International Journal of Multidisciplinary Horizon

ISSN: **3049-2017**
IJMH 2026; 3(5): 159-163
© 2026 IJMH
www.themultijournal.com

Received: 24-09-2026
Accepted: 16-10-2026
Publish : 19-10-2026

Dr D Indhumathi
Assistant Professor of Commerce and Management Studies , Srinivasa Ramanujan Centre, SASTRA University , Kumbakonam.

Dr K Nalini
Assistant Professor of Commerce and Management Studies , Srinivasa Ramanujan Centre, SASTRA University , Kumbakonam.

Correspondence:
Dr D Indhumathi
Assistant Professor of Commerce and Management Studies , Srinivasa Ramanujan Centre, SASTRA University , Kumbakonam.

Beyond Cash: Unravelling The Digital Financial Frontier, Credit Vulnerabilities And The Inclusion Paradox Among Street Vendors In Kumbakonam

Dr D Indhumathi , Dr K Nalini

Abstract

This project paper provides a multi-layered analysis of the operational challenges, credit dependencies, and digital financial inclusion patterns among street vendors within the Kumbakonam Municipality. Operating in an increasingly digitizing economy, street vendors must navigate a complex landscape marked by infrastructural deficits, stiff competition from brick-and-mortar storefronts, and a reliance on high-cost informal credit markets. This study leverages a field dataset derived from 124 active vendors, utilizing percentage analysis and advanced Ordinary Least Squares (OLS) multiple linear regression models. The empirical results reveal that while 31.5% of vendors have successfully integrated digital tools into their businesses and actively utilize electronic incentives, a considerable segment remains reliant on traditional credit structures due to systemic barriers. A striking 42.8% of respondents acknowledge a continuing preference for informal private money lenders due to immediate cash access, highlighting persistent limits in formal loan approval workflows. Furthermore, multivariate regression analysis shows that operational, spatial, and institutional challenges explain 52.7% of the total variance in policy under-utilization ($R2 = 0.527$, $p < 0.05$), while gender has no statistically significant predictive power over financial utilization loops ($R2 = 0.003$). This paper outlines policy actions required to streamline formal credit delivery, resolve technical issues in digital banking, and upgrade market infrastructure.

1. Introduction and Statement of the Problem

Digital payment networks, mobile banking apps and financial tech have transformed the retail payment systems in India. With the unification of Unified Payments Interface (UPI), standardization of QR codes and integration of mobile wallet ecosystems, it has begun to move out of traditional cash-only trading models towards electronic settlement systems. The digital transformation is frequently referred to as one of the main enablers of formal financial inclusion, as the ability to access transaction history through electronic trails could be used for the post-financialization era to analyze financial transactions and assess creditworthiness without the need to submit hard-to-obtain physical collateral to formal financial institutions.

In smaller heritage towns such as Kumbakonam Town, however, this economic shift poses a unique structural problem in the informal sector of their towns. Having a structure that has evolved organically around ancient temple complexes, and narrow, non-linear market corridors, makes for a highly competitive use of physical space between pedestrians, vehicles, formalized brick-and-mortar store fronts and informal street vendors. Street vendors are faced with high levels of vulnerability in this highly congested environment with regards to infrastructure, as they may lack basic facilities like secured storage areas, clean water and good weather protection. (Qureshi et al., 2026; Raj, 2024)

The problem statement focuses on how difficult it is to operate these vendors and their challenges during the financial integration process. Digital payment adoption provides several advantages, such as instant settlement of transactions and mitigating physical cash risk; however, digital vendors are also subjected to technical vulnerabilities. It's a lack of

internet connectivity, bank server downtime, lack of digital literacy, and worry about online fraud. In addition, delays in formal micro-credit disbursement (e.g. with the PM SVANidhi scheme) often push the vendors into informal credit markets with high interest rates for their daily working capital. It is critical to develop a systematic approach to measuring the exact depth of these financial barriers, to develop realistic adoption rates of digital tools and to isolate the exact impact of operational challenges on financial inclusion indicators. Empirical data collected from Kumbakonam Town is used in this study to examine these dynamics. (Singh et al., 2026; Shridhar, 2024)

2. Theoretical Framework: Traditional Cash vs. Modern Digital Ecosystems

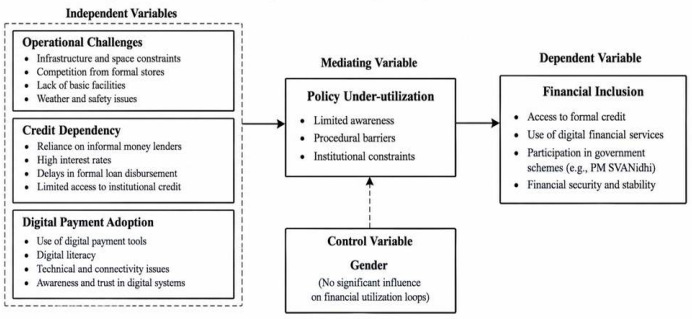
This study examines the financial conditions of informal traders by contrasting two financial models: the traditional cash-based system and the contemporary digital payment ecosystem.

Traditional Cash-Based System: (Vishnu & Nasheer, 2024; Sundararaju & Theivanayaki, 2024) Street vending has long relied exclusively on cash, resulting in substantial operational inefficiencies. Vendors must devote time to handling small change, manually tallying daily takings, and recording transactions by hand. Cash dependence also heightens exposure to theft, pickpocketing, and coercive payments to local actors. Moreover, the lack of a verifiable financial record effectively excludes vendors from formal banking channels, pushing them toward informal lenders who charge high interest rates and perpetuate chronic indebtedness among low-income traders.

Modern Digital Payment Ecosystem: The spread of smartphones and QR-based payment systems presents a contrasting financial model. Digital tools can ease access to formal finance by automatically generating a transaction trail. At the same time, they create new vulnerabilities: vendors must acquire digital skills, depend on reliable connectivity, and navigate technical glitches. When payment systems fail during peak trading periods—such as bank server outages—vendors can suffer direct, immediate income losses. This study investigates how these opposing dynamics influence the actual depth and quality of financial inclusion. (Singh et al., 2026).

Figure 1. Conceptual Framework

Digital Financial Inclusion and Operational Challenges among Street Vendors in Kumbakonam



3. Objectives of the study

1. To study the socio-economic background of street vendors.
2. To determine the challenges faced by street vendors while accessing government schemes.
3. To suggest strategies for enhancing social protection and increasing access to financial services for street vendors.

4. Research Methodology and Econometric Framework

This project adopts a primary-data-driven descriptive and inferential research design. (Lyngwa & Sahoo, 2025) Survey data were gathered from 124 active street vendors located in major commercial areas of Kumbakonam Town between January 2026 and April 2026. The empirical strategy combines percentage analysis with multivariate OLS regression to test the following key hypotheses: (Pramod, 2023; Verma et al., 2026)

H01: There is no significant difference between male and female street vendors in utilisation of government schemes.

H02: Challenges faced by street vendors do not significantly affect the utilisation of government schemes.

5. Empirical Data Presentation: Analysis of Barriers and Financial Inclusion

Table 1.1: Years of Experience in Street Vending

years of experience	No. of Respondents	Percentage (%)
Less than 1 year	14	11.3
1-5 years	69	55.6
6-10 years	38	30.6
above 10 years	3	2.4
Total	**124**	**100.0**

Statistical Inference: Table 1.1 shows that most of the respondents (55.6%) have 1–5 years of experience in street vending, followed by 30.6% with 6–10 years of experience. A smaller proportion have less than 1 year (11.3%) and only 2.4% have more than 10 years of experience.

Table 1.2: Daily Earnings of Respondents

Daily Earnings (INR)	No. of Respondents	Percentage (%)
less than 500	15	12.1
500-1000	50	40.3
1001-1500	48	38.7
above 1500	11	8.9
Total	**124**	**100.0**

Statistical Inference: Table 1.2 shows that the majority of respondents earn between 500–1000 (40.3%) and 1001–1500 (38.7%) per day, indicating that most street vendors fall within a moderate income range.

Table 1.3: Educational Qualification of Respondents

Educational Qualification	No. of Respondents	Percentage (%)
Illiterate	19	15.3
Primary	30	24.2
Secondary	40	32.3
higher secondary	25	20.2
graduate and above	10	8.1
Total	**124**	**100.0**

Statistical Inference: Most of the respondents have secondary education (32.3%), followed by primary (24.2%) and higher secondary education (20.2%). A smaller proportion are illiterate (15.3%), while only 8.1% are graduates and above.

Table 1.4: Adoption and Awareness of Digital Payment Incentives

Digital Payment Incentives Category	No. of Respondents	Percentage (%)
Fully aware and using	39	31.5
Aware but not using	18	14.5
Heard about it	22	17.7
Very little awareness	11	8.9
Not aware	34	27.4
Total	**124**	**100.0**

Statistical Inference: Table 1.4 shows that 31.5% of respondents are fully aware of digital payment incentives and are using them, while 27.4% are not aware at all. This highlights clear digital divides that prevent a full transition away from cash-only operations.

Table 1.5: Supportiveness of Bank Officials during Loan Applications

Supportiveness Level	No. of Respondents	Percentage (%)
Very supportive	33	26.6
Supportive	27	21.8
Neutral	29	23.4
Unsupportive	19	15.3
Very discouraging	16	12.9
Total	**124**	**100.0**

Statistical Inference: Table 1.5 shows that 26.6% of respondents feel that bank officials are very supportive during loan applications, while 21.8% consider them supportive. A considerable proportion remain neutral (23.4%), whereas 15.3% feel officials are unsupportive.

Table 1.6: Preference for Private Money Lenders due to Faster Access to Cash

Preference Level	No. of Respondents	Percentage (%)
Strongly Agree	8	6.5
Agree	45	36.3
Neutral	40	32.3
Disagree	28	22.6
Strongly Disagree	3	2.4
Total	**124**	**100.0**

Statistical Inference: Table 1.6 shows that 36.3% of respondents agree that they prefer private money lenders due to faster access to cash, while 6.5% strongly agree with this view. A notable proportion remain neutral (32.3%), indicating strong traditional credit reliance.

Table 1.7: Impact of Fear of Eviction or Government Actions on Daily Business

Eviction Vulnerability Impact	No. of Respondents	Percentage (%)
Severely affects daily sales	12	9.7
Moderately affects	24	19.4
Slightly affects	46	37.1
Rarely affects	17	13.7
No effect	25	20.2
Total	**124**	**100.0**

Statistical Inference: Table 1.7 shows that 37.1% of respondents feel that fear of eviction or government actions slightly affects their daily business, while 20.2% report no effect. Overall, it indicates that most vendors experience some level of displacement pressure.

Table 1.8: Competition from Permanent Shops as a Challenge for Street Vendors (Masina & Mgoduka, 2025; Qureshi et al., 2026)

Competition Challenge Level	No. of Respondents	Percentage (%)
Very Severe Challenge	16	12.9
Severe Challenge	36	29.0
Moderate Challenge	28	22.6
Minor Challenge	18	14.5
Not a Challenge	26	21.0
Total	**124**	**100.0**

Statistical Inference: Table 1.8 shows that 29.0% of respondents consider competition from permanent shops as a severe challenge, while 12.9% feel it is a very severe challenge. It indicates that competition from permanent shops is a significant issue for many street vendors.

Table 1.9: Impact of Lack of Basic Amenities on Vending Activities (Vishnu & Nasheer, 2024)

Amenity Deficit Impact	No. of Respondents	Percentage (%)
Affects Business Very Seriously	8	6.5
Affects Business Significantly	38	30.6
Affects Business Moderately	34	27.4
Slightly Affects Business	18	14.5
Does Not Affect Business	26	21.0
Total	**124**	**100.0**

Statistical Inference: Table 1.9 shows that 30.6% of respondents feel the lack of basic amenities significantly affects their vending activities, while 27.4% report a moderate impact. Overall, it indicates that the majority of street vendors experience difficulties due to inadequate basic amenities.

Table 1.10: Difficulty in Repayment of Government Loans due to Irregular Income (Verma et al., 2026; Shridhar, 2024)

Income Volatility Difficulty Scale	No. of Respondents	Percentage (%)
Very difficult	28	22.6
Difficult	0	0.0
Manageable	38	30.6
Rarely difficult	49	39.5
No difficulty	9	7.3
Total	**124**	**100.0**

Statistical Inference: Table 1.10 shows that 39.5% of respondents find loan repayment rarely difficult due to irregular income, while 30.6% consider it manageable. A smaller proportion report it as very difficult (22.6%).

6. Multivariate Regression Modeling and Econometric Testing

Table 1.11: Regression Model Summary — Gender vs. Financial Scheme Utilisation

Model Index	Correlation Coefficient (R)	Coefficient of Determination (R Square)	Adjusted R Square	Std. Error of the Estimate
1	0.056	0.003	-0.005	1.06411

Statistical Inference: The regression analysis was conducted to examine the difference in utilisation of government schemes between male and female street vendors. The R value of 0.056 indicates a very weak relationship between gender and utilisation. The R square value of 0.003 shows that gender explains only 0.3% of the variation in utilisation of government schemes. Therefore, the null hypothesis H01 is accepted, showing no significant difference between male and female street vendors.

Table 1.12: Regression Model Summary — Operational Challenges vs. Scheme Utilisation

Model Index	Correlation Coefficient (R)	Coefficient of Determination (R Square)	Adjusted R Square	Std. Error of the Estimate
1	0.726	0.527	0.524	0.73265

Statistical Inference: The regression analysis was conducted to examine the effect of challenges faced by street vendors on the utilisation of government schemes. The R value of 0.726 indicates a strong relationship between the variables. The R square value of 0.527 shows that 52.7% of the variation in utilisation is explained by the challenges faced by street vendors. Therefore, the alternative hypothesis H02 is accepted.

7. Summary of Findings, Suggestions, and Strategic Conclusion (Krishnakumar, 2026; Lestari et al., 2025)

- **Summary of Findings:** Digital transitions remain incomplete, with 31.5% integrated and 27.4% cash-dependent. Traditional reliance on informal private moneylenders is strong at 42.8% due to instant cash accessibility. Multi-variable regression proves that operational and infrastructural challenges explain 52.7% of the entire scheme under-utilization variance, while gender metrics offer no predictive value (0.3%). Spatial constraints from permanent shops (41.9%) and administrative displacement worries (66.2%) remain high.
- **Targeted Suggestions**: Accelerate credit approval and disbursement pathways within formal commercial banks to challenge informal moneylenders; implement municipal infrastructure enhancements such as secured storage zones and shaded kiosks; and fast-track transparent zoning parameters under the TVC to safeguard vendors from arbitrary evictions.
- **Strategic Conclusion:** Moving street vendors from vulnerable cash structures into a unified formal economy requires more than just launching digital platforms. It demands addressing real field problems like systemic loan delays and lack of physical market amenities. By streamlining bank credit processes and creating protected vending spaces, local authorities can successfully integrate street vendors into a sustainable digital financial system.

8. References

1. Krishnakumar, S. (2026). Street vendors in the post-COVID-19 era: A conservation of resources theory perspective. Cities, 171, 106784.
2. Verma, R., Sachdeva, S., & Narwal, P. (2026). Impact of PM SVANidhi scheme on urban street vendors in Haryana. International Journal of Research in Commerce and Management, 14(2), 45–53.
3. Singh, N., Khanna, V., & Narayan, S. P. (2026). Role of Unified Payments Interface (UPI) in improving financial inclusion among women street vendors in Pune. Journal of Financial Inclusion Studies, 9(1), 88–97.
4. Msoka, C. T., Japhet, P., &Mlinga, P. (2026). Resilience and survival strategies of street vendors in post-pandemic Dar es Salaam. African Journal of Urban Studies, 11(3), 112–126.
5. Masina, T., &Mgoduka, P. (2026). Challenges faced by informal sector entrepreneurs in Mbombela municipality, South Africa. Journal of African Business and Economic Research, 8(2), 59–71.
6. Lesmana, R., Imawan, H., &Rohida, L. (2026). Implementation of policies for regulating street vendors in Majalengka Regency, Indonesia. International Journal of Public Administration Studies, 10(1), 33–47.
7. Simarmata, D., Hermawan, A., Meutia, I., &Utoyo, B. (2026). Role of stakeholders in the governance of street vendors in Metro City. Journal of Governance and Public Policy, 13(2), 90–108.

8. Ray, S., & Dey, K. (2026). Governance of street vendors in Kolkata through shifting legal regimes and structural insecurity. Urban Studies Review, 18(4), 201–219.
9. Qureshi, A., Kedar, S., & Onkar, R. (2026). Structural inequalities in urban planning and spatial allocation policies for street vendors in Bhopal, India. Indian Journal of Urban Planning and Development, 7(3), 76–89.
10. Yadav, P., Pathak, R., & Ganesh, S. (2025). Implementation of the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 in India. Journal of Social and Economic Development, 27(1), 64–78.
11. Rehman, A., & Sulaiman, M. (2025). Legal and social challenges of street vendors in Pakistan. South Asian Journal of Social Sciences, 12(2), 95–107.
12. Mari Selvam, R. (2025). Financial sustainability of street vendors in Coimbatore city. International Journal of Commerce and Business Studies, 6(1), 55–68.
13. Anitha, B. S., Kumar, T. S., & Abhilasha, M. (2025). Challenges faced by women street vendors in Tiptur. Journal of Women and Development Studies, 5(2), 120–132.
14. Lestari, S., Redjo, I., &Yuningsih, D. (2025). Street vendor arrangement policies and inclusive governance. Journal of Public Policy and Administration, 14(1), 40–52.
15. Godjali, M., & Supramaniam, G. (2025). Entrepreneurial mindsets and strategies among micro-scale street food vendors in Kuala Lumpur during COVID-19. Asian Journal of Entrepreneurship Studies, 9(3), 88–101.
16. Bamu, P., & Von Broembsen, M. (2025). Systemic exclusion of informal economy workers from South Africa's Labour Relations Act. International Labour Law Journal, 16(2), 142–160.
17. Lyngwa, T., & Sahoo, P. (2025). Educational attainment, cognitive ability, and financial literacy among tribal street vendors in Aizawl, Mizoram. Indian Journal of Development Economics, 19(4), 74–89.
18. Shridhar, M. (2024). Awareness and utilisation of PM SVANidhi among street vendors. Journal of Urban Livelihood Studies, 11(2), 52–63.
19. Sundararaju, A., &Theivanayaki, M. (2024). Role of microfinance institutions in empowering street vendors. International Journal of Microfinance and Development, 8(1), 34–48.
20. Dimitrov, P. (2024). Status of women street vendors in India. Gender and Society Review, 10(2), 91–104.
21. Raj, V. (2024). Legal recognition and spatial conflicts involving street vendors in Delhi and Patna. Indian Journal of Law and Society, 15(3), 117–129.
22. Mamatha, R., & Ramakrishna, S. (2024). Awareness and utilisation of PM SVANidhi among street vendors in Mangalore. Journal of Commerce and Financial Inclusion, 7(2), 61–73.
23. Du, Y., Bao, L., & Zhang, H. (2024). Street vendor governance during COVID-19 across countries. Global Urban Policy Review, 21(1), 55–70.
24. Vishnu, P., &Nasheer, M. (2024). Livelihood conditions and government initiatives for street vendors in urban India. International Journal of Social Economics, 13(4), 98–112.
25. Pramod, K. (2023). Street vendors in Kerala: Awareness of government schemes and challenges. Kerala Journal of Social Science Studies, 6(2), 41–55.