CHAPTER -1

INTRODUCTION

Statement of the Problem:

Urbanization is a pre-condition for economic development. Urbanization is a process of developments and expansion of various economic activities in both formal and informal sector in cities and towns. Several developmental economists have stated that both urbanization and overall development of the countries economy goes hand in hand. Urbanization indirectly promotes agricultural growth and provides various opportunities to the rural and urban people. In fact, cities are one of the greatest possessions of the state and its people, cities generate wealth, they create employment, they serve as a base for industries, trade, commerce and communications and seat of management. Cities are not necessary to drain the resources of the state, but are primary generators of wealth. Urban development need not be a financial liability to the state exchequer. Urban areas not only generate wealth but also transfer resources from unproductive activities to productive activities. Urbanization also promotes the development of other sectors like service, transport, formal, informal, social, education etc., in cities. Unfortunately it is hurting to note that urbanization has created various problems in cities/ towns.

It is noticed that, the progress of urbanization in India has been rapid during the recent years and much of the contribution to the process is made by the large towns and the industrial centres. The total number of cities in India was 3,060 in 1950-51 and their number increased to 5,161 in 2000-2001.

Urbanization in Karnataka as in the other parts of the country has been quite rapid during past five decades. It has also been noticed that large number of small towns has increased in the state. As a result the growth of urban population to the total population of Karnataka has increased. For example, the total number of towns in Karnataka were 219 in 1901 and their number has increased to 306 in 1991 and declined to 270 in 2001, due to change in definition of the towns. In the process of urbanization, there has been a considerable
increase in the urban population. The percentage of urban population was 12.6 percent in 1901, which increased to 33.98 percent in 2001.

In the process of urbanization, it is noticed that expansion in trade, industries, marketing, banking, transportation, education, housing, storage, processing, servicing and urban informal sector and other economic activities have occurred in town/cities. The growth of urban informal sector is a major segment in the process of urbanization. In this process, there have been tremendous developmental activities in the urban informal sector. The process of urbanization starts with hectic activities in the urban informal sector, particularly in developing countries like India. In this process, urban informal sector provides huge employment to the growing population. Unfortunately, it is noticed that in developing economies formal sector, including industrial sector has failed in providing sufficient employment to the people. Thus, urban informal sector plays a crucial role in providing employment and generating income. Further, in the process of development of urban informal sector, various problems have been cropped up in this sector.

The present study intends to investigate the role of urban informal sector in Karnataka in general and Hubli-Dharwad city in particular. In order to investigate the role and various problems of informal sector Hubli Dharwad city is selected in the present study. Further, in order to know in-depth analysis of urban informal sector, the present researcher has taken into consideration only the urban vegetable informal sector.

Vegetable informal sector is one of the petty businesses in informal sector. Inspite of that, it has importance in all the countries of the world. Vegetable vending business plays an important role in social and economic aspects of life of both urban and rural people. It provides direct employment to semi skilled and unskilled labourers. It raises standard of living of urban poor people. This trade has strong forward and backward linkages like other business. It also makes substantial contribution to the gross income and capital formation of the nation. So vegetable informal sector has a pivotal role in promoting the socio-economic conditions of the vendors.
Inspite of technological advancements and achievements, vegetable informal sector in India is still considered as the most economically backward and the conditions of the vendors are still very worst. The ground realities of these people and available information on their socio-economic status, their active involvement in the business, the impact of welfare programme on them, their status in society, role played by vegetable vendors and their family background, business practices, their gross income, net income, housing problems are studied. Hence, in the present study researcher felt that, micro level study of vegetable informal sector is essential in Hubli-Dharwad city.

The rapid growth of the urban vegetable informal sector and its high employment potential has attracted many policy makers and academicians towards the study of this sector. As many scholars could find answers for the problems of urban unemployment and poverty in the urban informal sector and thus a number of studies were initiated to understand the nature and working of this sector. These studies mainly focused on the size of informal sector, its links with formal sector, constraints faced by this sector like lack of credit, skills and marketing facilities, exploited by middlemen, role of informal sector and importance of informal sector etc. Some of the studies concerned to urban informal sectors are as follows.

Review of Literature:

A number of studies have been made to investigate the face, structure and pattern of urban informal sector, development and the problems of urban areas. At this juncture, a brief account of their findings seems to be appropriate on chronological order. In the following paragraphs an attempt has been made to present a brief review of the available literature.

Mehta's empirical study reveals, about the origin, concept of urban informal sector, characteristics of the informal sector, direct linkages and policy implications to informal sector in India. But, she did not give any information about, level of employment generation in urban informal sector and their percentage to national income in India.
Pugh Cedric² in his book entitled, "Housing and urbanization: A study in India" has thrown light on the theory and policy evaluations in public housing, squatter settlement, land management, housing finance and government housing. He has also emphasized on the very presence of economic growth and urbanization and active presence of the World Bank in housing in major cities such as Calcutta, Madras and Mumbai. However, the scholar totally neglects the housing problems of the urban poor in India. Apart from housing problem there are various urban problems such as slums, lack of water, problems in formal and informal sector etc. In this regard Mohans³ study throws light on increasing role of urban informal sector and other various problems in urban areas.

A more severe problem in the vegetable informal sector is the price behaviour, fluctuation and producers share in consumers rupee. S. N. Goswami⁴, in his article, "price spread of tomato in vegetable market of Kamrup district- Assam", pointed out the tomato marketing, price spread, channels of marketing and producers share in consumers rupee in tomato marketing in Kamrup district. But, author failed to provide the producers share of consumers rupee in other types of vegetables sold in Kamrup district markets of Assam state as a whole and the problems of this market.

A detailed study by N. Nagaraj and Chandrakanth⁵ explained about marketing channels, share of the consumers rupee, problems of vegetable growers, price spread in some fruits markets, problems and efficiency etc. But, scholar did not discuss the employment generated in these markets and their shares to national income. He also explains about mechanisms for planning of urban development, cities with declining industries, industrial development, financing of urban development, funding shelter for urban poor, some of the amenities in urban areas etc., but author has not suggested any measures to reduce the problems of housing in urban areas.

A number of studies have been made to investigate the various problems of urban labourers in informal sector. At this juncture, a brief account of their findings seems to be appropriate. Bhatt⁶ emphasized, 'The unprotected labour', the national commission on self-employed women has acquired overwhelming experience through interaction with a large number of women in India working in
fields, forests, factories, mines, homes, roads or in downtown markets. The evidence suggests that the terms like informal sector do not necessarily convey the essential characteristics of these working women. They are like the rest of Indian working population; work status is unstable, more vulnerable etc. But, the author did not discuss the role played by informal sector in case of a widow or a family having no earning members. In this situation only informal sector helps them to earn their livelihood.

Sundaram\textsuperscript{7} in his article 'organizing to unorganized urban labour: A case study of Maharrastra'. In this article author points out various problems of the unorganized urban labour force in Maharrastra and has also explained how to organize them and improve their economic conditions and raise their standard of living, by the help of trade unions and various financial institutions. But, the author did not explain the problems of unorganized labourers in other states of India. Because labourers from different places face different problems in our country thus the author did not give total phenomenon of organizing the urban labour force.

Smt. Sheth\textsuperscript{8} in her article 'organizing the urban unorganized workers; two successful experiments', suggest that income of the vendors can be increased by providing market facilities and financial assistance to vendors. But, both the measures were only used in Bombay city. Unfortunately, she did not explain other measures of organizing the urban labour force like Prime Minister Scheme to provide loans to urban educated youth, for self employment and she did not explain about any other city other than Bombay.

Yamada\textsuperscript{9} in his paper, 'urban informal employment and self-employment in developing countries: theory and evidence', indicated about some aspects of the urban informal and self-employment sector in developing countries. The scholar further explained that out of every five labour force in developing countries, one is self-employed in informal sector. But informal self-employment sector is still sketchy due to lack of appropriate data in developing countries and the role of informal sector is still controversial issue. The evidences indicated that only individual who does well in informal self-employment stay in the sector; others with less entrepreneurial ability leave informal self-employment for other
more suitable employment options. Since it is a competitive outcome in developing economies, policy makers should essentially let it continue. Thus policy intervention is needed for this sector. But the scholar has not discussed the problems of informal sector in developed countries of the world. He has only discussed the role of informal sector in developing countries of the world.

Venkataramana and Gowda indicated in their article, 'Channels and price spread in tomato marketing- A study in Kolar district', about the channels and price spread in tomato marketing in Kolar district in Karnataka state. However, the author has not discussed the price behaviour of other vegetables in Kolar district.

Sharma in his book, 'Impact of migration on urban economy', revealed that structure of urban labour market, structure of employment, unemployment, income and investment, distribution, sources of urban income, urban living conditions, housing conditions and availability of amenities etc., in Bokaro and Muzaffarpur city. But the author did not explain about all the problems created by migrants on the urban economy in India. He only explained about the Bokaro and Muzaffarpur city in Orissa.

Anand in his article 'informal sector and urban employment generation', explained about urban poverty, definitions of urban informal sector, government response, training and income generation schemes, shortcomings of government programmes and policy programmatic suggestions etc. But, scholar did not explain about the manner in which these schemes help the urban poor and what is their percentage to national income of India.

Awasthi, I.C. and et. al. in their paper, entitled 'characteristics of informal sector: empirical evidence' explained, the definitions of informal sector, features of informal sector and some selected activities of the informal sector. However, author neglects the role of informal sector in the urban areas.

Mukhopadhyay in 'Calcutta's informal sector; changing pattern of labour use', discussed about definition of informal sector, characteristics of informal sector, experience of informal sector of India with World and pattern of labour force in informal sector of Calcutta. Further, she also explained that Calcutta a
populous city of a third world country contained a large informal sector. According to her, heterogeneous labour forces are employed without the sanction of labour legislation and they are rising continuously in third world urban site. Paper also traces changing pattern of labour use in Calcutta, during last few decades. Unfortunately, the scholar did not explain about the informal sector and changing pattern of labour use in other parts of India.

Samal and Meher in their paper, 'migrants in urban informal sector: case study of five class-I towns and five villages in Orissa', throws light on definition of informal sector, migrants in urban centres and their earnings etc. Author also explained the theories of migration of the workforce from areas of low opportunities to high opportunities and migration of the people from rural areas to towns in Orissa, scholar also explained socio-economic conditions of informal sector worker in towns compared to their native place. But, author totally neglects the problems of informal sector in urban areas and has not discussed about the process of migration in any other states of India.

Kulshreshtha, in his article, 'Informal sector in India: discussed about various issues in the context of the U.N. system of national accounts', informal sector refers to economic activities i.e. production and distribution of goods and services, by the operating units of the households which essentially differ from the formal sector in terms of technology, economies of scale, use of labour intensive, processes and virtual absence of well maintained accounts. He also states that informal sector has been identified as a sub set of then household sector and the data sources for the informal sector used in the competition of Indian National Accounts have been enumerated. Household and household satellite accounts have been discussed. But, the author failed to provide similarities between formal and informal sector of the economy.

Reddy, in his book, 'consumption pattern of migrants', has thrown light on process of rural-urban migration which has brought several changes among the migrants in terms of income, consumption and living conditions etc. Further, author studied consumption pattern with reference to certain broad categories of consumption like food items, non-food and expenditure on addictive habits, possession of consumer durable goods etc., to understand the levels of living of
the migrants. However, scholar did not explain the consumption pattern of the non-migrants in the cities and problems of migrants and non-migrants in cities.

Arup Mitra in his paper, 'Employment in the informal sector', a broad picture of the size and composition of the informal sector using the economic census, 1990 data and discussed the association of industrialization, urbanization and poverty with the informal sector. The size of the informal sector seems to vary inversely with urbanization and industrialization. Further, he also explained that the positive association between informal sector employment and the incidence of poverty based on the state level data. Unfortunately, author did not discuss about the role played by informal sector in cities and towns in India.

Hand book on Indian agriculture explained about, 'fruits and vegetables' occupied area in hectares, production, state wise output in India, losses of fruits and vegetables in India, share of hybrid seeds cultivation in India, India's export scenario, India's share in world production of fruits and vegetables, some selected horticulture states in India and export scenario of united states of America. Further, this book again explained about the products made by vegetables and fruits by processing industries in India. Unfortunately, handbook has not provided the measures to avoid the wastage of vegetables and fruits in India and also has not given preference to local markets or trades of vegetables and fruits in micro level.

Bhatt, the founder of the self-employed women association conducted the seminar on, 'street vendor a symposium on recounselling livelihood of people and urban governance'. In this seminar, many scholars explained their view on the problems of informal sector, roles and perceptions of informal sector, services provided relations between vendors, police and governance, organizing street vendors, about the informal sector workers survival, their relations with politicians, average earnings of vendors in some metropolitan cities of India. However, none of the scholars have discussed about the problems of informal sectors particularly street vendors in small cities of India.

Devaraja in his article ‘An analysis of regulation of vegetable marketing in Hassan district of Karnataka state- A case study’, revealed about the regulations of the vegetable marketing, variations in the wholesale prices of
vegetables in regulated markets and unregulated markets and problems faced
by farmers in present vegetable marketing in Hassan district in Karnataka state.
Unfortunately, author failed to provide vegetable marketing situation in
Karnataka as a whole and type of vegetables they export to other states.

Devaraja\textsuperscript{22} in his article, 'channels and price spread in fruits and
vegetables marketing: A study in Mysore district Karnataka', highlighted about
the practices followed by cultivators, cost and returns associated with them,
method of transactions of marketing and suggests steps to improve them in
Mysore district. Unfortunately, author has not explained about vegetable
marketing conditions of any other districts of Karnataka, it means author has
given importance only to micro level study and has neglected macro level study.

Objectives of the Study:

Though the studies reviewed above are quite useful to evaluate the
impact of urbanization, most of these studies were conducted only on macro
level and advanced region, but micro level studies are rare. And most of the
studies have given importance to spatial aspects of the urbanization. Though the
above mentioned studies have been useful in highlighting the different issues
relating to urbanization, they have not been able to probe deep into various
aspects of urbanization and no study about the problems of vegetable marketing
and retail vendors in Hubli-Dharwad city has yet been made. So the researcher
felt, there was a need for studies in depth about the problems of vegetable
informal sector in Hubli-Dharwad city and appraise the intensity of the problems
particularly with reference to vegetable informal sector in Hubli-Dharwad city.

The following are the main objectives of the present study:

1. To study the progress of urbanization in Karnataka and Hubli-Dharwad city,
2. To know the concept, features and role of urban informal sector,
3. To identify the socio-economic condition of vegetable vendors in Hubli-
   Dharwad city,
4. To find out the process of generation of income and employment in the
   vegetable informal sector in Hubli-Dharwad city,
5. To understand the housing problems of vegetable vendors,
6. To understand the various problems of vegetable vendors in Hubli-Dharwad city; and
7. To suggest various remedial measures for smooth development of urban vegetable informal sector.

Hypothesis:

On the basis of the review of literature and the objectives of the present study, the following hypothesis is proposed.

1. In the process of urbanization, informal sector is playing a very important role,
2. Vegetable vendors are struggling hard to sell vegetables and they are facing many problems in the markets,
3. The income generated by vegetable vendors is not sufficient to maintain their minimum standard of life, and
4. The housing and economic conditions of vendors are deteriorating.

Methodology and Research Design:

Urbanization is a process of development and expansion of industries, banking, marketing, trade, transport, education, infrastructure, medical and other various activities in the informal sector. It is needless to state that the process of urbanization is nothing but expansion and development of various economic activities in both formal and informal sectors in urban areas. In this process, it is accepted fact that the employment opportunities increase in urban areas. However, the increase in employment opportunities is higher in urban informal sector than formal sector. Urban informal sector consists of fruit vendors, flower vendors, vegetable vendors, rickshaw pullers, plumbers, electricians, carpenters, domestic servants, tailors, workers in the household industries, construction workers, casual labourers in factories, hawkers and other unorganized workers.

In the present study, a humble attempt has been made by the researcher to throw light on the problems, prospects and socio-economic conditions of urban vegetable vendors in Hubli-Dharwad city. The growth, development, progress and problems of other urban developmental activities are beyond the purview of the present study.
Selection of the Hubli-Dharwad City:

For this case study, the researcher has selected Hubli-Dharwad city which is situated in Dharwad district of Karnataka state. The city is second biggest urban centre in Karnataka, where a study of urban vegetable informal sector has not been carried out by scholars. Hubli-Dharwad is one of the industrial, businesses, educational and cultural city of the state and there is good network of vegetable marketing in the city. There were 800 total numbers of vegetable vendors and 90 middlemen in the twin city in 2000-2001. Due to various and multi various activities, the city are growing at a very faster rate than that of other urban areas in the state. Along with development, the city is facing various problems in all fields. In order to investigate the various aspects of urban vegetable vendors in Hubli-Dharwad city has been selected. The present researcher is going to adopt the following methodology.

Data Used:

A study of this nature necessitates the use of both primary and secondary data. Accordingly in the present study both the primary and secondary data are used. The data pertaining to the development of industries, housing, education, health, drinking water, medical facilities, medical care etc., are collected from the Hubli-Dharwad Municipal Corporation, Hubli-Dharwad urban development authority, District Statistical Office, District Industrial Training Centre, Other Government Offices, Several Periodicals, Journals, Census Reports and News Papers etc. The data pertaining to urban problems like, housing, medical facilities, drinking water, sanitation, education, the problems of service sector, informal sector etc., are collected through interview schedule. Hence, in the present study both the primary and secondary data will be used.

Selection of Sample Vendors:

1. Out of total 800 vegetable vendors in Hubli-Dharwad city, 180 vegetable vendors were selected for interview. Vegetable vendors were selected purposefully on the basis of location and kind of goods they sell. As this type of studies require purposive sampling method so vendors were selected by using purposive sampling method, and out of 90 middlemen, 20 middlemen were selected for the study by using random sample method.
Field work was undertaken by the researcher in the month of Nov. 2001 to Jan. 2002, which is the winter season and the proper time for most of the vegetables to be sold in the market. For the detailed study, the researcher classified the vegetable vendors under six categories consisting of 30 vendors each. They are as follows:

1. Vegetable vendors selling all kind 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.

A pilot study was conducted before commencing the field work. Interviews of the retail vegetable vendors were conducted. Detailed notes were taken down during these discussions and attempts were made to compare and cross check the views and ideas expressed by the vendors. At the time of field work the problems faced in the course of data collection are explained in detail further. By and large, it was difficult to collect information from the selected respondents. However, when the vendors were approached with interview schedule with an explanation about the nature of the research, most of the vendors willingly agreed to spend some of their time to answer the questions of the interview schedule and participate in the discussion. However, some difficulty arised in collecting information from big vegetable vendors. The reason was their busy business and fear that the investigator was a government officer or from income tax department. Big vendors were not frank compared to the small vendors who expressed free and frank opinions, hoping that the researcher may provide them some place to sell their products, solving the problems of housing that is help them to get houses from government schemes or provide some financial assistance from government. The data latter was processed and tabulated. The analysis of primary data on various aspects is presented in fourth, fifth and sixth chapters of the study and forms the original contribution of the researcher.
Statistical Tools:

A study of this nature normally requires simple statistical tools. Hence in the present study, the tools like averages, percentages, growth rates etc., indices were used. The emphasis in the study was on tabular analysis of the data.

Limitation of the Present Study:

In the present study, researcher has studied the problems, prospects and socio-economic conditions of urban vegetable vendors in Hubli-Dharwad city. The growth, development, progress and problems of other developmental activities are beyond the purview of the present study.

This study is based on both primary and secondary data. Secondary data was collected by various sources like census reports, District Statistical Office, report, reports from many Government Offices, Journals and News Papers and primary data was collected by preparing interview schedule. During interview vegetable vendors provided information from their memory as they did not maintain systematic accounts of their business. A few big vendors were hesitant to give proper information about their income as they thought that the researcher belonged to income tax office. And some found that it would disturb their business which leads to respondent giving inconsistent answers to the questions, in such cases the researcher had to estimate the correct information. Therefore, the data may not be cent percent accurate. Moreover, information collected from the vendors is pertaining to only ninety days in a year, in this way the study does not predict anything about the seasonal variations in vegetable marketing and income of the vendors.

In the present study an attempt has been made to analyse the process and problems of vegetable informal sector particularly vegetable retail vendors, their business, income, employment, expenditure, socio-economic conditions and housing problems of informal sector etc., and other problems of informal sector in Hubli-Dharwad city are beyond the purview of present study. This study does not provide the complete picture of problems of informal sector in Hubli-Dharwad city.
Inspite of these limitations, it is hoped that the studies in depth of selected issues will throw some light on process and problems of vegetable informal sector in Hubli-Dharwad city.

**Importance of the Study:**

Generally most of the investigation works in social science aims at finding out certain useful measures for urban development. The urban areas in India are facing innumerable problems like lack of medical care, drinking water, housing etc. The urban areas are also facing some serious problems like slums and unhygienic conditions. Thus, the present study tries to investigate the problems in Hubli-Dharwad city particularly informal sector workers that is, the vegetable retail vendors in Hubli-Dharwad city.

Vegetable buying and selling is one of the petty businesses in informal sector. It has common importance in all the countries of the world. It plays a important role to reduce differences in resource endowments, social policies and existing levels of development. It increases social and economic aspects of human life. In economic terms vegetable-vending business plays an important role. It provides direct employment to semi-skilled and unskilled labourers. It raises standard of living of poor people in the urban areas. It is a labour intensive business or trade. This business has strong forward and backward linkages like other trade. It also makes substantial contribution to the gross income and capital formation of the nation.

Vegetable vending has a pivotal role in promoting the socio-economic conditions of the vegetable vendors. Inspite of technological advancements and achievements, vegetable vendors in India are still considered as the most economically backward sections of the society. The ground realities of these people and available information on their socio-economic status, their active involvement in the business, the impact of welfare programme on them, their status in the society and role played by vegetable vendors families forms a good background for future planning and development of this economically backward sections.
However, India being a vast country with different natural, social and economic characteristics, more and more area specific micro level studies is important for formulating proper policy at micro level.

The present study is a humble attempt in this direction. Moreover, most of the studies are conducted only on scope, development, progress, problems and prospects of urban informal sector in advanced region. The present study tries to investigate the problems and prospects of vegetable informal sector in Hubli-Dharwad city because it plays a very important role in the process of urbanization in twin city.

Chapter Scheme of the Study:

The present study has been divided into seven chapters:

Chapter I: Introduction

The first chapter, as is the widely accepted convention, is an introductory chapter contains statement of the problems, review of the literature, main objectives of the study, hypothesis, methodology and research design, selection of the city, selection of sample vegetable vendors, limitations of the study and importance of the present study.

Chapter II: Progress of Urbanization in Karnataka and Hubli-Dharwad City

This chapter discusses the meaning, definitions of urbanization, progress of urbanization in Karnataka from 1950-1951 to 2000-2001 and also progress of urbanization in Hubli-Dharwad city from 1950-51 to 2000-2001 on the theoretical basis.

Chapter III: Urban Informal Sector

This chapter throws light on the definitions, characteristics, role and importance of informal sector, brief note on vegetable informal sector in twin city and classification of vegetable vendors in Hubli-Dharwad city on theoretical basis.
Chapter IV: Socio-Economic Conditions of the Selected Vegetable Vendors in Hubli-Dharwad City

This chapter deals with social and economic conditions of the vegetable vendors in Hubli-Dharwad city.

Chapter V: Vegetable Informal Sector in Hubli-Dharwad City: An Empirical Analysis

In this chapter, a brief description of vegetable markets in the study region is given first, and latter the processes of vegetable marketing, problems faced by vegetable vendors etc. are explained.

Chapter VI: Housing Conditions of the Selected Vegetable Vendors in Hubli-Dharwad City

In this chapter, researcher has given a clear picture of housing of selected vegetable vendors from Hubli-Dharwad city and amenities in their house.

Chapter VII: Conclusion and Suggestions

In the last chapter of the thesis, researcher gives the summary and findings of the research work and some suggestions for the healthy growth of vegetable informal sector in the process of urbanization, to reduce the problems of these marketing and improve the economic conditions of the vegetable vendors in twin city are suggested.
REFERENCES


