

Research Article

An Impact Study of PM SVANidhi Yojana on the Economic Growth of Street Vendors in Indore

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Abstract: The PM SVANidhi Yojana was launched to provide collateral-free microcredit to street vendors, aiming to enhance their financial inclusion and economic self-sufficiency. This study examines the scheme's impact on the income levels, financial access, and business growth of street vendors in Indore through a descriptive research design using a primary data survey of 100 vendors. The findings indicate a significant increase in daily income, improved access to formal credit, and a shift towards digital transactions, reducing dependence on informal moneylenders. The statistical analysis, including paired t-tests and chi-square tests, confirms the scheme's effectiveness in fostering entrepreneurial growth and financial stability. However, challenges such as low awareness and digital literacy gaps persist, highlighting the need for enhanced financial literacy programs and simplified loan processes. Overall, the study concludes that PM SVANidhi has played a transformative role in empowering street vendors and integrating them into the formal financial system, contributing to inclusive economic development.

Keywords: PM SVANidhi Yojana, Financial Inclusion, Street Vendors, Economic Growth, Financial Literacy, etc.

INTRODUCTION

Street vendors form an integral part of the informal economy in India, contributing significantly to employment generation and urban economic dynamics. Despite their crucial role in the supply chain of goods and services, they often face financial hardships due to a lack of formal credit access, regulatory challenges, and market uncertainties. Recognizing these constraints, the Government of India introduced the PM SVANidhi Yojana (Prime Minister Street Vendor's AtmaNirbhar Nidhi) in June 2020, aimed at providing micro-credit facilities to street vendors to sustain and expand their businesses (Bhowmik, 2012). This research seeks to assess the impact of the PM SVANidhi Yojana on the economic growth of street vendors in Indore, a city known for its vibrant street markets and entrepreneurial spirit.

The PM SVANidhi scheme was designed as a financial inclusion initiative to empower street vendors by providing them with collateral-free working capital loans. Under this scheme, eligible vendors can avail of an initial loan of ₹10,000, which can be repaid in monthly installments over a year. Upon timely repayment, beneficiaries become eligible for a higher loan amount in subsequent cycles, thereby encouraging financial discipline and creditworthiness (Chatterjee & Kumar, 2021). Additionally, the scheme incentivizes digital transactions by offering cashback rewards, further integrating vendors into the formal financial system. While this initiative has been widely appreciated, its actual impact on the income levels, business expansion, and overall economic stability of street vendors requires empirical investigation, especially at the city level (Gupta & Sharma, 2022).

Indore, being a major commercial hub of Madhya Pradesh, has a large population of street vendors who rely on daily sales to sustain their livelihoods. These vendors, engaged in selling food, clothes, household goods, and other essential items, have traditionally faced difficulties in accessing institutional finance due to the lack of collateral and formal documentation. The PM SVANidhi scheme aims to bridge this financial gap and uplift street vendors by providing them with the necessary capital to reinvest in their businesses, purchase better stock, and improve their service offerings. The impact of this intervention, however, needs to be assessed in terms of increased income levels, business expansion, digital adoption, and overall economic security (Jha & Agrawal, 2021).

This study aims to analyze whether the PM SVANidhi Yojana has successfully addressed the financial needs of street vendors in Indore and to what extent it has contributed to their economic growth (Kumar & Singh, 2020). By examining the factors such as loan utilization, repayment patterns, income changes, and business sustainability, this research will provide insights into the effectiveness of the scheme in fostering self-reliance among street vendors. Additionally, it will explore the challenges faced by vendors in availing the scheme and utilizing its benefits optimally (Mishra & Sinha, 2022).

The findings of this research will be significant for policymakers, financial institutions, and urban planners, as they can help in refining the scheme to better serve the needs of street vendors. Furthermore, understanding the impact of PM SVANidhi on the economic growth of vendors in Indore will contribute to the broader discourse

on financial inclusion and micro-credit interventions in India. Through this study, a clearer picture of the scheme's role in enhancing financial stability and entrepreneurial opportunities for street vendors will emerge, paving the way for future policy enhancements.

Significance of the study:

The significance of this study lies in its potential to provide valuable insights into the effectiveness of the PM SVANidhi Yojana in fostering economic growth and financial inclusion among street vendors in Indore. By analyzing how access to micro-credit influences business expansion, income stability, and digital financial adoption, this research will help policymakers assess the scheme's impact and identify areas for improvement. Additionally, the study will shed light on the challenges faced by street vendors in availing and utilizing financial support, thereby contributing to policy refinements for better implementation. The findings will also be beneficial for financial institutions, urban planners, and development agencies in designing more inclusive financial policies and support mechanisms for the informal sector. Furthermore, this study will add to the existing body of knowledge on microfinance and its role in empowering small-scale entrepreneurs, offering a model for future interventions aimed at strengthening street vending as a sustainable livelihood option.

Objectives of the study:

The study aims to study the following objectives:

1. To analyze the impact of the PM SVANidhi Yojana on the income levels and business growth of street vendors in Indore.
2. To assess the overall effectiveness of the scheme in promoting financial inclusion and economic self-sufficiency among street vendors.

Hypothesis:

The study aims to test the hypothesis that, "*The PM SVANidhi Yojana has significantly contributed to promoting financial inclusion and economic self-sufficiency among street vendors in Indore*".

LITERATURE REVIEW:

Recent studies have explored the impact of the PM SVANidhi Yojana in promoting financial inclusion and economic stability among street vendors in India. **Sharma and Gupta (2023)** examined the scheme's role in empowering street vendors through microcredit access. Their study highlights major implementation challenges, such as bureaucratic delays, digital illiteracy, and lack of proper guidance for beneficiaries. They suggest that stronger collaborations with financial institutions and digital awareness programs could enhance the scheme's effectiveness. Similarly, **Kumar and Verma (2022)** analyzed how the PM SVANidhi scheme has attempted to include nearly 5–6 million street vendors in the formal financial system. Their research underscores the importance of micro-loans in boosting small businesses, but also points out significant accessibility issues that hinder vendors from fully utilizing the benefits of the scheme.

In another study, **Rao et al. (2023)** focused on the awareness, utilization, and challenges associated with the scheme, particularly among urban street food vendors. Their findings indicate that many vendors remain unaware of the scheme, while others struggle with procedural complexities. However, the study also highlights that for those who successfully accessed the scheme's credit facilities, it has significantly improved business stability and digital transaction adoption. **Patel and Mishra (2024)** provided a broader perspective on the role of microfinance institutions in supporting street vending businesses. They emphasized that access to capital, financial literacy, and proper training play a crucial role in the economic empowerment of vendors. Their study suggests that integrating digital financial literacy programs with microfinance services could greatly enhance the impact of government initiatives like PM SVANidhi.

Lastly, **Das and Roy (2023)** examined the reasons behind the limited reach of the PM SVANidhi scheme, citing low awareness levels and financial illiteracy as major barriers. They argue that targeted outreach programs, simplified loan application processes, and better institutional support are necessary to increase participation. Their study highlights that recognizing street vendors as micro-entrepreneurs is a positive step, but further improvements in policy execution are required for long-term success.

These studies suggest that while the PM SVANidhi Yojana has been a significant step toward financial inclusion for street vendors, several challenges remain. Lack of awareness, procedural barriers, and digital illiteracy continue to hinder its full potential. Researchers emphasize the need for financial education, easier application processes, and sustained policy support to maximize the scheme's impact and improve the economic well-being of street vendors in India.

METHODOLOGY:

The present study adopts a descriptive research design to analyze the impact of the PM SVANidhi Yojana on the economic growth of street vendors in Indore. A structured questionnaire serves as the primary source of data collection, enabling a comprehensive assessment of the scheme's effectiveness, challenges, and benefits as perceived by the beneficiaries. The study employs a convenience sampling technique, allowing the selection of respondents based on their availability and willingness to participate. A sample size of 100 street vendors has been chosen to ensure a representative understanding of the scheme's impact across various vendor categories. The collected data will be analyzed using statistical tools to derive meaningful insights into the financial inclusion and business growth facilitated by the scheme.

The impact of the PM SVANidhi Yojana on the income levels and business growth

The PM SVANidhi Yojana has significantly contributed to the income levels and business growth of street vendors by providing easy access to microcredit and integrating them into the formal financial system. By offering collateral-free working capital loans, the scheme has enabled vendors to

expand their businesses, invest in better infrastructure, and manage operational expenses more effectively. Many beneficiaries have reported an increase in their daily earnings and profit margins, as they no longer rely on high-interest informal loans. Additionally, the scheme’s push towards digital transactions has improved financial transparency and customer convenience, leading to increased sales. The timely repayment incentives and access to higher loan tranches have further encouraged sustainable business growth, allowing vendors to scale their operations and enhance their economic stability. However,

challenges such as awareness gaps and procedural complexities remain, limiting the scheme's full potential. PM SVANidhi has played a crucial role in boosting income levels and fostering long-term business sustainability among street vendors, thereby contributing to their financial inclusion and economic empowerment.

To study the impact of the scheme on street vendor, survey has been conducted on 100 respondents, the results are as under:

Table 4.1 Impact of PM SVANidhi Yojana on Street Vendors in Indore

Category	Findings
Increase in Daily Income	- Before the scheme: ₹500–₹700/day - After the scheme: ₹800–₹1,200/day (68% vendors reported growth)
Business Growth and Investment	- 55% used the loan for better-quality goods or increasing inventory - 42% invested in carts, kiosks, or small infrastructure - 35% adopted digital payment methods
Access to Higher Loan Tranches	- 60% repaid the first loan and availed ₹20,000 second tranche - 25% in the process of repaying the first tranche - 15% faced difficulties in repayment
Reduction in Dependence on Informal Credit	- 72% previously relied on moneylenders charging 10-20% per month - Now availing PM SVANidhi loan at 7% per annum , leading to interest cost savings
Challenges Faced	- 30% had difficulties in understanding the loan application process - 25% faced initial delays in loan disbursement - 18% struggled with digital transactions due to lack of smartphones/internet

The primary data analysis reveals that the PM SVANidhi Yojana has significantly improved the income levels and business growth of street vendors in Indore. A majority (68%) of vendors experienced an increase in their daily income from ₹500–₹700 to ₹800–₹1,200, enabling better financial stability. The scheme also facilitated business expansion, with 55% of vendors investing in better-quality goods, 42% upgrading their infrastructure, and 35% adopting digital payment methods to enhance sales. Additionally, 60% of vendors successfully repaid their first loan and accessed a higher ₹20,000 loan tranche, further aiding business growth. The scheme also played a vital role in reducing dependence on informal credit, as 72% of vendors previously relied on high-interest loans but now benefit from low-interest financing at 7% per annum. However, challenges remain, with 30% struggling to understand the application process, 25% facing initial loan disbursement delays, and 18% having difficulties with digital transactions. Despite these hurdles, the scheme has overall contributed to enhancing financial inclusion, increasing earnings, and promoting sustainable business growth for street vendors in Indore.

Effectiveness of the scheme in promoting financial inclusion and economic self-sufficiency:

The PM SVANidhi Yojana has been highly effective in promoting financial inclusion and economic self-sufficiency among street vendors by providing them access to formal credit and integrating them into the banking system. By offering collateral-free working capital loans, the scheme has enabled vendors to expand their businesses, increase savings, and reduce dependency on informal moneylenders who charge exorbitant interest rates. Additionally, the initiative encourages the adoption of digital transactions, enhancing vendors' financial literacy and improving their market reach. With incentives such as timely repayment benefits and access to higher loan tranches, many beneficiaries have successfully transitioned towards stable and self-sustaining businesses. The scheme has also strengthened vendors’ economic resilience, allowing them to withstand financial shocks and invest in long-term business growth. While some challenges remain, such as limited awareness and digital literacy barriers, the overall impact of PM SVANidhi has been instrumental in fostering financial empowerment, self-reliance, and socio-economic upliftment of street vendors.

Following are the **hypothesis test results** based on a sample of **100 street vendors in Indore**, showing the impact of the **PM SVANidhi Yojana** on **financial inclusion and economic self-sufficiency**.

Table 4.2: Paired t-Test for Income Growth (Pre vs. Post Scheme)

Parameter	Before Scheme (₹/day)	After Scheme (₹/day)	t-value	p-value	Significance
Mean Income	600	950	7.85	0.0001	Significant

Interpretation: The **p-value (0.0001)** is less than **0.05**, indicating a statistically significant increase in income after the scheme implementation.

Table 4.3: Chi-Square Test for Financial Inclusion (Bank Account & Digital Payment Adoption)

Financial Inclusion Factor	Before Scheme (%)	After Scheme (%)	Chi-Square Value	p-value	Significance
Bank Account Usage	55%	85%	12.34	0.0004	Significant
Digital Payment Adoption	30%	70%	18.21	0.00001	Significant

Interpretation: The significant **p-values (both < 0.05)** confirm that the scheme has substantially increased **bank account usage and digital payment adoption**.

Table 4.4: Reduction in Dependence on Informal Credit (Chi-Square Test)

Credit Source	Before Scheme (%)	After Scheme (%)	Chi-Square Value	p-value	Significance
Formal Credit (Bank Loans)	28%	80%	25.67	0.00001	Significant
Informal Credit (Moneylenders)	72%	20%	23.89	0.00002	Significant

Interpretation: The p-value (0.00001) shows a significant shift from informal borrowing to formal credit, indicating improved financial inclusion.

The hypothesis testing results confirm that the PM SVANidhi Yojana has significantly contributed to financial inclusion and economic self-sufficiency among street vendors in Indore. The paired t-test reveals a substantial increase in daily income from ₹600 to ₹950, with a statistically significant p-value of 0.0001, indicating improved financial stability. The Chi-square test results demonstrate a notable rise in bank account usage (from 55% to 85%) and digital payment adoption (from 30% to 70%), confirming enhanced financial inclusion.

Furthermore, the scheme has successfully reduced reliance on informal credit, as the percentage of vendors depending on moneylenders dropped from 72% to 20%, while access to formal bank loans increased from 28% to 80% (p-value = 0.00001). These findings collectively validate that the scheme has empowered street vendors, enhanced their access to formal financial services, and contributed to sustainable economic growth, leading to the acceptance of the hypothesis.

Findings and Conclusions:

The study on the impact of the PM SVANidhi Yojana on the economic growth of street vendors in Indore reveals significant positive outcomes in terms of financial inclusion, income growth, and business expansion. The findings indicate that the scheme has successfully increased access to formal credit, with a majority of vendors now availing collateral-free bank loans instead of relying on informal moneylenders. The study also highlights a substantial rise in daily income levels, demonstrating improved economic self-sufficiency. Additionally, a notable shift towards digital transactions and bank account usage signifies greater financial literacy and integration into the formal economy. Vendors have reported enhanced business stability, better inventory management, and higher customer retention due to increased working capital availability. Despite some challenges such as limited awareness and digital literacy gaps, the overall impact of the scheme has been transformational in improving the socio-economic conditions of street vendors. The study concludes that PM SVANidhi has played a crucial role in empowering street vendors by providing them with

financial security, fostering entrepreneurial growth, and enabling long-term economic sustainability.

Recommendation:

To further enhance the effectiveness of the PM SVANidhi Yojana, several key recommendations are proposed. First, awareness campaigns should be intensified to ensure that all eligible street vendors are informed about the scheme and its benefits. Additionally, simplifying the loan application process and providing assistance in documentation can help increase participation, especially among vendors with low literacy levels. Financial institutions should also focus on providing financial literacy training, including the use of digital payments and banking services, to ensure sustainable financial inclusion. To address repayment challenges, flexible repayment options and structured financial counseling should be introduced. Moreover, collaborations with local business development centers can offer vendors guidance on inventory management, business expansion, and long-term financial planning. Finally, regular impact assessments and feedback mechanisms should be established to identify challenges and continuously improve the scheme's implementation. These measures will ensure that PM SVANidhi not only provides short-term financial relief but also fosters long-term economic stability and growth for street vendors.

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