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## A STUDY OF FINANCIAL INCLUSION OF STREET VENDORS: WITH SPECIAL REFERENCE TO STREET VEGETABLE VENDORS IN PUKPUI LOCALITY LUNGLEI TOWN MIZORAM

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### ABSTRACT

Financial inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low-income group in particular. One of the significant occupations in the informal sector is street vending. The study is conducted to analyze the financial inclusion of street vendors with special reference to street vegetable vendors in Pukpui locality, Lunglei town, Mizoram. For the purpose of the study, 60 samples were selected by using convenient sampling method. Primary data such as structured questionnaire was used to collect data. The study reveals that only 28.33% of the respondents are having an ATM Card, only around one-fifth of the respondents saved money into bank once a month, and none of the respondents are not engaged with any insurance policies. Therefore, it is suggested that the concerned organizations will provide more awareness regarding the financial services available to the public.

**KEYWORDS:** Financial inclusion, Street vendors, Vegetable vendors, Financial services, Financial awareness.

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### I. INTRODUCTION

One of the significant occupations in the informal sector is street vending. Street vendors are estimated at around 2 to 2.5 percent of the population of major metropolitan Indian cities. In terms of total numbers, there are an estimated 10 million or more street vendors are existed in India (Begari,2017). Street vendor means a person engaged in vending of articles, goods, wares, food items or merchandise of every use or offering services to the general public, in a street, lane, side walk, footpath, pavement, public park or any other public place or private area or from a temporary built up structure or by moving from place to place and includes hawkers, peddler, and squatter (MHUPA, 2009). The street vending is one of the important incomes and employment source and it provides good and service to poor at affordable price and convenient to urban poor population in town and cities (MHUPA, 2009). Street vegetable vendors are those who sell vegetables to the public as per their conveniences.

Financial inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low-income group in particular, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players (Chakroborty,2011). According to committee on Financial inclusion headed by Dr. C. Rangarajan defined financial inclusion as “The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low- income groups at an affordable cost.”. Financial inclusion does not stand for delivery of financial services for all at all cost. But it means that the delivery of financial services and products at affordable costs of excluded sections of population and low-income groups. It plays a crucial role to remove away the poverty from the country (Garg and Agarwal, 2014). Therefore, the present study is conducted among street vegetable vendors in Pukpui locality, Lunglei town, Mizoram.

### II. LITERATURE REVIEW

Some important studies concerning financial inclusion among street vendor are reviewed here as under.

Konwar (2015) found in the study that not a single street vendor has taken loan from bank. Only 20% sample street vendors have awareness about banking services while 80% of sample street vendors do not have much idea about services of banks available to them. It is also found that all the respondents were not satisfied by the role played by banks in providing services to them. Most of the street vendors do not want to take any bank loan because high rate of interest charged on loans. The study suggested that banks need to organize frequent camp and campaign for awareness about the financial services and benefits to address the problems of street vendors regarding accessibility of banking services.

Sindhu et al (2015) revealed in their study that a majority of the street vendors utilized their daily earnings. None of them had any awareness of micro finance and the opportunities arising thereof. The study is significant in terms of revealing the financial needs of the informal sector in tier three cities in South India. The study recommends awareness programs or drives targeted at these informal entrepreneurs to sustain their micro entrepreneurial efforts.

Sheik and Sareswathi (2016) revealed in their study that majority of the respondent have started the business on their own. All of the street vendors in their study have their business unregistered. The study also indicated that lack of saving habit is the root cause of problems and suggested that there should be awareness among the street vendors to increase the savings and reduce expenditures particularly the time of surplus. It is also suggested that the banks should offer all the forms in the regional language (i.e. Tamil) of the customers.

Banerjee (2014) highlighted in the study that the income of women vegetable vendors is lower than that of male vendors as because most of the women vendors belong to poor ST families. They have a very less capital to invest in their business. Women vendors in Ranchi, choose this trade because of poverty and also because the male members in the family do not have jobs. It is suggested that street vendors deserve support, not only because they are part of the poor and the weak, but they serve an economic purpose as such they are productive and an urban asset.

Sahoo and Gomkale (2015) revealed in their study that majority, but not all, of respondents were having at least a deposit account whether in a bank or a post office and 24% didn't possess a deposit account. 60% respondents had taken credit from formal sources of finance. A significant proportion i.e. 25% respondents had taken credit from informal sources like local money lenders, relatives, friends etc. 15% reported not having taken any loan from any sources. It is suggested that government has to put serious thought on increasing financial literacy and awareness about using banking services and easiness of understanding of banking processes.

### III. OBJECTIVE AND METHODOLOGY

This article is aimed at understanding the financial inclusion among street vegetable vendors in Pukpui locality, Lunglei town in Mizoram, a small state in North East India. Mizoram has a total area of 21,078 square kilometres. It is situated between Myanmar and Bangladesh and has a strategic significance geographically and politically. For the purpose of the study, primary data were collected by administering a structured questionnaire among the sample respondents in pukpui locality of Lunglei town, Mizoram. The questionnaire was framed based on the literature (Konwar, 2015; Sheik and Sareswathi, 2016; Sindhu et.al. 2015). The survey was conducted during December, 2019-January, 2016 which was confined to the street vegetable vendors in pukpui locality. Convenient sampling method was used to select sample for the study. The sample consisted of a total of 60 samples. The questionnaires were administered to the respondents in their locality. Secondary data were collected from journals and websites.

### IV. RESULTS AND DISCUSSION

#### Demographic Characteristics and Socio-Economic Profile of the Respondents

Table 1 shows the demographic characteristics and socio-economic profile of the respondents. 86.67% of the respondents are male and 13.33% of the respondents are female. This indicates that male is more active in selling the vegetables than their female counterparts in the area of the study. 33.33% of the respondents belong to the age group of 41-45. 28.33% of the respondents are in the age group of 46-50. 20% of the respondents are in the age group of 36-40. In overall, all the respondents are above 30 years of age. 73.33% of the respondents

are married, 20% of the respondents are divorced and 6.67% of the respondents are widowed. 85% of the respondents are HSLC and below in education. 15% of the respondents are HSSLC. 35% of the respondents' family were having 4 adults, followed by 20% of the respondents' family were having more than 4 adults, 16.67% of the respondents' family were having 3 adults, 20% of the respondents' family were having 2 adults, and 8.33% were having 1 adult in the family.

**Table-1:** Demographic Characteristics and Socio-Economic Profile of the Respondents

Variable	Description	No. of Respondents	Percentage
Gender	Male	52	86.67
	Female	8	13.33
Age	Below 30	0	0
	31-35	3	5
	36-40	12	20
	41-45	20	33.34
	46-50	17	28.33
	Above 50	8	13.33
Marital Status	Married	44	73.33
	Unmarried	0	0
	Widowed	4	6.67
	Divorced	12	20
Educational Qualification	HSLC and below	51	85
	HSSLC	9	15
No. of Adults in the Family	1	5	8.33
	2	12	20
	3	10	16.67
	4	21	35
	More than 4	12	20
Monthly Income from Selling Vegetables	Below 5000	6	10
	Rs 5000- Rs 8000	15	25
	Rs 8000- Rs 10000	23	38.33
	Rs 10000- Rs 15000	16	26.67

Source: Field study

Regarding monthly income, 38.33% of the respondents were having monthly income between Rs. 8,000 – Rs. 10,000 from selling vegetables, followed by 26.67% of the respondents were having monthly income between Rs. 10,000 – Rs. 15,000 from selling vegetables, 25 % of the respondents were having monthly income between Rs. 5,000 – Rs. 8,000. Only 10% of the respondents were having monthly income below Rs. 5,000.

**Number of Bank Accounts in the Respondents' Family**

Table 2 indicates number of bank accounts in the respondents' family.

**Table-2:** No. of Bank Accounts in the Respondents' Family

No of bank accounts	No. of Respondents	Percentage
1	2	3.33
2	22	36.67
3	23	38.33
4	13	21.67
More than 4	0	0
None	0	0
Total	60	100

Source: Field study

The table shows that 21.67% of the respondents' family have 4 numbers of bank account, followed by 38.33% of the respondents' family have 3 numbers of bank account, 36.67% of the respondents' family have 2 numbers of bank account and 3.33% have 1 number of bank account.

**Number of Respondents Having an Account Himself/ Herself**

Table 3 shows the number of respondents having an account himself/herself. It reveals that all the respondents are having a bank account of their own. There are no respondents who is without a bank account of their own.

**Table-3:** No. of Respondents Having an Account Himself/Herself

Personal Account of respondents	No. of Respondents	Percentage
Yes	60	100
No	0	0
Total	60	100

Source: Field study

**Bank at Which Respondents Hold an Account**

Table 4 indicates the bank at which respondents hold an account

**Table-4:** Bank at Which Respondents Hold an Account

Name of Bank	No. of Respondents	Percentage
State Bank of India	15	25
Mizoram Rural Bank	39	65
Apex Bank	6	10
Total	60	100

Source: Field study

Out of the total respondents, 65% of the respondents opened bank account in Mizoram Rural Bank (MRB), followed by 25% of the respondents opened bank account in State Bank of India (SBI) and 10% of the respondents in Apex Bank.

### Main Reason of Opening Bank Account

Table 5 shows the main reason of opening bank account by the respondents.

**Table-5:** Main Reason of Opening Bank Account by the Respondents

Reasons	No. of Respondents	Percentage
To receive Government payments from NREGP	47	78.33
To receive Government payments other than NNREGP	0	0
To deposit money	13	21.67
To request loan	0	0
For transfer of cash	0	0
Others	0	0
Total	60	100

Source: Field study

The table reveals that 78.33% of the respondents opened bank account to receive government payments from NREGP, followed by 21.67% of the respondents to deposit money into bank.

### Frequency of Saving Cash

Table 6 shows the frequency of saving cash in bank account by the respondents.

**Table-6:** Frequency of Saving Cash by the Respondents

Frequency of saving cash	No. of Respondents	Percentage
Never saved	4	6.67
Once a month	11	18.33
Once a year	0	0
As per my convenience	35	58.33
Not saved since opening	10	16.67
<b>Total</b>	60	100

Source: Field study

Out of the total respondents, 58.33% of the respondents saved money in the bank as per their convenience. 18.33% of the respondents saved money once in a month. Only 6.67% of the respondents never saved money.

### Number of Respondents Having an ATM Card

Table 7 indicates the number of respondents having an ATM card. 71.67% of the respondents are not having an ATM Card. Only 28.33% of the respondents are having an ATM Card. This indicated that only few respondents have activated ATM card and access it.

**Table-7:** Number of Respondents Having an ATM Card

ATM card	No. of Respondents	Percentage
Yes	17	28.33
No	43	71.67
Total	60	100

Source: Field study

**Frequency of Using ATM Card by the respondents**

Table 8 shows frequency of using ATM card by the respondents.

**Table-8:** Frequency of Using ATM Card by the Respondents

Regularity of using ATM card	No. of Respondents	Percentage
Once a week	0	0
Once a month	10	58.82
Once a year	0	0
Never used	7	41.18
Total	17	100

Source: Field study

Out of the total respondents, 58.82% of the respondents are using ATM card once a month and 41.18% of the respondents never used their ATM card.

**Number of Respondents engaged with Life Insurance or Health Insurance Policy**

Table 9 indicates the number of respondents engaged with Life Insurance or Health Insurance scheme. The table shows that none of the respondents are not engaged with any insurance scheme.

**Table-9:** Number of Respondents Engaged with Life or Health Insurance Policy

Are you engaged with any insurance scheme	No. of Respondents	Percentage
Yes	0	0
No	60	100
Total	60	100

Source: Field study

**Reason for Not Engaged in Insurance Policy**

Table 10 shows the reason of not engaged in insurance policy by the respondents.

**Table-10:** Reasons for Not Engaged in Insurance Policy

Reasons	No of Respondents	Percentage
Too expensive, cannot afford	0	0
No need for it	0	0
Not aware of procedures	16	26.67

Not aware of importance	44	73.33
Others	0	0
Total	60	100

Source: Field study

Out of the total respondents, 73.33% of the respondents are not engaged in any insurance policy due to not aware of the importance of insurance. 26.67% of the respondents are not having any insurance policy due to not aware of the procedures of any insurance policies.

### Any Financial Awareness Received by the Respondents in the Past 3 Years

Table 11 indicates whether the respondents receive any financial awareness in the past three years.

**Table-11:** Any Financial Awareness received by the Respondents in the Past 3 Years

Any Financial Awareness received in past 3 years	No. of Respondents	Percentage
Yes	0	0
No	60	100
Total	60	100

Source: Field study

The table reveals that none of the respondents did not receive any financial awareness during the past three years.

### Importance Given by the Respondents to Different Factors

Table 12 shows the importance given by the respondents to different factors. Likert's five points scale has been used to know the relative importance attached to the different factors. Out of the total respondents, 41.67 % of the respondents said having bank account is very important and 45% of the respondents said important. On the other hand, only 13.33% of the respondents were neutral in this regard. In connection to having an ATM card, 25% of the respondents mentioned that having an ATM card is very important and 30% of the respondents mentioned that its important. Meanwhile, 45% of the respondents were neutral regarding importance of having an ATM card.

**Table-12:** Importance Given to Different Factors

Factors	Response	No. of respondents	Percentage
<b>Importance of savings in bank</b>	Not at all important	0	0
	Not important	0	0
	Neutral	2	3.33
	Important	40	66.67
	Very Important	18	30.00
<b>Importance of Life Insurance and Health Insurance</b>	Not at all important	0	0
	Not important	0	0
	Neutral	60	100.00
	Important	0	0
	Very Important	0	0

<b>Importance of financial awareness</b>	Not at all important	0	0
	Not important	0	0
	Neutral	8	13.33
	Important	40	66.67
	Very Important	12	20.00
<b>Importance of investment awareness</b>	Not at all important	0	0
	Not important	0	0
	Neutral	8	13.33
	Important	45	75.00
	Very Important	7	11.67

Source: Field study

Regarding savings in banks, 30% of the respondents mentioned that savings in bank is very important and 66.67% of the respondents stated that its important. Only 3.33% of the respondents were neutral. In connection to importance of life insurance and health insurance, all the respondents were neutral.

With regards to importance of financial awareness, 20% of the respondents feel that financial awareness is important and 66.67% of the respondents feel that its important. Only 13.33% of the respondents were neutral. Similarly, most of the respondents (86.67% of the respondents) mentioned that awareness on investment opportunities is important.

### Major Findings

The major findings of the study are depicted below.

- (1) 26.67 % of the respondents were having monthly income between Rs. 10,000 – Rs. 15,000 from selling vegetables, followed by 38.33% of the respondents were having monthly income between Rs. 8,000 – Rs. 10,000.
- (2) All the respondents are having a bank account of their own. However, 78.33% of the respondents opened bank account to receive government payments from NREGP only, followed by 21.67% of the respondents to deposit money into bank.
- (3) 58.33% of the respondents saved money in the bank as per their convenience. 18.33% of the respondents saved money once in a month.
- (4) Only 28.33% of the respondents are having an ATM Card.
- (5) Among the respondents having an ATM card, 41.18% of the respondents never used their ATM card.
- (6) None of the respondents are not engaged with any insurance scheme.
- (7) None of the respondents did not receive any financial awareness during the past three years.

## V. CONCLUSION

The present study is conducted to analyse the financial inclusions among street vegetable vendors. Some of the findings are replicable with the studies conducted by some researchers (Konwar, 2015; Sheik and Sareswathi, 2016) such as lack of financial awareness, financial illiteracy, insufficiency of income for savings. The study reveals that none of the respondents are not engaged with life insurance and health insurance due to not knowing the procedures (26.67%) and not knowing the importance (73.33%). In this context, it is recommended that the awareness should be conducted by the concerned authority regarding various life insurance and health insurance policies. No respondents received any financial awareness in the past three years. This indicates that there is a



low level of financial awareness in the study area. However, three-fourth of the respondents feel that financial awareness is important. Therefore, it is suggested that awareness should be conducted by the concerned organisations to the public especially street vegetable vendors. Almost all the respondents (96.67%) feel that savings in bank is important. However, only around one-fifth of the respondents saved money into the bank once a month. Besides, almost three-fourth of the respondents do not have an ATM card to access the services provided by banks. Therefore, it is recommended that the banks should provide more awareness about the financial services provided by them including different deposit schemes especially recurring deposit scheme which can be done by small amount of money.

Easy access to financial services will allow the population leaving in lower strata, to save money safely and help in preventing concentration of economic power with a few individuals, thus mitigating the risks that the poor could face as a result of economic shocks (Garg and Agarwal, 2014). Therefore, it can be concluded that financial inclusion is very vital and the concerned organisations and banks will provide more awareness regarding the financial services available to the public.

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