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### A Glimpse on the Financial Literacy of Street Vendors of Guwahati, Jorhat and Tezpur Cities of Assam

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#### Abstract

Being a visible segment of informal economy, street vendors play a significant role mostly in underdeveloped and developing countries like India although they have been facing various problems over the decades. They have been contributing to these economies in terms of employment, revenue generation, use of local resources, growth of industries, supply of necessary goods and services at the doorsteps etc, but government measures and policies for protecting their interest particularly the urban street vendors are remaining inadequate in India. The size of urban street vendors has been increasing in Assam in recent decades as a result of which it becomes an emerging threat and cause of concern for the urban administrators, town planners, commuters and public at large.

In this study, sample of 400 urban street vendors in three municipal cities of Guwahati, Tezpur and Jorhat of Assam (India) have been taken into account to analyse certain aspects of financial literacy of sample vendors of Assam.

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**Keywords:** Financial literacy, informal economy, urban administrators, developing country street vendors.

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#### Introduction

The issue of financial literacy among the public has gained utmost prominence specially in developed countries and emerging economies as well in recent years. In India, the Reserve Bank of India launched an initiative in 2007 to establish Financial Literacy and Counselling Centres in order to promote to urban and rural population throughout the country.

Being a visible segment of informal sector economy, street vendors constitute a remarkable part of total workforce of unorganised sector in Assam. Street vendors, also known as street traders, hawkers etc., adopt street vending activities as a source of livelihood. They are mostly illiterate, untrained and inexperienced especially in rural areas and semi-urban areas of the state like Assam. Migrated unskilled and uneducated rural and a section of urban poor class adopt street vending as a source of sustenance. National Commission on Labour defines street vendors as those self-employed workers in the informal sector who offer their labour for selling goods and

services on the street without having any permanent built-up structure. Street vendor refers to a person who offers goods for sale to the public at large without having a permanent built-up structure from which to sale (Bhowmik, 2006)<sup>[2]</sup>.

In all metropolitan cities and other urban areas of India, street vendors have been providing and benefiting a section of the society more particularly the middle class and lower income brackets of society. The low paid workers and lower middle class of the society of urban areas avail benefits from the street vendors regularly. They get relatively cheap and fresh food from the street vendors. Moreover, people save money and time in purchasing goods and services at low price from the street vendors. In fact, the poor and lower middle class of most of the urban and semi-urban areas in our country tend to purchase all the essential and required goods and services in their day-to-day life from street hawkers. Analysis of financial habits for dealing with financial literacy and saving behaviour of street vendors help us to assess about their socio-economic status and standard of living.

Financial literacy is the ability to understand and use various financial skills in effective way, including personal financial management, budgeting and investing. In other words, people who are financially literate, they are generally less vulnerable to financial fraud. Moreover, financial literacy can help support various life goals, such as saving for education or retirement, using debt responsibly, and running a business. Financial literacy can be achieved through various ways like reading books, consultation with financial professionals, subscribing to financial content etc.

### Objectives

The objective of the study is to assess some basic aspects of financial literacy of street vendors of three municipal cities of Guwahati, Tezpur and Jorhat of Assam (India).

**Table 1:** Activity wise distribution of sample street traders

Sample Vendors	Vegetable	Fruit	Fish	Meat	Stationary	Food	Garment	Service	Total
Number	79	52	53	28	46	88	37	17	400
Percentage	19.75	13	13.25	7	11.5	22	9.25	4.25	100

The study has applied convenience sampling and descriptive statistics for the analysis to achieve the objective of the study. Moreover, 200 sample urban street vendors from Guwahati, 100 samples each from Tezpur and Jorhat municipal cities of Assam have been selected for the present study. After the collection of data from the sample areas, the data have been duly entered, processed and analysed with the help of excel sheet and SPSS. The period of collection of primary data was between July, 2018 to Dec, 2018.

### Review of Literature

Financial Literacy refers to the capability to make proper and effective decisions in regard to the use of money. A financially literate individual is able to make intellectual judgments and take effective choices regarding the usage and management of money (Noctor *et al.*, 1992) [9]. OECD defines financial literacy as “A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.” (OECD, INFE3, 2011). Issues relating to financial literacy like financial management, budgeting etc. are highly relevant to modern economy since incidence of financial fraud is taking place and aggravating in the society day by day. Financial literacy of the street vendors is also an important aspect to deal with that directly affect upon street vendors in their business activity, profit earnings, future sustainability and overall growth. The types of products and services which the street vendors sell to the public depend largely upon as well as affect the magnitude of funds to start street vending (Saha, 2011) [11]. It also depends upon the desire to expand vending business, family obligation, medical treatment and volume of trade and so on. Moreover, most of the street vendors have no or incomplete knowledge about financial operations. Financial services should be ensured at affordable cost to the sections of disadvantaged and low income group of society (Varghese, 2016) [15]. Although the numbers of street vendors of India who are financially literate are increasing at a slow pace, yet most of the street vendors are financially excluded in India.

So far as funds for street trade is concerned such as to start and expand the street vending business, street vendors usually approach to various sources credit and street vendors use funds or credit also to meet consumption and education

### Hypothesis

Urban street vendors do not face any problem in acquiring financial knowledge.

### Methodology

The study is an empirical research which is based on primary data. Total 400 sample urban street vendors have been interviewed from the three sample municipal cities of Assam viz. Guwahati, Tezpur and Jorhat. The samples have been categorised into eight distinct categories as shown in Table-1 that depicts the sample framing of the study by category of work performed by sample traders. Both male and female vendors are taken into account in each category of vendors and the samples entail both stationary and mobile vendors.

expenditure, housing and social protection purposes like health care, medicine, maternity, accidents and children's education and so on. They hesitate to approach to institutional credit sources like banks for loans due to many reasons like illiteracy or low level of literacy, lack of easy accessibility of banks and so on. They fall victim of the village landlords and moneylenders and get entrapped into the clutches of non-institutional credit sources and compel to borrow at exorbitant interest rates (Saha, 2011; Jaishankar and Sujatha, 2016) [11, 4]. In India, street vendors access funds from their own savings, relatives or friends or sell out domestic assets, money lenders and traders. Moreover, availability of institutional finance is highly limited for the informal sector in India for which the problem of indebtedness of street vendors is aggravating over the years (Saha, 2011; Sindhu, Sumasundaram, and Saha, 2011; Ali, 2015; Jaishankar and Sujatha, 2016) [11, 13, 4]. Lack of capital is adversely affecting the livelihood pattern of street traders in Delhi (Ghosh, 2010; Jaishankar, and Sujatha, 2016) [17, 4]. In Mumbai, almost 35% street vendors fall into debt trap not only due to borrowing for economic activity but also for their social security purposes. Street vendors of Assam have been facing numerous difficulties in availing formal credit facility required for street vending activities and other non-economic activities (Konwar, 2015) [7].

In India, the central government has taken many measures for financial inclusion of financially excluded people including Jan Dhan Yojana, massive programme of branch expansion of bank etc., linking bank pass book with documents like Aadhar card, Voter Identity card etc. Due to lack of easy access of loans, the initial investment of street hawker to start street trade activities is very limited (Kumar, 2015) [8]. Therefore, street vendors are primarily far away from accessing proper banking services and they face many hardships when they approach to the financial institutions for monetary assistance (Sarkar, 2016) [14].

### Analysis of the Study

The study reveals that almost 61% of total sample street vendors are not at all aware of any financial knowledge and financial literacy. Moreover, table no-2 shows that number of stationary sample vendors is more as compared to mobile street vendors, so far as ignorance of financial literacy among the sample street vendors is concerned. As revealed in the

study, only two-fifth of the total respondents is aware of financial knowledge and literacy. It means financial literacy is yet to spread among the sample street vendors in the state.

**Table 2:** Distribution of samples according to awareness of financial literacy.

Aware about Financial Literacy	Type of Street Trade				Total	
	Stationary		Mobile			
	f	%	f	%	f	%
No	162	64.8	81	54.0	243	60.8
Yes	88	35.2	69	46.0	157	39.2
Total	250	100.0	150	100.0	400	100.0

Source: Field Survey

Financial literacy mostly depends upon attainment of institutional knowledge or formal education, participation in the training or workshops relating to financial knowledge/management/budgeting etc. The study reveals that very negligible segment of the total samples i.e. only 2% of the total sample urban street vendors of Assam have attended such workshops or training programme particularly meant for financial literacy and to spread knowledge of financial

budgeting and financial management. In other words, financial literacy training programme or workshops are almost unable to reach to a visible segment of informal economy such as urban street vendors in the country like India.

**Table 3:** Distribution of sample street vendors according to attending any training/workshops of financial management/budgeting

Attended any Training/Workshop for Financial Management/Budgeting	Type of Street Vendors				Total	
	Stationary		Mobile			
	f	%	f	%	f	%
Yes	3	1.2	5	3.3	8	2.0
No	147	98.8	145	96.7	392	98.0
Total	250	100.0	150	100.0	400	100.0

Source: Field Survey

### Test and Explanation of the Hypothesis

The study reveals that the sample urban street vendors of three municipal cities have faced various problems/difficulties in acquiring financial knowledge and information.

**Table 4:** Distribution of level of difficulties of sample traders in acquiring financial knowledge.

Level of Difficulties	Number of Sample (N)	Mean	Standard Deviation	Mean Rank	Mean Difference	Z-value	P-value
High	165	22.15	1.373	220.00	3.52	-15.234	.000
Low	137	18.63	2.776	69.00			

Source: Primary data

At the time of acquiring financial knowledge the respondent urban street traders of the state mentioned various difficulties which are broadly categorized into five distinct heads such as lack of adequate training programmes for financial literacy, motivation from the agents of financial institutions, absence of personal financial budgeting and so on. Accordingly, these are categorized by the scale of very high, high, indifferent, low and very low and the problems are scored within the range of 6-25. The score are converted into Z-score and level are found as High (Mean + Standard deviation) and Low (Mean-Standard deviation) difficulties.

As revealed in the table-4, the Mean score and Mean rank of high difficulties are 22.15 and 220.0 respectively whereas low difficulties Mean score is 18.63 and low difficulties Mean rank is 69.00. Accordingly, the Mean difference is 3.52. The Z-value = -15.23 and P-value .000 signifies that the difference of level of difficulties is significant at 1% level. Thus the null hypothesis stating that the urban street vendors do not face any problem in acquiring financial knowledge is rejected.

### Conclusion

The study concludes that the financial literacy and saving behaviour of sample urban street vendors of Assam are not impressive. Moreover, the financial inclusion process mostly in the state is not satisfactory. Since Street vendors are one of the vulnerable and economically underprivileged sections, government policy should focus on spreading the financial literacy and motivate for higher savings among the urban street vendors of the state. Government should adopt adequate steps to bring this most important visible segment of urban informal sector under the ambit of financial inclusion programme and make them financial literate.

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