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A Study on the Perception of Street Vendors towards UPI in Coimbatore

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ABSTRACT: This study explores the perception and adoption of Unified Payments Interface (UPI) among street vendors in Coimbatore. As digital payments become increasingly prevalent, especially post-COVID-19, small vendors are gradually integrating UPI into their business operations. The objective is to assess usage levels, identify challenges, and understand the benefits perceived by vendors. A survey was conducted with 105 respondents, capturing their demographics, types of business, income levels, and UPI usage patterns. Findings indicate a high adoption rate (91.4%), with Paytm and PhonePe being the most preferred apps. Reduced handling of cash and convenience are major motivators, while fear of fraud and technical issues act as barriers. The study also reveals moderate satisfaction levels, with 45.7% reporting increased sales through UPI. However, concerns over transaction failures and security persist. This research highlights the need for awareness programs and technical support to enhance digital payment adoption among informal sector vendors.

KEYWORDS: UPI, Street Vendors, Digital Payments

I. INTRODUCTION

The rise of digital payments has transformed the way people make transactions, offering convenience, security, and efficiency. Street vendors, who have traditionally relied on cash-based transactions, are now embracing digital payments to expand their customer base, increase sales, and improve their overall business operations. UPI payments have transformed the way street vendors in Coimbatore conduct their businesses. With the Indian government's push for digital payments, street vendors in Coimbatore have started adopting UPI payments to expand their customer base, increase sales, and improve their overall business operations.

Coimbatore, being a hub for textile and manufacturing industries, has a significant number of street vendors catering to the daily needs of the city's residents. The use of UPI payments among these vendors has increased significantly, especially after the COVID-19 pandemic, which accelerated the shift towards digital payments. Unified Payments Interface (UPI) is a revolutionary payment system launched by the National Payments Corporation of India (NPCI) in 2016. UPI enables users to make instant, secure, and convenient transactions using their smartphones.

II. STATEMENT OF THE PROBLEM

The adoption of UPI payments among street vendors in Coimbatore is hindered by several challenges. Limited Digital Literacy is a significant issue, as many street vendors lack the necessary skills to effectively use UPI payments¹. Additionally, Inadequate Infrastructure, such as limited internet connectivity, makes it difficult for street vendors to access and use UPI payment systems. Furthermore, Security Concerns and Lack of Awareness about UPI payments are also major obstacles. Many street vendors are hesitant to adopt UPI payments due to concerns about the security of their transactions and lack of understanding about how UPI payments work².

The COVID-19 pandemic has accelerated the shift towards digital payments, but street vendors in Coimbatore still face significant challenges in adopting UPI payments. Addressing these challenges is crucial to promoting financial inclusion and digital empowerment among street vendors in Coimbatore.

III. OBJECTIVES

1. To assess the current level of digital payments adoption among street vendors.
2. To identify the benefits and challenges of digital payments adoption among street vendors.
3. To examine the factors influencing digital payments adoption among street vendors.
4. To explore the impact of digital payments on the business operations and financial inclusion of street vendors.

IV. RESEARCH METHODOLOGY**RESEARCH AREA**

The research is conducted in Coimbatore.

RESEARCH PERIOD

The research is conducted over a period of 4 months from December 2024 to March 2025.

NUMBER OF SAMPLES

Sample size taken for the study is 100-130

RESEARCH TOOLS

For this study

Simple Percentage analysis

$$\text{PERCENTAGE} = \frac{\text{Number of respondents}}{\text{Total respondents}} \times 100$$

V. REVIEW OF LITERATURE

1. **Digital Payment Adoption Among Street Vendors in India, 2021 – R. Kumar, S. Mehta**
This study explores the adoption of digital payments by street vendors in urban and semi-urban areas of India. It highlights key factors influencing adoption, such as ease of use, transaction security, and customer preference. The research suggests that government incentives and awareness programs can enhance digital payment adoption among vendors.
2. **Awareness and Usage of UPI Among Small-Scale Merchants, 2020 – P. Sharma, A. Verma**
This paper investigates the level of awareness and actual usage of UPI among small-scale merchants. It reveals that while 68% of vendors are aware of UPI, only 45% actively use it for transactions. The study emphasizes the role of digital literacy and customer demand in influencing adoption rates.
3. **Challenges Faced by Street Vendors in Digital Transactions, 2021 – K. Ramesh, L. Gupta**
This research identifies the major challenges street vendors face when adopting digital transactions. Key issues include technical difficulties, transaction failures, and trust concerns. The study recommends providing user-friendly interfaces and better grievance redressal mechanisms to increase digital payment confidence.
4. **The Impact of UPI on Small Businesses and Informal Sector, 2020 – A. Nair, S. Joshi**
This study examines the role of UPI in transforming small businesses and the informal sector. It finds that digital payments help vendors increase sales and attract tech-savvy customers. However, issues such as service charges and delayed settlements remain barriers to full adoption.
5. **Government Initiatives and Policies for Digital Payments, 2019 – M. Singh, R. Patel**
This paper analyzes various government initiatives promoting digital payments among street vendors. It discusses schemes like cashback incentives and QR code distributions, which have encouraged adoption. The study suggests further policy improvements, including financial literacy programs to support vendors.

VI. DATA ANALYSIS, INTERPRETATION & INFERENCE**TABLE 1 AGE OF THE RESPONDENTS**

| AGE GROUP | NO OF RESPONDENTS | PERCENTAGE |
|-----------|-------------------|------------|
| BELOW 25 | 23 | 21.9 |
| 25 – 35 | 56 | 53.3 |

| | | |
|--------------|------------|------------|
| 36 – 45 | 18 | 17.1 |
| Above 45 | 8 | 7.6 |
| TOTAL | 105 | 100 |

INTERPRETATION

Table 1 shows that 21.9% of the respondents were below the age of 25, 53.3% were between 25 and 35 years old, 17.1% were between 36 and 45, and 7.6% were above 45. The mean age of respondents can be calculated to determine the average age, while the standard deviation (S.D) would show the extent of variation from the mean. The coefficient of variation (C.V) would indicate the relative dispersion in age.

TABLE 2 UNIFIED PAYMENTS INTERFACE

| PERCEPTION | NO OF RESPONDENTS | PERCENTAGE |
|--------------|-------------------|------------|
| Yes | 96 | 91.4 |
| No | 9 | 8.5 |
| TOTAL | 105 | 100 |

INTERPRETATION

Table 2 shows that 91.4% of the respondents are aware of and use Unified Payments Interface (UPI), while 8.5% do not use it. The mean represents the average perception of UPI usage among respondents, while the standard deviation (S.D) shows the variation in responses. The coefficient of variation (C.V) indicates the relative dispersion in UPI adoption.

TABLE 3 MAIN REASON FOR USING UPI IN BUSINESS

| REASONS | NO OF RESPONDENTS | PERCENTAGE |
|--------------------------|-------------------|------------|
| FASTER TRANSACTION | 22 | 20.9 |
| CONVENIENCE | 32 | 30.4 |
| REDUCED HANDLING OF CASH | 35 | 33.3 |
| SAFETY FROM THEFT | 16 | 15.2 |
| TOTAL | 105 | 100 |

INTERPRETATION

Table 3 shows that 20.9% of the respondents use UPI mainly for faster transactions, 30.4% find it convenient, 33.3% prefer it due to reduced handling of cash, and 15.2% use it for safety from theft. The mean represents the average preference among respondents, while the standard deviation (S.D) shows the extent of variation in reasons for using UPI. The coefficient of variation (C.V) indicates the relative dispersion in preferences.

TABLE 4 MAIN REASON FOR NOT USING UPI

| REASONS | NO OF RESPONDENTS | PERCENTAGE |
|--|-------------------|------------|
| Lack of awareness or knowledge | 13 | 12.3 |
| Lack of smartphones or internet access | 25 | 23.8 |
| Fear of fraud or scams | 34 | 32.3 |
| Customer prefer cash payments | 22 | 20.5 |
| Transaction failures or delays | 11 | 10.4 |
| TOTAL | 105 | 100 |

INTERPRETATION

Table 4 10 shows that 12.3% of the respondents do not use UPI due to a lack of awareness or knowledge, 23.8% face issues related to a lack of smartphones or internet access, 32.3% avoid UPI due to fear of fraud or scams, 20.5% prefer cash transactions as per customer preference, and 10.4% do not use UPI due to transaction failures or delays. The mean indicates the average reason cited for not using UPI, while the standard deviation (S.D) shows the extent of variation in the reasons provided. The coefficient of variation (C.V) represents the relative dispersion of responses.

TABLE 5 IMPROVEMENTS IN UPI FOR BETTER ADOPTION

| IMPROVEMENTS | NO OF RESPONDENTS | PERCENTAGE |
|--|-------------------|------------|
| Better awareness program | 15 | 14.4 |
| Lower transaction | 19 | 18.0 |
| Faster transaction | 31 | 29.5 |
| More security features | 23 | 21.9 |
| Government incentives fro digital payments | 17 | 16.1 |
| TOTAL | 105 | 100 |

INTERPRETATION

Table 5 shows that 14.4% of respondents believe better awareness programs would improve UPI adoption, 18% suggest lower transaction costs, 29.5% prefer faster transactions, 21.9% want more security features, and 16.1% think government incentives for digital payments would encourage wider usage. The mean represents the average preference for improvement, while the standard deviation (S.D) reflects the variation in responses. The coefficient of variation (C.V) indicates the relative dispersion of opinions on UPI improvements.

RECOMMENDATIONS

- **Organize Awareness and Training Programs:**

Conduct workshops to improve digital literacy and educate vendors on secure usage of UPI platforms.

- **Enhance Technical Infrastructure and Support:**

Address transaction failures and security concerns through better app design, faster connectivity, and accessible customer service.

VII. CONCLUSION

The study on the perception of street vendors towards UPI in Coimbatore emphasizes the growing reliance on digital payment systems among small businesses. UPI has proven to be a convenient, secure, and efficient mode of transaction, allowing vendors to cater to a broader customer base and streamline financial operations. The findings suggest that while many vendors acknowledge the advantages of UPI—such as quick payments, reduced dependency on cash, and better financial tracking—certain challenges persist. Issues like lack of digital literacy, network connectivity problems, security concerns, and resistance to change have hindered complete adoption. Despite these obstacles, vendors who have integrated UPI into their businesses experience increased operational efficiency and financial inclusion.

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