



## PM SVANidhi Scheme

**For Prelims:** [PM SVANidhi Scheme](#), [Atmanirbhar Bharat Abhiyan](#), [Urban Local Bodies](#)

**For Mains:** [Microfinance](#), its Significance and the Related Initiatives.

### Why in News?

Over 46.54 lakh small working capital loans have been disbursed to street vendors under the **Prime Minister Street Vendor's AtmaNirbhar Nidhi (PM-SVANidhi)** in the three years since it was launched on June 1, 2020.

- A total of **46,54,302 loans** had been **disbursed**. Out of those loans, **about 40% (18,50,987) have been repaid** so far.

### What are the Key Features of the PM-SVANidhi?

- **About:**
  - It is a **Central Sector Scheme** i.e., fully funded **by Ministry of Housing and Urban Affairs** with the following objectives:
    - To facilitate working capital loan;
    - To incentivize regular repayment; and
    - To reward digital transactions
  - Introduction of 3<sup>rd</sup> term loan of **up to ₹50,000 in addition to 1<sup>st</sup> & 2<sup>nd</sup> loans of ₹10,000 and ₹20,000** respectively.
  - The loans would be without collateral.
- **Lending Agencies:**
  - [Microfinance Institutions, Non-Banking Financial Company, Self Help Groups](#) have been allowed due to their ground level presence and proximity to the urban poor including the street vendors.
- **Eligibility:**
  - **States/Union Territories (UTs):**
    - The Scheme is available for beneficiaries belonging to only those States/UTs which have notified Rules and Scheme under Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014.
    - Beneficiaries from Meghalaya, which has its own State Street Vendors Act may, however, participate.
- **Street Vendors:**
  - The Scheme is available to all street vendors engaged in vending in urban areas.
    - Earlier the Scheme was available to all street vendors engaged in vending on or before March 24, 2020.
- **Benefits of Early Repayment:**
  - **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.

- **Credit Limits Extension:**
  - 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.
- **No-Penalty on Early Repayment:**
  - 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.
- **E-governance:**
  - **Encourage Digital Transactions:**
    - The scheme incentivises digital transactions by the street vendors through monthly cash back.
  - **Transparency:**
    - 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.
  - **Financial Inclusion:**
    - It will **help in integrating the vendors into the formal financial system.**
- **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
- **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.

## Who is a Street Vendor/hawker?

- Any person engaged in vending of articles, goods, wares, food items or merchandise of daily use or offering services to the public in a street, footpath, pavement etc., from a temporary built up structure or by moving from place to place.
- The goods supplied by them include vegetables, fruits, ready-to-eat street food, tea, pakodas, breads, eggs, textile, apparel, artisan products, books/ stationary etc. and the services include barber shops, cobblers, pan shops, laundry services etc.
- Around 49.48 lakh street vendors have been identified in India.
  - Uttar Pradesh has the maximum at 8.49 lakh, followed by Madhya Pradesh at 7.04 lakh.
  - Delhi has only 72,457 street vendors.
  - No street vendor has been identified in Sikkim.

## UPSC Civil Services Examination, Previous Year Question (PYQ)

### Prelims

Q. Can the vicious cycle of gender inequality, poverty and malnutrition be broken through microfinancing of women SHGs? Explain with examples. (2021)

Q. How has globalization led to the reduction of employment in the formal sector of the Indian economy? Is increased informalization detrimental to the development of the country? (2016)

**Source: IE**

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