

North East Small Finance Bank
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Basisthapur, Beltola, Guwahati - 781028

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CIRCULAR TO ALL SFB BRANCHES / ALL OFFICES

SUB : PM SVANidhi - Product for Street Vendor for Meeting Working Capital requirement

Highlights	PM SVANidhi
Effective Date	With immediate effect

The product PM SVANidhi is in process of being introduced as on 11 August 2020 and the product parameters are per as the guidelines stipulated by the Ministry of Housing and Urban Affairs.


Dipanjan Chatterjee
Executive Director



Enclosed:

- Product Note

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PM SVANidhi Product for Street Vendor for Meeting Working Capital requirement.

1. Background

Street vendors represent a very important constituent of the urban informal economy and play a significant role in ensuring availability of the goods and services at affordable rates at the door-step of the city dwellers. They are known as vendors, hawkers, thelewala, rehriwala, theliphadwala etc. in different areas/ contexts. The goods supplied by them include vegetables, fruits, ready-to-eat street food, tea, pakodas, breads, eggs, textile, apparel, footwear, artisan products, books/ stationary etc. The services include barber shops, cobblers, pan shops, laundry services etc. The COVID-19 pandemic and consequent lockdowns have adversely impacted the livelihoods of street vendors. They usually work with a small capital base and might have consumed the same during the lockdown. Therefore, there is an urgent need to provide credit for working capital to street vendors to resume their business.

2. Objectives

The scheme is a Central Sector Scheme i.e. fully funded by Ministry of Housing and Urban Affairs with the following objectives: (i) To facilitate working capital loan up to `10,000; (ii) To incentivize regular repayment; and (iii) To reward digital transactions

The scheme will help formalize the street vendors with above objectives and will open up new opportunities to this sector to move up the economic ladder.

3. Eligibility of States/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.

4 Product Parameters

Particulars	Parameter
Loan Amount	Maximum Rs. 10000/- . Enhanced limit may be given to the vendors in the next cycle on timely or early repayment of the loan
Loan Tenure	12 months
Interest Rate	Interest rate if Fixed, The rates will be as per Bank's prevailing rates
Collateral	Loan is collateral free
Eligibility Criteria	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:

	<ul style="list-style-type: none"> • Possess Certificate of Vending / Identity Card issued by Urban Local Bodies (ULBs); • The vendors, who have been identified in the survey of street vendors but have not been issued Certificate of Vending / Identity Card. • In case a vendor is left out of the survey, he/she need to produce one of the following documents to obtain the Letter of Recommendation (LOR) from Urban Local Bodies /TVC: <ul style="list-style-type: none"> ◦ Documents of past loan taken from a bank/ NBFC/ MFI for the purpose of vending; or ◦ Membership details, If member of street vendors' association like NASVI, NHF, SEWA etc.; or ◦ Any other documents to prove that s/he is a vendor; <p>The State / UT / ULB-wise list of identified street vendors will be made available on the website of the Ministry/ State Government/ ULBs and Web Portal developed for the purpose. The name of the applicant needs to be present in the list</p> <p>The vendor can also request ULB through a simple application on white paper to conduct local enquiry to ascertain the genuineness of his/her claim for receipt of LOR.</p>
Eligible Business	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.
Restriction on Vendors	<ol style="list-style-type: none"> 1. It is to be assured that vending is done only in the specified time and space of vending as mentioned in the vending certificate. 2. Vendor will not sell any contaminated food item 3. Alcoholic Beverages and Narcotic drugs or any other items as may be specified by the State Govt. from time to time 4. Selling of Inflammable and explosive substances not allowed. 5. The vendor shall not sell any item/Article which may disrupt Communal Harmony. 6. Vendor should not use any Noise producing equipment for vending/marketing.

	<ol style="list-style-type: none"> 7. Vendor shall sell any tobacco related products including Pan Masala or Tobacco in any Form. 8. Vendor should not include any Extra Space other than permitted area/space by authority as per certificate 9. Vendor should not Litter the allotted vending space or disrupt the traffic rules of the area. 10. Place of vending should not be near any School, Hospital, Nursing home, Medical College, Orphanages, children homes. 11. Any Labor Engaged in Vending is below the age of 14 years is not allowed.
Nature of Interest	Simple
Mode of Repayment	Field Collection (Monthly), Standing instructions , electronic transfer.
Disbursement	Bank Account of the proposed borrower
Loan Type	Unsecured
Loan Processing Charge	Nil
Pre-Payment Charge	Nil
Stamp Duties	As per actual prevailing rate applicable in the state
Loan Cancellation	Nil
5 Documents Requirements: All customer documents to be verified against original and OSV to be done	
Document Type	List of Documents
ID & Age Proof of the Borrower & Co-Borrower (Any one) KYC mandatory to cover the residence address	<ul style="list-style-type: none"> • AADHAAR Card. • Voter's Identity Card. • Driving License. • MNREGA Card. • PAN Card. <p>(Online verification of all KYC documents has to be ascertained and to be documented wherever available)</p>
Other Documents	<ul style="list-style-type: none"> • Dully Filled-Up Application Form. • D P Note & D P Note Delivery Letter; • Loan Agreement. • Possess Valid Certificate of Vending / Identity Card issued by Urban Local Bodies (ULBs); or Printout from the street vendor survey site for those vendors, who have been identified in the survey of street vendors but have not been issued Certificate of Vending / Identity Card; or Letter of Recommendation (LOR) from Urban Local Bodies /TVC; • Interview-Cum-Appraisal/Assessment Form.

6 Incentives to the Borrowers



6.1 Interest Subsidy

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. 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. 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.

6.2 Promotion of Digital Transactions by Vendors

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 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 onboarded vendors would be incentivised with a monthly cashback in the range of `50 - `100 as per the following criteria:

- (i) On executing 50 eligible transactions in a month: `50;
- (ii) On executing the next 50 additional eligible transactions in a month: `25 (i.e on reaching 100 eligible transactions, the vendor to receive `75); and
- (iii) On executing the next additional 100 or more eligible transactions: `25 (i.e on reaching 200 eligible transactions, the vendor to receive `100).

Here eligible transactions mean a digital payout or receipt with minimum value of `25.