

THE IMPORTANT ROLE OF STREET VENDORS IN THE INFORMAL ECONOMY

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Abstract: Street vendors create jobs, not only for themselves but for porters, security guards, transport operators, storage providers, and others. Many generate revenue for cities through payments for licenses and permits, fees and fines, and certain kinds of taxes. The activity of street vendors comes under the informal sector. Vendors often locate themselves at places which are a natural market for them. But many times, their business is considered as illegal. They have to face challenges to earn their livelihood in each and every cities. A street vendor is a person who offers goods or services for sale to the public with a temporary static structure or mobile stall (or head load). They provide a wide array of goods and services at affordable prices and are accessible conveniently at the doorstep, reducing everyday transaction costs and time. The street hawkers are an important part of the urban society as they provide various goods and services to the middle and lower middle-class urban population. Street foods are an integral part to India's food culture. Street vendors are key enabling components of India's informal economy as they provide employment to millions of people and maintain a steady circulation of cash in the economy. Street vendors create jobs, not only for themselves but for porters, security guards, transport operators, storage providers, and others. Many generate revenue for cities through payments for licenses and permits, fees and fines, and certain kinds of taxes. The Act defines a “street vendor” as a person engaged in vending of articles of everyday use or offering services to the general public, in any public place or private area, from a temporary built-up structure or by moving from place to place.

Key words: Street vendors, Street Hawkers, Street foods, Jobs, India’s food culture, Significant Contribution.

Introduction: Street vendors have an important role in the informal economy by making a significant contribution. Due to the inception capacity of the modern organized sector to provide employment for the rapidly expanding labour force, a large number of persons try to create or find income opportunities. Over 25% of the workers globally operate in the informal sector. Due to constant influx of people from the rural areas, the informal economic activities mobilize 30% to 80% of the workforce especially in the urban regions of the developing countries. The shortage of productive employment opportunities in the informal sector and the employment growth which takes place at a far lower rate compared to the growth in the labour force leads to the emergence of the informal sector is largely attributed to divergence between the growth in urban population and employment growth in formal economy. The informal vendors were also seen to force unfair

competition to formal traders as well as to create a poor impression about the city for outsiders. The street and pavement vendors form a substantial proportion of the informal sector who earn their livelihood through vending. They have flexible 34 vending hours ensuring the economic viability and dynamism of the city. The understanding of the dimensions and structure of informal sector employment has been enhanced through the large number of studies undertaken on specific branches of economic activity. Though different in their methodology, scope and use of concept such sector specific studies complement the information on general studies on informal sector and contribute towards policy formulation. Oriented to specific themes the studies clearly establish that a significant part of the urban labour force is engaged in informal activities and highlight the entry of vulnerable groups-the migrants, illiterate or semi-literate, unskilled, women and children from the rural areas. 35 Effects of an increasing population growth in the era of globalization were compounded by a rapidly accelerating migration from rural areas to the urban areas. This accelerated pace of urbanization led to employment problems of both a quantitative and qualitative nature. Urban Labour force expands faster than the employment generated in the urban modern sector of the economy e.g. manufacturing and Government services. Jobs generated in this sector ignore women who need to enter the labour market to supplement the household income and the large number of unskilled from the rural areas'^. (Hann, H., 1989). The Government statistics and other official censuses do not adequately express the excessive vulnerability of the self-employed in general and the progressive marginalization of women in particular. Recommending for strengthening of the data system, particularly the periodic surveys, some scholars have reviewed the information base on informal sector and have dealt with issues pertaining measurement of informal sector. They point out the possibility of making greater use of data available from secondary sources such as NSS and ASI data by which estimate of self-employment in informal sector can be obtained. The major gaps and the problems regarding coverage, quality and timely availability of data are also identified''''* (Bremar, J. 1995), (Suryanarayanan, S.S., 1998). A.C. Kulshreshtha overviews the coverage of informal activities and their data sources. He analyses the methodological issues of measurement of informal sector and identifies informal sector as a sub-set of the household sector. The author distinguishes the informal sector from formal sector and differentiates the former from the latter in terms of technology, economies of scale, use of labour intensive processes and virtual absence of well-maintained accounts ^.. (Kulshreshtha, A.C, 1998). The fall in self-employment and the stagnation or even relative decline in formal working arrangements indicate the great and growing significance of wage 36 dependency in informal sector employment. With the casualisation of the mass of the workers at the bottom of the economy migration to seasonal or semi-permanent work sites becomes a necessity thereby nomadism becoming a striking characteristics of the pattern of work and life for major segments of the population'^*^ (Bremar, J., 1995). In Mumbai, 20% of the hawkers were earlier employed as workers in organized sector (textile mills) but had lost their jobs due to closure of the mills (Bhowmik, S.K., 2000). Insufficient capacity of the modern economic sector to provide employment for the

rapidly expanding labour force, as a consequence of which a large number of persons who are looking for work are, forced to find or create other income opportunities. Many of the persons in the informal sector, being in business is a matter of survival and not of profitability'^ (Kundu, A. and Lalitha, N. 1998). On the question of profitability another research work observes that despite the fact that vending Pan, Cigarette, Bidi, etc.. Connotes the idea of social taboos, new entrance are likely to join as vendors of these products as long as the urbanization trend pursues its part. Moreover, vending these products leads to attractive profits, the notion of profitability, however, still remains to be acquired'' (Ramachandran K., 1989). A study on street food vendors in the Philippines located the potential role of the type of economic activity in providing relatively good income opportunities, and absorb substantial quantum of agricultural produce'' (Barth, G.A. 1983). Owne N. and Hussain. N., analyze a yet another important aspect of street vendors. Taking a sample of 550 vendors, the authors show that food selling is a major source of income for those engaged in such activities and in 45 per cent of the cases the only source. The vendors comprise at least 6 per cent of the work force in the municipality town of Manikganj in Dhaka district of Bangladesh. The Study suggests a number of measures to improve the incomes of these vendors. More importantly it points to the needs for making land available in appropriate 37 locations and urges the local government to do the needful⁵ (Owen. N. and Hussain.N. 1983). Some researchers have pointed out the negative effect on the earnings of Informal sector vendors due to expansion of formal sector enterprises, and the absence of expansion of informal sector street vendors into formal sector establishments⁵¹ (P.D. Vashista, 1990). Contrary to this view some other studies point out that a small segment of the informal sector, however, seems to be linked to the modern/ organized industries as its growth can be explained in terms of performance indicators. The segment, thus, may be said to respond to market stimuli⁵² . (Kundu, A. and Lalitha. N. 1998). The three distinct stages that the street vendors undergo-prohibition followed by tolerance and assistance have been captured by some studies. These stages have been earmarked as the evolution of the activities of street vendors. Further, the role and importance of the local governance in the urban economy with regard to organizing and channelising assistance, designing various approaches, managing and maintaining arrangements and developing cost recovery measures have also been brought to fore in these studies (Ministry of Public works, Indonesia 1989). The entrepreneur in the urban informal sector faces many constraints like non-availability of finance etc., While at the same time benefits from some positive factors such as freedom from Labour laws, quality standards etc., The activities are largely non location specific and they seem to be little forward and backward linkage between formal and informal sectors. (Lall, V.D. 1987). The role played by the informal marketing arrangements through local outlets like bazaars in low-income environments as well as in areas not easily accessible is highlighted in some studies. The status of activities and operational mechanism of these outlets, the socio-economic profile of vendors and customers, and 38 future of the vendors are also accessed. Mechanism of licensing of the vendors, infrastructural facilities, periodicity and reach out effect of the bazaars are also examined. Simplification in the

licensing procedures, storage facilities and accessibility to the credit system are some of the recommendations provided** (Bhatnagar, K.K. 1992). Other studies have also made a case for developing a support system for the informal sector with accessibility to land, credit and support from public agencies for better performance. The availability of credit is a crucial factor for their purchasing capital equipment or hiring it for use (Kundu, A. and Lalitha, N. 1998). Expressing reservations about the view of researchers considering credit as the key component in informal sector support programmes and poverty alleviation, Tara S. Nair views that a host of other factors, other than credit like marketing, technology, training, physical health and general well-being of the poor have been affecting the viability of enterprises at the micro level other than the credit^^ (Nair, Y. 1996). Hans F. Illy in his study on street vendors in Manila advocates a more positive approach towards street vendors combining minimal regulations with measures of encouragement and public assistance. According to this study, the compliance of the regulatory measures of street vending is minimized if they ignore the harsh socio-economic realities of a particular cultural environment. In such a situation the regulations remain not only purely symbolic and ineffective but also allow a climate of harassment and extortion^^ (Illy, H.F, 1986). The informal sector studies since the 80s, the majority of which tend to be of a socio-economic in nature, have used a large variety of definitions to develop the informal sector concept. In addition to understanding the socio-economic profile of the street vendors, the entrepreneurial background, status of trade, its competitiveness and problems have also been studied. The pattern of job search of 39 migrants in urban labour market, and the influence of demographic, social and economic characteristics of the migrants on their job attainment and earnings is demonstrated in some of the research works. Analysis of these research works brings out the importance of human capital investment in job search and earnings, and also shows how social factors have a hold over the determination of migrant's occupation and earnings (Sunderrajan, 1996). Migrants are driven from rural and semi-rural areas seeking a living and when they genuinely make a living out of selling various products on the street they are victimized by politicians-local administration-police nexus' irnajaia) (Mazumdar, 1983). Virtually all hawking takes place on the unlicensed sites (TISS 1998). Hafta or weekly bribe paid by the hawkers on these unlicensed places amount to a staggering 3240 million rupees annually (TOI, 1997). Some of the post-2000 studies conducted in various metropolis of India, among the other issues highlight the victimization of street vendors. Hawkers and street vendors constitute a significant proportion of the urban informal sector and accounted for two-third of city's employment. The sector offers ease of entry for low skilled workers and use of traditional technologies and low returns*' (Sharit K. Bhowmik, 2000). The negative and lethargic attitude of local authorities towards the street hawkers and in providing license is also highlighted by the researchers. In Delhi only 5% of the total 600,000 hawkers, has been issued with license permit to hawk their goods on public places. The rest are subjected to continuous harassment through extortion and / or eviction^" (Renu, V. 2005). Municipal & Police laws exist everywhere to curb hawking. In Patna hawkers are restricted by Bihar Police Act which states that any person exposing goods for

sale on streets is liable to be arrested by police without a warrant. In Mumbai & Ahmedabad, it is Bombay Police Act which states that any one 40 preventing flow of traffic can be arrested. Although to prevent harassment the Municipalities of Kamataka are expected to provide license for hawkers who sell vegetables and provide suitable places for them, but granting license is restricted only for those who sell in permanent structures^{^*}. (Bhowmik, S.K., 2000). The vending activities are conceptually regarded, in the studies reviewed, to be small scale, to operate with a low level of technology and who have as their primary objective income for their participants. Vending in urban informal sector is characterized by ease of entry, small scale of operation carried out in a temporary structure, in the open air or in structures without a roof and in a variable location without a fixed place or store. It does not use any electricity and is labour intensive where members belonging to the household of the vendors participate in the vending and related activities, skills acquired outside formal education system. Very often the products are sold in unregulated and competitive market without observing any fixed hours for vending. Very often, vending is on an illegal basis contrary to the Government regulations; it does not depend upon formal financial institutions for its credit needs. Definition of Street Vendors: According to the Draft National Policy for Street Vendors a street vendor is broadly defined as a person who offers goods for sale to the public without having a permanent built up structure but with a temporary static structure or mobile stall (or headload). Street vendors may be stationary by occupying space on the pavements or other public/private areas, or may be mobile in the sense that they move from place to place carrying their wares on push carts or in cycles or baskets on their heads, or may sell their wares in moving trains, bus etc. In this policy document, the term urban vendor is inclusive of both traders and service providers, stationary as well as mobile vendors and incorporates all other local/region 41 specific terms used to describe them, such as, hawker, pheriwalla, rehri-patri walla, footpath dukandars, sidewalk traders, etc. The review of studies in the urban informal sector in general and of street vendors in particular throws up several issues. This literature invariably raises the question about its neglect by policy makers despite its substantial contribution in terms of both employment and income and the efficiency in the allocation of sources in playing process. The studies also highlight the importance of the need to explicitly recognize the role of vendors in development plans which would automatically ensure the distribution of benefits of development in favour of the disadvantaged groups. It's not just a fact that the informal sector has restricted access to resources and markets, often the policy environment is hostile towards the sector, restricting trade activities on the ground that they raise concerns of security, cause traffic congestion, on the issue of social taboo (selling of bidi, pan, cigarette, etc.,) garbage accumulation leading to health hazards and make illegal use of public place or simply because they affect the architecture and structure of the city. This results not only in restricting the income opportunities but also encourages corruption like bribing the Resident Welfare Associations, Police Authorities, Officials of the City Development Authorities and other Enforcement Authorities to waive restrictions. Even though there was recognition of the importance of the vendors in the

urban informal sector subsequent to the research studies, actions to support them are yet to be initiated. There are various reasons for the gap that exists between policy formulation and policy implementation. In addition to lack of reliable, precise and relevant information on the vendors, ambiguous policy goals, decision making without considering the needs of those who are affected, low degree of compliance and administrative capacity of implementing agencies could be some of the many reasons. It has also been accepted that vending in the urban informal sector will not wither away in the near future but will continue to play an important role in the immediate future. In India, the globalization and liberalization policies pursued, have led to several structural changes in the economy with its impact on all sectors. Though the unequal burden of liberalization policies on various categories of labour was rather expected, the growing gender divisions during the phase have given rise to increased concern on the subject. Ever since India adopted the new economic policies of globalization and structural adjustment, women's employment has been a central variable in all the major discourses on the impact of reforms.

Conclusion:

Thus a significant feature, which is led by the particular nature of the Urbanizing process in this period, is the increasing presence of Trade in employment and the emergence of wholesale and Retail Trade as the largest sector of employment in Urban India, overtaking both services and manufacturing in share of the urban workforce. This phenomenon has largely been driven by expansion of, or rather a crowding of workers into Retail Trade, an aspect quite sharply apparent among women workers. In 1993-94, Wholesale and Retail Trade in Urban India (i.e., after excluding Hotels and Restaurants) employed some 17% of the urban workforce, which rose to around 22% in 1999-2000. The bulk of the increase was in Retail Trade for both men and women. One of the major categories of work, which comes under Retail Trade, is vending. Though no accurate statistics are available on the number of vendors and women's proportion within the category, micro level findings suggests that a considerable proportion of these workers are women. This is often an important source of employment for poor women for different reasons. Firstly, the perceived relative skill required for entering into vending is not much as compared to other categories of Retail Trade. Secondly, the self-employed nature of the occupation makes the entry into it easier. The requirement of a very low capital investment further enables the entry of poor and vulnerable groups into the occupation. It is in this context, that the present study was carried out, in particular, to capture and better working conditions and other characteristics related to street vending in the city of NOIDA.

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