

**CREDIT MARKETING DEPARTMENT**

OR: 104:2020-21

Date: 13<sup>th</sup> August, 2020

HO/CREDIT/CIRCULAR/GF/7/ 55 /2020-21

**THE HEADS OF ALL BRANCHES/ OFFICES OF THE BANK :**

**SUB: New scheme KBL- PM SVANidhi (Pradhan Mantri Street Vendor's Atmanirbhar Scheme)**

**Introduction :**

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. 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.

The scheme is formulated by Ministry of Housing and Urban Affairs with the following objectives: (i) To facilitate working capital loan up to Rs.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.

The application submission, coverage of guarantee, interest subsidy claim, invocation of guarantee, claim settlement, submission of LAF, etc are handled through PM SVANidhi Portal which is integrated on the Udyami Mitra Portal. There will be a Nodal Officer from Credit Monitoring Department for overseeing this portal.

A separate scheme code for this product is developed at our Data Centre and LAPS Department. While doing proposals in LAPS please note to select process note format as Short Note.

An integrated IT platform will be developed for facilitating the scheme implementation/management and the same is under process. Details of the same and login credentials will be communicated shortly.

This is a Noble scheme of the Govt. of India to help the needy Street Vendors. Hence, Branches can also identify eligible applicants who are having active SB account with us and advise them to apply through the portal.

All the branches are advised to acquaint themselves with the scheme guidelines. Once integration with PM SVANidhi portal is completed, branches can start processing the application duly adhering to the scheme guidelines.

The Govt. of India is regularly monitoring the performance of the Banks under the scheme. Hence, all the branches are advised to actively take part in the programme and not to give any scope for complaints from the general public, people representatives, Govt. departments, etc.

Ramesh Bhat  
**DEPUTY GENERAL MANAGER**

Communicated to all the Offices of the Bank.

The Salient features of the product are as under:

Sl.No.	Particulars	Scheme Details
1	<b>Name of the facility</b>	<b>KBL- PM SVANidhi (Pradhan Mantri Street Vendor's Atmanirbhar Scheme )</b>
2	<b>Facility Type</b>	Working Capital Loan (WCDPN)
3	<b>Objective of the loan</b>	<p>The scheme is formulated by the Ministry of Housing and Urban Affairs with the following objectives:</p> <ul style="list-style-type: none"> <li>➤ Working capital loan up to Rs.10,000/-</li> <li>➤ To incentivize regular repayment.</li> <li>➤ To reward digital transactions.</li> </ul>
4	<b>Eligibility Criteria of Beneficiaries</b>	<p>The Scheme is available to all street vendors engaged in vending in urban areas as on or before March 24, 2020.</p> <p>The eligible vendors will be identified as per following criteria:</p> <ol style="list-style-type: none"> <li>1. Street vendors in possession of Certificate of Vending / Identity Card issued by Urban Local Bodies (ULBs).</li> <li>2. 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</li> </ol>

		<p>within a period of one month.</p> <p>3. 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).</p> <p>4. 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.</p> <p>5. <b>Identification of Beneficiaries left out of the Survey or belonging to the surrounding Rural Areas</b> :While identifying the vendors belonging to category 3 and 4, the ULB/ TVC may consider any of the following documents to issue letters of recommendation:</p> <p>(a) The list of vendors, prepared by certain States/ UTs, for providing one-time assistance during the period of lockdown; OR</p> <p>(b) 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</p>
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		<p>(c) 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</p> <p>(d) The documents in possession of the vendor buttressing his claim of vending; OR</p> <p>(e) Report of local enquiry conducted by ULB/ TVC involving Self-Help Groups (SHGs), Community Based Organizations (CBOs) etc. ULB shall complete the verification and issuance of LoR within 15 days of the submission of application. <b>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.</b></p> <p>6. Vendors who have gone back to their native places due to COVID-19 Some of the identified / surveyed or other vendors who have been vending / hawking in urban areas, have left for their native places prior to or during the lockdown period because of COVID-19 pandemic. Such vendors are likely to come back after the situation normalizes and resume their business. These vendors, whether from rural /</p>
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		<p>peri-urban areas or city dwellers will be eligible for the loan on their return as per eligibility criteria for identification of beneficiaries mentioned above in para 1 to 5.</p> <p><b><u>Though the para 1 to 6 gives various options for eligibility criteria our Bank proposes to entertain proposals received through PM SVANidhi portal only.</u></b></p> <p><b><u>Note :</u></b> 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.</p>
5	<b>Rate of Interest</b>	External bench mark (3.45) + Fixed Spread (2.00) + Credit Risk Premium (6.05) i.e. 11.50%.
6	<b>Interest Subsidy</b>	<p>The vendors, availing loan under the scheme, are eligible to get prompt repayment interest subsidy @ 7%.</p> <p>Bank is required to 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. The</p>

		<p>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> <p>Once the subsidy claim is approved by GOI, the same will be paid directly (by GOI) in the SB account of the borrower.</p>
7	<p><b>Promotion of Digital Transactions by Vendors</b></p>	<p>The scheme will incentivize digital transactions by vendors through cash back facility. The on boarded vendors would be incentivized with a monthly cash back in the range of Rs. 50 - Rs.100 as per the following criteria:</p> <ul 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: Rs.25 (i.e. on reaching 200 eligible transactions, the vendor to receive Rs.100).</li> </ul> <p>Cash Back incentive shall be available only to a maximum limit of Rs. 1200/-. The incentives payment</p>

		will be handled by NPCI. However, our Branches shall ensure that SV has a UPI ID before disbursement of the loan amount. New UPI on boarding shall be in P2PM category with MCC 7407 code and QR code on a durable material provided to SVs.
8	<b>Classification</b>	Priority - weaker section
9	<b>Repayment</b>	Repayable in 12 EMIs (Equated Monthly Installments)
11	<b>Margin</b>	Nil
12	<b>Processing Charges</b>	Nil
13	<b>Documentation</b>	As applicable for WCDPN loan.
14	<b>Credit Guarantee</b>	<p>The Scheme has a provision of Graded Guarantee Cover for the loans sanctioned, as indicated below, to be administered by Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), which will be operated on portfolio basis:</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> </ul> <p>All loans given by Bank under the scheme will be considered for coverage under the guarantee. The periodicity of filing of claims by Bank will be quarterly. The guarantee coverage on subsequent cycles (up to</p>



		eligible enhanced limit) will be available on the portfolio covered by CGTMSE during the scheme period i.e. up to March 31, 2022. All the participating Banks shall be eligible to avail this guarantee cover without any charges.
15	<b>Prepayment Charges</b>	Nil
16	<b>Invocation of guarantee</b>	<ul style="list-style-type: none"> <li>• Bank is required to inform the date on which the account was classified as NPA within 90 days of the account being classified as NPA.</li> <li>• Bank is required to mark a particular case as NPA which is classified as NPA as per RBI guidelines in CGTMSE online portal. The NPA marking needs to be done by the Bank within next quarter from the time it becomes NPA in the online portal.</li> <li>• The Trust shall pay 75 per cent of the guaranteed amount on preferring of eligible claim by the Bank, within 30 days, subject to the claim being otherwise found in order and complete in all respects. The balance 25 per cent of the guaranteed amount will be paid on conclusion of recovery proceedings or till the decree gets time barred whichever is earlier.</li> </ul>
17	<b>Sanctioning Authority</b>	As per the delegated powers, Senior Manager & above, RLPC.

18	<b>Specific guidelines.</b>	<ul style="list-style-type: none"> <li>• Branch shall ensure that the applicant is eKYC compliant.</li> <li>• Its mandatory for applicants to open a savings/current account with our Bank and the said account should be linked to UPI and QR Code. Same shall be ensured before disbursement of facility.</li> <li>• No collateral will be taken by the Bank. Further, since the loan amount is small and primary securities are perishable in nature, obtention of hypothecation of primary security is waived.</li> <li>• On timely or early repayment, the vendors will be eligible for the next cycle of working capital loan with an enhanced limit. No prepayment penalty will be charged from the vendors for repayment before the scheduled date. If prepayment is before 6 months, enhancement is restricted to 125 % of original sanctioned amount subject to maximum of Rs.12,500/- and if prepayment is after 6 months and before 12 months enhancement will be 200% of original sanction amount subject to maximum Rs.20,000/-.</li> <li>• Since the loan amount is small, obtention of BIR may be waived. However, proper due diligence has to be done to assess the genuineness of the loan requirement.</li> <li>• As a Social Welfare measure, explore the</li> </ul>
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		<p>possibilities to cover the borrower under KBL Suraksha Scheme or any other similar products available in the industry.</p> <ul style="list-style-type: none"> <li>• In order to develop savings habit, applicants may be requested to open an HD account with daily contribution of Rs.50 to 100/- (wherever HD canvassers are available).</li> <li>• Branches should ensure to enable Auto sweep options for the installment amount in SB/CA account of the applicants.</li> <li>• It is advised that Branches shall focus on the Street Vendors in the near vicinity of the Branch and may guide them to submit the application through portal.</li> </ul>
19	<b>General guidelines</b>	<ul style="list-style-type: none"> <li>• In case the Applicant is having a Bank account, one year statement may be obtained.</li> <li>• Pre-payment of loan is permitted at no additional charge/penalty to the borrower.</li> <li>• Creation of proposal in LAPS will be taken place at the Branch level and forwarded to respective sanctioning authority as per delegation powers.</li> <li>• An undertaking to the extent that borrower has not availed same facility from other Banks to be obtained before disbursement of the facility.</li> <li>• Branch shall advise the client to obtain RuPay Card linked to his/her SB/CA account. Further, branch shall issue RuPay Card only, when the client is opening an SB account with our Bank.</li> </ul>

