CHAPTER – 01

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Street vending is one of the most visible and important sustainable occupations in the urban informal sector in India. Street vendors are identified as self-employed workers in the informal sector who offer their labour to sell goods and services on the street without having any permanent built up structure (National policy on urban street vendors [NPUSV], 2006: 11). Street vendors play a very important role in the urban economy of India by providing employment and income and other items. They sell different kinds of goods such as clothes and hosiery, leather made items, moulded plastic goods, and various household necessities, which are manufactured in small-scale or home-based industries where large numbers of workers are employed. It would hardly be possible for the manufacturers to market their own products. Apart from non-agricultural products, street vendors also sell vegetables and fruits. Thus, they provide a market for both home-based manufacturing products and agricultural products, supporting small-scale and home-based workers as well as agricultural workers. Therefore, several sectors and types of labour are linked with the street vendors. Street vendors also support the urban rich as well as the urban poor. They support the urban rich by providing daily requirements right on their doorsteps. Urban youth prefer to purchase clothes and accessories from street vendors, because the products the vendors sell are typically cheaper than those found in formal retail outlets. People from lower income groups also benefit from the vendors, spending a large portion of their income on purchases from street vendors because their goods are cheap and affordable. It has been estimated that around 30% of the Mumbai workforce buy at least one meal a day from vendors. Thus, it can be said that they are in fact a solution to some of the problems of the poverty-stricken urban dwellers. According to the Government of India, around 10 million people in India as a
whole, including about 250,000 vendors in Mumbai, are dependent for their livelihood on street vending (NPUSV, 2006). Interestingly, Mumbai contains the largest number of street vendors among all the major cities in India.

The term informal sector and informal economy are used interchangeably to refer to that segment of the economy and labour market, which absorb significant numbers of job seekers and unemployed workers outside Government regulations and formal systems of labour and social protection. The informal sector is becoming gradually recognised as an imperative segment of the labour market in many countries, especially developing and transition countries and thus plays a major role in employment creation, production and income generation. Research efforts in urban employment and urban labour markets have most often focused on the formal sector with an emphasis on industrial employment\(^1\) (Mehta 1995: 326). In countries with high rates of population growth and/or urbanisation, the informal sector tends to absorb most of the growing labour force in the urban areas. Informal sector employment is a necessary survival strategy in countries that lack social safety nets such as unemployment insurance or where wages, especially in the public sector are low. In such situation, indicators such as unemployment rates and time related underemployment are not sufficient to portray the labour market situation. In other countries, the process of industrial restructuring in the formal sector is seen as leading to a greater decentralisation of production through subcontracting to tiny enterprises, many of which are in the informal sector\(^2\) (Hussmanns 1998).

Starting from complete ignorance, the phenomenon of informal economic activity has grown to be a subject of study by many researchers, both Governmental and non-governmental level. The nature and the means of the informal economy changed with the deregulation and liberalisation while rules of competition were being set up. Informal labour obviously represents only a part of the underground or hidden or shadow or informal sector. Underground
employment or informal labour may be defined as additional or primary job, which is performed through by passing regulations of the labour or tax system. Such definition can be applied to both illegal employment between households and enterprises, irrespective of whether they are registered or not, and it also covers self-employment. This definition may also apply to outsiders and to work, which is not paid for. Informal labour can be grouped or classified according to various criteria. It may represent the principal or the additional place of employment. Underground employment may be permanent or temporary. As far as the economic sectors are concerned, illegal employment may be found in industry, construction, agriculture, transportation and services. Illegal employment may be provided by residents and non-residents of a country. The essence of an informal economy is to escape from being measured and captured, therefore both definition and methodologies shall be treated only as a way of approximation more economy is particularly flexible in reacting to changes in the regulatory framework, every groundbreaking prohibition or regulation widens its scope and size.

Though the term informal sector has been used to describe a set of economic activities that take place outside the recognised institutional framework, it calls for some further elaboration and clarification. All enterprises operating on own account as well as most of the micro enterprises are assumed to fall outside the recognised institutional framework and hence belong to the informal part of the economy or simply the informal sector. It is obvious that the institutional framework is but a criterion by which the enterprises are classified into formal and informal. Redefining this criterion will no doubt affect the relative magnitudes of the two segments in an economy. But it is unlikely to influence the extent of informal employment because the fundamental causes that contribute to informality in these enterprises have not bee misrepresented. It is therefore clear that the institutional framework is only a criterion by which the employment quality is reviewed, it is not by itself the cause of inferior quality. This raises the
question concerning what factors contribute to informality in these enterprises. Study on the informal sector worldwide during the last three decades point out that the distinguished characteristic of these enterprises is that they operate in a different business environment than the firms in the formal sector. Fundamentally they lack free access to factor and product markets, public resources, information and opportunities as the formal enterprises carried out. Consequently they opt to operate in an informal manner, avoiding compliance with most regulations. Not only they perceive diminutive benefit from compliance, more significantly full compliance adds to the cost of running an enterprise. Lack of access to resources, markets and opportunities is in part the result of non-recognition of these enterprises by the authorities concerned. Without formal recognition few enterprises can anticipate to obtain either credit from the formal financial institutions or access to proper premises and infrastructure. It is difficult to articulate which comes first whether the lack of access to resources and markets forces these enterprises to operate outside the regulation or whether non-compliance with regulations limits their access. A self employed unit operating in an unauthorised location within the country cannot obtain legal recognition until it moves into a proper location and without recognition, it cannot expect to get a proper location from the appropriate authorities which controls the allocation of space. Similarly without adequate economic means it cannot obtain a business license and without such a license, it cannot apply for a loan. But it is clear that both lack of access and non-recognition can help these enterprises by improving their access to resources and markets. It can thus contribute to a reduction in informality. But it cannot eliminate it completely. This is because there are also other factors, which contribute to informality. It is supposed that there exists an institutional bias against the poor and the illiterate, who are disproportionately represented in these enterprises. The markets in developing countries, besides being deficient in many respects are also supposed to be unfriendly to them. Both the regulatory and policy environment is also understood to be unfavourable for
these enterprises, origins for this bias can be traced to the mistaken perception among the authorities concerned, most believe that these tiny enterprises are only marginally productive, if not unproductive. Finally, certain social and cultural factors also induce these enterprises to operate under conditions of informality because they limit their access to resources and markets. Women entrepreneurs often cannot have access to credit without the consent of men in the household or cannot work far away from residence because of family and child care responsibilities. It is this hostile environment that distinguishes these enterprises from the formal ones. It should however be noted that the formal enterprises in developing countries are also often subjected to a variety of limitations including unfavourable policy and regulatory environment and market imperfections. But the consequences to small enterprises are overwhelming in part because of their weak economic base. Informality will persist as long as these enterprises are not fully integrated with the mainstream, i.e., the institutionalised part of the economy. One major consequence of not having free access to resources and markets is that few are able to improve upon their initial endowments in terms of physical and human capital and know how, by resorting to transactions in the market, they are obliged to rely on own savings from incomes that are already meagre. These enterprises, already disadvantaged because of the small scale of operation, are further handicapped by the unsupportive business environment. The net result of all this is to oblige these enterprises to function in a manner that is in striking contrast to those in the formal sector – besides being small in terms of output and employment, they are also labour intensive, use little capital and skills, they often operate without proper business premises, work long hours, work from locations vulnerable to harassment by police, remain invisible, beyond the recognised institutional framework—the visible physical characteristics derived from informality. These are the underlying causes of informal employment, they explain why productivity and incomes are low and the conditions of work are poor in these enterprises. Another consequence of informality is that some of these enterprises
choose to avoid dealing with markets altogether by seeking to operate on a subcontracting basis albeit under conditions that are considered less than fair. What distinguishes them from other own account or micro enterprises is that they often have special relationships with their contractors which influence the way they conduct their business as well as their income. Since this class of enterprises is a sub-sector of the informal sector, employment in them also forms part of informal\(^5\) (Psacharopoulos and Tzannatos 1992). But the factors governing their income are different. Similarly some of those operating an enterprise on own account are labeled as home-based workers or home-workers if they operate on a subcontracting basis because they have their business premises within their home or residence, but they nevertheless also form part of informal employment as defined above. At the risk of over simplification it might therefore be stated that the term informal sector or economy refers to a segment of the economy where the agents of production are not only small in scale but also operate under conditions of informality. It thus encompasses all small scale economic activities carried out by individuals, either through enterprises established and operated independently on own account, or through micro enterprises with the help of hired workers. They also often engage family labour and apprentices. It should be evident from the above discussion that informality strikes different enterprises differently, because not all these enterprises are affected by various constraints to the same degree. Some are more informal than others, measured in terms of the deviation from the established norms. Evidence from countries show that the extent to which these enterprises have free access to factor and product markets, public resources, information and opportunities varies considerably across enterprises. Some enjoy better access to credit or premises while other do not. Similar observations hold regarding compliance with laws and regulations. Some comply with none of the regulations while others comply partially e.g., they may pay the market fees or local taxes but not registered or licensed. Regulatory and policy environment affect some more severely than others. These considerations suggest that even
though the enterprises are all classified as informal, in reality, the extent of informality varies across enterprises. In other words the enterprises are subjected to different degrees of informality. Informal sector is thus far from homogeneous. This also means that the extent of informal employment i.e., low income and poor conditions of work varies considerably in developing countries. From the point of view of efficiency and equity, the loss of output and welfare resulting from the presence of informality should be obvious. These informal enterprises devote considerable part of their time and energy on how to overcome informality rather than on improving their business. No attempt however has been made in the literature to measure this welfare loss. This remains a challenge and belongs to the future research agenda. Based on evidence one can put forward some general propositions: Enterprises that are smaller, those headed by poor, less educated, women and recent migrants to cities are more likely to be informal⁴ (Sethuraman 1998).

Looking at the various qualitative assessments undertaken in many developing countries, informality could aggravate poverty, either directly or indirectly, through increasing inequality in the access to services and opportunities, increased vulnerability and human abuse. The informality is an important coping means when formal systems have collapsed or are under enormous stress. People recognise that informality is harmful to their standards of living and to the distribution of income in general, but in most cases they have no choice because there are no viable formal alternatives. In some cases, however, there is a perception that through informal means it may be possible to get better deals by performing on connections or just by appealing directly for the understanding of the service provider. Indeed, in countries where formal cost recovery for services has been imposed to try and reduce under the table payments, it is not clear that the poor have been made better off. Recent research has identified a number of potentially negative impacts that informal payments
have had on health care, including decreased access to healthcare for women and the poor. These informal payments, however, also allow for services that the State cannot fund to continue to exist. The problem once again is not the informal payment but the under-funding of health services. The relationship between informal payments and access is complex. It may not make much difference to the poor whether high health expenditure is official or unofficial, as hindrances would be equal in both cases. Informal payments, however, make it impossible for the government to modulate health fees in order to facilitate access by the poor. Health indicators and anecdotal evidence suggest that the increase in out of pocket payments has substantially brought down the utilisation of healthcare facilities. People tend to utilise these facilities only under exceptional circumstances. Moreover, many studies show that the poor have been forced to pay an increasingly larger percentage of their income on healthcare. On the other hand, the demand for informal payments may simply arise out of the need to survive. The introduction of health insurance systems also has a negative impact on access because of the large informal sector in developing countries. The poor in the informal sector do not have formal labour contracts, so no contributions are made by their employer or by themselves to the State pension funds or for healthcare benefits. The result is that these individuals are not eligible for those services and that little money is actually paid for health insurance. Principally, for those who are at the bottom of the socio-economic ladder and those in rural areas without access to key infrastructure, such as water and sewage systems, health and healthcare conditions are worse. The role of education is very influential in preventing people from falling into poverty and informality. The link between education and poverty is similar to that between unemployment and poverty as unemployment rates fall with every additional level of education. The poor suffer from the larger level of bribes than the non-poor or rich households. With the difficult economic conditions of transition, a number of people no longer value education as much as they did before the transition, their pinnacle priority is mere
survival. The interaction between informality and social protection raises two very different issues. First, the poor tend to rely on informal means in the traditional areas of social protection, including help for the aged, the extended family, and the handicapped and for those in extreme poverty. The high demand for benefits from the State and the low level of public funds available for this purpose in many of the countries under review limit the effectiveness of social protection systems. Consequently, many people among the elderly from large families handicapped or others have been left with no other means than their own or family support. The second issue is that the high level of informal activities considerably limits the financing available for formal social protection, especially in countries, in which payroll taxes constitutes the largest source of funds for pensions and other forms of support, such as unemployment benefits. Analyses of informal employment in social assessment and other qualitative studies have emphasised the insecurity, hard work, very long hours, extremely low wage rates and sometime hazardous working conditions. The unemployed rarely choose to become involved in informality, preferring the security of formal employment. Nevertheless, the lack of formal employment coupled with an inability to meet household needs in the absence of welfare benefits or because of the inadequacy of the available assistance, encourages people to turn to the informal economy in response. Likewise perceive the informal employment strategies of the unemployed as a part of a survival strategy, through which some individuals develop alternative ways of working in the face of the existing limited opportunities and the failure of the welfare system. Informality enables the unemployed poor to get some basic income, but what is more important, it may help them maintain a sense of self confidence. Most individuals work in the informal sector only if they have to or if they can supplement their informal sector only if they have to or if they can supplement their informal sector earnings with their unemployment benefits and the social services, such as health care, that are available with these benefits. First of all, for the vast majority, informal sector wages are very low. The more illegal
the work, the higher the wages, as well as the higher risks and fines if caught. In turn high taxes depress economic activity and income stabilisation, which brings us back to square one, making informality a mechanism of survival and coping, especially for the poor. Many poor people observe the lack of fair access to the legal system and the lack of security as major components of poverty. The lack of trust in the legal system and the possibility for people to have influence on it in a non-transparent way are major issues.

**Concept of Informal Sector**

The concept of informal sector is not easy to define specifically. Most often it is defined negatively by indicating the nonexistence of characteristics that belong to formal activities, of special emphasis being labour market characteristics, security or regularity of work, better earnings, existence of non wage and long term benefits, protective legislation and union protection⁵ (Papola 1980, Banerjee 1985). Since number of activities within the formal sector are getting informalised and private, small scale manufacturing units employing predominantly women labour is growing – the boarderline becomes blurred. While earnings may still be better in the emerging formal sector, its major advantages in terms of non-wage and long term benefits, security and protection of work likely to be getting diluted⁶ (Eapen 2001: 2390). At the same time, within the informal sector itself, evidence discloses that a number of self-employment activities in the form of micro enterprises are undertaken with great ingenuity and entrepreneurial spirit and therefore have a growth potential⁷ (Rakowski 1994).

The term informal sector was first initiated by Keith Hart³ (1970) in a study of urban Ghana. He describes the informal sector as that part of the urban labour force, which falls outside the organised labour market. The study identified a number of incomes and employment generating activities in the un-enumerated sector of urban settlements. The workers involved in the un-enumerated sector
mainly served as self-employed, as against the wageworkers in the enumerated sector. The new entrants to the urban labour market particularly migrants from rural areas were forced to work in the informal sector partly on account of lack of adequate opportunities in the formal sector and partly due to the workers' lack of skills and adequate experience required for the jobs in the formal sector. Keith Hart has used the terms, namely, informal income generating activities, unorganised sector, un-enumerated sector, self-employed individuals and urban proletariat in his study more or less alternatively and interchangeably.

The concept has been further refined by a mission of International Labour Organisation (ILO) (1972), which studied the employment situation in Kenya within the framework of the World Employment Programme. The ILO employment mission to Kenya adopted the term 'informal sector' for analysing the employment situation and for working out a strategy for employment generation in Kenya. The study reveals that informal sector has the characteristics like easy entry for the new enterprises, reliance on indigenous resources, family ownership, small scale operations, unregulated and competitive markets, labour intensive technology and informally acquired skills of workers.

Mazumdar, in a World Bank paper (1975), describes informal sector as an easy entry, residual sector providing mainly services and crowded with secondary workers with low productivity and wages.

Sethuraman (1976) has defined the informal sector as consisting of small scale units engaged in the production and distribution of goods and services with the primary objectives of generating employment and income to their participants notwithstanding the constraints on capital, both physical and human.

Tokman (1976) looks at the informal sector as a self-contained sector with well-defined and significant links with the rest of the economy.
Squire (1981) defines informal sector as a sector in which wages are determined by demand and supply forces\(^{13}\).

Papola (1981) has defined informal sector as a convenient way of designating a segment of economy having certain characteristics, which lead to unfavourable conditions for the growth of enterprises and activities operating in this segment\(^{14}\).

Nattrass (1987) defines informal sector at the interface of formal sector, reserve army and marginal pole\(^{15}\).

The System of National Accounts (SNA) 1993) defined the informal sector as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. They form part of the household sector as unincorporated enterprises owned by households. They are distinguished from corporations and quasi-corporations on the basis of their legal status and the type of accounts they hold these household enterprises do not have a legal status independently of the households or household members owning them\(^{16}\).

The fifteenth International Conference of Labour of ILO (1993a) adopted an operational definition of the informal sector that is irrespective of the kind of workplace, the extent of fixed assets, the duration of the activity of the enterprises and its operation as a main or secondary activity. Within the household sector, the informal sector comprises of informal own-account enterprises that are single member or partnership household units that do not hire workers on a continuous basis, enterprises of informal employers are household units owned and operated by employers, singly or in partnership, which employ one or more employees on a more or less continuous basis. For operational purposes the latter may be defined in terms of either, the size of unit below a specified level of employment or non-registration of the enterprises of its employees\(^{17}\).
Gibson and Kelly (1994) have defined informal sector as a sector that uses inferior technology. According to them, initially multiple production processes exist in informal sector but competition among informal sector units ensures survival of only the most profitable process. According to ILO (1999) informal sector refers to activities typically at a low level of organisation and technology, with the primary objective of generating employment and income. The activities are usually carried out without proper recognition from authorities and escape the attention of the administrative machinery responsible for enforcing laws and regulation.

The labour market in developing and transition countries is strikingly different from that in the developed countries. The most arresting feature of labour markets in the developing countries is its non-homogeneous character. The labour markets in these two economies diverge in its sectoral composition with the vast majority of employment being in the non-agricultural sectors in the developed countries whereas the developing countries is still predominantly agricultural. The status of the vast majority of workers in the developed countries is of wage and salary earners whereas in the developing countries there is a predominance of self-employment. This non-homogeneous character of the labour markets in developing countries also implies that the nature of employment and the manner in which it is created is different in the two economies. Almost all the employment in developed economies is created within the recognised institutional framework as the economic agents, which create these jobs, operate within the existing laws and regulation (Sethuraman 1998). These economic agents are the government, and private enterprises, including non-corporate entities, and the employment thus created is governed by the prevailing labour laws and regulations. In contrast, in the developing countries the vast majority of the population is left to fend for itself and create employment out of its own ingenuity, skills and capital. This leads to vast differences in the nature of employment and the creation of a dualistic
structure of formal and informal components of the labour market. The standard
textbook model assumes a homogeneous market with an inelastic supply of labour,
where demand conditions alone determine the price of labour or wage. This
assumption leads to thinking about an average productivity of labour for the
economy as a whole. Labour market policies based on this assumption can be
quite misleading if prescribed for the developing countries. The productivity
differences between the various sectors of the labour market in the developing
countries are of major importance for both labour market outcomes and policies.
The World Development Report (1995) argued implicitly that the reasons for the
growth of the informal sector in developing countries was labour market
distortions, such as trade unions and government policies leading to inflexible
labour markets. However, sector existed before the growth of trade unions and
market distortions. Since capital labour ratios are generally higher in the formal
sector, labour productivity of causation runs from differential capital intensity to
productivity differences to wage differences^{21}. The reasons for the growth of the
informal sector are important from the point of view of developing policies.
Whatever the reason, the growth of the informal sector in the emerging labour
market is inevitable. Women's employment in the formal sector is also likely to
rise due to various reasons. With the adoption of the structural adjustment
programme women tend to loose ground in the formal sectors of the economy. The
growth of ancillarisation and industrial employment through sub-contracting
appears to be gaining importance. Stagnating and falling incomes of households
due to poor performance of the economy also leads to increased entry of women
into the labour market. The process of globalisation, export-oriented
industrialisation and relocation of industries from the developed to the developing
countries also lead to the increase in the employment in the formal sector.
Women's employment is often favoured in many of these industries. These factors
lead to the increasing informalisation of the labour force. This informalisation
takes place broadly in two ways. Work is pushed out of the enterprises and formal
work situations into tiny workshops, the homes and informal situations i.e., there is an global trend in sub-contracting of work and a consequent increase in informal work, often in home working. Secondly, the workers who remain in the factories or in formal work situations are governed by looser contracts and obtain fewer social security benefits. That is, there is an attempt on the part of the employer to reduce his liabilities. The definition of the informal sector cited by ILO was descriptive. It specified a set of characteristics to distinguish informal enterprises such as small scale of operation, family ownership, reliance on indigenous resources, labour intensive and adaptive technology, skills acquired outside the formal system and operation in unregulated and competitive markets. The problem with applying such multiple criteria is that all of them could be found in units pursuing different objectives. It is also difficult to apply. In practice, most of the early ILO studies ended up using the complexity and looseness of the concept, the labour statisticians decided to distinguish one single statistical definition for the purpose of data collection from the several definitions that may vary according to the needs of the users and could be differentiated at the tabulation stage. The SNA (1993) characterises the informal sector as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. They form part of the household sector as unincorporated enterprises owned by households. They are distinguished from corporations and quasi-corporations on the basis of their legal status and the type of accounts they hold. These household enterprises do not have a legal status independently of the households or household members owning them. An operational definition of the informal sector that is irrespective of the kind of workplace, the extent of fixed assets, the duration of the activity of the enterprises and its operation as a main or secondary activity. Within the household sector, the informal sector comprises of informal own-account enterprises that are single member or partnership household units that do not hire workers on a continuous basis; enterprises of informal employers are household units owned
and operated by employers, singly or in partnership, which employ one or more employees on a more or less continuous basis. For operational purposes the latter may be defined in terms of either, the size of unit below a specified level of employment or, non-registration of the enterprises or its employees. The SNA definition of the informal sector is based on the legal status of the enterprise. To distinguish employment in the informal sector one will have to assume that all persons working in such units are workers in this sector namely, informal employers and employees in the enterprises of informal employers, own account workers and unpaid family helps in informal enterprises. This definition of the informal sector, focusing on the enterprise, does not give us any clue about the status and working conditions of the workers in them. It will not be correct to assume that all workers in the formal sector are better off than all workers in the informal sector, or that all workers in the informal sector are equally badly off. In recent years many writings have expressed the view that such a dichotomized classification of the formal and informal sector is unrealistic and tends to hide more than it reveals. It also fails to capture three things, which are important from the point of view of social protection for workers, particularly women – the continuing process of informalisation of the formal economy; and the linkages between the formal and informal parts of the economy. The term informal sector is giving way to the term informal economy. Sethuraman (1998) argued that it is now widely accepted that such a dichotomy into the formal and informal is but a caricature of the real economy because both the formal and informal parts exhibit considerable diversity. Employment in the informal economy is not only inferior to that in the formal economy in terms of wages and benefits received, but also varies in terms of quality. Some jobs tend to be more informal than others in the sense that the extent of deviation from the established quality norms is greater. The dichotomous definition of the formal and informal sector actually distinguishes the status of the enterprise. This is useful for national accounts and in estimating the gross value added accruing from the two sectors. The concept of
the informal economy in fact tries to characterise the workers depending on the degree of informality of their work status. This is more useful to persons concerned with wages, working conditions and access to social protection to workers. A second problem with the enterprise based definition is when it is used in an establishment survey to distinguish the unit. This definition tends to leave out more invisible groups of own-account enterprises such as those operating on the streets or in their homes. A labour force survey with clear questions on the place of work and nature of contract may be better able to net in all such workers. It is argued that the enterprise-based dichotomous definition is important from the point of view of estimating the contribution of this sector in the gross national product. However, an additional worker based approach is required to identify the status of workers within the two sectors and invisible groups of workers often missed out through an enterprise approach²³ (Unni 2001).

Thus, the informal sector is its identification with pre-capitalist mode of production, own account of workers and no access to the benefits of social security and is characterised by low capital intensity, low level of productivity, a tiny and usually poor clientele, a low level of formal schooling, intermediate technology, preponderance of family labour and ownership, ease of entrance and last but not least, lack of support and recognition from the Government.
II: Informal Sector: Genesis and Development

The term informal sector (IS) has been attributed to Keith Hart\(^{24}\) (1971) but the origin of the concept of IS can be traced to earlier contributions in sociology. For example, Geertz’s study of two Indonesian towns (1963) was concerned with the transformation of a ‘bazaar economy’. The informal system originally referred to the parallel system of labour organization and wage bargaining that existed side by side the formal employer-labour relationship in industrialized countries. In less developed countries (LDCs) it was not just the presence of a parallel system but the juxtaposition between two distinct modes or ways of living and the imposition of Western ideas on the Orient which received wide attention in sociology and social anthropology.

In economics also, prior developments (i.e., those before the publication of Hart’s paper or ILO-Kenya Mission Report, 1972) were already leading towards IS as a urban migration (1970), looked upon the urban labour market as consisting of two sectors viz. Protected (modern) and unprotected (informal) sectors. The model viewed migration as an equilibrating force that cleared the labour market given the difference between rural wage based upon cost of living differential and the facility of job search in urban areas. Simultaneous existence of open unemployment and migration in the labour market indicated the possibility of market failure. Harris-Todaro model sought to explain this anomaly by introducing a new variable in the picture, viz., the probability of obtaining a modern sector job in the urban economy\(^{25}\).

Harberger (1971) argued that unprotected sector wages were the best approximation to the supply price of labour in urban areas. Otherwise opportunity cost of urban labour was equated with agricultural wage. At one time (Nurkse, 1953) the marginal product of labour in agriculture was thought to be zero and so urban labour’s opportunity cost was also zero. Harberger did not accept this view.
He argued that had urban labour’s opportunity cost indeed been zero, rural-urban migration would have been far greater than what was observed. He drew attention to the contribution of IS in providing subsistence to those who would otherwise have been openly unemployed26.

Around this time, it was also being gradually accepted that the Western concept of open employment was not directly applicable to LDCs. Only those persons who are willing to work at the prevailing wage rate and who are actively seeking work are counted as openly unemployed. Past savings or institutional support in the form of income-sharing within family or state unemployment benefits enable a person to fulfil the above two conditions. Their absence leads to a suppression of open unemployment and vice versa. (The concerned literature has also explored the role of generous unemployment benefits in reducing the motivation to seek work). IS can play a dual role in this connection in the sense that it might enable its participants to engage in both income-earning activities and job search simultaneously. Therefore, IS can compete with other institutional arrangements in regulating the quantum of open unemployment benefit and IS are inversely related to each other as rivals.

Stewart (1978) made a distinction between traditional and modern activities in urban areas in LDCs. She conceptualized the urban economy as below:

![Urban economy diagram]

- **Foreign Technology**
- **Local Technology Sector**
- **Traditional Part**
- **Modern/Informal Part**
IS, in this approach, comprised a group of new activities that had appeared in the wake of industrialization\textsuperscript{27}.

Berger and Piore (1980) start with the observation that duality is not peculiar to only LDCs but can be seen in developed countries also. Thus the traditional sector in Italy, France, Japan and even U.S.A. performs an important economic role. In their conceptualization, the basic reasons why this dualism exists are two-fold. Firstly, it is a reflection of the dualism in modern economics between capital and labour. Capital – particularly plant and equipment – is a fixed factor which cannot be forced to bear the cost of its own unemployment whereas labour, the residual factor, can be. So employers are very careful in planning the utilization of their capital\textsuperscript{28}.

The concept of IS attracted a lot of attention since it provided a vital missing link in particularly development economics. The nature and role of small-scale development in classical political economy. Petty commodity production was extensively studied in Marxist literature. In neo-classical economic thought, however, small production units had been ignored. IS hence to fill an important gap.

In Marxian economics, LDCs, petty producers and peasantry constituted weak -links of the capitalist system. (Petty producers or petty production constitutes the bulk of IS). Petty producers stand in between capitalist and the working class. They consider themselves to be capitalists but their interests are close to that of the working class for both are used by capitalists to externalize their costs. A few petty producers might be able to transform themselves into capitalists but most of them are forced to eventually join the working class; some may even join the industrial reserve army. The periodic crises to which capitalism is subject are opportunities to challenge and overthrow it. In LDCs, the
underdeveloped working class has to win the support of both peasantry and petty producers in this task.

Petty commodity producers have been defined as those who are capable of reproducing themselves as private producers of commodities without employing wage-labour and without selling their labour-power. Another definition emphasizes the following features:

a) Production for the market.
b) Small scale of operations in terms of volume of output, size of workforce, size of capital and level of technology,
c) Ownership of means of production by the direct producers.

Petty commodity production (PCP) constitutes a distinct mode of production as compared to the main capitalist mode in LDCs. It can also be viewed as a transitional mode between the pre-capitalist and capitalist modes. The former represent a cyclical movement of productive forces which permits sustenance but not growth. In contrast, the capitalist mode represents continuous generation, reinvestment of surplus and a revolutionary movement of productive forces.

Tension exists between these modes and a gradual transformation of PCP into the capitalist mode is ruled out. The relationship between them is a complex mechanism of conservation and dissolution. Because of the following factors, conservation becomes the dominant tendency in LDCs:

1. PCP cheapens worker's consumption and helps to increase surplus.
2. It also subsidizes the rural subsistence economy.
3. It adopts a number of coping mechanism and does its utmost to survive.

The coping strategies include use of family labour, reduction in
consumption, circulatory migration, engaging simultaneously in a number of income-earning activities, if possible, etc.

4. PCP prevents open unemployment from becoming very high and it enables the state to switch resources form providing social security.

5. To the extent PCP producer cheap, low quality goods with low income-elasticity of demand, it occupies a non-competing domain from the capitalist mode and can co-exist with it.

Petty commodity producers continue to exist but are unable to transform to themselves into capitalist entrepreneurs because:

1. Entry into their fields is easy and so they are subject to market-specific involution.

2. They are forced to go for mixed portfolios in order to minimize risk. So growth prospects become limited.

3. Technology is generally not neutral to scale; it has a bias against small producers.

Once petty production becomes non-viable, it is attached to the capitalist mode in an explicitly subordinate manner. Putting out work, subcontracting, piece-rate contracts are manifestations of this subordination. They help the capitalist mode to reduce risk, gain flexibility and reduce its costs.

Petty producers form only one part of IS. The rest comes from the industrial reserve army which comprises the unemployed, under-employed and the marginalized elements. The reserve army exerts a downward pressure on wages and ‘curbs the pretensions’ of labour (Marx)\(^3\).

In Marxian analysis, both PCP and reserve army are integral parts of the capitalist system. Both help in the accumulation process. PCP allows large capitalists to lower their costs and to lower the cost of workers’ consumption. The reserve army acts as a check on wage-workers in large enterprises and their wage-

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Because of the contribution to the accumulation process, IS does not disappear. Later, it expands in LDCs. Demographic response of the poor-high fertility to have more helping hands in the family-ensure continual growth of surplus labour pool and so of IS. IS is, therefore, a functional part of capitalism. Similar arguments have been made about the relation of women’s economic role to capitalism. Women are a part of reserve army; they move in and out of labour force depending upon; the needs of capital. Secondly, since family survival is the compulsion behind them, women are forced to carry out a number of economic activities, whether home-based or otherwise, under conditions of absolute surplus extraction. Many of these activities are unremunerated or under-reported. Thirdly, through their unremunerated services and ability to stretch wages, housewives enable capital to pay lower wages than would otherwise be needed for the reproduction of labour power. The housewife’s unpaid labour is transferred to capital as surplus. Because of this functional similarity, the association between IS and women is close and a majority of working women may be found in IS.

Dependency theory, one strand within Marxian theory, views the problems of petty producers in IS as being those of LDCs in microcosm. It maintains that IS cannot develop its own logic of capital accumulation and growth as long as it coexists unequally with large scale capitalist enterprises. The same applies to LDCs as a whole which are a part of subordinate, peripheral capitalism, controlled by core capitalism. The core capitalist system retains the productivity gains accruing within it and also appropriates those that arise in the periphery. Profit maximization in the periphery requires wage minimization stating cheaper consumption of workers. In core capitalism, wage minimization turns out to be counter-productive. To check the tendency of over-production, it is necessary to place more purchasing power in workers’ hands and hence increase their wages. The marginality school in Marxian tradition attaches importance to the backwash
effects of the capitalist development process-manifest in IS-which simultaneously gives rise to under-development.

This comprehensive treatment remained outside the purview of mainstream economics and therefore the concept of IS, advocated by ILO, was hailed as an important addition to the development literature. Since many heterogeneous activities were bracketed together in IS, the concept meant many things to many people. Mazumdar (1975) saw it as an easy-entry, residual sector crowded with secondary workers having low productivity. It was thought that self-employment would be the dominant form of organization in IS. As a relic of pre-capitalist production relations, the underlying motive of IS activities was thought to be maximization of total income rather than profits.

ILO saw IS in a more positive light. It looked at IS as a seedbed of native entrepreneurship. Self-sufficiency of this sector, following the low income-elasticity for its products, was noted. It was accordingly seen as a viable sector producing heap wage-goods. IS was also described as the employer of last resort and its contribution as safety net for the urban poor was emphasized.

The variety of views about IS and its heterogeneous content created plenty of confusion. In the words of Moser (1984), “The IS is still too broad to be meaningful; at one end is a pool of surplus labour, at the other a skilled high-income earning entrepreneur; at one end a proliferation of residual enterprises involutionary in nature, at the other end of the spectrum dynamic evolutionary enterprises”\(^{31}\). The lines of demarcation between IS and other sectors in the economy were not clear. Thus Meera Mehta (1984) constantly emphasizes that the organized sector consists of firms which have many casual, temporary and contract workers whose employment is unprotected and who therefore belong to IS. In other words, firms may belong to the organized sector but their workforce may partially be in IS\(^{32}\).
This would indicate that the formal sector (FS) and IS are not two independent categories. Rather, "they are in a continuously fluctuating state of interaction and parts of one sector may be dominated and created by parts of the other". (Bromley, 1970) Therefore, it is necessary to distinguish between the product market approach to IS (making it a cluster of micro-enterprises) and the labour market approach (IS a aggregate of unprotected labour). In other words, both enterprises (including family-enterprises or households as producing units) and individuals are included in IS. The former may belong unambiguously to IS while individuals may combine formal and informal activities. Alternately, the distinction between producing units and labour units in IS needs constantly to be kept in mind. This is a very important point. In the product market approach, FS firms enjoy privileged access to credit, foreign exchange and tax concessions while the competitive advantage of IS firms lies in escaping taxation, social security levies and also such regulation as might exist about working conditions, wages and job security.

Critics of the concept of IS have pointed out that FS, IS classification is crude, over-simplistic and that reality in LDCs is too complicated to be explained by this new version of economic dualism. Till, date, ambiguity remains whether IS is an urban phenomenon or it also covers agriculture and the rural economy. One is therefore not clear as to what remains in the economy. One is therefore not clear as to what remains in the economy after counting FS and IS. Heather Joshi (1980) has mentioned the importance of dynamic relationships among three sectors, viz. FS, IS and the domestic sector. Unpaid labour, family labour and households as economic units would presumably be included in the domestic sector.

Martine Guerguil (1988) has, one the other hand, stressed the residual nature of IS but stated that domestic and criminal activities are not part of it. Latin American scholars have explored the association between informality and underground economy. Domestic work and home-based production are very much
a part of IS according to many others. Upreti, H.C., (1992) has used a colour-code to distinguish among the following sectors:

1. White (formal) sector – private formal and state sector activities,
2. Mauve sector – small business and personal services operating on the fringe of the white sector,
3. Grey sector – ‘self-provision household activities, moonlighting and the gift economy’. These activities, conducted on the fringe of legality. (The term ‘grey segment’ is being increasingly used today in industrial analysis. For example, one talks of the grey end of the computer hardware and electronics industries. The grey end is inhabited by small firms which smuggle raw materials, which have very low overheads and which excel in reverse engineering.)
4. Black sector – all illegal activities.

IS would be the total of mauve and grey sectors in this classification.

Because of the heterogeneity of activities included in IS, characteristics which are used to define informality do not apply to all the activities. For instance, ease of entry is a foremost feature of informality and yet many informal activities (e.g. shoe-shining and even rag-picking at the lowest level of informal activities) may defy this feature.

When diverse elements get clubbed together in one category, it becomes difficult to identify those parts which have some growth potential vis-à-vis those which face involutionary prospects. Then there arises the danger of making wrong policy recommendations. Thus policies which are designed to help small enterprises will not necessarily help their wage workers. Policies which benefit wage workers in FS may harm the interests of casual/temporary workers, home-based workers, etc. Independent manufacturing units in IS may not welcome the promotion of subcontracting links between formal and informal enterprises;
policies which help informal firms carrying on legal business may not help those carrying out illegal activities, etc. therefore a single policy prescription for IS is ruled out. IS is so large and diverse that a range of measures from direct assistance, incentives-rehabilitation and even persecution is called for.

Castells and portes (1989) have talked of an informal economy, giving up any attempt to define and distinguish IS within an economy. Their focus is on unprotected labour or labour that is denied protection of either the State of unions\textsuperscript{36}.

**Definition of Informal Sector:**

The above ambiguity is reflected in the various definitions of IS. Most of the definitions simultaneously emphasize a number of attributes of informality. Firm size, type of employment, technological competence, income level, capital employed and legal status are the oft-used criteria to delineate informal activities. Among the many definitions that are around, the following stand out:

The ILO-Kenya Mission stated the following features, making it clear that the degree of their application differed from activity to activity:

a) No access or limited access to resources such as institutional credit, foreign technology,
b) Small-scale operations,
c) Ease of entry,
d) Family ownership of enterprises,
e) Competitive markets,
f) Reliance of indigenous resources,
g) Labour-intensive, adapted technology,
h) Unremunerated, invisible nature of activities
The features of FS were the obverse of IS activities. The definitions suggested at the 14th International Conference of Labour Statisticians, ILO (1987) distinguishes between registered and unregistered units and the difference between the two boils down to scale of wage-employment, provision of social-security for wage-labourers and source of energy for the manufacturing process. Joshi and Joshi (1976) have emphasized three variables, viz. Relationship with government, market structure (whether competitive or not) and nature of technology for distinguishing IS activities.

Squire (1981) has given the most clear-cut definition of IS as a labour market phenomenon – IS is a sector in which return to labour is determined by the forces of demand and supply. Wages in FS are higher due to institutional factors such as

a) Labour legislation stipulating minimum wage and working conditions,
b) Trade unionism,
c) Hire and wage policies of multinationals and public sector enterprises.

It has been shown that the market also has a tendency to create clusters with more than the market-clearing wage. Efficiency wage concept, internal markets in large organization, human capital attributes, different supply prices of temporary and permanent migrants and the different proportions in which they can possibly be used in small and large enterprises are the factors which give rise to this effect (Mazumdar, 1983).

An interesting attempt to integrate the various strands of Marxian thinking on IS is made by Nattrass (1987). Here IS becomes a set of petty production activities manned by persons in the industrial reserve army, the marginal pole and also those holding formal jobs. In other words, IS gets defined at the interface of FS, reserve army and marginal pole. Diagrammatically.
IS = b + c + d
IRA = a + b

A= full-time job seekers; not productively engaged, hence not a part of IS,
B= persons who have stopped their job-search and have entered IS temporarily.
They are capable of obtaining work in FS.

FS-f+c
F= persons working full-time in FS,
C= persons working in FS who supplement their income with that from informal activities.

MP is characterized by the lack of access to basic resources (e.g. land, capital, including human capital) and therefore it operates around residual resources.

MP= e + d
E= the truly marginalized elements within MP which are not active in informal production, e.g. beggars. D= persons who are marginalized but are still working in IS e.g. rag-pickers.

This approach leaves out enterprises employing wage-labour in IS and is hence inadequate. Nattrass then clarifies that informality should be associated with any two of the following characteristics:

- Labour – intensive operations,
- Small – scale operations and
- Existence outside official rules and regulations.
Implications:

It is clear from the foregoing analysis that in the labour market approach IS comprises unprotected labour. This means that the following groups are included in it:

a) Wage-workers in enterprises (even formal enterprises) whose employment is not protected by institutional and/or market factors mentioned above.

b) Own-account workers whose employment is not protected by the requirement of capital, skill and barriers to entry arising from organization, and

c) Service-providers, e.g., domestic servants, cleaners, etc.

The emergence of IS, in this approach, is fundamentally due to labour surplus in the economy. The important question, in this approach, is: what impact does unprotected labour have on market theories (or labour segmentation theories) take the position that barriers between FS and IS are strong and hence unprotected labour cannot affect protected labour. Skill-formation and productivity in FS insulate it from IS. The reserve army formulations is that protected and unprotected labour are linked together and the latter drives down the wage level of the former. It appears that the labour segmentation theories explain the short-run position but fail to take into account the wage-employment trade-off that is seen in FS.

At the same time, mainstream economic theories do not accept the serve army formulation. Their position is that IS does not enable capitalists to pay lower wages; there is no empirical support to such a relationship. Their argument is in fact, reserve, viz. IS enables labour to resist they low wage levels that would otherwise result, given the large labour surplus in LDCs. In other words, IS can be looked upon as an alternative to the direct exploitation of labour by capital.
In the product market approach, IS becomes a sector of unregistered (or perhaps illegal) micro-enterprises which employ in inferior technique of production that earn less than the average rate of return (Gibson, Kelly, 1994). IS is forced to adopt an inferior technique because of scarcity of capital. Unregistered or illegal activities exist either because of the pressure to reduce labour costs and gain flexibility or because of the inability of LDC governments to enforce existing regulations. Lack of registration and invisibility in official records work in two directions. Non-compliance with statutory provisions regarding resource-use leads to lower costs but also lack of access to resources, particularly technology. The net impact of these two and its implication for the growth dynamics of IS become important issues in this formulation. The crucial question is whether IS will be able to formalize itself and earn the average rate of return in the process of growth and whether it has the potential for autonomous growth. Marxian approach has raised the following policy issues in connection with IS:

1. Should working class struggle for industrialism and the collective benefits it provides to workers or should it support the individualism of tiny enterprises?
2. Should petty capitalism of the poor be seen as a form of creative energy or as exploitative individualism?
3. Can IS grow only in an involutionary manner or is evolutionary growth possible?
4. Can IS expand its sphere or scale of operations?

Dynamics:

Dynamics and growth prospects of a product market phenomenon need to be considered. As regards IS, this enquiry can proceed along two separate paths (Tokman, 1978). The first emphasizes special features of IS and grants it
functional independence, at least in the short run. The following features are mentioned:

1. IS units carry out activities that are considered unprofitable by FS. Very small volumes of activity, low-income elasticity of demand and perhaps fluctuations in demand, labour-intensity of operations, etc., fluctuations in demand, labour-intensity of operations, etc., induce in where there are no growth prospects (since survival is its motive).

2. Factor-use and factor proportions are likely proportions are likely to be different in IS. Recycling of waste material, use of second-hand or self-fabricated machine tools, local technology, greater use of family labour, use of residential accommodation for industrial work, use of informal finance, etc., are special features of IS. Uniformity in resource-use, following from compliance with statutory provisions is also absent.

3. The objective of carrying out these activities, given the application of a number of own resources of space, family labour, savings, etc., is probably sustenance or maximum total income rather than maximum profit.

These features are particularly the combination of low technology, non-specialized resources and low income-elasticity of demand which appear to make IS self-sufficient. As a lower-order category, it can then co-exist with IS. Given technological possibilities and the existence of surplus labour willing to work at less than the subsistence wage also, capitalists have plenty of opportunities to switch activities between FS and IS. So they make use of IS. IS contributes to the accumulation process. Mainstream economic thinking takes the position that IS will be used by capitalists since it exists but accumulation process will continue without also. Instead of complementarily between FS and IS, it is more appropriate to talk of the dependence of IS on FS, given the difference in technology and resource endowments.
To conclude, available literature on IS veers round the view that IS will be a permanent feature of LDCs; it will act as reserve army of labour, its formalization will not be automatic; rather, substantial barriers will prevent it and it will get stuck in a zero-profit, long-term equilibrium. At the same time, it will counter accentuation of inequality by giving a breathing space to the poor.

Some analysts have pointed out that traditional firms and dual labour markets have also expanded in developed countries. They view these as rational ways in which a society makes use of its resources to resolve current conflicts. IS enables us to realize the inadequacy of the dominant paradigm and takes us to a more nuanced understanding of institutions which determine individual responses as well as social structures in societies.
III: Street Vendors

Street vendors have an important role in the informal economy by making a significant contribution. Due to the inception capacity of the modern organized sector to provide employment for the rapidly expanding labour force, a large number of persons try to create or find income opportunities. Over 25% of the workers globally operate in the informal sector. Due to constant influx of people from the rural areas, the informal economic activities mobilize 30% to 80% of the workforce especially in the urban regions of the developing countries. The shortage of productive employment opportunities in the informal sector and the employment growth which takes place at a far lower rate compared to the growth in the labour force leads to the emergence of the informal sector is largely attributed to divergence between the growth in urban population and employment growth in formal economy. The increasing urban population with limited income to meet the needs of housing, food clothing of themselves and their families generates a significant demand for a variety of products and services which can be supplied by informal sector vendors.

Vending as a profession has been carried out all along in the known history and it has been an integral part of both urban and rural culture. In the historical context the informal vending was viewed with suspicion and was seen to lead to the obstruction of pavements and blocking pedestrian flows traffic congestion, crime, large volumes of garbage, dirt and often unsanitary waste products leading to unhygienic environment, health hazards and general deterioration and dilapidation of the important areas of the city. The informal vendors were also seen to force unfair competition to formal traders as well as to create a poor impression about the city for outsiders.

The street and pavement vendors form a substantial proportion of the informal sector who earn their livelihood through vending. They have flexible
vending hours ensuring the economic viability and dynamism of the city. It also creates employment thereby alleviating the hardships of employment according to Ministry of Urban Development and Poverty Alleviation, there are over one crore vendors in India contributing to over 50% of country’s savings and 63% of the GDP comes from vendors. Despite these the vendors are seen as ‘encourachers’ and as ‘public nuisance’ who obstruct traffic.

Very many vendors show perseverance in dealing with authorities of Municipal Corporation, traffic police, cops dealing with law and order, regional development authorities, district administration authorities, local governing bodies, local touts, single-handedly with an odd and awe-inspiring mixture of confidence and weakness.

The concept of the ‘informal sector’ became established in the terminology of development theory and policy at the beginning of the 1970s. Keith Hart, who coined the term used it principally to describe a variety of forms of self-employment, mainly on the fringes of the organized of ‘modern’ part of the economy and sometimes technically illegal. The ‘discovery’ of the informal sector suggested that the problem in developing economies was not so much one of unemployment or of underemployment but rather of the low productivity of the work carried on by large number of people. The understanding of the dimensions and structure of informal sector employment has been enhanced through the large number of studies undertaken on specific branches of economic activity. Though different in their methodology, scope and use of concept such sector specific studies complement the information on general studies on informal sector and contribute towards policy formulation. Oriented to specific themes the studies clearly establish that a significant part of the urban labour force is engaged in informal activities and highlight the entry of vulnerable groups—the migrants, illiterate or semi-literate, unskilled, women and children from the rural areas.
Effects of an increasing population growth in the era of globalization were compounded by a rapidly accelerating migration from rural areas to the urban areas. This accelerated pace of urbanization led to employment problems of both a quantitative and qualitative nature. Urban Labour force expands faster than the employment generated in the urban modern sector of the economy e.g. manufacturing and Government services. Jobs generated in this sector ignore women who need to enter the labour market to supplement the household income and the large number of unskilled from the rural areas43. (Hann, H., 1989).

The Government statistics and other official censuses do not adequately express the excessive vulnerability of the self-employed in general and the progressive marginalization of women in particular. Recommending for strengthening of the data system, particularly the periodic surveys, some scholars have reviewed the information base on informal sector and have dealt with issues pertaining measurement of informal sector. They point out the possibility of making greater use of data available from secondary sources such as NSS and ASI data by which estimate of self employment in informal sector can be obtained. The major gaps and the problems regarding coverage, quality and timely availability of data are also identified44 (Breman, J. 1995), (Suryanarayanan, S.S., 1998).

A.C. Kulshreshtha overviews the coverage of informal activities and their data sources. He analyses the methodological issues of measurement of informal sector and identifies informal sector as a sub-set of the household sector. The author distinguishes the informal sector from formal sector and differentiates the former from the later in terms of technology, economies of scale, use of labour intensive processes and virtual absence of well maintained accounts45. (Kulshreshtha, A.C., 1998).

The fall in self-employment and the stagnation or even relative decline in formal working arrangements indicate the great and growing significance of wage
dependency in informal sector employment. With the casualisation of the mass of the workers at the bottom of the economy migration to seasonal or semi-permanent work sites becomes a necessity thereby nomadism becoming a striking characteristics of the pattern of work and life for major segments of the population\(^46\) (Breman, J., 1995). In Mumbai, 20% of the hawkers were earlier employed as workers in organized sector (textile mills) but had lost their jobs due to closure of the mills (Bhowmik, S.K., 2000).

Insufficient capacity of the modern economic sector to provide employment for the rapidly expanding labour force, as a consequence of which a large number of persons who are looking for work are, forced to find or create other income opportunities. Many of the persons in the informal sector, being in business is a matter of survival and not of profitability\(^47\) (Kundu, A. and Lalitha, N. 1998). On the question of profitability another research work observes that despite the fact that vending Pan, Cigarette, Bidi, etc., Connotes the idea of social taboos, new entrance are likely to join as vendors of these products as long as the urbanization trend pursues its part. Moreover, vending these products leads to attractive profits, the notion of profitability, however, still remains to be acquired\(^48\) (Ramachandran K., 1989).

A study on street food vendors in the Philippines located the potential role of the type of economic activity in providing relatively good income opportunities, and absorb substantial quantum of agricultural produce\(^49\) (Barth, G.A. 1983). Owne N. and Hussain, N., analyze a yet another important aspect of street vendors. Taking a sample of 550 vendors, the authors show that food selling is a major source of income for those engaged in such activities and in 45 per cent of the cases the only source. The vendors comprise at least 6 per cent of the work force in the municipality town of Manikganj in Dhaka district of Bangladesh. The Study suggests a number of measures to improve the incomes of these vendors. More importantly it points to the needs for making land available in appropriate
locations and urges the local government to do the needful\textsuperscript{50} (Owen. N. and Hussain. N. 1983).

Some researchers have pointed out the negative effect on the earnings of informal sector vendors due to expansion of formal sector enterprises, and the absence of expansion of informal sector street vendors into formal sector establishments\textsuperscript{51} (P.D. Vashista, 1990). Contrary to this view some other studies point out that a small segment of the informal sector, however, seems to be linked to the modern/organized industries as its growth can be explained in terms of performance indicators. The segment, thus, may be said to respond to market stimuli\textsuperscript{52}. (Kundu, A. and Lalitha. N. 1998).

The three distinct stages that the street vendors undergo-prohibition followed by tolerance and assistance have been captured by some studies. These stages have been earmarked as the evolution of the activities of street vendors. Further, the role and importance of the local governance in the urban economy with regard to organizing and channelising assistance, designing various approaches, managing and maintaining arrangements and developing cost recovery measures have also been brought to fore in these studies (Ministry of Public works, Indonesia 1989).

The entrepreneur in the urban informal sector faces many constraints like non-availability of finance etc., While at the same time benefits from some positive factors such as freedom from Labour laws, quality standards etc., The activities are largely non-location specific and they seem to be little forward and backward linkage between formal and informal sectors\textsuperscript{53}. (Lall, V.D. 1987).

The role played by the informal marketing arrangements through local outlets like bazaars in low-income environments as well as in areas not easily accessible is highlighted in some studies. The status of activities and operational mechanism of these outlets, the socio-economic profile of vendors and customers,
future of the vendors are also accessed. Mechanism of licensing of the vendors, infrastructural facilities, periodicity and reach out effect of the bazaars are also examined. Simplification in the licensing procedures, storage facilities and accessibility to the credit system are some of the recommendations provided (Bhatnagar, K.K. 1992).

Other studies have also made a case for developing a support system for the informal sector with accessibility to land, credit and support from public agencies for better performance. The availability of credit is a crucial factor for their purchasing capital equipment or hiring it for use (Kundu, A. and Lalitha, N. 1998). Expressing reservations about the view of researchers considering credit as the key component in informal sector support programmes and poverty alleviation, Tara S. Nair views that a host of other factors, other than credit like marketing, technology, training, physical health and general well being of the poor have been affecting the viability of enterprises at the micro level other than the credit (Nair, Y. 1996).

Hans F. Illy in his study on street vendors in Manila advocates a more positive approach towards street vendors combining minimal regulations with measures of encouragement and public assistance. According to this study, the compliance of the regulatory measures of street vending is minimized if they ignore the harsh socio-economic realities of a particular cultural environment. In such a situation the regulations remain not only purely symbolic and ineffective but also allow a climate of harassment and extortion (Illy, H.F. 1986).

The informal sector studies since the 80s, the majority of which tend to be of a socio-economic in nature, have used a large variety of definitions to develop the informal sector concept. In addition to understanding the socio-economic profile of the street vendors, the entrepreneurial background, status of trade, its competitiveness and problems have also been studied. The pattern of job search of
migrants in urban labour market, and the influence of demographic, social and
economic characteristics of the migrants on their job attainment and earnings is
demonstrated in some of the research works. Analysis of these research works
brings out the importance of human capital investment in job search and earnings,
and also shows how social factors have a hold over the determination of migrant’s
occupation and earnings\(^57\) (Sunderrajan, 1996).

Migrants are driven from rural and semi-rural areas seeking a living and
when they genuinely make a living out of selling various products on the street
they are victimized by politicians-local administration-police nexus\(^58\) (mafia)
(Mazumdar, 1983). Virtually all hawking takes place on the unlicensed sites (TISS
1998). Hafta or weekly bride paid by the hawkers on these unlicensed places
amount to a staggering 3240 million rupees annually (TOI, 1997).

Some of the post-2000 studies conducted in various metropolis of India,
among the other issues highlight the victimization of street vendors. Hawkers and
street vendors constitute a significant proportion of the urban informal sector and
accounted for two-third of city’s employment. The sector offers ease of entry for
low skilled workers and use of traditional technologies and low returns\(^59\) (Sharit K.
Bhowmik, 2000).

The negative and lethargic attitude of local authorities towards the street
hawkers and in providing license is also highlighted by the researchers. In Delhi
only 5% of the total 600,000 hawkers, has been issued with license permit to hawk
their goods on public places. The rest are subjected to continuous harassment
through extortion and / or eviction\(^60\) (Renu, V. 2005).

Municipal & Police laws exist every where to curb hawking. In Patna
hawkers are restricted by Bihar Police Act which states that any person exposing
goods for sale on streets is liable to be arrested by police without a warrant. In
Mumbai & Ahmedabad, it is Bombay Police Act which states that any one
preventing flow of traffic can be arrested. Although to prevent harassment the Municipalities of Karnataka are expected to provide license for hawkers who sell vegetables and provide suitable places for them, but granting license is restricted only for those who sell in permanent structures (Bhowmik, S.K., 2000).

The vending activities are conceptually regarded, in the studies reviewed, to be small scale, to operate with a low level of technology and who have as their primary objective income for their participants. Vending in urban informal sector is characterized by ease of entry, small scale of operation carried out in a temporary structure, in the open air or in structures without a roof and in a variable location without a fixed place or store. It does not use any electricity and is labour intensive where members belonging to the household of the vendors participate in the vending and related activities, skills acquired outside formal education system. Very often the products are sold in unregulated and competitive market without observing any fixed hours for vending. Very often, vending is on an illegal basis contrary to the Government regulations; it does not depend upon formal financial institutions for its credit needs.

Definition of Street Vendors:

According to the Draft National Policy for Street Vendors a street vendor is broadly defined as a person who offers goods for sale to the public without having a permanent built up structure but with a temporary static structure or mobile stall (or headload). Street vendors may be stationary by occupying space on the pavements or other public/private areas, or may be mobile in the sense that they move from place to place carrying their wares on push carts or in cycles or baskets on their heads, or may sell their wares in moving trains, bus etc. In this policy document, the term urban vendor is inclusive of both traders and service providers, stationary as well as mobile vendors and incorporates all other local/region
specific terms used to describe them, such as, hawker, pheriwalla, rehri-patri walla, footpath dukandars, sidewalk traders, etc.

The review of studies in the urban informal sector in general and of street vendors in particular throws up several issues. This literature invariably raises the question about its neglect by policy makers despite its substantial contribution in terms of both employment and income and the efficiency in the allocation of sources in planning process. The studies also highlight the importance of the need to explicitly recognize the role of vendors in development plans which would automatically ensure the distribution of benefits of development in favour of the disadvantaged groups. Its not just a fact that the informal sector has restricted access to resources and markets, often the policy environment is hostile towards the sector, restricting trade activities on the ground that they raise concerns of security, cause traffic congestion, on the issue of social taboo (selling of bidi, pan, cigarette, etc.,) garbage accumulation leading to health hazards and make illegal use of public place or simply because they affect the architecture and structure of the city. This results not only in restricting the income opportunities but also encourages corruption like bribing the Resident Welfare Associations, Police Authorities, Officials of the City Development Authorities and other Enforcement Authorities to waive restrictions.

Even though there was recognition of the importance of the vendors in the urban informal sector subsequent to the research studies, actions to support them are yet to be initiated. There are various reasons for the gap that exists between policy formulation and policy implementation. In addition to lack of reliable, precise and relevant information on the vendors, ambiguous policy goals, decision making without considering the needs of those who are affected, low degree of compliance and administrative capacity of implementing agencies could be some of the many reasons.
These studies have yielded useful descriptions of informal employment in the urban areas. These studies have also touched on issues such as the role of migration, the acquisition of skills, the competition in product markets and the initial day to day problems of the vendors. Vending in the urban informal sector is readily recognized by everybody but nobody is able to define accurately. Still it has come to be recognized as a source of income for a large part of the migrants to the urban areas. It has also been accepted that vending in the urban informal sector will not wither away in the near future but will continue to play an important role in the immediate future.

In India, the globalization and liberalization policies pursued, have led to several structural changes in the economy with its impact on all sectors. Though the unequal burden of liberalization policies on various categories of labour was rather expected, the growing gender divisions during the phase have given rise to increased concern on the subject. Ever since India adopted the new economic policies of globalization and structural adjustment, women's employment has been a central variable in all the major discourses on the impact of reforms. Thus a significant feature, which is led by the particular nature of the Urbanizing process in this period, is the increasing presence of Trade in employment and the emergence of wholesale and Retail Trade as the largest sector of employment in Urban India, overtaking both services and manufacturing in share of the urban workforce. This phenomenon has largely been driven by expansion of, or rather a crowding of workers into Retail Trade, an aspect quite sharply apparent among women workers.

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

Concept of Street Vendors:

According to Black's Law Dictionary, vendor is a person who buys to sell or a seller. The Compact edition of the Oxford English Dictionary defines vendor as one who sells; a seller, sometimes in a restricted sense, a street seller. The New Shorter Oxford English Dictionary gives the meaning of vendor as a person who sells something. According to Webster's Third New International Dictionary of the English language unabridged. Vendor is one who offers goods for sale habitually or as a means of livelihood. Further, seller is an independent seller in a small way of business or a person who hawks and sells merchandise. According to Concise Oxford English Dictionary 11th edition, a person or a company offering something for sale, especially a trader in the street is called a vendor, whereas Oxford Advanced Learners' Dictionary of current English defines vendor as a person who sells things, e.g. food or newspaper, usually outside on the street who are also called street vendors.

For the purpose of this study vendor is a person who sells one or more products, one who combines selling and providing service (for example juice vendor) in fixed locations or/ and vending in weekly haats where locations
changes everyday and/or one who does mobile or door-to-door vending of one or more products. Effort will be made to diagnose the differences between male and female regarding their specific activities, conditions, needs, access to and control over resources, and access to development benefits and decision-making. The study is substantiated with case studies highlighting various aspects of street vending.

The concept of the family is understood in the study with its biological significance and household with its economic content. A one-person household is a person who lives alone in a separate housing unit i.e., structurally separate and independent place of abode. A multi-person household, as understood in this study, is a group of two or more persons who combine together jointly to occupy the whole or part of a housing unit and to provide themselves with food or other essentials for living. The group may pool their incomes and have a common budget to a greater or lesser extent in different circumstances. The members of the household or composed of related persons or unrelated persons or a combination of both. The basic criteria under this concept of household is referred to persons constituting the household jointly occupy a common dwelling place, share principal means (unless prevented for eg. By working conditions) and that they make a common provision for basic living needs. Thus, a multi-person household may be comprised of the members of a family and relatives.

Statement of the Problem:

While trying to earn their livelihood street vendors provide valuable service to the people and the contribution to the economy. It is very important to know why the Government and the Public treating them as encroachers or criminals? Even though their role is laudable why it is not possible for the Government to give legal status to vendors by issuing licenses and providing working Hawking zones? Should not government include them in town and city master plans? As
they are special component of the plans for urban development, why should not they be treated as an integral part of the urban distribution system? Against this backdrop, it is felt that it is important to understand their problems, status in the society and the desirable changes, comprehensive conceptions that lead to helping creation of organised street vending process. The study intends to examine Socio-Economic conditions of street vendors.

Study Area:

Being an individual researcher it would be over ambitious to cover the vast area due to time and cost considerations. Shimoga district has been deliberately selected for the study. There are two important large industries namely VISP (Visveshwaraiah Iron and Steel Plant) and MPM (Mysore Paper Mills) due to merger and downsizing and other factors the number of employees in these industries has decreased from 15,000 in 1990 to 5,000 in 2005. The workers who lost their jobs have become unemployed or became street vendors. In the district, Shimoga, Bhadravathi and Sagara are having maximum number of street vendors and their activities are under going a rational change. Under these changing circumstances no scientific study has been conducted on their problems. With the help of this study a Socio-Economic problems of street vendors in Shimoga district can be analysed.

Shimoga District is situated in Western part of Karnataka State, which is surrounded by the Districts of Dharwar in North, Chikmagalur and Udupi in South, Davanagere in the east and Uttara Kannada to the West between 13° 56' North’s and 75° 38' East latitude and longitude respectively. There are two important rivers flowing in the district. Namely, the River Tunga and the River Bhadra; Shimoga district is constituted of seven blocks namely, Shimoga, Hosanagara, Soraba, Thirthahalli, Shikaripura, Sagara and Bhadravathi. The district is known for its rich forest products. Shimoga District is regarded as the
Malnad region of the Karnataka and has diversity in several aspects. Agriculture is main occupation of the district, which is indirectly supporting growth of informal sector.

**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 street vendors marketing and retail vendors in Shimoga District has yet been made. So the researcher felt, there was a need for studies in depth about the problems of street informal sector in Shimoga District and appraise the intensity of the problems particularly with reference to street informal sector in Shimoga District.

1. To study Economic conditions of street vendors in Shimoga District.
2. To examine the organisational aspects of street vendors in Shimoga District.
3. To identify the motivational factors and constraints of street vendors in Shimoga District.
4. To ascertain the problems faced by of street vendors in Shimoga District.
5. To study policies and regulations affecting the operation of street vendors, and how they respond to such policies.
Hypotheses:

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

1. In process of Urbanization, Informal sector is playing a very important role in Shimoga District.
2. A large portion of their earning is wiped out in the forms of interest on borrowings.
3. There are Socio-Economic and administrative constrains in performing vending in the market.
4. Generating income by Street Vendors is not sufficient to maintain minimum standard life in Shimoga District.
5. The street vendors are mostly from the villages; semi-urban areas; illiterates, and they belong to religious minorities and backward castes.

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 vegetable vendors, fruit vendors, flower vendors, rickshaw pullers, plumbers, electricians, carpenters, domestic servants, tailors, workers in the household industries, construction workers, casual labourers in factories, hawkers, garment street vendors and other unorganized workers.
In the present study, a humble attempt has been made by the research to throw light on the problems, prospects and socio-economic conditions of urban street vendors in Shimoga District. The growth, development, progress and problems of the urban developmental activities are beyond the purview of the present study.

**Selection of the Study Area:**

The Southern State of Karnataka is in many ways the archetypal Indian State. In natural regions, languages, faiths and culture, it exhibits almost as much variety as the sub-continent itself. Its location is close to the nation’s heartland and its boundaries extend to the coastal periphery. In developmental attainments too, the state is at the median level in major sectors, reflecting generally where the country as a whole stands. This part offers a brief overview of the geography and history of the state and places it within the Indian context in respect of its levels of human development. Special attention has been paid to understanding regional developmental disparities, which are a major concern of the state today.

Resource-rich Karnataka lies between latitudes 11.31 and 18.45 degrees north and longitudes 74.12 and 78.40 degrees east on western part of the Deccan plateau. It has four natural regions extending over 700 kms. From the east to the west. The state is the eighth largest in the country in both area and population. Karnataka's plains, plateaux and coastline covering 191.791 Sq Kms support (as per the 2001 Census) 52 million persons forming 6.28% of the country's population, 51% of whom are male. While the population density of the state at 275 persons per Sq. Kms, is lower than the national level of 324, the state is more urbanised than India as a whole: 34% of the population is in urban areas against 28% in the entire country.

Karnataka is especially rich in mineral wealth. It has deposits of gold, iron, manganese, chromite, bauxite and copper. It was one of the earliest states to
provide electricity to all its villages. And today, the state capital Bangalore is known internationally as the hub of information technology and electronics in India.

Each of the four natural regions of the state has its distinctive characteristics. The coastal area covering Dakshina Kannada and Uttar-Kannada districts is a narrow strip between the Western Ghats and the Arabian Sea. The region is characterised by heavy rainfall – 2500mms to 3000 mms, with the main occupations being fishing and the cultivation of rice, coconut and arecanut. The coast is hemmed in on the east by the Western Ghats; the Ghat or Malnad region covers the districts of Chikmagalur, Hassan, Kodagu and Shimoga and the Uplands of Uttara Kannada district. 43% of the forest of the state falls within this area. Plantations of coffee pepper, cardamom and rubber are interspersed with dense forest here.

Shimoga, one of the thirty districts of Karnataka State, is situated roughly in the mid-south western part of the State. It had an eventful history and has rich cultural traditions. It is bestowed with abundant natural resources. The western area of the district consists of a mountainous terrain, on the eastern side, there is a striking transition from the *Malnad and **Semi-Malnad to ***Maidan. The western part is replete with fascinating natural beauty, being clothed with dense tropical forests stimulated by heavy rainfall. The eastern area consists of an open country with some fine lakes and stony hills making this part also attractive to the eye.

Like most of the districts in the State, Shimoga district also got its name from its administrative headquarters town, Shimoga; various traditional derivations are current about the origin of the name of Shimoga. It is difficult to say which of them is correct or whether any of them is correct. At least, three of them pertain to God Shiva, Viz., “Shiva – Mukha” (the face of Shiva),

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‘Shivanamoogu’ (the nose of Shiva) and ‘Shivana – Mogge’ (buds of flowers meant for Shiva). The place has several old shrines dedicated to Shiva. According to a legend, the place had the ashram of the famous sage Durvasa who was noted for his sharpness of temper. He used to keep on the oven a pot boiling with sweet herbs. Once, some cowherds, who chanced upon it, tasted the beverage out of curiosity and called the place ‘Sihi-moge’ (sweet pot), which was later called as Shimoga. In some epigraphs, the place is referred to as sheemoge and seemoge. The name is written and pronounced in Kannada as Shivamogge. Its anglicised form is “Shimoga”.

The district is situated between $13^0 27^1$ and $13^0 39^1$ north latitude and between $74^0 38^1$ and $76^0 4^1$ east longitude, in about the mid-south-western part of the State. Its greatest length from east to west is 152.9 Kilometers and from north to south 128.8 Kilometers.

The district is bounded on the east by the Chitradurga and Davanagere, on the south by the Chikmagalur district, on the west by the north and South Kanara districts and on the north by the Haveri district.

The geographic area of the district as per the provisional figures computed by the survey of India is 8.465 square Kms. In 2001, the population of the district was 16,39,595 (8,29,365 males and 8,10,230 females): In respect of area, the district occupies ninth place in the State. It accounts for 5.5 percent of the total area, and 3.11 percent of the total population of the State (as per 2001 Census). In density of population, the district ranked twelfth among the districts of the state 1998. During that year, it was recorded that there were 193 persons per square Kms, in this district and this was below the State average which was 275 per square Kilometers.

For this case study, the researcher has selected Shimoga District which is biggest urban centre in Karnataka, where a study of urban street informal sector
has not bee carried out by scholars. Shimoga is one of the industrial, businesses, educational and cultural city of the state and there is good network of street marketing in the district. There were 600 total numbers of vegetable street vendors selling all kinds of vegetables, 400 fruit street vendors selling all kinds of fruits, 200 garment goods street vendors selling all kinds of goods, 500 mobile vegetable street vendors, 250 mobile fruits street vendors and 300 mobile garment goods street vendors in the district in 2000-2001. Due to various and multi various activities, the district are growing at a very faster rate than that of other urban district in the state. Along with development, the district is facing various problems in all fields. In order to investigate the various aspects of urban street vendors in Shimoga District has been selected. The present researcher is going to adopt the following methodology.

Data Used:

   a) Source of Data: The data for this work will be collected from both primary and secondary sources. The secondary data will be used mainly to study the profile of the study area, which in turn enables the researcher to adopt the suitable sampling design. Secondary data will be collected from the Shimoga Municipal, Urban Development Authority, District Statistical Office, other Government offices, several periodicals, census reports and newspapers etc. Primary data will be used to verify the hypotheses of the study. It will be collected from the sample respondents. Specially designed and pre-tested schedule will be used to elicit the required information from the sample respondents. Economic parameter like age, level of literacy, family size, occupation, income, expenditure, risk involved, organisational issue, problems of service sectors, housing, medical facilities, drinking water, sanitation, etc., will be focused in the schedule.

   b) Sample Design: The data for the study will be collected through a survey, which will be conducted in Shimoga District of Karnataka State. The
sample respondents will be selected from the major cities/towns of the district. Shimoga, Bhadravathi, Sagara, Soraba, Shikaripura and Thirthahally are the major taluks of the district.

Out of total 2250 street vendors in Shimoga district, 400 street vendors were selected for interview. Street 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 street vendors are selected by random sampling method.

Field work was undertaken by the research in the month of March 2010 to June 2010, which is the summer season and the proper time for most of the goods to be sold in the market. For the detailed study, the researcher classified the street vendors under six categories. They are as follows:

1. Vegetable vendors selling all kind of vegetables, (64)
2. Fruit vendors selling all kind of fruits, (80)
3. Garment goods vendors selling all kind of garment goods, (39)
4. Mobile vegetable vendors, (73)
5. Mobile Fruits vendors, (84)
6. Mobile garment goods vendors, (60)

A pilot study was conducted before commencing the field work. Interviews of the retail street 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 street 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 street vendors were approached with interview schedule with an explanation about the nature of the research, most of the street 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 arose in
collecting information from big street vendors. The reason was their busy business and fear that the investigator was a government officer or from income tax department. Big street vendors were not frank compared to the small street 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 and fifth 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 and financial accessibility and housing conditions of the urban street vendors in Shimoga district. 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 street vendors provided information from their memory as they did not maintain systematic accounts of their business. A few big street 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 street vendors is pertaining to only one-twenty days in a year, in this way the study does not predict anything about the seasonal variations in street vendors marketing and income of the street vendors.

In the present study an attempt has been made to analyse the process and problems of street vendors informal sector particularly vegetable, fruits, garments goods retail street vendors, their business, income, employment, expenditure, socio-economic conditions and housing problems, financial accessibility of informal sector etc., and other problems of informal sector in Shimoga district are beyond the purview of present study. This study does not provide the complete picture of problems of informal sector in Shimoga District. In the present study does not covered Hosanagar block, researcher finds only three seasonal street vendors in this block.

Inspite of these limitations, it is hoped that the studies in depth of selected issues will throw some light on process and problems of street vendors informal sector in Shimoga District.

**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 Shimoga District particularly informal sector workers that is, the street retail vendors in Shimoga District.

Vegetables, fruits and garments goods 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 an 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 street-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 and capital formation of the nation.

Vegetables, fruits and garments vending has a pivotal role in promoting the socio-economic conditions of the street vendors. Inspite of technological advancements and achievements, street 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 street vendor’s 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 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, prospects and financial accessibility of vegetables, fruits and garment goods informal sector in Shimoga District because it plays a very important role in the process of urbanization in the District.
Chapter Scheme of the Study:

The present study has been divided into Six chapters:

Chapter – I: Introduction

The first chapter, as is the widely accepted convention, is an introductory chapter contains of informal sectors, urbanization, statement of the problems, main objectives of the study, hypothesis, methodology and research design, selection of the district, selection of sample street vendors, limitations of the study and importance of the present study.

Chapter – II: Review of Literature and Informal Sector in India

This chapter has been divided into three sections. The first section a number of studies have been made to investigate the face, structure and pattern of informal sector and street vendors, the second section deals progress of informal sector in India as well as Karnataka, and the third section throw light on the National Policy on Street Vendors.

An attempt is made in this chapter to critically review select earlier studies on informal sector an vendors participation in informal sector. Such review would help in identifying issues and also in the formulation of methodology for the present study.

Chapter – III: Profile of the Study area

The present chapter has been divided into two sections the first section progress of urbanization and informal sector in Karnataka and Second section discusses the progress of Urbanization and study area profile of the Shimoga District.

Chapter – IV: Socio-Economic Conditions of the Street Vendors

In this chapter, researcher has made an attempt to portray socio-economic conditions of the Street vendors in Shimoga District. The present chapter is divided into two sections. The first section of the chapter deals with the general
information of the street vendors. To study the socio-economic conditions of the street vendors, it is very necessary to know the age group of the street vendors, educational level of the street vendors, status of the family, caste of the vendors, nature of the family, number of persons dependent and independent, migrated or non-migrated, causes for migration, assets owned in native place or not, total length of the occupation, area of occupation, time of business etc. Second section of the chapter throws light on the economic conditions of the street vendors like expenditure on addictive habits, food, non-food items, durable assets, education of their children, medical expenditure and expenditure on selected items and whether vendors possess ration cards etc.

**Chapter – V: Financial Accessibility and Housing Conditions of the Street Vendors in Shimoga District**

This chapter is divided into three sections, First section deals with general and operational activities in street market. Second section throws light on marketing activities of street vendors and third section indicates the financial accessibility and housing conditions of the street vendors in Shimoga district. This section explains about the theoretical study of the housing like meaning and importance of housing and problems of housing etc. In third section researcher has made an attempt to discuss housing conditions and problems of the sample street vendors.

**Chapter – VI: Conclusion and Suggestions**

The present chapter contains two sections. The first section includes a summary of the major findings of the previous chapters made by the researcher on the basis of primary and secondary data. In the second section of the chapter, few suggestions are suggested on the major findings. This could be useful to reduce the problems of street vendors. As a result improving working conditions, socio-economic conditions and minimize the problems of the street vendors in Shimoga District.
Notes:


29. Petty Commodity Production (PCP),

30. Ibid


