

Standing Committee Report Summary

PM SVANidhi

- The Standing Committee on Housing and Urban Affairs (Chair: Mr. Jagdambika Pal) presented its report on ‘PM Street Vendor’s Atmanirbhar Nidhi (PM SVANidhi)’ on December 13, 2021. PM SVANidhi was launched in June 2020 as part of the Atmanirbhar Bharat package to provide credit for working capital to street vendors to resume their businesses after the impact of COVID-19. The Protection of Livelihood and Regulation of Street Vending) Act, 2014 provides for the regulation of street vendors in public places, and protection of their rights. Key observations and recommendations of the Committee include:
 - **Extension of the scheme:** Vendors availing loan under the scheme are eligible for an interest subsidy of 7%. The subsidy is available till March 2022. The Committee observed that many street vendors have not been covered under the scheme, and many are still recovering from the adverse effects of COVID-19 on their businesses. It recommended extending the scheme by at least another year.
 - **Registration of vendors:** Under the 2014 Act, a certificate of vending (CoV) is issued to the street vendors, based on surveys carried out by urban local bodies to identify them. Under the Scheme, vendors with a Vendor ID Card (CoV), or a letter of recommendation (LoR) are eligible for loan. LoRs are issued by the urban local bodies to those vendors who were left out of the surveys. The Committee observed that 14 states and UTs have issued more LoRs than CoVs, and three states have not issued a single CoV. The Committee noted that the LoR is an interim measure and recommended the Ministry to follow the sequence of activities under the Act and issue CoVs to all the identified street vendors. Further, CoVs should be issued within a month of issuance of LoRs.
 - **Sanction and disbursement of loan:** The Committee noted that ten states each have sanction rates and disbursement rates (out of total loan applications received) less than 50%. Certain banks also have sanction rates less than 50%. Further, while the scheme guidelines require loans to be disbursed within 30 days, 31 states/UTs take longer to disburse loans. The Committee recommended: (i) providing timelines to states and UTs to improve their sanction and disbursement rate, (ii) investigating bank-specific reasons for low sanction rates, and (iii) addressing the delay in the loan disbursement process.
 - **Credit score:** The Committee noted that some lending institutions seek a CIBIL score (a three-digit numeric summary of credit history, rating, and report) before granting loans to the vendors. It observed that rejection of loan applications due to low CIBIL score will push the street vendors towards informal channels of credit (such as money lenders). Therefore, it recommended banks to: (i) do away with seeking minimum CIBIL score for sanctioning loans under the scheme, and (ii) re-examine the loan applications rejected on account of low CIBIL score (loans may be sanctioned in case of applicants with no previous default history).
- **Loan applications:** The Committee noted that 10% to 20% of the loan applications are returned or rejected on various grounds. These include: (i) vendor not interested in availing loan, (ii) LoR application pending, and (iii) insufficient documents. The Committee recommended: (i) ensuring that loan applications are not rejected on flimsy grounds, (ii) seeking a self-declaration certificate from the vendor with their name to reduce the number of applications returned due to small variations in the names in the identity proof, and (iii) addressing reasons for the delay of LoRs in states/UTs where applications are pending.
- The Committee noted that in case no preferred lender is selected by the street vendor for his loan application, it goes to the market place, where any institution can pick the application. It observed that 28 states and UTs have more than 50% of such applications pending for more than 30 days. It recommended fixing a time frame for the application to be processed in the market place, and assigning pending application to public sector banks in the region.
- **Documents required:** The Committee noted that the PM SVANidhi portal mandatorily requires Voter ID card as a KYC document along with Aadhaar Card. It recommended doing away with the requirement for Voter ID card and keeping the documentary requirements under the scheme to a bare minimum (for instance, not insisting on stamped documents).
- **Digital access:** The interest subsidy and cashback on digital transactions (credited to the vendor’s account) are two of the main components of the scheme. The Committee noted that as of September 24, 2021, out of the total sanctioned applications (27.28 lakh), 20.8 lakh street vendors have been digitally onboarded under the scheme. Of these, only 7.2 lakh street vendors are digitally active. Hence, only 25% street vendors who received a loan under the scheme avail benefit under the cashback component. It recommended roping in urban local bodies to collaborate with third party digital payment aggregators to help onboard more street vendors and keep them digitally active.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research (“PRS”). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.