



Impact of digital payment system on street vendors: A case study of Rohtak city of Haryana

Seema, Sheetal

Research Scholar, Department of Economics, MDU Rohtak, Haryana, India

Abstract

In present transforming era with rapid evolution of smart phones mode of payments is also changed. Because of fast and easy to use services of digital payments methods such as transfer via UPI and net banking accelerating. Initially big e-commerce companies preferred online mode of transaction but now common and even illiterate persons are moving towards this method of payment. GOI also promoting digital payments to increase financial inclusion to ensure that monetary policy can be implemented effectively. This paper is an effort towards analyzing the impact of digital transactions on street vendors of Haryana via case study of Rohtak city. By using primary data collected through questionnaire method. This study try to analyze various factors that can affect the adoption of digital payment method such COVID-19, income and education level of the respondents. This study also tries to find out the contribution of digital payment on the sales of the street vendors. It concluded that Education doesn't have significant effect on the adoption of digital transactions and more than sixty percent vendors adopted this mode of payment due to COVID-19. Results show that only 32% respondents think that their sale has been increased after using digital transactions method. There are many challenge faces by vendors due to online payments including - technical issues, threat of security etc. To ensure secure and fast expansion of this mode government needs to takes essential steps.

Keywords: digital payment system, smart phones mode, research gap

Introduction

In recent Era due to the advent of smart phones and cheap accessibility to network there is tremendous growth in online business. Initially E-Commerce industries were providing COD facilities to their consumers but now they prefer digital payments. According to RBI "digital transactions means a payment transaction in a seamless system affected without the need for cash. At least one of the two legs, if not in both. This includes transactions made through digital/electronic modes wherein both the originator and beneficiary use digital/electronic medium to send or receive money." After demonetization cashless transaction increased and the Pardhan Mantri Jan Dhan Yojna has enacted for everyone to open their bank account (Prakash, 2019) [4]. There are various methods for digital payments. Some of the platforms for digital payments are debit card, credit card, Net Banking, E-wallets such as, phone pay, Google pay, Paytm, Bharat Pay, Amazon pay etc and RTGS. Now, not only E-Commerce companies but consumers, street vendors, traders and other sectors of societies also prefer digital payments as compared to COD due to its fast and secure transaction facility. Reserve Bank of India-Digital Payment Index (RBI-DPI) with base as March 2018 was 304.06 in September 2021 which was 173.49 in September 2019. This reflects remarkable growth in adoption and extension of digital payments over the period of time.

At Present Street vending is a significant occupation of the informal sector in order to provide employment to the poor and illiterate workforce of India. According to the National Association of Street Vendors of India (NASVI) "Street vendor is a person who offers goods or services for sale to the public without having a permanently built structure but with a temporary static structure or mobile stall."

According to the National Policy on Urban Street Vendors street vendors are defines as "The self employed worker in urban informal sector who sell their goods and services on near the railway stations, street footpath without having any permanent built up structure."

Before 2014, when "The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014" passed street vending was an illegal activity. But now, there are estimated 10 million street vendors in India and street vending constitute 14% share of employment generated by the informal sector. The lockdown which was imposed because of rising cases of Covid-19, every sector of the economy was affected adversely to it. Street vendors also loosed their livelihood. Many studies show that most of the street vendors started using digital payment methods to increase their sales when lockdown was eased. The small retailers are well aware of digital payments but they are accepting cash rather than digital payment because of losing money and security violations due to faulty transaction (Chattopadaya, 2013). Most of the respondents were aware of e-payment and agreed that a cashless economy should be introduced in India, it will help reduce corruption, money laundering, fake currency, black money, etc but there are some challenges for the people to accept this phenomenon (Garg, 2017) [3]. The three top factors are the privacy of data; secure transactions and trusts are hindering the acceptance of m- wallet technology (Chopra, 2019) [2].

The present study is categories into four sections. Section I explains the introduction which discusses various aspects of the problem, Section II give information about the Research gap in previous studies and importance of the current study, Objectives of the study, Research methods and techniques used in the study to fulfill objectives of the study, Section III interprets obtained data and produce results, Section IV presents brief conclusion and suggests ways for tremendous growth of digital payments.

Research gap

Previous studies show that, Indian Economy is moving on the path of digitalization. It is not only educated but small and illiterate street vendors are also adopting online mode of transactions to increase or maintain their sales at maximum possible level. There are also many challenges as a consequent of those many street vendors prefers COD rather than Digital mode payment. However, many studies have been taken in past years to examine the impact of digital transactions on street vendors in different regions and at national level but there is the lack of such kind of study in Haryana especially on Rohtak city. The current study is taken to fulfill this research gap. Besides this, this study is very significant because to study the impact of particular policy root level in depth study have prominent role and this study is based on Primary data collected from street vendors via structured questionnaire. This studies various factors which can affect the growth of adoption of digital payments by the end different street vendors.

Objectives of the study

The current study is based on the following three objectives:

- To examine the relationship between education level and digital payment method.
- To study the impact on digital transactions on sales of the street vendors.
- To analyze the effect of COVID-19 on the mode of transaction.

Research methodology

To fulfill major objectives of the paper an explorative and descriptive study was conducted in Rohtak city of Haryana due to approachability and familiarity of the researcher with the local condition. The district is under the control of Rohtak division administratively. Data was collected from 120 street vendors by using simple random sampling. The category of the sample respondents includes small traders, petty traders and street vendors; those are using both cash and digital payment method. Data was collected from respondents in various places such as market places, street side etc via structured questionnaire. Data is presented in form of bar diagrams and pie charts to make it clear after applying percentage techniques of data analysis. To study the impact of education level on preferable mode of payment Simple Linear Regression techniques was applied.

Results and discussion

Demographic profile of the street vendors in the study area

From the demographical profile of the respondents as shown in Table 1, It is clear that among total 120 respondents from those data was extracted 98 per cent are male, 46 are in the age of 20 to 30 years of age. With regard to literacy level, 56 per cent are studied up to metric level and 20 per cent are studied up to high level. The study found that maximum number of the respondents is belonging to SC category. The street vendors are working on an average 12 hours per day and most of the street vendors are selling fast food, fruits, vegetables, tea, and other seasonable goods. The income of the street vendors is ranging from 10000-20000 per month. Most of the street vendors have a bank account and are aware about digital payment system.

Table 1: Demographic Characteristics of the Street Vendors

Socio-economic Characteristics	Percentage
Gender	
Male	98.3
Female	1.7
Age	
Below 20	18.3
20-30	45.8
30-50	33.3
Above 50	2.5
Education Status	
Illiterate	15.0
Up to 10 th	55.8
12 th	19.2
Graduation	8.3
Post Graduation	8.3
Working hours	
6 hours	5.0
8 hours	21.7
10 hours	26.7
12 hours	38.3
Above 12 hours	8.3
Monthly Income	
Less than 10,000	25.8
10,000-20,000	52.5
20,000-30,000	19.5
Above 30,000	2.5
Vending Category	
Vegetables	11.7
Fruits	27.5
Fast Food	28.3
Plastic Shop	3.3
Confectionary Shop	5.8
Other seasonable commodities	23.3
Bank Account	
Yes	93.3
No	6.7

Source: Primary Data

Impact of education level on mode of transactions

The study shows that education level has not significant level on the mode of transaction which means that digital payment method is simple and easy to use that even illiterate person can also use the digital mode of transaction without any specific kind of training.

Table 2: Simple Linear Regression Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.118 ^a	.014	.006	.49369

a. Predictors: (Constant), Education Level

As indicated in table no.2 we can see that R square value is 0.14 which means that the independent variable i.e (education level) has 14 per cent impact on the dependent variable i.e mode of transactions.

Table 3: ANOVA^a Results

Model	Sum of Squares	D f	Mean Square	F	Sig.
1	Regression	1	.407	1.669	.199 ^b
	Residual	118	.244		
	Total	119			

a. Dependent Variable: Mode of Preference

b. Predictors: (Constant), Education Level

The table no.3 ANOVA result shows that the p value is.199 which is greater than 0.05, hence we can say that there is no significant relationship between education level and mode of transactions.

Table 4: Testing of Significance

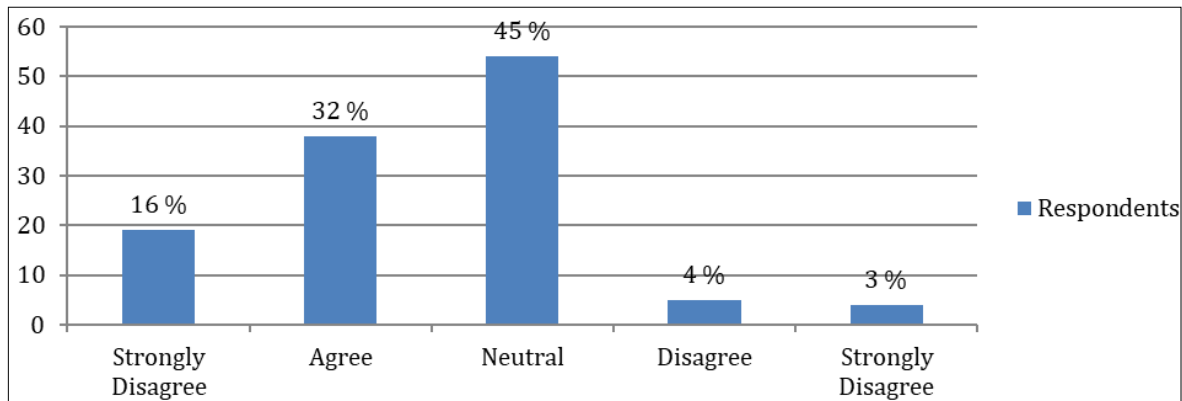
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	.667	.079	8.428	.000
	Education Level	-.067	.052	-.118	-.1292

a. Dependent Variable: Mode of Preference

Table no. 4 shows that coefficient results. As indicated that the Beta value is $-.067$ which means that the change in independent variable i.e. education level by one unit bring out the change in dependent variable i.e. mode of preference by $-.067$ units which is negative and insignificant. It can be concluded that choice of mode of transactions is

independent to the level of education attained by the street vendors.

Impact of digital transaction on sales of the respondents
 Impact of digital transactions of the sale of different categories of street vendors can be presented by the following figure:



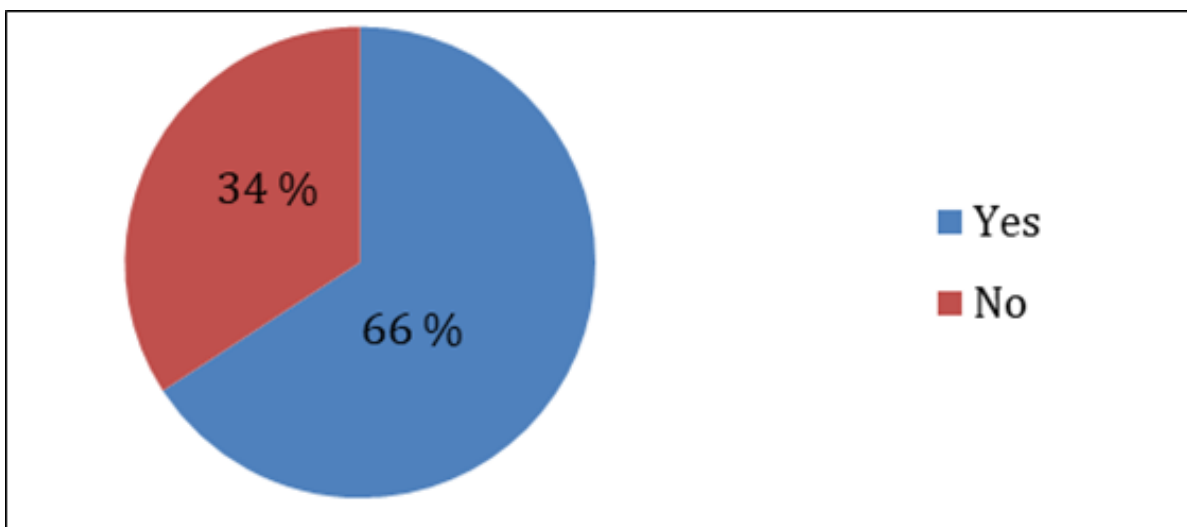
Source: Primary Data

Fig 1: Impact of Digital Transaction on Sales of the Respondents

The figure shows that majority of the street vendors are neutral about the impact of digital payment on their sales and 32 per cent are agree that their sales were increased after using digital payments. They said that before using digital payment methods they have loss of sales due to acceptance of only cash. This shows that digital payment system has positive impact on the sales of the street vendors.

Impact of covid- 19 on digital payments

Due to country wide lockdown which was imposed because of the increasing cases of Covid-19 like other agents of the economy street vendors were facing the problem of sustained livelihood due to decay in sales of their production. As a result of rules of social-distancing many street vendors opt for digital payments methods.



Source: Primary Data

Fig 2: Impact of covid- 19 on digital payments

The figure shows that most of the street vendors in the study area were uses digital payment after COVID-19 which indicates that COVID-19 pandemic had large impact on the mode of transactions of the street vendors.

Conclusion and suggestions

Street vendors are playing crucial role in income generating self employment in urban sector in India. Street vendors are well aware in making and receiving the payment through

digital. Their sales and income are increasing after using digital payment method. It is so convenient and user friendly that less educated street vendors preferring it. It was found that COVID-19 had great impact on using of digital payment because most of the respondents were using digital payment after COVID-19. Forty percent street vendors prefer to use digital mode of payments over cash on delivery. Although street vendors have many benefit from digital payment, but they have to face many challenges while using digital payment mode. Majority are facing technical issues, network problems etc. The street vendors in study area response that sometimes the customer pay the payment and the payment doesn't transfers in their account and some stated that they are not using digital mode due to cyber security threats. The government needs to solve these issues and challenges faced by the street vendors so that they can use digital mode of payment without any fear of loss of money and we move one more step towards financial inclusion via digital payment system so that monetary instruments can affect the circulation of money in economy to achieve targeted objective price stability and economic growth of the country.

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