Why Digital Inclusion Has Not Helped Srinagar's Street Vendors

Deepanshu Mohan, Geetaali Malhotra, Najam Us Saqib and Zahid Iqbal Shah

13/Aug/2026

Digital inclusion, such as access to UPI, is not the answer to most of the real-world problems that street vendors in two of Srinagar's prominent street-vendor-led markets face.

Representative image of a market in Srinagar. Credit: Fulvio Spada, CC BY-SA 2.0, via Wikimedia Commons

This is the second article in a three-part series based on a field project to understand informal work in Kashmir and its impact on vulnerability and marginalisation amongst vendors. Focusing on two critical city-markets of Batamaloo and Hazratbal Dargah in Srinagar, the series looks at how informal workers negotiate livelihood, precarity and everyday regulation. Through these market spaces, we examine the wider social and economic conditions that shape the governing dynamics of urban informality across Kashmir. Read part 1.

India has sought to expand financial inclusion by widening access to digital payments such as UPI. At the same time, it has been providing targeted support to street vendors through programmes like PM SVANidhi, to help formalise and stabilise their livelihoods.

However, evidence from street vendors in Srinagar’s bustling street markets at Hazratbal and Batamaloo indicates these programmes and goals are far from being met. A staggering 96.2% of surveyed vendors accept UPI in these markets, yet none operate digital bank accounts under their names. This indicates that although vendors have been included in the financial system through UPI, many still do not benefit from economic autonomy.

This survey, conducted through in-person interviews with 200 vendors selling fruit, clothing, household goods and other items, captured both full-time and seasonal sellers operating in these markets. The interviews were conducted during their active vending hours. Although the sample is not intended to represent all vendors in Kashmir statistically, it provides systematic insight into everyday economic practices in these two major street-vending clusters.

A vend in Batamaloo. Photo: Zahid Iqbal Shah

Some vendors raised concerns about their ability to track digital payments and transactions. Many expressed their lack of knowledge about the requirements for using digital banking in their work, or even for opening an independent bank account. Especially for women vendors, the study found that many were unbanked, with their payments being processed through their father's accounts.

Since vendors trust a family member to manage their finances, they often prefer using an existing relative's account rather than setting up one themselves. However, relying on someone else's account can make access to formal financial markets more difficult, especially when it exists in a system that supports systematic extraction and in which regulations governing enforcement are unclear.

For example, 75% of hawkers reported making informal payments to police or city officials on a regular basis, with amounts varying from Rs 50 to Rs 200 per day, just to gain access to vending sites. Furthermore, enforcement activity is aggressive and leads to punishment: 63.5% of vendors have reported having had their goods confiscated, many having had multiple confiscations.

Similar patterns are seen in national studies of street vendors that have identified informal payments, fines and confiscations as a means of generating revenue in urban governance systems rather than enforcing regulations consistently.

Comparing the supervision between Srinagar’s Hazratbal and Batamaloo demonstrates how regulations affect informal vendors. Vendors in Hazratbal do not operate under direct municipal authority. Instead, they operate in a vending space defined by religious/social norms and community rules.

Therefore, these vendors had experienced relatively fewer situations in which their products were confiscated. In the case of Batamaloo, which is one of the city’s largest transportation and commercial centres, vendors reported operating within the overlapping authority of police and municipal jurisdictions.

Over 40% vendors in Batamaloo reported being told to move their vending location multiple times per week. This is a significantly high frequency of enforcement action against street vendors, and the consistency with which it was reported in the study suggests that there is a lack of regulation under the overlapping authorities.

A vendor takes a break at Srinagar’s Hazratbal Market. Photo: Zahid Iqbal Shah

The situation is complicated when the gender disaggregated data is examined. Women made up a smaller proportion of vendors and they were also vulnerable in different ways.

While they reported being significantly more economically constrained than the men, they were less likely to acknowledge that they had multiple encounters with law enforcement or faced direct conflict with the authorities. This was a reflection of the gendered nature of mobility as well as spatial presence.

Female vendors often operate from either a fixed location or smaller stalls and restrict their working hours due to family obligations. Their limited working hours reduced their contact with law enforcement as well as reduced their opportunities to earn an income. The majority of female respondents identified family obligations as their biggest limitation. Women also said they did not have the flexibility to be able to move around and work in multiple markets.

Digital inclusion has done little to alter this dynamic. The findings show that very few women who accepted UPI payments independently controlled the accounts into which those payments are made. This, too, is consistent with national trends that show women are concentrated at the lower end of the informal retail sector.

Migration and changes in mobility patterns also point to the degree of structural insecurity in street vending. Nearly 60% of respondents stated that they changed locations or the category of product they sold as the seasons changed. More than a quarter of the vendors come from outside Srinagar district.

In other words, mobility is a survival tactic within a highly uncertain and unstable regulatory environment. The most startling finding from the survey was that all respondents said they would stop being vendors if another more stable source of employment was available to them. This response does not signify a complete refusal to be vendors but rather reveals larger issues with regard to the security associated with informal work environments. The threat and risk of confiscation of their goods, the unpredictability of incomes and the lack of social safety nets were the biggest factors.

In this sense, the finding signals structural dissatisfaction with the conditions under which vending occurs rather than a simple occupational preference. These local observations resonate with global patterns identified by the International Labour Organisation, wherein only about 46.9% of the world's population is effectively covered by at least one social protection benefit, leaving more than four billion people without any social security.

Evidence from Srinagar illustrates how macro-level protection gaps manifest as everyday economic risks for vendors. Vendors widely accept digital payments, yet they lack income replacement during illness or compensation when goods are confiscated or insurance against weather disruptions or enforcement actions.

Confiscation creates immediate income shocks for the 63.5% of vendors who reported experiencing it. At the same time, routine informal payments effectively function as a regressive tax for the 75.5% who reported having to pay them. Note that these payments are made without raising the vendors' access to public benefits or services. Vendors, therefore, remain economically visible to the state through digital transactions while lacking meaningful social protection.

India's approach to informal labour thus reveals a clear contradiction: Digital infrastructure has expanded financial access, yet it has not altered the underlying political economy of street vending. Vendors remain subject to uncertain spatial rights, discretionary enforcement and weak labour protections.

Scholars such as Martha Chen have argued that meaningful formalisation requires more than financial inclusion. It requires predictable regulatory frameworks, enforceable labour protections and universal social protections.

For street vendors, this could include compensation mechanisms for confiscated goods, portable social insurance schemes and stronger implementation of the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014. Without such institutional reforms, digital financial inclusion risks producing a new equilibrium in which informal workers remain economically vulnerable despite increased administrative visibility.

Deepanshu Mohan is Dean and Professor of Economics, O.P. Jindal Global University. He is a Visiting Professor at the London School of Economics (LSE) and a Visiting Research Fellow at the University of Oxford. Najam Us Saqib is an Assistant Lecturer at IDEAS, Office of Interdisciplinary Studies and an Assistant Director at Centre for New Economics Studies (CNES). Zahid Iqbal Shah is a PhD candidate at Central University of Kashmir and was associated as a Field researcher on this project. Geetaali Malhotra studies Economics and is a Research Analyst with Centre for New Economics Studies (CNES).