

PM SVANidhi Loan Operational Guidelines

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1. Background and Rationale

Street Vendors (SVs) are an integral part of the urban informal economy, playing a crucial role in delivering goods and services directly to city residents at affordable prices—often right at their doorsteps. Known by various regional names they are deeply embedded in the daily economic and social life of cities. Their offerings encompass a wide range of products and services that cater to the everyday needs of the general public.

The primary objective of the PM SVANidhi scheme is to provide collateral-free working capital funds by way of term loans to these SVs. The scheme is designed to support SVs to achieve financial self-reliance and enable them to expand their businesses in a sustainable, inclusive & structured manner, thereby facilitating their integration into the formal economy.

2. Objectives

The loan component of the PM SVANidhi scheme is designed to:

- i. Extend working capital term loans to SVs, helping them restart, sustain, and grow their businesses.
- ii. Offer interest subsidies as an incentive for repayment.
- iii. Promote financial self-reliance among SVs by strengthening their long-term livelihood security and facilitating their transition to formal credit systems through structured loan access and credit discipline.

3. Target Beneficiaries

Under the restructured PM SVANidhi Scheme, a City-Region approach has been adopted to position cities as “growth hubs.” This approach expands the scheme’s coverage to progressively include census towns, peri-urban areas etc., in a graded manner

The scheme is intended for SVs vending in ULBs, census towns and peri-urban areas etc. across all States and Union Territories. Eligible SVs will be identified based on the following criteria:

- i. SVs who possess a valid Letter of Recommendation (LoR) or Certificate of Vending (CoV) or Identity Card (ID Card) issued by the Urban Local Bodies (ULBs)/ Town Vending Committees (TVCs);
 - a. or
- ii. SVs operating in census towns, peri-urban areas etc., who have received an LoR approved by their Block Development Officer (BDO).

4. Documents/ Information Required

Lending Institutions (LIs) are advised to sanction and disburse loans under the PM SVANidhi scheme with minimal documentation, adhering to the prescribed checklist provided below.

Institutions should not request any additional documents beyond those officially mandated.

Documents/ Information:

- i. CoV/ ID Card/ LoR issued by ULBs or TVC, to SVs working within ULB's jurisdiction
 - ii. or
 - a. LoR approved by the BDO to SVs operating in census towns, peri-urban areas etc.
- iii. Aadhaar Card
- iv. Voter Identity Card (for SVs from Assam and Meghalaya only) who do not have Aadhaar Card
- v. Savings Bank Account Passbook/ Bank Statement with account details of the SV
- vi. Valid and Unique UPI ID linked to the SVs bank account

Note: All LoRs must be applied for and issued through the PM SVANidhi Portal (PMS Portal). Manually issued LoRs will not be valid.

PMS Portal URL: <https://pmsvanidhi.mohua.gov.in/>

5. Nature of Support

5.1 Working Capital Term Loan

The loan facility will be extended in three tranches, with each subsequent tranche being disbursed only upon full repayment of the preceding one. All loans will be collateral-free, offered for a defined tenure, and repayable through monthly installments.

S. No.	Loan Tranche	Loan Amount	Loan Tenure
1.	1 st Tranche	upto ₹15,000	12 months
2.	2 nd Tranche	upto ₹25,000	18 months
3.	3 rd Tranche	upto ₹50,000	36 months

The tranche wise details of the loans are mentioned in **Annexure 1**.

Additionally, proactive handholding support should be extended to SVs to help them complete the necessary documentation and formalities, thereby facilitating easier access to credit.

5.2 Interest Subsidy

SVs availing loans under the scheme will be eligible for an interest subsidy at the rate of 7% per annum. The subsidy will be credited directly to the borrower's account on a quarterly basis.

LIs are required to submit quarterly interest subsidy claims on Paisa Portal (<https://www.paisaportal.in/NULM/Login.aspx>) for the periods ending on June 30, September 30, December 31, and March 31 of each financial year.

Interest subsidy will be admissible only for loan accounts that are classified as 'Standard' (non-NPA) as per prevailing RBI guidelines on the respective claim dates. Furthermore, the subsidy will be applicable only for the months within a quarter during which the account was classified as Standard.

All loans disbursed till March 31, 2030 would be eligible for interest subsidy and LIs should claim interest subsidy for a quarter in the subsequent quarter itself. However, all claims for interest subsidy benefit to be claimed by the LIs well before March 31, 2033.

Tranche wise maximum eligible subsidy amount is mentioned in **Annexure 2**.

6. Loan Processing

6.1 Application Process

I. Loan Application by Street Vendors with CoV/ ID Card

SVs holding a valid CoV or ID Card issued by the Urban Local Body (ULB)/ Town Vending Committees (TVC) are eligible to directly apply for a loan with their preferred LI through the PMS Portal and LoR is not required by them. If an SV has a digital LoR issued on PMS Portal, he/ she is also eligible to apply for the loan on the PMS Portal.

Submission of a valid and unique UPI ID, linked to the SV's bank account, is mandatory.

II. Letter of Recommendation (LoR) cum loan applications

SVs seeking financial assistance under the PM SVANidhi scheme and not having CoV or ID Card or not having LoR issued on PMS Portal may submit their "LoR cum loan application" on PMS Portal.

The "LoR cum loan application" may be applied through any of the following channels, based on their convenience:

- SV can apply themselves on the PMS Portal or through PM SVANidhi Mobile App
- At respective Urban Local Body (ULB) offices, Block offices or
- Authorized Common Service Centres (CSCs)
- SVs may seek assistance from resource persons appointed by ULBs or Blocks, to guide them through the loan application process and support their digital onboarding at various stages

To ensure effective identity verification and seamless delivery of services, linkage of the applicant's mobile number with Aadhaar is advisable. This linkage is helpful for digital processing, authentication, and receipt of scheme-related communications.

III. Verification and Issuance of LoR

The respective ULBs/Blocks are responsible for verifying the information provided in the LoR-cum-Loan application. The issuance of the LoR involves a two-step process, verification followed by approval. Once both steps are successfully completed, the ULB/Block will digitally issue the LoR to the applicant through the PMS Portal, certifying their eligibility as an SV under the scheme.

The LoR serves as a key enabling document for SVs who do not possess a CoV or ID card, allowing them to access benefits under the PM SVANidhi scheme.

After approval of LoR, the loan application is digitally forwarded to the applicant's preferred LI for further loan processing.

The process for identification and onboarding of SVs in Census Towns, peri urban areas etc. is detailed in **Annexure 3**.

6.2 Loan Sanction and Disbursal

This section details the key aspects of loan sanction and disbursal, along with the procedural safeguards put in place to promote efficiency, inclusiveness, and accountability in credit delivery.

- i. **Loan Sanction and Disbursement:** Loans under the Scheme will be sanctioned by the Lending Institutions (LIs) and disbursement credited directly to the street vendor's savings bank account-
- ii. **Data Entry and System Updates:** LIs are required to regularly update loan sanction and disbursement information on the PMS Portal manually or through API integration, ensuring accurate and up-to-date records on PMS Portal for monitoring and evaluation purposes.
- iii. **Process Transparency:** The complete loan application process—from submission to disbursal—is monitored through the PMS Portal. This system-based tracking enhances transparency, supports timely resolution of issues/difficulties, and reinforces accountability among all stakeholders.
- iv. **Credit Score Consideration:** A low credit score shall not be treated as a reason for rejection of a loan application under the scheme. However, LIs may decline applications where the applicant has an existing loan account classified as a Non-Performing Asset (NPA) or has been written off by any LI.
- v. **Monitoring Requirements:** PM SVANidhi, a Government of India-supported initiative, aims to ensure inclusive and simplified credit access for SVs. Aligned with its trust-based and borrower-centric design, LIs are advised to limit monitoring to the provisions explicitly outlined under the scheme.
- vi. **Process Flow Reference:** For a step-by-step understanding of the application submission, loan sanction, and disbursal process, stakeholders should refer to the detailed process flow provided in **Annexure 4**.

7. CGTMSE Guarantee

CGTMSE guarantee is being provided to Lending Institutions for covering the credit risk under the PM SVANidhi Scheme, thereby encouraging them to extend collateral-free loans to street vendors with greater confidence and financial security.

The Scheme provides for a graded credit guarantee cover on loans sanctioned under the scheme. This guarantee is administered by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and is operated on a portfolio basis. The graded guarantee coverage for each tranche is as follows:

Type	1 st Loan		2 nd Loan		3 rd Loan	
	Portfolio	Coverage	Portfolio	Coverage	Portfolio	Coverage
First loss	0 to 7.5%	100%	0 to 3%	100%	0 to 8%	75%
Second loss	Above 7.5% to 20%	75%	Above 3% to 10%	75%		
Third loss	Above 20% to 50%	50%				
Maximum Guarantee Cover	50%		10%		8%	
Effective Guarantee Cover	31.87%		8.25%		6%	

All loans disbursed by a LI under the scheme will be eligible for inclusion under this guarantee mechanism.

Participating LIs must submit guarantee claims to CGTMSE on a quarterly basis. The guarantee coverage is provided at no cost, and no guarantee fee will be charged to the participating institutions.

LIs may invoke the guarantee for eligible credit facilities within the portfolio for up to two years from the date the loan is classified as a Non-Performing Asset (NPA).

However, all final claims must be submitted no later than March 31, 2033.

8. Role of Lending Institutions

Lending Institutions (LIs) are critical stakeholders in the implementation of the PM SVANidhi Scheme. Their roles and responsibilities include:

- i. **Loan Pick up:** LIs shall proactively track and pick up loan applications assigned to them on the PMS portal, ensuring timely processing and follow-up.
- ii. **Loan Sanction & Disbursement:** Evaluate and sanction loans efficiently, ensuring prompt and smooth disbursement to eligible SVs. This is to be done with minimal documentation, adhering to the simplified procedures outlined under the scheme.
- iii. **Returned by Bank:** LIs should avoid returning applications under the PM SVANidhi scheme on trivial grounds. Applications should be returned only in cases where there is a valid, clearly stated reason that renders the application ineligible or incomplete as per the scheme's provisions.
- iv. **Real-Time Updation on PMS Portal:** Regularly update the PMS Portal with real-time data on loan sanctions and disbursements to facilitate effective monitoring by MoHUA and other stakeholders.
- v. **Review and Reprocessing of Applications resubmitted by ULBs/ Blocks:** Promptly review and process applications that were earlier returned but have been corrected and resubmitted by ULBs/ Blocks.
- vi. **Lodging of Interest Subsidy Claims:** Timely submission of interest subsidy claims as per the scheme's provisions to ensure that benefits are passed on to the borrowers without delay.
- vii. **Marking of Loan Closure upon its full repayment by SV:** Promptly update the PMS Portal with the full repayment details of an existing loan by the street vendor to enable them to access the next tranche of the loan, if eligible.
- viii. **Lodgment of NPA Claims with CGTMSE:** File claims under the Credit Guarantee Scheme with CGTMSE for accounts classified as NPA, in accordance with the guidelines.
- ix. **Resolution of Grievances:** Address and resolve grievances raised by SVs or other stakeholders related to loan processing, disbursement, subsidy, or any other aspect of the scheme in a timely and transparent manner.

LIs are expected to maintain active coordination with ULBs/ blocks and other implementation partners to ensure seamless execution of the scheme and facilitate financial inclusion of SVs.

9. Role of ULBs/ Blocks

Urban Local Bodies (ULBs)/ Blocks play a pivotal role in the successful implementation of the PM SVANidhi Scheme at the grassroots level. Their roles and responsibilities include:

- i. **Application Mobilization:** Actively identify and connect with eligible street vendors to encourage and support loan applications under the scheme. Resource persons may be engaged and incentivized to aid mobilization during special camps.
- ii. **Issuance of Letter of Recommendation:** Issue LoR to SVs who do not possess a CoV or ULB-issued ID card, enabling them to apply for loans under the scheme.
- iii. **Loan Application Assistance:** Support SVs in accurately filling in loan applications on PMS Portal or the PMS Mobile app.
- iv. **Coordination with Lending Institutions:** Facilitate coordination between SVs and LIs to ensure smooth processing, sanction, and disbursement of loans. They should also support effective communication with LIs and ensure timely updation of the PMS portal by LIs.
- v. **Application Review:** Regularly review applications that are returned by LIs. Contact the street vendor concerned and take appropriate action, either make necessary corrections and resubmit it to the LI or close the loan applications.
- vi. **Information, Education, and Communication (IEC):** Conduct IEC activities to raise awareness about the scheme's benefits, procedures, and eligibility among the street vendor community, benefits of timely repayment & digital adoption etc.
- vii. **Capacity Building:** Facilitate training sessions and support programs to build the capacity of SVs and resource persons.
- viii. **Resolution of Grievances:** Resolve grievances raised by SVs or other stakeholders concerning the issuance of LoRs and assist in addressing issues with LIs related to loan processing, disbursement, subsidy, or any other aspect of the scheme in a timely and transparent manner.

ULBs/ blocks are encouraged to work in close coordination with stakeholders including LIs, SV association, Non-Governmental Organizations (NGOs), and community leaders to ensure the scheme's reach and effectiveness at the local level.

10. Implementation & Monitoring

Implementation and monitoring of the scheme would be the joint responsibility of **Ministry of Housing & Urban Affairs (MoHUA)** and **Department of Financial Services (DFS)**, with DFS being responsible for facilitating access to loans/ credit cards through banks/ financial institutions and their ground level functionaries.

10.1 Implementing Agency(ies)

- i. **Small Industries Development Bank of India (SIDBI)** is the Implementing Agency for the Ministry of Housing and Urban Affairs (MoHUA) for the PM SVANidhi scheme. Through Udyamimitra Portal, SIDBI facilitates LoR & Loan application submission and its processing at PMS Portal for the smooth delivery of financial services and monitoring of the performance of the Scheme.
- ii. **Indian Bank**, through its PAiSA portal, supports LIs in submitting interest subsidy claims and facilitates the direct transfer of subsidy amounts to beneficiaries' accounts.

10.2 Monitoring and Evaluation

The Ministry of Housing and Urban Affairs (MoHUA), along with the Department of Financial Services, Ministry of Finance (DFS), will undertake periodic reviews of the implementation and performance of the loan component under the PM SVANidhi Scheme. These reviews will be conducted within the framework of the scheme's established management and governance structure to ensure effective execution, accountability, and continuous improvement in outcomes.

A centralized dashboard is maintained to enable real-time monitoring of the scheme's progress and key performance indicators.

Annexure 1

Tranche wise loans details

S. No.	Parameter	Details for Tranches
1	Loan Amount	<ul style="list-style-type: none">• 1st Tranche - ₹15,000 (Min loan amt: ₹5,000)• 2nd Tranche - ₹25,000 (Min loan amt: ₹15,000)• 3rd Tranche - ₹50,000 (Min loan amt: ₹30,000)
2	Repayment Period (fixed)	<ul style="list-style-type: none">• 1st Tranche - 12 months;• 2nd Tranche - 18 months;• 3rd Tranche - 36 months; Pre-payment is allowed without any penalty or cost.
3	Moratorium	As per LI policy, within the specified repayment period
4	Processing/ Upfront Fee	<ul style="list-style-type: none">• 1st Tranche - Nil• 2nd Tranche - Nil• 3rd Tranche - As per LI's policy in line with RBI guidelines
5	Margin Money	Nil
6	Age of Street Vendor	Must be an adult (minimum 18 years); no upper age limit.
7	Security	Unsecured; guaranteed by CGTMSE (no guarantee fee). Only Demand Promissory Note (DPN) required.
8	Credit Score	Not applicable for SVs under this scheme. Loan may be denied only if any existing loan is NPA or an account is written off by any LI.
9	Udyam Registration	Not required
10	Project Proposal	Not required
11	Monitoring/ End Use Verification	As this scheme is a special initiative supported by the Government of India to integrate SVs into the formal banking system, it is advised to limit monitoring to the provisions explicitly outlined under the scheme.

12	Insurance	<ul style="list-style-type: none"> • 1st Tranche - Nil • 2nd Tranche – Nil • 3rd Tranche - Not mandatory; LI may offer insurance up to loan amount and loan repayment period, with borrower's consent.
13	Loan Documentation	<p>For all 3 tranches - DPN and Undertaking; (For 3rd Tranche only: optional one-time declaration on stock/ use of funds; no insistence on receipts.)</p>

Annexure 2

PM SVANidhi Scheme - Interest Subsidy Amount

Previous Loan Amount

Loan Term	Loan Amount	Maximum eligible subsidy amount
1 st Tranche	₹10,000	₹402
2 nd Tranche	₹20,000	₹1,127
3 rd Tranche	₹50,000	₹5,579

Revised Loan Amount

Loan Term	Loan Amount	Maximum eligible subsidy amount
Loan Term 1	₹15,000	₹603
Loan Term 2	₹25,000	₹1,408
Loan Term 3	₹50,000	₹5,579

Note: Represents the maximum eligible subsidy for the full loan amount, disbursed and repaid on time according to the repayment schedule throughout the entire repayment period. The actual subsidy disbursed may be lower.

Identification & Onboarding of SVs for census towns, peri urban areas etc.

The PM SVANidhi Scheme aiming to establish cities as “growth hubs” introduces City-Region approach. The scheme will extend its benefits seamlessly to census towns, peri-urban areas etc. in graded manner. This initiative is expected to enhance the economic development of city regions by generating greater livelihood opportunities.

1. Criteria for Identifying Eligible Street Vendors:

- i. ‘*Street Vendor*’ shall be engaged in vending activity aligning to the definition¹ mentioned in Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014.
- ii. The vendor may be engaged in either seasonal or year-round vending activities.
- iii. The vendor may operate as a mobile or stationary vendor.
- iv. The vendor should be vending in the respective census town or peri-urban areas.

2. Process for Approval of Letter of Recommendation (LoR):

- i. For census towns, peri urban areas etc., LoRs would be approved and issued by the Block Development Officer (BDO).
- ii. Applications at the block level will be processed in two stages:
 - (a) **Verification:** The field level verification shall be conducted by the Block Level verification committee consisting of Block Level Nodal Officer (Chairperson), GP EO/ Secy, Representative from the Block-Level Federation or Gram Panchayat-Level Federation and any other member as nominated by the State or District Authority.
 - (b) **Approval:** Based on the recommendation of the Block Level Verification Committee, the approval shall be undertaken by Approver (BDO)
- iii. The entire process shall be carried out through the PMS portal (Udyami mitra platform).

3. Process for Availing Loan

Upon the issuance of the LOR by the BDO, the SV’s application will be automatically sent to the bank for further processing aligning to the operational guidelines of availing loans.

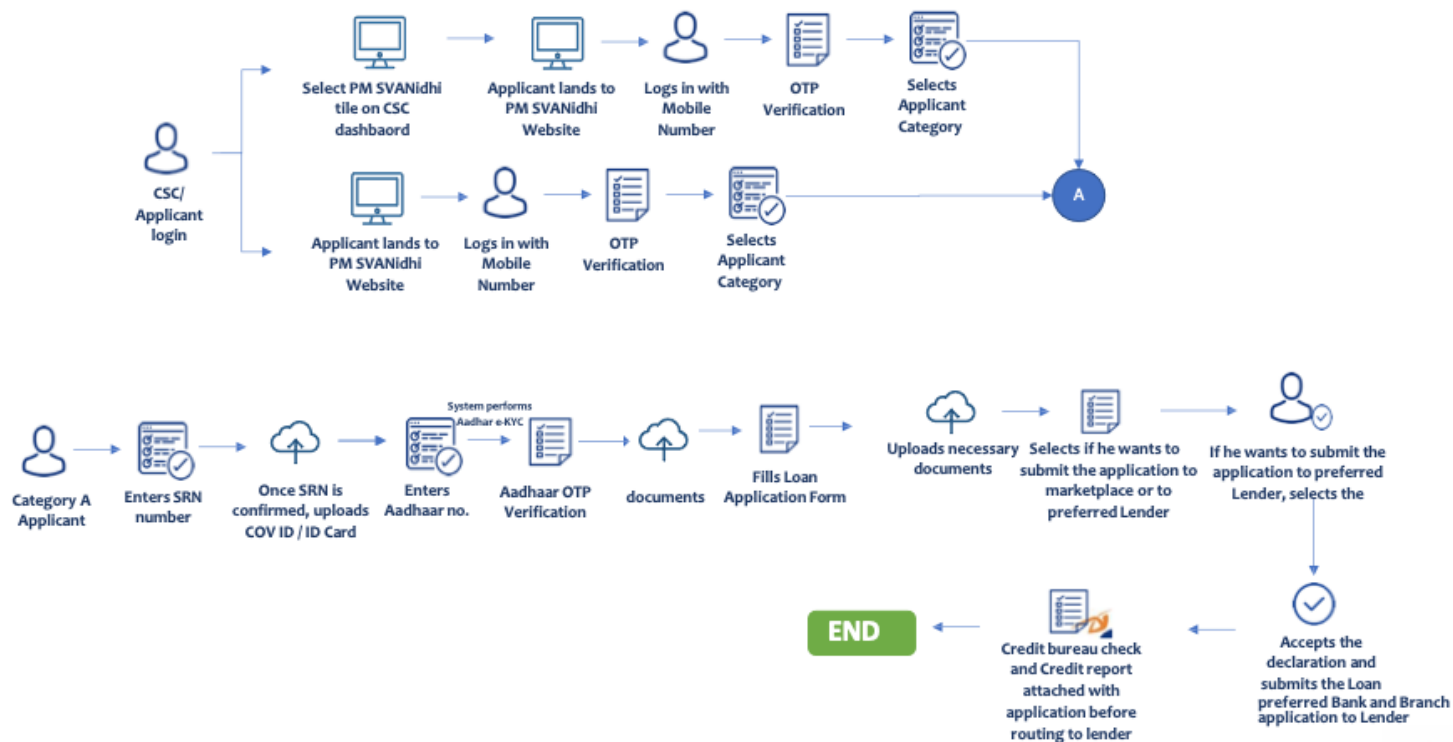
¹ A ‘*Street Vendor*’ means a person engaged in vending of articles, good, wares, food items or merchandise of everyday use or offering services to the general public in a street lane, side walk, footpath, pavement, park or any other public place or private area from a temporary built-up structure or by moving from place to place and includes hawkers, peddler, squatter, and all other synonyms terms which may be local or region specific

Process flow on PMS Portal

Category A: Street vendors (SVs) identified in survey and in possession of certificate of vending (CoV)/identity Card (ID Card) issued by Urban Local Bodies (ULBs).

Flow 1: (Mandatory UID/Aadhar)

Loan Application Filling (Category A)

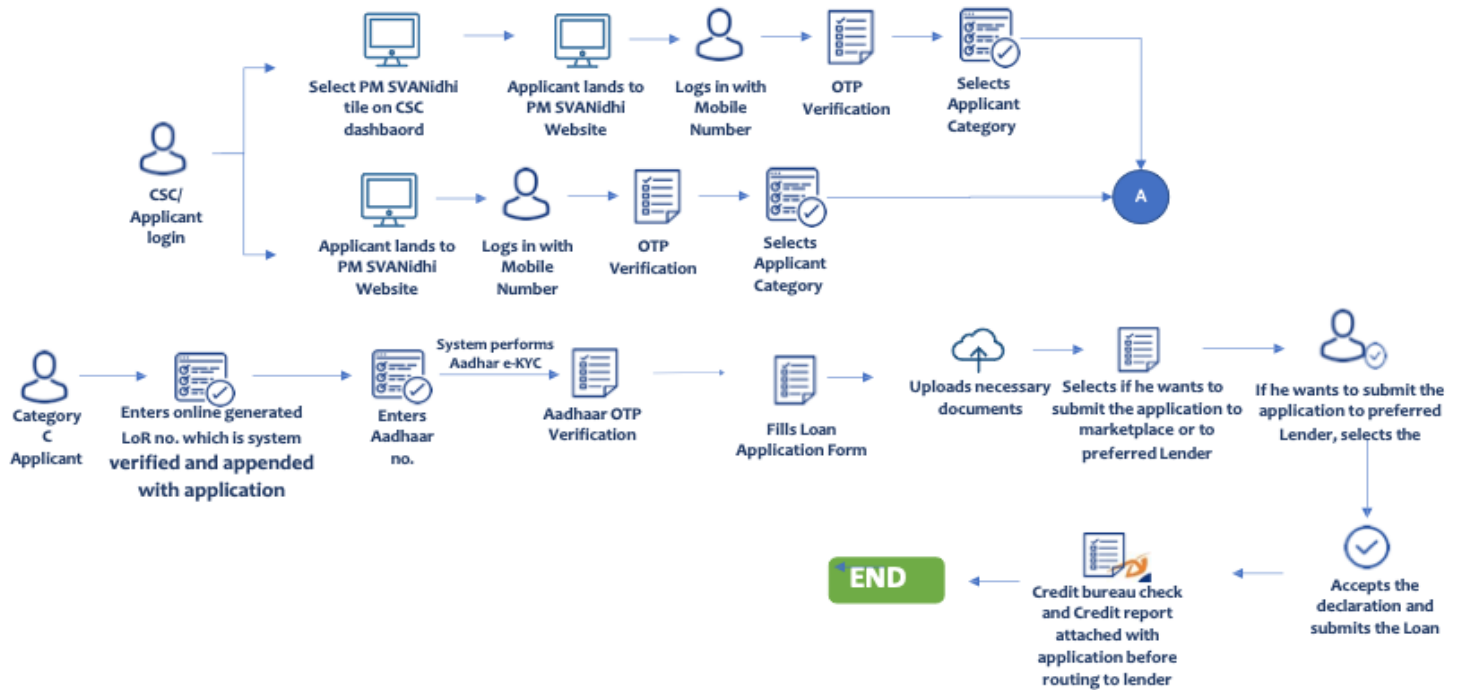


Category B (now discontinued): SVs who have been identified in the survey but have not been issued CoV/ ID Card.

Category C: SVs left out of the ULB-led identification survey or who have started vending after completion of the survey.

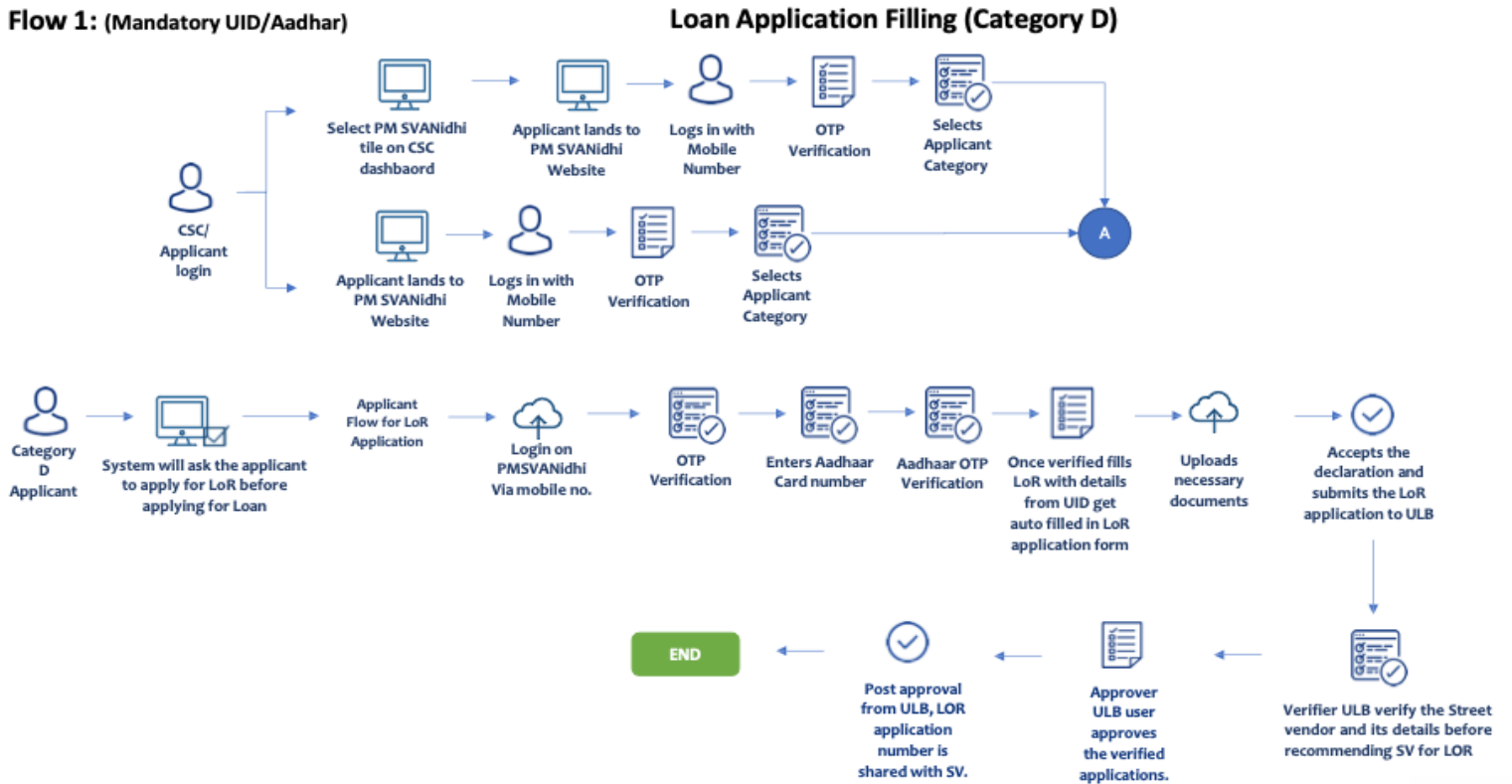
Flow 1: (Mandatory UID/Aadhar)

Loan Application Filling (Category C)



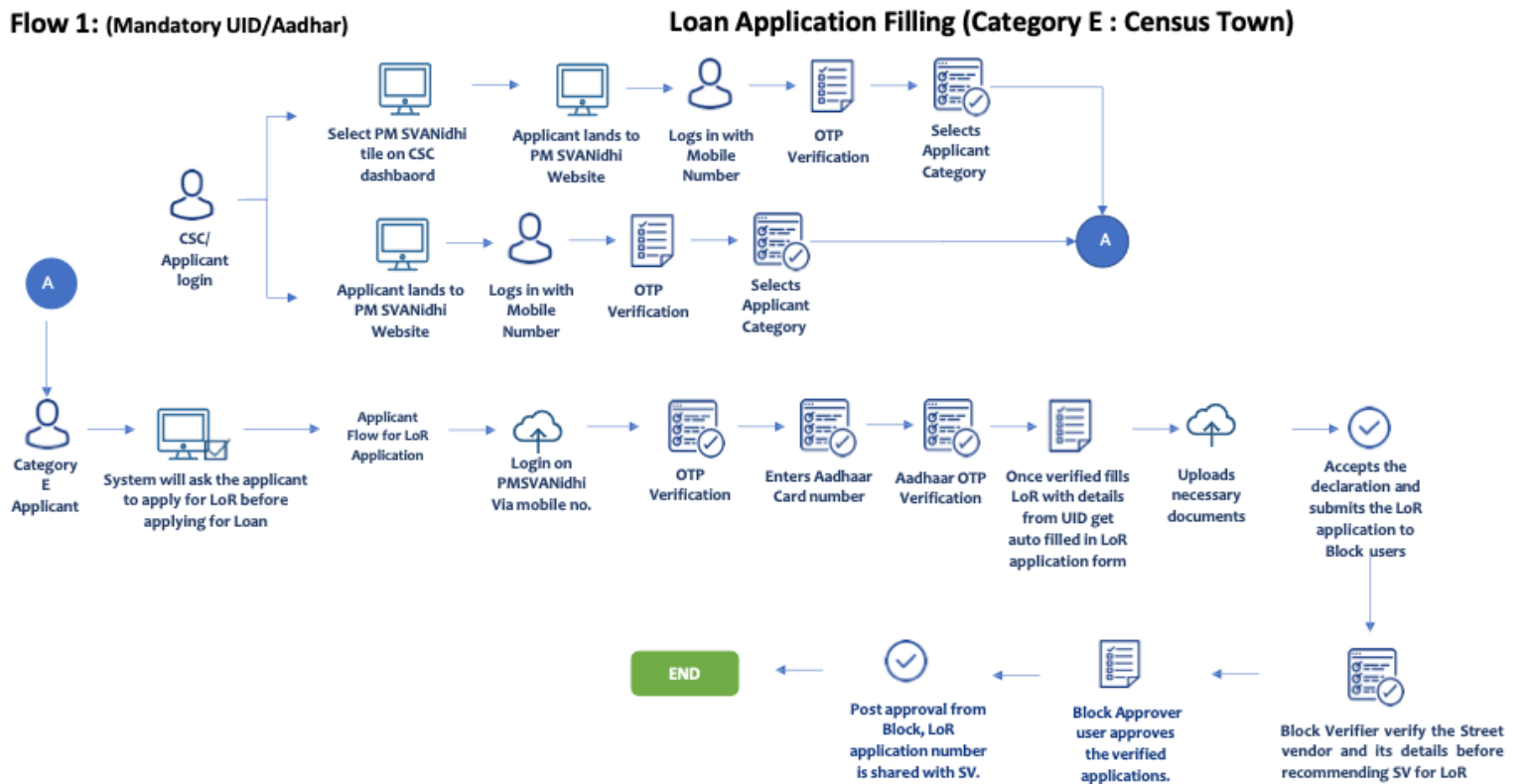
Category D: SVs of surrounding development/peri urban/rural areas vending in the geographical limits of the ULBs and have been issued letter of recommendation (LoR) to that effect by the ULB/TVC.

Flow 1: (Mandatory UID/Aadhar)



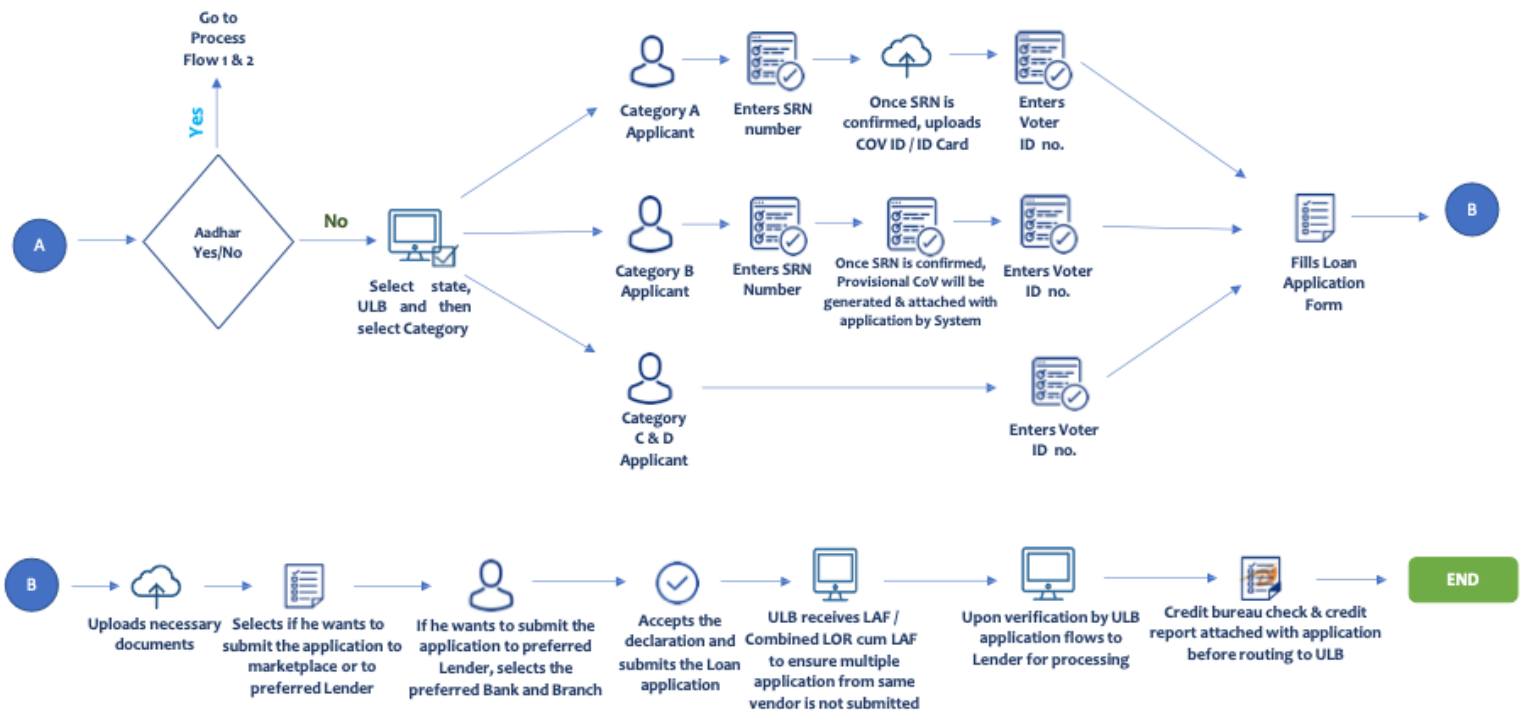
Category E: Street Vendors (SVs) vending in census towns and other peri-urban areas etc.

Flow 1: (Mandatory UID/Aadhar)



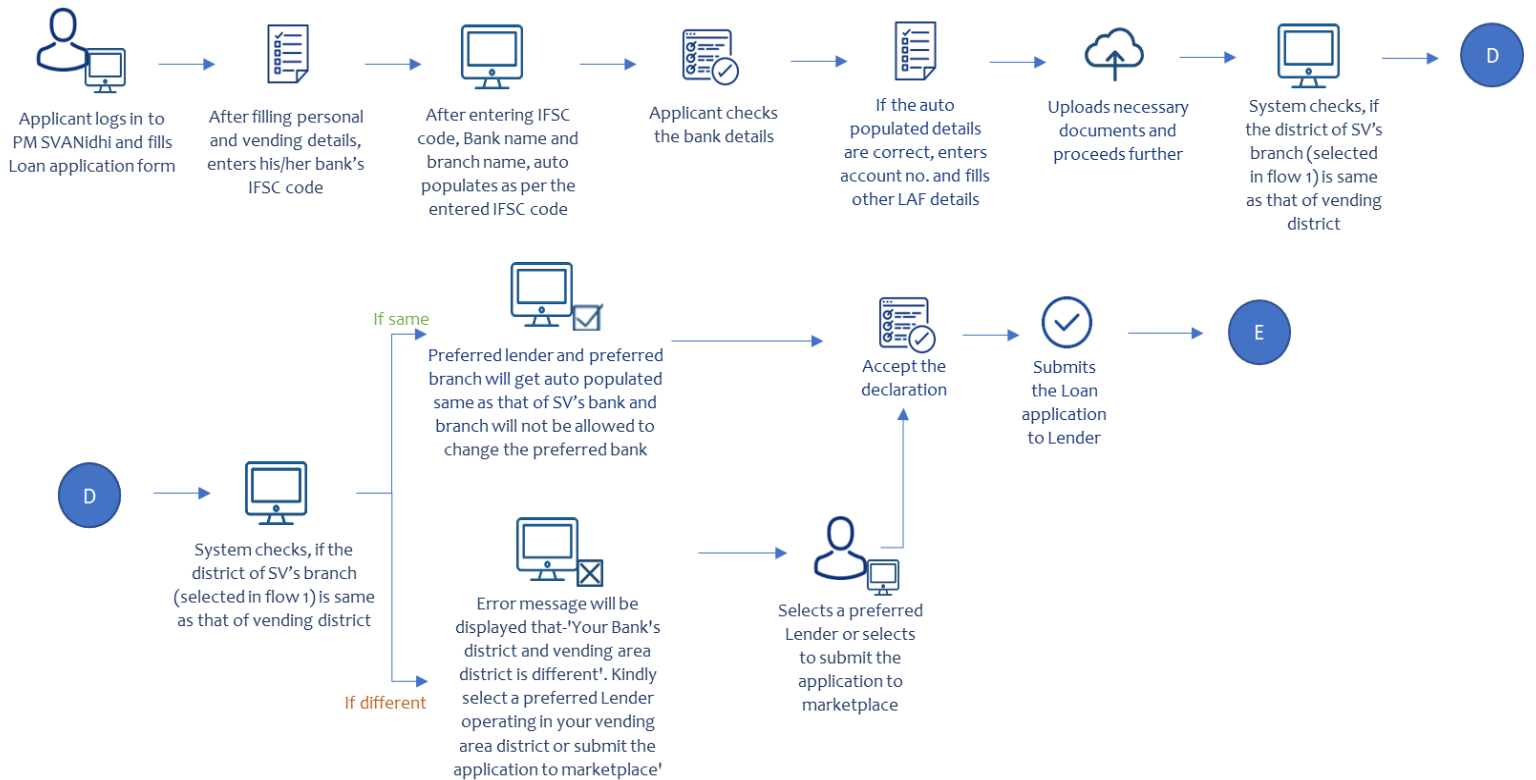
Flow 3 UID Exempted (Assam & Meghalaya)

Loan Application Filling (Category A & B)
Combined LoR cum LAF (Category C, D & E)



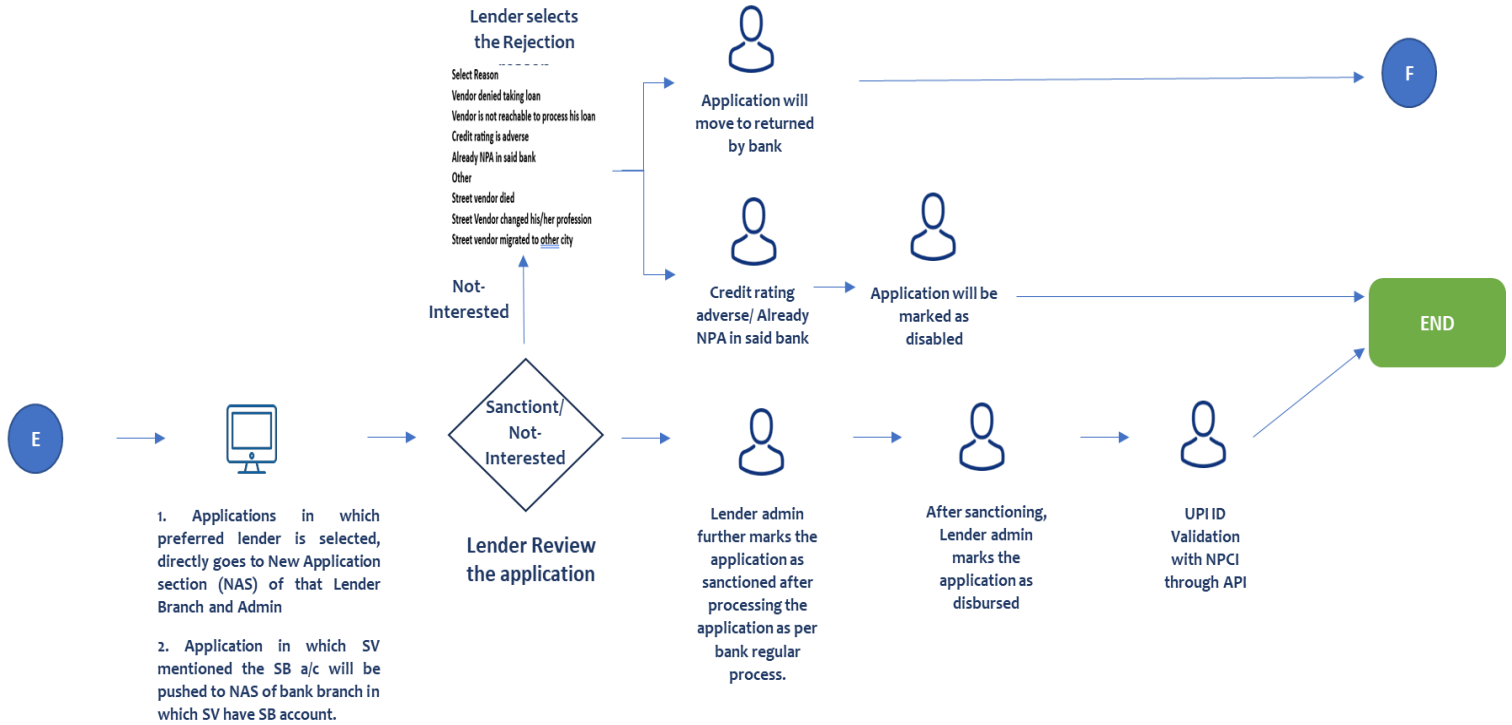
Flow 4

Auto populating Bank and Branch name through IFSC code in LAF



Flow 5

Auto-pick up of preferred applications and sanctioning by Lender Admin.



Flow 5

Auto-pick up of preferred applications and sanctioning by Lender Admin.

