



# FINANCIAL INCLUSION OF STREET VENDORS: WITH SPECIAL REFERENCE TO TIRUNELVELI DISTRICT

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## ABSTRACT

*Financial inclusion strengthens the availability of economic resources and builds the concept of savings among the poor. Financial inclusion is a major step towards inclusive growth. It helps in the overall economic development of the underprivileged population. In developing country like India, effective financial inclusion is needed for the uplift of the poor and disadvantaged people by providing them with the modified financial products and services. In this paper, the role of financial institution in enabling the street vendors to access the financial service is being studied as these segments can grow themselves as successful entrepreneur provided, they receive financial services at affordable cost.*

**Key Words:** Street Vendors, Financial Inclusion, problems.

**DOI Number:** 10.48047/nq.2022.20.19.nq99598

**Neuroquantology 2022; 20(19):6040-6046**

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## INTRODUCTION

A person can live an independent life only when he is independent in various aspects of life. Economic independence is important in personal as well as collective life as it help in flourishing the other two. Economic independence refers to the capacity to acquire the means of life and be self-reliant. Those who lack the resources lack the opportunities to make their life independent. The street vendors are a major part of the Indian informal economy. The country's informal economy heavily depends on street

sellers. In the street vending industry, there are thought to be about 80% of the population. In practically every city, a sizable portion of street vendors are female. In addition to being a source of self-employment for the poor in cities and towns, street vending also enables the majority of the urban population to access "cheap" and "convenient" services.

Moreover, street vendors also pay taxes and other fees, which contribute to local government revenue. Their businesses also stimulate economic activity in the areas



where they operate, generating income for other local businesses such as suppliers of goods and services. Street vendors make a valuable contribution to the economy by providing affordable goods and services, creating employment opportunities, and generating income and tax revenue for governments. They play an important role in meeting the needs of low-income and marginalized communities and can contribute to poverty reduction and economic development. In Tamil Nadu, street vendors, also known as informal vendors or unorganized vendors, play an important role in the local economy by providing affordable goods and services to residents and visitors. However, their position has been a topic of debate and contention in recent years. The Tamil Nadu Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2016 was enacted to protect the rights of street vendors and regulate street vending activities. According to the Act, a Town Vending Committee (TVC) is to be established in every local authority to oversee the implementation of the Act and to regulate street vending activities. The Act recognizes the right of street vendors to carry out their trade without harassment or eviction and also provides for the allocation of vending spaces to registered vendors. However, the implementation of the Act has been slow and street vendors continue to face challenges such as harassment from law enforcement officials and eviction from their vending spaces. In recent years, there have been efforts to organize street vendors and provide them with training and support to improve their businesses. Non-governmental organizations (NGOs) and civil society organizations have also played a role in advocating for the rights of street vendors and pushing for better implementation of the Act. Overall, while there are challenges facing street vendors in Tamil Nadu, there are also efforts to improve their position and protect their livelihoods.

In India banking system many initiatives are taken for bringing those underprivileged segments of people under the formal banking system and which is termed as financial

inclusion. There are some unbanked geographic areas and some unbanked people that need to be taken care of for financial inclusion. Those people who do not have a bank account for keeping their savings cannot make investment in the time of need nor have the future financial security; Even some individual who are generally from low socio-economic background cannot make out how many opportunities they loss for not having access to formal financial institutions. Illiteracy, unawareness, poverty, low socio-economic status are reason for financial exclusion Bank branches remoteness or unbanked area also let people to remain unaware and inaccessible to the formal banking system.

#### **Financial Inclusion**

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way. Financial inclusion refers to the efforts and initiatives aimed at making financial services accessible and affordable to all individuals and businesses, regardless of their personal net worth or company size. The concept emphasizes the importance of providing underserved and unbanked populations with access to useful and affordable financial products and services that meet their needs, such as transactions, payments, savings, credit, and insurance.

#### **Key Aspects of Financial Inclusion**

**Access to Financial Services:** Ensuring that people have the ability to use basic financial services. This includes the availability of physical bank branches, online banking, mobile money services, and other financial products.

**Affordability:** Financial services should be affordable for everyone, particularly for low-income individuals and small businesses.

**Quality of Products:** Financial products should be designed to meet the needs of users, with clear and understandable terms, and without hidden fees.

**Financial Literacy:** Educating individuals about financial management, savings, investments,

and the use of financial services to empower them to make informed decisions.

**Consumer Protection:** Ensuring that consumers are protected from fraud, exploitation, and abuse by financial service providers.

### **Review of literature**

Platelet al. (2019) in their study expressed that the formal and the informal sector are two major aspects of the economy in India. However, the share of the informal sector is more compared to the formal sector. The informal sector which ultimately supports the formal economy is increasing day by day. The major contributors of the informal sector are hawkers, vendors, small scale business or traders, etc. The activity of street vendors comes under the informal sector. Vendors often locate themselves at places which are a natural market for them. But many times, their business is considered as illegal.

Chakraborty and Koley (2018) in their research article stated that the term 'Street vendor' refers to those who are unable to get regular jobs in the remunerative formal sector on account of their low level of education and skills. However, street vending is an important activity related to urban areas. The terms Street vendors describe them are based on time or place where they work. The present study comprehensively covers the in-depth views about their daily marketing and some spatial issues of street vendors near Tata Nagar Rail Station, Jamshedpur. The present researchers attempt to explore the so economic milieu of street vendors of above said areas.

### **OBJECTIVES OF THE STUDY**

- To know the concepts of Financial Inclusion.
- To study the socio-economic profile of the street vendors in Tirunelveli District.
- To know the current situation of street vendors.

### **METHODOLOGY OF THE STUDY**

#### **Sampling design:**

There are large numbers of street vendors dealing in various commodities in Tirunelveli District. They represent varied types of vendors such as hawkers, peddlers,

road sidedealers, small retailers, etc. and sell varied types of goods for daily use, fresh eatables, etc. As such the researcher confined the scope of study to Tirunelveli District only. Due to the unavailability of data, the researcher used the Non-Random Sampling technique. Under non-random sampling technique, convenience sampling technique was used by the researcher to collect the primary data from the respondents.

In this research work, the researcher adopted the random sampling technique as sampling method. This study is restricted to the street vendors of Tirunelveli District from the study area 75 street vendors are selected.

**Research Type:** Descriptive Research

**Data Source Used:** Both Primary Data and Secondary Data

There are two methods in general used by researcher to collect data namely primary and secondary method. Primary data are collected by conducting field investigation with the help of questionnaire. It is mainly collected to know about the satisfaction of street vendors. The questionnaire was distributed among 75 sample respondents in Tirunelveli. In this study the researcher has collected the secondary data from books, magazines, newspapers, journals, catalogues, articles and websites.

### **Significance of the Study**

As people having comfortable access to financial services, we all know from personal experience that economic opportunity is strongly intertwined with financial access. Such access is especially powerful for the poor as it provides them opportunities to build savings, make investments and avail credit. Importantly, access to financial services also helps the poor insure themselves against income shocks and equips them to meet emergencies such as illness, death in the family or loss of employment. Needless to add, financial inclusion protects the poor from the clutches of the usurious money lenders. Financial inclusion strengthens the availability of economic resources and builds the concept of savings among the poor. Financial inclusion is a major step towards inclusive growth. It helps in the overall economic development of

the underprivileged population. In India, effective financial inclusion is needed for the uplift of the poor and disadvantaged people by providing them with the modified financial products and services.

**Limitations of the Study:**

- Time was a major issue for the study.
- Due to their busy work, interaction was also limited.
- They don't have a permanent place to sell their products.

**Problems of street vendors:**

1. The street vendors lead a very difficult life, the mode of travel or their working hours, it providing hardly any time for rest and for

relaxation, which creates adverse effects on them health.

2. Increased traffic affects their mobility from one place to another place.
3. Pollution is affecting them in several ways- road widening
4. Harassment from local authorities and from policemen during vending their areas.
5. Uncertainty and insecurity are the basic problem of vendors.
6. Vendors are not protected by government, NGO's, labour union by any labour laws.
7. Street vendors are not getting easy financial help from bank.

**DATA ANALYSIS**

**Socio-Demographic Profile**

The following Table.1 shows the socio-demographic profile of the street vendors in Tirunelveli district,

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**TABLE-1 PROFILE OF THE RESPONDENTS**

Variable	Groups	No of Respondents	% to Total
Status of Migration	Local	65	87
	Migrated	10	13
	<b>Total</b>	<b>75</b>	<b>100</b>
Age	20-30 Years	5	7
	30-40 Years	20	27
	40-50 Years	35	46
	Above 50 Years	15	20
	<b>Total</b>	<b>75</b>	<b>100</b>
Gender	Male	68	91
	Female	7	9
	<b>Total</b>	<b>75</b>	<b>100</b>
Marital Status	Married	70	93
	Unmarried	5	7
	<b>Total</b>	<b>75</b>	<b>100</b>
Educational Qualifications	Middle School	40	53
	High School	20	27
	Hr. Sec. School	15	20
	<b>Total</b>	<b>75</b>	<b>100</b>
Monthly Income	Less thaRS.10000	6	8



	Rs.10000Rs.15000	46	61
	Rs.15000Rs.20000	20	27
	Above Rs.20000	3	4
	<b>Total</b>	<b>75</b>	<b>100</b>
Types of occupations	Vegetables & Flowers	20	33
	Fish	4	5
	Fruits	8	11
	Household Items	5	7
	Street Food	25	27
	Garments	3	4
	Plastic items	10	13
	<b>Total</b>	<b>75</b>	<b>100</b>

**TABLE-2 SOURCE OF CREDIT**

Sources	No of Respondents	% to Total
Bank	16	21
Money Lender	32	43
Friends	10	13
Relatives	5	7
Wholesaler	12	16
<b>Total</b>	<b>75</b>	<b>100</b>

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**PROBLEMS FACED BY THE STREET VENDORS RELATING TO FINANCIAL INCLUSION VIS-À-VIS SOCIO DEMOGRAPHIC CHARACTERISTICS**

In order to examine the financial inclusion related problems faced by the respondents the researcher has identified 5 variables namely, Low financial literacy, Collateral requirements, High interest rates,

**H<sub>0</sub>: There is no significant association between problems faced by the street vendors relating to financial inclusion and their socio-demographic characteristics.**

Digital payment barriers and Security concern. To identify whether there is any significant association between the problems faced by the street vendors relating to financial inclusion and their socio-demographic characteristics, the following null hypothesis has been framed and Chi-square tool has been applied.

Problems	Value	Age	Gender	Marital Status	Area of residence	Educational Qualification	Monthly Income	Types of Occupation
Low financial literacy	$\chi^2$ value p-value	11.047 (0.001)	21.084 (0.000)	1.495 (0.003)	16.770 (0.003)	15.436 (0.000)	4.559 (0.030)	4.254 (0.012)
Collateral requirements	$\chi^2$ value p-value	16.709 (0.100)	15.221 (0.004)	3.612 (0.001)	9.136 (0.054)	6.752 (0.016)	3.125 (0.000)	7.831 (0.000)
High interest rates	$\chi^2$ value p-value	0.325 (0.004)	1.374 (0.042)	18.972 (0.000)	1.452 (0.024)	10.453 (0.000)	9.967 (0.000)	8.237 (0.002)
Digital	$\chi^2$ value	4.200	3.416	10.660	25.948	8.229	1.934	0.991



payment barriers	p- value	(0.000)	(0.003)	(0.043)	(0.067)	(0.020)	(0.000)	(0.000)
Security concern	$\chi^2$ value p- value	8.916 (0.030)	0.238 (0.000)	33.421 (0.000)	6.484 (0.011)	14.938 (0.004)	0.990 (0.24)	9.334 (0.000)

**TABLE 3**

**PROBLEMS FACED BY THE STREET VENDORS RELATING TO FINANCIAL INCLUSION VIS-À-VIS SOCIO DEMOGRAPHIC CHARACTERISTICS – CHI SQUARE TEST**

**Sources:** Computed Data.

**Source: Computed Data**

**Note:** Figure outside the parenthesis indicates the Chi-Square value.

Figures in parenthesis indicate P-Value.

The above table 3 shows that the null hypothesis is rejected in the case of socio-demographic characteristics such as age, gender, marital status, educational qualification, monthly income and types of occupation as the p value is < 0.05. The null hypothesis is also rejected in the case of Area of residence and Low financial literacy; High interest rate and Security concern. But the null hypothesis is accepted in case of area of residence and Collateral requirements and Digital payment barriers. Hence there exist significant relationship between the problems faced by the street vendors and the socio-demographic characteristics such as age, gender, marital status, educational qualification, monthly income and types of occupation. There also exist significant relationship between the Low financial literacy; High interest rate and Security concern faced by the street vendors and the socio-demographic feature area of residence of the residents. There exist no significant relationship between area of residence and Collateral requirements and Digital payment barriers.

- Majority of the respondents (61%) are getting income from Rs.10000-Rs.15000 Slab.
- Majority of the respondents (53%) are completed their Middle School.
- Most of the vendors ( ) are vegetables and flower and also street vendors hence, it requires very low investment as compared to others.

**SUGGESTIONS:**

1. Local Authorities should give license to the vendors so that they can be protected by harassment and eviction.
2. Many street vendors are food vendors; they do not have formal training as they are less educated. Local authorities should have to give training to those vendors.
3. Skill training and credit facilities to be made available to the vendors. Scheme like regular health check-up or health should also be extended to vendors.
4. In our study area there must be a vending committee they should take care of vending issues.
5. Local Authorities should provide permanent sheds for vendors and minimum facilities such as first aid, drinking water, toilet, garbage collection and solid waste disposal etc.
6. The Banks need to conduct skill development programmes, training programmes, organise workshops for uneducated vendors.

**CONCLUSIONS:**

Street vendors play a vital role in urban economies around the world. They

**FINDINGS:**

- Table.1 and 2 shows that;
- majority of the respondents (87%) are migrated.
  - Majority of the respondents (46%) are coming under the age group of 40-50 Years.
  - Majority of the respondents (91%) are Male, this study shows that street vending is mostly male occupied.
  - Majority of the respondents (93%) are Married.



provide accessible and affordable goods and services, contribute to the local economy, and offer employment opportunities, especially for marginalized groups. However, their presence also poses challenges, such as regulatory issues, competition with formal businesses, and the need for infrastructure and sanitation.

To effectively integrate street vendors into the urban fabric, a balanced approach is necessary. This involves creating supportive policies that recognize their contributions, providing designated spaces for vending, ensuring fair competition, and maintaining public health and safety standards. Collaboration between vendors, local authorities, and the community is key to fostering a vibrant and inclusive urban environment where street vending can thrive. By fostering a supportive environment, cities can harness the full potential of street vendors, promoting economic diversity, resilience, and social inclusion.

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