



# A Study on Rural Street Vendors Issues and Challenges in Adoption of Digitalisation

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**Abstract.** This study mainly focuses on the challenges faced by the rural street vendors in the digital era. As the formal sector is not able to offer employment opportunities, people enter the informal sector as hawkers or peddlers. They offer array of merchandise to suit the taste and preference of the customers. Selling perishable items like fruits, flowers, greens to foodstuffs which are fresh and tasty to stationaries to ready-made garments, these street vendors catch a formidable place in the retail sector. They very well forecast the demand of their occupants and make available all the objects, with the objective to satisfy the needs of the customers, for every occasion. They occupy a central place in the marketing in delivering goods tailored to consumers wants. The advent of digitalisation and digital products have brought revolutions. Cash less transactions, with phone pay, google pay, scanning the QR code is the order of the day. These street vendors face immense challenges due to competition, shortage of finance and the dire need to market all their products to earn their livelihood on one hand and low education, lack of skill, lack of technical knowledge on the other. This study covers Thiruthuraiipoondi as its population. The sample size is 75 which is selected on the basis of convenience. The challenges faced, reason for adoption of digitalised technologies and non-adoption are also studied. The data was gathered using a questionnaire then analysed and interpreted. As the rural street vendors constitute important part of the retailing stream ,making readily available the most demanded products at the correct time, it is imperative for the policy makers to address the challenges.

**Index Terms-** Street vendors, informal sector, Digitalisation Jel code J00 J01 J08 J43 O33

## I. Introduction

### Street Vendors

Street vendor may be defined as a person who offers goods or services for sale to the public without having a permanently built structure, who occupy the public places or pavements, and or mobile that is move from place to place carrying their products. Street vendors play a vital role in marketing as they make available a variety of merchandise according to the taste and preference of the people at negotiated prices. Personal touch, easiness to buy, approachability, reduced prices make them to occupy foremost place. women enter this street vending field due to low income, poverty, lack of education, to make use of spare time, to support the family, the requirement of low skills, and sometimes due to sizable income. The retail sector offers employment to unorganised informal sector women to greater extent. In the absence of alternatives to economic survival street vending represents choice to obtain daily income out of necessity.(BOELS 2014) Some are as hawkers, and peddlers, while some occupy a place and invite the target audience. Poverty makes some women to make their children to dwell in this field. The ability to earn and dispose their merchandise on the same day depends on the power to forecast the needs of the buyers well in advance, ability to make the merchandise available to the buyers and



offer it to the price which they will buy. Most closely connected to traditions, the street vendors offer wide array of products at reduced prices offering win-win situation both for them and their customers. Greater approachability, negotiated pricing, make them to occupy formidable position among the regular buyers. The major problems faced by street vendors are the that sales are uncertain due to ever increasing demand for online products, lack of continuous employment, and support through recognition. The street vendors play immense role in enhancing income, form as a link between formal and informal economy, create job opportunities for others, generate revenue for cities by paying for licences, permits, fines and fees. The street vendors (protection of livelihood and Regulations of street vending Act) have been enacted in 2014. The advent of digitalisation .and usage of its products has boosted sales to certain extent on one hand and the preference of online shopping by the buyers has led to increasing competition. Great support, guidance, training Favourable laws, schemes, credit facilities, storage space, are needed to avoid distress and marginalisation of this sector to make them to contribute to economic development

### **Digital Era**

Digitalisation is the key to success of any economy. To prevent Digital divide several programs are launched by the government. Digital India is one of the programs which aims at improving the literacy levels. Digital agriculture Digital green initiatives are taken. There has been greater focus on mobile phones. Digitalisation involves the usage of some of the instruments like credit card, debit card, digital wallets, phone pay, google pay, and UPI transactions. Internet king National Electronic Fund Transfer Real Time Gross Settlement Systems and Electronic clearing services The coverage of digitalisation is not cent percents due to low education, financial exclusion and lack of knowledge. Street vendors do not avail the services of digitalisation due to lack of financial inclusion linkage of bank account. Digitalisation is environmentally sustainable, operation is simple, greater accessibility brings security and eliminates risk.

### **Thiruthuraipoondi**

Street vendors in Thiruthuraipoondi offers wide range of products ranging from fresh fruits, locally grown vegetables, flowers. They may carry merchandise on the carts as they hawk. Street vendors sell clothing for all ages, bangles, earrings, utensils, small pots of saplings and sometimes foodstuffs like snacks. Toy vendor selling toys, are also common. Paintings, wall hangings, books, magazines attract people thus offering win-win situation for the seller and buyer.

### **Problem Statement**

In a developing country like India, the rural street vending constitutes major employment activity among the unemployed marginalised groups. As earners of decent livelihood, street vendors may be static or mobile vendors. The rural areas constitute a major power with respect to the marketing of agricultural products. Many street vendors dispose their daily grown products by hawking or put up small shops in and around their areas. However, despite their growing importance in the economy suitable policies, regulations and the infrastructure are not available. The advent of digitalisation and the usage of digitalised products has created major challenges. Digital illiteracy, lack of training, lack of knowledge, on UPI transfers, phone pay



scanning the QR code is prevalent on one hand and competition from online shopping on the other.

## II. Review of Literature

Gayathri Sharma (2022) the paper states gender perspective and argues for the street vendors right to utilise public places

Falguni Mathews 2021 finds that vendors are openminded to the idea of digitalisation yet prefer cash transactions due to non availability of phone, internet connection, connectivity and technological access.

(4) Mukhopadhyay and Upadhyay (2022) The introduction of cash less economy has improved transparency and formalisation of the economy apart from convenience and enhanced business.

Silu Muduli DV Ramana (2019) financial capability of street vendors are studied

Salim.Y(2022) seeks to investigate the digital payment method and the satisfaction of UPI mode of payment due to convenience is not universal as small percentage continues to use cash.

Street vendors comprise a significant portion of urban informal work force in many developing countries ranging from 2% to 24% of total employment, contributing to GDP and play a vital role in poverty eradication, Eviction is one of the problems of street vendors

### Objectives of Study

- To know about the socio-economic factors of street vendors with respect to education, income levels, accessibility of finance
- To study about the nature of business, usage and non-usage of digital products
- To rank the general challenges of street vendors and challenges while adopting digital technologies in particular
- To study the awareness of government schemes for street vendors

## III. Methodology

The present study conducted is descriptive in nature. The study covers Tiruthuraiipoondi as its population. The sampling is selected by using convenient sampling and the sample size is confined to 75. The present study is selected in vendors who are selling fruits, vegetables, foodstuff, greens and flowers. Other type of street vendors is eliminated in this study due to time constraints. This study looks at general challenges faced by street vendors in general and the adoption of digitalised products in particular. The data was gathered using a well-structured questionnaire comprising of questions pertaining to socio economic variables, their nature of business, usage of digitalised products like UPI scanning the QR code, reason for adoption, and the reason for non adoption. The results were analysed and interpreted



to understand about the general challenges and most particularly regarding the adoption of digital technologies.

#### **Need for Study**

Street vendors play a vital role in the informal sector .As the formal levels of employment are inelastic to absorb the growing labour force with ready jobs. Street vending enhances employment, income, and spendings Yet they suffer from fluctuation in market price, shortage of demand, insecurity, meagre earnings and irregular employment and stiff competition. Lack of. Training, lack of infrastructure is also evident.

### **IV. Data Analysis Interpretation and Inference**

#### **Age of Street Vendors**

AGE	Frequency	Percentage
30-40	30	40
40-50	20	27
50 and above	25	33
TOTAL	75	100

#### **Interpretation**

Out of 75 respondents chosen and interviewed 40% belong to the age group of 30to 40followed by 27% in the age group of 40 to 50 and 33% in the age group of 50 and above.

#### **Inference**

Majority of the street vendors belong to the age category of 30 to 40 years

#### **Gender**

GENDER	Frequency	Percentage
Males	40	53
Females	35	47
TOTAL	75	100

#### **Interpretation**

Out of 75 respondents chosen and interviewed 53%were males and 47%were females  
SEX53

#### **Inference**

Majority of the street vendors are males

#### **Earnings**

Income	Frequency	Percentage
Below 3000	10	30
3000-5000	35	47
Above 5000	30	23
TOTAL	75	100



#### **Interpretation**

Out of 75 respondents chosen 30% belong to the earnings level of below 3000 47% 3000 to 5000 and 23% belong to above 5000.

#### **Inference**

Majority of the street vendors are earning Rs.3000-5000

#### **Education**

Education	Frequency	Percentage
8 standard	35	47
12 <sup>th</sup> standard	40	53
TOTAL	75	100

#### **Interpretation**

Out of 75 respondents chosen 47% belong to the 8<sup>th</sup> standard and 53% belong to 12<sup>th</sup> standard.

#### **Inference**

Majority of them are 12<sup>th</sup> standard

#### **Nature of Business**

Nature	Frequency	Percentage
Fruit	23	31
Food stuff	20	27
Vegetables	15	20
Greens	10	13
Flowers	7	9
TOTAL	75	100

#### **Interpretation**

Out of 75 respondents chosen and interviewed 31% were fruit sellers, 20% of them sold food stuffs 15% sold vegetables, 13% sold greens, 9% sold flowers.

#### **Inference**

Majority of them are fruit sellers

#### **Perception and usage of mobile phone**

Usage	Frequency	Percentage
Smart phone	40	53
Normal phone	35	47
TOTAL	75	100

#### **Interpretation**

When interviewed about the usage and perception of phones 53% had smartphones while 47% had normal phone.



### **Inference**

Majority of them are having smart phone

### **Usage of Payment Apps**

Usage	Frequency	Percentage
Yes	50	66
No	25	44
Total	75	100

### **Interpretation**

When asked about the usage of payment apps 66% of the respondents used the payment apps while 44% did not use the app. It is to be stated that all the street vending women who had smart phone used some of the apps. . Those who did not have smart phones used other apps .

### **Inference**

Majority of street vendors use payment apps

### **Digital Payment App**

Usage	Frequency	Percentage
Gpay	35	47
Phone pay	20	27
Upi	10	13
Pay tm	5	7
Scanning qr code	5	7
Total	75	100

### **Interpretation**

The common digital payment apps like G pay, phone pay UPI Pay tm Scanning the QR code was used . 47% of respondents used Gpay 27% phonepay, 13% Upi, 7% paytm and 7% scanning the qr code.

### **Inference**

The majority of street vendors used Gpay

### **Reasons for non adoption**

Reason	Frequency	Percentage
Button phone	35	47
Need instant cash	10	13
Not aware	20	27
Risk	10	13
Total	75	100

### **Interpretation**

Out of respondents interviewed 47% majority of the respondents used button phone while 27% were not aware while 13% stated need for instant cash and other 13% stated that risk is associated with the adoption of digitalisation.



### Inference

The reason for non-adoption of digitalisation was button phone

### Reason for Usage

Reason	Frequency	Percentage
Convenience	55	74
Cash less transaction security	10	13
Economy in spending	10	13
Total	75	100

### Interpretation

Out of respondents interviewed 74% majority of the respondents used digital apps for convenience while 13% used because of security and 13% for economy in spending.

### Inference

Majority of street vendors those who used felt convenient

### General Challenges

Reason	Frequency	Percentage
Lack of space for storage	15	20
accessibility finance	30	40
Competition	30	40
Total	75	100

### Interpretation

Lack of network was the major challenge faced by the respondents 20% stated lack of storage space as the problem and the other 80% of them felt accessibility of finance and competition as the greatest challenge. 'phone not working, lack of awareness among the vendors, buyers amount not credited was felt

### Inference

Majority of street vendors felt lack of finance and the competition as foremost challenge.

### Challenges Faced by street vendors with respect to digital usage

Reason	Frequency	Percentage
Lack of network	35	47 Rank1
Phone not working due to technical issues	12	15 Rank3
Lack of awareness	8	11 Rank4
Amount not credited	20	27 Rank2
Total	75	100

### Interpretation

Lack of network was the major challenge faced by the 47% respondents' phone not working, lack of awareness among the vendors, buyers amount not credited was felt



### **Inference**

Majority of street vendors felt lack of network as main challenge.

### **Opinion about Digital Payment**

Opinion	Frequency	Percentage
Very good	45	60
Good	15	20
Should be replaced by traditional method	15	20
Total	75	100

### **Interpretation**

When asked about the opinion on digital payment 60% told very good 20% of respondents felt Good and the other 20% felt it should be replaced by traditional method.

### **Inference**

Majority of the street vendors had the opinion about digital payment as very good.

### **Awareness of Schemes of the Government\**

Awareness of government schemes	Frequency	Percentage
Yes	25	44
No	50	66
Total	75	100

### **Interpretation**

When asked about the opinion on awareness of government schemes for street vendors 44% of them stated yes while 66% of them stated they are not aware

### **Inference**

Majority of the street vendors are not aware of government schemes

## **V. Hypotheses**

To find the relationship between age and usage of payment apps using chi-square test in R

- H<sub>0</sub> There is no significant relationship between the age and usage of payment apps
- H<sub>1</sub> There is no significant relationship between the age and usage of payment apps

As  $\chi^2$  is 45.56 which is chi-square statistic which measures the difference between observed and expected frequencies with 2 degrees of freedom and p value 1.307 a smaller p value indicates strong evidence against null hypothesis





So null hypothesis is rejected indicating strong evidence for association. The age group of 30-40 has higher proportion of payment app users and 50 above has a higher proportion of non payment app users.

**To trace the relationship between Gender and usage of payment apps using chi-square test in R**

- H0 There is no relationship between sex and usage of payment apps
- H1 There is significant relationship between sex and usage of payment apps
- X squared 0.1111 the test statistic is relatively small. The p value 0.7385 which is greater than 0.05. the null hypothesis is not rejected the usage of payment apps does not differ significantly between male and female street vendors.

**To trace the relationship between Gender and reason for usage using chi-square test in R**

- H0 There is no relationship between gender and usage of payment apps
- H1 There is significant relationship between sex and usage of payment apps
- X squared 4.1667 the test statistic is relatively small. The p value 0.1252 which is greater than 0.05. the null hypothesis is not rejected which indicates there is no statistically significant association between sex and reason for usage. females tend to use digital payment apps for convenience while the males tend to use for economy.

**To trace the relationship between Gender and nature of business using chi square test in R**

- H0 There is no relationship between gender and nature of business
- H1 There is significant relationship between sex and nature of business
- X squared 4.5286 the degrees of freedom 4 p value 0.3395 greater than 0.05. the null hypothesis is not rejected which indicates there is no statistically significant association between gender and nature of business. But with some differences in contingency table males dominate in fruit and foodstuff while females dominate in flower business, but differences are not statistically significant.

**Legal Safeguards for the Street Vendors under the Act**

- Street vendors have the right to carry out the business based on regulations
- They cannot carry on business in no vending zone
- Street vendors have the right to relocate
- Street vendors need to keep their area clean

**Government Programs**

- PM SVANidhi launched in 2020 provides affordable working capital loans to resume livelihoods
- Tamilnadu policy for urban street vendors through regulation of vending, vending zones, registration and Id card for vendors
- Digital Saksharta abhiyan launched to equip the citizens in rural and urban areas with basic computer and internet skill
- National Digital Literacy Mission aims to equip the citizen with basic information and communication Technology for more active digital participation



- Women Entrepreneurship Platform
- Startup India Initiative
- Digital India program

The scheme for street vendors involve working capital loan of Rs 10000 under the PM street vendors Atma Nirbhar Nidhi scheme at 7% rate of interest.

## VI. Conclusion

Street vendors play a vital role in economic development. They act as pillars to the economy and help in disposing day to day needed items with less burden. Digitalisation plays a vital role to facilitate development. Digital ignorance prohibits progress. Digitalisation has enhanced sales but due to lack of much knowledge problems existing its usage. Gender gap exists in digital access is the problem of Digital divide should be addressed. Street vendors face problems of finance, lack of space, digital ignorance, not able to dispose their products, lack of storage, It is up to the policy makers to remove the obstacles to nurture the informal sector. as they contribute to development immensely.

### Findings

- Women mostly entered into street vending field due to low income
- Women street vendors were digitally less aware
- The education levels were less
- The street vendors suffered from getting timely credit
- High rate of interest,
- not able to dispose all their products,
- Lack of demand
- Presence of competition

### Recommendations

- The digital literacy skills should be strengthened through targeted training
- Digital divide between men and women should be focused
- Vending zones can be established to create a conducive environment.
- Greater involvement of women is needed in financial stream
- Cheap and timely credit should be provided even without collateral
- The literacy and numeracy skills of women should be strengthened
- Due place of storage and transportation facilities to be provided
- Relevant and effective policies should be framed to address specific obstacles that street vendors face

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