- Despite multiple schemes running for the street vendors, there are various gaps in **implementation, identification, awareness and accessibility of various schemes** which should be plugged in a timely manner.
- Benefits like **maternity allowances, accident relief, natural death compensation, education support for children for higher studies, pension** during any crisis should be provided to them.

Source: PIB