CHAPTER - III

URBAN INFORMAL SECTOR

The present chapter is divided into three sections. In the first section, researcher has explained about the meaning, definition, characteristics, role and importance of informal sector. The second section of this chapter deals with a brief note on vegetable informal sector in Hubli-Dharwad city. The third and final section of the chapter throws light on the classification of the vegetable vendors in Hubli-Dharwad city.

SECTION - I

Introduction:

‘Informal sector’ denotes the small business or small activities in the economy, which are not registered, not organised, they do not have any rules and regulations by the government. Whenever they want they can start the business and permission or license is not needed from the government. They are free from restrictions, but on the other hand ‘formal sector’ consists of the large-scale activities in the economy, which is registered, organised and also controlled by the government authority. The workers in ‘formal sector’ need license; they pay tax, follows the rules and regulations, which are framed by trade unions and government.

‘Informal sector’ activities includes, hawkers selling wide range of goods, like clothes, cloth, plastic items, vegetables, fruits, food items, utensils etc; construction workers, casual labourers in factories, domestic servants, workers in the household industries like rolling beedies, preparing food items e.g. papads etc., rickshaw pullers, repairers of household appliances, plumbers, electricians, carpenters, load carries etc.

‘Formal sector’ includes large-scale industries, government offices, organised markets, banking, organised transportation system etc. Informal sector workers do not have any restrictions for example vegetable vendors, they can sell their vegetables anywhere in market place, outside the central market at places like road side, in front of railway station, bus stand, industrial places or by carrying the vegetables on head or in front of their own house.
A.C. Kulshrestha has rightly observed that, 'informal sector' refers to economic activities that is production and distribution of goods and services by the operating units of the household, which is different from 'formal sector' in terms of technology. Informal sector is a labour intensive technology and do not maintain accounts. He later added that, informal sector is not regulated by government.

It was strongly believed that, urbanization is accompanied with growth of industrial sector. It would create more employment for migrant workers. This is the fact about western economy, which prevailed in the past. Sethuraman and Hirachman explained that 'in the third world countries urbanization, no doubt has been initiated but failed to promote a proportionate growth in labour demand mainly on account of the adoption of labour saving devices'. Due to which widespread urban unemployment and under employment problems arose in these countries. But the rural urban migration resulting in urban growth did not give rise to high open unemployment but it gave rise to work opportunities in the informal sector.

According to Vishwa Mittar 'in recent years developing countries are facing problems due to increase in their urban population. This trend is due to the shift in rural population to urban centres for search of employment and increase in their income. Inspite of increase in government related activity and expansion of industrialization in formal sector in urban areas. It failed to provide employment to all those added to towns and cities. However, there seems to be no serious open unemployment because a large number of new migrants have created their own employment by engaging themselves in a number of small scale activities, which is called as informal sector'.

**Definition of Informal Sector:**

The theoretical basis of the concept 'Informal Sector' assumes some dichotomy in the urban economy arising out of the dualistic tendencies. The concept "Informal Sector" is traced to the dualistic theories of Lewis. Fei. Ranis and Harris and Todaro Models. Although, in the 1960's, Anthropological studies have used the terms "formal" and "informal" in developmental studies and employment policy, but were not used in development literature until early 1970's as said by Wallace.
It was first introduced by Hart and later used frequently in developmental literature. According to I.C. Awasthi, U.S. Bhandari and Gayatri Pande, the firm definition of the informal sector is elusive due to its heterogeneity. This sector has been defined differently in different contexts. So it still remains controversial.

Till now, the informal sector has no universally acceptable definition. This sector has generally thought to consist of very small units producing variety of goods and services by independently or self-employed labourers, which could be family members or hired labourers.

Mehta opines that, ‘sometimes, the term has been used alternatively to refer to the enterprises and their characteristics, or used as synonymous with the urban poor or at times to refer to the labour market or with the immigrants population or with people living in slums or squatter settlements or with the improvements of housing in informal areas’, by Moser. However, some of the definitions developed over a period of time, about the informal sector have been presented in this chapter by the researcher.

Informal activities are generally defined negatively, all economic activities which are not effectively subjected to formal rules of contracts, licenses, taxation and labour inspection etc. But, formal activities are generally referred to strictly government or semi-government enterprises. Majority of the more educated labour force work under formal sector. They follow the rules, take licenses, pay tax and they are the skilled labourers. But, the large part of labour force work, in one way or under less formal conditions. Thus, vast range of activities is described as informal.

A Ghana Study throws light on a new income generation activities reflecting the state of unemployment / under employment in the urban areas, as informal sector. Further, study made by Hart described it in different ways and called the informal sector as, “un-organised sector”, and “un-enumerated sector” etc.

Sethuraman said that, “Self employed individuals and urban proletariat whose earnings are below the legal minimum wage are also considered to be unemployed” further. He states that, ‘sometimes the term informal sector is
equated with the urban poor*. Gerry\textsuperscript{11} described, "Informal sector as marginal, those who are unable to enjoy the possibility of self fulfillment and participation which organised society offers, albeit at unequal terms to its other members.

Sethuraman,\textsuperscript{12} summarized the informal sector in the following manner. "The informal sector consists of small scale units engaged in the production and distribution of goods and services with the primary objective of generating employment incomes to their participants, not withstanding the constraints on capital both physical and human and know-how."

There are some definitions, which indicate the main features of both formal and informal sectors. Bagnasco\textsuperscript{13} said that, "Formal economy" consists of production processes and exchanges of goods and services regulated by market and typically performed by profit oriented commercial enterprises acting in compliance with trading, tax and labour laws'. But further Muzumdar\textsuperscript{14} defines that, "Informal economy" may thus refer to all those production and exchange processes which in some way fail to comply with the distinctive features above" again looking at the labour market phenomenon he explained, 'informal economy' as referring to those working in activities, "unprotected" by company policy, government regulations or trade union action.

On the other hand, some authors attached due importance to empirical evidence, while defining the informal sector. Weiss\textsuperscript{15}, defines that concept of "informal sector reflects a lack of empirical information and deficit of theoretical reflection. The only thing that is really evident is that the majority of the population in the large urban agglomeration has to seek its economic survival territory here."

Some scholars considered it as an unreported economy. Scholars likeFeige\textsuperscript{16} defines, "Informal economy" as comprising of those economic activities that circumvent the costs and are excluded from the benefits and rights incorporated in the law and administrative rules covering property relationship, licensing/labour contracts, torts, financial credit and social security systems. Informal sector is also termed as non-census sector, underground economy / unreported economy, subterranean, hidden, shadow economy, clandestine,
illegal, unobserved, unrecorded parallel and black, murky, gray, marginal sector and as a "last economic resort" for the unemployed.

Several definitions for the informal sector have been developed in the Indian context by social scientists. The national commission on labour in India\textsuperscript{17} "made an attempt to define it in general way, it pointed out that "unorganisation labour cannot be identified by definition, but could described as those workers who have not been able to organise themselves in pursuit of a common objective because of constraints such as (i) The casual nature of employment, (ii) Ignorance and illiteracy, (iii) Small size of employment and (iv) Scattered nature of establishments and (v) Superior strength of the employer operating, single or in combination.

Later more definitions were developed by different studies by scholars on urban informal sector. These studies defined the informal sector in terms of tiny establishments employing less than ten workers.

Singh\textsuperscript{18}, defined informal sector in the following manner. "Informal sector includes; all workers who run their own business at the cottage industry level, using family labour involving low technical skills, as those who work under highly competitive market conditions constitute the army of the informal sector". Further, Papola\textsuperscript{19} gave the definition of "Informal Sector" as a segment of the economy having certain characteristics, which lead to an unfavorable condition for the growth of enterprise and activities in this segment.

The above definitions are mainly related to the informal sector, which is parallel to the formal sector in the urban economy. But other group of scholars felt that, the dichotomy classification is inadequate to understand the interrelationships within the informal sector. In this view, some of the studies have identified dualism within the informal sector. For example, the National Institute of Urban Affairs\textsuperscript{20}, defines the informal sector as that, which is not a part of the formal sector and has found two sub-divisions namely organised and unorganized, which exhibit features of the formal sector.

Nihan and Jourdain\textsuperscript{21} identify a part within the informal sector as "Modern, informal sector". They referred as "Modern" as it comprises of a range of
activities, producing goods and services similar to those produced by the modern formal sector.

The ILO's expert study on Sudan emphasised the informal sector as a "Heterogeneous" Multidimensional or Multi layered phenomenon. It identified four sub-groups: (a) small manufacturing; (b) services; (c) commercial establishments employing a large number of people who make a reasonable living and who are there to stay and (d) traditional petty vendors who are in transition to and from formal sector job. The above sentence is cited by Mehta.22

House,23 study has stated that, the informal sector contains two sectors: (a) the community of the poor and (b) the intermediate sector. Those in the former group were attached to the city in order to gain entrance to employment in the formal sector. The latter group includes people who have consciously decided on a particular artisan skill or line of business with the intent of making it a means to a more permanent livelihood.

Friedman and Sullivan and standing24 have classified the informal sector into two sectors; the individual sector and the family enterprise sector. The former sector consists of own account workers, street traders and services workers, casual construction workers and under ground occupations and it is characterised by a good deal of movement of women from one category to another category; The latter involves (a) a higher degree of organisation, (b) employs both wage and unpaid family workers, (c) has a fixed abode and (d) operates with a large amount of capital per worker.

An interesting and indepth study by Aziz's25 'classified the informal sector into unorganized informal sector and organised informal sector. Further the study clarifies that, unorganised informal sector is a segment of the urban economy, where production and marketing relations are informal in nature and the organised informal sector enterprises have a formal relationship with state.

Some of the studies have divided the informal sector into various sub sections. Joshi26 study divided it into "informal sector and domestic sector." Well known economist Lewis27 divided it into "traditional and informal sector etc. Observing the various classifications within the informal sector, Breman28 points
out that, it is easy to find the categories at the extremes of the labour poles, within these two extremes there are gradations and they are not watertight compartments. He does not entertain the nation of a pluralist labour market in which there are great and identifiable sub-markets. He claims that the tendency of partition of a sector does not mean closed circuits. The fact is that there has been more than one sector within the informal sector. Because of these definitional differences Hans Singer remarked, 'an informal sector unit is like a Giraffe; it is hard to describe, but you know one when you see one'.

Bromely has stated that, such classifications are normally defined for specific purposes. But often such concepts are criticised by several scholars and some of them have proposed that the concept should be abandoned altogether. Their main argument is that within the sector a lot of activities were lumped. Such lumping will not permit useful analysis. This might be the reason for dropping the term informal sector from the official statistics in Kenya and replacement by the term 'small scale enterprises'. It is explained by livingstone.

But However, Chandavarkar states that the concept is still useful for analysing the labour markets in developing countries.

However, the informal and formal sector classification is commonly accepted one and is widely used in literature. Even today there is no clear opinion on what is meant by informal sector and what parameters determine this sector. These activities generally fall outside the preview of organised production and distribution processes. Their growth is spontaneous and may not form part of a planned pattern of development though their contribution to the economy is often positive and desirable.

From the above discussion, it is clear that the informal sector is one where work or any economic activity is undertaken by skilled or unskilled labour without following any rules or regulations laid by the government. Further, there is no uniformity in working hours, working conditions, wages, production, distribution and prices.
Feature of the Informal Sector:

It is very difficult to identify the various features of informal sector. Even empirical nor in the history of economic thought no attempts were made by the thinkers. However in recent years some studies have pointed out some of the important features of this sector.

ILO experts\textsuperscript{32}, for the first time considered it as traditional sector. It refers to unskilled economic activities, crafts, home industries and other traditional services. The experts of the survey adopted five criteria to define traditional sector, namely (i) the receipts of the enterprise do not exceed a certain minimum amount money; (ii) the equipment used is rudimentary; (iii) the enterprise employs not more than two workers; (iv) labour productivity is low; and (v) the entrepreneurs is not actively seeking more customers etc., any enterprise that satisfied at least two of the criteria were considered to be a part of the 'traditional sector'.

It is to be noted here that ILO\textsuperscript{33} experts have specifically pointed out some important characteristic features of the informal sector. They are as follows; (i) ease of entry; (ii) reliance of indigenous source of inputs; (iii) family ownership of enterprises; (iv) small scale of operations and low productivity; (v) labour intensive and adapted technology; (vi) skills acquired outside the formal school system; (vii) unregulated and competitive markets; (viii) lack of support and recognition from the government. However it seems that, more importance has been given by ILO expert to easy entry. On this issue some scholars have strongly supported the above said fairest characteristics and on the other hand, some of them have criticised it.

Empirical studies by scholars like Sethuraman, Lubell, Mitter, Mujumdar, Waldorf have come to the conclusion that entry into informal sector is easy. Activities like hawking, peddling, mobile vending etc entry is free and easier. On the other hand studies by scholars like Flinn, Breman, House, Harris and others have come to the conclusion that entry into the informal sector is not so easy. Hariss study, of Vellore concluded that loading and unloading of goods by the workers is restricted.
Some scholars, in order to identify the features, have classified and called them as informal and formal sector. Weeks\textsuperscript{34} classified the informal sector from the formal sector on the basis of the nature of the exchange relationships and its position of economic operation vis-a-vis the state. The nature of exchange of relationships is primarily a result of economic insecurity of operations in the informal sector, which in turn, is a direct result of the later limited access to economic resources of all types. Further, he explains that, the enterprises and individuals in the informal sector operate outside the system of benefits and regulations of government and thus without excess to formal credit institutions and foreign technology. In some countries of the world, many of the economic agents in this sector operate legally, though pursuing economic activities similar to those in the formal sector\textsuperscript{.}

It is interesting to note that on the basis of tools, equipment and products one can identify the features of the informal sector. Joshi and Joshi\textsuperscript{35} study clearly pointed that, ‘the unorganized sector has lower order of technology and a large number of small products, operating on narrow margin in a highly competitive produce markets and provide a variety of goods and services mainly to low income groups people. Papola\textsuperscript{36} points out that, non-corporate family type of ownership of informal sector and absence of wage regulation and wide prevalence of self and in casual employment every worker has to do something implying that entry into the labour market is automatic. Further, he said that absence of trade union protection, non-application of legislation and recruitment rules were some of the characteristics of informal sector. These ideas are supported by many scholars like Muzumdar\textsuperscript{37}, Joshi and Joshi\textsuperscript{38} and Harberger\textsuperscript{39} etc.

Another important characteristics identified was in regard to marketing. Sethuraman\textsuperscript{40} noticed that, ‘the informal sector operates in a highly competitive market and often has to sell goods and services at unfavorable prices against inequitous competition from the organised industries which control price.

According to a study by Town and country planning organization\textsuperscript{41}, ‘the informal sector had the following characteristics, such as modest investment in land and building and simple management. According to Ojo\textsuperscript{42}, the features of
informal sector as small-scale enterprises, each usually employing a few workers. In this way many scholars explained that, the informal sector is characterized by small firms, labour intensive units, dominance of family ownership and absence of wage regulations etc. these are the important characteristics of informal sector.

Mclanglini said43 that, "the features of informal sector as shadow economy usually reserved for those small enterprises. Which utilize the most rudimentary and traditional technology and business practice". Some of the scholars hold that, ‘the informal sector consists of firms where many people work but, without enjoying the benefits of organised sectors employments, because they are temporary, casual or contract basis workers.

From the above discussion, it is clear that the informal sector is clearly different from the formal sector. The most important features of informal sector are as follows: (1) free entry, (2) no government control, (3) low investment in business, (4) low capital, (5) traditional technology, (6) greater price fluctuation, (7) unorganised, (8) family labour, (9) low wages, (10) no foreign investment, (11) low labour productivity, (12) low skill and knowledge of the vendors, (13) insecurity, (14) lack of infrastructure, (15) low profit, (16) greater mobility from one occupation to another and (17) no rules and regulation.

Role and Importance of the Informal Sector:

Till now, the concept of informal sector had no clear definition even though; it plays an important role in the economy. It provides employment and income opportunities for the increasing population in cities by absorbing them. The informal economy has become an essential part of social life in several countries. Most of the studies throws light on the importance of informal sector and appreciate it. As large number of workers who were unable to secure employment in formal sector were found engaged in this sector and were able to earn their livelihood. As a result it reduced poverty, particularly in developing countries of the world. Thus informal sector helps the developmental processes of a country.
Samal in his work highlighted the role in the following sentences: 'besides generating employment and income it plays many other important roles, like; (1) use of low amount of capital (2) use of local resources and recycling of waste and (3) providing low cost goods and services etc. among all these roles played by the informal sector, labour absorption is the most important. The estimates of its size in various cities and towns in India are prima facie evidence to this role.

According to Ishita Mukhopadhyay, 'In developed countries, with economic development, the size of the informal sector tends to shrink. But, in developing countries this optimism has dimmed. It is not only survived but has gained strength over a period of time'. In this way informal sector has been the sole, playing an important role for surplus labour force generated employment in developing economies.

Van and Bogaert opines that, 'In recent years, there is a growing awareness about important role played by informal sector in the developing countries of the world. Urban planners are now concerned with programmes of urban development in which the focus is on the informal sector and on ways, in which rural migrants to the city may be integrated into the organised or formal sector. Further, He explained that, "Urban informal sector performs more than one role, according to him it acts as a refuge" i.e., informal sector alone gives the patronage to migrants.

Empirical evidence suggests that the formal sector in developing countries is small and growth rate of employment in this sector was low. As in this sector labour and technology used was capital intensive, and in the developing countries having problems of scarcity of capital. The formal sector fails to provide employment opportunities to its surplus labours: Further, 'after Independence, the government of most of the developing countries increased government jobs rapidly, inspite of that it was not possible to provide Jobs to all the migrants as government employment increased at a very slow rate. As a result, the new entrants choose their own enterprise or started their own business. In recent years, there is a growing feeling that, 'Informal sector' is not
transitory phase but it is going to be permanent characteristics of urban economies in the developing countries of the world.

Another very important role played by informal sector is it needs low investment for creation of capital. Samal argued that, the importance of informal sector is due to its 'capital savings' character. In developing countries there is scarcity of capital. But, in the informal sector capital labour ratio is very low compared to formal sector. According to him, a given amount of capital invested in the informal sector creates more employment than the same amount invested in the formal sector, he gives the example of Sambalpur district in Orissa. He shows that, there are many properties of capital savings, they are: "(1) the reliance of informed units on the savings of the owners, family members, friends, relatives and other informal source of finance which make use of capital which may not otherwise have been invested, (2) the extensive maintenance and repair establishments in the informal sector which economies on new investments and (3) the widespread recycling of waste, old materials and machinery.

Some of the scholars studies like, Geery, World Bank, Demol and Nihan, Suresh, and Emmerij, and NCU, explained the role of informal sector, they pointed out that, 'the informal sector produces the lower cost goods and services that constitute a good for consumption for the third world urban society, particularly to people who belong to weaker sections of the society, as they do not have much money to purchase and consume costly goods. Other group of scholars like Sethuraman, Aziz, Vaidyanathan, Mujumdar, Amin, Birkbeck, Nihan and Jourdain, Gangrade and Gathia, Cole and Vogler noticed that, the informal sector workers produce useful goods out of discarded material and thereby earn their living. According to Tippaiah, "Capitalist sector (Formal Sector) from this sector, as both industry and commerce are plentifully supplied with not only cheap goods and services but also casual labour at lower wage rates.

It is to be noted that informal sector can certainly help in distribution of gains to large number of people. Tiwari's empirical study indicates that, sizable income generated by the informal sector goes to the rural areas and thus, it
plays a major role, in the redistribution of gains of urban development. Samal noticed that, the informal sector plays an important role, as a training ground for skills and entrepreneurship and by its capacity for innovation. Some of the sub-sectors of formal sector skills acquiring is very necessary like manufacturing, maintenance and repair works etc., though formal education make use of little training programme and vocational schools. Thus, informal sector imparts skills to workers through job trainings, apprenticeship system at zero public cost. Further, scholar states that, informal sector plays a crucial role by contributing innovative ideas of its participants like what way they do work, selection of places to run their business, material they use, sources from which those materials are collected. In this way informal sector workers show their innovative spirit in production, repair work and in other fields. Similarly many studies reveal that, informal sector plays a major role in transmitting skills to new entrants in urban labour market. Scholars have said that, transmitting skills to new entrants in urban areas benefiting to both trainees and employer, as the trainees learn the work and do it in a proper way. It increases the production, distribution, income, employment, saving and investment in the economy. So all round development is seen in the economy. As profit of the employer is increased labour wages are also increased, as a result standard of living of the labourers is increased and poverty is reduced. So in this way increase in skill transmitting to new entrants is profitable to both as rural migrants are illiterate they do not know anything about urban areas. So, they learn first and then use it.

Above all studies it has been recognized that, this sector is more efficient compared to formal sector, because, it employs low level of capital and uses local resources, there by economizing scarce using labour intensive technology etc., and increases employment opportunities to surplus labour and reduce the poverty and increase the standard of living of people living in urban areas.

According to local news paper, “Believe it or not, nearly 93 percent of the countries workforce is working in informal sector and only remaining 7 percent of the workforce are working under the formal sector, accounting for total wealth creation of 52 percent from informal sector and 48 percent from formal sector. Its productivity level is \( \sqrt[130]{1} \) of that of the formal sector and even if the
level is increased to “½”, the GDP would grow at an astonishing rate of 12 percent for the next one decade. It would considerably reduce the number of people living below the poverty line from 36 percent to 11 percent changing the face of the country. In this way the informal sector plays an important role in the developmental processes of a country.

The following conclusions can be derived from the above analysis as regards the importance of informal sector:

1. It creates more employment,
2. It helps in reducing poverty,
3. It enhances the skill and knowledge,
4. It encourages migration from rural to urban,
5. Its contribution to GDP is very high and
6. It helps in distribution of gains to rural areas and poor people.

SECTION – II

In the first section of this chapter researcher has explained about the meaning, definition and importance of informal sector. Second section of this chapter throws light on vegetable informal sector of Hubli-Dharwad city.

The term “Vegetable” is applied to the edible herbaceous plants or parts there of which are commonly used for culinary purposes. According to Hosmani71, ‘vegetables are any plant products that do not belong to the group of fruits or cereals processed and used directly without substantial extraction. The nutritional value of vegetable varies widely and depends upon the edible parts of the plants that are utilized as food.

Vegetables play an important role in providing nutrients to human body. They were known as ‘protective goods’ as vegetables provide vitamins, proteins, carbohydrates and minerals etc., which constitute essentials of balanced diet. The human body needs at least ten mineral elements for growth and development, out of which calcium; iron, phosphorous is required in large
quantities, which are not present in sufficient amount in other food articles except vegetables. Insufficient use of vegetables leads to deficiency diseases, like rickets, anemia, beriberi, scurvy and pellagra etc. Vegetables are highly seasonal and are usually available in plenty at a particular duration of the year. During the peak season due to abundant supply the selling price becomes low.

According to the handbook of Indian agriculture, India is the largest producer of fruits and the second largest producer of vegetables in the world next to China. Its share in the world's production of fruits is 11 percent and vegetables is 7 percent, because of its varied agro climatic conditions. India can produce a wide variety of fruits and vegetables.

Among vegetables, India is World's largest producer of Cauliflower and second largest producer of onions and among the first 10 producers of cabbage, green peas, potatoes and tomatoes. At present, India produces about 70 different varieties of leafy, fruity and starchy, tuber varieties of vegetables. Vegetables are grown in almost all the states of the country.

The production of vegetables rose in India from 58.33 million tonnes in 1991-92 to 110.62 million tonnes in 1997-98. But, from this 30 percent of the produce gets spoiled due to improper post harvest, handling, lack of processing facilities etc. Raju and Von Oppen, M describes that, 'only better returns, stable market prices and attractive terms of trade will induce the cultivators to produce more and increase the proportion of market of the produce. But, in case of vegetables due to perishable nature of the commodities the situation is still worse, due to which vegetables are being marketed through unregulated markets even today.

India's greatest achievement since independence is its self-sufficiency in food grains. However, self-sufficiency in the true sense can be achieved only when each individual in the country is assured of balanced diet. Fruits and vegetables are the only natural sources of protective food as they supply nutrients, vitamins and minerals. In a country where the population is predominantly vegetarian, health can be achieved by increasing the production and consumption of vegetables.
Indian Council of Agricultural Research has now taken initiative to make people aware of the need for fresh fruits and vegetables. But, according to Sidhu, "the perception consumption of vegetable in India is very low i.e., only about 140 gms which is far below the minimum dietary requirement. The actual requirement of a person is 280 gms per day vegetable production. In India it has steadily increased from 28 million tonnes during 1969-71 to 110.62 million tonnes in 1997-98. The demand of vegetables has been increasing fast in urban areas with a gradual rise in standard of living and transport facilities. Hence it calls for a major research and development effort to achieve target to supply a minimum 200 grams of vegetables per capita per day for a population of more than one billion through suitable research programmes.

FAO production year book shows that, 'the status of vegetables in India in respect of area and production is far below the world average accounting for 0.03 percent and 0.05 percent of global area and production of vegetables respectively. Unfortunately, there is no accurate data of area under vegetable crops and their production available in India. According to rough estimates reported by Nath, 'Vegetable crops occupy only about 1.2 percent of total cultivated area of the country with the total production of about 16 million tonnes per year. As per the information complied by Commerce Research Bureau, the area under fruits and vegetables together were 1.2 and 1.73 million hectares and annual production of 17.3 and 20.04 million tonnes respectively for 1976-77 and 1977-78.

Choudary indicates that, 'considering the present area and yield, the production of vegetables in India is inadequate to meet the need of the country. As per information available, an average Indian consumes 434 grams of cereals per day 21 grams of leafy vegetables and 71 grams of other vegetables including tuber crops. But the opinion of dieticians is that, each adult requires 295 grams of vegetables per day to maintain proper health.

'Vegetable informal sector' is one of the important economic activities in informal sector. It consists of unorganised farmers, unorganised commission agents, who are called as 'middlemen' or 'dalals' and retailer sellers. The vegetable informal sector at present is in the hands of few 'middlemen' who
channelized the produce from the producer to the consumer. These commission agents dominate vegetable informal sector and exploit the producers, sellers and consumers. The profits of these agents compared to the services rendered by them are high. They exploit not only the producer but also the consumer to a maximum extent due to which commission agents are rightly called as "double-edged knife". The working time devoted by them for the business is much less than the farmers and sellers but their income is higher to both in terms of time and capital invested in business. The retailer has very little investment in this sector. Retailers often buy vegetables in the wholesale market on credit basis from the commission agents whom he pays late in the evening after he sells the products to the consumers.

It is generally noticed that, the vegetable growers do not get remunerative prices for their produce while, the consumers have to pay higher prices for the same. This gap between the producers and consumer's price reflects the extent of exploitation by the commission agents in vegetable informal sector. Sustainable growth in vegetable production can be achieved in vegetable informal sector by reducing the gap between producers price and the consumers' price and on the other hand, improving the quality of services to the consumers.

According to Devaraja78, "At present the vegetable marketing or vegetable informal sector is not regulated under the Agricultural Produce Marketing Regulation Act, in force in various states of India. Among the vegetables, only onion and potato, the semi-perishables are covered under the market legislation. The market fees, weighing practices, labour charges for the green and leafy vegetables are not regulated, so far no grading in the real sense is in operation. It is only at the retail level that these are sorted out depending upon variety, size, colour and shape. This in any way does not help the primary producer. Most of the wholesale markets built before decades are congested and lack of physical facilities for display, storing and weighing. In recent years corporation authorities have built retail markets in several parts of the city, most of which are devoid of adequate physical facilities and hygienic conditions."
Vegetables are grown in a wide variety of soils in Dharwad districts. The important vegetables grown in the district are potato, onion, tomato, brinjal, ladies fingers, cabbage, cauliflower etc. Unfortunately, correct data regarding production and sales of vegetables are not available. However, rough estimates regarding the same are provided by the offices of the State Horticulture department in the study area. It is to be noted that Dharwad and Hubli talukas dominated over all other talukas of Dharwad district in respect to production and marketing of vegetables. These two talukas are also important for the production of cash crops like potatoes and onion. Among the most important vegetables grown, marketed and consumed in twin cities are tomato, Brinjal, onion and potato. Among these vegetables onion and potatoes are purchased and sold by the rules framed by the respective Agricultural Produce Market committees under the provisions of 'The Karnataka Agricultural Produce Marketing Regulation Act, 1996. But the marketing of highly perishable commodities like vegetables is not yet regulated and hence, it traded in the unregulated markets. Hence, the regulated and unregulated wholesale market yards are situated at different places in twin city.

Vegetable Informal Sector in Hubli-Dharwad City:

Old vegetable market in Dharwad city and the Gandhi market in Hubli city are wholesale as well as retail markets for vegetables. These wholesale markets are located in the heart of the city and are connected to all parts of the city by pucca roads and have good transportation and communication facilities. These markets are well connected with other markets in and outside the state. It is located very close to the city bus stand as well as to the central bus stand. The railway station is about 2 k.m. away in Dharwad city and 1 k.m. away from Gandhi market in Hubli. In Hubli city bus stand is close but central bus stand is nearly 2 k.m. away from the market. These markets have a total of 90 commission agents, operating at wholesale level among them 30 agents are operating in Dharwad and 60 agents are in Hubli vegetable market. In vegetable informal sector in Hubli-Dharwad a total of 800 retailers are permanently operating in this business and 700 outsider retailers are present, who are not permanent. Among the 800 permanent retailers 500 operate in different parts of
Hubli city and remaining 300 retailers operate in different parts of Dharwad city. In vegetable informal sector commission agents perform the duties of wholesalers. They buy and sell in wholesale, for which commission agents or retailers do not take license. The transaction in the vegetable informal sector starts at 6 a.m. and it is up to 2 p.m for the commission agents cum wholesalers and up to 9.30 p.m. for retailers. As soon as the vegetables are sold to the retail traders, commission agents pay the producer seller the value of his vegetables less than the commission charges and collect the same from the retailers in the evening or on the next day. Commission agents deal with all kind of vegetables except onion and potato as it is dealt with the regulated market. Some of the commission agents are specialized for particular vegetables. In the morning hours vegetable market is over crowded and it is inadequate to meet the demands of the dealers. The open auction is widely adopted in twin city that is in Gandhi Market in Hubli and the old vegetable market in Dharwad, though the market committee has been provided some of the facilities are totally absent. In Hubli-Dharwad city a minimum of 25 types of vegetables arrive regularly. For the detailed study of some of the vegetables, as to how much quantity arrives in Hubli-Dharwad vegetable market is explained by the researcher. It is interesting to know that, Hubli-Dharwad city vegetable informal sector receives 26,000 kgs. of Chilli, 46,000 kgs. of Brinjal, 50,000 kgs. of Tomato, 11,000 kgs. of Cucumber, 200 kgs. of Cauliflower, 1,40,600 kgs. of Onion and 60,280 kgs. of Potato etc. per day. It shows the bulk of vegetables arriving in Hubli-Dharwad city. It is found from table 3.1 that potato and onion are important items in vegetable market, onions account to 42.09 percent to total vegetable arrived in market and potato to 18.04 percent as these two items are always demanded by the consumer in every season and cauliflower is the lowest that is 0.06 percent to total quantity as it is seasonal vegetable. Hence an arrival is less compared to potato and onion.

In the twin city, numbers of vegetables are got throughout the year. But, it arrives in plenty during Rabi season. The twin city receives vegetables from an area of 10 k.m. around Dharwad. Dharwad receives vegetables from villages namely, Aminbhavi, Harobelawadi, Garag, Hebali, Lakamapur, Mangalagatti,
Narendra, Navalur, Kabur, Munavalli, Somapur, Malapur, Nigadi, Kabur etc. Hubli receives vegetables from villages like Adargunchi, Amargol, Bidnal, Chebbi, Gabbur, Gamangatti, Giriyal, Katnur etc. This local arrival is sufficient during winter season because this is the proper time for all vegetables to be grown. But, in the off season vegetables are not sufficient to meet the increasing demand of the population in the city. So some vegetables are brought from neighbouring states and districts.

Table 3.1: Total Quantity of Arrival of Some of the Selected Vegetables per day in Hubli –Dharwad City

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Item</th>
<th>Total quantity arrivals per day (in Kgs.)</th>
<th>Percentage to total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chilli</td>
<td>26,000</td>
<td>7.78</td>
</tr>
<tr>
<td>2</td>
<td>Brinjal</td>
<td>48,000</td>
<td>13.77</td>
</tr>
<tr>
<td>3</td>
<td>Tomato</td>
<td>50,000</td>
<td>14.97</td>
</tr>
<tr>
<td>4</td>
<td>Cucumber</td>
<td>11,000</td>
<td>3.29</td>
</tr>
<tr>
<td>5</td>
<td>Cauliflower</td>
<td>200</td>
<td>0.06</td>
</tr>
<tr>
<td>6</td>
<td>Potato</td>
<td>60,280</td>
<td>18.04</td>
</tr>
<tr>
<td>7</td>
<td>Onion</td>
<td>1,40,600</td>
<td>42.09</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,34,080</strong></td>
<td><strong>100.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data.

It is very interesting to note that; twin city has only two whole-cum-retail vegetable markets, namely ‘Old Vegetable Market’ /‘Super Market’ and ‘Mahatma Gandhi Vegetable Market’ in Hubli. Inspite of this, twin city has a number of retail vegetable markets like ‘Old Vegetable Market’ or ‘Super Market’, ‘Nehru Market’ and mobile vegetable vendors and vendors selling their vegetables in extension area in Dharwad, and in Hubli, the retail trade of vegetables are concentrated in five centres plus mobile vegetable vendors and vegetable vendors in extension area. The areas are Mahatma Gandhi Market, Janata Bazar, Ganeshpethe Vegetable Market, Old Hubli Vegetable Market, Kamaripethe Vegetable Market etc., and vegetable vendors in extension area and mobile vegetable vendors in Hubli city and recently Municipal Corporation established a new vegetable market in Cotton Market in Hubli. In vegetable
informal sector, the different categories of market functionaries are involved. In Hubli-Dharwad city, two channels have been noticed in vegetable informal sector that is Channel-I consisting of sales of consumers through commission agent-cum-wholesalers and retailers, while in Channel –II, the vegetable move through village merchant, commission agent-cum-wholesalers and retailers to reach the ultimate consumer.

In this way vegetable informal sector provide the work opportunities to urban poor by investing less capital to earn income to improve the standard of living and to reduce the poverty. In Hubli-Dharwad city, 800 retailers and 90 commission agents earn their income by investing little amount of capital in this trade.

SECTION – III

Vegetable vendors are persons selling edible herbaceous plants in this section; Researcher has classified the vegetable vendors in six categories for their detailed study. They are as follows:

1. Vegetable vendors selling all types of vegetables,
2. Garlic, ginger and lemon vendors,
3. Mobile vegetable vendors,
4. Leafy vegetable vendors,
5. Potato and onion vendors and
6. Vegetable vendors in extension area.

The following paragraphs discusses briefly about the meaning and features of these six categories of vendors.

1. Vegetable Vendors selling all Types of Vegetables:

These vegetable vendors sell all kind of vegetables in central market permanently. They have a permanent place to sell their vegetables. They invest more capital in the business, particularly on fixed cost. Thus, these vendors invest more. Naturally, their earning is more compared to other categories of vegetable vendors. They are well off among the vegetable vendors. They sell maximum varieties of vegetables. Thus, the consumer can purchase whatever
they want in a single shop. This type of vegetable vendors usually needs the help of a family member or a hired labour. Some times the whole family is involved. They work in a single shop and run their business with family members. On the other hand some vendors employ of 3 or 5 persons on hire basis. Some vendors manage the business alone. They purchase vegetables from wholesale markets through commission agents, they transport the vegetables early in the morning to their selling place and arrange vegetables in a proper manner and are involved in the business till 9.30 P.M. These vegetable vendors permanently sell their vegetables in the same market. They have a permanent shop or katta in the vegetable market, which is provided to them by Municipal Corporation. These vendors pay a daily amount of Rs. 5 as a corporation tax to the Municipal Corporation. Most of the vegetable vendors in this category are involved in this business from nearly 20-25 years. These types of vegetable vendors have much experience in this business and earn normal profit in this business.

2. Garlic, Ginger and Lemon Vendors:

They are the other type of vegetable vendors, who sell only garlic, ginger and lemon or only lemon. Compared to the other types of vegetable vendors their investment in this business is more or less the same. But the perishability of goods is less in these products. These vendors do not purchase their products daily. They purchase their products twice or thrice a week from APMC (Agricultural Product Market Committee) wholesale market through commission agents or vegetable wholesale markets at Hubli or at Dharwad city through commission agents. They transport their products by mini-trucks or by auto or bullock carts by giving transportation charges to their respective places. Among these vendors, some have fixed place to sell their products. They have shop or katta for their business, provided by municipal authority. So, they have to pay the corporation land tax of Rs. 5 daily to corporation. But, none of the lemon vendors in the twin city have a katta or shop for doing this business. Though, they are the permanent vendors in the market. They sell along the side of the road or middle of the road or in the front of another shop permanently. These vendors pay Rs. 2 as corporation tax to corporation in Hubli and Rs. 1 in Dharwad. Even though
they do not have a shop or katta, the lemon vendors in particular face problem of fixed land while selling their products. Some of the lemon vendors pay extra charges to the shop owners in front of whose shop they do their business daily. The shop owners collect a minimum of Rs.10 daily from a vendor. Thus the vendors pay double charges.

Garlic, ginger and lemon are always demanded in the market. The common people demand these products more. These have medicinal value they reduce cough and cold. It is important to maintain good health and reduces heart diseases and is said to purify blood. So, during winter season, this business is very favourable to them. They earn maximum profit during these four-months. While lemon vendors earn maximum profit during summer season and during other seasons in a year these vendors earn normal profit from this business. This type of vendors face minimum loss as the degree of perishability of this product is less. So, they earn more profit compared to leafy vegetable vendors in market. The lemon vendors from Dharwad purchase lemons from Hubli Gandhi market, thrice a week and sell it in Dharwad markets. Hubli, lemon vendors also purchase lemon from Gandhi market on every alternate day and sell them in respective markets or by moving in the city. The lemons are purchased depending on the size of the bag and size of the lemon and sell them depending on these factors.

3. Mobile Vegetable Vendors:

Mobile vegetable vendors are vendors who sell their vegetables by moving from place to place in the city, by carrying their vegetables on their head or on a bicycle or on a pulling vehicle. These vendors provide door-to-door services in the city. These vegetable vendors go to the wholesale market early in the morning and purchase vegetables from commission agents by paying the charges to the commission agents on the spot. These vegetable vendors do not pay any commission to the agents after selling their products. These vegetable vendors invest very less in the business compared to other types of vegetable vendors. They do not have fixed land for their business. So, these vegetable vendors do not pay any land tax to corporation authority. They do not pay any
labour charges or transportation charges. They themselves carry their products on their head or bicycle or on pulling vehicle.

These vegetable vendors exploit consumers by charging higher prices for the products. They charge more than double the price for their vegetables. As most of these vegetable vendors belong to very poor categories of people in the society, they do not have much money to invest in their business. They only have a basket, weighing machine and a measuring stones and a piece of old cloth. They purchase less quantity of vegetables and sell it at high price. In this way these vendors gain their profit. These vendors have to work very hard. They have to wander from door to door to sell their products up to their product are over. They start their business on their way back and they finish their products by 2-3 p.m. comparing to other vegetable vendors in market, mobile vegetable vendors earn very less. As they purchase very less quantity of vegetables and sell it at a higher price and the profit is for their livelihood for that day.

4. Leafy Vegetable Vendors:

Leafy vegetable vendors in central market are vegetable vendors who selling only leafy vegetables in the main market. They are permanent vegetable vendors in the market. These vegetable vendors go early in the morning to the vegetable market and purchase leafy vegetables from commission agents and the commission agents are paid in the evening after the vegetable are sold or on the next day in the morning. They give commission charges depending on the number of bundles they purchase and on the price. e.g., normally for 100 bundles of leafy vegetables, if the price is more than Rs. 100 the vendors should give Rs. 10 to commission agents as a commission charge and if it is less than 100 and more than Rs. 50 they should pay Rs.5 as a commission charge. In the leafy vegetables the degree of perishability is high. So, these vegetable vendors do not gain much profit compared to the other types of vegetable vendors in the market. The Municipal Corporation is not providing maximum leafy vegetable vendors in Hubli-Dharwad city with a katta or a shop. They are the permanent vendors and occupy a permanent place in the market and the leafy vegetable vendors pay the corporation tax of Rs.2 in Hubli and Rs.1 per day in Dharwad market. Compared to the mobile vendors, leafy vegetable vendors in markets
are quite well off. They sell vegetables from morning till night. They earn more profit than that of the mobile vegetable vendors in the city and less than all other types of vegetable vendors in the market. As the perishability is more in leafy vegetables their profit margin is less. These vegetable vendors invest less money. They purchase mat or jute coir or a table for their business. They sit on the ground, and place their products on mat, table, or jute coir to sell it. They do not need weighing machine or measuring stones. They need a bucket or a pot to store water and a jug to pour water on the vegetables to keep them moist. They bear some transportation charges; they do not spend on labour charges. They bring their vegetables by auto or carry themselves or sometime give Rs. 2 as hamali and do their business up to they finish their products or up to 9.30 pm.

5. Potato and Onion Vendors:

These vegetable vendors sell only potato and onion in central market. These vegetable vendors sell semi – perishable products like potatoes and onion. These vegetable vendors do not go to the wholesale market daily. They purchase their products weekly or twice a week from commission agents in APMC market or wholesale vegetable market in Hubli-Dharwad city by paying commission agents on the spot or after some of the products are sold. These vendors are permanent vendors in the vegetable market. They have shops or katta’s provided to them by the Municipal Corporation. So, these vendors pay Rs.5 daily as corporation or land tax. Compared to other vegetable vendors they invest more and earn more profit in their business, as the degree of perishability is less in these products. So, they do not face any problems of loss of products. They bring their products by transporting them in mini trucks and by the help of labourers kept in the shop or some of the vendors hire rooms close to the market place and they carry daily the required quantity to the market and sell it from 9.30 a.m. to 9.30 p.m. Among the potato and onion vendors maximum vendors purchase their products from regulated markets, through commission agents by paying them the commission charges and also APMC charges, which is called as ‘Chess’. These vegetable vendors need weighing machine and measuring stones compulsorily. People demand these products through out the year, as it is very much essential for human health. Potato contains large amount of
proteins and onion purifies the blood. So, most of the people do not cook vegetables without onions. India is the second highest producer of onion in the world. Vegetable vendors who sell products, which are always demanded by people, do not face many problems during loss in the business. Compared to other types of vegetable vendors, these vendors earn more profit in the business.

6. Vegetable Vendors in Extension Area:

Vegetable vendors in extension area are vegetable vendors, selling their vegetables in extension area of the city permanently. They sell all kinds of vegetables in extension area. They sell vegetables in a hired shop or along the roadside or close to their own house. These vegetable vendors purchase vegetables in the wholesale market every morning from the commission agents. They pay them on the next day while purchasing vegetables from commission agents. They transport their vegetables by mini trucks or auto to their selling place by paying transportation charges. These vegetable vendors sell their vegetables far away from the vegetable wholesale market or other retail vegetable market. They establish their business in newly established areas of the city, where people do not have proper facilities. These vegetable vendors invest more amounts in the business compared to other types of vegetable vendors in market. These types of vendors sell all kind of vegetables. Some vendors provide one or two chairs for the customers. They talk very politely and manner-fully and impress the customers during the business. The vegetable vendors in extension area are charging much higher prices to their customers. Nearly double or triple times the charge is charged to the customers compared to the market price. Inspite of which customers purchase vegetables from them as there is no alternate shop for the customers to choose in that area. If they need any vegetables urgently they should purchase at high price from the vegetable vendors and these vendors do not do bargain with customers, they know, customers will buy from them because other vegetable markets are far from the area.

Comparing to all other types of vegetable vendors in the market, the vegetable vendors in extension areas earn more profit. Because, these
vegetable vendors start their business in extension and high standard area of the city, where people do not bother much about the price charged by vegetable vendors as people are rich or of middle class. They think that, bargaining with vegetable vendors is below their dignity. Many people purchase at whatever price that is told. Among the vegetable vendors in extension area, some of the vegetable vendors sell vegetables from morning 9 a.m. to 9.30 p.m. and some of the vendors do their business only in evening that is after 4 o'clock to 9.30 p.m. Most of the vendors have their house close to the selling place. These vendors are well off among all the other types of vegetable vendors in every aspect of life.
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