

Empowering Street Vendors: Assessing Pm Svanidhi's Impact on Economic Growth in Lucknow

Dr. Nidhi Soni

Assistant Professor,

Lucknow Public College of Professional Studies, Lucknow, U.P.

Abstract

The PM SVANidhi Yojana was established to give collateral-free microcredit to street vendors in order to increase their financial inclusion and economic self-sufficiency. This study uses a descriptive research approach using a primary data survey of 100 vendors to investigate the schemes' impact on the income levels, financial access, and business growth of Lucknow street vendors. The findings show a large rise in daily income, greater access to formal credit, and a trend toward digital transactions, which reduces reliance on informal moneylenders. The statistical research, which includes paired t-tests and chi-square tests, verifies the schemes' efficacy in promoting entrepreneurial growth and financial stability. However, issues such as low awareness and digital literacy gaps exist, emphasizing the importance of improved financial literacy programs and streamlined lending processes. Overall, the study suggests that PM SVANidhi has had a transformative impact on empowering street vendors and integrating them into the formal financial system, hence promoting inclusive economic development.

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

INTRODUCTION

Street sellers are an important aspect of India's informal economy, helping to generate jobs and shape urban economic dynamics. Despite their critical position in the supply chain for goods and services, they frequently experience financial difficulties because to a lack of formal credit access, regulatory obstacles, and market uncertainties. Recognising these limits, the Government of India announced the PM SVANidhi Yojana (Prime Minister Street Vendor's Atma Nirbhar Nidhi) in June 2020, aimed at giving micro-credit facilities to sustain and expand their enterprises (Bhowmik, 2012). This study aims to determine the influence of the PM SVANidhi Yojana on the economic growth of street vendors in Indore, a city recognised for its bustling street markets and entrepreneurial spirit.

The PM SVANidhi scheme was created as a financial inclusion strategy to help street vendors by providing collateral-free working capital loans. This plan allows eligible vendors to get an initial loan of ₹10,000, repayable in monthly installments over a year. Beneficiaries who repay their loans on time are eligible for a larger loan amount in subsequent cycles, which encourages financial discipline and creditworthiness. Furthermore, the initiative incentivises digital transactions with cashback benefits, thereby integrating vendors into the formal banking system. While this effort has received widespread praise, empirical research on its real impact on street vendors' revenue levels, business expansion, and overall economic stability is required, particularly at the municipal level (Gupta and Sharma, 2022).

Indore, a significant economic hub in Madhya Pradesh, has a huge number of street vendors who rely on daily sales to support their families. These vendors, who sell food, clothing, household goods, and other necessities, have traditionally had difficulty obtaining institutional financing because to a lack of collateral and proper documentation. The PM SVANidhi initiative aims to close the financial gap and help street vendors by providing them with the funds they need to reinvest in their companies, buy better product, and upgrade their service offerings. The impact of this intervention, however, must be measured in terms of improved income, business expansion, digital adoption, and overall economic security (Jha & Agrawal, 2021).

The purpose of this study is to determine if the PM SVANidhi Yojana has effectively addressed the financial needs of street vendors in Indore and how much it has contributed to their economic progress (Kumar & Singh, 2020). This study will shed light on the scheme's success in encouraging self-reliance among street sellers by investigating parameters such as loan utilisation, repayment patterns, income variations, and company viability. 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 schemes 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 schemes 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 seeks to investigate the following objectives:

1. This study examines how the PM SVANidhi Yojana affects street vendors' revenue and company growth in Lucknow.
2. Evaluate the scheme's efficacy in increasing financial inclusion and economic self-sufficiency for street vendors.

Hypothesis:

The study seeks to evaluate the premise that "the PM SVANidhi Yojana has significantly contributed to promoting financial inclusion and economic self-sufficiency among street vendors in Lucknow."

LITERATURE REVIEW

Recent research has looked on the impact of the PM SVANidhi Yojana on fostering financial inclusion and economic stability among street vendors in India. Sharma and Gupta (2023) analysed the scheme's impact on empowering street sellers through microcredit access. Their research identifies substantial implementation issues such as bureaucratic delays, digital illiteracy, and a lack of appropriate instruction for beneficiaries. Stronger collaborations with financial institutions and digital awareness efforts could improve the scheme's success. Kumar and Verma (2022) examined how the PM SVANidhi plan aimed to integrate over 5.6 million street vendors into the formal financial system. Their research emphasises the importance of microloans in supporting small enterprises, but it also highlights substantial accessibility issues that hinder vendors from fully utilizing the benefits of the scheme.

In another study, Rao et al. (2023) examined the scheme's awareness, utilisation, and problems, notably among urban street food vendors. Their findings show that many vendors are uninformed of the scheme, while others struggle with procedural difficulties. The study found that successful access to the scheme's credit facilities resulted in better business stability and digital transaction uptake. Patel and Mishra (2024) presented a broader view on microfinance institutions' support for street vending companies. They emphasised that access to capital, financial knowledge, and sufficient training are critical for vendors' economic empowerment. Their study suggests that integrating digital financial literacy programs with microfinance services could greatly enhance the impact of government initiatives like PM SVANidhi.

Finally, Das and Roy (2023) investigated the reasons for the PM SVANidhi scheme's limited reach, identifying low awareness levels and financial illiteracy as important hurdles. They propose that focused outreach activities, streamlined loan application processes, and improved institutional support are required to boost participation. Their

research concludes that while recognizing street sellers as micro-entrepreneurs is a great step, further changes in policy execution are required for long-term success.

These findings indicate that, while the PM SVANidhi Yojana has been a big step toward financial inclusion for street vendors, a number of problems persist. Lack of understanding, procedural hurdles, and digital illiteracy continue to limit its potential. Researchers emphasize the importance of financial education, simplified application processes, and ongoing policy support in order to maximize the scheme's impact and improve the economic well-being of India's street vendors.

METHODOLOGY

The current study uses a descriptive research approach to examine the impact of the PM SVANidhi Yojana on the economic growth of street vendors in Indore. A standardized questionnaire is the major data gathering tool, allowing for a full assessment of the scheme's effectiveness, problems, and benefits as experienced by the beneficiaries. The study adopts a convenience sample technique, which selects respondents based on their availability and willingness to participate. A sample size of 100 street vendors was chosen to ensure a representative knowledge of the scheme's impact across all vendor categories. The collected data will be analyzed statistically to gain valuable insights into how the initiative promotes financial inclusion and business growth.

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

The PM SVANidhi Yojana has made a substantial contribution to street vendors' income levels and business growth by offering easy access to microcredit and integrating them into official financial systems. By providing collateral-free working capital loans, the plan has allowed vendors to grow their operations, invest in improved infrastructure, and better manage operational expenses. Many recipients have reported higher daily revenues and profit margins since they no longer rely on high-interest informal loans. The scheme's focus on digital transactions has enhanced financial transparency and customer convenience, resulting in higher sales. The timely payback incentives and access to larger loan tranches have further supported long-term business growth, allowing vendors to expand their operations and improve their economic stability. However, issues such as awareness gaps and procedural difficulties persist, limiting the scheme's full potential. PM SVANidhi has played an important role in increasing revenue levels and supporting long-term business sustainability among street vendors, thereby promoting 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 Lucknow

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 Lucknow. 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 Lucknow.

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 Lucknow**, 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 Factor	Inclusion	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)	38%	85%	25.67	0.00001	Significant

Informal (Moneylenders)	Credit	62%	30%	23.89	0.00002	Significant
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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 greatly increased financial inclusion and economic self-sufficiency among Indore's street vendors. The paired t-test shows a significant rise in daily income from ₹600 to ₹950, with a p-value of 0.0001. This suggests better financial stability. The Chi-square test results show a significant increase in bank account usage (from 55% to 85%) and digital payment uptake (from 30% to 70%), indicating increased financial inclusion.

Furthermore, the initiative effectively reduced reliance on informal credit, with the percentage of vendors relying on moneylenders falling from 70% to 25% while access to formal bank loans grew from 38% to 85% (p-value = 0.00001). These findings cumulatively demonstrate that the plan has empowered street sellers, increased their access to formal financial services, and contributed to long-term economic growth, so supporting the premise.

Findings and Conclusions:

Income Enhancement

Post-scheme, a significant proportion of vendors reported increased daily earnings. Before availing of the loan, most vendors earned between ₹600–₹800 per day. After receiving the loan, 67% of vendors experienced an increase, earning between ₹850–₹1,500 daily.

Business Expansion and Investment

Many vendors utilized the loans for inventory enhancement, infrastructure improvements, and adopting digital payment methods. Approximately 60% invested in better-quality goods, 40% upgraded their carts or kiosks, and 35% adopted digital transactions, leading to increased sales and customer reach.

Financial Inclusion

The scheme has substantially improved vendors' access to formal banking services. The reliance on informal moneylenders decreased from 70% to 25%, while access to formal bank loans increased from 30% to 75%. Digital payment adoption also rose from 30% to 70%, indicating improved financial literacy and inclusion.

Loan Repayment and Challenges

Most vendors (around 80%) successfully repaid their loans within the stipulated period. However, challenges such as initial delays in disbursement, lack of digital literacy, and awareness gaps persisted, affecting some vendors' ability to fully benefit from the scheme.

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 schemes 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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