

This should cover the entire gamut of their business from procurement of raw material to collection of sale proceeds

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Prime Minister Shri Narendra Modi reviewed the implementation of PM-SVANidhi Scheme of Ministry of Housing & Urban Affairs earlier yesterday

It was informed over 2.6 lakh applications have been received, over 64,000 have been sanctioned and over 5,500 have been disbursed. He expressed satisfaction on use of end-to-end IT solution through a web-portal and mobile App for administration of the Scheme to ensure transparency, accountability and speed.

While noting that the Ministry of Housing and Urban Affairs is working on a complete IT solution including mobile application for seamless implementation of the scheme, Prime Minister said that the scheme design should incentive use of end-to-end digital transactions by the street vendors. This should cover the entire gamut of their business - from procurement of raw material to collection of sale proceeds. Appropriate incentives and trainings should be conducted for this purpose. Use of digital payments would also help build a credit profile for the street vendor helping them in future financial needs.

Prime Minister said that the scheme should not be just seen from the perspective for extending loans to street vendors. It should also be seen as a part of an outreach to the street vendors for their holistic development and economic upliftment. One step in this direction would be by capturing their entire socio-economic details to facilitate necessary policy interventions. Such data could also be used by different Ministries of Government of India to benefit them under various Schemes for which they are eligible, on priority. These include housing under PMAY-U, cooking gas under Ujjawala, electricity under Saubhagya, health under Ayushman Bharat, skilling under DAY-NULM, Bank account under Jan Dhan etc.

Background

Government of India has launched PM SVANidhi Scheme to facilitate collateral free working capital loan upto Rs.10,000/- of one-year tenure, to approximately, 50 lakh street vendors, to resume their businesses. Incentives in the form of interest subsidy (@ 7% per annum) and cash back (upto Rs.1,200/- per annum) are being provided to promote good repayment behaviour and digital transactions respectively. The interest subsidy effectively works out to 30 % of the entire interest burden for a loan of Rs. 10,000 @ 24 % annual interest.

Therefore, in effect the vendor does not pay any interest, rather gets a subsidy on the loan amount if he repays in time and uses digital transactions for all receipts and payments. The scheme entails enhanced next tranche of loan on early or timely repayment. Loan processing has begun since July 02, 2020 through an IT platform "PM SVANidhi" with Small Industries Development Bank of India (SIDBI), which is the implementing agency for the scheme administration.

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