SBI Research

PM SVANidhi: Strengthening *Country's Social Fabric through empowering grassroot market mavericks*….Formalization of credit through PM SVANidhi for those at the bottom of pyramid acts as a force multiplier for a deeper and <u>360°</u> formalization of PMJDY deposits……Poverty has no religion, caste, creed and gender

24-October-2023

❑ The PM Street Vendor's AtmaNirbharNidhi (PM SVANidhi) Scheme, a micro credit scheme for urban street vendors that aims to provide collateral-free loans up to Rs 50,000 in incremental tranches is a pioneering initiative by the GoI aimed at integrating street vendors access to formal channels of credit. PSBs have largely anchored the ambitious programme through a focused and dedicated approach, in line with other similar path breaking GoI schemes

❑ As one of the largest micro credit urban programme world-wide, PM SVANidhi has been an effective vector of ensuring societal harmonization among hitherto unformalized segments of urban micro entrepreneurs from fringe strata, also dismantling select community blockades

  - **43% female share** indicates **empowerment of entrepreneurial capabilities of urban female**

  - The ratio of people repaying first loan of Rs 10000 and taking the second loan of Rs 20,000 loan is 68%

  - The ratio of people repaying second loan of Rs 20000 and taking the third loan of Rs 50,000 loan is 75%

  - Borrowers between 26-45 years constitute 2/3rd share of the beneficiaries while 3/4th of the beneficiaries are from 18-45 years age group

  - **The spending pattern of the poor are same for those at the bottom quintile…….Truly, Poverty has no religion, caste, creed or gender**…. vouching basic tenets of demand and supply are religion antagonistic and good economics can trump even the supposedly deep running fault lines with wholehearted engagement of all stakeholders to bring in deep, durable and sustainably meaningful changes

❑ Categorizing the beneficiaries into three distinct categories based on change in spending pattern by analyzing primarily debit card spend of the beneficiaries' post receipt of loan installment (first and second loan) using quintile analysis, we find large evidence of emergence of **Active spenders** (those moving at least to next upper quintile)

  - **The average debit card spending of PM SVANidhi account holders increased by 50% post disbursement of loan installment**

  - **There is a 61% probability of a loan recipient** who were earlier not spending starts to spend actively post disbursement of the PM SVANidhi loan

  - On an average **63% of those below the age 25 and above 60 age groups** spend more post disbursement of loan…

  - The share of active spenders in those having received the second and third loan installments **is as much as 30%**

  - **65% of the bottom quintile (or ~9 lakh street vendors) are active spenders** post the loan was disbursed. Clearly, the loan instalment is acting as capital investment in upending the spending/consumption pattern significantly

  - Of the mega and million+ cities**, Varanasi is the top performer where 45% of total spenders are active spenders, followed by Bengaluru, Chennai, Prayagraj, etc.**
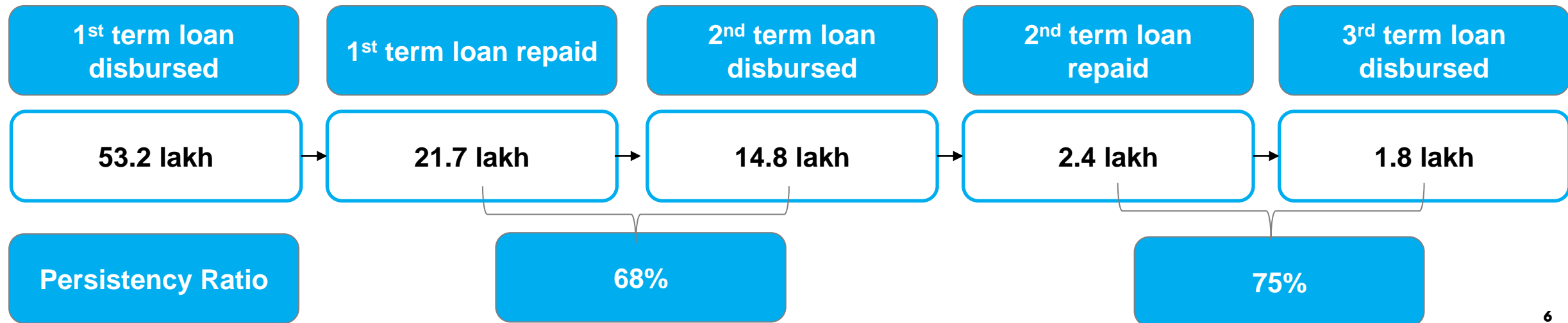
- ❑ Further, to consider how PM SVANidhi is impacting the behavioural habits in terms of spending and digital transactions post receipt of loan installment for a nearly identical class of marginalized population like PMJDY depositors **we mapped the PMJDY accounts either being a PM SVANidhi borrower /Treatment Group or not being a PM SVANidhi borrower /Control Group**

  - Using Difference in Difference estimation technique (for **Treatment Group / PMJDY and also having a PM SVANidhi account** and **Control Group / PMJDY but no PM SVANidhi accounts**), we estimate **Treatment Group sample** has increased their spending at merchant outlets in comparison to **Control Group sample** by at least ~Rs 1500

  - In terms of digital transactions, Spending Avenues of **Control Group sample** are primarily towards basic amenties, while the spending pattern of **Treatment Group Sample** are more on consumeristic avenues, indicating again that capacity building efforts in empowering the marginalized in terms of credit access is always a self-fulfilling prophecy of empowerment of the masses.. marginalized also have a dream and it should be our endeavour to fulfil them…poverty has no religion..**formalization of credit acts as a force multiplier for deeper and meaningful formalization of deposits beyond mere thrift**

  - Furthermore, the cash back incentive has significantly increased acceptability of digital transactions. We find atleast **9.5% people belonging** to **Control Group sample** who were doing less than 10 transactions have moved into higher digital transactions, even higher than 100 in some cases…

- ❑ Spending Avenues of PMJDY Accounts are majorly towards basics, while PMJDY with SVANidhi account holders are found to be spending more on consumeristic avenues.. **Evidence of marginalized people getting aboard mainstream bandwagon in terms of spending patterns… thus putting a question mark on much touted discourse of uneven spending patterns post pandemic….**

❑ A back-of the envelope calculation suggests that the number of beneficiaries who have been either new to credit/deposit in the last nine years is **around 30% on an average** (of the new credit accounts added during this decade), contributing around 8% of incremental credit growth. In deposits, **around 42% of the new account opened is only due to PMJDY & SSY**. If we look to the incremental GDP growth during FY14-23, then the formalization through new Government schemes (Deposits + Credit) stands at 6%. **We believe there is a revolution at the bottom of the pyramid, and this is likely to sustain the credit growth….**

  • **Heuristic data analysis of select borrowing profile reveals that both NTC (New to Credit) and NTCC (New to Credit Card) segments** (i.e., people getting inducted into formal credit mechanism first time, either through institutional lenders or a credit card company) are showing little divergence in credit behavior post onboarding, alleviating concerns being raised from select quarters….**of an uneven spending post pandemic**….

❑ While optimal credit remains a critical vector towards bringing transformative changes in smoothening operational cycle of micro entrepreneurs, investing in capacity building through skills in digital and market know-hows by urban local bodies can further upend the intended benefits for these grassroot warriors….. **These could be the next big policy interventions by the Government….**
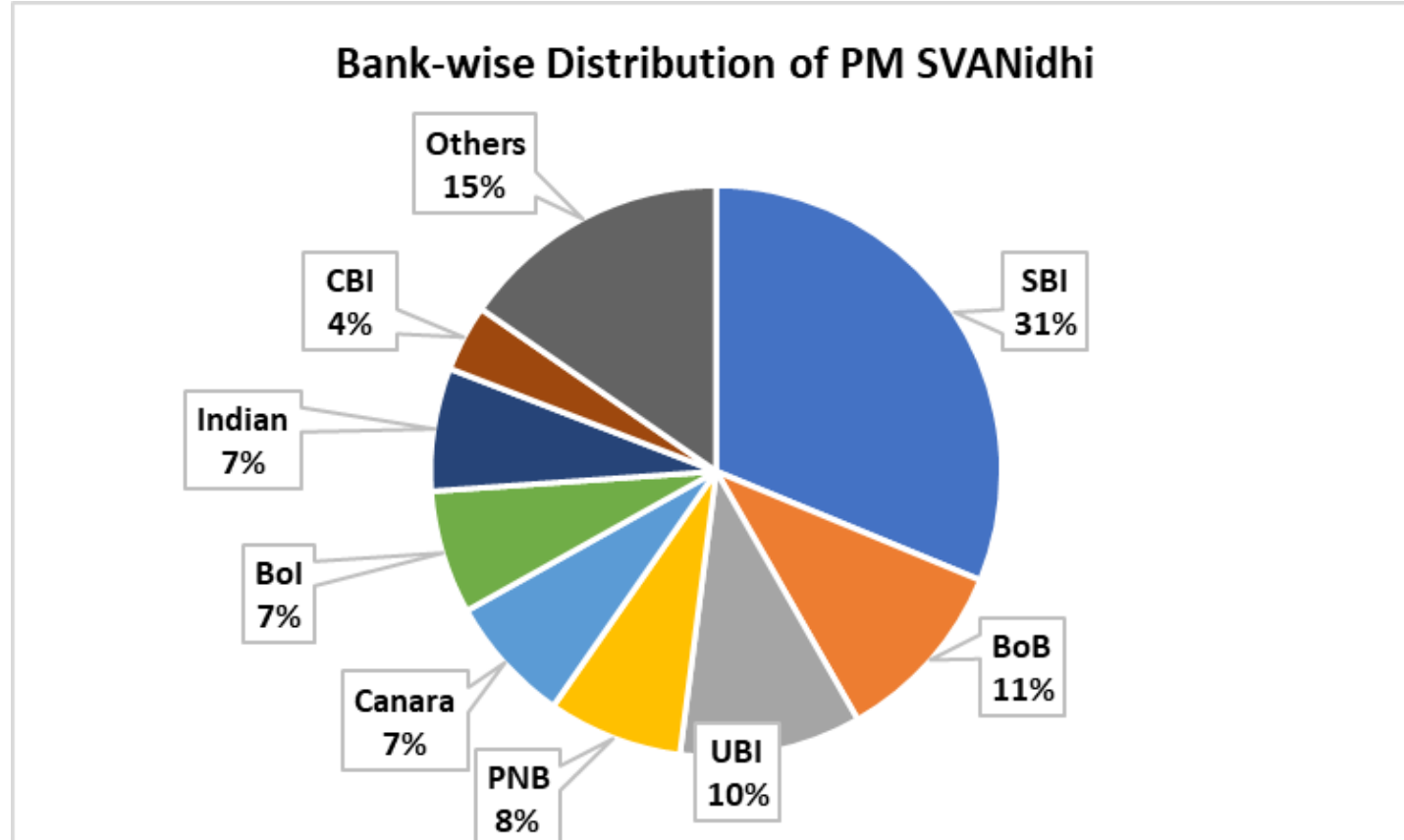
PM SVANidhi

Changing Grassroot Urban Markets Dynamics

PM SVANidhi

- The PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) Scheme, launched on June 1, 2020, is a micro credit scheme for urban street vendors that aims to provide collateral-free working capital loans up to Rs 50,000:
    - 1st Term: upto Rs 10,000,
    - 2nd Term: upto 20,000 (introduced from September 2021)
    - 3rd Term: upto Rs 50,000 (since May 2022)
- Under the scheme regular repayments are incentivized with a 7% interest subsidy and digital transactions are rewarded with cashback up to Rs 1,200 per year
- Till date around 70 lakh loans disbursed in all three tranches, benefiting over 53 lakh street vendors, with a total value exceeding Rs 9,100 crore
- The persistency ratio (2nd loan/1st loan repaid) is increasing indicating need and popularity of PM SVANidhi Scheme and also incentivizing those who are paying back the loan in terms of further loans are acting as a better conduit

1st term loan disbursed	1st term loan repaid	2nd term loan disbursed	2nd term loan repaid	3rd term loan disbursed
53.2 lakh	21.7 lakh	14.8 lakh	2.4 lakh	1.8 lakh

Persistency Ratio		68%		75%

❑ It is noteworthy that public sector banks have played a pivotal role in achieving this significant milestone through their support of the first-ever micro-credit scheme designed for urban poor socio- economic section

❑ 31% of total loans disbursed by **SBI alone**

❑ Top five banks accounted for two-third of total disbursement..

Bank-wise Distribution of PM SVANidhi

| Bank	Share
SBI	31%
Others	15%
BoB	11%
UBI	10%
PNB	8%
Canara	7%
BoI	7%
Indian	7%
CBI	4%

State-wise Target & Achievement

- At the time of launch Government set target of 50 lakh street vendors to be covered under PM SVANidhi for the 1st term loan of Rs 10,000

- Subsequently due to high demand (106% of old target achieved), the target has been revised to 63 lakh street vendors

- Further target for 2nd and 3rd term loan also provided by the Government

- Overall, the combined target till Dec'23 is ~88.5 lakh

PM SVANidhi: Target and Achievement				
State	Old 1st Loan Target upto Mar-23	New 1st Loan Target upto Dec-23	2nd Loan Target upto Dec-23	3rd Loan Target upto Dec-23
Andhra Pradesh	2,50,000	3,15,000	1,34,200	18,900
Bihar	1,20,000	1,40,000	35,000	1,600
Chhattisgarh	70,000	85,000	34,300	3,900
Delhi	1,30,000	1,60,000	37,700	1,400
Gujarat	3,00,000	4,00,000	1,59,600	22,900
Haryana	1,10,000	1,92,000	21,130	3,100
Jharkhand	80,000	95,000	21,500	2,300
Karnataka	2,50,000	3,13,000	1,10,200	19,900
Kerala	80,000	95,000	7,600	2,250
Madhya Pradesh	5,20,000	6,90,000	3,60,700	59,700
Odisha	70,000	84,000	25,300	3,000
Punjab	1,20,000	1,40,000	29,300	2,100
Rajasthan	1,95,000	2,30,000	47,200	500
Maharashtra	5,50,000	6,60,000	1,64,450	19,270
Tamil Nadu	3,50,000	4,20,000	1,24,900	10,200
Telangana	4,00,000	5,00,000	2,44,100	62,100
Uttar Pradesh	9,25,000	12,30,000	6,13,350	51,730
West Bengal	2,95,000	3,50,000	9,900	100
UTs / Small States	27,900	34,990	16,360	2,550
NER / Himalayan States	1,34,000	1,66,200	66,600	5,570
Total Target	**49,76,900**	**63,00,190**	**22,63,390**	**2,93,070**
Memo: Till 23 Oct'23 (Total 69.8 lakh)				
Total Disbursed	**52,90,101**	**53,19,779**	**14,79,703**	**1,82,094**
Disbursed as % of Target	**106%**	**84%**	**65%**	**62%**
Source: SBI Research				

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- PM SVANidhi has emerged as an effective vehicle of ensuring societal harmonization among hitherto unformalized segments of urban micro entrepreneurs from fringe strata, also dismantling select community blockades. Almost 75% loan beneficiaries come from non-general category, a testament of the innate power of well intended policy schemes to seed transformative changes
- OBCs account for ~44% of total disbursement, while SCs/STs have a ~22% stake
- 43% female share indicates empowerment of entrepreneurial capabilities of urban female, giving SVANidhi a gender equalizer tag

Category-wise Distribution of PM SVANidhi

- Minority 8%
- ST 3%
- OBC 44%
- General 26%
- SC 19%

Gender Share

- Male 57%
- Female 43%
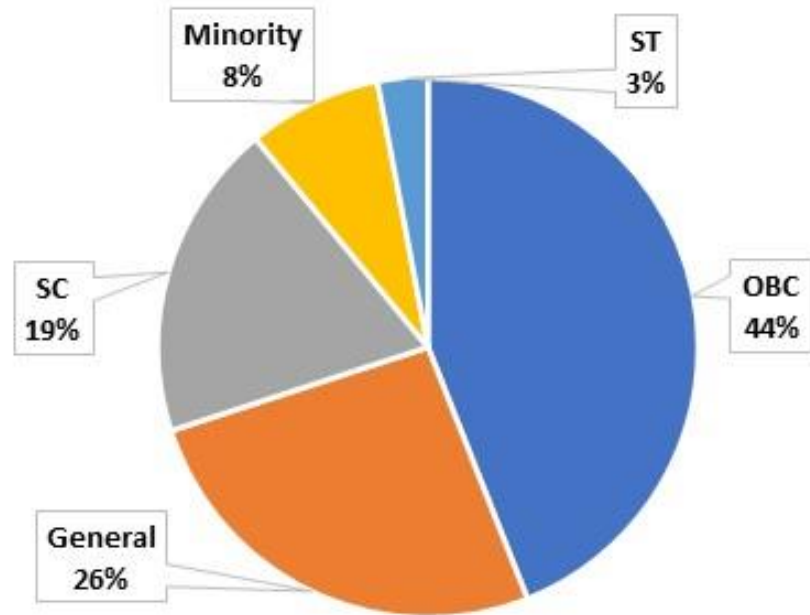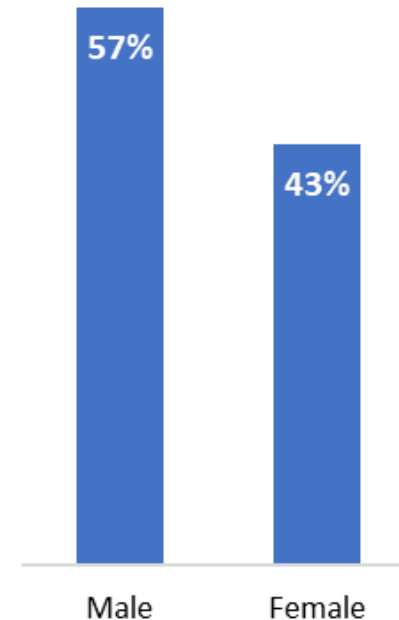
Average Days to Sanction a loan

20 DAYS

Average age of the applicant

41 YEARS

How PM SVANidhi enhanced Consumption/Spending
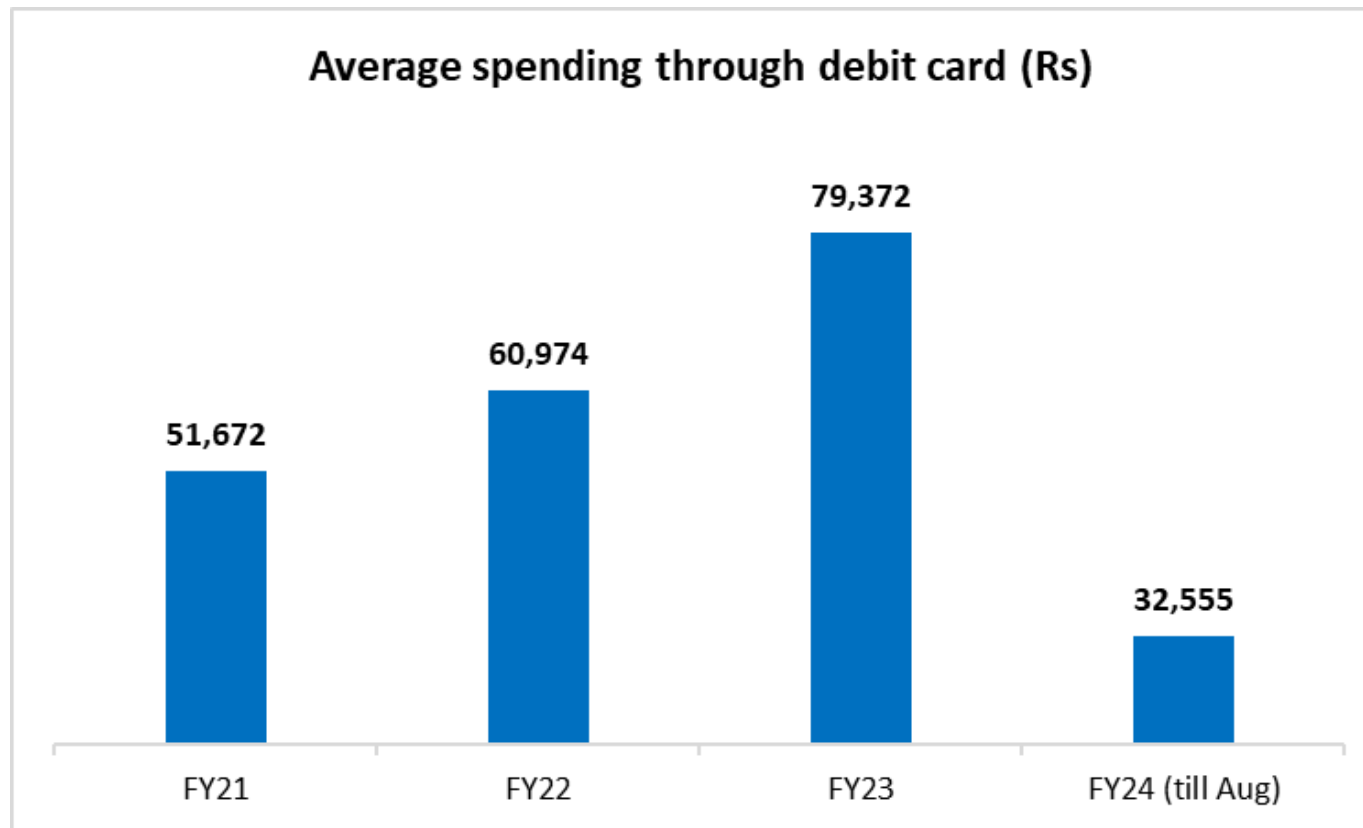
Analysis using Debit card payments

PM SVANidhi: Three Types of Spenders

- Income has been the key driver of private consumption and increase in income reflects in increase in consumption/spending

- PM SVANidhi, with an objective of economic upliftment, is a huge success in this matter. We believe that a small loan of Rs 10,000 onwards helps in a great manner to PM SVANidhi account holders

- However, the spending pattern of every individual is different and in order to appreciate the impact of loan on income of street vendors we analysed the spending pattern of PM SVANidhi accounts based on a random sample of SBI and then suitably juxtaposed through adequate techniques for summarizing the overall results for ASCBs

- We have divided the spenders into three category with following characteristics:

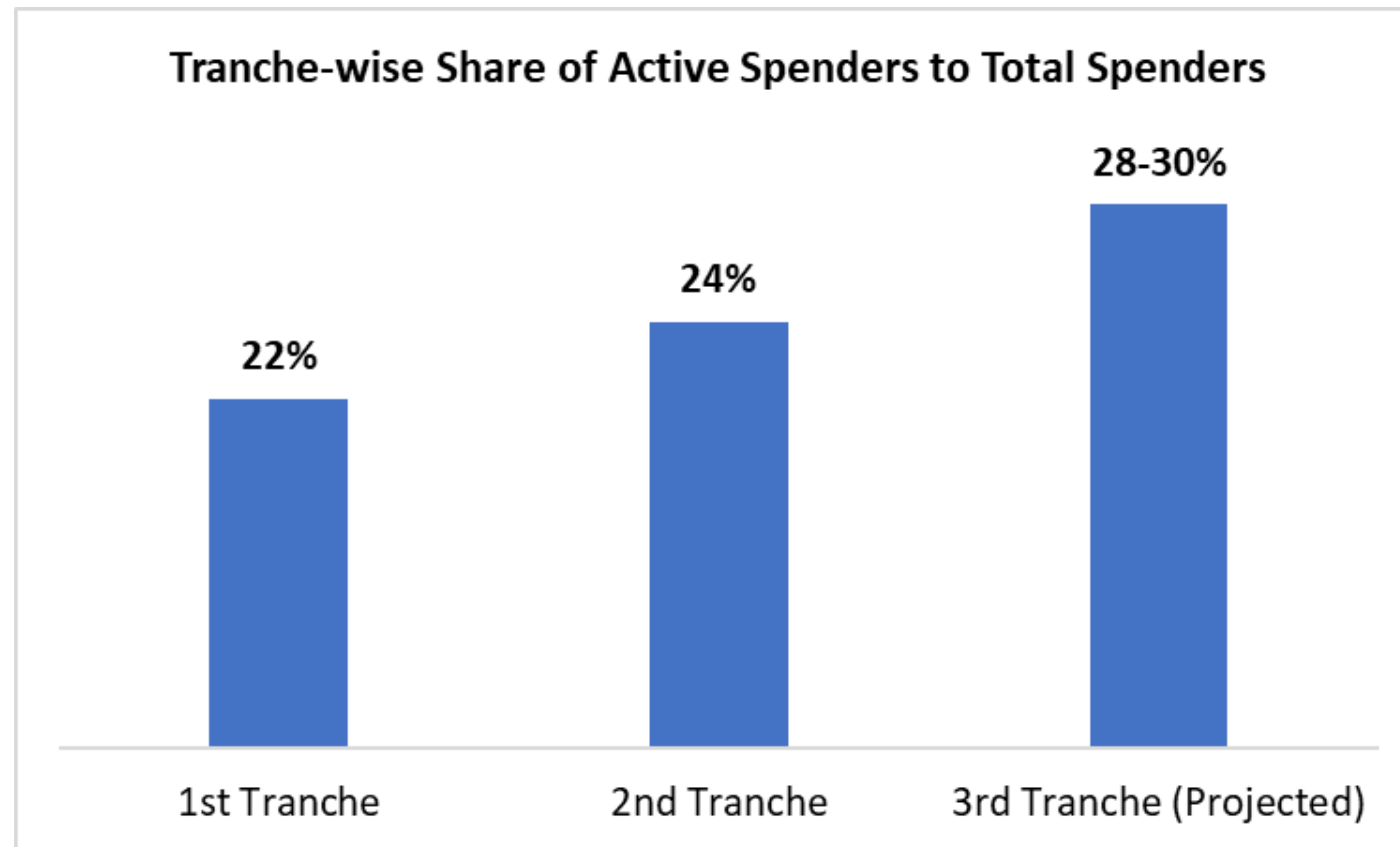| Type of Spender	Description
Active Spender	Those whose **spending increased** post taking PM SVANidhi loan (i.e., those moved to next upper quintile)
Passive Spender	Those whose **spending remained same** post taking PM SVANidhi loan (i.e., those remained in the same quintile)
Not so Active Spender	Those whose **spending not yet increased** post taking PM SVANidhi loan (i.e., those moved to lower quintile)

- The average debit card spending of PM SVANidhi account holders increased by 50% to ~Rs 80,000 in FY23 as compared to FY21

- It means that in just 2 years average spending per annum increased by ~Rs 28,000, with a rather small amount of seed capital infused to informal urban entrepreneurs

Average spending through debit card (Rs)

FY21	FY22	FY23	FY24 (till Aug)
51,672	60,974	79,372	32,555

- For the Street Vendors who have successfully repaid the first tranche of Rs 10,000 loan, there is a provision of second term loan of Rs 20,000 and thereafter third term loan of Rs 50,000

- The share of active spenders in those who received second and third term loans and became more active spenders are as much as 30%

Tranche-wise Share of Active Spenders to Total Spenders

1st Tranche	2nd Tranche	3rd Tranche (Projected)
22%	24%	28-30%

There is a momentum towards sustained spending with PM SVANidhi

- People who have been given PM SVANidhi Loans in FY23, are found to be spending more in comparison with FY22 (unloaned)

- We estimate that there is a 61% probability of people who were not an Active Spender becomes an Active Spender after receiving the PM SVANidhi loan

- We estimate that there is a 50% probability of people who were Active Spender continues to remain an Active Spender after receiving the PM SVANidhi loan

Probability of sustained spending		
Not so Active Spender	Becomes Active Spender	60.7%
Passive Spender	Becomes Active Spender	17.8%
Active Spender	Remain an Active Spender	50.3%
Source: SBI Research		

How street vendors moved over the spending ladder

❑ We have analysed the impact of PM SVANidhi loans on the spending pattern of the street vendors pre and post the loan disbursal

❑ Using the quintile methodology, we have identified the three types of spenders (Active, Passive and Not So Active) in the same quintile

❑ As per our analysis, 65% of the bottom quintile spenders (or ~9 lakh street vendors) becomes active spenders post the loan was disbursed

❑ 45% street vendors (~6 lakh) who were in top quintile remained in the same category after loan disbursement

Quintile	Not so Active Spender	Passive Spender	Active Spender
Bottom (14 lakh)	-	35% (5 lakh)	65% (9 lakh)
Middle (42 lakh)	20% (8.4 lakh)	65% (27.3 lakh)	15% (6.3 lakh)
Top (14 lakh)	55% (8 lakh)	45% (6 lakh)	-
Total ~70 lakh	16.4 lakh	38.3 lakh	15.3 lakh

65% of the borrowers are in the age-group of 26-45…evidence of increased spending at below 25 and above 60 age groups post disbursement of loan…

SBI
The banker to every Indian

❑ Two-third of the borrowers are in the range of 26-45 years

❑ On an average, 63% of those below the age 25 and above 60 age groups spend more post disbursement of loan…

Age-group wise share of PM SVANidhi accounts

3% 11%
21%
32%
33%

■ 18 to 25 ■ 26 to 35 ■ 36 to 45 ■ 46 to 60 ■ more than 60
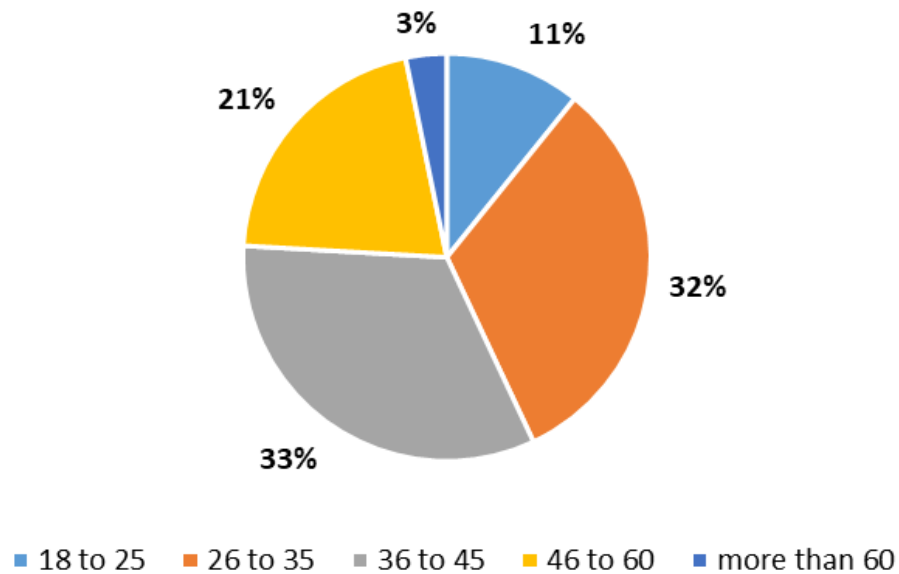
Age-Group wise Spenders				
Quintile	Age Group	Not so Active Spender	Passive Spender	Active Spender
Bottom	18 to 25	-	34%	66%
	26 to 60		35%	65%
	More than 60		41%	59%
Middle	18 to 25	18%	64%	18%
	26 to 60	19%	65%	16%
	More than 60	20%	69%	11%
Top	18 to 25	57%	43%	-
	26 to 60	54%	46%	
	More than 60	51%	49%	

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The spending pattern of the poor are same for those at the bottom quintile…….
Poverty has no religion, caste, creed or gender

- Remarkably, the disbursement of the loan is consonant with census data, ~80% borrowers are Hindu, while remaining 20% borrowers are non-Hindu

- However, spending pattern of both the borrower (groups) are same, vouching basic tenets of demand and supply are religion antagonistic and good economics can trump even the supposedly deep running fault lines with the wholehearted engagement of all stakeholders

- Other Minorities include Christian, Sikh, Buddhist, Jain etc.

Religion wise share of PM SVANidhi Accounts

Other Minorities 4%
Major Minority 14%
Hindu 82%
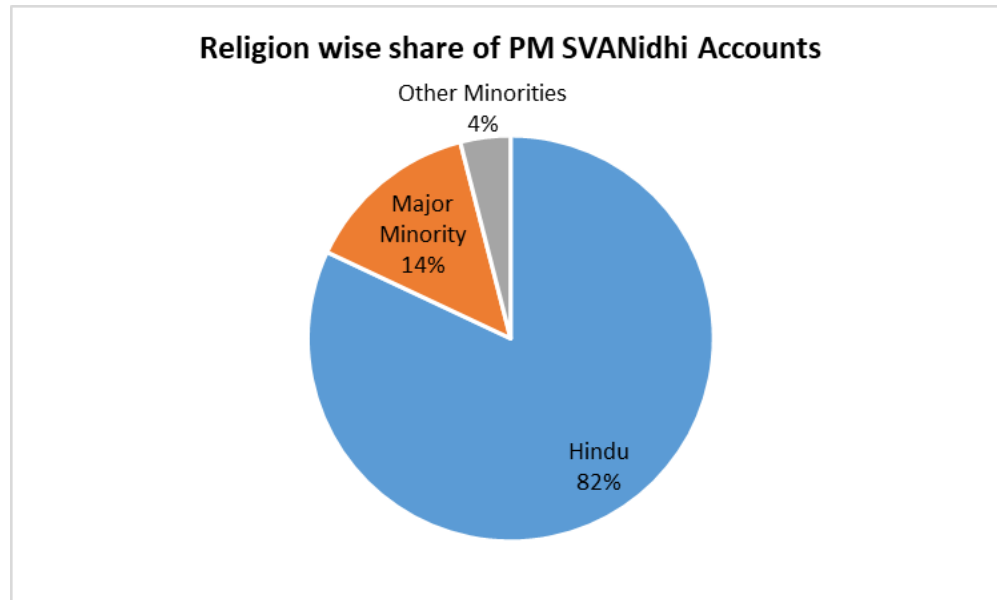
Religion wise Quintile Movement				
Quintile	**Religion**	**Not so Active Spender**	**Passive Spender**	**Active Spender**
Bottom	Hindu		35%	65%
	Major Minority	-	36%	64%
	Other Minorities		40%	60%
Middle	Hindu	19%	66%	15%
	Major Minority	20%	63%	17%
	Other Minorities	19%	60%	21%
Top	Hindu	54%	46%	
	Major Minority	61%	39%	-
	Other Minorities	54%	46%	

State-wise Active Spenders

- While at all India level, 22% of total PM SVANidhi borrowers are active spenders, the state-wise picture is diverse

- While in some of the states the active spenders are more than the national average like Punjab (32%), TN and AP (28%) etc., in some of the states the active spenders are less than the national average like WB (17%), Jharkhand (18%), etc

State-wise Movement of PM Svanidhi A/C holders (in lakh)					
State	Total PMSvanidhi A/Cs, *of which*	Not so Active Spender	Passive Spender	Active Spender	Active/ Total
Uttar Pradesh	16.0	3.7	8.5	3.8	24%
Madhya Pradesh	9.8	2.3	5.6	1.9	20%
Maharashtra	7.1	1.7	3.8	1.6	22%
Telangana	6.0	1.3	3.3	1.4	23%
Gujarat	5.1	1.1	2.9	1.0	20%
Tamilnadu	4.3	0.7	2.4	1.2	28%
Andhra Pradesh	3.9	0.8	2.0	1.1	28%
Karnataka	3.8	0.9	2.0	1.0	25%
Delhi	1.5	0.3	0.8	0.4	24%
Punjab	1.5	0.3	0.8	0.5	32%
Rajasthan	1.5	0.3	0.8	0.4	25%
West Bengal	1.4	0.4	0.8	0.2	17%
Bihar	1.1	0.3	0.6	0.2	22%
Haryana	1.0	0.2	0.6	0.3	25%
Chattisgarh	0.9	0.2	0.5	0.2	23%
Jharkhand	0.8	0.2	0.4	0.1	18%
Odisha	0.7	0.2	0.4	0.2	20%
Kerala	0.6	0.1	0.3	0.1	24%
All India	70.0	16.4	38.3	15.3	22%

PM SVANidhi account holders in Mega & Million+ Cities

- As per PM SVANidhi dashboard, around 5.9 lakh borrowers are in 6 mega cities and 7.8 lakh borrowers come from top 10 million+ population cities

- Of these mega and million+ cities, **Varanasi is the top performer** where 45% of total spenders are active spenders, followed by Bengaluru, Chennai, Prayagraj, etc.

PM SVANidhi A/C holders in Mega Cities					
Mega Cities	**Total PMSVANidhi A/Cs,** *of which*	**Not so Active Spender**	**Passive Spender**	**Active Spender**	**Active/ Total**
Ahmedabad	137516	31583	71719	34215	25%
Mumbai	99209	29824	50213	19172	19%
Chennai	98114	18254	50198	29662	30%
Surat	90282	21207	54230	14845	16%
Bengaluru	85119	17146	41641	26332	31%
Hyderabad	79584	17789	39324	22471	28%
Total (6 cities)	**589824**	**135803**	**307324**	**146697**	-
% share	**23%**	**52%**	**25%**		

PM SVANidhi A/C holders in Million+ Cities					
Million+ Cities	**Total PMSVANidhi A/Cs,** *of which*	**Not so Active Spender**	**Passive Spender**	**Active Spender**	**Active/ Total**
Lucknow	135581	30437	83009	22136	16%
Indore	112015	19566	64078	28371	25%
Kanpur	109962	33278	60768	15916	14%
Bhopal	74976	17619	42736	14620	20%
Varanasi	66646	13601	23122	29923	45%
Prayagraj	62768	13731	30403	18634	30%
Agra	61340	13631	35782	11927	19%
Ghaziabad	56836	11965	26922	17948	32%
Jabalpur	49481	10996	29322	9163	19%
Nagpur	50530	14627	24600	11303	22%
Total (10 cities)	**780135**	**179451**	**420744**	**179940**	-
% share	**23%**	**54%**	**23%**		

PM SVANidhi as a second stage Intervention after Jan Dhan

- Jan Dhan has been a game changer initiative, Research done by (Sumit Agarwal, Shaswat Alok, Pulak Ghosh, Soumya Kanti Ghosh, Tomasz Piskorski and Amit Seru, 2023) suggests that majority of PMJDY accounts are used for remittances

- **Jan Dhan has linked the unbanked ones with the Banks. PM SVANidhi has linked the unloaned ones with the loans**

- Considering SVANidhi as a means of access to credit for the Jan Dhan people, we looked into the effect of SVANidhi loans on the spending of Jan Dhan beneficiaries, by using Difference in Difference estimation technique, to measure how much difference does it make

- **We considered most active Jan Dhan Accounts in terms of merchant expenditure. Adequate sample for transactions for People with Jan Dhan who have got PM SVANidhi Loan (Treatment group) and for people with Jan Dhan Account who have not got PM SVANidhi Loans (Control group) were considered separately**

- The same was aggregated into transactions of PMJDY beneficiaries for a period four years FY21-FY24 (Aug) **in adequate proportion of PMJDY beneficiaries belonging to treatment group and PMJDY beneficiaries belonging to control group**

- Since the PM SVANidhi does not differentiates on parameters for giving loans, the assignment of PM SVANidhi has been random for the beneficiaries, both in **Treatment and Control Groups**. Therefore, on the basis of randomized assignment of PM SVANidhi, we have further randomly selected participants of Treatment and Control Group as a form of **Randomized Control Trial** / RCT

- We have dropped the accounts in the treatment group if their merchant expenditure was zero either in FY22 (as it is considered as year of treatment) or in FY24 (as only 5 months data till Aug is used)

- $Y_{igt} = \gamma_g + \gamma_t + D_{gt}\theta + \varepsilon_{igt}$

- In this equation, i represents individuals, g represents group and t represents time. γ_g denotes group effects, γ_t denotes the time effects and θ represents the treatment effect. D_{gt} is dummy, value for which is 1 when treatment has been provide for respective group at time t.

- In our sample, Treatment has been started from FY22 for the Treatment Group. By using the panel data for 4 years, for each participants of Treatment and Control Group, we measured the average treatment effect on the treated as a form of increase in spending of Treatment Group, in comparison with Control Group, which otherwise was not possible without the treatment

- For the PMJDY beneficiaries belonging to Treatment Group and PMJDY beneficiaries belonging to Control Group, **it has been estimated that SVANidhi loan given in FY22 to the PMJDY beneficiaries has increased their spending /Treatment Group at merchant outlets on an average by at least Rs 1385, in comparison to PMJDY beneficiaries who have not got the SVANidhi Loans /Control Group**

Difference in Difference Regression Jan Dhan Beneficiaries given SVANidhi Loan			
Time Period: FY21-FY24, Adequate Sample of Treatment and Control Group. Control Group Sample is invariant to size			
Merchant Expenditure	Coefficient	Robust Std Error	P Value
ATET	1384.73	685.76	0.043**
Source: SBI Research, ** Significant at 5%			

Jan Dhan with PM SVANidhis are more consumeristic

❏ Spending Avenues of Pure Jan Dhan Accounts are majorly towards basics, while Jan Dhan with PM SVANidhi account holders are found to be spending more on consumeristic avenues.. **Evidence of marginalized people getting aboard mainstream bandwagon in terms of spending patterns/preferences… thus putting a serious question mark on much touted discourse from select quarters of uneven spending patterns post pandemic….**

Top 10 Spending Avenues (%) of Jan Dhan without SVANidhi Account Holders

Top 10 Spending Avenues (%) of Jan Dhan with SVANidhi Account Holders
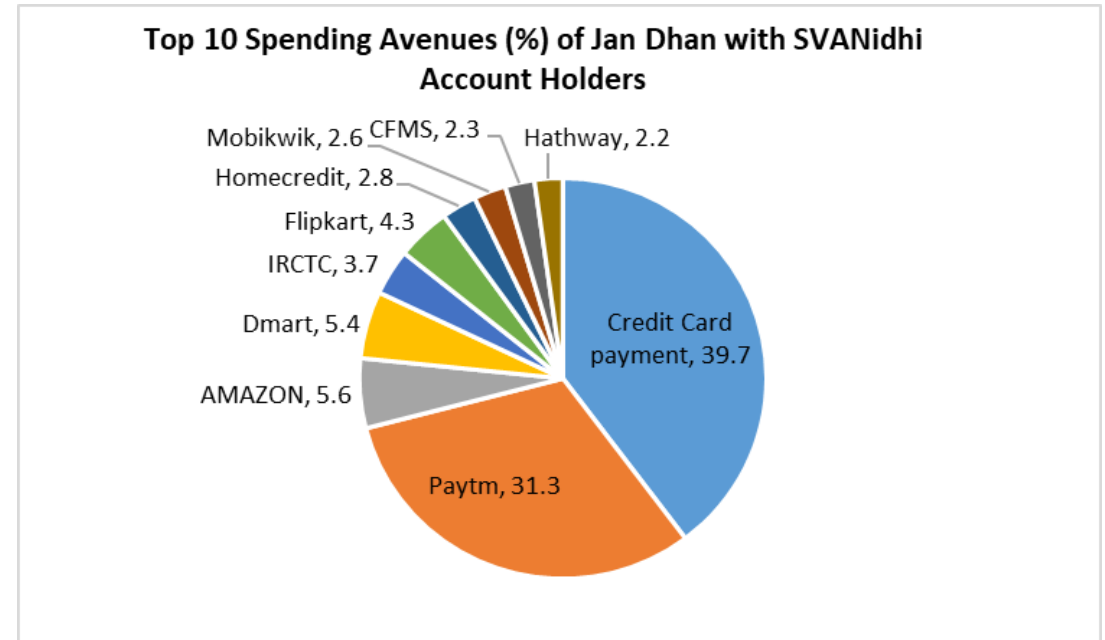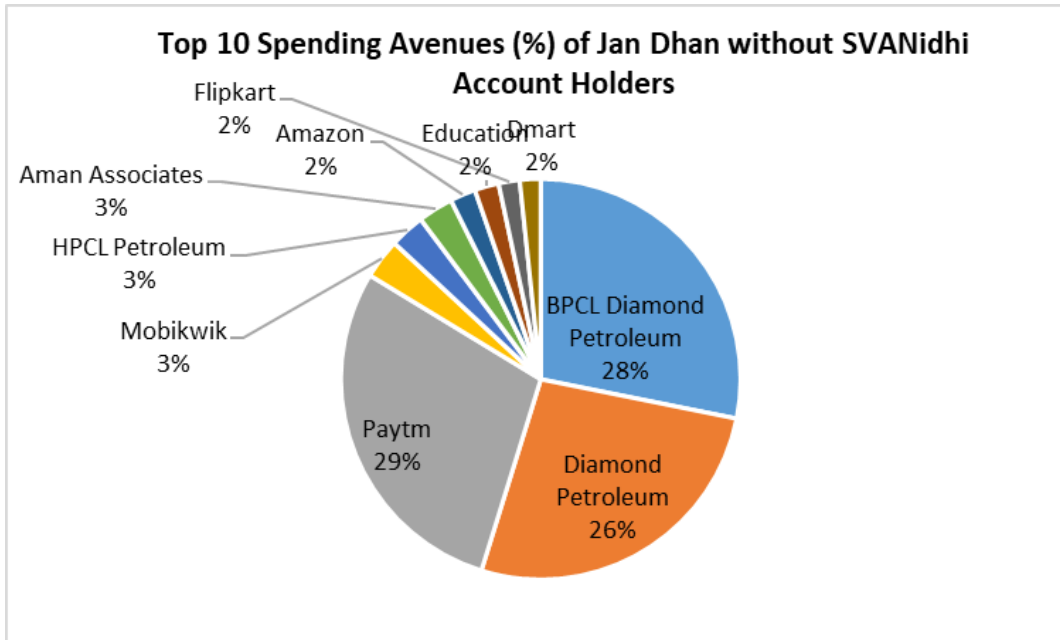
❑ Nearly 73.1% accounts belonging to Jan Dhan without PM SVANidhi are found to be having less than 10 transactions over the period of FY21-FY24. In contrast, only 63.6% accounts belonging to Jan Dhan with PM SVANidhi have less than 10 transactions over the period of four years.

❑ PM SVANidhi has increased acceptability of digital transactions. PM SVANidhi loans when given to Jan Dhan beneficiries, migrates atleast 9.5% people who were doing less than 10 transactions into higher digital transactions.

❑ Out of these 9.5% digital transactions accepters, **7.2% people shifts to 11-50 no of transactions bracket, with 2.1% shifted in 11-20 transaction bracket, 2.4% shifted in 21-30 transaction bracket, 1.5% shifted in 31-40 transaction bracket, and 1.2% in 41-50 transaction bracket. Remaining 2.3% are shifted in even higher no of transaction brackets**

% Change in Digital Transactions

Migration of atleast 9.5% to higher transaction group
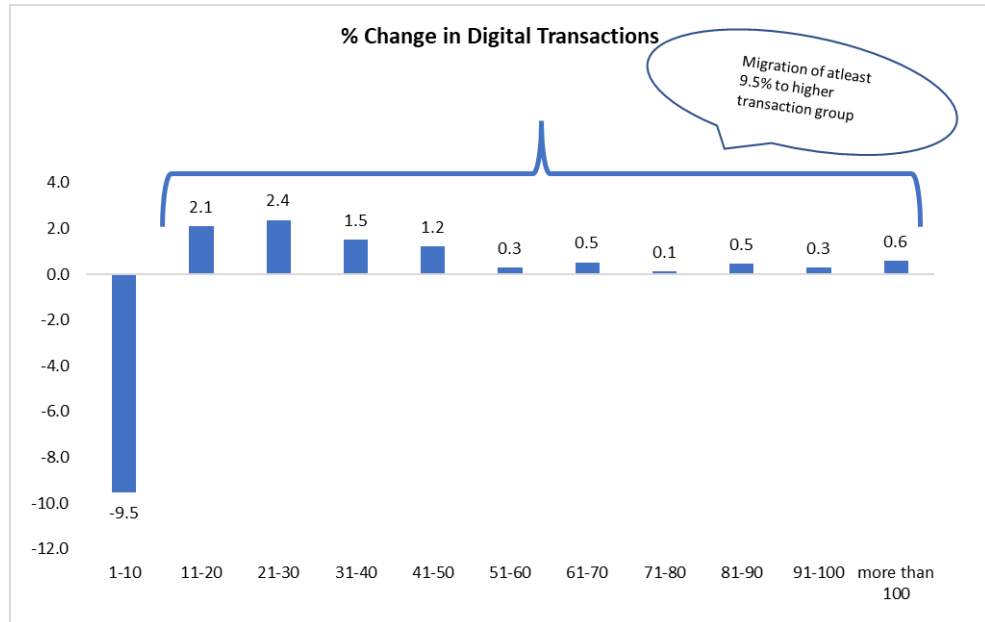
Way Forward

Formalization of the Economy through Banking Channel

- In the last 9-years, Government has taken many steps and launched several schemes for the upliftment of poor people, starting from opening bank accounts (PMJDY) to provide credit facility(PM SVANidhi, MUDRA, ECLGS, etc) and encourage them for Social security benefits like insurance/pension etc (PM-APY, PM-SYM, PMSBY, PMJJBY etc)

- A back-of the envelope calculation suggests that the number of beneficiaries who have been either new to credit/deposit in the last nine years is around 30% on an average (of the new credit accounts added during this decade), contributing around 8% of incremental credit growth

- In deposits, around 42% of the new account opened is only due to PMJDY & SSY

- If we look to the incremental GDP growth during FY14-23, then the formalization through new Government schemes (Deposits + Credit) stands at 6%

- This is why we believe that there is a revolution at the bottom of the pyramid, and this is likely to sustain the all-encompassing credit growth

Formalisation of the Economy during FY14-FY23			
	Schemes	Beneficiaries (in Lakh)	Amount (Rs crore)
Credit	ASCB Incremental Credit Growth	2215	7915923
	PM SVANidhi	51.25	8824
	MUDRA	632	24.83
	ECLGS	119	365992
	New KCC	100	398244
	PMJDY-OD	89	546
	Startup India	0.93	945
	Standup India	2	45938
	Sub-total	994	820514
	New to Credit (assuming 75%)	627	615385
	% to Overall Credit	28%	8%
Deposits	ASCB Incremental Deposits Growth	12971	10786590
	PMJDY	5063	205189
	Sukanya Samriddhi	360	199502
	Sub-total	5423	404691
	% to Overall Credit	42%	4%

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❑ We have analyzed a decent sample of credit card customers onboarded in recent period basis (Jun'23 and Jan'23):

- New to Credit (NTC) – Customers with no credit product/history

- New to Credit Card (NTCC) – Customers who have loans or any credit product but do not have credit cards

❑ Heuristic data analysis of select borrowing profile reveals that both NTC (New to Credit) and NTCC (New to Credit Card) segments (i.e., people getting inducted into formal credit mechanism first time, either through institutional lenders or a credit card company) are showing little divergence in credit behavior post onboarding, alleviating concerns being raised from select quarters

- In fact, NTC customer profile shows optimal adherence to repayment discipline

❑ **While optimal credit remains a critical vector towards bringing transformative changes in smoothening operational cycle of micro entrepreneurs, investing in capacity building through skills in digital and market know-hows by urban local bodies can further upend the intended benefits for these grassroot warriors….. These could be the next big policy interventions by the Government….**

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