

Problem

4.1 Informal sector

Introduction

The informal or unorganized sector is needed to discuss in extensive sense. The meaning of this term is undisclosed so far. Although, there are so many discussions have been done regarding its sense, and its interpretation. But unfortunately, the more convincing result has not come out. So many scholars and writers have given different opinions that all are mismatched from one another. They applied different approaches to make comprehensive definitions of informal sector but their efforts have not met complete success. However, the common definition with satisfactory term is very much required to solve relating problems of informal sector.

International conference of labour statistics, ICLS-1993, which was held in January 1993 at Geneva, in which extensive discussions were organized about all the concerning problems of the informal sectors such as employment, business activities, road side block, insecurity problems and the eviction. All problems were discussed in details. This type of conference was called in first time at international level because of the expansion of informal sector in all over world, particularly in developing and lest developing countries where in developing economy, the resources are limited, more population pressure, low production scale, more unemployed and underemployed and large part of unorganized market feature so that developing and under developed nations struggle with these problems. The unemployment problems are major problem of these countries because of burden of heavy population growth and incapability of organized sector to provide jobs to all either its low absorbing power or other market rigidities. The informal or unorganized sector is a good medium to equip this part of population with livelihood opportunities. It provides different sorts of employment opportunities to those who are unable to get avail productive employment in formal sector of economy. The informal sector helps in reducing the unemployment problems to some extent and continuously is expanding its cover, functions and integrated market pattern in developing countries.

Although, this sector is unorganized in nature but it has its own identity and functioning and has become as a hub of employment. With its increasing dominance in recent decades, its recognition has began to stress all over world, therefore, less chance to ignore; now it has become a parallel sector of economy serving a good deal of job to income earning seekers

coming from mostly poor or deprived classes. It has registered its strong presence at present time. Particularly developing and underdeveloped countries have a large market share by operators of informal nature. It accounts for sufficiently to GDP generation of economy sometimes keeping low profile. To explore all aspects, the ICLS 1993 passed a resolution II and was accepted unanimously by all after the conference. Even U.N. also gave its consent on the passing of resolution. There are some points of resolution elaborated below regarding its characterization.

It is assumed that unorganized sector is institution which created employment in terms of the production of goods and services and generate income. Its main compositions are production, distribution and providing services but these activities are carried at low level and provide informal guarantees. There is no formalization. The people who are engaged in this sector are not treated formal work force. They manage all the problems by themselves within their own resources. They do not have any guarantee and responsibility regarding their activities. There is such an atmosphere where they are free to deal without any intervention. They do not follow any rules and regulations and they are almost free. There is majority of contractual assignments in the informal sector because the informal sector provides mostly casual employment to the unskilled or low skilled workforce. The employment period may be for few hours or throughout day and there is no guarantee for next time. There is uncertainty regarding employment and no assurance for regular flow of employment, totally unsystematic and unorganized sector, under which all happen in irregular form. People who have their activities in this sector like as small traders, self employed, small producers, skilled and unskilled workers, daily wage earners, artisans, hawkers and street vendors. They fully rely on this sector for their livelihood. The ICLS 1993 characterizes this sector in such a manner and gives concept of informal sector.

The informal sector performs as houses hold enterprises following same requirements as household exhibits. It is recognized as a house hold business not an industry so that it has some limitations as the whole burden for running business rests on shoulder of individuals self. They manage expenditures in same manner as it prevail in formal sector. They face finance contingencies in most of time and no institutional source of assistance is available for them. The government and other financial institutions do not consider for financial assistances due to its unorganized nature. It is informal so that there is no money security and guarantee for repayment. They feel big crisis of finance and no way to deal this. The production units which

are engaged in informal sector have limited capital for business and the household expenditure. They shift the allocation of the budget to tackle both problems and cope with budget constraint. On the other side, the fixed and other assets whatever they have, do not utilize for their business activities they assume that this assets are only source of fix income because income from informal sector is unfixed, therefore they prefer to keep away. The fixed income always supports them form back side and gives strength to survive. Informal sector have uncertain character. There is nothing is stable in informal sector whether is income, expenditure so people dangle on edge of risks and so many risks are associated with informal activities. The fixed income may provide them backbone and give sign of relief.

The informal sector was considered as a hidden or underground economy but this concept is not true as many scholars and writers have called it. With this name according to them, all activities which are carried are generally unregistered. There is no systematic record and government is not aware of this. The producers of informal sector are totally free to perform and there is no requirement of any permission as well as to follow any rules and legislations. They govern by own and act as an exclusive domain beyond any official regulation. Their contribution to state exchequer is vague and they account for own purpose. They never deal directly with government and there is big gap exists between government and them. They never maintain any record of their transactions. This type of perceptions prevailed about the informal sector and was considered as underground or hidden economy. But, it is not true at present time. In the conference of ICLs-1993, it was said that although it is unorganized or informal and the performers do not deliberately run their face for the contribution for government revenue. They do not evade payment of taxes, social security contribution, and follow rule and legislations and other types of provisions. They do not have deliberate intention for these services. Numbers of small performers are large in quantity. They are not eligible for the any contribution except follow rules and regulations, cannot be taxed directly or indirectly. Many of them are living below poverty line. They hardly manage their livelihood. This is reason for difference between informal sector and hidden economy both should be kept separate. The informal sector plays important role in the urban economy. It abounds with number of diversified employment generating activities at micro and home based level. Most of population of urban areas especially poor and depressed sections is intentionally engaged in this sector. Now informal sector has assumed significance place in urban economy in terms of employment provisions. It covers all

business activities and rendering services. No doubt, it is big player of urban economy and is continuously growing in size and pattern in developing economies. A large number of urban households are heavily dependent on this sector for income earning and income spending activities. No doubt, its role can be ignored altogether.

Table 4.1

Formal and Informal sector workers in million in 1999-2000 and 2004-2005.

Year	Formal	Informal	Total	% of Total	
1999-2000	199	3798	3997	5.0	95.0
2004-2005	249	5316	5565	4.5	95.5

Source: Ramesh Kolli and Anindita Sinharay, 2011.

Definition and Nature of Informal Sector

The informal sector was for first time introduced by ILO in 1972; in ILO conference, it was widely recognized. It assumed that it plays important role for contribution in the gross national product. It was confirmed that it actively takes part in building GNP. Now, it has been considered as a part of the economy. Before 1972, it was not integrated in the main stream, only recognized its existence even performing all activities.

The different observers and scholars have given many terms to it but not suitable nomenclature to this sector. They put different terminology to define this sector. some of them are intermediate sector, invisible sector ,community of poor family enterprise ,black market, hidden sector, clandestine activities, informal opportunities, non plan activities one person enterprise, people's economy, non westernized sector, lower circuit of the urban economy, petty commodity production, underground economy, shadow economy parallel economy trade and service sector, unofficial economy, un recorded economy, unstructured sector ,transient sector and urban subsistence sector etc. Form beginning, many observers and writers have been giving different names and having different views, but they have not unanimously chosen one definition so far. Before the reorganization of informal sector in 1972, the observers were in fix to identify the functioning and performance of this sector on one agreed platform. They could not rationally justify future prospect of growth of informal sector in coming decades. Now, this sector has become realty. This type of economy existed in different structures and shapes since ancient time and strongly flourishes today.

Some famous perceptions on informal sector has been given below

- Peter Gutmann (1977) he called informal sector as a subsistence economy. He coined new word for informal sector with absolutely new concept. According to him, all transactions which are made in obscure terms that cannot be covered with taxation, they are informal transactions. Hence, it cannot be possible to determine taxable capacity. It is totally free zone for taxation burden. People of informal sector will always remain safe zone without taxation.
- Another observer Feige (1997) defined informal sector as a hidden economy. According to him, everything is in hidden form. It cannot be disclosed and also operators cannot be traced out. There is nothing in systematic form and there is no record because it governs itself. It does not come out and does not follow any regular pattern, even change in living place and jobs time to time. It is very difficult to measure their social status all of because of hidden form.
- Tanzi (1982) he has used the word for informal sector as underground economy. According to him, the all activities and performance of the informal sector are covered behind the curtain what is happening not comes in light. All things are lying in the bed of soil as an underground form. It does not play active role to make any contribution to the gross national product. Although, it generates income flow and employment but it abstains itself. As for as UN report, it was said in this context that measurement of GNP in correct form it cannot be possible to exclude informal sector. There is no possibility of the correct statistical measurement of GNP.
- Del Boca Forte (1982) he defined informal sector as parallel economy that means there is unofficial another economy runs parallel to gross national product. Their features are different on account of it sole control in its own hand. The all activities which are carried in this sector the all transactions which are made that is informal. There is lack of any security and no challenge can be made against it as all transactions are made by own risk. This is a parallel set up against formal economy.
- De Soto (1989) described informal sector as the legal system is much responsible to motivate operators to act in free style in the informal sector. It secretly operates as illegal entity. The rules and legislations cannot be imposed tightly on illegal activities because of existence of hostile legal system. It gives ground to do illegal activities. So the actors of

informal sector take advantages to conduct business affairs informally. The major advantages they secure as avoid of tax burden, reduce expenditure, costs and avoiding process of registrations as a formal.

- In international statistical, it has been defined as the sector which can be characterized by the size of enterprises. They have a size below a certain level and the micro level of enterprises belong to informal sector whose employees are one or more in regular basis for business activities. The system of own account operation prevails in informal sector. It is observed oneself or employs one family member on occasionally basis.
- (K. Hart, 1973), he defined informal sector as unregulated economic entities. According to him informal sector includes wide range of activities and it not yields certain income to all. Many activities are performed out of knowledge of legitimate machinery. Its regulation and control lies in hands of individuals. It is subservient to formal sector with job engagement of reserve army. Therefore, it is called unregulated economic enterprises. The informal sector is also defined as the institution of employment which caters number of jobs especially micro level and urban poor. But the incomes of those are much as can contribute sustainably to income tax and earning of operators of informal sector does not fall under purview of tax compliance. In response of legal estimation of magnitude of informal sector, it can become possible to legalize the earnings of this sector with expectation of some return from these entities. If money is not included in wage form then it can be essentially none other way out.
- The informal sector has also been defined as undeclared economy. That means no declaration has been made for activities and income. The all activities which are operated in informal sector are commonly called components of undeclared economy due to its specific income earning pattern. This economy allows all to operate and earn income without bearing any tax liability. The income generation of this sector is generally constituted by avoiding taxes on income generating and low operation costs. It leads loss of government revenue and adds fiscal burden of government. The ILO has given definition of informal sector on basis of its characteristics. The informal sector has some characteristic features such as low requirement of capital for starting enterprise. The specific education and skill possession are not essential, more use of local resources and family ownership and small scale operation production pattern is largely comprised by

labor intensive technology and unregulated market. All these features of informal sector are precise and have been widely accepted. In other words, it can be defined as a informal system where is no clear demarcation between labor and capital, mostly unpaid labor force. Being family members, maximum workers are self employed, low wage remuneration for hired workers, there is no certainty for consistency of employment, unprotected working forces, Small size of running business, lack of organization and employment motive.

The Characteristics of Informal Sector

The characteristics of informal sector have been discussed by different writer some of them discussed below:-

Todaro and Steppen (2003) they described about characteristic features of informal sector. In their views, informal sector deals in goods and services according to its own legislation. Mostly owners are either individuals or family owned. The activities which are carried in this sector are small size or in small level. Mostly labor intensive, mostly productive activities are based on simple technologies. Another characteristic of informal sector is that it is type of place where anyone can enjoy free entry or leave as per as wish. It is free market zone. As per as number of employees concerned, there is hardly one or more than one. Entrepreneurs manage easily their activities. That is because of their small level operation. Therefore, it does not require huge workforce equipped with high level of expertise and dexterity. The operators of this sector are generally illiterate or less educated. Maximum numbers of untrained and unskilled workers perform, but some of them may have some raw training obtained from family or any non institutional sources.

Informal sector is an unorganized market system. There is no proper governance. Everything concentrates under control of operator. The entire decisions concerned to business is self taken by operator and all risks and uncertainties involved are borne out singlehandedly or jointly by participant. It does not enjoy any legal immunity. The operating are of informal activities, are localized or confined within a given market zone which has maximum exposure of stiff competition and challenges. There is no proper segregation of goods and services in nature, shape and size to be dealt in market zone

The other characteristic of informal sector is that it is reflected by cogeneration of individuals hailing from poor or socially and economically deprived section. They confront acute deficiency

of capital to make investment in business due to financial constraints. They have no or little financial accessibility to institutional source of finance. As result of this, they are found to be heavily indebted or caught under vicious cycle of debt trap for generations.

There are of operations do not fall into any particular territory and fixed schedule. The working duration differs with difference in nature of operations. They freely operate whatever time suits to them. There is no time bound for their working hours. It solely depends on market timings and other requirements. There is no fixed place assigned to them for operations. Most of them have temporary place. They operate under constant threat of eviction and encroachment drive.

The workforce involved in production activities comes from household. They may be family members, kit and kin and other relatives but sole ownership in entitlement of one person or person behalf of all. The manual help and support of family members assist to run enterprise. The operators are mostly independently employed so they get full cooperation and assistance from family.

Different types of activities are generally visualized in informal sector. One is dealing with marketing of products and other is self manufactured products or service rendering. It can be categorized in self made and prepared by other. The materials which they use are purely indigenously procured and locally available. They generally evade from any legal biddings and licensing procedure. Following these characteristics, we can also categorize the features of informal sector based on employment activities.

There is no facilities are available for their protection and recognition

Not avail social security facilities

Not impose of minimum wage system

Dominance of self employment

Culture of domestic enterprise

Family based business

Absence of trade union

Low wage earners

No legal protection and security

Low income level

Not permanent setup

Irregular activities

On basis of activities such type characterizations are below

Irregular market setup

Low production activities

Family member organization

Open market to all

Dependency on local resources

Simple technology used

Labour intensive

Low profit margin

Competitive market

Absence of credit facilities

Some of specific characteristics are discussed below on basis of location and structure level.

- Location wise (Winne Mitullah, 2003) has categorized features of informal sector on basis of location such as the traders always select the place which has regular flow of people and situated at main road- Main market near bus and railway station, picture hall and offices areas. The populated area is suitable market place. They give first preference to all these locations. It is also so convenient for the customers that they can buy daily used articles, vegetables at door step distance instead to go specific markets. On the other hand, traders also get advantages of easy accessibility of customers in vicinity of their operations.
- Structure wise the structure wise categorization was given below as stated by (Winnie Mituallah, 2003) .Structure wise classification refers to use of means for the display of the articles. Some use bicycle hand carts, wheel barrows, mating bags and tables for earning and displaying their articles. They depend on them for attracting the customers. These are trademarks of vending. People recognize them easily. Other traders use their physical exertion to carry their articles such as hand, head and shoulders and they move one place to other place with them. Other classification is some traders display tier items by hanging them on wall, tree and fences. Some makes temporary construction of shades for selling their items. So, that traders use different ways to approach the customers.

Discussion on Informal Sector

There are three approaches can be taken to kick off theoretical debate on informal sector. These approaches open all the concepts of informal sector and put a deep visibility of its functioning.

- Dualist approach the Keith Hart in year 1973, he discussed about concept of informal sector first time in his paper after having conducted a study on informal sector which was completed in 1971. His research area was city of Accra. Where he studied about informal sector in deep context and he had close observation of two markets, one was commodity market and other was labour market. Both markets are actual base of the informal sector and play key role for the economy of informal sector. Keith further, claimed that commodity market is not place where many people of rural areas come to the city. They gather on a particular place with their wares and form a market structure and start to sell their wares without any registration. These activities repeat daily from dawn to dusk. He was surprised to see how it is so easy to market formation for a short time and so popular with localities. He further, said that the developing nations have such a common phenomena as informal market. Whereas developed nations do not have such experience. In addition to this, Keith cast focus on labour market. This market is abuzz with many illiterate and unskilled workers. There is no base price is fixed for hire, employer can bargain with them and can hire for multiple uses without giving any other benefits and labour silently carries out assigned duty. There is no option except to remain with employee. These workers are unable and poorly equipped to seek jobs in formal sector.

After having extensive examination of these market features of informal sector under study area, he argued that products of this market are often fail to meet grading and standardization norms and some of them are not as hygiene and fresh as formal sector irrespective of perishable and non perishable articles. There is unorganized and unsystematic pattern. On the other hand, in labour market, workers are regularly subjected to harassment and exploitation and they do not get wages equal to their services rendered. Unscrupulous dealings and malpractices are rampant in labour market on part of employees. Finally, he said in both market all transactions are made informal. It is to be noticed that Keith concept of informal sector is actually based on an opportunities for income generating not on sector. He found its base as self employment. He further, observed that there are some other causes responsible for creating informal atmosphere for income generating activities. These are most pressing factors such as increasing inflation level, where there is considerable rise in prices of essential commodities in such a situation, they

find difficulty in managing their sustenance. This adds their miseries further and they have no alternate to stay with informal activities. They are compelled to do and formalize their all activities in order to stay alive. With increase in inflationary trends, they toil hard to rise in their earnings.

Other reason for increasing informality for generating income is prevalence of low wage level. They often get wages below the minimum fixed level. Employers pay them different wages as per their convenience which is direct violation of human right. In informal sector, labour market is so imperfect and lacks labour mobility which results in under payment of remunerations of hired workers. The threat of remaining jobless forces them to agree upon discriminating wages. Thus, they have no way except to carry their activities for generating their income. Consequently, inadequate wage promotes informality for income generating activities.

Other reason for informality for income generating that is surplus labour force. There is always mismatch exists in demand and supply of worker force contributing to low wage rate in labour market in informal sector. The addition of new workforce in population is ahead the demand for them, so a concern arises for absorption of these new entrants of labour market. This surplus of workforce puts pressure on competition for securing jobs between added workforce and existing workforce. This cut throat scuffle for jobs empowers employees to exploit gullible workforce.

The dual approach which was presented by combined efforts by ILO-1972 and other protagonists of informal sector such as (Hart 1973, Sethuram 1976 and Tokman 1978) especially Hart and ILO expressed their views regarding informal sector. They said that this sector is independent sector. It has its own economy and is governed by itself, moreover it manages and solves own affairs. There is no connection with formal sector at all. The power of informal sector can be reduced applying method of offering modern job opportunities which can be helpful in diverting out surplus labour force from informal sector and they may stop informal activities and high growth rate of economy can be achieved. On the other hand, other methods can be applied to check expansion of informal sector at expense of formal sector. It opens the door of opportunities for the community of informal sector so that it would be possible to achieve high growth rate and also check informal activities. This is called dual approach

- Structuralist approach. Two specific years 1970 and 1978 which were very important for conceptualization of new approach of informal sector? This was based on research outcome of Maser in 1978. The research was focused on the production of petty commodity sellers. The conclusion of the research was that the nature of the informal

sector was made basis for study of informal sector. Further, it was supported by two other researchers Casettells and Portes in (1980). This theoretical concept in successive years was known as structuralism view. The gist of the view is that there is no difference between formal and informal sector and both are two sides of one coin. In terms of labour, they are closely interconnected, interrelated and interdependent too much as one is like a heart and other is pulse. There is inherited tendency of transfer of labour force from formal sector to informal sector. Formal sector is the place of secure job while in informal sector uncertainty over job looms large. The production structure of informal sector is diversified and sophisticated compared to informal sector because of engagement of efficient and trained workforce. The employment of highly trained and specialized workforce tends to escalate cost of production insisting on employees to resort labour saving devices. This substitution of labour force for labour saving devices with expectation of pushing up profit margin results in augmentation of reserve army of disbanded labour in formal sector and increases migration to informal sector for livelihood purposes. That is Structuralist approach of informal sector.

- The legalist approaches the staunch proponents of this approach are Hernan do De Soto in 1989. He focused study on micro entrepreneurs and discussed the reason of informality. He said that behind this, there is hand of administrative class and their negative approach. They are uncooperative and unsupportive and they formulate policy against them and create obstacles all the time. The licensing and registration facilities are very complex and beyond their capacity. There are so many formalities to get through and takes lengthy procedural completion. This system discourages those who are interested to legally enroll, thus they return back to informality.

On the other hand, informal sector is the field of small size of enterprises. There is lack of will for getting license and registration in fear of rise in production costs. So, entrepreneurs operating this sector shun from getting registered. He further, argues that administration always gives preference to informal sector activities and gives patronage to small enterprises to freely operate. The administrators have strong reasons to allow small entrepreneurs to flourish in informal sector one is support to growth rate and other is generation of income for poor and economically vulnerable community. These two problems can be solved providing growth of informality. It

was conclusively come out in this discussion that complex legislation is one of contributory factors of growth of informality.

- Theoretical view economist (Soto 2000) defined informal sector incorporating the property rights. He expressed his view in study 'Dead capital and poor'. He covered this concept from legal point of view and defined the term informal sector. According to him, in the developing nations there is no provision for the documentation and keeping record of property transactions. There is no legal framework constituted which can be seen as a problem for securing legal property right in developing countries. Property is registered in name of owner but is acquired by someone else. In the case of dummy owner, problem of name transfer to family members arises.

He expressed his view on informal property right. In developing nation; maximum numbers of properties are in idle form. Many problems arise due to lack of documentation and record keeping. It is always difficult to find real owner to whom property belongs. It generally dispute arises to transfer of ownership in case of unclear property ownership. It is useless and priceless that is as dead property. So, in developing nation, there are properties which lie unproductive due to informal character of property rights. He said further formal property is valuable asset because formal property has legal rights. It can be easily sold and transferred to any use. Formal property is valuable asset. They can easily be handled by government body and private entrepreneurs. They can maintain without registration. Formal property directly effects economic growth because it promotes economic activities. Thus, 286legalize property generates income and employment and contributes to GDP. The formal property is called as active capital and active property.

Category of Informal Sector

In general, there are four types of business activities exist in the economy as mentioned below

1 Illegal activities- these activities constitute an important segment of market behind veil and generate income and employment such as fraud theft, fleecing, smuggling and punting .People who engaged in these activities are called criminals.

2 Subsistence activities- the performers of subsistence activities struggle to maintain survival. They make utmost effort to generate income for their survival and all earned are spent in sustaining survival and nothing is left for other purpose. The reason is that they are called as micro entrepreneurs.

3 Unofficial activities- these type of activities are focused on cost and value. Operators always try to reduce costs so they carry many unofficial activities in term of tax evasion. They avoid making payment and license fees. They always escape from fees and tax system. These types of activities are called unofficial activities.

4 Formal activities- these types of activities always follow rules and legislations. The entrepreneurs pay regular tax and other fees. They always cooperate to government and other institutions. Government easily takes guarantee of them. They are fully formalized. As per as informal sector is concerned, the all business activities come under scanner of formalization.

There are three categories of informal business activities

1. Who perform informally in the different sectors of economy like service sector, manufacturing sector, agricultural and allied sectors.
2. People who are classified in two sectors as rural and urban where they perform informal business as per as their geographical categorization
3. People who depend on micro enterprise that provides survival to people and who are engaged in business activities which are characterized by small size and absence of use of capital. Further, informal sector can be split into different sections on basis of its characteristics. There are two types of categories can be identified. One is substantial and other is unofficial.

Further ILO has classified informal sector into three categories, under which all the business activities are labeled such as activities for only income generating, micro level of business activities, small level of business activities.

Table: 4.2

Classification of Informal Sector

Activities for only income generating	Micro level of business activities	Small level of business activities
Business is based on family members	Business base on household and industrial level	Based on industrial ownership.
Self employed category	10 workers is upper limit	Work force between 10 to 50 employees
No fix capital or little which is less than US 500 dollar	Moderate capital less than 10000 dollar	Fixed capital up to 100000

Traditional and manual methods apply All people go to only household	Old fashion methods apply People for meet out earnings and reinvestment or distribution of income for consumption and reinvestment	dollar Modern and advanced technology apply Profit use for reinvestment in the business.
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Source: UMI GDLC (Uganda) 2005.

In the year of 2000, the World Bank conducted a study on informality. The study finds three major causes of informality. They are following labour, micro enterprises and firm or enterprises. In the study, all these causes have been discussed in broad sense.

Labour it is obvious that labour is as economic player who is responsive for causes of informality because of attitudes of shuttling between different natures of jobs. They are concerned about the future prospects. Many workers are not considered fit for formal jobs due to their naïve work culture and illiteracy. Therefore they are compelled to throng to informal sector for job engagements. In this way informal sector acts as a salvation for their economic stringencies.

Micro enterprises the entrepreneurs operate on small scale. They have no scheduled work plan for running their enterprises and no coordination with public functionaries. They independently manage all their entrepreneurial strategies and functions without any outside assistance. They have no capacity to make foray into formal sector following number of explicit and inexplicit barriers on entry. They are adjudged to suitable to operate outside formal sector.

Business organizations the business organizations of the informal sector are mostly unregistered and do not follow any rules and legislations. Their profits are not usually mopped by tax system so they accrue profit which is strong stimulus for operation in informal sector.

Debate on Informal Sector in Indian Context

In India, government takes a chance for redefined the term informal sector in Indian context and for this department of statistics has come forward and organized meeting on Nov-5-1998. The experts discussed on the informal sector. They reached on the consensus unanimously giving a new word informal sector that is informal own account enterprises or enterprises of the informal employees This new terminology introduced by experts after churning the resolution which was passed by ICLS 1993, the definition given by ICLS-1993 which is almost similar to definitions of statistical experts. Only difference appears is ICLS-1993 considers as a whole world where as

it is Indian context only. The term own account enterprises indicates the employment status that means at least one worker must be employed in the own account enterprises whether worker may be from or outside family.

On the other hand, the counting of the workforce who engaged with their jobs can be possible only the way they are surveyed. It is required to conduct survey of each and every member of household including their principal and subsidiary income sources. So with this method, total workforce can be measured. In Indian contest, the term formal and informal sector is not used officially. The term which is frankly use in National Account statistic (NAS) where the better explanation of organized and unorganized sector can be delivered such as organized sector is that sector where all activities are performed in systematic and legal way and the all statistics of the enterprises are always maintained and documented as evidence. The annual report is prepared for public sectors and annual survey is conducted for registered industries. These are characteristics of organized sector. On the other hand, the unorganized sector in which no transactions records is maintained by operating entities. These enterprises do not come under supervision of legitimate authority. These are characteristics of unorganized sector in India.

Conceptualization of Informal Sector

The informal sector is the sector where is goods and services are produced in informal way and its main objective to generate income and employment. The units which are engaged, they produce at low level because of low level of organization. They have not many resources for the production. They have no clear division between labour and capital. The all business activation of unorganized sector depends on the personal and social relations and production is managed and assisted by these relations. There is no legitimate contractual stipulation for labour forces. Generally labours are engaged as contractual basis or casual basis, not to be permanent tenure. Some of them are employed on seasonal basis

The Indian government has made much effort to lay more emphasis on the concept of unorganized sector. It took initiative in year 2004, after establishment of NCEUS. The main theme of these efforts was to re launch the unorganized sector with new aspect such as magnitude of the function of enterprise, their nature, size, scope and magnitude of income and employment. In 1997, a body of the experts group was set up known as Delhi group. It had standard of city group of the united nation statistical commission. This group gave some recommendations to unorganized sector and explained many methodological issues for the

unorganized sector. With the help of the given advised, the problems of informal sector were highlighted.

India is second largest populated country of the world, and one of biggest democratic country of the world. It has mixed economy pattern. India uses statistical analysis over the long period and its statistical system is very effective and comprehensive by which institutional and labour sector are dealt simultaneously. The India's Delhi group is group of intellectual class and experts observed that statistical system has not covered all activities associated with informal sector. The reason is that different production activities are carried at one time without and proper record. This co existence of activities creates difficulty of their measurement. On the other side, the relevant dates of unorganized sector sometimes are not available particularly on employment and other economic variables. Therefore, the correct estimation of unorganized sector activities poses some challenges to policy makers limiting scope for drafting adequate policy for this sector. The real picture of economy is suppressed by underestimation of operating activities in unorganized sector. The Indian economy characterizes unorganized sector such as sector has predominance of activities which are informally performed and engagement of workers on contractual or casual basis. India is endowed with large number of working population and majority of population find works in agriculture and associated operations while some of them are engaged in informal activities outside agricultural sector both in rural and urban areas .They tend to move between sectors and occupations due to labour market volatility. Many of them are not as fix labors so it is very difficult to measure these activities

The Major Aspects of Informal Sector

The informal sector can be characterized by three major aspects. These are the discussions of dimensions of informal sector are below given:-

- Legal and political view:- many researchers have given views on origin of informal sector. They have explained the different reasons for flourishing of informal sector such as studies of (Soto 1989, 2000 Fege 1997 and Maloney 2004). Unorganized sector has no legal identity and it is complete field of illegal activities where all transactions and dealings made against government permission that means there are no rules can be strictly imposed and Tax system is also absent in unorganized sector, thus unorganized sector is not surrounded by any legal boundary. It enjoys boundary less operations. It has unsystematic and free nature of industry from which government does not receive any

return as revenue form. The absence of licensing policy and registration system help these activities to easily evade from tax system. Although, the rule and regulations are very powerful and effective in themselves, but for many reason they fail to tame the unorganized sector like formal sector. In many areas, informal sector remains invisible due to its casual appearance and other vogue activities. These are main reasons for escaping from enforcement authority. It shows weakness of legislation and administrative system as a whole. If there had been tight control, the unorganized sector would have not come into existence.

- Social aspects:- many researchers expressed their views on unorganized sector on basis of their research works mainly (Berman 1980, Hart 1973, Haris- White 2004 and Chen 2002). These luminaries have their philosophical explorations of informal sector from many angles and put their proponents respectively. The informal sector depends on social relation and social contact. All function is performed accordingly to this network. They play very important role in the economy of the informal sector. Social relation is major source of providing employment to the workforce, particularly in developing nation. The labour force generally is uneducated, non skilled and poor so they cannot get jobs in formal sector. They are considered invalid for getting employed in formal sector but on the other hand, they are welcomed in informal sector where they can be easily absorbed according to their ability in it. All types of jobs are available for them and they can select as per their capacity. Thus, informal sector is mine of such type of workforce.

According to Shen (2002), another reason is for attracting towards informal sector of these workforce that is lack of capital, therefore they turn up to informal sector because there is easy and free entry and exit in this sector due to casual employment structure of this sector which is totally different employment structure from formal sector. Chen arrived to the conclusion that social network is effective backbone for survival of informal economy.

Sovereignty means specially developing and under developing nations where players of informal sector want to perform their jobs without hindrance and interference of the government. They do not want to follow formal rules and regulations. This tendency of informal sector explicitly reflects the great deal of risks, uncertainty and insecurity. There is nothing in systematic and fixed manner. The structure is casual and irregular. Nothing is permanent, so the players of informal sector always prefer flexibility rather than burden of rules. They want to keep all

decision making power in own hand. They plan and execute all concerned actions as per their desires and comfort. They prefer free zone for their activities and always make distance from rules and regulations.

Survival informal sector is that sector in which any activities are performed pertaining to business, production and distribution. In these different segments of economic affairs, numbers of workers are absorbed who are mostly unskilled or semi skilled and have no sufficient other complementary resources required to operate as in formal sector. The behavior of informal sector is competitive and high level of competition is felt among number of absorbents took shelter in this sector. The level of competition is generally in hidden form. The informal sector is expanded market and there is availability of many players, therefore they have competition for their survival. They are more or less engaged in similar activities. Although, they have no formal training and other tech savvy skills but they continue to survive, because this type of market does not require any especial characteristics and any specialized skill to get absorbed. In spite of huge competition, they grapple with adaptability to get familiar with survival tactics. According to Casetells and Portes (1989), they argue on survival of informal sector players that their survival is possible due to market nature that serve to free zone to operate to all, no matter workers have proper survival strategy or not.

Women participation there is great opportunities for women in informal sector. It is also source of income for the women. Many women manage different types of activities and get involved in production and distribution areas. They constitute a major part of labour supply in informal sector. They make contribution to each and every step of informal activities. They frequently face harassment and exploitation at work place. But, their dedication is wonderful. They are generally considered more efficient than men. They are very punctual and sincere. They handle all situations efficiently. They act a strong driver of activities in informal sector

Income aspect according to Huel analysis, informal sector has income aspect.

Primary level the primary opportunity for employment in agrarian sector. Farmers hire labour for number of cultivation activities. Thus, agriculture is big source of employment in rural area. The primary activities are base of informal sector and support informal economy. On the other hand, it is key source of generating income and employment.

Secondary level some professional activities can be split in the informal sector. In such activities, a large chunk of indigenous skilled and semi skilled artisans have been engaged for

long. Informal sector is bustling place for vibrant domestic artisans ranging from pottery making to hair dressing. Thus, informal sector supplies with them great opportunities to comfortably settle in income generating activities.

Tertiary level the tertiary activities underpinning the informal sector comprise of different hub of trading and commercial activities on small scale. These activities falling under informal sector domain are characterized by some use of capital and hired workers depending upon nature and requirement of enterprises. The informal manufacturing sector is essential element of this sector. Further, Hart expanding scope of informal sector included street vendors, petty trader and other commission agent part of informal sector.

Reasons for Growth of Informal Sector

Informal sector exists in all over world but in great magnitude and dominance in developing countries. It is so interlaced with economic, social, cultural and political aspects that its role can be easily ignored. All these dimensions have played significant role in evolution, shaping and steering informal sector. The school of thought also expressed the view that presents different factors contributing for existence of informal sector.

- Growth rate. According to dualist school that the main reason behind the existence of informal sector has been slow growth rate of economy .On the one hand, growth rate of human dividend has outperformed in relation to growth rate of economy leading to large addition of extra mouths and hands in total working populations. This incremental growth of population has largely ended in aggravating unemployment situation especially among poor and low skilled people. The industrial base has proven almost below the expectations of absorbing this ever increasing workforce. So, this burgeoning working population has resorted to informal sector for their survival. They further opined that slow growth rate of economy could not expedite trickle down of reaped benefits of economy to low circuit of population, therefore enforcing them to grab informal activities. For last few decades, developing and under developing countries have been witnessing a transitional changes in economy but drifting workforce form agricultural pursuits could not well settle in formal sector due to inherent bottlenecks of formal setup. This gap has been filled by informal sector in such economies.
- Capitalist development the followers of structuralist's exposition Moser (1978), Cstells and Porter (1989) strongly voiced in unanimity on capitalist development for growth of

informal activities especially in production sector. They think there is correlation between informal and formal sector. They are interdependent. The replacement of labour for capital in capitalist pattern has contributed greatly for growth of informal sector. This indiscriminate labour capital substitution has rendered number of workforce jobless who has moved to informal sector for sustenance. Thus, capitalist development has been attributed for growth of informal sector.

- Legislation the rules and regulation are also responsible for the informal sector expansion. Informal sector is deemed as a perfect place to avoid and escape complex rules and regulations. Soto and Chen stated that entrepreneurs always avoid license system and registration process thus they prefer to stick with informal activities because this would not give much dent to profit leakage in bearing tax burden and procedural costs. On the other hand, legalist school is of view that informal activities can be put into micro entrepreneurial activities which are integral parts of informal sector. The cost reducing intention of operators insists them to undertake activities in informal sector. So, rules and legislation work as a barriers in the way of economic activities and also take long time to solve problems. The lack of uniformity and unnecessary procedural delays are responsible for growth of informal sector.
- Lack of information the legalist school describes causes that are responsible for informal activities. It is assumed that rising pressure on profit margin is one of reasons for plunge into unethical and illegitimate activities. Number of small scale entrepreneur reel under pressure of mantling profit margin compelling them to bypass various rules and regulations. On the other side, there are some forces that also play key role to promote informal activities but difference is not pronounced. It can be said as a natural reason such as lack of information, lack of technology and financial crisis. Knowledge of technology and information are the best supplements of the any economic activities because the building of capital, market strategy, manufacturing strategies and price level can be easily managed. In case of informal sector, there is an acute shortage of these facilities to share technology and information so the size of informal sector increases.
- Process adopted for economic growth scholars Martha Alter Chen and Marilyn Carr (2001) made a bid to explore potential causes for growth of informal sector. In their view, the pattern adopted to accelerate economic growth has a reason for sprawling the

informal sector activities. The growth pattern of economy has not been successful to bridge rift between growth of labour force and their productive engagements in formal sector of economy. This led to backlog of job seekers who have rushed to other optional employment provision based on casual and temporary nature thereby stretching the composition and magnitude of informal sector activities.

- In this modern time, the pattern of production has been following high use of technology and extensive use of capital. Entrepreneurs use modern equipments for production the modern machines and tools and impose limit on utilization of labour. On the other hand, many job seekers are not fit or able to get chance for job in modern sector. The America uses technology as dawn staging. The informal sector confirms the jobs for those who are driven out of employment following inclination of capital intensive production pattern.
- The new production pattern has been purely high tech. this is necessary step for speedy production. But, there is drawback because it creates serious problems for those who are not skilled and failed to cope with this embedded market fluctuations, therefore their detachment from formal setting opens a way to lay hands in informal activities instead of facing pecuniary stringency. In such a situation, informal sector comes out as a savior to sustain these entrenched workers.
- The economic crisis the economic restructuring and economic crisis have also relevant contributions to growth of informal sector. During downsizing, the economic affairs triggered by economic turmoil are severely depressed and the problem of mass unemployment surfaces in whooping way consequently, the number of economically vulnerable enterprises find extremely difficult to survive in deepening crisis and collapse under depressing economy leading to massive closure and shutting down feeble enterprises and threaten the prospects of number of employed workforce. This thrown out workforce has no option to take shelter in informal sector for their livelihood.
- Effect of globalizing the globalization has also played a role in expansion of informal activities. The globalization has brought various sea changes in all aspects of economy especially in developing and developing countries. It has become a trend setter unleashing array of inventions and innovations in all walks of life. Under effect of globalization, old and traditional production process has giving way to use of modern technology on one side and on the other side structural changes have are also being

witnessed in social and political domains. The globalization has led to diversification of employment opportunities in formal sector; on the other hand, it has also led to scaling up casualization and in formalization of work assignments formerly carried out in formal sector. The globalization has altered the face of informal sector and market structure. Globalization has made employment hub for those who are for many reasons unable to secure job in the formal sector. It is big source of income and employment. The distribution and production level have gone through series of improvements under pressure of meeting global standard and norms that have led to squeezing the workforce at low hierarchy of formal enterprises, consequently crowding out the excess workforce to get help of informal sector.

- Migration - there are many reasons are responsible for accelerating pace of migration from rural spots to urban areas within state and outside state. This rapid growth of Trans skipping of population either induced by pull or push elements, have resulted in clustering the informal activities on large scale. In 1981, Todaro discussed some factors like social and physical factors have decisive role in diverting the workforce into informal sector. Social factors including juxtaposed social contacts contour has strutted migratory tendency among underprivileged and socially downtrodden layer of society. On the other side, physical factors including modern atmosphere, facile transportation and city charm have also played a significant role in spurting the informal activities. Todaro (2003) model further focused that urban informal sector has some use of mechanization relatively to rural informal sector. The dealing with this scanty use of mechanization in urban circuit accounts for pulling the workforce from rural circuit.

4.2 Street Vendor

Introduction

The question generally arises in the mind of every people that what is vending and who are street vendors. Vending is process of transaction of the goods in unorganized manner. It is marketing of the products without any legal sanction. Buying or selling at own risks. It is matter of mutual understanding and reliance. Both buyers and sellers interact with the line of confidence. Vending is the localized market practice. Some particular products are localized at the place and time. Their availability is confined to particular area. Vending is not regular basis event or phenomena. It depends on necessity of the vendors and demand of the products. That means it is governed by

demand for the products. No fixed time is allotted or assigned to vending act. It depends on availability of products and demand of the products.

Vending does not give permanent and fix business opportunity and not generate fix income. It depends on demand and supply and self efforts. Vending faces internal competition which affects profit margin. Vending is typical and exhaustive manual exertion on part of vendors. Vending requires more marketing skills and selling intricacies. Vending activities run round the clock. It is vending which ensures easy supply of goods and services at door steps. Vending acts as a launching pad of the newly introduced products. Vending is a means or easily getting products on credit or installments basis.

Indeed, street vending is very important segment of informal economy. It is not a new phenomenon and it has long chequered history dating back to olden imperial periods. The concentration of vending activities had deep connotation with middle and western part of Asian counties. Vending had a vital place in barter economic system of olden days. Vending practice dealt with different types of goods and services ranging from exchange of tangible and non tangible articles. With time immortal, vending has been intact in day to day life. The street vendors carry all possible articles and deliver to people with striking social courtesy

The concept was very old but in those periods it was unorganized and put to unofficial treatment. Vending generally placed on lowest rung of economic stratification. Even, vendors occupied a significant share in economic affairs of those days. They have been ignored and sometimes have fell prey to social isolation. Their frequent harassment and exploitation were on rise because of absence of any economic and social immunity. So, street vending has some sweet and sour classical features.

In modern era, some changes and reforms have been realized in vending profession. In modern period, street vending has been undeterred under sweep of modernization and technological advancement. It is centre stage of informal sector with different hue and shadows where life line of informal sector interestingly rests on vending activities. Vending is soul of informal sector and it is almost impossible to think informal sector without vending. With spurt of industrial revolution and urbanization, the urban informal sector has also registered tremendous growth in past. This expansion of vending in urban informal sector is still experiencing an upward trend. It has become a epitome of urban informal sector all around the world. The whole world recognizes

the street vendors as self employed people dealing in variety of value in use articles to be consumed in daily use.

They produce and distribute of the products on basis of the own caliber and they self develop this business. The street vendors are essential source of employment for themselves and others related directly and indirectly dependants. In this manner, they act as a vital chain in interdependent cumulative generation of employment. Street vendors affect the urban economy to great extent. Street vending is deemed as power house for generation of income earning and income spending sources of mass of urban population belonging to lower stratum of society. Street vending encompasses number of either production associated activities or marketing activities. But, unfortunately the contribution of street vending in official dossier of urban authority is often missing due to its volatile and illegitimate business affairs operating in shadow part of economy. It is evident that the products and services have no match with other branded rivals organized market structure but they have great connection with wide acclamation among urban dwellers. Majority of selling articles on city pavements constitute goods and services produced by number of destitute and improvised part of economy.

No doubt, vending has been life line of supplying various low priced but great importance articles in Indian society since ancient times. It offers various casual goods at affordable prices to mass segment of urban poor conglomerations as well as middle and upper strata of society at their ease. It shows a strong backing of vending activities to society. Another feature of vending is strident flow of indigenous, handmade and cheap articles to all. Although, these products coming from unorganized sector give a good level of competition to branded products, Street vending is largely governed by unrefined market mood of specified market zone. Its peculiarity of location is responsible for its limited are of operation. It does not cover long distance and is bounded by particular territorial specification.

Street vending is not confined itself to particular area or territory and it can freely operate within given are. There are no restrictions and limitations are imposed on vending activities by any legal entity. Thus, any article comes under vending zone can be easily and conveniently procured by buyers of different income ranges. This exclusive facility is invariably available to different hue of society without any tariff demarcations or any discrimination. The street vending is itself a bouquet of different sorts of artistic skills and competencies complimentary to one another such as pro social behavior, marketing skills, humbleness, tolerance, good resistant to weather

extremities. Vendors deal in diversified products and services ranging from wooden, earthen wares to iron wares. The services provided range by vendors comprise of beauty treatment to various repairing works. The bulk of these saleable products is generally sourced from number of home based enterprises and small scale manufacturing units. In this way, street vendors do not create employment to themselves and their family members but also to great chain to backward employment base.

They also serve as a good strand between farmers and ultimate consumers of products grown at farms. This can be remarkably justified their important role in supporting a part of agrarian economy of developing countries in which larger section of rural population is directly dependent on their livelihood. Street vending is a cushioned platform on which number of perishable and non perishable articles change hands along with low cost services. Thus in wider sense, street vending is not only an essential source of income and employment generation of major chunk of poor population but also act as important catalyst for growth of urban economy.

Debate on Street Vendors

Generally, questions arise about street vendors that who are street vendors. Many views have been presented to define street vendors. Some of them discussed below. The national policy on urban street vendors defines street vendors as self-employed workers. They are involved in selling activities with no permanent structure, operating at road side or open areas. In more precise sense, street vendors can be termed as people who are generally settled in low paid jobs or dealing in selling or marketing of goods. They may operate on stationary or mobile basis. According to NCEUS, 2006 and MOHUPA 2004 street vendors are classified into different categories

One who carries their vending activities on regular basis in specific area? It means vendors daily gather at one place where they display their wares and sell their products. They relentlessly perform their vending activities. They may have flow of customers on temporary or permanent basis. They focus on weekly markets. Their jobs are regular basis but income may not regular. These types of vendors generally operate in markets holding on weekly basis.

The second category of vendors is that which have not any fixed location or their vending and they do not remain stationary at a particular place for a time. They keep on moving from one place to other place hawking their wares. The means of transportation for shuttling between places may be public or self owned.

Further, *ibid*, they broadly call these two categories of vendors as stationary and other is mobile vendors. Stationary vendors may have their vending place on public or private ownership basis either in open or shelter. The use of this fix location for vending in some case amounts some charge. On the other hand, mobile vendors roam around market to market with objective of selling their wares.

Street Vendors in Indian Context

In India, Street vendors are integral component of informal sector whether in urban or rural market locations. In spite of informal nature, it has dominating role in shaping the urban informal economy. Street vending is mainstay of subsistence pursuits of urban poor and economically depressed classes. This business affair is main source of income earning and employment generation of low educated and unskilled people. The share of street vending in daily sale and purchase of many essential consumption goods is worth of notice. The goods and services dealing in vending business are conveniently available to all sections of society either at door steps or nearby market. In this sense, these goods vended by street vendors really turn out economical and time saver in such a hustle and bustle of city life. This clearly reflects their firm grip in household economy in India in era of digital marketing. Many poor and low income groups also prefer to purchase the required articles form street vendors because they can easily afford by virtue of their low prices.

These groups have low budget and they cannot afford costly products. In this way, street vendors are only medium of supply of cheap articles. These articles are provided on both cash and credit basis. The share of purchase on credit is large on part of urban poor compared to other income brackets. The facilities of credit purchase substantially help to fill gap between their irregularity of earning and expenditures on essential commodities. Thus, poor and low income group are heavily dependent on services of street vendors in their daily life spans.

Street vending is not any new business practice in case of India. Indian history is full of innumerable accounts of street vending practices since dawn of human civilization. It has witnessed number of economic, social and political transformations taken place time to time in Indian soil. Before onset of industrial revolution, street vending had a dominating place for exchange of variety of Indian art and crafts. The products manufactured by cottage and home based enterprises were sourced to end consumers with help of vending activities. A larger part of household purchasing whether rich or poor was met by these vendors.

In present globalized era, the place of articles supplying by street vendors has been gradually dwindling in urban households. The character and features of vending has also gone through a substantial changes but its concept is same. In modern time, the range of products has increased but pattern of selling is the same as earlier. The customers and street vendors have come closer and their dependency has also increased. In modern age, people are coping with hectic schedule and they have scarcity of time to devote much time in regular visiting to distant market places. Thus articles selling by street vendors experience great demand due to relatively easy accessibility. India has traditional experience of street vending embedded with old preserved and diversified culture. Street vending has been an indispensable part of these traditional values. Today market is fully modernized and market mechanism has also been undergoing marked changes driven by day by day technological changes across the board.

The vendors operating on Indian streets are consciously or unconsciously undergoing these market led changes. The vendors have unique ability to design and display their products equal on change in customer's preferences and requirements. Street vending is an essential part of the informal sector. It is continuously playing a significant role in the urban economy. At the end of 20 century, the vending profession has rapidly grown in almost all parts of globe especially in developing countries. In India, about 92 percent of workforce is engaged in informal sector. Vending is carried as self employment on large scale in informal sector. Large numbers of urban poor and economically distressed people have chosen street vending due to number of induced and compelled factors. This marginalized community of the society finds the vending is the easy and convenient means to survive. In India, Street vending is assumed best opportunity for income and employment generation for poor section of society. In this way, street vending can be seen as tool used by poor for solving their poverty because vending is more feasible profession can be undertaken without necessitating employment of large resources and any special skill. It can be initiated at any time and at any place. The entry and exit from vending profession are not subjected to any barriers. This is important reason for flourishing vending profession in India.

It is estimated that around 10 million vendors operate either stationary or mobile basis on Indian streets. (NCEUS, 2006) .It undoubtedly shows a high dependency of large part of working population on vending profession in India. As per Mumbai Human Development Report, 2009 out of total 5.3 million employed human dividends in Mumbai approximately 4.3 million people

are productively engaged in informal sector either on direct or indirect manner. The share of street vendors in 4.3 million employed workforces in informal sector has been reported at figures 250000, which is about 12.5 percent of total informal sector workers?

As per findings of joint study conducted by TISS, UNDP and MOHUPA on estimation of street vendors in major 15 cities in India in Jan-Dec 2011, reveal that number of street vendors in different chosen cities differ significantly. The street vendors do not perform at any definite place and time. Some vendors operate only in morning time some in only evening time, some on weekly and others on seasonal basis. Their uncertainty in operations is one of biggest challenges in their exact estimation. The actual data can be drawn regarding their numbers. All the relevant data have become available with the coordinated efforts of different active trade unions, other associates and Mumbai corporation. The data collected by these institutions have brought into light the estimation of number of vendors operating in such cities.

There are some variations have been observed in available data on street vendors due to non stationary and other crept deficiencies at time of survey.

The Performance of Street Vendors in India

Street vendors play very significant role in the urban informal economy. They act as a vital intermediary between end producers and end users of these producers. Street vendors are big suppliers of these essential commodities. They serve as essential medium of transactions of the goods and services. A good part of daily requirements of urban consumers are essentially met by goods supplied by street vendors. The conditions of street vendors can be discussed below:-

Street vendors face hardships in managing their livelihood after slogging all the day. Vending requires tough physical and mental exertions. No specific age group is required to get engaged in vending profession. Any age group can become part of vending. In context of India, individuals representing all age groups are sheltered in vending business due to various socio-economic factors. The major congregations of vendors tend to concentrate near crowding places such as railway stations, bus terminals and markets witnessing regular frequency of people. In performing their businesses, they frequently subjected to weather extremities, economic and social constraints. In contrast, the mobile vendors travel long distances in a single day with objective of delivering their wares to customers at their door steps

Female vendors also play important role in vending business. Their share in stationary vending is large compared to mobile vending. Since vendors come from poor and improvised households,

female vendors equally shoulder responsibilities in managing family liabilities. In this way, they emotionally, manually and financially support their families. Some Street vendors operate in day and night shifts in mostly industrial and business centers rendering great services to workers operating in these units. In past couple of decades, rapid urbanization took place in developing countries which have been leveraging a high rate of migration to these newly developed urban spots especially from rural and small towns in search of better alternate employment opportunities. There is no specific qualities are required to set foot in street vending profession. Street vending appears a suitable occupation for these streaming part of rural population which are accustomed of doing hard physical works.

Having considered all aspects of street vending, it can be concluded that street vending is not an easy task; it is a zone full of risk, challenges, physical and other day to day difficulties. Before the record of history they have been continuously acting as a life chain of Indian informal economy. But, it is ironical that in recent decades, they have got due recognition in intellectual discussions and official consideration after the sustained effort of ILO. After presentations of papers in various ILO conferences, serious methodological approach has been under taken to have comprehensive gauze of workers operating in less charted part of this shadow economy in all over world.

Reasons for Choosing Street Vending

There are multiple socio-economic factors are responsible for opting vending profession. These reasons can be summarized into independent and induced socio-economic reasons for vending

- No required special skills and training
- Large scale capital requirement is almost absence
- Failure to get productive employment opportunities
- A good source of extra income
- Low absorbing capacity of formal sector to provide survival to mass of poor
- Pervading rigid social stratification.
- Low upward mobility of unskilled and semi skilled workforce.