

ACCST Research Journal

ISSN 0972-7779

Volume-XXIV, No. 1, January 2026

Journal website: <https://internationaljournalsiwan.com/research-journals.php>

ORCID Link: <https://orcid.org/0009-0008-6661-0289>

International Impact Factor: **8.625** <https://impactfactorservice.com/home/journal/2297>

Google Scholar: <https://scholar.google.com/citations?user=KJ4eXesAAAAJ&hl=en>

Refereed and Peer-Reviewed Quarterly Journal



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## **PM SVANidhi and Financial Inclusion of Street Vendors: An Analytical Perspective**

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(Received: December 31, 2025; Accepted: January 24, 2026; Published Online: January 31, 2026)

### **Abstract:**

*Street vendors are essential to India's urban informal economy, offering affordable products and supporting millions of livelihoods. Nevertheless, they encounter ongoing challenges, including limited access to formal credit, insufficient infrastructure, and susceptibility to economic and social disruptions. The COVID-19 pandemic exacerbated these problems, leaving numerous vendors without the capital necessary to revive their businesses. In response to these issues, the Government of India launched the PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) Scheme, which has recently been restructured to improve credit access, encourage digital transactions, and provide enhanced social protection. This study examines the effectiveness of the restructured scheme by reviewing existing literature, policy documents, and secondary data. Findings from various studies suggest that while the scheme has advanced financial inclusion, digital adoption, and access to collateral-free loans, there are still*

*gaps in awareness, documentation, and practical implementation. The review emphasizes that effective vendor empowerment necessitates not only financial support but also capacity-building, institutional coordination, streamlined procedures, and enhanced urban infrastructure. In summary, the restructured PM SVANidhi Scheme holds significant potential to bolster vendor livelihoods, provided its design is executed with a focus on inclusivity and long-term sustainability.*

**Keywords:** Street Vendors, Urban Informal Economy, PM SVANidhi Scheme, Financial Inclusion, Digital Payments, Livelihood Security

## **1. Introduction:**

### **1.1 Background:**

Street Vendors are one of the most vital components of Urban informal economy in India. They play a crucial role in offering diverse goods and services at affordable rates, especially in high population density areas. These sellers usually setup their shop on sidewalks, in marketplaces or on busy streets so that people can easily reach their shop, despite their significance in urban economy, street vendors faces so many critical challenges like lack of access to formal credit, harassment, inadequate working infrastructure, and limited social protection (Prof. BM Ramakrishna, 2024). Strengthening the financial inclusion of this group is essential because financial access improves business stability, savings behaviour, and resilience during economic shocks (Neha, 2022). The Government of India has introduced several schemes to support the informal sector, yet access, awareness, and proper utilisation of these benefits remain key challenges for street vendors (Shaikh, 2023).

### **1.2 Overview of Restructured PM SVANidhi Scheme:**

Street vendors commonly known as hawkers, thelewalas, and rehriwalas play a crucial role in the urban informal sector by providing easily accessible and affordable goods and services. They sell items like vegetables, fruits, snacks, clothing, books, and also offer services such as shoe repair, laundry, and haircuts. Because they typically operate with very small capital, the COVID-19 lockdowns left many of them without the means to restart their businesses. To support them,

the Government of India introduced the PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi), a fully central-funded scheme of the Ministry of Housing and Urban Affairs. Its main goals are to provide working capital loans, promote digital payments, and encourage timely loan repayment. Only vendors from States/UTs that have implemented the Street Vendors Act, 2014 (including Meghalaya, with its own law) can participate. Originally, vendors could take a collateral-free loan of up to ₹10,000, repayable in monthly instalments. Those who paid back on time could access higher loans without any prepayment penalty. The Union Cabinet has now extended the loan-disbursement period to March 31, 2030, with a total financial allocation of ₹7,332 crore. The revamped scheme aims to support 1.15 crore vendors, including 50 lakh new applicants. It is jointly implemented by MoHUA and the Department of Financial Services. Key upgrades include higher loan limits, ₹15,000 for the first cycle, ₹25,000 for the second, and ₹50,000 for the third, along with the introduction of a UPI-enabled RuPay Credit Card to offer quick credit access. Vendors will also receive cashback incentives up to ₹1,600 for retail and wholesale digital payments. The scheme area has also been broadened to cover census towns and peri-urban regions. Moreover, the initiative focuses on strengthening vendors' capabilities through training in digital skills, financial literacy, entrepreneurship, marketing, and food safety (with FSSAI). The SVANidhi se Samridhi component will be reinforced to ensure that families of street vendors receive the benefits of other government welfare schemes through regular Lok Kalyan Melas. Since its launch in 2020, PM SVANidhi has achieved exceptional results issuing 96 lakh loans worth ₹13,797 crore, enabling significant digital transactions, and earning major national awards for innovation and digital transformation. The extension is expected to further uplift street vendors, expand their business opportunities, and contribute to inclusive and sustainable urban economic growth. The restructured PM SVANidhi Scheme aims to enhance credit access, improve digital financial literacy, and provide socio-economic security for street vendors through a more integrated and user-friendly support system. The scheme builds upon its earlier version by simplifying loan processes, introducing higher credit limits, and strengthening linkages with social security programmes to enable long-term financial empowerment. It also emphasises digital payments, interest subsidies, and incentives for timely repayment, which are designed to formalise street vending activities and improve vendors' creditworthiness (Shaikh, 2023). This restructuring aligns with research highlighting the importance of effective

financial services usage not merely account ownership in achieving inclusive development and sustainable livelihood advancement among informal workers (Neha, 2022). As scholars have argued, public policies that acknowledge political, economic, and social conditions of street vending are crucial for reducing vulnerability and promoting equitable urban development (Chen & Beard, 2022).

## 2. Objective of the Study:

- a. To evaluate the performance and effectiveness of the PM SVANidhi Scheme.
- b. To analyze the need of the Street Vendors.
- c. To provide suggestions and recommendations.

## 3. Literature Review:

Mitra and Mehta (2017) analyze the diverse career paths and coping strategies of Delhi's street vendors, highlighting their adaptability to regulatory pressures and financial risks. They stress the need for policies informed by vendors' socio-economic realities and aspirations. Bhowmik & Biswas (2018) note that the success of policy interventions depends heavily on stakeholder participation, information accessibility, and adequate support services. Chen and Beard (2022) argue that economic, social, and political factors shape street vending in India, framing it both as a livelihood source and a form of resistance to exclusionary urban policies. Amiya Kumar Das (2013) provides a comprehensive overview of urban planning in India, discussing urban governance systems and key challenges that influence planning decisions. Sirajudin Chougale (2013) documents the harsh conditions, exploitation, and resilience of Mumbai's street vendors, illustrating their daily struggles against municipal authorities, police, and local power structures. Shivani Chaudhry (2014) examines forced evictions in India, detailing legal protections and rights of displaced communities under national and international frameworks, and offering guidance for seeking justice and preventing evictions. Neha (2022) examines financial inclusion in Haryana, finding that true socio-economic improvement requires not just bank account ownership but active and effective use of financial services. The study highlights financial inclusion as a key driver of sustainable development. Shaikh (2023) emphasizes the role of government schemes like PMJDY and Atal Pension Yojana, along with FinTech and mobile banking, in strengthening financial inclusion in developing countries.

#### 4. Methodology:

This study adopts a descriptive and analytical research design, drawing insights from existing literature, government documents, and secondary statistical sources to examine the role of the restructured PM SVANidhi Scheme in supporting street vendors. The methodology is developed on the basis of approaches used by prior researchers studying informal economies, street vending, and financial inclusion (Mitra & Mehta, 2017; Bhowmik & Biswas, 2018; Neha, 2022; Shaikh, 2023, PIB Reports etc).

#### 5. Discussion:

PM SVANidhi	All Term Loan	1st Term Loan	2nd Term Loan	3rd Term Loan
Eligible Applications	12,784,987	8,113,679	3,715,815	955,493
Sanctioned	10,379,555	7,049,725	2,699,876	629,954
Disbursed	10,057,077	6,935,931	2,543,240	577,906
Return by Bank	1,111,092	602,624	412,270	96,198
Loan Repaid	5,429,568	4,331,821	1,089,991	7,756
Digitally Active SVS	4,497,975	4,497,975	-----	-----
Total Cashback Paid	241.68 Cr	241.68 Cr	-----	-----
Total Interest Subsidy Paid	353.03 Cr	145.25 Cr	102.15 Cr	105.62 Cr

*Source: PM SVANidhi Website Dashboard as On - 02/12/2025*

**5.1:** The PM SVANidhi scheme has emerged as a significant policy intervention aimed at improving access to formal credit, livelihood security, and financial inclusion among urban street vendors. As per the PM SVANidhi dashboard data dated 02 December 2025, the scheme reflects a strong demand for institutional credit, with total eligible applications amounting to approximately 1.28 crore across all loan terms. The largest share of this demand is concentrated in the first-term loans, accounting for over 81 lakh eligible applications, indicating that a substantial proportion of street vendors are first-time borrowers entering the formal financial

system. The sharp decline in eligibility in the second and third term loans suggests the graduated nature of the scheme, where continued access to higher loan amounts is conditional upon satisfactory repayment behavior, thereby encouraging credit discipline.

The sanctioning performance under PM SVANidhi demonstrates high institutional responsiveness, with more than 1.03 crore loans sanctioned overall. The sanction rate is highest in the first-term loans, reflecting the inclusion-oriented design of the scheme at the entry level. However, the sanctioning proportion gradually declines in the second and third terms, highlighting a transition from broad-based inclusion to more performance-based lending. This trend indicates that while banks are willing to extend initial support to street vendors, subsequent credit is increasingly linked to repayment history and financial reliability, aligning the scheme with prudent banking practices.

Disbursement data further reinforces the operational effectiveness of PM SVANidhi. Nearly all sanctioned loans have been disbursed, with disbursement levels remaining close to sanctioned figures across all terms. This high conversion rate from sanction to disbursement indicates minimal procedural delays and effective coordination between implementing agencies and banks. It also ensures that approved credit reaches street vendors in a timely manner, which is critical for sustaining their daily working capital needs.

The number of loans returned by banks, amounting to about 11.11 lakh across all terms, reflects the structural vulnerabilities faced by street vendors rather than outright credit unwillingness. Factors such as documentation issues, mobility of vendors, seasonal income fluctuations, and urban livelihood uncertainties contribute to these returns. The relatively higher proportion of returns in later loan terms suggests increasing scrutiny by banks and the challenges vendors face in meeting formal credit requirements as loan sizes increase.

Loan repayment performance under PM SVANidhi provides strong evidence of improving credit behavior among street vendors. Over 54 lakh loans have been repaid, with the majority concentrated in the first and second terms. This indicates that once vendors gain access to formal credit and supportive incentives, they demonstrate a high willingness to repay. The comparatively low repayment figures in

the third term are likely due to the recency of disbursements and longer repayment cycles rather than poor repayment intent. Overall, the repayment pattern validates the step-up loan structure of the scheme and highlights the growing financial maturity of beneficiaries.

**5.2:** Street vendors constitute a vital component of the urban informal economy, yet they continue to face multiple structural and operational challenges. A major issue is the lack of legal recognition, which leaves many vendors vulnerable to eviction, fines, and confiscation of goods. Their limited access to formal credit further constrains business growth, compelling them to depend on informal lenders with high interest rates. Vendors also experience frequent harassment and displacement during regulatory enforcement and anti-encroachment drives. Infrastructural deficiencies including inadequate access to water, sanitation, storage, and waste management adversely affect their working conditions. The sector is additionally characterized by intense market competition, seasonal fluctuations in income, and the broader social stigma that frames vendors as encroachers rather than legitimate economic actors. Their work involves significant health and safety risks, stemming from long hours, exposure to pollution, and extreme weather conditions. The digital divide further marginalizes street vendors, limiting their ability to adopt digital payment systems or benefit from emerging market platforms. The absence of social security mechanisms, such as health insurance or pension schemes, exacerbates their vulnerability, especially during economic shocks like the COVID-19 pandemic. Finally, rapid urban development and infrastructure projects often result in displacement without adequate rehabilitation. Collectively, these challenges highlight the precarious nature of street vending and underscore the need for inclusive policy interventions that integrate vendors into urban planning and economic development frameworks.

**5.3:** Street vendors play an essential role in the urban informal economy, yet their livelihoods remain vulnerable due to legal, financial, infrastructural, and social challenges. To address these issues and strengthen the impact of initiatives like PM SVANidhi, several recommendations emerge. First, there is a need to reinforce legal protection by fully implementing the Street Vendors Act, 2014, ensuring the formation of functional Town Vending Committees and issuing vending certificates to reduce harassment and unauthorized evictions. Improving access to formal credit is equally important; simplified loan procedures, timely disbursement, and

greater awareness about the enhanced PM SVANidhi loan cycles and the UPI-enabled RuPay Credit Card can help expand financial inclusion. Digital empowerment should be prioritized through training in mobile banking, QR code payments, and digital marketplaces, bridging the digital divide that continues to marginalize many vendors. Vendor-friendly urban infrastructure such as designated vending zones equipped with water, sanitation, lighting, storage, and waste management must be integrated into city master plans to prevent displacement during urban development. Strengthening grievance redressal systems and enhancing coordination between municipal bodies, banks, and MoHUA will ensure timely support and transparent governance. Ensuring social security coverage through schemes like PMJAY, Atal Pension Yojana, and micro-insurance will offer protection against health risks, accidents, and economic shocks. Skill development initiatives focused on financial literacy, entrepreneurship, customer service, and food safety (in partnership with FSSAI) will help vendors grow sustainably. Moreover, improving public awareness about the economic contribution of street vendors can counter social stigma and promote greater acceptance. Finally, urban development projects should follow a humane “relocate, not evict” approach, providing alternative vending sites and adequate rehabilitation. Collectively, these measures will strengthen vendor livelihoods, promote inclusive urban growth, and ensure that schemes like PM SVANidhi achieve their full potential.

## 6. Findings:

An important outcome of the PM SVANidhi scheme is the promotion of digital financial inclusion. Nearly 45 lakh street vendors are reported to be digitally active, closely aligning with repayment figures in the early loan cycles. This indicates that the scheme has successfully integrated street vendors into the digital payment ecosystem, enhancing transaction transparency, credit traceability, and future access to institutional finance. Digital engagement under PM SVANidhi thus serves as both an incentive and an enabler of sustained financial inclusion. Fiscal support under the scheme, through cashback incentives and interest subsidies, plays a crucial role in reducing the effective cost of borrowing for street vendors. A total cashback amount of ₹241.68 crore has been paid to encourage digital transactions, while interest subsidies amounting to ₹353.03 crore have been disbursed across all loan terms. The distribution of interest subsidy across first, second, and third

terms reflects continued government commitment to supporting vendors as they progress through higher levels of credit. These incentives help make formal credit more attractive than informal moneylenders, thereby strengthening the overall impact of the scheme. The analysis reveals that street vendors continue to face significant barriers related to financial access, social protection, and regulatory support, despite their major contribution to urban economic activity. Findings indicate that many vendors still struggle with limited credit histories, inadequate documentation, and fear of formal financial systems. The restructured PM SVANidhi Scheme addresses several of these gaps by offering simplified loan procedures, enhanced credit limits, and interest subsidies, which have increased vendors' willingness to engage with formal banks. However, the study also finds that awareness levels remain uneven, particularly among women vendors and migrants. Research supports that true financial inclusion requires not just access but active usage of financial services such as digital payments, savings, and insurance. Further, findings show that integration with social security schemes and digital platforms has improved transparency and repayment behavior, aligning the role of government-supported FinTech in promoting financial inclusion. Overall, while the scheme has strengthened financial access, there remains a need for capacity building, training, and local-level institutional support.

## **7. Conclusion:**

In conclusion, the PM SVANidhi data reveals that the scheme has been largely successful in mobilizing first-time borrowers, ensuring efficient credit delivery, and fostering a culture of repayment and digital usage among street vendors. The gradual decline in participation across higher loan terms reflects a natural filtering based on credit performance rather than program failure. Overall, PM SVANidhi represents a shift from welfare-oriented assistance to a structured, performance-linked model of financial inclusion, contributing significantly to the economic resilience and formalization of street vendors in urban India. The study concludes that street vendors play a crucial role in sustaining urban economies, yet continue to confront systemic vulnerabilities rooted in inadequate financial inclusion and inconsistent policy implementation. The restructured PM SVANidhi Scheme represents a significant step toward improving their economic security by widening access to credit, promoting digital payments, and linking vendors to broader social

protection systems. This aligns with existing scholarship emphasizing the need for inclusive urban policies that recognize the socio-economic realities of informal workers. The review further supports the notion that sustainable development requires not only the opening of bank accounts but also meaningful, regular use of financial services. Digital innovations, government subsidies, and targeted awareness campaigns have further strengthened the scheme's effectiveness, echoing on the critical role of financial technology in deepening inclusion. However, long-term success depends on continuous training, simplification of processes, and stronger coordination between local bodies, financial institutions, and street vendor associations. Overall, the scheme holds strong potential to enhance livelihood security and promote equitable urban development.

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