



# Financial Inclusion As A Strategy For The Development Of Street Vendors In Urban Areas: Some Socio-Economic And Psychological Perspectives

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## Abstract

Today, modern street vending plays a vital role in the urban economy, as a source of jobs, revenue and 'value added' to the economy. Street vending provides a flexible link in economic supply chains, gives vitality to urban streets, and provides affordable goods for many urban residents. Yet street vending exacerbates congestion at busy sites and vendors lack the facilities for 'decent work'. For generations, street vending has provided vibrancy, colour and a market outlet in Indian cities. However, as the 21st century progresses, the dynamic growth of city populations, the scale of physical development, and globalising economies create new challenges for street vendors, who face changing political, economic and social contexts and increasing competition for space. In India, the financial inclusion initiative was implemented as a tactic to foster inclusive growth among the urban poor, particularly street vendors. This article focuses on some of the most important challenges with loan availability among street sellers. The purpose of this paper is to investigate the socio-economic and psychological perspectives of street vendors in urban Kurnool, based on a primary survey of 150 respondents.

**Key Words:** Financial Inclusion, Strategy, Street Vendors, Socio-Economic, Vending activities, Goods and services

## Introduction

For generations, street vending has provided vibrancy, colour and a market outlet in Indian cities. However, as the 21st century progresses, the dynamic growth of city populations, the scale of physical development, and globalising economies create new challenges for street vendors, who face changing political, economic and social contexts and increasing competition for space. Today, modern street vending plays a vital role in the urban economy, as a source of jobs, revenue and 'value added' to the economy. Street vending provides a flexible link in economic supply chains, gives vitality to urban streets, and provides affordable goods for many urban residents.

Street vending is an important component of urban economies and a distinct component of the large informal sector. Though street vendors contribute to the economy in a variety of ways (creating jobs, producing and distributing goods/services at reasonable prices), they have received insufficient attention from planners, policymakers, and the general public. Recognizing their contributions and the need to integrate them into the

economic growth process, the Parliament of India enacted the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 to regulate and protect the rights of street vendors in public places.

In India, the financial inclusion initiative was implemented as a tactic to foster inclusive growth among the urban poor, particularly street vendors. This article focuses on some of the most important challenges with loan availability among street sellers.

Several studies (Bhowmik 2001 and Tiwari 2000) have already established that street sellers are among the most disadvantaged segments of the urban poor. As previously said, they provide the urban rich with ordinary home products at reasonable costs, and as such, street vendors are an important aspect of the urban economy.

In 2006 and again in 2009, a national policy presented different suggestions for the general welfare of the street vendors. The policy called for the creation of distinct hawking zones for street vendors, the granting of trade licences to them, the prevention of their eviction, the management of their population, and the organisation of the vendors at various levels to put them in contact with the authorities. The strategy has also often emphasized the necessity to formalize credit availability and to provide social security for them in addition to these points.

In the past, the misery of the urban poor has received attention. Studies have highlighted the issues that street vendors deal with on a regular basis. The harassment they endure from the police, municipal officials, and local leaders is in part due to the informal character of their entrepreneurial activities. As a result, attention has been given to the important aspects of street vendors' financial inclusion, which are directly tied to their ability to acquire credit or, in this case, their inability to do so.

## Population

There is a substantial increase in the number of street vendors in the major cities around the world, especially in the developing countries of Asia, Latin America and Africa. Around 49.48 lakh street vendors have been identified in India. Uttar Pradesh has the maximum at 8.49 lakh, followed by Madhya Pradesh at 7.04 lakh. There are 2,56,926 street vendors in Andhra Pradesh, while Karnataka has identified 2,65,477 such people. Bihar has 1,56,965 street vendors. Delhi has only 72,457 street vendors. No street vendor has been identified in Sikkim.

## Literature Review

Though street vending was a common business activity even before independence, it was considered nearly illegal in urban India for nearly six decades until the Street Vendors Act was passed in 2014. Several studies were conducted in various parts of India prior to the Act's enactment. Below is a brief review of selected studies:

Shah J Parth and Naveen Mandava (2005) conducted a thorough examination of the various types of streets living in various Indian states and argued for appropriate laws, liberties, and livelihood mechanisms. They emphasized the magnitude of street vendors, their problems, and the future challenges of street vending in urban India.

Nidan (2010) conducted research on Patna's street vendors (Bihar). According to the study, Patna has 28,432 street vendors. 32% of those polled lived in Patna, with the remainder living on the outskirts of the city or in neighbouring districts. The gender breakdown revealed that 22% were females and 78% were males. Male Vendors are almost always supported by their wives and one or two children. Another major issue raised by female vendors was a lack of basic facilities such as toilets and crèches for their children. Other important reasons for choosing this profession were the ease of entry and low investment. At the same time, the vendors' working conditions are extremely difficult. Vendors had to work 12-14 hours a day on average to earn their meagre wages.

Saha Debdulal (2011) depicted the 'working life' of street vendors in Mumbai in terms of their financial conditions and extent of indebtedness, the amount of bribes they have to pay to sustain themselves in the market, their working hours, issues of public space utilisation, and the legal aspect of their activity. According to the study, street vendors borrow from moneylenders not only for economic activity but also for social security purposes at exorbitant interest rates, causing them to become debt-trapped. The study concluded that

street vendors face a deteriorating working environment as well as economic deprivation.

Sharit K. Bhowmik and Debdulal Saha (2012) conducted a study on "Street Vending in Ten Cities in India". Bhubaneswar, Bengaluru, Delhi, Hyderabad, Imphal, Indore, Jaipur, Lucknow, Mumbai, and Patna were among the cities visited. The study investigated the socioeconomic conditions and problems of street vendors, as well as consumer perceptions of street vending.

According to Baljit Kau (2015)'s study on 'Urban Informal Sector and Street Vendors,' a large proportion of self-employed informal workers in India work as street vendors. They offer a variety of goods and services that are useful to other segments of the urban poor, making them an important part of the informal economy. Based on a survey conducted in the Punjab district of Patiala, he discovered that due to a low level of income, these street vendors spend little on various necessities, resulting in a low level of welfare and a low standard of living. As a result, a large proportion of street vendors were living below the poverty line. This paper argued that the state government should put the provisions of the 'Street Vendors Act, 2014' into effect in order to provide a safe and dignified livelihood for the urban poor.

MJha, Ramnath (2018) examined the spatial and legislative dimensions of street vending in his paper "Strengthening Urban India's Informal Economy: The Case of Street Vending" and argued that as more urbanisation occurs across India, the number of street vendors is likely to increase significantly. Furthermore, given the national population growth and urbanisation trends, as well as the formal sector's limited ability to create jobs, cities should facilitate as many informal job opportunities as possible, including street vending. The study suggested that street vending become a planned activity that is purposefully written into a city's urban plans.

According to the review, street vendors are among the most marginalised segments of the urban poor. They do, however, play a very dynamic role in the urban economy, providing necessary items that are largely both durable and cost-effective to middle-income households at low and affordable prices. Employment in street vending has diversified and changed dramatically over the years. The problems and issues raised by street vending vary greatly across countries. Both the government and non-governmental organisations have made efforts to provide social security and welfare coverage to these workers, but the majority of these initiatives have failed to achieve the desired results.

## Objectives

The main purpose of the present study is to get on inside into "Socio-Economic Conditions of Street Vendors in Kurnool City", the specific objectives of the study are:

1. To examine the socio, economic aspects of the street vendors.
2. To study their nature of business, income, expenditure and savings.

## Scope of the Study

This study covers the geographical area of in and around jurisdiction of Kurnool City. It is one of the main districts of Rayalaseema region of Andhra Pradesh. The study has a wider scope in the future too.

## Methodology

As a part of Community Service Project (CSP) this study is carried out to investigate the socio-economic conditions of street vendors in urban Kurnool, based on a primary survey conducted in 2022. The socio-economic condition of street vendors can be understood by examining characteristics such as religion, caste, community, nature, family size, education, marital status, migration, employment, housing condition, income, expenditure and savings, indebtedness, and so on.

As per official records, there were 5564 Street Vendors who make out a livelihood in and around Kurnool city. From among them a representative sample of 150 vendors are selected for study using stratified systematic random sampling method, in addition to discussion with key informants and trade union leaders.

## Data Analysis

The nature of street vending activities varies. Certain activities, such as the sale of flowers, fruits, and vegetables, are primarily undertaken by females, while many other activities are carried out by both genders. Based on primary data, the gender divide in the street vending business was observed. Male vendors accounted for 65 percent of the business, with females accounting for the remaining 35 percent. It was discovered that males outnumber females in the street vending business (Table 1).

**Table 1 Socio-Demographic Profile of the Street Vendors**

Indicators	Categories	No of Respondents	%
Gender	Male	97	65
	Female	53	35
Age Distribution (in Years)	Below 20	09	6
	20 - 30	1	11
	30 - 40	63	42
	40 - 50	46	31
	50 and above	15	10
Educational Qualification	Illiterate	53	35
	Primary and Elementary School	58	39
	Secondary/ High school	26	17
	Collegiate	09	6
	Technical / Vocational	04	3
Marital Status	Single	15	10
	Married	114	76
	Widowed	08	5
	Separated	13	9
Nature of Family	Joint	48	32
	Nuclear	102	68
Family Size	< 3	51	34
	3-5	83	55
	5-10	12	8
	Above 10	04	3
Caste Status	OC	30	20
	BC	72	48
	SC	27	18
	ST	21	14
Religion	Hindu	113	75
	Christian	15	10
	Muslim	22	15
Native Place	Local	96	64
	Nearby Kurnool	38	25
	Other districts	09	6
	Other States	07	5

Source: Primary Data

As part of the socioeconomic analysis, the distribution of respondents by age wise categories was examined. According to the analysis, approximately 42 percent of the respondents were between the ages of 30 and 40. 31 percent were between the ages of 40 and 50, 10 percent were between the ages of 50 and above, and the remaining 17 percent were under the age of 30. It can be deduced that the majority of street vendors (83 percent) are in their productive age group of 30-50. Because street vending is a self-employment activity, it provides employment opportunities for a longer period of time.

Education is a significant socioeconomic indicator that reflects a person's knowledge and behaviour. Based on their educational backgrounds, the respondents are divided into four groups: illiterate, primary, elementary, secondary, collegiate, and technical level. According to the analysis, the majority of respondents (39%) were primary or elementary education, followed by those with only a illiterate (35%), and those with a secondary education (17%). Just 6% of respondents were found to have college-level educations. Research showed that although highly educated persons were somewhat active in this industry, education is not a criterion that is especially relevant for being interested in street vending.

The marital status pattern classification of the respondents revealed that 76 percent of them were married and 10 percent were unmarried. It was discovered that 14% of vendors were widowed or separated, which is a significant factor. The concept of joint and nuclear family systems is an important factor that reflects a society's social character. It was clear that the joint family system was very much in use among the street vendors. According to the survey, 32 percent of respondents in the study area used the joint family system, while 68 percent used the nuclear family system.

According to the caste study, it was found that 48% of respondents fell into the BC category, 32% of respondents fell into the SC & ST category and 20% of respondents fell into the open category. Vending is not just for places with poorer social structures; in fact, it has increased employment chances for communities with stronger social structures like OC and BC. The three main religious groups, including Muslims, Christians, and Hindus, all include street sellers. The results of the poll showed that, roughly speaking, 75 percent of respondents identify as Hindu, 15 percent as Muslim, and the remaining 10 percent as Christian.

It is widely assumed that migrants engage in street vending. In contrast to this perception, the survey results revealed that 64 percent of the vendors are Kurnool natives and another 25 percent are from the surrounding area. 89 percent of the vendors are from the Kurnool district. Only 6% of the vendors have moved from neighbouring districts, and 5% have moved from other states. As a result, the findings refuted the claim that migrants are forced to work on the streets. It could also be argued that a lack of employment opportunities in the organised sector has pushed locals to turn to street vending as their primary source of income in order to survive.

A businessman's identity, in any form, is critical. It is especially important for a street vendor in a city. As a result, it was attempted to determine whether vendors possessed any type of legal or other related identity card, such as a Ration Card, Aadhar Card, Voter Identity Card, Pan Card, Passport, Bank Account, ATM card, or Credit Card. Table 2 shows the distribution of respondents based on the possession of various identity items.

**Table 2 Distribution of Respondents by their Identity Possession**

S.No	Identity Possessed	%		
		Yes	No	Total
1	Ration Card	94	6	100
2	Aadhar Card	93	7	100
3	Voter Identity	91	9	100
4	Passport	5	95	100
5	PAN Card	15	85	100
6	Bank Account	79	21	100
7	ATM Card	65	35	100
8	Credit Card	4	96	100

Source: Primary Data

Ration cards, Aadhar cards, and voter identification cards were noted to be readily available from the majority of street sellers. More than 90% of the sellers claimed to have these identity cards. Just 5% of street merchants, in contrast, are in possession of passport followed by PAN card identities with 15 percent. It is also noted that 65% of respondents have ATM cards, whereas 79% of respondents claim to merely have bank accounts. Just 4% of people claimed to have credit cards. Research showed that approximately one-fourth of the respondents still need to be included in the organised banking system, and almost half of the street vendors need to adopt digital marking.

The respondents are divided into four groups, including very poor, low, medium-income, and rich, in order to better understand the financial situation of the street sellers. 54 percent, 35 percent, and 11 percent of the street vendors said they were poor, medium, or very poor, respectively. None of the sample sellers made it clear that they are wealthy. As a result, 65% of street sellers were categorised as being in the poor and very poor economic brackets. 73 percent of the vendor households were found to have more than one wage earner living there. The overall family income would be substantial and rising if more than one person participated in productive employment and earned money for their family. It was discovered that 59% of street vendors live in rented houses, while only 37% live in owned houses. No one in the sample reported living on the streets.

It was also demonstrated that the street vendors live in residences and are highly concerned about their safety and security. It was noted that 42% of them were residing in tiled homes, while 34% were doing so in terraced homes. 24 percent of vendors reside in thatched homes, the lowest percentage. In terms of the languages, they are known to speak, 82 percent of the vendors only speak one language, and the remaining 18 percent speak multiple languages. Since many of the vendor respondents were from the surrounding areas of Kurnool and the local areas, they could conduct business in a single language.

The economic circumstances of the families who work as street vendors would be impacted by the frequency of certain personal vices including drinking, smoking, and gambling. 25 percent of the street sellers were found to be smokers, 18 percent to be drinkers, and 1 percent to be gamblers. A few vendors revealed that they consume alcohol and tobacco. Smoking and drinking would have a bad impact on the street vendors' health and financial situation.

**Table 3 Socio-Economic Conditions of the Street Vendors**

Indicators	Categories	No of Respondents	%
Economic Status of the Family	Very Poor	17	11
	Poor	81	54
	Medium	52	35
	Rich	00	00
Number of Earning Members	1	4	29
	2	73	49
	3	23	15
	4 and above	10	07
Place of Residence	Owned	56	37
	Rented	88	59
	Leased	06	04
Type of House	Thatched	36	24
	Tiled	63	42
	Terraced	51	34
Languages Known to Speak	Telugu	123	82
	Hindi Or Urdu	24	16
	English	03	02
Habits	Smoking	35	23
	Drinking	23	15
	Gambling	02	01

Source: Primary Data

An examination of the vendors' previous occupations revealed that 35% were previously unemployed, 32% were wage workers, and the remainder were engaged in activities such as agricultural work, domestic work, and driving. Because a large proportion of street vendors were previously unemployed, it could be argued that unemployment is the primary driving force behind the street vending industry. The main items sold by street vendors are vegetables and fruits, cooked foods, flowers, milk and milk products, household products, cosmetic and fancy items, tea and coffee, cool drinks, and readymade garments with 30%,24%,13% respectively.

Street vendors conduct their business by selling in a single location, moving from one point to another, or moving continuously on the streets. It was discovered that 65 percent of street vendors were engaged in single point sales, 20 percent were engaged in mobile (moving) sales, and the remaining 15% is accounted for by multi-point sales. The vendors' average number of working hours per day ranges from two to twelve. 29 percent of vendors work for more than 8 hours per day. A much smaller proportion of vendors (%) spent less than 4 hours in the vending business. The hours spent purchasing and assembling the products are not counted by the vendors because they are considered preparatory work. Most vendors worked longer hours, often at odd hours such as late at night or early in the morning. If these hours were added up, the actual time spent working would be doubled. However, according to the respondents' perceptions and calculations, 57 percent of the vendors worked 6-10 hours per day on vending.

**Table 4 Business Profile of the Street Vendors**

Indicators	Categories	No of Respondents	%
Previous Occupation	Unemployed	53	35
	Agricultural Work	28	19
	Domestic Work	15	10
	Wage Work	48	32
	Driving	06	4
Main Item Sold	Vegetable and Fruits	45	30
	Cooked Foods	26	24
	Flowers	20	13
	Milk and Milk Products	16	11
	Household Products	09	6
	Cosmetic and Fancy Items	06	4
	Tea and Coffee	05	3
	Cool Drinks	06	4
	Readymade Garments	07	5
Category of Sales	Single Point Sales	98	65
	Mobile Sales	30	20
	Multi-Point Sales	22	15
Working hours per day	Less than 4 hrs	11	7
	4 - 6 hrs	36	24
	6 - 8 hrs	43	29
	8 - 10 hrs	42	28
	More than 10 hrs	18	14

Source: Primary Data

According to the analysis, the majority of vendors (3%) invested less than Rs.5000, followed by 29 percent who invested Rs.5000-10000 and 13 percent who invested Rs.10000-15000. This indicated that the initial investment in street vending businesses was minimal. This could be a major factor in attracting many people to the street vending business.

Street vending has an economic link to the rest of the economy through access to finance, which has an impact on the business's investment, productivity, profit, and expansion. Public bodies and financial organisations cannot lawfully welcome them since street hawking is regarded as an illegal occupation. As a result, obtaining bank financing is difficult for the sellers, and institutional credit is not available to street vendors. The survey's results strongly corroborate this reality. Only 15% of the vendors, it was found, had bank loans, and the rest had to get their initial capital from other means. A third of the sellers said they used their money to launch their business. Parents, friends, and other family members provided financial support to 30% of the merchants. Money lenders were used by 19% of people. Just 2% of recipients were microfinance organisations. One could argue that the banking industry has provided very little assistance for business startups.

**Table 5 Functional Performance of Street Vending Business**

Indicators	Categories	No of Respondents	%
Investment per Business	less than Rs.5000	56	37
	Rs. 5000 - 10000	43	29
	Rs. 10000 - 15000	20	13
	Rs. 15000 - 20000	13	9
	above Rs. 20000	18	12
Sources of Investment	Money Lenders	29	19
	Banks	22	15
	Friends and Relatives	29	19
	Own Savings	51	34
	Parents	16	11
	Micro Finance Groups	03	2
Working Requirement Capital	Less than Rs.500	44	29
	Rs. 500 - 1000	46	31
	Rs. 1000 - 1500	21	14
	Rs. 1500 - 2000	30	20
	above Rs. 2000	09	6
Net Profit Earned	Less than Rs. 200	17	11
	Rs. 200- 300	31	21
	Rs. 300 - 400	20	13
	Rs. 400 - 500	40	27
	Rs. above 500	42	28

Source: Primary Data

The majority of street vendors finish their business by the end of the day, and they operate with less inventory and working capital. However, the business's daily working capital requirement is determined by a variety of factors. The sample vendors were classified as having a working capital requirement (per day) of less than Rs.500, Rs.500-1000, Rs.1000-1500, Rs.1500-2000, or more than Rs.2000. The majority of vendors (60 percent) required less than Rs.1000 as working capital, with 34 percent investing Rs.1000-2000 and 6 percent investing more than Rs.2000. This indicated that the required working capital for street vending businesses was very low.

Every day, the performance of the business should be reflected in the net income or profit earned at the end of the day. The vendor respondents were classified as having a net income of less than Rs.200, Rs.200-300, Rs.300-400, Rs.400-500, or more than Rs.500. Only 11% of the respondents had a daily income of less than Rs.200. A significant portion of the sample respondents' (21 percent) daily income was found to be Rs. 200-300. A few vendors earn quite a high income, reflecting the type of business, the age of the business, the location, and the products they sell, as 28 percent of respondents had an income ranging above Rs. 500.



The sample street sellers had differing views about the future of the street selling business. These opinion findings were, of course, business- and vendor-specific and more location-specific. Just 16% of respondents thought that the future of street sellers would be positive (Table 6).

**Table 6 Opinion about the Prospect of Street Vending Business**

S. No	Future Prospect	No of Respondents	%
1	Very Good	24	16
2	Good and Moderate	71	47
3	Difficult	31	21
4	Very Difficult	24	16
TOTAL		150	100

Source: Primary Data

The majority of respondents thought the future would be good and moderate. The future, according to 37% of vendors, will be difficult and very difficult. Because street vending businesses rely on a niche market, the majority of vendors were optimistic about their future business prospects in the current business environment.

## Conclusion

Undoubtedly, the informal sector makes a major contribution to employment and national output (NSSO, 2004-2005, 60% of GDP). The development of our nation would suffer if we were to ignore this industry. A significant portion of the urban poor find a means of support through street vending, which is also a significant component of the urban informal economy. According to the Indian government, this profession provides a living for 10 million people.

Street Vendors are the integral part of human society. These people are to be looked after by the individuals, group and communities. Even though they have this type of occupation, their day-to-day life is not safe. Government should take active roles to implement the policies effectively which they have made. Hence, the government should look in to the problems of the street vendor's each and every corner of life. Most of sellers were optimistic about their future business in the current business environment, despite the fact that street vending firms depend on a niche market to thrive. The study came to the overall conclusion that there is still need for improvement and intervention in a number of the street sellers' socioeconomic conditions. With the help and support of local businesses, family members, NGOs, Government Agencies and financial institutions the socio-economic conditions of the street vendors can be improved.

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