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Impact of UPI on Small Vendors in GHMC Area

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ABSTRACT

The digital payments landscape in India is transformed by the introduction of Unified Payment Interface (UPI). Launched by the National Payments Corporation of India (NPCI) in 2016, UPI is revolutionizing the way payments are made and received by individuals and businesses. UPI is widely accepted across various sectors, including small vendors, due to its simplicity, convenience, and security.

KEY WORDS

- UPI
- Small vendors
- GHMC Area (Greater Hyderabad Municipal Corporation)
- Usage
- Impact

INTRODUCTION

Small vendors, who are considered the backbone of the Indian economy, have traditionally relied on cash-based transactions. However, UPI is now being embraced by small vendors as a preferred mode of payment due to the increasing adoption of digital payments. The Greater Hyderabad Municipal Corporation (GHMC) area, which is home to a large number of small vendors, is an interesting case study in examining the impact of UPI on this sector.

Vendors are crucial to the unorganized sector and are essential to the urban economy. Street vending is considered a low-skill, low-capital livelihood option, making it accessible to poor migrants and low-income groups in cities. Entering street vending is made easier for these communities compared to other trades.

SCOPE OF THE STUDY

The study is focused on small vendors in GHMC areas, including street vendors, small shops, retail stores, food stalls, and others. Various UPI payments are highlighted in the project. The usage, business operations, sales, revenue, income, and employment are assessed in the study. The study is defined by the examination of the impact of UPI on small vendors. The effects of UPI on the business operations, sales revenue, and financial inclusion of small vendors are being investigated. The adoption and usage of UPI by small vendors, as well as the benefits and challenges associated with its use, are being explored. The study's findings are expected to provide valuable insights into the impact of UPI on small vendors, and to inform policy decisions and business strategies aimed at promoting digital payments and financial inclusion.

OBJECTIVES OF THE STUDY

- To evaluate impact of UPI on small vendors.
- To access usage of UPI on small vendors

RESEARCH METHODOLOGY

- The study is based on the primary data generated by administering a questionnaire to 50 respondents.

- **SAMPLE SIZE** - The present study is used sample respondents of 50.
- **SAMPLING METHOD** -The present study is used convenient sampling method in collection of data.
- **SAMPLING TOOL** - The sample tool is structured questionnaire.
- **SATISTICAL TOOL** – The present study is based on descriptive statistics and regression.

REVIEW OF LITERATURE

1. Nair, Patnaik, & Satpathy (2023): This literature review examines the rapid adoption of UPI among small vendors, attributing it to factors such as ease of use, interoperability, and robust security features, which collectively contribute to a reduction in cash transactions and advancement towards a cashless economy.

2. Rastogi et al. (2021): This research focuses on the Pradhan Mantri Jan Dhan Yojana (PMJDY) and finds that UPI plays a crucial role in promoting financial inclusion, which in turn contributes to overall economic growth. The study suggests that UPI's integration with initiatives like PMJDY can enhance financial accessibility for small vendors, fostering their economic empowerment.

HYPOTHESIS

1.To evaluate the impact of UPI on small vendors: Hypothesis (H_{01}): There is no significant difference between demographic attributes and impact of UPI.

2. To access the usage of UPI on small vendors:

Hypothesis (H_{02}): There is no significant difference between demographic attributes and impact of UPI.

DATA ANALYSIS AND INTERPRETATION

F-TEST:

The F-test, also known as the F-ratio test or Fisher-Snedecor test, is a statistical test used to compare the variances of two populations. It is commonly used in analysis of variance (ANOVA) and regression analysis.

OBJECTIVE WISE F- TEST CONDUCTED

1. DEMOGRAPHIC ATTRIBUTES AND IMPACT OF UPI

The major demographic attributes such as age, gender, income emerges as a crucial factor influences the impact of UPI. The age attribute indicates that the vendors who are individuals have more propensity towards adopting UPI payments for their business for easier transactions compared to older age groups. The study has revealed that women's ability to utilize financial instruments, such as UPI, is hindered by a multifaceted array of economic and cultural barriers, leading to significant gender disparities in the context of small vendors' adoption and usage of UPI.

Table 1: Demographic attributes and impact of UPI

ATTRIBUTES	N	P - VALUE	F - VALUE	RESULT
AGE	50	0.29835	0.537796	ACCEPT H_{01}
GENDER	50	0.080235	0.012958	ACCEPT H_{01}
INCOME	50	0.002012	0.0107991	REJECT H_{01}

SOURCE: Computation from primary data

The above table reveals the P and F values of demographic attributes and impact of UPI. For age the F value resulted 0.537796 and P-value is 0.29835 which is greater than 0.05, recommends to accept H_{01} .

The computed value of gender F is 0.012958 and the P value is 0.080235 which is greater than 0.05, recommends to accept H_{01} .

The F value is 0.0107991 and the P value is 0.002012, therefore the P value is less than 0.05. Hence it is rejected H_{01} .

2. DEMOGRAPHIC ATTRIBUTES AND USAGE OF UPI

The F-test is a statistical method used to compare the variances of two or more groups to determine if they are significantly different from each other. In this study, we conduct an F-test to analyse the relationship between Unified Payments Interface (UPI) usage and key demographic attributes such as age, gender, and income levels.

Table 2: Demographic attributes and usage

ATTRIBUTES	N	P-VALUE	F-VALUE	RESULT
AGE	50	0.3614322	0.6401028	ACCEPT _{H02}
GENDER	50	0.090984	0.01542416	ACCEPT _{H02}
INCOME	50	0.002417	0.01285347	REJECT _{H02}

SOURCE: Computation from primary data

The above table reveals the P and F values of demographic attributes and usage of UPI. For age the F value resulted 0.6401028 and P-value is 0.3614322 which is greater than 0.05, recommends to accept H₀₂.

The computed value of gender F is 0.01542416 and the P value is 0.090984 which is greater than 0.05, recommends to accept H₀₂.

The F value is 0.01285347 and the P value is 0.002417, therefore the P value is less than 0.05. Hence it is rejected H₀₂.

CONCLUSIONS

1. Increased Convenience and Accessibility:

The ease of conducting transactions is significantly improved by UPI for small vendors, and payments are made more convenient to be accepted from a wider range of customers. The need for cash handling is also reduced, making it both time-saving and safer.

2. Improved Sales and Customer Reach:

Increased sales are experienced by small vendors as UPI enables payments to be accepted from customers who prefer digital methods. Vendors located in busy urban areas benefit from this, as digital payments are used by customers who do not carry cash.

3. Financial Inclusion:

Small vendors are brought into the formal financial ecosystem by UPI. Through UPI, digital financial tools are accessed by vendors who were previously operating in cash-based economies, making it easier for them to manage finances and access credit.

4. Lower Transaction Costs:

Transaction fees are reduced by UPI compared to traditional payment methods like card payments or cash handling. A cost-effective way to handle payments is provided to small vendors, leading to higher margins on sales.

5. UPI has potential for growth:

UPI has the potential for growth among small vendors, particularly in rural and semi-urban areas where access to financial services is limited.

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