



## MoU Under PM SVANidhi

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### Why in News

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Recently, the **Ministry of Housing and Urban Affairs** (MoHUA) has entered into a **Memorandum of Understanding** (MoU) with **Swiggy** to onboard street food vendors on its **e-commerce** platform.

- This move is a part of the **Prime Minister Street Vendor's Atmanibhar Nidhi (PM SVANidhi) Scheme**.
- An **updated and modified version of PM SVANidhi Dashboard**, which facilitates users not only with a better granular view of the scheme's performance but also with additional tools for comparisons, has also been launched.

### Key Points

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- The MoU will **give the vendors online access to thousands of consumers** and help them grow their businesses.
- **Aim:**
  - To **radically transform the business of street vendors** across cities, by facilitating them to **receive orders and serve customers using online mode** of business.

It becomes important during the ongoing **Covid-19** pandemic where physical distancing is the key to check its spread.
  - To **empower street vendors with digital technology and facilitate greater income-earning opportunities** through e-commerce platforms.
- **Phased Implementation:**
  - In a first of its kind initiative, MoHUA and Swiggy will run a **pilot program by on-boarding 250 vendors** across **five cities** namely **Ahmedabad, Chennai, Delhi, Indore, and Varanasi**.
  - Upon the successful completion of the pilot, MoHUA and Swiggy **plan to expand this initiative across the country in phases**.

- **Key Stakeholders:** MoHUA, Municipal Corporations, **Food Safety and Standards Authority of India** (FSSAI), Swiggy and **Goods and Services Tax** (GST) officials.
- **Assistance:** The street vendors will be helped with **Permanent Account Number** (PAN) and FSSAI registration, training on technology/partner app usage, menu digitisation and pricing, hygiene and packaging best practices.

## PM SVANidhi Scheme

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- It was announced as a part of the **Economic Stimulus-II** under the **Atmanirbhar Bharat Abhiyan**.
- It has been implemented since **1<sup>st</sup> June 2020**, for providing affordable working capital loan to street vendors to **resume their livelihoods that have been adversely affected due to Covid-19 lockdowns**, with a sanctioned **budget of Rs. 700 crore**.
- **Aims:**
  - To **benefit over 50 lakh street vendors** who had been vending on or before 24<sup>th</sup> March 2020, in urban areas including those from surrounding peri-urban/rural areas.
  - To **promote digital transactions** through cash-back incentives up to an amount of Rs. 1,200 per annum.
- **Features:**
  - The **vendors can avail a working capital loan of up to Rs. 10,000**, which is **repayable in monthly instalments** in the **tenure of one year**.
  - 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 quarterly basis.
  - There will be **no penalty on early repayment** of the loan. The vendors can avail the facility of the enhanced credit limit on timely/early repayment of the loan.
- **Recent Developments:**
  - As of **October 2020**, **over 20 lakh loan applications have been received** under the scheme and out of these over 7.5 lakh loans have been sanctioned.
  - **However, only 2 lakh applicants have received the money so far**, with officials and applicants pointing to a number of hurdles that are slowing the process.

- **Challenges:**

- Several banks are **seeking applications on stamp papers** worth between Rs. 100 and Rs. 500.
- There have also been instances of banks **seeking PAN cards and even checking the CIBIL or Credit score of applicants or state authorities asking for voter ID cards**, which many migrant vendors do not carry with them.

CIBIL score is an **evaluation of one's credit history** and **determines their eligibility for a loan.**

- There have also been complaints of harassment by police and municipal officials.

- **Solutions:**

- States should be asked to **ensure that street vendors are not harassed** by the authorities as all they are asking is a right to livelihood.
- The Centre has also decided to **send the applications directly to bank branches listed by the applicant as a “preferred lender”** or where the vendor holds a savings bank account.
- A **software has also been developed** that can “push” around 3 lakh applications to the banks.

**Source: PIB**