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Socio-Economic Profiles of Street Venders and Financial Inclusion Perception: How Socio-Economic Characteristics of Street Vendors Shape Attitudes Toward Financial Inclusion in Jeypore Town of Koraput District, Odisha

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ABSTRACT: Street vendors' access to formal financial services is severely limited by their socioeconomic features, particularly their poor income, low level of education, and informal status. Despite being essential to metropolitan economies, these circumstances frequently compel people to turn to high-interest, unofficial moneylenders.

Objective: The current study aims to identify the factors that affect street vendors' adoption of financial inclusion and examine the operational efficacy of financial inclusion.

Methodology: The study was based on a field survey conducted in the Koraput district of southern Odisha. In the Koraput district, 100 street vendors in Jeypore town were surveyed using questionnaires. Probit regression is used to identify the factors affecting the acceptance of financial inclusion.

Finding and conclusion: Highly educated and well-off street vendors are more likely to embrace financial inclusion because they are risk averse, have an efficient capital base, greater family incomes, and more debt. Low-level street sellers, however, who have less resources and a smaller capital base, are at risk of financial exclusion. Because of their unofficial status, erratic revenue, and lack of paperwork, street sellers encounter major obstacles to financial inclusion. Low financial literacy, lack of collateral, exclusion from banking services, and restricted access to formal credit—which forces reliance on high-interest loans—are major issues. The inability to maintain minimal bank balances, harassment, and eviction all make these difficulties worse.

KEYWORD: Financial Inclusion, Financial Exclusion, Street Vendors, Socio-Economic Characteristics, Formal Financial Services.

JEL Code: G1, G21, C1, I31

INTRODUCTION

Millions of people depend on street vendors to supply them with necessities, making them the backbone of the urban informal economy. They stayed "financially invisible," however, for decades, caught in a vicious cycle of high-interest loans from unofficial moneylenders. This environment has been drastically changed by the push for financial inclusion, which is the provision of financial services to low-income and underprivileged groups at reasonable prices. The formalisation of the vending industry is promoting macroeconomic stability and personal wealth through targeted lending programs, the use of digital payments, and social safety nets.

By giving them access to credit, digital payments, and social security, financial inclusion of street vendors seeks to integrate unofficial microbusiness owners into the established banking system. Launched in 2020, the PIB PM SVANidhi initiative serves as a major motivator by providing working capital loans up to ₹50,000 without collateral, encouraging digital transactions, and promoting financial awareness. The goal of financial inclusion for street vendors is to include these unofficial workers into the official banking system by giving them access to social security, digital payments, and credit. As of February 2026, millions of vendors had switched from high-interest informal moneylenders to regulated low-interest credit thanks to major government measures (Sharma, 2025).

In the past, street sellers relied on "daily-reset" loans from private lenders and conducted business nearly exclusively with cash. These unofficial loans sometimes have outrageous interest rates—up to 300% annually. Traditional financial institutions considered sellers "unbankable" if they lacked a bank account or a formal credit history. They were unable to grow their companies or withstand economic shocks like the COVID-19 pandemic's disruptions because of this lack of access.

Therefore, the socioeconomic traits of street vendors and their impact on financial inclusion in Jeypore town, Koraput district, are the primary subject of this study.

REVIEW OF LITERATURE

According to Sane and Sharma (2022), the use of "daily-reset" loans, which frequently have yearly interest rates more than 300%, leads to a debt trap that inhibits capital formation.

According to the Reserve Bank of India [RBI] (2023), the use of digital payments produces a "verifiable transaction history." Banks may evaluate risk without using traditional financial statements thanks to this digital footprint, which acts as alternative data for credit rating.

Digital inclusion is more than simply payments, Chen and Ziglio (2021) stress; it is a means of achieving "economic visibility." Vendors may move from the shadow economy into a recognised financial ecosystem and become qualified for insurance and pension products by employing QR codes.

Regarding the "digital-literacy gap," Debnath and Shankar (2023) point out that although vendors could have cellphones, they frequently have a deep-seated fear of cyber-fraud and hidden transaction bank charges. A common result of this psychological barrier is "partial inclusion," in which a vendor has a bank account but still does most of their business in cash.

In their discussion of institutional opposition, Skinner and Watson (2021) discover that conventional bank executives frequently see street sellers as "high-risk" or "highmaintenance" customers. Despite the existence of federal directives, this prejudice leads to a lack of proactive assistance at the branch level.

OBJECTIVE OF THE STUDY

To determine the factors influencing street sellers' adoption of Financial Inclusion and look into the operational efficacy of the Financial Inclusion.

Hypothesis:

H0: Age, caste, education, income, family size, credit, saving, and risk are socioeconomic characteristics that have no bearing on financial inclusion.

H1: Age, caste, education, income, family size, credit, saving, and risk are socioeconomic characteristics that have little bearing on financial inclusion.

Study Area

To assess the elements influencing street sellers' acceptance of financial inclusion, a field study was conducted in the southern Odisha town of Jeypore, in the Koraput district. The tribally controlled district of Koraput is well-known for its high prevalence of mass and enduring poverty. Malnourishment, hunger, migration, and persistent agricultural failures are indicators of poverty in this area. Severe droughts and floods often occur in quick succession in this region. Because of this, the locals make a living as street vendors by peddling imported commodities from Chhattisgarh and Andhra Pradesh as well as tribal handicrafts.

METHODOLOGY

The street sellers were selected for the field survey using a stratified multi-stage random sample technique in order to identify the variables influencing the adoption of financial inclusion. The district of Koraput was chosen as the first stage's study area. Jeypore Town in the district was selected for the second round. Based on their coverage of high street vendors, five areas from this town—Parabeda, Gadapadar, Kenduguda, Bell Road, and VDU Chhack—were selected for the third stage. Finally, 20 street vendors were chosen at random from the defined regions for the study. Thus, the survey comprised a total of 100 street vendors. Primary data was collected from these street sellers through direct interviews using standardized questionnaires.

This study fits a probit regression equation to identify the variables influencing street merchants' adoption of financial inclusion. The following the is equation for the probit model;

$$FI = f\,(\text{Age, Caste, Education, Income, Family Size, Credit, Saving, Risk})$$

$$FI = \beta_0 + \beta_{Age} + \beta_{Caste} + \beta_{Edu} + \beta_{Income} + \beta_{Family\ size} + \beta_{Credit} + \beta_{Saving} + \beta_{Risk} + U_i$$

Where,

FI = Financial Inclusion

β_{Age} = age of the Street Vendor

β_{Caste} = whether the Street Vendor belongs to SC/ST; if yes = 1, if no = 0

β_{Edu} = number of years the Street Vendor has received education

β_{Income} = total income of the Street Vendor

$\beta_{Family\ size}$ = Family Size of the Street Vendor

β_{Credit} = amount of the outstanding loan of the Street vendor

β_{Saving} = Amount of Saving of the street vendor

β_{Risk} = risk perception of the Street vendor; 1 denotes risk-loving and 5 denotes risk-Averse

Socio-economic Characteristics of the Street vendors:

Table 1. Socio-economic Characteristics of the Street Vendors

	Access to Formal Financial Services		Not-Access to Formal Financial Services		Hypothesis Test		
Variables	Mean	S.D.	Mean	S.D.	Mean Difference	t	Significance
Age (numbers)	46.52	09.36	43.85	7.74	2.67	1.45	**
Education (years)	2.48	3.31	3.57	3.84	-1.09	-0.72	NS
Household income (Rs)	108230	27410	77623	24508	30607	4.56	***
Family size (numbers)	4.36	1.51	5.62	1.26	-1.26	1.59	**
Credit (Rs)	14234.23	7520.15	18641.25	8132.05	-4406.99	5.23	***
Saving	20147.56	6240.58	8256.65	4621.01	11890.91	4.68	***

Source: Field survey for 2024-2025 (Conducted from Sep 2025 to Nov 2025)

Note: *** for 0.01 and ** for 0.05 Significant level, respectively. NS = Not significant.

The street vendor's socioeconomic characteristics reveal that while schooling was unimportant, family size and age were significant at the 0.05 percent level, while income, credit, and savings were significant at the 0.01 percent level. The mean difference indicates that those with access to formal financial services are in a better economic position than those without. (Table 1)

Table 2. Determinants of Adoption of Financial Inclusion.

Variables	Coefficient	Z- Statistics	p- Value
Age	-0.059	-1.01	0.14
Caste	-0.303**	-1.11	0.03
Education	-0.012	-0.39	0.56
Income	0.002***	1.62	0.00
Saving	-0.035***	-2.29	0.00
Family size	0.890**	1.18	0.01
Credit	0.009***	-1.45	0.00
Risk	0.003	0.07	0.79
Constant	-0.059	-0.06	0.79
Log likelihood= -31.05			

Pseudo R^2=0.62			
No. of Observations= 90			

Source: Author's own Calculation based on Field survey for 2024-2025 (Conducted from Sep 2025 to Nov 2025)

Note: *** for 0.01 and ** for 0.05 Significant level

The predicted results of the probit model are shown in Table 2. The results show that the socioeconomic parameters considered for the analysis that are statistically significant and show the expected patterns are income and caste of street vendors. The likelihood of street vendors insuring their selling productivity and profit is higher for those with higher home incomes and castes. Furthermore, a strong and positive correlation has been shown between the adoption of credit and financial inclusion. The Street Vendors age coefficient (negative) and selling experience coefficient (positive) both show the expected patterns, despite the fact that their values are still statistically insignificant.

Contrary to common opinion, regression results show that street vendors' decisions to get financial inclusion are not positively correlated with their level of education. As a long-term risk management strategy, knowledgeable street vendors in financial inclusion usually diversify their companies. They are not particularly worried about their street selling income since they also make money from farming and small-scale commerce. In relation to the street sellers' perception of danger, the results of the probit model also exhibit the expected sign and are statistically significant. Therefore, street sellers' sense of risk determines how much they use official financial services. Overall, the analysis's pseudo R2 indicates that 62% of the variation in street sellers' acceptance or rejection of financial inclusion can be explained by the independent variables in the probit model.

CONCLUSIONS AND POLICY IMPLICATIONS

The findings of a regression analysis on the adoption behaviour of financial inclusion indicate that street sellers from higher castes are more likely to embrace financial inclusion if they have a larger capital base, higher family incomes, more debt, and a greater aversion to risk. Young street sellers' willingness to experiment with financial inclusion is encouraging.

However, because their gross revenue from street selling is larger and they invest more in growing their product sales, progressive street vendors are less likely to adopt financial inclusion. Since a sizable amount of their family income comes from sources other than street selling, it is possible that they are less concerned with their earnings from this source. The negative relationship between education level and adoption of financial inclusion is another notable deviation. This is probably because street vendors start small businesses as a long-term risk management strategy as their education levels increase.

Financial inclusion hasn't been well embraced in the field of research, despite being an essential risk management tool. The poll's findings indicate that a significant portion of street sellers were unhappy with financial inclusion. Street sellers claim that because of their unofficial status, erratic revenue, and lack of identification, they encounter major obstacles to financial inclusion. Low financial literacy, lack of collateral, exclusion from banking services, and restricted access to formal credit—which forces reliance on high-interest loans—are major issues. The inability to maintain minimal bank balances, harassment, and eviction all make these difficulties worse.

While the public sector may handle catastrophic covariate risks and offer multiple formal financial products where access to the requirements is very low, the private sector may be encouraged to offer formal financial products for less severe events and for individual, independent, idiosyncratic, and localised risks at actuarial premiums. By actively participating in awareness-raising, co-ops, non-governmental organisations (NGOs), Panchayati Raj institutions (PRIs), self-help groups (SHGs), and microfinance institutions can broaden the scope of Financial Inclusion in addition to offering the service at the doorstep of street vendors through banking and non-banking agents.

DECLARATION OF CONFLICTING INTERESTS

Regarding the research, writing, and/or publishing of this work, the author disclosed no possible conflicts of interest.

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