

PalArch's Journal of Archaeology
of Egypt / Egyptology

A Socio-economic Study on Financial Inclusion in India – Street Vendor Perspective

* Nagaradona Vijayabhaskar, ** Dr.G.Arun Kumar.

*Research scholar, Email:vijaybsc77@gmail.com

Dept of Studies in Business Administration, Vijayanagara Sri Krishnadevaraya University,

**Assistant Professor, Dept of studies in Business Administration

Vijayanagara Sri Krishnadevaraya University, Bellary.

* Nagaradona Vijayabhaskar, ** Dr.G.Arun Kumar. A Socio-economic Study on Financial Inclusion in India – Street Vendor Perspective – Palarch's Journal Of Archaeology Of Egypt/Egyptology 18(4). ISSN 1567-214x

Keywords: Street Vendors, India, Financial Inclusive Services, Pandemic period.

ABSTRACT

Many street vendors lost their income due to continuous lockdowns during the covid pandemic period. State Governments and the Government of India announced a financial package, relief funds to street vendors. The Government of India implemented several financial inclusion schemes for the growth of the financial status of street vendors. Cash benefits and PMSVNidhi funds have been directly transferred to their bank accounts, But surveys and some news channel reports say that many street vendors did not get any relief fund monetary benefits across the country. The main reasons were many street vendors don't have bank accounts, some street vendors didn't register their vending licenses in regional Municipality bodies. My study focused on the effective utilization of financial inclusive services through PMJDY(Pradhan Mantri Jan Dhan Yojana)during the pandemic time on street vendors' financial stability and life protection. This data has been collected through secondary sources like websites, news channels, newspapers, and government statistical reports.

Background of The Study

Pradhan Mantri Jan Dhan Yojana (PMJDY) is a nationwide scheme started by the Indian government in August 2014. In this scheme financial inclusion of every citizen who does not have a bank account is to be accomplished. The scheme will assure financial access to everyone who was not adequate to get benefits from other finance-related government schemes. These financial services overall Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension which will be made accessible to all the population through a simple and affordable method. According to the data issued by the finance ministry, till September 2014 overall 40 million bank accounts have been opened under the Pradhan Mantri Jan Dhan Yojana since the scheme has begun. Under the Jan Dhan Yojna anyone who is an Indian citizen above the age of 10 years and does not have a bank account, can open the account with zero balance.

The account can be opened in any bank branch, especially framed for the ambition of opening the accounts under this scheme. The scheme also accommodated the facility of accidental insurance cover up to rupees one lakh without any charge for the account holder. Pradhan Mantri Jan Dhan Yojna the overall individuals irrespective of their area (rural or urban) can access a bank account without cash deposit under the eligibility norms of RBI guidelines. This scheme is helpful for rural people where banking services and other financial institutions are infrequently available. The account holders under the Jan Dhan Yojana will be given a RuPay debit card which can be used at all ATMs for cash withdrawal and making transactions too.

Advantages of the PMJDY Scheme.

Accidental Insurance Cover

This accidental insurance cover is Rs 1 lakh and could be extraordinarily helpful for the underprivileged population.

No Minimum Balance Required Under the Scheme.

Most of the banks expected minimum cash balance from the customer. . Even public sector banks have this norm and the balance requirements are higher in the case of private sector banks. so many underprivileged populations are not ready to access banking services, but PMJDY Accounts doesn't maintain any minimum balance necessarily.

Life Insurance Cover of Up to Rs 30,000

Though for many individuals this might not be a big sum, it could be certainly a solace for the poorer classes.

Direct Transfer of Subsidies and Other Benefits

Those who have PMJDY accounts, receive various benefits under various government schemes like LPG subsidy.

Easy Transfer of Money

Under this scheme, account holders transfer the money across the country.

Street Vendors in India

A street vendor is broadly defined as a person who offers goods for sale to the public in large amounts without having a permanent built-up structure. (National Association of Street Vendors of India – NASVI, 2014). Street vendors, market traders, and market porters provide necessary goods and services, especially to those who need life's necessities in very small quantities at affordable prices. Those who sell food—both fresh food and prepared food—are an essential part of urban supply chains.

By type of business, vendors are categorized as Pottery: Vendors who usually sell their commodities sitting on the ground for an extended period. Larry: Vendors whose mobile vendors are selling items like vegetables, fruits, and so on.

Mobile: In terms of mobility vendors can be classified as Mobile that moves from one place to another on the same day; Generally, younger men and women are involved in this type; Mobile vendors deal with both semi and non-perishable products; Vendors sell to other hawkers or small shops and consumers; Mobile vendors are small-scale wholesalers.

Static Units: Static is more like a stall or Gumti that is used for selling commodities or providing services.

· Semi-Static Units: The vendors erect a structure that is removed at the end of

the day.

·small-scale wholesalers are fixed in particular locations

The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 was enacted to regulate street vendors in public areas and protect their rights. The Act defines a "street vendor" as a person engaged in vending of articles for everyday use or offering services to the general public, in any public place or private area, from a temporary built-up structure or by moving from place to place". The Act envisages the formation of Town Vending Committees in various districts to ensure that all street vendors are identified by the government and make sure to be accommodated in the vending zones subject to norms. There's an estimation of 50-60 lakh street vendors in India, with the largest concentrations in the cities of Delhi, Mumbai, Kolkata, and Ahmadabad. Most of them are migrants who typically work for 10–12 hours every day on average. Anyone who doesn't have a permanent shop is considered a street vendor. According to government estimations, street-vending accounts for about 14 percent of the total (non-agricultural) urban informal employment in the country. The sector is riddled with problems. License caps are unrealistic in most cities. For example; Mumbai has a ceiling of around 15,000 licenses against the estimated 2.5 lakh vendors. This means most vendors hawk their goods illegally, which makes them vulnerable to exploitation and extortion by local police and municipal authorities.

NASVI (National Association of Street Vendors of India)

NASVI is a non-profit institution working as a safeguard means of support for thousands of street vendors across the nation. NASVI was certified in 2003 under the Societies Registration Act of 1860. Regarding acceptance among the street vendors membership of NASVI is growing day by day. In the year 2014, NASVI has 7,07,695 members from 1,054 organizations from the states of Assam, Andhra Pradesh, Bihar, Delhi, Gujarat, Goa, Jharkhand, Karnataka, Kerala, Manipur, Maharashtra, Orissa, Rajasthan, Tamilnadu, Tripura, Uttar Pradesh, Haryana, Uttaranchal, Madhya Pradesh, West Bengal, Punjab, and Meghalaya, Telangana, Himachal Pradesh, and Jammu and Kashmir. (National Association of Street Vendors of India – NASVI, 2014) From the year 2004 to 2005, the implementation of the national policy was an impetus for the organization and it is reflected in the high membership. Similarly, there has been a significant boost in membership after the enactment of the Act in 2014. The boost happened to increase in membership of our affiliates across India (National Association of Street Vendors of India – NASVI, 2014).

1. Street Vendors Population in India.

Country/State/City	Total Population	Average Daily Earning per day(Rupees)
Mumbai	2,00,000	65
Patna	60,000	50
Delhi	2,00,000	66
Kolkata	1,91,000	65
Ahmadabad	1,27,000	63

(Source: Ministry of Labor, Government of India)

Literature Review

Debudlalsaha's (2011) This study revealed street vendors were facing unhealthy and unsafe conditions in the vending places. The street vendors getting the finance depends on the selling and buying activities of their business and the different types of selling products. All vendors access working capital based on daily money turnover. Sufficient working capital of street trade fulfills the vendors' financial activities, profits, and potential business development. Capital is required for establishing the business and, later, for continue and implementation it. Six types of capital sources have been identified for vendors, including: (i) relatives, (ii) friends, (iii) local vendors or traders, (iv) money lenders, (v) wholesalers, and (vi) banks or co-operatives.

Supravit Bagli (2012) This study says in most cases their livelihoods are not monetized and they are deprived of financial inclusion. Besides, they are not well aware of the available banking services; on the other hand, banking officials aren't well aware of the needs and capacity of the people under this section. As a result, banks cannot bring them under the umbrella of financial inclusion. Therefore, mass financial literacy and awareness among the marginalized sections of people are necessary to achieve financial inclusion.

Suresh Chandra Bihari(2011) The Author Revealed The banks would have evolved specific strategies to expand the outreach of their services to promote financial inclusion. The main focus of the banks in the country has been towards the business correspondents for reaching out to the unbanked population.

Sharit K. Bhowmik & Debdulal Saha(2011) Street vendors are unable to provide collaterals or guarantors because their poor financial status is not

supported. Therefore, banks should arrange collateral-free loans at the livelihood level to accumulate their commitments. Another prospect could be that NGOs or trade unions could interfere as guarantors for which they would have to drive accurately in managing street vendors. In addition to trade unions or NGOs, the civic authorities can also deed as loan guarantors in favor of the vendors. The loan process should be made convenient and with less documentation.

Dr. Jeet Singh & Dr. Preeti Yadav(2012): Since most of the low-income people are illiterate and they go for loans for utilization rather than productive plans, the majority of the underprivileged people find it hard to get loans sanctioned for taking up economic activities, even if they need to. Sometimes, the banks are demand to provide some documents and collateral security against the loan sanctioned, contradictory to the directives of the Government and the RBI.

Charan Singh(2014) Despite 67 years as an independent nation, India is still lagging in the process of providing financial services to the masses with nearly half of the households are remaining unbanked, and nearly ninety percent of villages not having bank branches. More importantly, people in these unbanked areas do not fully appreciate why they need a bank account at all, or why loans from the formal sector are more useful than the informal sector.

P. Vijaya Bhaskar (2014) Financial inclusion efforts should necessarily be done in vernacular languages. In this context, the need for vernacular languages of all forms (including legal forms) is absolute, at least in major languages.

Anu Varghese (2016) The study shows that majority of the sample respondents are illiterate. The survey indicates that the majority of respondents earn only less income to meet their commitments. The majority of the sample respondents have been in street vending for more than 15 years. This shows that they were not able to catch employment in organized sectors and hence they are restrained to the unorganized sector. Most of the street vendors work for 8 to 12 hours a day which shows that they are trying hard to earn their livelihood.

RBI Report (2018): According to RBI Many people have a cash balance of more than ₹ 2000 (at least) at the end of the day. Some of them were not using banking services to revolve their saving amounts. Some of them deposit their cash in fake finance companies which promise a higher rate of interest than the bank interest rate. Many of them still turn to money lenders for their working capital requirements and end of the day need to pay a very high rate of interest. Most of them are not aware of insurance (life and general) products. Most of them have no idea about the concept of retirement plans and pension schemes.

Raja R.R. Singareddy, Pratyush Ranjan, A. Balamurugan† and C. Shabana(2019) Financial inclusion develops the ability base of a financial system and reduces the opportunity of using of the poor people of the society by supply secure and easy access to bank loans. Seeing the marginalized and weaker sections within the comprehension of the formal banking sector will advise in secure financial wealth and various other resources in critical situations. Although the core philosophy of the PMJDY falls under this comprehension and has been adequately carrying out, a sustainable continuance of the scheme is debatable.

Ramesh S Arunachalam & Godfrey Lord Kwesi Crentsil(2020)Customers for micro-entrepreneurs—who sell goods and services—had dropped. Most of them cannot follow their trades with any compelling level of certainty and consistency. Connect with the supply side, it has become a very hard and high price for them to even follow their trades. For example, fish vendors claim that there is not significant harvesting of fish from the sea because of restrictions on the movement of government restrictions.

Md Abdullah Al Mamun, Md Abdullah Al Mamun, and Md Anisur Rahman(2020) Microcredit institutions work with an unprivileged group of people of society, Street vendors are the most important part of the low-income people society. Their income is low and lives very hard in cities. So they are contradicted by the organized financial institutions. So, these groups of people are bound to go to microcredit institutions to reach their financial aspects. MCI provides financial support to these unprivileged groups without any collateral security. But MCI's charged high rate interest on underprivileged people. The high rate of interest of MCI creates a debt trap for the poor. This money lending system is implemented wherever poverty exists in the world.

Hina Affandi&Qaisar Ali Malik (2020)Therefore, financial literacy is compulsory, and should provide knowledge to poor people can make financial decisions, decide to purchase financial products, which are according to their desires, and have knowledge how to use associated mediums, such as financial products and services. Many developing countries have been implemented several financial literacy policies. Street vendors need to recognize the importance of financial literacy by the financial institutions that lead to financial inclusion. This study concludes that the majority of street vendors don't have bank accounts and they don't even use financial products and financial services. The reason behind these financially excluded street vendors is a lack of financial literacy that is a lack of knowledge regarding financial products and services offered by financial institutions.

Arabindh Singh (2020) This study explains government needs to play to provide technical support to municipal bodies, develop business models to help vendors benefit from the market, and document and share best practices available in the different parts of the country.

Reshmi Panicker & R. Shanthi Priya (2020)The street food vendors provide food services to those who are poor and away from home at affordable prices. Another aspect is the availability of local and regional food in these kiosks. The mechanism of street food vending provides food security to the poor and daily wagers of the city. Urban street food vending survives not only because it provides employment, but also for its role in delivering low price food to the urban population.

Research gap

Financial inclusion is a significant procedure for the inclusive development of a nation. It provides the socio-economic growth of the low-income population. Financial inclusion is needed for the economic development of poor and underprivileged people by providing them modified financial products and services. Lockdown period during Covid situation central government of India announced financial packages and covid relief funds to street vendors in India. But many street vendors didn't get benefits. This research study is an attempt to find out the present scenario of the financial inclusion scenario of street vendors

and assessing the problems of accessing financial inclusive services in the country.

The objective of the Study

1. To Study the Problems of Street Vendors in utilizing the Financial Inclusive Services offered by PMJDY.

Research methodology

This study is based on secondary data that was mainly collected from reports of RBI, Ministry of Finance, Government of India, Newspapers, Research Articles, Research Journals, E-Journals, Books, and Magazines. Various websites were also used like RBI, Ministry of Finance, and Government of India (GOI). Data has been analyzed by applying the percentage method as a main statistical tool.

PM SVA NIDHI (Atmanirbhar Nidhi)

The government of India has announced a complete lockdown on March 24, 2020. The country into discord and sparked a humanitarian crisis. Informal markets and vending sites were closed and wholesale markets only available for few hours, and the transport was disrupted.

Finance Minister Nirmala Sitharaman has announced Rs 5,000 crore special credit facility for street vendors as part of the economic package on May 15. Under the scheme, the government aims to provide a special credit facility to support nearly 50 lakh of street vendors, whose livelihoods have been adversely impacted by COVID-19. Under the Centre's new PM Street Vendors' Atmanirbhar Nidhi (SVANidhi) microcredit program, a loan of Rs 10,000 is extended as working capital to street vendors. Disbursals under the scheme have risen to 15,000 per day, and around Rs, 582 crores have been so far disbursed to over 5.93 lakh street vendors. The Centre plans to prepare a socio-economic profile of street vendors is to bring them in the net of eligible government schemes, and turn PM SVANidhi into a comprehensive poverty alleviation program, as per directions issued by Prime Minister Narendra Modi, The scheme has brought 5.37 lakh new street vendors hitherto not identified by municipal bodies into the mainstream by arranging letters of recommendation for them to apply for the loans.

As per The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014, states are supposed to carry out periodic surveys to identify genuine street vendors and hand them identity papers and licenses to vend. However, several states didn't carry out surveys for years, leaving a very large number of street vendors outside the legal system, as per information with the Ministry of Housing and Urban Poverty Alleviation. Around 25 lakh street vendors have applied for loans under the program, which was launched as a fresh scheme of the Modi government to restart the street-vending economy that was badly hit by the pandemic-induced lockdown. There are an estimated 50-60 lakh street vendors in India.

In some places, banks are coming looking for beneficiaries. In other places, they are hesitant. But overall, the scheme is a great boost for financial inclusion," UP has seen the largest number 6.78 lakh of loan applications, 3.76 lakh of which

have been sanctioned, and 2.81 lakh have been disbursed. Madhya Pradesh has 3.26 lakh applications, of which 1.91 lakh have been sanctioned and 1.2 lakh have been disbursed. Fruits and vegetable sellers comprise 45 percent of applicants, followed by fast-food sellers at 21 percent. The list has vendors of beauty products, electronics, clothes, and even services.

Financial Institution	Applications(Lakh)	Sanctioned Applications(lakh)	Disbursed in Lakh
Public banks	21.2%	15.1%	11.1%
Private banks	1.1%	0.3%	0.1%
Regional Rural banks	1.5%	0.9%	0.6%
Micro finance Institutions	0.5%	0.2%	0.2 %
Total	24.3%	16.5%	12 %

(Source : Times of India Newspaper Dec 20, 2020)

Calculations

Estimated Total street vendors population in India =50,00,000

Applications for Micro loans under PMSVNidhi = $24.3/100 \times 50,00,000 = 12,15,000$

Sanctioned Loan amount = $16.5/100 \times 5000 \text{ Core} = 825 \text{ Core}$

Disbursement Amount = $12/100 \times 5000 \text{ Core} = 600 \text{ Core}$

Problems Associated With the Financial Inclusion of Street Vendors

From the study, it is found that street vendors are far away from accessing financial inclusive services. They face a lot of problems while going to access banking services. There are many reasons which keep the street vendors away from accessing banking services. This study found that problems are often faced by street vendors while going to access any banking service.

Those are:

(a) lack of Identity Documents

Lack of identity documents, evidence of address, tenure, or legal rights over their place or business, and evidence of their trades and professions create inability of the street vendors to access the formal financial services. Banks hesitate to provide services on the ground that they were unable to provide any legal and valid documents.

(b) Financial Illiteracy

There is a lack of financial literacy among street vendors. The street vendors are not aware of savings, credit, insurance, etc. Due to a lack of knowledge and awareness among street vendors about banking services available to them, they are not able to access banking services.

(c) Irregular Generous Income

Most of the vendors in the study area have large families (number of dependents) to feed and save nothing or very little.

(d) The Uncertainty of Income:

Frequent removal /evacuation of markets make their life more miserable because of the uncertainty of income. This affects majorly those who vend in weekly markets and removal of the market for once means loss of income for the whole week. They have no security for their old age thus they have to work to feed them till they die.

(e) Low level of Savings Nature

Street vendors earn enough to satisfy their hunger, however, less to save anything for their future. Due to the very low level of savings, they stay away from opening any bank account in banks.

(f) No Appropriate Response from Banks

Street vendors are informal and because of this reason, the banks do not pay the required attention to street vendors. Because of certain reasons, the banks heisted to provide services to street vendors. Lack of proper response from banks is one of the important reasons for street vendors not willing to access banking services.

(g) Unable to Arrange Surety against Credit

Banks heisted to provide microfinance to the street vendors on the ground that they were unable to provide security against credit. Street vendors earn to satisfy their hunger, they do not have any valuable property to provide security against credit. Street vendors are in a very poor section of our society; they often fail to provide the required security against the loan.

(h) Long procedure of banks

Most of the vendors said that the longer number of hours they worked would turn in mean more income. It is found that in most cases, vendors work more between eight to twelve hours a day. This does not include another important aspect, namely cleaning goods before displaying them up for sale. In the case of vegetables, this exercise is extremely important as very few clients would prefer to buy unwashed vegetables. Hence, the number of working hours increases because the cleaning time ranges from one to four hours a day. As they have to spend much time vending to earn to satisfy their hunger, they stay away from accessing banking services due to the lengthy procedures of banks.

Findings and Conclusion

The present study is conducted to analyze the financial inclusion among street vegetable vendors. Some of the findings are replicable with the studies such as lack of financial awareness, financial illiteracy, and insufficiency of income for savings. The study reveals In the Government of India released the

PMSVANidhi Fund of 5000 Core to Street Vendors in September Month 2020. But 12,15,000 street vendors applied for Microloan under this scheme, 825 Core sanctioned by the banks under the scheme, 600 Core disbursed to street vendors based on the eligibility criteria, 4400 core amount not utilized from six months to street vendors. It is recommended that the awareness should be conducted by the concerned authority and government regarding financial inclusion schemes.

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