



## **Working Capital Loan (PMSVANidhi)**

**Product Initiation Document (PID)**

## 1. Overview

Fincare Small Finance Bank has introduced Working capital Loan product to meet the working capital requirement of street vendors to resume their business in the COVID Scenario. The Government of India and the Reserve Bank of India are also keen that Banks offer this scheme to the street vendors.

## 2. Key Policy Parameters

Sr No	Particulars	Guidelines
1	Scheme	PM SVANidhi Loan
2	Definition- Street Vendor/Hawker	Any person engaged in vending of articles, goods, wares, food items or offering services to the public in street, footpath/pavement, from a temporary built up structure or moving from place to place.
3	Eligibility Criterion for Borrowers	<p><b><i>Available to all engaged in vending in urban areas as on or before Mar 24<sup>th</sup> 2020.</i></b></p> <ul style="list-style-type: none"> <li>• Street vendors in possession of Certificate of Vending / Identity Card issued by Urban Local Bodies (ULBs)</li> <li>• The vendors, who have been identified in the survey but have not been issued Certificate of Vending / Identity Card;</li> <li>• 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)</li> <li>• The vendors of surrounding development/peri-urban / rural areas vending in the geographical limits of the ULBs and have been issued Letter of Recommendation(LoR) to that effect by the ULB / TVC.</li> <li>• Vendors who have gone back to their native places due to COVID-19 and are likely to come back are also eligible.</li> </ul>
4	Purpose of Loan	Working Capital Requirement for existing business
5	Age Limit	Minimum 18 Years and Maximum 60 Years at the time of Closure of Loan
6	KYC	As per extant instruction of the bank

7	Loan Tenure	12 Months
8	Repayment Frequency	Monthly
9	Loan Amount	Rs 10000 for 1 <sup>st</sup> Cycle. On timely or early repayment, the vendors will be eligible for the next cycle of working capital loan with an enhanced limit.
10	Type of Facility	Term Loan for Working Capital purpose
11	Interest Rate	22% p.a
12	Processing Fee	Not Applicable
13	Insurance Premium for Credit Shield	If applicable
14	Subsidy Credit	The vendors, availing loan under the scheme, are eligible to get an interest subsidy @ 7%. The interest subsidy amount will be credited into the borrower's account quarterly. Bank will submit quarterly claims for interest subsidy for quarters ending as on June 30 <sup>th</sup> , September 30 <sup>th</sup> , December 31 <sup>st</sup> and March 31 <sup>st</sup> 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. The interest subsidy is available up to March 31, 2022.
15	Margin	Nil
16	Security	Nil
17	Loan Classification	Priority Sector MSME
18	Promotion of Digital Transaction by Vendor	The scheme will incentivize 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 aggregators to be used to onboard the street vendors for digital transaction. The onboarded vendors would be incentivised with a monthly cashback in the range of Rs 50 – Rs 100 as per the following criteria: <ol style="list-style-type: none"> <li>1) On executing 50 eligible transactions in a month: Rs 50;</li> <li>2) On executing 100 eligible transactions, the vendor to receive Rs 75</li> <li>3) On executing 200 eligible transactions, the vendor to receive Rs 100.</li> </ol>

19	Documentation	<ul style="list-style-type: none"> <li>• Loan Application Form</li> <li>• Demand Promissory Note</li> <li>• Self-Declaration</li> <li>• Declaration of Good Health Form (if customer opts for insurance)</li> </ul>
20	Credit Guarantee	<p>The Scheme has a provision of Graded Guarantee Cover for the loans sanctioned to be administered by Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).</p> <p>Guarantee Coverage on subsequent cycles(up to the enhanced limit) will be available on the portfolio covered by CGTMSE during the scheme period up to March 31, 2022</p> <ul style="list-style-type: none"> <li>• First Loss Default (Up to 5%): 100%</li> <li>• Second Loss (beyond 5% up to 15%): 75% of default portfolio</li> <li>• Maximum guarantee coverage will be 15% of the year portfolio</li> <li>• All loans given by each lending institution under the scheme will be considered for coverage under the guarantee.</li> <li>• The periodicity of filing of claims by lending institutions will be quarterly.</li> <li>• All the participating lending institutions shall be eligible to avail this guarantee cover without any charges</li> </ul>
21	Others	<ul style="list-style-type: none"> <li>• No prepayment penalty will be charged from the vendors for repayment before the scheduled date.</li> </ul>

**Documentation Required:**

Category	
Application form	Signed application form
Customer consent form	As per approved format
KYC	As per Bank approved KYC Policy
Hypothecation Agreement	As per prescribed format with requisite stamping
Loan Agreement	Duly stamped & signed by customer – as per prescribed format
Sanction Letter	Duly Signed by all applicants
Additional Documentation	Disbursal Checklist, Vernacular declaration, Insurance form, DOGH etc.