Measuring Financial Capability of the Street Vendorsin Vallabh-Vidyanagar

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Abstract

Financial capability of an individual is the ability to use and manage financial products for current and future financial needs with adequate financial knowledge. This Paper assess street vendors: education, age, business experience, and daily turnover significantly affect the financial capability of an individual in Vallabh Vidyanagar. Moreover, street vendor's awareness and usage of various governments scheme for their business. Also this paper examine financial capability on four dimensions- financial management to meet current needs, future financial planning, financial products management, and financial knowledge using a sample of street vendors in Vallabh Vidyanagar, Gujarat India.

Keywords: Financial capability, financial literacy, Street Vendor

Introduction

Financial capability is defined as the combination of ability to act and the opportunity to act financially. Adequate financial management, knowledge and skill allow an individual to take rational and dynamically optimized decision for the entire life period. In order to have the ability to act and be financially capable, people require knowledge and skill to manage their personal and household finances. All other things being equal, people who have greater knowledge and understanding about finances and possess financial management skills are more likely to make better financial decisions.

Financial capability describes people's financial knowledge and their confidence and motivation to manage personal finances (Atkinson et al 2007; Dixon 2006).

Objective:
Primary Objective :
• Measuring Financial Capability of the Street Vendors in Vallabh-Vidyanagar.

Secondary Objective :
• To study the socio-economic profile of the street vendors.
• To understand the type of business of street vendors and their challenges.
• To understand the challenges of street vendors financial management.
• To offer suitable suggestions based on finding of the study.

Literature Review

"Measuring Financial Capability of the Street Vendors in Bhubaneswar "- D.V. Ramana and Silu Muduliin 2018 They had found that individuals in higher age group and with longer business experience are relatively more financially capable. 1) Vendors who had attained higher levels of education have

higher financial capability. 2) Vendors who used smart phones were more financially capable than those who did not use smart phones. 3) One important finding of the paper is that areas with higher bank branches have vendors with higher financial capability.

Research Methodology

This study is basically descriptive and analytical in nature. In this study an attempt has been taken to analyze of the financial capability of street vendors through Questionnaire's. The data used in it purely from primary source according to need of this study. The questionnaire had divided into three sections: shop information, owner information, and employee information.

Data Analysis and Interpretation

Business Type	Female	Male
Bakery	0	1
Cloths Business	3	3
Cosmetics Stores	2	1
Fast food	0	6
Fast food, Bakery	0	2
Fast food, Others	0	1
Fruits	0	1
Garage	0	1
Grocery	0	1
Grocery, Stationery, Fast food	0	1
Others	0	9
Pan shop	0	7
Pan shop, Others	0	1
Pan shop, Stationery, Others	0	1
Shoe	0	3
Stationery	1	6
Stationery, Others	0	1
Vegetable	0	3
Vegetable, Fruits	0	2

Table:1.1 Business Typ V/S Gender

In this data we have 6 femalevendors and 53 male vendors. From this data we observed that female Vendors doing only cloths, cosmetics, and stationary business.
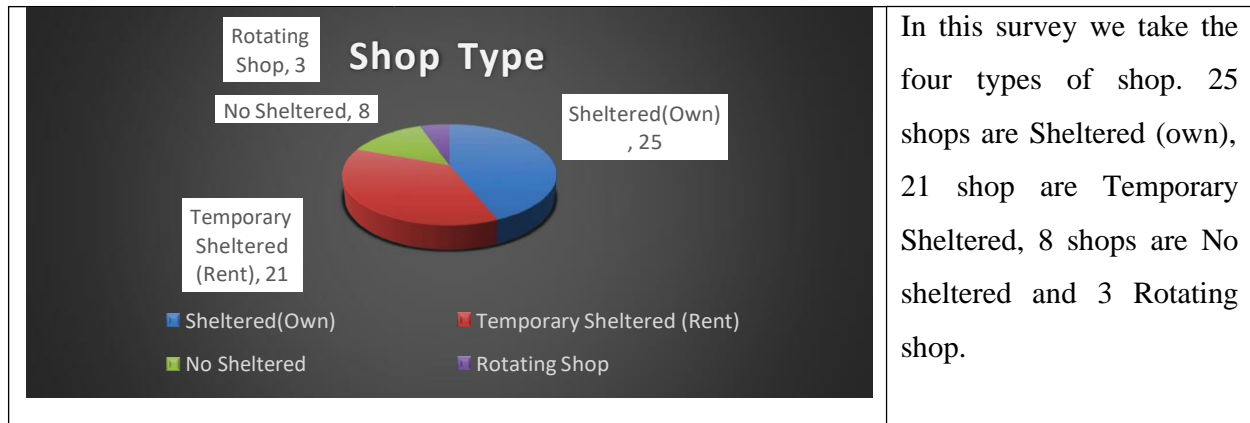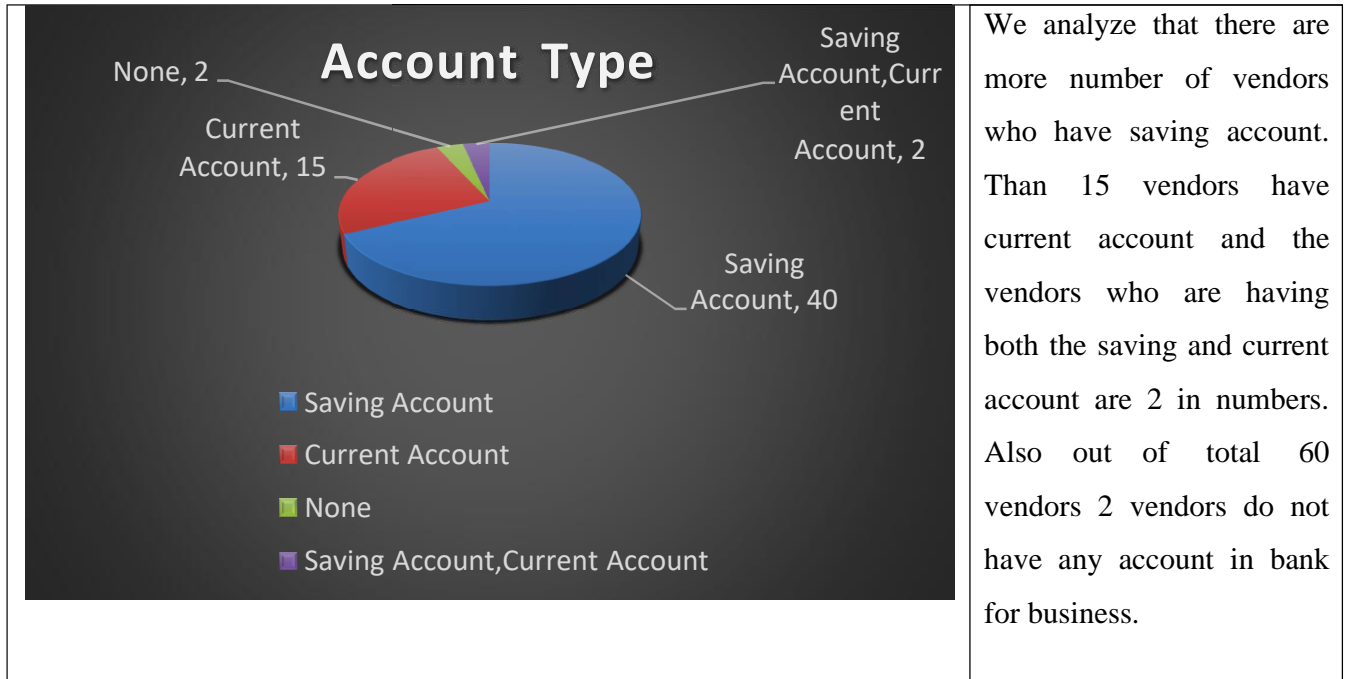
Figure: 1.1 Nature of Shop

In this survey we take the four types of shop. 25 shops are Sheltered (own), 21 shop are Temporary Sheltered, 8 shops are No sheltered and 3 Rotating shop.

Figure: 1.2 Type of Account

We analyze that there are more number of vendors who have saving account. Than 15 vendors have current account and the vendors who are having both the saving and current account are 2 in numbers. Also out of total 60 vendors 2 vendors do not have any account in bank for business.

Figure: 1.3 Detail of Government Schemes

We see here the most of the vendors are not taking advantages of any government schemes. And very few vendors taking advantages of government schemes in that only one vendor are using the Atal Pension Yojana, 5 vendors are using the Jan Dhan Yojana and only 6 vendors are using Mudra Yojana
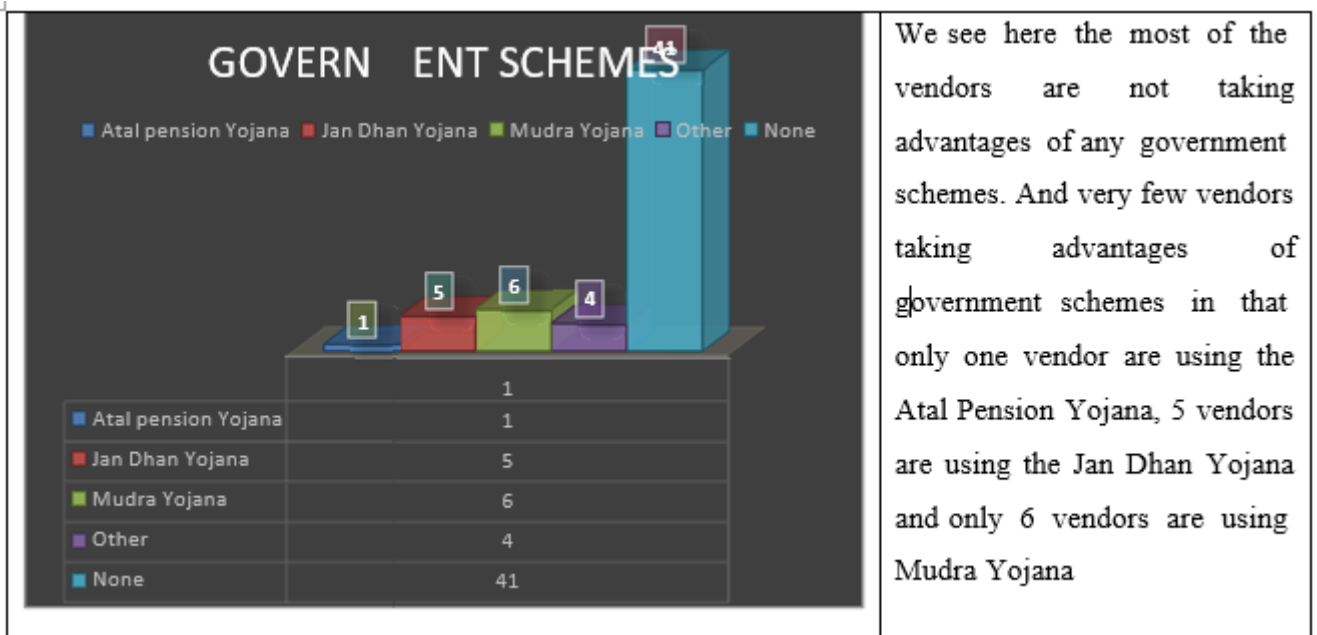
Table: 1.2 Financial Capability Index

FCI level	Frequency	Percentage
0-0.25	3	5.08
0.25-0.50	23	38.98
0.50-0.75	26	44.07
0.75-1.00	7	11.86
TOTAL	59	100.00

We have divided the index equally into four parts based on magnitude, which has been shown in the above table. These are 0-0.25 (very low FCI), 0.25 - 0.5 (low FCI), 0.5 - 0.75 (moderately high), 0.75 - 1 (very high).

Table: 1.3 **Shop Type and FCI Level**

Type	FCI Level				
Shop type	0-0.25	0.25-0.5	0.5-0.75	0.75-1	Total
No shelter	2	6	2	-	10
Rotating	-	2	1	-	3
Sheltered	1	4	17	3	25
Temporary	-	11	6	4	21

Source: Primary data

Table: 1.4 Nature of shop Descriptive statistics

Nature	Mean FCI	Standard Deviation	Percentage share in the sample
No Sheltered	0.41	0.15	16.95
Rotating shop	0.53	0.7	5.08
Sheltered (Own)	0.60	0.15	42.37
Temporary	0.55	0.16	35.59
TOTAL	0.52	0.13	100

Source: Primary data

From the above table we can observed that the 25 vendors who have sheltered shop that is their own shop have 0.60 mean FCI value which is more FCI than the others. Even if the sheltered shop has high FCI value but the remaining others i.e 3 vendors who have Rotating shop have 0.53 FCI value and 21 vendors who have Temporary shop have 0.55 mean FCI value are also has Moderately High FCI level. And who have no sheltered shop are 10 vendors has low FCI level with 0.41 mean FCI value.

Table: 1.5 Initiation of business Descriptive statistics

Initiation of business	Mean FCI	Standard Deviation of FCI	Percentage share in the sample
Family Member	0.64	0.17	20.34
Other	0.35	-	1.69
Self	0.53	0.15	77.97
TOTAL			100

Source: Primary data

From the above table there are three class of the initiation of business Family member, Other and self. Whose Business is initialized by their family member are total 12 vendors who's mean FCI value is 0.64

which class is moderately High FCI level. 46 vendors who have self-initialized business have mean FCI is 0.53 and they also belong to the moderately high FCI level. And remaining one is initialization ofbusiness by other having low FCI level with 0.35 FCI value.

Table: 1.6 Loan and FCI Level

Loan	0-0.25	0.25-0.5	0.5-0.75	0.75-1	Total
Yes	1	10	7	4	22
No	2	13	19	3	37

Source: Primary data

Table: 1.7 Loan Descriptive Statistics

Loan	Mean FCI	Standard Deviation	Percentage share in the sample
No	0.55	0.18	37.29
Yes	0.54	0.15	62.71
TOTAL	0.55	0.17	100

Source: Primary data

There are a 37 greater number of vendors who do not take any kind of loan and mean FCI value is 0.55 and vendors who have taken loan are 22 in numbers having 0.54 mean FCI value. Both are belonging to moderately high class.

Table: 1.8 Government Scheme Descriptive statistics

Taking advantage of government of schemes	mean FCI	Standard deviation	percent
Yes (17)	0.53	0.18	28.81
No (42)	0.55	0.16	71.19
Total	0.54	0.17	100

Source: Primary data

From above table we can say that the many vendors are aware about the government schemes, but theyare not using them. The 39 vendors are aware about the government schemes and there mean FCI value is 0.56, the vendors who are not aware about the government schemes are 20 and there mean FCI value is

0.52. Both are belonging to moderately high class. 17 vendors are taking advantage of the government schemes their mean FCI value is 0.53 and 42 vendors are taking advantage of government schemes their mean FCI value is 0.55.Also, both categories of vendors belonging to moderately high class FCI level.

T TEST for different groups of Gender, QR Code and Own House
1. Gender
H_0: Mean of two Categorical FCI a and b are equal H_1: Mean of two Categorical FCI a and b are not equal

2. QR Code

H_0: Mean of two Categorical FCI a and b are equal H_1: Mean of two Categorical FCI a and b are not equal

3. Own House

H_0: Mean of two Categorical FCI a and b are equal H_1: Mean of two Categorical FCI a and b are not equal

Table: 1.9 T-Test

Group Variable	Categorical FCI		T Test
	a	b	
Gender	0.63 (Female)	0.54 (Male)	1.28
QR code	0.56 (Yes)	0.44 (No)	2.32
Own House	0.56 (Yes)	0.51 (No)	1.07

Source: Primary data

Interpretation: - 1). For gender t – value > 0.05, then we accept H_0, 2) For QR Code t – value > 0.05, then we accept H_0, 3) For own house t – value > 0.05, then we accept H_0.

Conclusion

In this survey we observe that there are a greater number of male vendors than the female vendors. And, many vendors are aware of government schemes, but they are not taking advantage of any government scheme. More number of vendors is having good Financial Capability Index. Types of shop, QR code facility, Initiation of business and Education all are affecting on the financial capability index. In addition, the vendors who have degree and above education are more financially capable. Mean of categorical FCI has equal in gender, QR code and Own house. Vendors facing difficulties in purchasing and selling the products are highly affected by purchasing price determination, selling price determination, selling bargaining in one factor and in other factor are pursuing regular supply and transportation. In Mean, Decrease Accuracy in Nature of shop. Whereas, Experience are important variables which show high accuracy. Also, age of vendor is most important variable which show high accuracy.

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