

STREET VENDORS - THE FORGOTTEN GROUP IN INDIA: INSIGHTS ON THEIR FINANCIAL STATUS IN VIRUDHUNAGAR DISTRICT OF TAMILNADU

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Abstract

The plight of street vendors (SV) is pitiful anywhere in India. Newspapers carry articles about them encroaching the streets and disturbing traffic. However, their financial status and their daily existence is a struggle. The government on its part is doing its best for their upliftment through Pradhan Mantri Street Vendors' Atmanirbhar Nidhi Yojana scheme. Getting the basic information about the daily income, family size, education, daily capital requirement and source on these SVs is in itself a big challenge. This article, a part of the Indian Council of Social Science Research – Impactful Policy Research in Social Science (ICSSR – IMPRESS) tries to understand the above mentioned basics in order to help the policy makers do a better job. To carry out this study, 477 SVs were met and data was collected using a structured questionnaire in a span of six months. The study is split into two parts. The first part is the demographic description of the SVs and the second part is about the financial status of the SVs. From the study it was found that, majority of the SVs need a daily working capital of Rs. 201 to 300. Most have their savings as their major source of working capital followed by getting capital from money lenders. Almost all of the SVs have a bank account but only one SV out of the entire sample of 477 has got loan from bank, while all the rest get money for their capital from money lenders. Educating the SVs on the ills associated with borrowing money from money lenders through Public Distribution System (PDS) employees may be considered.

Keywords:

Street Vendors, Money lenders, Banks, Public Distribution System

1. INTRODUCTION

On 1st June 2020, Pradhan Mantri Street Vendors' Atmanirbhar Nidhi Yojana scheme was launched by the Government of India to help and uplift the street vendors (SVs) who are affected due to Covid19 pandemic by providing a working capital loan of Rs. 10,000 per SV at a subsidized interest rate. The scheme is expected to benefit 50 lakh SVs across India. The SVs are identified by the Urban Local Bodies (ULBs) or the Town Vending Committees (TVCs). To gain from this scheme, the SV must be a certified vendor from the ULBs or TVCs [1], [2]. Street vendors Act, 2014 was constituted in India with a clear motive of protecting the livelihood and to provide social security to urban street vendors in India, thereby help in poverty alleviation [3].

National Association of Street Vendors of India (NASVI) defines SV as "a person who offers goods or services for sale to the public without having a permanently built structure but with a temporary static structure or mobile stall (or head-load)" [4]. This definition is accepted by the department of urban employment and poverty alleviation and included in the National Policy on Urban Street Vendors, 2004. There are approximately 50-60 lakh SVs in India, a major junk of them are concentrated on the four major cities namely Ahmedabad, Delhi, Kolkata and Mumbai. Their average working hours ranges from 10 to 12 hours every day [5].

Street Vending Business is generally characterised by low initial working capital, low income, ease of entry with less restrictions, involves huge number of people, use bargaining pricing, word of mouth communication, personal selling, independent business and self-employment [6], [7].

2. REVIEW OF LITERATURE

Based on the study done on 50 SVs from Tirunelveli and Nagercoil cities by Sindhu et al. [8], it was found that SVs have no awareness on Microfinance. SV use their personal savings or lend from money Lenders for their initial investment in the business and does not depend on banks. Rs. 200 to 250 is the average daily working capital required for them. Majority of them could not make any savings due to their meagre margin which is used to take care of their family. SVs did not have any membership with any vending organisation [8]. Chinese migrant SVs in Kolkata earn between Rs. 101 to 200 per day and their main sources of working capital are their friends and relatives [9].

Gender Based Study on 400 SVs in Lucknow city of Uttar Pradesh reveals that female SVs are affected by more problem than males in doing business. Female face huge discrimination in workplace compared to male SVs. Irrespective of gender for majority of the SVs moneylenders act as the major source of credit followed by friends and relatives as source. Majority of the SVs are migrants from the rural areas of the district of Lucknow and there is no gender difference in this context. Major group of female SVs are under poverty line, which is confirmed from the availability of BPL card (Below Poverty Line) with them [10].

Another gender based study on 75 SVs in Coimbatore district of Tamilnadu reveals that this category of business is dominated by males. Female SVs face problems like business insecurity, frequent health related issues and wastage of goods which are unsold [6]. Male SVs in the daily market of Jamshedpur have a better living condition and income compared to the female SVs. SVs of Jamshedpur daily market pay 15 to 20 % of their income to the local police [11]. Chinese migrant SVs in Kolkata contribute substantially part to the informal economy through street vending [9].

3. METHODOLOGY

There is sufficient literature on SVs socioeconomic status in India. Most of the literature has a low sample size which may not be sufficient to describe the SVs [6] - [9], [11]. Also there are no studies pertaining to this part of the country (i.e. Virudhunagar district), which is an underrated tier three city – hub for printing, cracker and match box industries.

The main objective of this study is to understand the financial status and the demographic profile of the SVs in Virudhunagar district of Tamilnadu.

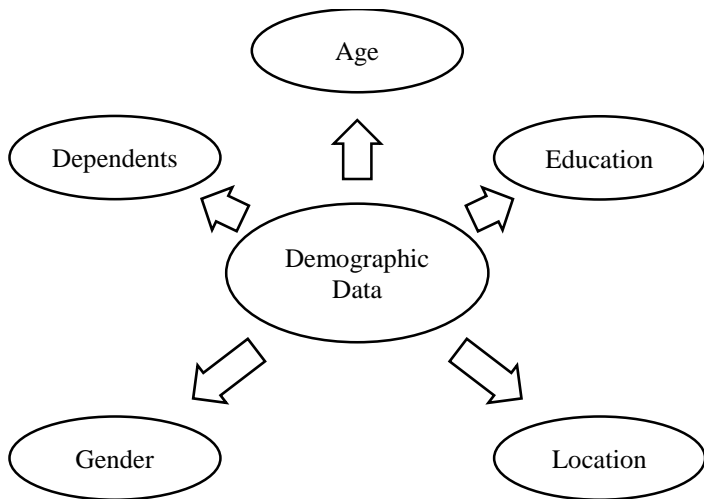


Fig.1. Demographic Details collected from the SVs in Virudhunagar district (n = 477)

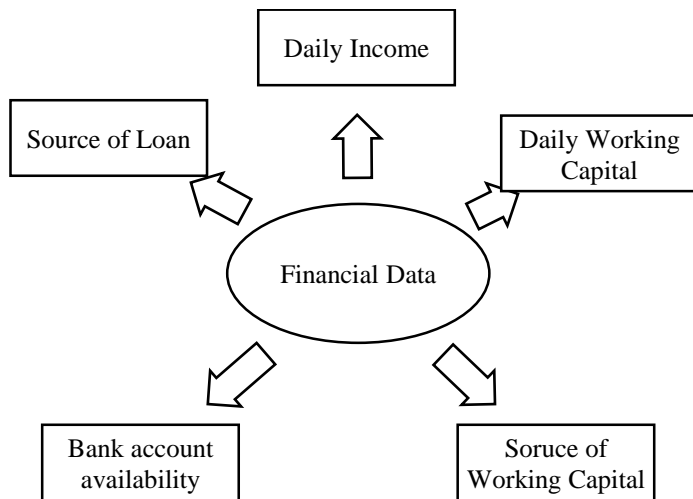


Fig.2. Financial Details collected from the SVs in Virudhunagar district (n = 477)

Data was collected from 477 SVs in Virudhunagar district using a structured questionnaire. Data was collected from all the 8 taluks of Virudhunagar district namely, Aruppukottai, Kariapatti, Rajapalayam, Sattur, Sivakasi, Srivilliputtur, Sivakasi and Virudhunagar. Convenience sampling was the technique used for data collection.

The period of the study was from July 2019 to March 2020. A Research Assistant sponsored by Indian Council of Social Science Research – Impactful Policy Research in Social Science (ICSSR – IMPRESS) was used to collect the data. The nature of the study is descriptive and both primary and secondary data were used for the study.

Literature review was collected from various reputed journals, online newspapers and magazines. The main focus area in the literature review was on the financial status of SVs across India. The structured questionnaire was designed from the inputs on various published results of journal articles which are cited then and there in the paper. The details collected from the SVs are shown in Fig.1 and Fig.2.

4. DATA DESCRIPTION AND RESULTS

In the Table.1 and Table.2 explains the demographic data of the SVs. The Table.1 describes the overall demography of the respondents. As in the case of most of the literature results, in this study too SVs in Virudhunagar are predominantly are males (77%) compared to female. The age of the SVs ranges from 21 to 65. 66% of the respondents belong to the age group 31 to 50. The results clearly establish that age is not a factor for defining Street Vending business. It is astonishing fact that 84% of the SVs had atleast their primary education. 49% of the SVs have completed their Secondary Education. The inference we get here removes the old school thought process that SVs are generally illiterate. When it comes to the dependents of SVs, 79% of them have 3 to 4 dependents. This factor creates a huge burden in them; most of their hard earned money is spent on taking care of their family members This is why they are left with very few or no savings and depend on money lenders for working capital source or for other emergencies. 53% of the SVs have 2 children; which confirms the previously given statement by the researcher.

Table.1. Demography of the Respondents (n=477)

Variable	Groups	Frequency
Gender	Female	110
	Male	367
Age	21 to 30	95
	31 to 40	165
	41 to 50	151
	Above 50	66
Education	No Education	77
	Primary Education	104
	Secondary Education	236
	Higher Sec Education	30
	Degree	30
Dependents	Up to 2 Dependents	31
	3 to 4 Dependents	379
	5 to 7 Dependents	67
Children	No Children	66
	1 Children	119
	2 Children	252
	3 Children and above	40
Geographic Distribution (Taluk wise classification of Virudhunagar district)	Aruppukottai	65
	Kariyapatti	19
	Rajapalayam	83
	Sattur	44
	Sivakasi	88
	Srivilliputtur	74
	Thiruchuli	12
Virudhunagar	92	

The data collection is spread across the 8 taluks of Virudhunagar district makes the sample more reliable and valid.

The sample collection was planned in proportion to the population of the taluks. The minimum and maximum range of the samples collected from the total sample from each taluks are from 3% to 19% respectively. The Table.2 gives the insights about the cross tabulation results among Age and Gender of SVs and Dependents and Gender of SVs. 74% of the females SVs belong to the age group of 21 to 40 and in particular 40% of them belong to the age group of 21 to 30. This gives a clear understanding that female SVs are relatively young compared to males who predominantly (70%) belong to the age group 31 to 50. A huge majority of the female respondents (82%) have 3 to 4 dependents, which is one of the reasons why they are unable to save money from their earnings. Similar trend is shown for males SVs also with 79% of them have 3 to 4 dependents.

Table.2. Cross tabulation between Age, Dependents and Gender

Demographics	Variables	Gender		Total
		Female	Male	
Age Group	21 to 30	44	51	95
	31 to 40	37	128	165
	41 to 50	23	128	151
	> 50	6	60	66
Dependents	0 to 2	7	24	31
	3 to 4	90	289	379
	5 to 7	13	54	67
Total		110	367	477

The below section describes the financial status of the respondents in detail. As defined in Table.3, 88% of the SVs need a meagre amount of Rs. 100 to 300 as their daily working capital. Since their daily working capital is low, 89% of the SVs use their savings for their daily procurement of materials. It is very sad to note that only one respondent has got a loan from bank and 11% of the SVs have taken loan from private money lenders due to the ease of getting loan from them. SVs get into the traps of private moneylenders and cannot grow their business as most of their income is used to repay the debts [12]. Out of the SVs who got loans from private money lenders, 67% have got a loan ranging from Rs. 5000 to Rs. 30000. Thanks to the Indian government initiative, 93% of the respondents own a bank account and majority of them say they use it regularly. Regularity of using bank account in their point of view means using it to get gas and other subsidies from the government. But the plight is that they hardly use the bank account to save money.

Table.3. Financials of the Respondents ($n = 477$)

Variable	Groups	Frequency
Daily Working capital	Rs. 100 to 200	189
	Rs. 201 to 300	230
	Above Rs. 300	58
Source of Working capital	Bank loan	1
	my savings	424
	private lender	52
Money from Private Lender	upto Rs. 5000	2

	Rs. 5001 to 10000	21
	Rs. 10001 to 30000	14
	Rs. 30001 to 1 lakh	12
	> Rs. 1 lakh	3
Availability of Bank Account	No	33
	Yes	444

While considering the age and daily working capital of the SVs (Table.4), it was found that 55% SVs in age group 41 to 50 and 51% SVs in age group 31 to 40 need Rs. 201 to 300 as daily working capital. Similar trend is found while considering the age and daily income of the SVs, 70% SVs in age group 31 to 40 and 68% SVs in age group 41 to 50 get Rs. 251 to 500 as daily income after all spends. Interesting insights are found while considering the gender and daily working capital of the SVs (Table.5), 46% of the female SVs need a working capital of Rs. 101 to 200 and 51% of the male SVs need a working capital of Rs. 201 to 300. 64% of the female and 67% of the male SVs get Rs. 251 to 500 as daily income. While understanding the bank account availability among SVs, 99% of the female and 91% of the male SVs have a bank account. But are they using it regularly is a big question mark. Though majority of the SVs irrespective of gender has a bank account they do not use them regularly that is the bank account status is idle.

Table.4. Cross tabulation between Income w.r.t age group

Nature of Work	Income (Rs.)	Age Group				Total
		21 to 30	31 to 40	41 to 50	> 50	
Daily Working Capital	101 to 200	39	58	55	37	189
	201 to 300	40	84	83	23	230
	> 300	16	23	13	6	58
Daily Income	50 - 250	16	8	10	13	47
	251 - 500	64	116	102	38	320
	501 - 750	10	34	35	11	90
	> 750	5	7	4	4	20
Total		95	165	151	66	477

Table.5. Cross tabulation between income and w.r.t gender

Nature of Work	Income (Rs.)	Gender		Total
		Female	Male	
Daily Working Capital	101 to 200	51	138	189
	201 to 300	42	188	230
	> 300	17	41	58
Daily Income	50 - 250	25	22	47
	251 - 500	70	250	320
	501 - 750	12	78	90
	> 750	3	17	20
	Bank Account Availability	No	1	32
	Yes	109	335	444
Total		110	367	477

Cross tabulation between daily income and education of the SVs (Table.6) gives the following results. 36% of the SVs earning an income of Rs. 50 to 250 are uneducated. 70% of the SVs who have completed Secondary education earn an income of Rs. 251 to 500. We can conclude that education has an impact on the earnings of the street vendors Cross tabulation between daily income and the number of dependents reveals that 81% of the SVs who are earning Rs. 251 to 500 daily have 3 to 4 dependents. It is clearly evident that most of their earnings will be used to take care of their family members and will have no or less money for saving or for their next day working capital.

Table.6. Cross tabulation between Daily Income, Dependents and Education of SVs

Nature of Education		Daily Income (Rs.)				Total
		50-250	251-500	501-750	>750	
Education	No Education	17	46	13	1	77
	Primary	8	71	20	5	104
	Secondary	15	165	48	8	236
	Higher Secondary	7	17	3	3	30
	Degree	0	21	6	3	30
Dependents	0 to 2	10	15	3	3	31
	3 to 4	32	259	73	15	379
	5 to 7	5	46	14	2	67
Total		47	320	90	20	477

The Fig.3 is the extrapolation of cross tabulation between the loan holders and their education. Out of the 53 SVs who have got loans for running their business, 83% of them are educated and 81% of the educated SVs have got loan from private moneylenders. From the above results, it is clearly understood that by giving education the menace created by the moneylenders cannot be avoided.

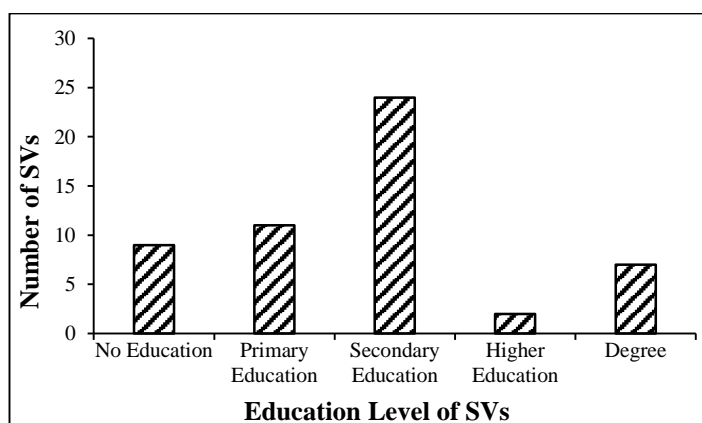


Fig.3. Loan received for Business vs. Respondents Education

5. DISCUSSION

A study was performed to understand the demographic profile and the financial status of the street vendors in Virudhunagar district of Tamilnadu. The study was split into two parts. The first part dealt with the demographic description of the SVs and the

second part was about the financial status of the SVs. Insights were taken using the cross tabulation among the factors considered. 477 SVs were met using a structured questionnaire in a span of six months. While understanding the demographic profile, Majority of the SVs are male, fall in the age group of 31 to 40, had their secondary education, have 3 to 4 members in their family and have 2 children. Major segment of the female SVs belong to the age group 21 to 30 and majority of the male SVs belong to the age group 31 to 50. Female SVs are generally young and in contrast male SVs are older. Irrespective of gender majority of the SVs in general have 3 to 4 members their family.

While considering the financial profile, Majority of them need a daily working capital of Rs. 201 to 300, have their savings as their major source of working capital followed by getting from money lenders Most of the SVs have a bank account but the pathetic situation is that only one SV out of the entire sample of 477 have got loan from bank. Majority of the SVs who belong to the age group 31 to 50 need a daily working capital of Rs. 201 to 300 and earn a daily income of Rs. 251 to 500. Majority of the female SVs need Rs. 101 to 200 as daily working capital and earn Rs. 251 to 500 as income. Considering male SVs, majority of them need Rs. 201 to 300 as daily working capital and earn Rs. 251 to 500 daily. This result resembles the results of the study done at Tirunelveli and Nagercoil cities [8].

Majority of the uneducated SVs earn daily between Rs. 50 to 250 and SVs completed their secondary school education earn Rs. 251 to 500. The above result signifies the importance of education. Educated SVs earn more compared to the uneducated. Also which considering SVs who have got loan, majority of the SVs who have loan are educated. Major group of SVs with 3 to 4 dependents have a meagre earning of Rs. 251 to 500 per day. This is one major reason while the SVs are unable to save money as most of their hard earned money goes to take care of their family day to day needs. Thanks to the efforts taken by the Indian Government; most of the SVs have a bank account. But the issue is most of them keeping it idle without use.

6. CONCLUSION

Overall observation from this study reveals that education plays major role in the life of SVs. Earnings are better when they are educated. Still a major segment of SVs who get loans use private lenders as their source, due to convenience. But they underestimate the risk associated with the loan sharks [12]. Also male SVs earn more compared to females. It also becomes pertinent that the SVs need to be educated on the dangers associated with getting money from private money lenders Since most of the SVs have a bank account, they may be educated on the benefits of using banks regularly for utilising the benefits offered by the banks for the SVs capital needs. This education may be done through influencers like public distribution system employees who may have better impact on the receptiveness of the SVs. Any government policy could consider this phenomenon in the future.

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