

# A Study on Difficulties Faced by the Street Vendors to Avail Loan in Tiruchirappalli District

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## Abstract

*In all Indian cities, street vendors provide a low cost, decentralized and highly efficient system of distribution of a wide variety of goods of daily needs ranging from fruit and vegetables to clothes, utensils and many others. They reach the consumers at convenient locations, without whom people would have to travel large distances to procure these goods. The middle and lower income groups buy a large proportion of daily goods from these vendors at reasonable rates often lower than the formal stores. Access of capital is an important economic linkage that ties street trade to the economy which affects the vendor's economic activities, profits and potential business growth. Capital is needed for initiating the business and later, for running and expanding the business through buying new merchandise. Seven sources of capital have been identified which are personal savings, family, money lenders, banks and co-operatives, organization, local retails and whole sellers etc. Street vendors have only above two sources for their business activities. The present study is an attempt to know practical difficulties to avail money to do business.*

**Keywords:** Access in capital, Too much of procedure, financial position of street vendors

## I. INTRODUCTION

Street vendors play very important role in India by generating employment and income opportunities. They sell different kinds of goods like clothes and hosiery, leather, moulded plastic goods and different kinds of goods necessary for household, which are manufactured in small scale or home based industries where large numbers of workers are employed (Bhowmika, 2001). The manufactures could have hardly marketed their products. Apart from non-agricultural product, street vendors also sell fruits and vegetables. Street vendors provide the market for home based manufacturing product as well as agricultural products. In this way, street vendors help generate employment in the home based and small scale industries and traditional sector. Therefore we can say that several manufacturers are linked with street vendors to sell their product. Urban youth prefers to purchase clothes and accessories

from them because products sold by them are cheaper than those found in formal retail outlets. Street vendors provide benefits to Lower income group people who spend a higher portion of their income on purchase from street vendors because their goods are cheap and affordable.

In all Indian cities, street vendors provide a low cost, decentralized and highly efficient system of distribution of a wide variety of goods of daily needs ranging from fruit and vegetables to clothes, utensils and many others. They reach the consumers at convenient locations, without whom people would have to travel large distances to procure these goods. The middle and lower income groups buy a large proportion of daily goods from these vendors at reasonable rates often lower than the formal stores.

Street vendors have been grouped into three categories. First, vendors are those who carry out their vending on a regular basis in a specific space. Second, vendors are those who carry out vending not on a regular basis and without a specific location, for example, vendors who sell goods in weekly bazaars. The third type of the vendors is those who are the mobile street vendors. Thus, the street vendors are stationary by way of occupying space on the pavements or other public places or may even be mobile in the sense that they move from one place to another carrying their wares on push carts or in cycles or baskets on their heads, or may sell their wares in moving bus, etc.

## II. REVIEW OF LITERATURE

Sharit Bhowmik (2005), in his study "Street Vendors in Asia: A Review" examined the street vendors in Asian countries namely Bangladesh, Sri Lanka, Bangkok (Thailand), Singapore, Kuala Lumpur, Manila, Hanoi, Cambodia, Seoul and India. The study analysed the magnitude of street vending in different countries. The assessment found that the number of street vendors in the countries was on an increase. The number increased because of shrinking of jobs in formal sector and with lack of employment in rural areas. This factor was common in Bangladesh, Nepal, Vietnam and Cambodia. In the Asian Tigers, Thailand, Singapore, Malaysia,

Philippines, Korea, there was rapid increase in the number of street vendors after the monetary crisis of 1998. The governments of all Asian countries have more or less refused recognize street vending as a legal activity. Malaysia, Philippines and India have policies for regulating and protecting street vendors. Most of the street vendors in Asia are not unionized. Only Korea and India have federations or alliances of street vendors and in India NASVI has been more successful.

According to Sruthi Subbanna and others (2010) the advent of Information technology to Bangalore city, has been associated with infestation of infrastructure projects. Street vending is not as widespread as in other similar cities. A reason could be that alternative employment opportunities are available in the city. The city has an estimated number of 30,000 street vendors. Street vending in the city centre is done by vendors who squat near the main markets. Since hawking is not a licensed activity in Bangalore, street vendors face harassment from the police and the municipal authorities. Vendors operating in the suburbs or as mobile vendors are less harassed. Those working in the city centre most harassed. This harassment is reflected through continuous eviction by the police and fines paid by the vendors which range from Rs. 50 to Rs. 100.

Sally Roever (2011) studied the working condition, constraints and risks of street vendors in Africa, Asia and Latin America. The study entitled „Livelihood Profile: Street 29 Vendors“ studied on three criteria namely physical environment, policy environment and social environment. The study revealed that, in case of physical environment, the street vendors“ place of work lacked proper infrastructure such as running water, toilets and solid waste removal systems. In case of policy environment, most of the local government authorities forcibly removed them from the streets or confiscated their merchandise. And in case of social protection, only a small percentage got access to state sponsored social protection regimes.

Abhayraj Naik (2013) in his paper on “Contextualising Urban Livelihoods: Street Vending in India” discussed the arguments that justify and oppose proliferation of street vending and brought to light that the most heated debate in all cities and countries was conflict-zones of agglomeration or hyper-agglomeration. The paper insisted that before flexible, adaptable, experimenting and multiple-governance models of regulation are put in place, a careful empirical study within the context of its applicability must be made

Laforteza, Jared James, Manalo, Gandrose and Tan Joel (2014) studied the accounting practices and strengths, weakness, opportunities and threats of street vendors in Davao city in Philippines. The paper entitled, “Determinants of Accounting Practices among Street Food Vendors” was based on 30 street food operators. It was found that 66.67% of the vendors maintained separate accounting of personal expenses. The strengths of street vending revealed by them was “small capital requirement”, their weakness was “poor business management of vendors”, “opportunities was wide and diversified market” and the important threat found was “strong market competition”.

### **III. STATEMENT OF THE PROBLEM**

Access of capital is an important economic linkage that ties street trade to the economy which affects the vendor’s economic activities, profits and potential business growth .Capital is needed for initiating the business and later, for running and expanding the business through buying new merchandise. Seven sources of capital have been identified which are personal savings, family, money lenders, banks and co-operatives, organization, local retails and whole sellers etc. Street vendors have only above two sources for their business activities. The present study is an attempt to know practical difficulties to avail money to do business.

### **IV. OBJECTIVES OF THE STUDY**

The following objectives are frame for the present study

1. To find out the difficulties faced by the street vendors for avail loan
2. To study the socio-demographic profile of the respondents
3. To give suitable suggestions to make avail the financial assistance in formal way

### **V. METHODOLOGY**

The study is basically concerned with the difficulties of availing loan from financial sources of street vendors and how to integrate them in the process of urban development in tiruchirappalli district. The well-known locations of street vending were identified through personal visit and discussions with the officials of the Municipal Corporation. The detailed primary survey intended to identify the typology, characteristics, space used and space requirements, variation of street activity according to time and demands of street vendors as well as the conflicts arising due to vending activity. A local level strategy for the integration of vending is intended through local level planning. The present study is descriptive by nature. The sampling of the study was confined as 120 by using convenient sampling technique.

**ANALYSIS AND INTERPRETATIONS**

**Sources of loan**

Sources of loan	Gender		Total
	Male	female	
Bank	07	03	10 (8.3%)
Co-operative	04	01	5 (4.2%)
SHG	05	12	17 (14.2%)
Money lender	24	22	46 (38.3%)
Wholesaler	16	11	27 (22.5%)
Friends	02	01	03 (2.5%)
Market lender	03	02	05 (4.2%)
Relatives	03	04	07 (5.8%)
Total	64	56	120 (100%)

The above table shows that 38.3% of the respondents are getting loan from money lenders. 22.5% of the respondents are getting loan from wholesaler. 14.2% of the respondents are getting loan from self help groups.

**Street vendors' Profit per month**

Profit per day	No. of Respondents
Up to Rs. 3000	12 (10%)
Rs. 3001 to 5000	17 (14.2%)
Rs. 5001 to 7500	34(28.4%)
Rs. 7501 to 10000	37 (30.8%)
Above 10000	20 (16.6%)
Total	120 (100%)

The above table shows that 30.8% of the respondents are earning Rs.7501 to Rs. 10000 profit per month. 28.4% of the respondents are earning Rs.5001 to Rs.7500 profit per month. 16.6% of the respondents are earning above Rs.10000 profit per month.

**T-Test**

**Difference between gender of the respondents and their overall opinion of avail loan**

Gender	Mean	S.D	Statistical Inference
<b>Too much procedure</b>			
Male (n=64)	1.04	0.775	T=.376, Df=2 .707>0.05 Not Significant
Female (n=56)	3.88	1.804	
<b>Collateral security</b>			
Male (n=64)	2.38	0.563	T=1.225, Df=2 .221>0.05 Not Significant
Female (n=56)	3.72	0.944	
<b>Need to have references</b>			
Male (n=64)	2.10	0.162	T=-1.231, Df=2 .219>0.05 Not Significant
Female (n=56)	2.68	1.087	
<b>Too much of interest</b>			
Male (n=64)	2.51	0.349	T=.293, Df=2 .770>0.05 Not Significant
Female (n=56)	3.28	0.592	
<b>Too much of delay</b>			
Male (n=64)	2.20	0.857	T=.536 Df=2 .592>0.05 Not Significant
Female (n=56)	2.98	1.369	
<b>Overall opinion of availing loan</b>			
Male (n=64)	5.43	2.930	T=-2.598 Df=2 .450<0.05 Not Significant
Female (n=56)	5.02	1.473	

### **Research hypothesis**

There is a significant difference between gender of the respondents and their overall opinion of avail loan

### **Null hypothesis**

There is no significant difference between gender of the respondents and their overall opinion of avail loan

Statistical tools

**T – test was used for the above table**

### **Findings**

The above table reveals that there is no significant difference between gender of the respondents and their overall opinion of avail loan. Hence, the calculated value greater than table value (.450>0.05). So the research hypothesis is rejected and the null hypothesis is accepted.

### **Suggestions**

Commercial banks have been empirically proven to be unable to support the informal sector resulting in micro-financing. Grameen Bank is a Nobel Peace Prize-winning microfinance organization and community development bank founded in Bangladesh by Professor Muhammad Yunus. It makes small loans (known as microcredit or “grameen credit”) to the impoverished without requiring collateral. Micro-credit loans are based on the concept that the poor have skills that are under-utilized and with incentive, they can earn more money.

Take steps for convergent delivery of various Government programmes for the benefit of street vendors such as Swarna Jayanti Shahri Rojgar Yojana, Jawaharlal Nehru National Urban Renewal Mission, Prime Minister's Employment Generation Programme, Skill Development Initiative, Rashtriya Swasthya Bima Yojana, National Social Assistance Programme and other welfare schemes. He expected that the state agencies will take steps to accord a new deal to the urban street vendors as a group who need space and facilities for their legitimate activities.

Vendors can be grouped as self- help groups for loan and credit facilities from banks may be made easily acceptable. Moreover, Bank interest rates will be extremely low for vendors coming through SHGs. Vendor associations should be assisted by NGO's or other Community based groups and they should be covered in government schemes for poverty alleviation. The attempt should be towards forming federation of SHG's to create a financial interface between the vendors and formal sector financial institutions to gain access to larger credit not only for income generation but also for housing, education, health etc.

The banks need to conduct skill development programmes, training programmes,

organise workshops for the uneducated urban poor as how to utilise the available fund in a proper way 90 with minimum wastage. A separate department should work towards educating them by providing free advice and consultation as to how they should go about with formal procedures and documentation involved in bank loans. The microfinance departments of the concerned bank should have all these facilities.

Economic security implies three basic things: having a regular and stable flow of income now and in the near future, solvency and employment or job security. In other words, economic security will ensure social security as well. The street vendors belong to the urban informal sector of self-employed workers and are drawn towards street vending because it requires low capital investment, skill and education. Though the informal nature of their activities prevents them from improving their socio-economic condition and restricts their upward mobility. Street vendors can be brought within the formal financial structure through financial inclusion programme by improving their access to finance and enabling them to secure their present employment and future income

## **VI. CONCLUSION**

Street vending is a part of the informal economy. It is a growing share of the informal workforce in developed and developing countries. Street vendors include all those selling goods or services in public spaces with a temporary built up structure. In developing countries millions of people depend on street vendors for their daily requirement as the goods are more economical than those available in the formal sector. It is difficult to estimate the exact number of people employed as street vendors, due to their high mobility and the marked seasonal variation in work. Recent study by the official labor force statistics states that there are about 10 million street vendors. The informal economy can no longer be considered as a temporary phenomenon. It is clear that the informal economy has a significant job and income generation potential. Therefore, in order to intervene in the best way to stimulate sustainable economic growth and job creation, the informal economy needs to be better understood both by governments and the other stakeholders.

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