

|                 |  |
|-----------------|--|
| <b>Date</b>     | 5 <sup>th</sup> August 2020  |
| <b>To</b>       | Branch Heads/ Head BC Operations   |
| <b>CC</b>       | The Head Branch Banking/ Head Micro Banking / Cluster Heads/ CEO of BC's / EVP |
| <b>Subject</b>  | Introducing PM SVANidhi Loan (PM SVANidhi)                                     |
| <b>Cir. No.</b> | Circular/2/20-21/MSME/PMSV   |

### **Background**

Ministry of Housing and Urban Affairs has recently launched PM Street Vendor's Athmanirbhar Nidhi (PM SVANidhi), a special Micro Credit Facility Scheme for providing loan to street vendors to resume their livelihood that have been adversely affected due to COVID-19 lock down. PM SVANidhi loan product is designed to meet the such client's livelihood support requirement in the present time of crisis. In continuation to the scheme, ESAF Small Finance Bank is launching PM SVANidhi with effect from 5<sup>th</sup> August 2020.

### **Product Features:**

| <b>Parameters</b>                        | <b>Guidelines/Instructions</b>  |
|--|---|
| <b>Type of Loan</b>                      | Individual Term Loan  |
| <b>Scheme</b>                            | PM SVANidhi Loan  |
| <b>Purpose</b>                           | Working Capital Requirement for the existing business   |
| <b>Definition – Street Vendor/Hawker</b> | 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.  |
| <b>Eligibility Criteria</b>              | <p>The Scheme is available to all street vendors engaged in vending in urban areas as on or before March 24, 2020. The eligible vendors will be identified as per following criteria:</p> <ul style="list-style-type: none"> <li>(i) Street vendors in possession of Certificate of Vending / Identity Card issued by Urban Local Bodies (ULBs);</li> <li>(ii) The vendors, who have been identified in the survey but have not been issued Certificate of Vending / Identity Card; Provisional Certificate of Vending would be generated for such vendors through an IT based Platform. ULBs are encouraged to issue such vendors the permanent Certificate of Vending and Identification Card immediately and positively within a period of one month.</li> <li>(iii) Street Vendors, left out of the ULB led identification survey or who have started vending after completion of the survey and have been issued Letter of Recommendation (LoR) to that effect by the ULB / Town Vending Committee(TVC), and</li> <li>(iv) The vendors of surrounding development/peri-urban / rural areas vending in the geographical limits of the ULBs and</li> </ul> |

|                            |   |
|----------------------------|---|
|                            | <p>have been issued Letter of Recommendation (LoR) to that effect by the ULB/TVC.</p> <p>(v) While identifying the vendors belonging to category iii and iv, the ULB/TVC may consider any of the following documents to issue letters of recommendation:</p> <ul style="list-style-type: none"> <li>i. The list of vendors, prepared by certain States/ UTs, for providing one-time assistance during the period of lock down; OR</li> <li>ii. (ii) A system generated request sent to ULBs/ TVCs for issue of LoR based on the recommendation of the Lender after verifying the credentials of the applicant; OR</li> <li>iii. The membership details with the vendors associations including National Association of Street Vendors of India (NASVI)/ National Hawkers Federation (NHF)/ Self-Employed Women's Association (SEWA) etc.; OR</li> <li>iv. The documents in possession of the vendor buttressing his claim of vending; OR</li> <li>v. Report of local enquiry conducted by ULB/ TVC involving Self-Help Groups (SHGs), Community Based Organizations (CBOs) etc.</li> </ul> <p>Further, ULBs may adopt any other alternate way for identifying such vendors with a view to ensure that all the eligible vendors are positively covered</p> |
| <b>Age Limit</b>           | Minimum 18 years and Maximum 60 years at the time of closure of loan  |
| <b>Loan Range</b>          | <p>Rs. 10,000 for first cycle loan.</p> <p>On timely or early repayment, the client will be eligible for the next cycle of working capital loan with an enhanced limit of a maximum of 200% of the earlier loan subject to a ceiling of Rs 20,000.</p>  |
| <b>Loan Tenure</b>         | 12 Months   |
| <b>Repayment Frequency</b> | Monthly   |
| <b>Interest Rate</b>       | Fixed during the loan tenure with 20% per annum (diminishing)   |
| <b>Processing Fee</b>      | Nil   |
| <b>Other Charges</b>       | As Applicable   |
| <b>KYC Requirements</b>    | Aadhar/Voter ID/PAN/Driving License/Valid Passport, as per the bank KYC policy  |
| <b>Vendor Proof</b>        | Vendor ID issued by ULB / Letter of Recommendation  |
| <b>Type of Security</b>    | Nil   |
| <b>Collection mode</b>     | Collection will be undertaken by Business Correspondent (BC) at the Vendors Business location / Door step   |
| <b>Loan Classification</b> | Priority Sector-MSME  |
| <b>Subsidy Credit</b>      | The vendors, availing loan under the scheme, are eligible to get an interest subsidy @ 7% pa. The interest subsidy amount will be   |

|  |   |
|--|---|
|  | <p>credited into the borrower's account quarterly. The Bank will submit quarterly claims for interest subsidy for quarters ending as on June 30, September 30, December 31, and March 31 during each financial year. Subsidy will only be considered in respect of accounts of borrowers, which are Standard (non-NPA as per extant RBI guidelines) on respective claim dates and only for those months during which the account has remained Standard in the concerned quarter.</p> <p>The interest subsidy is available up to March 31, 2022. The subsidy will be available on first and subsequent enhanced loans up to that date. In case of early payment, the admissible amount of subsidy will be credited in one go.</p>  |
| <b>Promotion of Digital Transaction by vendors</b> | <p>The scheme will incentivise digital transactions by vendors through cash back facility. The transaction trail so created will build the credit score of vendors for enhancing their future credit needs. 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. The on-boarded vendors would be incentivised with a monthly cashback in the range of Rs.50 – Rs.100 as per the following criteria:</p> <ol style="list-style-type: none"> <li>I. On executing 50 eligible transactions in a month: Rs.50</li> <li>II. 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), and</li> <li>III. On executing the next additional 100 or more eligible transactions: Rs25 (i.e. on reaching 200 eligible transactions, the vendor to receive Rs.100/-).</li> </ol> <p>Here eligible transactions mean a digital pay-out or receipt with minimum value of Rs.25. Cash Back incentives shall be available only to a maximum limit of Rs. 1200.</p> |
| <b>Documentation</b>                               | <ul style="list-style-type: none"> <li>• Loan Application form</li> <li>• Sanction Letter</li> <li>• Demand Promissory Note and Terms &amp; Condition</li> </ul>  |
| <b>Insurance Premium for Credit Shield</b>         | If applicable   |

All are requested to go through the product and process details thoroughly and ensure that the product is properly explained to the staff and disbursed adhering the details.

Please ensure that proper client selection is exercised while sourcing and maximum number of needy clients are sourced. For any support feel free to contact thru [msme@esafbank.com](mailto:msme@esafbank.com).

**Soney Jose**  
**Head - MSME**