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Working Capital Term Loan - KVB Street Vendor (962)

Government of India through Ministry of Finance, Department of Urban Development & Local Self Government under Ministry of Housing and urban Affairs has announced a special micro-credit scheme to provide affordable loan of up to Rs 10,000.00 to street vendors, a move aimed at restarting their livelihoods affected due to coronavirus-triggered lockdown.

The Union Housing and Urban Affairs Ministry in a statement said the '**Pradhan Mantri Street Vendor's AtmaNirbhar Nidhi(PM SVANidhi)**' is likely to benefit 50 lakh street vendors/hawkers vending as on or before March 24, 2020 in urban areas.

Salient features of the proposed product are as follows:

- Extension of collateral free working capital loan upto Rs 10,000.00, which is repayable in monthly installments in the tenure of one year.
- Interest subsidy at the rate of 7% on timely repayment and monthly cash back on digital transactions.
- Implementation of the scheme is to start from July 2020 and its duration is till March 2022.

KVB STREET VENDOR product features, Loan application form and documents are enclosed as annexure



Deputy General Manager



Chief General Manager

Annexure - Features of the KVB Street Vendor

Parameter	Product Norms
Facility	Working capital Term Loan
Purpose	<p>The scheme is a Central Sector Scheme i.e., fully funded by Ministry of Housing and Urban Affairs with the following objectives:</p> <ul style="list-style-type: none"> → To facilitate working capital loan up to Rs.10,000/- → To incentivize regular repayment. → To reward digital transactions.
Facility	KVB Street Vendor
Product Code	962
BRE Score	Not applicable
Eligibility	<p>The Scheme is available to all street vendors engaged in vending in urban areas, peri-urban/ rural areas vending in the geographical limits of the cities/towns as on or before March 24, 2020</p> <p>a) 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.,</p> <p>b) Any vendors who left for their native places prior to or during the lockdown period because of COVID-19 pandemic are likely to come back after the situation normalizes and resume their business will be eligible for the loan.</p> <p>C) The borrowers should have CASA account with our bank for the purpose of disbursing loan amount, facilitating collections, receiving digital incentives etc.</p>
Targeted Customers	<p>The eligible vendors will be identified as per following criteria:</p> <ul style="list-style-type: none"> → Street vendors in possession of Certificate of Vending / Identity Card issued by Urban Local Bodies (ULBs).

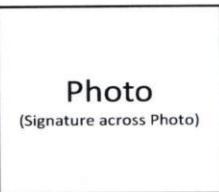
	→ The vendors, who have been identified in the survey but have not been issued Certificate of Vending / Identity Card.
Loan Amount	Maximum Rs 10,000.00 per borrower.
Margin	Nil
Rate of Interest	<p>a) Direct lending without engagement of BCs: The rate of interest will be linked to EBR-R with + 6.80%. At present the rate of interest is 14.00 % (7.20 + 6.80%).</p> <p>b) Lending with the support of BCs for monitoring & collection of loans: The rate of interest will be linked to EBR-R + Spread (6.80%) + Service charge (8.00%). At present the rate of interest is 22.00 %(7.20 + 6.80%+8.00%).</p>
Tenor/Repayment	<p>Tenor of loan under Scheme shall be one years from the date of disbursement.</p> <p>The loan should be repaid in monthly installments.</p> <p>On timely or yearly repayment, the vendor will be eligible for the next cycle of working capital loan with an enhanced limit.</p>
Security	<p>Primary – DPN & Hypothecation of current assets.</p> <p>Collateral Security – No collateral security is required under this scheme</p>
Interest Subsidy	<p>Loan under the scheme, are eligible to get an interest subsidy at the rate of 7% on timely repayment.</p> <p>The interest subsidy amount will be credited into the borrower's account quarterly.</p> <p>Subsidy will only be considered in respect of accounts of borrowers, which are Standard (non-NPA as per extant RBI guidelines)</p>
Processing Charges	Nil
Pre-closure charges	Nil
Part payment Charges	Nil
Insurance	Exempted
CERSAI	Charge creation on asset is excluded from CERSAI registration
Sanctioning Authority	All the branches in urban areas. Branch head should interview the applicants and ascertain the repayment capacity before approval of the loan.

Duration of the scheme	This Scheme is to start from July 2020 and its duration is till March, 2022
Default	Default for borrowers shall be as per the instructions and guidelines issued by the Reserve Bank of India from time to time under extant norms on income recognition, asset classification and provisioning.
Asset Classification	As per IRAC norms.
Documentation	1.C-69 : Letter Of Undertaking - To Avail Term Loan Under KVB Street Vendor Scheme & To Repay In Instalments. 2. DPN : A-1-EBRR approved by Legal department
Credit Guarantee	The Scheme has a provision of Graded Guarantee Cover for the loans sanctioned, as indicated below, to be administered by Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), which will be operated on portfolio basis: First Loss Default (Up to 5%): 100% Second Loss (beyond 5% up to 15%): 75% of default portfolio Maximum guarantee coverage will be 15% of the year portfolio.
Incentive for digital transactions	<p>a) The scheme will incentivize digital transactions by vendors through cash back facility.</p> <p>b) The network of lending institutions and digital payment aggregators like NPCI (for BHIM), PayTM, GooglePay, BharatPay, AmazonPay, PhonePe etc. will be used to on-board the street vendors for digital transactions.</p> <p>c) The on boarded vendors would be incentivized with monthly cash back in the range of Rs. 50 to Rs. 100 as per the following criteria:</p> <ul style="list-style-type: none"> → On executing 50 eligible transactions in a month Rs. 50. → On executing the next 50 additional eligible transactions in a month: Rs.25 (i.e on reaching 100 eligible transactions, the vendor to receive Rs.75). → On executing the next additional 100 or more eligible transactions: Rs.25 (i.e on reaching 200 eligible transactions, the vendor to receive Rs.100).

Annexure 1A – Loan Application Form



**PM Street Vendor's AtmaNirbhar Nidhi
(PM SVANidhi)**
(Common Loan Application Form)



Application no:	Date:
Name of Bank/Lender:	State Name
ULB Name (LGD CODE)	

1	Member of CIG	(Y/N)	Name of CIG			Code													
	Member of JLG	(Y/N)	Name of JLG			Code													
2	Name of Street Vendor*				Father's/Spouse's Name*														
3	Date of Birth / Age*				Gender (Please tick ✓)*		Male/Female/Transgender												
4	Marital Status (Single/Married)*				Mobile no.*														
5	Social Category*	General <input type="radio"/>		SC <input type="radio"/>		ST <input type="radio"/>	OBC												
6	Nativity	Urban <input type="radio"/>	Rural <input type="radio"/>	PWD	Yes <input type="radio"/> No <input type="radio"/>	Minority community	Yes <input type="radio"/> No												
7	KYC documents*	Aadhaar No*	Voter ID Card No	Driving License No	Ration card	Others (Govt Approved Document)													
8	Do you have a Family	Yes / No. If Yes, then please provide details of the Family Members.																	
8.1	Family Details	Name*		Relationship with Applicant*		Age*													
	1.																		
	2.																		
	3.																		
	4.																		
	5.																		
9	Proof of Vending (✓)*	Vendor ID Card No		Certificate of Vending No		Letter of Recommendation No (LoR)													
10	Permanent Address (Pre-populated from Aadhaar response)																		
11	Current Address* (If same as the Permanent Address in column 10, please click Yes) If NOT, then please provide the address	<table border="1"> <tr> <td colspan="4">House No. / Locality</td> </tr> <tr> <td>Ward/Village:</td> <td>Town/Dist:</td> <td>State:</td> <td>Pin:</td> </tr> <tr> <td colspan="4">Address proof (Pl specify)</td> </tr> </table>						House No. / Locality				Ward/Village:	Town/Dist:	State:	Pin:	Address proof (Pl specify)			
House No. / Locality																			
Ward/Village:	Town/Dist:	State:	Pin:																
Address proof (Pl specify)																			
12	Vending Activity *	Name of Activity (Please specify)																	
		Place of Vending (Fixed location /Mobile)																	
		Duration of Vending (YY/MM):				____ / ____													
13	Location/Area of Vending*	Stationary Vendor (Fixed Location):				Nearest Landmark:													

One Stop Centre	<input type="checkbox"/>
Pradhan Mantri Mudra Yojana (PMMY)	<input type="checkbox"/>
Pradhan Mantri Suraksha Bima Yojana (PMSBY)	<input type="checkbox"/>
Pradhan Mantri Shram Yogi Maan-dhan (PM-SYM)	<input type="checkbox"/>
Hunar se Rozgar tak initiative	<input type="checkbox"/>
Nai Roshni	<input type="checkbox"/>
Green Skill Development Programme	<input type="checkbox"/>

Declaration and Authorization:

- I hereby certify that all information furnished by me/us is true, correct and complete. I have no borrowing arrangements except as indicated in the application form. I have not applied to any lending institution. There is/are no overdue / statutory due owed by me. The information may also be exchanged by you with any agency, you may deem fit. You, your representatives or MoHUA, or any other agency as authorized by you, may at any time, inspect/ verify my/our assets etc. You may take appropriate safeguards/action for recovery of lending institutions' dues.
- I have no objection to authenticate my Aadhaar number, share the same with other Ministries / Departments under the Government of India for the purpose of extension of benefits under any of their Schemes, carry out e-KYC and accessing my credit history & credit score by credit bureau, lenders and their authorized agents. The consent and purpose of collecting Aadhaar has been explained to me/us in local language. MoHUA/Lending Institution has informed me that my Aadhaar submitted herewith shall not be used for any purpose other than mentioned above, or as per requirements of law. I have been informed that this consent and my Aadhaar will be stored along with my account details with MoHUA.

Date: _____

Place: _____
Applicant(s)

Thumb impression/Signature of

.....
(For office use only)

Acknowledgment slip no -...loan Application No. dated

Received by _____

Place and date

Authorized signatory (Seal and Sign)

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LETTER OF UNDERTAKING - TO AVAIL TERM LOAN UNDER KVB STREET VENDOR SCHEME & TO REPAY IN INSTALMENTS

Place:

Date:

From

To

The Branch Manager,
The Karur Vysya Bank Limited,
____ Branch.

Dear Sir / Mam,

In consideration of your Bank granting to me Working Capital Term Loan under KVB Street Vendor Scheme to the extent of Rs. _____ (Rupees _____ only) for the purpose of _____, today I have executed On Demand Promissory Note for Rs. _____ (Rupees _____ only) and agree to hypothecate and charge to the Bank the following goods as security for the amount advanced and / or to be advanced and remaining unpaid in the account with interest at agreed rate:

Sl. No.	Particulars

The aforesaid goods have been purchased / to be procured with the amount of loan advanced to me. These goods shall remain available to the Bank for realisation of its dues, as and when occasion arises. I undertake to complete all the formalities at that time at the request of the Bank at my cost.

Rate of Interest: I agree to pay interest @% p.a. (lending rate) which is% over and above the bank's External Benchmark Rate-Repo linked (EBR-R) which is at present ... % p.a. (subject to revision on quarterly basis), compounded at monthly rests, together with all costs, charges, etc. The interest will be calculated based on the daily balances in the loan account and such interest will be added to the balance outstanding thereby capitalized as principal sum as per the Sanction.

I, further undertake to repay the loan as per repayment schedule and authorize the Bank to deduct loan installment/s from my account no. _____ with the Bank as and when such need arises /warrants.

I am fully aware that the lending rate on the aforesaid amount indicated in the Pronote (DPN) shall be subject to a change depending on either variation in the EBR-R or on the Risk Rating assigned by the Bank from time to time.

I further agree that the said DPN shall also be a continuing security for any balances due to the Bank from time to time in my said loan account and for the ultimate balance and interest remaining unpaid in the said account and/or any other balance due from me to the Bank under any arrangement, by whatever name called.

I agree that in case the amount of the loan demanded by the Bank is not paid by me, it shall be lawful for the Bank and its officers to call upon me to deliver possession of the aforesaid goods and to sell the same by private contract or otherwise for adjustment of my loan account and I undertake to pay the amount of shortfall, if any.

In case the aforesaid goods or any of them is lost or destroyed or otherwise become unavailable or untraceable by theft or otherwise for any reason whatsoever, the Bank will have the right to immediate call upon me for repayment of the amount outstanding in the loan account notwithstanding the period of instalments.

Monthly instalment repayable: Rs.

Due date of first instalment :

Due date of final instalment :

Thanking you,

Yours faithfully

Borrower

AFFIRMATION FOR HAVING UNDERSTOOD THE CONTENTS:

I hereby confirm that the nature and contents of this document and the DPN have been explained to me in _____ language known to me and after having understood the same, I have voluntarily and without any undue influence or coercion, signed/affixed my left-hand thumb impression.

Borrower's Signature

Witnesses **Name** **Address** **ID/A/c No.**

1.

2.

DEMAND PROMISSORY NOTE

Rs./-

Place :

Date :

ON DEMAND I/We, Mr./Mrs. S/o / W/o
aged about years and residing at
....., promise to pay The Karur Vysya Bank Limited at
.....Branch or their order, a sum of Rs...../- (Rupees
.....only) for value received with interest
thereon from this date to the date of payment in full, at the rate of% p.a. (lending
rate) which is % over and above the bank's External Benchmark Rate-Repo linked
(EBR-R) which is at present ... % p.a. (subject to revision on quarterly basis),
compounded at monthly rests, together with all costs, charges, etc.

Revenue
Stamp

(*) Strike-out if not applicable