



Awareness on Banking Services - With Special Reference to Street Hawkers of Pollachi

KEYWORDS

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ABSTRACT *The financial service needs of the poor are simple, but their satisfaction can be life enhancing. A broad conception of microfinance embraces deposits, remittances, payments, micro-insurance and pensions, aside from credit. The poor need access to convenient, liquid and safe deposit services which are protected against inflation by positive real rates of interest. More recently, financial inclusion focuses attention on the need to bring previously excluded people under the umbrella of financial institutions. The study underlines that the financial inclusion of vulnerable sections like street vendors is very much needed for real inclusive growth. Inclusive growth is only possible if there is active participation of the excluded section in the overall growth process. The study points out that financial inclusion as a strategy would promote not only inclusive growth with stability but also equitable distribution of income and wealth and empower the deprived people. Pollachi is one of the developing towns in Coimbatore district. People of all profession live in Pollachi. As far as hawkers are concerned, Pollachi is filled with vendors and hawkers who play a vital role in the day to day activities in and around Pollachi. The study analyses the income level and banking habits of street hawkers. The study points out whether the measures taken by the government and banks regarding inclusive growth have reached the street hawkers.*

Introduction

Can formal banking services raise the incomes of the poor? That is, if the poor are provided with access to formal savings, credit and payment facilities, will they use them, and will this then translate to higher incomes? A simple inter temporal substitution argument suggests that the answer to this question is 'yes.' Savings facilities allow individuals to use money earned today to finance activities tomorrow. Access to credit allows individuals to borrow against future earnings and invest in higher return activities today. Financial inclusion may be defined as the process of ensuring timely access to financial services and adequate credit needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. The essence of financial inclusion is in trying to ensure that a range of appropriate financial services is available to every individual and enabling them to understand and access those services. Apart from the regular form of financial intermediation, it may include a basic no frills banking account for making and receiving payments, a savings product suited to the pattern of cash flows of a poor household, money transfer facilities, small loans and overdrafts for productive, personal and other purposes, insurance (life and non-life), etc. While financial inclusion, in the narrow sense, may be achieved to some extent by offering any one of these services, the objective of "Comprehensive Financial Inclusion" would be to provide a holistic set of services encompassing all of the above.

About 2.9 billion people around the world do not have access to formal sources of banking and financial services. In India alone 560 million people are excluded from formal source of finance, a figure in tight correlation with the 41.6 percent (457 million) of the populace that still lives below the poverty line (US\$1.25/day). This gap of formal financial institutions has been fulfilled to a great extent by the micro finance institutions. The micro-financing programme has targeted to the most unprivileged section like street hawkers, tribal, women, etc. The street vendors are not financially self sufficient to meet their financial needs for the

business.

Street hawkers are very common in India. The total number of street vendors in the country is estimated at around 1 crore. The terms 'street vendor' and 'hawker' have the same meaning and they are often interchanged. Urban vending is not only a source of employment but provide 'affordable' services to the majority of urban population. They can be found here, there and everywhere. There is hardly any village, town or a city without street hawkers. They have been there for centuries. They go from one town to another town and street for selling their various articles. Approximately there are 50 lakhs street vendors work across urban and rural areas in Tamil Nadu. The study examines the level of awareness on banking services and the awareness regarding Inclusive measures taken by the banks of the street vendors based on primary data and secondary data.

Street Hawkers in India

Street Hawking as a profession has been in existence in India since time immemorial. However, their number has increased manifold in the recent years. It is difficult to estimate the number of people employed as street vendors, due to their high mobility and the marked seasonal variation in their work. According to one study Mumbai has the largest number of street vendors numbering around 250,000, while Delhi has around 200,000. Calcutta has more than 150,000 street vendors and Ahmedabad has around 100,000. Women constitute a large number of street vendors in almost every city. Some studies estimate that street vendors constitute approximately 2% of the population of a metropolis. The total number of street vendors in the country is estimated at around 1 crore. Urban vending is not only a source of employment but provide 'affordable' services to the majority of urban population. The role played by the hawkers in the economy as also in the society needs to be given due credit but they are considered as unlawful entities and are subjected to continuous harassment by Police and civic authorities. Hawker,

peddler, street vendor, periwala sell articles of daily utility and general merchandise such as vegetables, sweets, cloth, utensils and toys, on footpaths or by going from door to door. Purchases goods from wholesale market according to his needs and capital (money) available. Loads them in basket or on pushcart, wheel barrow or tricycle and moves in selected areas to effect sales. Announces loudly goods or articles on sale and their prices to attract customers. Attends to customers and effects sale by measuring, weighing or counting as necessary.

Objectives

The objectives of the study are as follows:

- To study the socio-economic profile of street hawkers.
- To study the banking habits of street hawkers
- To measure the awareness on services rendered by banks.
- To study the awareness regarding inclusive measures taken by the banks.
- To identify the problems, expectations and perception of street hawkers regarding banking services.

Methodology

The study is an empirical study based on survey method. Both primary and secondary data have been used. Primary data have been collected from street hawkers from Pollachi taluk through Interview Schedule. Secondary data have been collected from books, articles, journals and published records of NASVI. A sample of 300 street hawkers residing in and around Pollachi Taluk has been considered for the purpose of the study. Convenience sampling method has been followed. Statistical tools like Percentage analysis, Chi-square, Weighted average ranking method and Friedman Test have been made use to analyse the data.

Research findings

I. Socio-Economic Profile of Street Hawkers

Percentage analysis has been used to analyse the data collected regarding socio-economic profile, Business profile, Banking habits, Awareness on banking services and awareness on inclusive growth of the street hawkers. Composition of age shows that the sample consists of predominantly more middle aged hawkers. The sample hawkers are largely females and they outnumber the male hawkers. Most of the hawkers are those who have Primary/Higher Secondary qualification only. Around 166 (55.3%) are married. 194 (64.7%) are living in a nuclear family system while the rest 106 (35.3%) are living under the traditional joint family system. Thus most of the hawkers live in nuclear family system. Majority 163(54.4%) of the hawkers daily income is below Rs.1000. Classification of hawkers based on their occupation of their spouse reveals that many of the hawkers spouse are employed. Most 172(57.3%) of the hawkers daily expenses is above Rs.501.

II. Business Profile

The findings of business profile of hawkers. About 54(18%) of the hawkers sell flowers. Out of the 300 hawkers, 180(60%) of the hawkers have 4 to 5 years of experience. Most of the hawkers 244(81.3%) do not sell their products for credit. It is found that most of the hawkers 120 (40%) have selected for the reason of low investment. 267(89%) of the hawkers do not have secondary source of income. Most of the hawkers 108(36%) borrowed from money lenders. 233(77.7%) of the hawkers do not approach bank for availing loan. Hawkers do not avail loan since it's a lengthy process. Classification on the basis of their mode of selling reveals that 150(50%) most of the hawkers use carts

for selling their products. 123(41%) majority of the hawkers travel by bus. Around 64(21.3%) of the hawkers make payments after sales. 233(77.7%) of the hawkers do not approach bank for availing loan. Out of the sample hawkers 154(51.3%) of the hawkers do not have bank. Reason for not having bank account being a lengthy process.

III. Banking habits of street hawkers

Findings show that 154(51.3%) most of the hawkers do not have bank accounts. It can be noticed from the table 4.3.3 that 85 (28.3%) of the hawkers do not have bank account since it's a lengthy process. 80(54.8%) of the hawkers have accounts in SBI bank. Reason for selecting bank account being 46(31.6%) of the hawkers for less formalities. Majority 92(63%) of the hawkers visit bank occasionally.

IV. Level of Awareness on Banking Services

The findings revealed that out of the sample hawkers 161(53.7%) of the hawkers are unaware about internet banking; 137(45.7%) of the hawkers are heard about internet banking and the rest 2 (.7%) of the hawkers are aware and using internet banking; Thus most of the hawkers are not aware about internet banking. 183(61%) of the hawkers are unaware about mobile banking; 114(38%) of the hawkers are heard about mobile banking and rest 3(1%) of the hawkers are aware about mobile banking. 139(46.3%) of the hawkers are unaware about locker facility; 136(45.3%) of the hawkers are heard about locker facility and rest 25(8.3%) of the hawkers are aware about locker facility. 66(22%) of the hawkers are unaware about gold loans; 162(54%) of the hawkers are heard about gold loans and rest 72(24%) of the hawkers are aware about gold loans. 110(36.7%) of the hawkers are unaware about debit and credit cards; 165(55%) of the hawkers are heard about debit and credit cards and rest 25(8.3%) of the hawkers are aware about debit and credit cards. 211(70.3%) of the hawkers are unaware about overdraft facility; 88(29.3%) of the hawkers are heard about overdraft facility and rest 1(.3%) of the hawkers are aware and using overdraft facility. 205(68.3%) of the hawkers are unaware about Electronic Fund transfer; 88(29.3%) of the hawkers are heard about Electronic Fund transfer and rest 7(2.3%) of the hawkers are aware and using Electronic Fund transfer. 96(32%) of the hawkers are unaware about cheques; 137(45.7%) of the hawkers are heard about cheques and rest 67(22.3%) of the hawkers are aware and using cheques.

V. Variables associated with the Level of Awareness on Banking Services

Chi-Square test to test whether there exist association between the selected variables such as Age, Gender, Area of residence, Educational qualification, Marital Status, Occupation of the spouse, Product sold, Source of Working Capital, Bank account, Bank loan and the level of awareness on banking services.

Table 1 : Variables associated with the Level of Awareness on Banking Services

Variables	Values	Results
Age	1.689	Not Associated
Gender	0.375	Not Associated
Area	0.570	Not Associated

Educational qualification	1.181	Not Associated
Marital Status	0.219	Not Associated
Occupation of the Spouse	3.030	Not Associated
Product sold	18.418	Associated
Duration in business	5.044	Not Associated
Source of Working capital	9.370	Associated
Bank loan	0.78	Not Associated
Bank Account	0.023	Not Associated

Table 1 reveals that out of 11 variables taken only Product sold and Source of Working capital are found to be associated.

Suggestions

- Government should take necessary steps to bring all hawkers under one roof by making registration compulsory in local municipalities and corporation.
- Both State and Central Government should provide subsidies to expand their business.
- More number of financial literacy programmes should be conducted
- Banks should minimize their procedures for opening accounts.
- Banks should lend loans at the denomination they desire.
- Deposits should be collected by banks in their places of work.
- Small loans and overdrafts for productive, personal and other purposes.
- Campaigns to showcase banking services advantages and how to use them.
- Specialised financial institutions similar to banks can be started by Government.
- Special time can be allotted to meet the needs of workers of informal sectors.

Limitations of the study

1. The study has been confined to Pollachi taluk only.

2. The accuracy of the information depends upon the hawkers.
3. Due to shortage of time and other constrains the study has been limited to 300 hawkers only.

Conclusion

The study revealed that most of the street hawkers do not have bank accounts. Additionally, hawkers do not have awareness regarding banking services. The poor need banking services for channelizing their small surpluses and to link to institutional service for those who still depend on informal sources of savings. For accelerated growth of the economy, it is necessary that all the people should be covered by the sector through financial inclusion. It is not the agenda of the bank alone. Financial inclusion is a collective effort. It is an agenda in which everyone has a role, either as a user or as a partner. Unless and until the government and the financial sector work together, financial inclusion cannot happen because it is more of a governance issue and less of a financial issue.

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