



AN EMPIRICAL STUDY ON THE IMPACT OF COVID-19 PANDEMIC ON STREET VENDORS IN KARNATAKA

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Abstract

Everyone in the world experienced severe economic distress due to the global Covid-19 outbreak. In terms of livelihood and survival, the disease has disproportionately hurt the world's underprivileged population. The street sellers, who were among the worst impacted, suffered in an unanticipated way because their means of subsistence were destroyed. The standing committee of the Ministry of Housing and Urban Affairs (MoHUA) in December 2021 has reported many street vendors are yet to be covered under the scheme, the sanctions to disbursal ratio of the banks are not that encouraging, and many street vendors are yet to recover from the adverse impact of Covid on their businesses. The main objective of this research study was to determine how the pandemic affected the livelihood situations of street vendors and to identify methods for bolstering the urban economy in Karnataka cities following the outbreak. The study is confined to urban city in Karnataka – Bangalore. The government policy of promoting the livelihood of street vendors and digital transactions has led to the emergence of economic boost to the country after pandemic. A mixed research method, both quantitative and qualitative, was used in the present study. With a questionnaire, primary data was collected from 151 street vendors in the selected areas of Bengaluru city. The exploratory study's findings revealed that most street vendors lacked formal education, had low levels of income, were unaware of government-sponsored programmes, and were very unsatisfied with their line of work even after the lockdown was lifted. The study emphasized the necessity of promotion and creating awareness of government initiatives for the unorganized sectors.

Keywords: covid-19 pandemic, street vendors, governmental scheme, PM SVANidhi, Atmanirbhar Bharat Abhiyan

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1.0. INTRODUCTION

In May 2020, The PM SVANidhi scheme was introduced as a part of Atmanirbhar Bharat Abhiyan to assist street vendors who were affected by the COVID-19 pandemic in continuing their livelihood activities. This scheme aims to make their lives easier by acquiring affordable loans and using digital payments. Around 49.48 lakh street vendors have been identified in India, and 14% of the nation's informal urban economy is made up of street vendors. Street vendors are those that move from location to location, selling food, goods or services to the public from a temporary structure in a shared or private space. India's urban economy is

fundamentally dependent on street vending. According to estimates, almost 14 per cent of the overall informal urban economy and 4 per cent of the urban workforce labour are involved in vending.

In most developing countries, the informal trade sector dominates the total employment produced in the trade sector. According to Table 1.1, In India, the informal trade sector accounts for 96.4% of all trade jobs, and the share of informal Trade in GDP is 90.0 per cent which is the highest among all the developing countries.

Table 1.1 Proportion of Informal Trade Sector / Total Trade Employment and Gross Domestic Product in 2000

Region	Informal Trade Sector / Total trade employment(%)	Share % of Informal Trade in country's Gross Domestic Product
The Republic of Chad	99	67
The Republic of Benin	99	70
The Republic of Mali	98	57
India	96	90
Burkina Faso	94	46
Indonesia	93	77
Tunisia	88	56
Kenya	85	62
Philippines	73	52

Source: M. Chen (2000), "Women in the informal sector: a global picture, the global movement."

According to the ministry, the states and Union territories in the nation have 49,48,614 street sellers in total. The top 3 districts are Uttar Pradesh (8.49 lakh) and Madhya Pradesh (7.04 lakh). Maharashtra (5.84 lakhs). Karnataka has 2,65,477 street vendors.

1.1PM SVANidhi scheme for Street Vendors

Program called Atma Nirbhar Nidhi for Street Vendors (PM SVANidhi) is supported by the Housing and Urban Affairs Ministry (MoHUA) through instrumental agencies. This programme gives street vendors more power by giving them loans as well as supporting their overall

development and economic advancement. One of its goals was to offer working capital loans of up to Rs 10,000 to about 50 lakh street vendors with a 7% interest subsidy over a one-year term to assist them in restarting their enterprises in metropolitan areas. Another is to reward digital transactions with cashback payments between Rs 50 and Rs 100. In order to achieve the aforementioned goals, the initiative would provide new options for this industry to grow and reenter the labour market. It would also help street sellers formalize their businesses.

Table 2: Features of PM SVANidhi

Name of the Initiative	Pradhan Mantri Street Vendors Atmanirbhar Nidhi Yojana
Date of launch	June 1 st , 2020
Applied ROI	Bank ROI and 7 per cent additional subsidy on interest
cashback benefits	launch of mobile application on July 17, 2022.

Source: <https://mohua.gov.in/>

1.2Aim of the study

Since street sellers play a significant role in urban economy and culture, PM Svanidhi's data-driven approach will improve the creation and application

of policies. It is possible to formalize street vending, create major jobs, and boost the urban economy by empowering them through patronage and support from the general public. This scheme

aims to give street sellers and their families a social security safety net. It also aims to initiate online transactions. This study emphasized how the Covid-19 pandemic affected street vendor's livelihood status after pandemic. The study also seeks to understand the awareness and interest level, access and reach, problems and challenges faced by the street vendors in Karnataka.

1.3 Statement of the Problem

Lockdowns brought on by Covid-19 had a significant negative impact on the life and livelihood of street vendors. These vendors run microbusinesses, hence do not have any advantage economies of scale. Thus there is no safety net to withstand risks. Most street vendors operate with minimal capital that they borrow from unofficial money lenders at extremely high-interest rates. Additionally, during the lockdown, they might have spent their savings and expensive capital. In order to help street vendors to restart their businesses, it is imperative to offer them access to required financing for working capital through official banking channels. To support these street vendors, the Ministry of Urban Affairs of the Government of India established PM SVANIDHI (Prime Minister's Street Vendors Atmanirbhar Nidhi) during this pandemic.

2.0 LITERATURE REVIEW

Despite the fact that they were allowed to sell necessities during the lockdowns as a result of pressure from vendor advocacy groups, the costs and dangers were relatively high because the wholesale markets were comparatively harder to reach, making it more challenging to operate. Additionally, there were also fewer people in the crowds in cities and markets. (Majithia. 2020)

This will enable them to make their welfare policies that are state-specific and benefits available to qualifying PM SVANidhi beneficiaries and their families (Tiwari, 2020). This programme would help create safety nets for the most vulnerable and mark a significant step towards bringing a sizeable population from the informal to the formal sector.

Without awareness and knowledge, a policy may go unnoticed by the majority of stakeholders. SVANidhi is moving in this direction. An investigation into different Indian cities revealed that more than 50% of the sellers were unaware of the scheme. The remaining 48% were informed about it via sources, including friends, relatives, or the media. (Jha,2021).

According to numerous studies undertaken in both developed and developing nations, street vending is a significant economic activity that serves as a social safety net for marginal and disadvantaged communities. There is a propensity to view street vendors as a problem (Rogerson,2016).

In advanced nations, the rapport between informal street vending and the formal economy mostly relates to competition between regular and informal street vendors. Several studies demonstrate that informal selling often occurs in open air markets where regular sellers and informal actors coexist (Devlin, 2019).

Conflict and competitive dynamics are facilitated by the two types of vendors' frequent coexistence in the same metropolitan areas. (Coletto, 2019). The informal street trade market competes with the formal trade market, harming the economy of the commercial sector (Forkuor, 2017).

Street vending dominates the informal sector in many countries, which is crucial for producing money, providing jobs, and boosting output. (Recchi, 2020). In India, street sellers account for 14% of all urban informal employment, whereas in Lima and Peru, they account for 9% of all urban informal employment in sub-Saharan Africa (12–14%). (Roever, 2014).

The working circumstances of street vendors are frequently characterized by poor wages, no social security or governmental assistances, lengthy workdays and dangerous working hazards (Eltzon, 2015).

Street vending, based on the theoretical framework Bayat developed to examine informality in the global South, is not only a means of coping with socioeconomic injustices but also a deliberate act of resistance that defies social, political, and legal norms (Bayat, 2004).

Despite an increase in sales following the implementation of E-Wallet services, cash transactions predominated over E-Wallet transactions in terms of volume. A small percentage of respondents believe that there are significant challenges, such as network issues and delayed crediting of funds to their accounts. (Swathi,2019).

Bhowmik (2011) According to this study, street sellers have received little to no attention from the financial inclusion strategy. The National Policy for Street Sellers attempted to solve the issue of

financial inclusion for street vendors by establishing SHGs, Associations, and Microfinance Institutions, but it was inadequately implemented and failed.

According to Sarma (2005), most retail merchants in India are either roadside shopkeepers who sell groceries or food products or unorganized retail traders who sell products on a cart.

The PM SVANidhi programme 2020 makes an effort to organize the street vendor sector. Still, digital and financial literacy must be improved because the credit system makes their issues worse by giving people credit instead of providing them with urgent aid in such trying circumstances. (Maniktala, 2020).

2.1 Conceptual Framework

Standard theories and ideologies are not very relevant to the evaluation of the level of development of street vendors because of the habitats of these people. Therefore, based on the realities and importance of some tactical factors, the following variables are employed to assess the level of socioeconomic advancement achieved by these street vendors. a) Literacy and educational level of the family b) per capita Income of the family c) awareness level of the scheme d) Access and reach of gatekeepers e) process of getting loan f) Technology adoption.

2.2 Research Objectives

1. To study the socioeconomic and demographic characteristics of Karnataka's street vendors.
2. To investigate the problems and challenges faced throughout the time of lockdown.

4.0 ANALYSIS AND RESULTS

4.1 The street vendors' demographics and socioeconomic profile:

3. To identify the awareness level of government schemes for street vendors.

3.0 RESEARCH METHODOLOGY AND DATA SOURCE

3.1 Study Area

The urban city of Karnataka – Bangalore, was taken as the study area for this research. Out of 31 districts in Karnataka, Bangalore is the top urban agglomeration city. Therefore, the study selected Bangalore, Karnataka in India, as the study area to achieve the objectives of the study.

3.2 Sample

The sample population for this research is the street vendors in Bangalore, Karnataka.

3.3 Sampling method

At each location, street sellers were chosen using the area probability sampling method at randomized times on previously arranged dates. Data was collected at all destinations beginning in April and ending on June 2021. The sample size is 165 street vendors.

3.4 Data Collection

Data were collected at the sites using a well-designed structured questionnaire and a face-to-face interview. The questionnaire consists of two sections. In the first section, the demographic and psychographic details of the street vendors were collected. In the next section, questions relating to awareness and interest level, access and reach, hindrances, problems and challenges faced were asked. With the help of the Statistical Package for Social Sciences, the data were computed and examined (SPSS 21).

Table 3: Socio-economic, Demographic Details

Particulars	Frequency	Percentage	
Gender	Female	62	37.6
	Male	103	62.4
Age (years)	15-24	22	13.3
	25-34	39	23.6
	35-44	67	40.6
	45-54	27	16.4
	55-64	7	4.2
	Above 64	3	1.8
Education	Illiterate	65	39.4
	Primary level	79	47.9
	10 th std	21	39.4
Residence	Own	13	7.9
	Rented	152	92.1

Income/week	< Rs 4000	112	67.9
	Rs4000- Rs8000	45	27.3
	> Rs8000	8	4.8
Source of Investment	Self investment from savings	71	43
	Borrow from money lenders	89	54
	Borrow from friends/ relatives	5	3
Below Poverty Line (BPL)card	Yes	149	90
	No	16	10
Working time /Day	< than 4 hours	0	0.0
	4hours-10hours	12	7.2
	10 hours-14hours	125	75.8
	> than 14hours	28	17.0
Mode of Business	Permanent shelter	13	7.9
	Temporary shelter	87	52.7
	Cart seller	65	39.4
Influencing factor	Poverty	12	7.3
	No Employment	118	71.5
	Family business	35	21.2

Source: Authors' computations

Table 3 shows 37.6% of the street vendors are female, making men the majority in the street selling industry (62.4%) in this survey. It shows that 40.6% of the street vendors were in the age group between 35 years-44 years. Only 39.4% of street vendors have passed the SSLC, indicating that are not well-educated enough to comprehend the government's plans and programmes. A majority (92.1%) of the street sellers live in rented homes and only 7.9% of them own their own homes.

In close proximity to the locations, street vendors offer goods and services at lower prices. However, the income of the street vendor was quite poor. i.e. 67.9% have less than Rs 4000 per week and

working conditions are poor. Almost half (54%) of the street vendors take out a loan from lenders for a higher interest rate for investing in the business. Most of the street vendors have Below Poverty Line (BPL) cards, i.e. Since 90.0% of street sellers have BPL cards, possessing the cards enables the government to directly assist the vendors. Most of the Street vendors, i.e., 75.5%, need to work for about 10 hours-14 hours to run their family. 32.4% of the street vendors in this industry are cart sellers, and 52.7% of them use temporary housing while operating their businesses. There were no other professions available that matched their degree and skill set, which is the main reason (given by 71.5% of street sellers) for choosing this line of work.

4.2 Problems and Challenges of street vendors

Table 4: Problems and Challenges of street vendors

Particulars	Responses	Frequency	Percentage
Closure of business during lockdown	Yes	74	44.8
	No	91	55.2
Debt increased because of the lockdown	Yes	53	32.1
	No	112	67.9
Switching to new business due to lockdown	Yes	23	13.9
	No	142	86.1
Manage to survive in business	Self-supporting	95	57.6
	Availing loans from banks	0	0.0
	Availing money from relatives/ friends	40	24.2
	Hand loan from private money lenders	30	18.8

Assistance from the government during the lockdown	Yes	19	11.5
	No	146	88.5
Assistance from the government post lockdown	Yes	21	12.7
	No	144	87.3

Table 4 shows almost half of the street vendors surveyed closed their businesses during the lockdown. 32.1% of the street vendors were suffering from the increase in debt due to the lockdown. 86.1% of the street vendors retained the same business. During the lockdown, a large

portion of the street vendors survived with their own savings funds. Nobody got a credit loan from the banks. Most of the street vendors were worried, saying that they did not get assistance from the government during the lockdown and post-Covid also.

4.3 Awareness of welfare schemes among street vendors

Table 5: Awareness of welfare schemes among street vendors

Particulars	Responses	Frequency	Percentage
Member of any Self-Help Group	Yes	14	8.5
	No	151	91.5
Member of the street vendor union	Yes	0	0.0
	No	165	100.0
Holds Bank account	Yes	97	58.8
	No	68	41.2
Using online transactions in business	Yes	138	83.6
	No	27	16.4
Aware of the PM SVANidhi scheme	Yes	58	35.2
	No	107	64.8

Only a small percentage of the street vendors in the survey were involved in self-help groups, and not a single vendor belongs to the union of street vendors. More than half (58.8%) of street vendors have bank accounts, and 83.6% use various UPIs like Google Pay and Phone Pay for online transactions related to their businesses. About 35.2% of the survey's merchants are familiar with the PM SVANidhi scheme. The majority of vendors who sought the PM SVANidhi initiative did not receive loans because they had previously secured loans. Due to the complicated loan application process, many vendors showed little interest.

5. CONCLUSIONS AND RECOMMENDATIONS

The street vendors in this study are low-income, and illiterate. The majority of street vendors were not aware of their rights and so did not comprehend the government programmes designed just for them that could be utilized to their advantage. The street vendors most desperately needed financial support as they had no income both during the lockdown and post-lockdown. Despite this, many street vendors were able to survive by either borrowing money from private money lenders at very high-interest rates or using lifelong savings.

In conclusion, both the government and the street vendors had a clear lack of execution and a knowledge gap. The government could have done better in reaching out and explaining to them about the programme, the necessity to apply, and how it will be useful for them. Therefore, it is recommended that whenever the government passes a scheme, loan, or act that benefits street vendors, it is necessary to create awareness of the scheme among the street vendors, assist them in applying for it, and make sure that they repay the loan amount on schedule in order to prevent the public sector banks from suffering a loss as a result of bad loans of this scheme. This will foster trust between street vendors and banks as well as between them and the government, which is always ready to help all facets of society.

Some other recommendations for policymaking are as follows:

1. The government can offer assistance in providing the necessities.
2. Vending spaces must be available for productive work in a secured environment.
3. The street vendors should be made aware of their rights that are provided by the government

so that they do not get exploited by private lending parties.

4. By promoting government programmes, the information gap that exists between street sellers and the bank or government can be closed. Creating awareness of the programme, loans, and Act.
5. Providing easy and simple way to approach the bank for a loan.
6. Different modes of repayment of loans should be provided for easy repayment.
7. Maintenance of road seller information will help the government to implement their plans and can easily assess the effect of the new schemes introduced.

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