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A Study on the Impact of Cashless Transactions among Street Vendors in Thoothukudi City after the Implementation of Demonetization

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Abstract:

This study explores the impact of demonetization and the subsequent shift to cashless transactions on street vendors in Thoothukudi City. Street vendors, who have traditionally operated on cash-based transactions, faced significant challenges during demonetization due to the shortage of currency and lack of change. The study assesses the level of awareness regarding cashless transactions, evaluates the adoption of digital payment methods among vendors, and identifies the difficulties they encounter in implementing e-banking systems. Through surveys of 60 vendors, the research highlights the socio-economic factors influencing cashless transaction adoption and the barriers preventing its widespread use. The findings indicate that while there is some awareness of cashless methods, the lack of education, technical barriers, and language issues hinder the full integration of digital payment systems among street vendors. The study concludes with recommendations for improving the adoption of cashless transactions, emphasizing the need for financial literacy campaigns and government support.

Keywords: Cashless Transactions, Street Vendors, Demonetization, Financial Inclusion, E-Banking

Introduction:

Street vending plays an essential role in the urban economy, providing affordable goods and services to the urban poor and middle class. These vendors, primarily from rural backgrounds, face numerous challenges, including harassment from authorities and limited access to financial services. The demonetization of currency in India has posed additional hardships for street vendors, many of whom depend heavily on cash transactions. The government's push towards a cashless economy through initiatives like Pradhan Mantri Jan Dhan Yojana (PMJDY) aimed to foster financial inclusion, but it also introduced new challenges for vendors who were unprepared for digital payment methods. This study investigates the effects of demonetization on street vendors in Thoothukudi City, focusing on their awareness and adoption of cashless transaction methods.

Literature Review:

Demonetization in India was aimed at curbing black money, counterfeit currency, and corruption, but it also had far-reaching consequences for informal sectors like street vending. Previous studies have shown that cashless transactions can improve business efficiency and transparency (Murthy, 2009). However, vendors face significant barriers, including illiteracy, lack of technical infrastructure, and limited access to banking services (Zandi et al., 2016). In the context of street vending, these barriers are compounded by low levels of financial literacy and resistance to adopting digital payment systems (Saluja et al., 2015). Financial inclusion schemes like PMJDY are essential for bridging these gaps, but their effectiveness has been uneven across different socio-economic groups.

Research Methodology:

The research employs a quantitative approach, using primary data collected through surveys and interviews. A random sampling method was used to select 60 street vendors from Thoothukudi City. The questionnaire was designed to capture demographic information, awareness of cashless transactions, methods of transaction usage, and barriers faced by the vendors. Secondary data was also gathered from government reports, research papers, and online resources to contextualize the findings.

Data Analysis and Interpretation:

Table 1: Socio-Economic Profile of Street Vendors

S.No	Particulars	No. of Respondents	Percentage
1	Age Group		
	18-30	10	17
	31-40	28	46
	41-50	12	20
	51-60	10	17
2	Gender		
	Male	38	63
	Female	22	37

Data from the table highlights that 90% of respondents are aged between 31 and 60, and 63% are male. The educational background reveals that 75% of vendors have completed only primary education, which may affect their ability to adopt digital transactions.

Results:

1. Age Group Distribution of Street Vendors

The data shows the distribution of street vendors across different age groups. As illustrated in the bar chart, the majority of vendors (46%) fall within the 31-40 age group, followed by 20% in the 41-50 age range. Only 17% of vendors are in the 18-30 and 51-60 age groups.

2. Gender Distribution of Street Vendors

The gender distribution shows a higher percentage of male street vendors (63%) compared to female vendors (37%). The pie chart visually demonstrates the gender imbalance within the street vending sector.

3. Education Level of Street Vendors

The bar chart reveals that 50% of street vendors have completed only primary education, while 17% have completed secondary education and another 8% are illiterate. A significant portion (75%) of the vendors have low levels of education, which can impact their ability to engage with cashless transaction systems.

4. Monthly Income Distribution of Street Vendors

The income distribution of street vendors indicates that 70% of vendors earn between Rs. 10,000 and Rs. 15,000 per month. A smaller percentage of vendors (20%) earn between Rs. 15,001 and Rs. 20,000, while only 10% of vendors earn above Rs. 20,000.

These results provide a snapshot of the socio-economic characteristics of street vendors in Thoothukudi City, which can help in understanding the adoption challenges they face regarding cashless transactions.



Discussion:

The study found that while there was some level of awareness regarding cashless transactions, the adoption rate was low due to various barriers. The lack of financial literacy, limited access to mobile internet, and reluctance to trust digital payment methods were significant factors. The socio-economic conditions of vendors, including their education level and income, also played a crucial role in their ability to adopt cashless systems. Government initiatives like PMJDY have made banking accessible, but more needs to be done to improve digital literacy among street vendors.

Suggestions:

- The government should introduce targeted financial literacy campaigns focusing on digital payments.
- Financial institutions need to simplify digital banking processes for vendors.
- Regulatory measures should be introduced to ensure transparent and efficient e-payment systems for the informal sector.
- Local authorities should facilitate better access to mobile internet and digital payment infrastructure.

Conclusion:

The study concludes that while the transition to cashless transactions offers significant benefits, the practical challenges for street vendors in Thoothukudi City are considerable. Illiteracy, technical barriers, and a lack of awareness about digital financial tools are major obstacles. The government must focus on increasing financial literacy and making digital payment methods more accessible to street vendors, ensuring that the benefits of a cashless economy reach all segments of society.

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