

A Study on the Impact of PM SVANidhi Scheme on Street Vendors in North Chennai

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Chapter 1: Introduction

1.1 Background of the Study

The informal sector contributes significantly to India's urban economy by offering employment and entrepreneurial opportunities to millions of people, especially those from marginalized and low-income backgrounds. One of the most visible and dynamic sections of this informal economy is the street vending community. Street vendors provide affordable, accessible goods and services to the urban population. Despite their important economic role, street vendors often operate under insecure conditions, lacking access to basic social security, finance, and legal protection.

The vulnerability of street vendors was further intensified during the COVID-19 pandemic. Lockdowns, mobility restrictions, and the sudden halt of economic activities severely impacted their livelihoods. To support street vendors and provide them with much-needed credit, the

Government of India introduced the Pradhan Mantri Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) scheme in June 2020. The scheme aimed to empower vendors by giving them access to working capital loans, promoting digital transactions, and facilitating their entry into the formal financial system.

1.2 Financial Inclusion in India

Financial inclusion refers to the process of ensuring access to appropriate financial products and services to all individuals, particularly the underserved and low-income groups, at an affordable cost. It aims to eliminate barriers that prevent people from participating in the formal financial system. In India, the financial inclusion drive has gained momentum through government initiatives like the Jan Dhan Yojana, direct benefit transfers (DBTs), and microfinance schemes.

The PM SVANidhi scheme forms a part of this broader vision by targeting urban street vendors who are often excluded from traditional banking services. It serves as an effort to integrate them into the formal economy and improve their financial well-being.

1.3 Microfinance and Its Relevance to Street Vendors

Microfinance plays a crucial role in **promoting** financial inclusion. It offers small loans, savings mechanisms, and credit services to individuals who typically do not qualify for traditional bank loans due to lack of formal income records or credit history. Street vendors are among the primary beneficiaries of microfinance as they run small, low-capital businesses and rely on daily earnings for sustenance.

The PM SVANidhi scheme is essentially a micro-credit initiative. It not only offers low-interest loans but also provides additional benefits such as cashback rewards for digital transactions and interest subsidies for timely repayment. The emphasis on digital inclusion is a significant step toward modernizing informal trade practices.

1.4 Street Vendors in India: A Socioeconomic Overview

Street vending is one of the oldest forms of self-employment in urban India. Vendors operate in almost every city, providing essential commodities such as fruits, vegetables, garments, cooked food, household goods, and more. According to government estimates, there are over 50 lakh (5 million) street vendors across the country. Despite their widespread presence, vendors often face legal harassment, eviction threats, lack of recognition, and no access to social security or institutional finance.

Their contribution to urban ecosystems includes:

Creating affordable access to goods for consumers.

Supporting local supply chains.

Reducing unemployment through self-employment. Serving as a livelihood for women and elderly individuals.

1.5 Street Vendors in North Chennai: The Study Context

Chennai, the capital of Tamil Nadu, has a large population of street vendors, especially in northern localities such as Perambur, Moolakadai, Arul Nagar, Redhills, and Sharma Nagar. These regions have bustling market areas and dense residential neighborhoods, making them ideal for street vending. Vendors in these areas typically sell vegetables, fruits, garments, food items, and daily-use goods.

While these vendors contribute to the local economy, their access to formal credit schemes remains unclear. Many are unaware of financial assistance programs or do not possess the required documentation to avail them. North Chennai also includes socioeconomically vulnerable groups that were severely impacted by the COVID-19 lockdown.

This study focuses on assessing the awareness, accessibility, and impact of the PM SVANidhi scheme among street vendors in North Chennai. The goal is to evaluate how effective the scheme has been and what policy recommendations can be made for improved implementation.

Objectives of the study

1. To study the PM SVANidhi scheme.
2. To analyze the impact of the PM SVANidhi scheme on the street vendors.
3. To suggest solutions based on the findings of the study.

Need for the Study

Street vending is one of the most critical means of self-employment in Indian cities. Vendors are self-reliant but vulnerable due to their unorganized and informal status. While they contribute immensely to the economy, their access to government benefits and financial schemes is extremely limited.

This study is needed because:

Vendors lack awareness about the existence of schemes like PM SVANidhi that can provide financial and digital empowerment.

Informal lenders dominate the credit ecosystem for vendors, often charging exorbitant interest.

There is no consolidated research focusing on how North Chennai vendors perceive and engage with the scheme.

Many vendors remain excluded from the formal banking system due to lack of documentation or digital knowledge.

Policymakers and local bodies require real-time data to improve implementation and expand the scheme's outreach.

Scope of the Study

The scope of the present study is geographically, demographically, and thematically focused:

1. Geographic Scope

The study is confined to specific zones in North Chennai, particularly areas like Perambur, Arul Nagar, Redhills, Moolakadai, and Sharma Nagar. These are zones with high concentrations of informal trade activity.

2. Demographic Scope

The respondents are active street vendors engaged in the sale of vegetables, fruits, clothes, food items, and miscellaneous products. Both male and female vendors were included across various age groups.

3. Thematic Scope

The focus is on:

- Awareness and usage of PM SVANidhi.
- Nature of loan utilization
- Digital transaction experience.
- Institutional support and accessibility.
- Documentation and verification hurdles.

Research Methodology

This study is descriptive in nature, aiming to examine the awareness and impact of the PM SVANidhi scheme on street vendors in North Chennai. It employs a primary data approach supported by secondary data.

Data Collection

Primary Data was collected using a structured questionnaire shared both digitally (Google Forms) and in-person. 74 vendors across five regions were surveyed.

Secondary Data was collected from government reports, research journals, policy briefs, and newspaper articles.

Sampling Technique

The sampling was purposive, selecting street vendors from key market areas in:

- Moolakadai
- Perambur
- Redhills
- Sharma Nagar
- Arul Nagar

Tools Used

Simple Percentage Analysis was used for interpretation of responses. Chi-Square Test was applied to test the relationship between variables such as gender, age, and location with awareness.

Chapter 2: Review of Literature

A number of studies have highlighted the gaps between government initiatives and actual access for street vendors. Some of the important works reviewed include:

Ashu Saini et al. (2024): Their research on Meerut's street vendors shows that even when schemes are available, lack of awareness and procedural complexity hinder access.

Balamurugan et al. (2023): Noted that urban informal sector workers were the least informed about financial help during COVID, with PM SVANidhi poorly publicized.

Rani et al. (2023): In Karnataka, street vendors admitted to not knowing about most welfare schemes. The problem was rooted in language and digital illiteracy.

Selvi & Veilatchi (2022): Studied women vendors in Tamil Nadu and found they lacked confidence in accessing formal credit, relying more on informal sources.

Angoori et al. (2022): Surveyed 100 vendors in Haryana and found that only 26% were aware of PM SVANidhi, with very few actually applying for the loan.

This literature confirms that awareness and accessibility are the key obstacles in translating policy into benefit.

Chapter 3: Profile of the Scheme and Respondents

3.1 Overview of PM SVANidhi Scheme

Launched in June 2020, the PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) scheme is a Central Sector Scheme by the Ministry of Housing and Urban Affairs (MoHUA). Its goal is to provide collateral-free working capital loans to street vendors in urban areas, especially those affected by the COVID-19 lockdown.

Key Features:

Loan amount: Rs10,000 (1st cycle), increased amounts for subsequent loans.

Interest subsidy: 7% on timely repayment.

Cashback: Up to Rs1,200 per year for digital transactions.

No collateral required.

Access through ULBs, Common Service Centres (CSCs), banks, or mobile apps.

3.2 Eligibility Criteria

Eligible beneficiaries include:

Vendors identified in ULB surveys with a Certificate of Vending or ID card.

Vendors not surveyed but with Letter of Recommendation (LoR) from ULB or Town Vending Committee.

Vendors from nearby rural areas operating in cities, verified by ULBs or vendor associations

3.3 Profile of Respondents

This study surveyed 74 street vendors in North Chennai. The respondents represented a diverse cross-section in terms of age, gender, location, and type of goods sold.

Demographic Snapshot:

Gender: 62% Female, 36% Male, 1% Other.

Age Groups: Majority were between 40–60 years.

Location: Perambur, Redhills, Moolakadai, Arul Nagar, and Sharma Nagar.

Goods Sold: Fruits, vegetables, food items, garments, household items.

The respondents were chosen purposively from busy market areas to capture a realistic understanding of scheme reach and vendor experience.

Chapter 4: Data Analysis and Interpretation

1. Gender Composition of Vendors

A majority of the respondents (around 62%) were female, while about 36% were male, and 1% identified as other.

This indicates that street vending is a significant source of livelihood for women, particularly in urban lower-income households.

Women's dominance in vending reflects both the flexibility and accessibility the informal sector provides to them.

2. Age Profile

Most vendors (approximately 73%) were between the ages of 40 and 60.

Very few respondents were under the age of 30.

This trend implies that middle-aged and older individuals rely on vending for stable self-employment, often due to limited access to formal jobs.

3. Awareness of PM SVANidhi Scheme

Only about 31% of respondents had heard about the PM SVANidhi scheme.

This low awareness level is a significant barrier to the scheme's effectiveness.

Despite being launched nationwide and aimed directly at this group, nearly 7 out of 10 vendors were unaware of its existence

4. Application and Loan Availment

Of the vendors who were aware of the scheme, only 23% had applied for the loan.

A slightly smaller number, around 22%, had actually received the loan.

This shows that access to information and procedural clarity are more challenging than loan approval itself.

5. Effectiveness of Loan Sanction Process

Those who completed the application process generally received their loans without excessive delays.

This indicates that once vendors enter the formal process, loan approval and disbursal are relatively smooth.

However, the initial barrier to entry (awareness and documentation) remains the major hurdle

6. Source of Awareness

Vendors primarily learned about the scheme through word-of-mouth—fellow vendors or occasional mentions by local officials.

Only one respondent reported learning about it through social media or digital sources.

This suggests that digital and formal government communication channels are ineffective in reaching this demographic

7. Barriers to Accessing the Scheme

Key challenges identified by respondents include:

Language difficulties (forms and portals not in regional languages).

Lack of guidance on where and how to apply.

No digital access or familiarity with online forms and procedures.

No vending ID or formal documentation, making them ineligible despite being active vendors

8. Willingness to Reapply for a Second Loan

Only 16% of those who received the first loan were willing to apply for a second cycle.

Reasons cited include:

Limited benefit from the first loan.

Fear of repayment pressure.

Lack of clarity on the second loan process.

This indicates that continuity and follow-up support are lacking in the current implementation.

9. Awareness of Scheme Benefits

A large portion of even those who received loans were unaware of additional scheme benefits like:

7% interest subsidy for timely repayment.

Digital cashback incentives (up to ₹1,200 per year).

This shows that communication post-loan sanction is poor, and vendors are not fully informed of how to maximize their benefits.

10. Vendor Expectations and Feedback

Several vendors expressed a desire for:

Assistance in person, preferably from municipal officers.

Simpler and regional-language-based application processes.

Larger loan amounts in subsequent cycles to make a real difference.

Workshops or helpdesks to explain scheme details in public markets.

Statistical Analysis (Chi-Square Test Results)

To explore the relationship between certain demographic variables and awareness of the PM SVANidhi scheme, a Chi-square test was applied. The variables tested included:

Gender and Awareness

Age and Awareness

Location and Awareness

Results Summary:

The calculated Chi-square values for all three variables were less than the critical value at 5% significance.

This means there is no statistically significant relationship between gender, age, or location and awareness of the scheme.

Interpretation:

Awareness of the scheme appears to be uniformly low across all categories of vendors—regardless of gender, age, or where they operate. This suggests that the lack of awareness is a systemic issue, not limited to any one group.

Chapter 5: Major Findings, Suggestion, Conclusion

A large portion of vendors, nearly 69%, were completely unaware of the PM SVANidhi scheme.

Female participation in vending was high, showing that women use this sector for flexible self-employment.

Those who applied for the loan mostly received it, indicating that the bottleneck is in the awareness and application stage, not in approval.

Digital exclusion is major — vendors have very low access to or familiarity with online processes or mobile apps.

Awareness of interest subsidy and digital cashback benefits was also very poor, even among those who availed the loan.

A significant number of vendors were not interested in applying for a second loan, reflecting dissatisfaction or lack of guidance.

No strong relationship was found between age, gender, or location and awareness—proving that outreach has failed across the board

Suggestions

Launch local awareness campaigns in Tamil, using posters, megaphones, and street announcements to educate vendors directly in market areas.

Simplify the application process and ensure assistance is provided in-person at ward offices or by community volunteers.

Conduct vendor documentation drives to help unregistered vendors obtain Vending IDs or Letters of Recommendation from local bodies.

Set up helpdesks or mobile camps weekly in busy vending zones, where officials can offer real-time guidance and application support.

Collaborate with NGOs and women's self-help groups to promote digital literacy and explain the benefits of digital transactions.

Follow up with beneficiaries through SMS or phone calls to inform them of second loan eligibility and subsidy schemes.

Translate digital platforms and portals into regional languages to make them more accessible for non-English-speaking vendors.

Conclusion

The PM SVANidhi scheme was launched with the intent to provide financial support and digital inclusion for street vendors across India. However, in North Chennai, the scheme's impact is limited mainly due to low awareness, poor outreach, and lack of guidance.

Although the loan approval process works well for those who apply, a large section of vendors remain excluded, mostly due to challenges in documentation, digital literacy, and understanding of the process. Importantly, there was no major difference in awareness across gender, age, or area—showing that outreach has been broadly ineffective.

To make the scheme successful, local-level engagement, simplified procedures, and awareness drives are essential. With better implementation, PM SVANidhi can truly empower the street vending community and bring them closer to financial stability.

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