CHAPTER - 02

REVIEW OF LITERATURE AND INFORMAL SECTOR IN INDIA
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This present chapter has been divided into three sections. The first section discusses 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 and Karnataka and the third section throw light on the National Policy on Street Vendors in India.

SECTION – I

Review of Literature

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.

The economics of development refers to the problems of the economic development of under developed countries. Though the study of economic development has attracted the attention of the economists right from the mercantilist school and Adam Smith down to Marx and Keynes, yet they were mainly interested in the problems which were essentially static in nature and largely related to a Western European frame work of social and cultural institutions.

Economic development in our times has come to be associated with the 300 years old western industrialism. ‘The major feature of this type of economic development has been as Karl Palanyi says a new method of allocating resources based on a national system of “free markets” which is a significant departure from the past’. As was pointed out by Ragnar Nurkse “Economic development has
much to do with human endowments, social attitudes, political conditions and historical accidents. Capital is a necessary but not a sufficient condition of progress”.

“The development strategy pursued by many developing countries consequent to political independence appears to have developed urban areas and large cities. Location of industries, expansion of government administration, educational institutions, commercial centers etc have played a major role in the Urbanization process”. Better employment and income opportunities coupled with cheaper transportation and communication facilities played a significant role in attracting migrants from the rural areas”. In fact rapid industrialization has been assumed to absorb surplus rural labour.

However industrialization has not been able to absorb the rapidly increasing migrants possibly due to insufficient generation of employment opportunities, non-suitability of rural migrants to urban industrial jobs etc. In recent years many analysts of urban employment in the third world have adopted a two-sector terminology and mode of analysis. Various classification such as organized and unorganized, modern and traditional, capitalist and subsistence sectors have been used for analyzing the urban economies. “The formal and informal sector classification is the latest to arrive on the scene”.

All these dichotomous frames emphasize the fact of discontinuities in urban economic organizations and are utilized to reveal and analyze distinguishing characteristics of the two sectors. The dichotomy of formal-informal sector therefore does not take into account the overall totality of production relations, distribution and consumption. It ignores the various intermediate forms of production relations. The relations between the two are asymmetrical and symbiotic marked by the socio-economic subordination of the informal to the formal sector. Breman concludes that instead of applying the concepts formal and informal, “we should make distinctions in terms of different articulated production
relations which can be found with degrees of variations within the economic system of third World Countries”.

**Origin of the Concept: Dualism:**

The theoretical basis of the concept assumes some dichotomy in the urban economy arising out of the dualistic tendencies. Dualism can be defined as the existence and persistence of increasing divergences between rich and poor nations and its people. In the neo-classical paradigm of development, non-homogeneity and differences in initial endowments allow people to exercise their comparative advantage with in the context of exchange and trade”.

Boeke (1953) was the first, who explained the dualistic theory in a classical framework. He opines, “Dualism is a form of disintegration (which) came into existence with the appearance of capitalism in pre capitalistic countries”.

Reserving the term dualism to such a phenomenon he says, social dualism is the clashing of an imported social system with an indigenous social system of another style. Most frequently the imported social system is high capitalism. But it may be socialism or communism just as well or a blending of them. Boeke calls the indigenous social system as the eastern or the “pre-capitalistic” sector and the imported system as the “western” or the “capitalistic” sector of the dualistic economy. Thus Boeke reserves the term “dual society” for societies showing a distinct cleavage of two synchronic and full grown social styles, which in the normal historical evolution of homogenous societies are separated from each other by transitional forms as for instance “pre-capitalism and high capitalism by early capitalism”. Such a dual society is characterized by the existence of an advanced imported western system and an indigenous pre capitalist agricultural system.

Boeke therefore warns “we shall do well not to try to transplant the tender, delicate hot-house plants of western theory to tropical soil where an early death awaits them thus Boeke stressed “the need for a distinctive economic and social theory for under developed countries”.
Economic Features of Dualism:

1. The existence of the eastern or the percapitalistic indigenous sector of the dualistic economy with limited needs. In contrast the western or capitalistic sector is the one with unlimited wants-ever increasing and being continually stimulated by demonstration effect.

2. Because of their limited needs, the eastern sector is characterized by the backward-sloping supply curve of effort and risk taking. Whereas the western sector is characterized by a normal upward sloping supply curve of effort.

3. The commodities in the eastern sector are not evaluated on the basis of "value-in-use" as in western sector but evaluated on the "prestige value".

4. Profit motive and professional trading are absent in eastern sector. Profits from speculative activities are attractive, and professional trading is conspicuous in the eastern sector.

5. The industry in the eastern sector is not investment oriented and lacks initiative, drive, discipline and organizational capabilities, which the western sector possesses.

6. The labour in the eastern sector is unorganized and unskilled, passive, silent and casual and lacks mobility, which results in wage differentials.

7. Technological progresses along the western lines are not pronounced in the eastern sector of the dualistic economies.

8. Lastly the eastern society is guided by "fatalism and resignation" as opposed to western industry which is moulded by common sense and reason.

Thus Boeke argues that the western economic theory is based on unlimited wants, a money economy, and many-sided co-operative organization. Immobility of resources distinguishes an eastern society from its western counterpart.

"1. As a general rule, a single policy for the whole country is not possible.
2. What is beneficial for one section of society may be harmful for another.”

However Myrdal (1968) challenged Boeke’s observations and the factors responsible for dualism. Myrdal believed that the classical economic theory had its principal shortcoming in disregarding the non-economic factors, which are among the main vehicles for the ‘circular causation’ in the ‘cumulative process of economic change’.

Myrdal defines “backwash” effects as all relevant adverse changes of economic expansion in a locality caused outside that locality for e.g. The effects via migration, capital movements and trade as well as the total cumulated effects resulting from the process of circular causation between all the factors non economic as well as economic whereas the “spread effects refer to certain centrifugal spread effects of expansionary momentum from the centers of economic expansion to other regions”.

Lewis on the other hand considers the process of rural-urban transfer emphasising on the structural differences. Fei and Ranis later modified this in their development models for a dualistic economy with surplus labour, Lewis (1954), Fei-Ranis (1961, 1964) consider capital accumulation as the crucial factor for the absorption of labour in the modern industrial sector. These models differ from the Harrod-Domar growth model in the sense that they draw distinction between the two sectors of a developing economy, namely, The agricultural subsistence sector characterized by surplus labour, low productivity and self-employment, and the modern industrial sector characterized by wage employment and high productivity”.

These dualistic development models emphasize transfer of surplus labour from the subsistence agricultural sector to the modern industrial sector through accelerating the rate of capital accumulation in the latter. In Lewis words the key to the process is the use, which is made of the capitalist surplus. For these economists in the subsistence sector marginal productivity is assumed to be
determined as a fixed premium over a constant subsistence wage in the traditional agricultural sector. At this wage rate or supply price, the supply of labour force is considered to be perfectly elastic. According to them, given the favourable terms of trade the modern sector would rapidly grow in a self-sustained manner through rapid capital accumulation caused by ploughing back of profits in further investment. In the growth process, the modern sector would draw away surplus labour from the traditional sector, until the labour surplus disappears.

Gallenson-Leibenstein (1955), Dobb (1960), A.K. Sen (1960) have supported Lewis by pointing out that the use of capital-intensive techniques would generate more surplus resources which would be ploughed back into further investment and would result in greater growth of employment than is possible through labour-intensive techniques. In spite of the above-mentioned aspects of the use of capital-intensive technology, there is another important aspect, which is worth mentioning. The income inequalities caused by capital intensive techniques which cause high profit-wage ratio, create a demand pattern, which is oriented towards luxuries, which are again produced by the capital-intensive techniques, which restrict labour absorption. Thus to avoid the vicious circle caused by the capital intensive technology Schumacher (1973) and Singer (1969) "advocate intermediate or appropriate technology for the developing countries".

However Higgins indicated four kinds of barriers to economic development.

1. The dilution of incentives to save and invest.
2. The limited scope of entrepreneurial spirit in under developed areas.
4. Backward sloping curve of effort and risk taking.

As has been emphasized by Blaug, Layard and Woodhall (1969) Ranis (1971), Little Scott and Seitovsky (1971) the adoption of capital-intensive
techniques and consequently the slow growth of employment opportunities in the industrial sector are also due to the distortions in factor prices.

The chief cause of dualism in underdeveloped areas according to Higgins is the interrelationship between factor endowments and techniques of production thus incorporating the problem of factor proportions. Higgins' explanation of Dualism provides a much more helpful outlook for development of underdeveloped areas along Western lines than Boeke's analysis with its bias towards the village policy as an alternative to Boeke's Sociological Theory of Dualism.  

Here the main cause of inelastic productive employment opportunities in the underdeveloped countries is not the deficient effective demand but technologically dualistic nature of these economies.

The fundamentally different production functions and factor endowments in the advanced and the backward indigenous sectors of the economy are responsible for generating an ever-increasing volume of unemployment. The unemployment associated with such dualistic development is structural or technological in nature.

"Higgins explains his theory of technological dualism on the basis of a two sector model viz., the modern and the traditional. The dichotomy between the two sectors is sharply defined on the basis of the distinctly different factor endowments and production functions attributable to each of these. The traditional rural sector is engaged primarily in subsistence agriculture and handicrafts or very small industries with flexibility in the techniques of production. Associated with the phenomenon of a fairly wide range of technical substitutability is factor endowment, which is biased towards labour. The result is that labour intensive techniques are chosen in the traditional sector. As distinct from this the modern sector consists of large scale industry whose main feature is the production function with fixed technical co-efficients of production i.e., the elasticity of substitution between the factors of production is almost zero".
Thus the modern sector in these economies experienced a rather quick expansion, especially with the inflow of foreign capital and enterprise. As a sequel to this economic expansion there also occurred in this sector rapid growth of population. In fact the rate of population growth in this sector tended to outstrip the rate of capital accumulation. Hence, with fixed co-efficient of capital intensive techniques it was not possible for the modern sector to generate employment opportunities which results in surplus labour and this redundant labour was to shift to the traditional sector.

Dualism is also characterized by differences in ecological systems—which prescribe certain social and economic patterns that conform to it, ensuring internal equilibrium. The internal equilibrium of the ecological, social and economic forces within any such system is sufficiently strong to resist any exogenous force that may attempt to transform it or integrate it with other systems. Geerpze\textsuperscript{13} (1963) attributed this to be the basis of dualism. With respect to Indonesia Yotopolous and Nugent suggest that foreigners who found it more natural to integrate the modern sectors of outer Indonesia with foreign countries performed entrepreneurial function in Indonesia. “Most ecological systems however continue to develop by becoming internally more complicated. This is defined as “involution”. Involution is a process whereby an ecological system grows on to itself. In such a situation increasingly a greater number of workers perform decreasingly a smaller amount of work and poverty is shared among them. The system gets involuted overtime. Gradually, the urban centers become just merely large size villages and incorporate many characteristics of a peasant economy and this process is often termed as “Urban involution”.

The urban economy maintains most of the people at a minimum level and keeps absorbing more migrants, but at still lower level of per capita productive capacity and consumption. As more and more people migrate to the third world urban economy, they are absorbed not in the organized secondary sector but rather in a bazaar type informal or the poverty induced tertiary sector and so Geertz
preferred to describe the two systems as the “firm centered economy and the Bazaar type economy”\textsuperscript{14}.

Mcgee distinguishes between organized capitalist sector and the bazaar type peasant sector in the third world city. According to Mcgee “most cities in the third world can be seen as consisting of two juxtaposed systems of production--- one derived from capitalist forms of production, the other form peasant system of production”\textsuperscript{15}.

Regarding the studies in the urban economies of the developing countries. John Weeks pointed out that the desegregation of the economy into the “traditional” and “modern” sectors have come to be identified with agricultural and industrial sectors of a developing economy. While the dichotomy may be well suited for such a desegregation, it is ill-adopted as was felt by John Weeks for the studies on the urban economies of less developed countries.

Stanley Landers\textsuperscript{16} (1965) model is applicable to the analysis of emigration in areas or countries that exhibit certain pre-conditions.

1. Population pressure on existing scarce natural resources.
2. A predominantly traditional agricultural economy operated under labour-intensive methods.
3. Full utilization of all cultivable land areas.
4. An excess supply of labour in the agricultural sector.
5. Negligible amounts of net savings.

According to him, low level of income per capita under these conditions of rapid population growth presents a serious and difficult obstacle for improving the standard of living of population. Emigration can have a powerful positive effect on the reduction of population growth and the stimulation of the growth of output enabling an economy to overcome stagnation at low levels of per capita income and stimulate over more rapid increase in the per capita income.
To provide an explanation for the stability of enclave dualism, one must answer two pertinent questions raised by Yotopolous and Nugent.

1. Why do the development effects not spread from the modern sector to the rest of the economy to initiate a process of overall growth?
2. How does the modern sector remain capital intensive in a situation of abundant labour supplies?

The answers to both the questions may arise from the fact that in general wage differentials in the modern sector would reduce profitability and pressure static dualism (Nelson 1968) or low effective demand fails to stimulate enough investment in the traditional sector (Singer 1950). In any case, the modern sector has little impact on the local economy and grows in an enclave of its own.

"Financial dualism" exists because in the domestic market, the rate of interest in the under developed countries in the “unorganized” credit market in the traditional sector is higher than the rate of the organized credit market in the modern sector. Moreover there is a chronic excess demand for foreign exchange at the overvalued exchange rates. Further the government policy with its bias towards larger economic units in the modern sector leads to discrimination against the small economic units in the traditional sector leading to financial dualism”.

Myint shows that in order to reduce this financial dualism, the less developed countries should raise the official rates of interest in their organized credit market high enough to reflect the existing shortage of capital funds and by ensuring equal access to capital funds by the traditional and the modern sector.

Myint (1964) and Bottomley (1964) went a step further in emphasizing the significance of the capital market as a basis for enclave dualism. The enclave sector has easy access to long term capital at low rate of interest in world capital markets and therefore can remain capital intensive while the domestic sector on the other hand, can borrow only from non-institutional lenders such as the village money-lender, the landlord, the shop keeper and only at high interest rates.
Similarly Mekinnon (1973) emphasized "financial dualism" in the domestic capital markets as a source of development disequilibrium. These types of financial dualism imply differences in the relative prices of factors of production for the two sectors.

Technological, enclave and financial dualism are the economic analogues to institutional, socio-cultural and ecological dualisms. The evidence concerning the prevalence and remarkable persistence of market imperfections lead us to the conclusion that dualism and income inequality are facts of life in the less developed countries, which are not likely to disappear quickly or easily.

Keith Hart** in his report on urban employment in Ghana was the first to renew the theory on the economy of developing countries which is characterized by the distinction between a modern sector, often a consequence of foreign investment and western technologies and a traditional sector, considered as the part of the economy which could withstand penetration of western capitalism. Hart suggests changing the names of both sectors. He divides the economy between formal and informal sectors according to the extent of work rationalization. He underlines the neglected size of self-employment and small-scale industries and also stresses the statistical underestimation of the informal sector.

The renewal of the dualism theory is only an official stamp in the report of Kenya prepared under the auspices of the world employment programme in the International Labour Office. Milton Santos** in a book published in 1975 enlarges the ILO approach. He makes a distinction between the "Upper Circuit"; direct consequences of technological progress represented by monopolies and the "Lower Circuit" which group's small-scale activities meant almost exclusively for the poor. The choice of words is meaningful. The terms mean that the lower circuit depends on the upper one. The latter meets the requirements of capital-intensive production, the former is created by consumption demand. Whereas in the upper circuit capital accumulation imposes work specialization hierarchisation and stagnation or slow growth of employment, in the lower circuit the need for a large
labour force to survive is the determining factor. Work is fractioned and employment multiplied, which is the cause for the hypertrophy of the sector. Similarly the upper circuit tends to create its own economic context whereas the lower circuit adjusts to cyclical conditions, and creation and closure of units in the lower circuit is a consequence of these structural factors.

Todaro\textsuperscript{20} introduced a two-sector analysis. This model has exactly tried to explain how certain of more jobs in urban areas increase unemployment. In 1970 Haris-Todaro\textsuperscript{21} further expanded this model. They assume that there are two sectors: rural (R) and the urban or modern (M).

The initial spurt to migration must have come from the “modern” sector in manufacturing, administrative and commercial establishments. However the output growth of this sector especially in manufacturing due to its capital-intensive nature has failed to promote a proportionate growth in labour demand. Initial models (Lewis, Fei, Ranis) based on competitive markets and distinguishing two sectors have failed to explain these developments. But Harris and Todaro felt that the Push factors operating in rural areas were strong enough to send large supplies of labour to urban areas. This has been attempted to be explained by lifetime earnings and “expected income” of the potential migrants.

However despite the failure of the modern sector to absorb these labour supplies, large-scale unemployment has not been rampant in the metropolitan centers as would be predicted by competitive models. The so called surplus labour unable to gain entry in the formal sector was generally found to be absorbed by the rest of the urban economy which has been loosely termed as the informal sector. Todaro model demonstrates the continued existence of urban migration despite urban unemployment.

\textbf{Select Studies on Informal Sector:}

Despite considerable advance towards industrialization and modernization, however, most of the cities and the industrial centers in the developing countries
have continued to have a large and in some cases, increasing proportion of their activities in non-formal and non-organized units. This phenomenon has lead some observers to advocate a strategy of development emphasizing the non-formal sector as the focal point, as an alternative to the widely used strategy of relying on technological and organizational modernization.

Most of the literature using this concept has followed from the studies undertaken under the auspices of international bodies such as ILO and the World Bank. Although traditional activities and their contrast with the modern have had a long history of attention from economists, the labeling of the “informal sector” was established by the team from the Institute of Development studies in Sussex who joined the ILO\textsuperscript{22} Mission to Kenya. It has been much-used since.

**Studies in Developed and Developing Countries:**

The informal sector as a conceptual framework has gained so much attention during the last three decades. As a result, researchers of the informal sector are still struggling with developing a concrete theoretical framework for what is certainly a complex subject. However a key attainment of existing work on the sector is the legitimising of the informal sector as a theoretical concept that calls for further empirical consideration.

*Lewis*\textsuperscript{23} (1954) in dual economy model treated the small-scale, traditional sector as a reservoir of surplus labour without growth potential. The sector was observed as a temporary disequilibrium phenomenon, which would shrink as the modern sector absorbed the labour surplus. As the evolution in the subsequent decades showed, however, this prediction was wrong. The economic structure in Africa has remained dual, with a large number of very small firms and a small number of medium and large-scale firms. There small firms typically work with very limited capital, use simple technologies and tend to cut costs by evading taxes, ignoring minimum wage laws and so on.
The concept of the informal sector was initiated in the early 1970s. A lively debate on the definition and potential of the sector ensued. Several studies along with ILO\textsuperscript{24} (1972) report on employment in Kenya argued, contrary to Lewis, that the sector could provide a basis for employment creation and growth even in the longer term. In this literature, one or more of three criteria is used to define the informal sector (Mead and Morrison 1996). The first one is size, where the concept of informal is restricted to self-employed and micro-enterprises with less than 10-20 employees. The second criterion concerns legal informality that is informal enterprises are not registered and do not comply with legal obligations concerning safety, taxes, labour laws etc. The third criterion indicates that the firms should have limited physical and human capital per worker.

Lowenthian\textsuperscript{25} (1975) referred to the informal economy as being part of a social economy that includes inter and intra family labour exchange.

Pottes and Sassen – Koob\textsuperscript{26} (1987) identified that many informal activities require physical and human capital that the poor tend to lack.

The informal economy can be understand by considering fringes of the mainstream economy (Tadaro 1969). The implication is that informal work is done principally by people of low socio-economic status and serves as a safety net for the poor (Ferman et al. 1987). Portes and Walton\textsuperscript{27} (1981) observed that informal economy as disguised unemployment and as an explicit component of the formal economy’s armory of cost cutting devices. Not only does informal hiring cut labour and fringe costs directly, they further discourage industry wage standards.

Some still argue that the existence of informal firms is a short-term disequilibrium phenomenon, but the fact that these firms have grown rapidly in number is evidence against this explanation. Transactions costs, information asymmetries and market failures may explain their persistence\textsuperscript{28} (Fafchamps 1994).

Sometimes the sector also is referred to as the low wage sector. The common point of all these attempts at defining the informal sector is, of course,
that there is a dual structure in the economy, with a formal sector and an informal sector (Fontin et al. 1997). Informal economic activities serve as a economic buffer while an individual is unemployed or they may provide additional income in a low wage labour market (Stepick 1989, light and Roach 1996, Morales 1997 and Staudt 1999).

Furthermore, management requirements are less exacting in an informal firm. They may find it easier to control labour and have better access to family labour power. There are also government policies and regulations such as labour laws concerning minimum wages, workers safety, working hours etc., that need not be adhered to by informal firms. Then there are taxes and fees, which weigh heavily on formal firms but not informal ones. There may also be economic and financial regulations such as price controls, licensing of various sorts, as well as laws pertaining to property rights that the informal firms can avoid. When there are fluctuations in demand it may be easier for informal firms to adjust given their flexible technologies and hence avoid the costs associated with idle capacity. The employment level may save on wage costs. Limited managerial ability and ability to cope with the requirements of formality may also make entrepreneurs stay in the informal segment of the economy. The costs of formality are associated with the entry and operation in compliance with all legal requirements (Loayza 1997). An informal firm avoids all these by staying informal. However, there are also costs of informality, such as the continuous risk of being detected and punished by the State for not being formal. Also, informal firms cannot enjoy the services provided by the State, most notably institutions providing jurisdictional services such as policing, contract enforcement and protection against burglars. Unclear legal status also means that they cannot easily get access to financial and banking services and other commercial services. They may be unable to use formal channels of dispute resolution due to uncertain legal status.

In a contribution to the debate on the character and role of the informal sector, Harris (1990) suggested a classification of the various views on the sector.
along two dimensions. First, does the sector have a growth potential or not and secondly is it autonomous or integrated with the formal sector? For the pessimists, the sector is either marginalised or exploited. For the optimists, it is either dual or complementary to the formal sector.

A recent study by Ranis and Stewart (1999) presented a model, where the informal sector is considered to be heterogeneous, so that firms can be either productive and dynamic or stagnant and traditional. They go on to analyse the factors that determine the growth of the informal sector, which would have to be based on the dynamic segment of the sector. A key factor is the degree of integration with the formal sector. The higher this is, the higher the growth potential. More rapid growth in the formal sector and more even distribution of income also increase demand for informal sector products and thus promotes its growth. The division of the informal sector into a progressive dynamic and a stagnant low-income sub sector is not new (Ranis and Stewart 1999 and ILO 1995). The character of their markets also affects the choice of formality status among small firms in Kenya. Small firms in Kenya have few assets that can be seized in case of contract breaches and their transactions are so small that the monetary and time costs associated with court actions would not be justified in any case. There is evidence that small firms in Kenya seldom go to court (Kimuyu 1997). Entrepreneurs instead choose trading practices that minimise the risk for contract breaches. Fafchamps (1999) identified two types of institutional responses that aim to reduce transactions costs, the development of relationships and the sharing of information within networks. When the search and verification costs are high it makes sense to try to establish long-term relationships with other market participants to economise on such costs. The most common information sharing mechanism is the referral system, where a customer or supplier approaches an economic agent with a recommendation from a joint acquaintance. While persons engage in shared social activities, the likelihood of finding common acquaintances increases, as does the shared information. Glowing-connected agents are more
likely to trade among themselves, since they can easily find and screen each other. Group membership thus provides network externalities may restrict market entry. Agents that can screen each other on the basis of information from their own community become less willing to spend resources on the screening of individuals from outside the network. They prefer to deal with members of their own network. This may lead to the emergence of different market segments with different network externalities.

Employment in the informal sector is characterised by ease of entry and departure relative to the formal sector. In policy discourse the sector was largely viewed as a deviation from the norm and went by the acronyms, irregular, illegal, black, residual, marginal etc. (Turnham 1990, Chen et al. 1999, Rogerson 2000, Mehra et al. 1999 an Prugl et al. 1997).

Gaughan and Fermand (1987) observed that depending on the type of social setting, informal economic activities will employ different modalities of exchange, each with different exchange, each with different motivations and different expectations of return. These modalities will reflect the nature of the personal ties between participants, defined by norms and institutions that are essence non-economic.

Pahl and Wallance (1985) suggested those households that have the resources, ability, wherewithal and ambition to engage in the formal economy will also be more likely to participate in the informal economy.

According to Alden (1981), informal self-employment is usually part-time employment that provides a supplemental income to people’s primary employment.

Duncan (1992) argued that formal and informal work is gross substitutes for one another i.e., while people lose jobs in the formal economy, they turn to informal jobs to make ends meet.

In the context economic restructuring, the informal sector not only provides employment opportunities but also implies a new form of exploitation. Individuals
are forced to work without the minimal level of protection offered by the legal system and political mobilisation of workers through unions is restricted\textsuperscript{39} (Aponte 1997, Castells and Portes 1989 and Gowan 1997).

The ILO\textsuperscript{40} has clearly been the paceetter in developing literature and creating awareness of the informal sector and its challenges. It was credited with popularising the concept of the informal sector in mainstream development literature. The ILO broke new view by elevating economic activities that were not regarded as part of the real economy, onto the policy agenda. Through its study of the informal sector in Kenya, the ILO found that the informal economy was not entirely illegal or unacceptable or unsustainable but that it was a structural feature of developing economies (Standing et al. 1996).

In acknowledging the contribution of the ILO, Peattie\textsuperscript{41} (1987) argued that the concept converted informal economic activities into a category of economic planning. The concept at one stroke gave way to what legitimately called standing to a variety of economic activities, which would otherwise have been ignored in policy.

Levitan and Feldman\textsuperscript{42} (1991) found that informal exchanges were quite common in rural households yet they did not appear to contribute dramatically to economic survival. Rather, these exchange networks were a source of potential economic support in case people tell on hard times and were more apt to exist in areas which stronger social networks.

Van Onselen\textsuperscript{43} (1982), Bozzoli (1991) and Harries (1994) provided a lucid portrayal of the informal sector. The deregulation era commencing in the late 1970s to the present, which encompasses the relaxation of pass controls, licensing of black enterprises and the gradual official recognition of informal economic activities. During this period, the character of the informal sector in South Africa has been increasingly internationalised, with immigrants from other African countries, Asia and Europe playing a visible role in the informal sector (Rogerson 2000).
Chester (1988), Preston-Whyte et al. (1991), McKeever (1998), Rogerson (2000) and Standing (1996) have provided impressive accounts of developments. The marginality or dualist approach argued that the informal sector is a residual part of the economy.

According to Obregon (1974), the defining element of the informal sector was the lack of stable access to basic resources of production and it therefore operated through residual resources and activities. Obregon introduced the concept of a marginal pole of the economy and a marginalised labour force. Workers in the informal sector are marginalised from both the hegemonic and intermediate levels of economic activity and their position is permanent rather than transitory. As a result this labour force inevitably tends to be forced to take refuge in the roles characteristic of the marginal pole where it fluctuates among a numerous range of occupations and labour relations. In this sense the principal tendency of this labour force is to turn marginal and to differentiate itself and establish itself as such within the economy.

Although the ILO conducted groundbreaking work on the informal sector it is now regarded as a leading proponent of the marginality theory. Portes (1994) outlined how the ILO found itself in the paradoxical situation. Hart (1973) emphasised the notable dynamism of and diversity of these activities, which, in his view, went well beyond “shoeshine boys, and sellers of matches”. This dynamic characterisation of the informal sector was subsequently lost, however, as the concept became institutionalised within the ILO bureaucracy, which essentially redefined informality as synonymous with poverty. This characterisation of informality as an excluded sector in less developed economies has been enshrined in numerous ILO and World Bank studies of urban poverty and labour markets. According to Portes, features of this new definition include low skill, family ownership, labour intensive production, outdated technology, low productivity and low capital accumulation.
The marginality thesis further assumed that there is a distinct dichotomy between the formal and informal sectors and it therefore dismisses the linkages between the two. In his work on the informal sector in Kenya, King\(^46\) (1977) concluded that although there was a rapid horizontal spread of low-level skills in the form of the informal cum workshop sector at the bottom of the technological pyramid, the real problem for the informal sector was the ‘lack of vertical integration into the next technological level’ which is normally facilitated by a craft sector. According to King, Kenya’s experience of vertically integrated modes of production had been through the activities of skilled Indian craftsmen and artisans and this partly explained why the notion of the informal sector was not first applied to India or to countries with a continuing craft base.

The marginality thesis received wide currency among economists in the developed world where it was viewed as a subsystem in opposition to and generally to the disadvantage of the formal economic system\(^47\) (Connolly 1985). Scholars of the marginality thesis assumed that the informal part of the economy would decline or disappear with modern industrialised growth. As a result of this assumption, the so-called informal sector failed to capture the attention of mainstream development economists in any significant way\(^48\) (Chen et al. 2001).

Connolly\(^49\) (1985) argued that the differing perceptions of the informal economy between the developed and developing world is fundamental because, even though certain shared characteristics could be identified, the developed and underdeveloped informal sectors necessarily fulfill widely differing theoretical and ideological roles as concepts they respond to different social and political preoccupations. Thus the marginality theory may not be an appropriate model for analysing the informal sector in the developing world.

Sassen\(^50\) (1977) linked the growth of the informalisation in advanced countries to structural changes in the macro economy that have exacerbated income inequality and escalated the cost of running enterprises. The shift from a production based and manufacturing economy to a service and information-based
economy is characterised by technological improvements that have led to production efficiencies surplus labour and weakening of unions.

In contrast to the dualistic theory propounded by the marginality theory, researchers from this perspective argue that the informal economy is subordinated to the formal sector via direct links, which enables the formal sector to extract surplus from the informal sector\(^{51}\) (Natrass 1987). These scholars further argue that in order to reduce their labour and input costs and thereby amplify their competitiveness, privileged capitalists in the formal sector seek to erode employment relations and subordinate petty producers and traders (Chen et al. 2001).

The link between the formal and informal sector is therefore viewed as one of structural exploitation. Moser (1978) and Tokman (1978) are the key proponents of this approach. According to Tokman (1978), the subordination of an autonomous informal sector operates mainly through the lack of access to resources of production and product markets.

Moser\(^{52}\) (1978) argued that as a result of the dependent relationship between large-scale capitalism and petty commodity production, policy solutions designed to assist the latter almost invariably end up by promoting the former and this contradiction could only be addressed through fundamental changes in the overall political and economic structure.

This argument bears a parallel to De Soto’s Peruvian case study. De Soto\(^{53}\) (1989) argued that the State developed structural and bureaucratic barriers aimed at undermining access to essential services for the bulk of the population. The explosion of the informal economy was therefore a response to an oligarchic State in which access to services and social justice was the preserve of a few. Thus the petty commodity production approach identifies capital and the State as key factors with respect to the growth of informality.

According to Castells\(^{54}\) (1989), informalisation is a social process that often occurs with the acquiescence of the State. The petty commodity production
approach is useful in analysing the growth of informality as well as in explaining some aspects of the structural relationship between the formal and informal sector. The dynamic approach challenges the marginality and exploitation theory on the basis of the dynamic nature of the informal sector.

According to Thomas (2001), the limited longitudinal studies of the informal sector meant that there was limited knowledge on its dynamics and role in the growth process despite the fact that globalisation has transformed the nature of work to the extent that certain types of informal work are now part of the production chain. This approach has been effective in capturing the transformation of work and new trends in the labour market.

Chu (1992), Portes (1992), Standing et al. (1996), Chen et al. (1999), Rogerson (2000) and Carnoy (2000) are the leading proponents of this view. Chu (1992) argued that there were observable nuances in the informal sector such as some informal workers has higher income than their formal sector counterparts and therefore conventional statistical categories can be misleading. He further noted that the marginality theory ignored the dynamic links between the two sectors or even hold jobs in both sectors or that the formal sectors preserves and recreates informal work. Chu summed up his argument as later studies suggest that world economic downturn since the mid 1970s and intensified international competition have exaggerated the need for cost reduction and flexibility in industrial production. This is held responsible for the perpetuation of informality in the most export-dependent developing countries and in addition for the resurgence of informal work in major cities of the USA. A key contribution of this approach is that it concretised the link between the formal and informal sector and sought to integrate informal sector workers in studies of the labour market.

Chen et al. (1999) were instrumental in attempts to count the invisible workers of the informal sector. By including informal sector workers in labour market statistics, they sought to make the informal sector policy relevant and
highlighted the fact that activities in the informal sector are governed and affected by macroeconomic and sectoral policies and regulations.

Rogerson's (1996) study, which was commissioned by the Development Bank of South Africa, was aimed at developing a policy framework, which would strengthen the capacity of the informal sector to contribute towards economic growth. At the conceptual level the report called on policy makers to disaggregate the informal sector and to distinguish between survivalist and growth aspects. Furthermore they were advised to embrace empirical studies on the informal sector and its segments. The report further recommended the development of policies aimed at developing viable enterprises, developing supply, service and production linkages between micro and tertiary enterprises.

One of the most comprehensive reviews of the South African labour market was the ILO commissioned study, which was carried out by Standing, Sender and Weeks (1996). The ILO review provided a lucid account of how State regulation impacted on the nature and characteristics of the informal sector in South Africa. Against this backdrop, the report called for a substantial research programme on the impact of State regulation on the informal sector and for a disaggregate of the sector into various business categories. Such categories would be modeled on the Hirschowitz and Orkin report, which categorised micro-enterprises into survival businesses, units with a potential to expand and expanding units (Standing et al. 1996). This approach was motivated by the realisation that most micro-enterprises were in fact survival activities. Standing et al., further noted that men dominate the more productive aspects of the informal sector. Standing et al., as well as Nattrass argued that there were structural limitations that subordinated the informal sector and undermined prospects of its transformation.

McKeever (1998) embraced the dynamic approach and argued that studies that conceptualise the informal sector as comprising either bad jobs or independent entrepreneurs were too simplistic and he preferred an analytical framework that would examine the dynamic processes leading to variation and stratification of
informal economy jobs. Mckeever further called for the mainstreaming of the informal sector, arguing that an attempt to improve employment through the informal economy was likely to reproduce and reinforce the social inequalities so entrenched in the formal economy.

Rogerson* (2000) introduced the largely invisible informal sector in his analysis. His survey of the informal sector in Gauteng included the crucial category of home workers. Women workers dominate this category, which is not confined to inside the city. More importantly, this category epitomises both the informalisation of flexible labour. Rogerson argued that while certain general blockages can be identified across all informal enterprises, for purposes of policy formulation and project development there is a need to disaggregate the analysis and focus on the specific problems that confront different types of informal enterprise.

The conceptual clarity of the dynamic approach, and its attempt to disaggregate the informal sector, both statistically and conceptually gives it sound empirical validity as a theoretical model. It further provides a useful theoretical framework to study the informal sector in both the developed and developing world. The feminist approach has been represented in efforts to analyse the structural position of women within the informal sector (Mitter 1994, Razavi et al. 1995, Prugl 1996 and Elson 1999).

Working within a somewhat different theoretical tradition, feminist also contend that informal work has emerged from such a broad structural context, and that much of this work is gendered and that patriarchal institutions and values have been instrumental in creating a pool of low-waged, unprotected and flexible labour force (Chu 1992).

Although part of the wider feminist project, this view has been specifically motivated by growing empirical evidence showing the disadvantaged position of women in the informal sector as well as the role of the informal sector in perpetuating existing gender inequalities. The link between working in the
informal sector and being poor was found to be stronger for women than for men (Chen et al. 2001).

According to Beattie (2000), there is a widespread tendency for women to remain trapped in the informal economy for much of their working lives, whereas for many men it is merely a temporary expedient. This difference has important implications for long-term income security.

Feminist scholars such as Nattrass (1987) and Horn (1991) called for a new gendered approach to the informal sector, which would recognise the significance of the informal sector, particularly with respect to the employment of women. In pursuing the campaign for women’s participation, Horn (1991) argued that a gendered approach would reduce the invisibility of women in economic analysis.

According to Chen et al. (2001), a gendered approach does not simply mean adding women on but understanding the relationships and how allocation and access to resources are mediated. The call for greater visibility for women’s work led to more in depth studies of the role of women in the economy.

In her work on the participation of women in the South African economy, Verhoef (1996) attempted to disaggregate the economic data by gender. Verhoef included the informal sector in the analysis of the role of women in the economy, despite the fact that the official classification of economically active individuals, excluded the self-employed.

The ILO review of the South African labour market also pursued a gendered approach. According to Standing et al. (1996), women in South Africa have been disadvantaged by being concentrated in the least conducive segments of the labour market referred to by some authors as the secondary labour market. Standing et al., highlighted several structural disadvantages, which undermined the labour market position of women. These included unequal schooling and training system, disadvantage by sector of employment, discrimination by income, unequal
occupational allocation of opportunities and a low degree of worker representation security.

Rogerson\textsuperscript{64} (2000) also discerned a trend towards the feminisation of the survivalist kinds of informal enterprise with men dominating within the groups of growing micro-enterprises.

According to Prugl and Tinker\textsuperscript{65} (1997), women in home-based work are inserted differently into the labour force than men because of socially constructed roles, which tie them to the home. Thus homework exposes the contradictions in women's work, such as the passing of homework as household work and the subordination of women to the home (largely as dependent on the male breadwinner), even though they have independent contracts with formal enterprise. As a result, home based work, more than any other type of female employment, challenges the gender bias in constructions of workers as legal and economic subordinates. On the other hand, they reveal that a dualistic understanding of workers as either employed or self-employed fails to capture the complexity of women's insertion in the labour market.

According to Elson\textsuperscript{66} (1999), homework reflects how the market contingently adapts itself to exploit vulnerable workers. In general, risk-reducing mechanisms have been much more a feature of male forms of market participation. Such mechanisms include trade unions, job security rights, social insurance benefit, business and professional associations. Therefore the tendency to categorise workers as self-employed or home working is often a way for employers to avoid including such workers in risk reducing arrangements.

**Summary:**

Thus the concept of the informal sector has sufficient flexibility and content to provide a suitable framework of analysis for the non-formal sector (Turnham 1990). In developing countries the debate on the informal sector has been mainly conceptual while in developed countries, it has been methodological, focusing
principally on measurement techniques. Moreover, whereas in developing countries there is disagreement over what constitute the informal sector, but agreement over what to call it, in developed countries there is general agreement over what it is but absolutely no agreement over what to call it. Thus the term informal economy has been used to fundamentally describe income or production, which escapes taxation and/or gross domestic product estimates. Definitions have mainly been income-based. Two such definitions can be identified namely, the national production or income that is missed by the statistical offices when they calculate the value of national product and the revenue not reported to and discovered by the tax authorities, which is produced in underground activities (Tanzi 1999). Dallago (1990) and Thomas (1992 and 1995) have used a definition of the irregular economy based on legal status rather than income. Dallago defined the irregular economy as activities which are deliberate attempts to evade or avoid the rules that apply to a particular context, the purpose being to achieve a goal that is permitted, tolerated, or at any rate not explicitly condemned in the economic system concerned. Clarke (1999) broadly defined the informal sector as including unregistered primary and secondary employment, but argues that in fact it has not provided a social safety net for the poorest, as informal work is more of an additional security for those who are already well place to weather the storm. Anderson (1998) has adopted the traditional ILO definition of the informal sector and applied it to the transition context. In a study of the informal sector in Mongolia, he defines it as small-scale, usually family-based, economic activities that may be undercounted by official statistics and may not be subject, in practice, to the same set of regulations and taxation as formal enterprises. In developing countries, the term informal sector has broadly been associated with unregistered and unregulated small-scale activities that generate income and employment for the urban poor. There have been two main parts to the informal sector debate. The first, which dominated much of the 1970s and 1980s, focused on the informal-formal sector relationship. Those who supported the duality approach argued that
there were two distinct urban economies, while their critics saw these as two aspects of the same, single, capitalist economy. The second, which took off in the late 1980s in Latin America with the work of De Soto (1989) on Peru, is concerned with the causes of the informal sector: is the primary cause of the informal sector poverty or excess regulation? The term informal sector emerged in the 1970s, at a time of crisis in development theory, following the growing recognition that the accelerated growth model had not succeeded in creating employment and eliminating poverty in developing countries. The term informal sector was first identified by Keith hart (1970), who described the formal and informal income-earning opportunities that he observed in Ghana, equating the first with wage earning jobs and the second with self-employment, thereby setting the stage for the dualist interpretation. However, the ILO (1972) disseminated the concept mentioning that there existed a marginal, poor, informal sector of the urban economy, which produced goods and created employment and income for the poorest of the poor. The informal sector was seen as a separate, autonomous sector, which was defined in contrast to the formal one through seven distinguishing characteristics. Thus where formal sector units were characterised by large-scale production, incorporation, and the use of capital-intensive technologies, informal sector units involved small-scale production were unincorporated and family owned and used labour intensive technologies. In contrast to Hart’s emphasis on the individual, the ILO’s focus was exclusively on units, thereby establishing the basis for most future interpretation of the informal sector in developing countries as a set of units. In order to measure the size of the informal sector in developing countries, the criteria. This proved problematic, however, as each criterion could be employed alone or in combination with others to define a universe of its own (Lubell 1991, Sethuraman 1976 and 1981). Finally, other dualist approaches have defined the informal sector in terms of its position and state protection. Weeks (1975) argued that informal sector units operate outside the formal system of benefits and of formal credit institutions, while
formal sector units are officially recognised, nurtured, and regulated by the State, through such means as tariff and quota protection, import tax rebates, selective monetary controls and licensing measures. Similarly, Mazumdar (1976) distinguishes between informal, unprotected, urban labour and formal, protected urban labour and Roberts (1990) argued that the informal sector is the means by which people make out in the absence both of state provision of basic welfare services and of private mutual interest associations which defend their members and advance their interests. Critics of the dualist model have argued that formal and informal activities are not separate and independent, but rather parts of one overall capitalist system in which informal activities are subordinate to an dependent on the formal sector.

The term was first coined by Keith hart (1971) who described the informal sector as that part of the urban labour force, which falls outside the organized labour market. The significant aspect of the study of Hart in Urban Ghana in 1973 is the existence of a variety of new income generation activities in trade and service categories in urban economy. The study observed that most of these activities are concentrated in the “Unorganized Sector” and they are not covered by the existing data collecting machinery. Thus according to Hart informal sector is associated with income generating activities in the unorganized and unenumerated sector. Self-employed persons are getting less than the legal minimum wage. He also questioned the traditional attitudes of treating this sector as highly unproductive and consisting of surplus labour.

“The search for surplus labour in cities switched from open unemployment to Informal Sector. The Informal Sector in Calcutta has been defined as the unorganized sector which is outside the periphery of full labour enactments. Its size is quite large in most of the important urban settlements in the developing countries. It is estimated that out of the 5 million people added to the labour force of urban areas every year only 0.5 million or 10 percent are able to find employment in the organized sector. Desh Pande and Desh Pande have calculated
that during 1971 and 1981 the unorganized sector has grown by 84.5 percent while the organized sector has grown by 42.2 percent.

It is estimated that over 60 percent of the employment in Nairobi and Kumasi, 50 percent in Jakarta and around 45 in Calcutta, Bombay and Ahmedabad are to be found in this sector.

Sethuraman defined Informal Sector as one which is “consisting of small scale units engaged in the production and distribution of goods and services with the primary objective of generating employment and income; their participants notwithstanding the constraints on capital, both physical and human know-how”.

According to Ishita Mukhopadhyay “the boundary of the Informal Sector is obtained by the standard exclusion principle i.e., what is not covered by the sphere of formal sector is informal sector. The sector includes petty self-employed units, small units of factory production, employing 7 to 10 persons shops and other establishments. Thus the entire sector is a heterogeneous mix in which workers are not protected by labour legislation rules”.

According to Abdul Aziz “on the basis of the models formulated by Lewis, Ranis and Fei and Todaro it is possible to argue that in their attempt to leap from the rural subsistence sector to the urban commercial sector the rural migrants get into what may be called a “holding Sector” before they finally hop on to the urban Commercial sector. The holding sector is in actual practice the urban traditional or unorganized sector which absorbs the rural migrants initially in what are called the informal economic activities such as hawking, pedaling retailing of consumer goods; working in households, repair shops carrying head loads, pushing carts, plying manual rickshaws and so on. However by its very nature this sector offers insecure jobs and low wages/ returns”.

Sethuraman has said, “The Informal Sector as its name suggests is not formal in its character”. It must be mentioned that the main focus of the analysis has been on suggesting policies for mitigating the disadvantages of the informal sector primarily manifest in its lack of access to the resources of all kinds; capital,
finance, modern technology and skills”. The ILO-UNDP Employment mission to Kenya adopted the term “Informal Sector” to analyze the employment situation and to work out a strategy for employment generation in Kenya. The report also distinguished the formal and informal sectors in terms of government favour. “The formal activities are officially recognized and fostered by the government by providing direct access to credit foreign exchange concessions etc and on the other hand Informal Sector activities are large, ignored, rarely supported, often regulated and sometimes actively discouraged by government.

The terms informal income-generating activities, unorganized sector, unenumerated sector, self employed individuals and urban proletariat are used by Hart in his study more or less alternatively and interchangeably. In Sethuraman’s words the basic reason for the introduction of this term in Kenya Employment Mission Report followed from the now widely recognized fact that it takes a very long time for the benefits of general development policies to trickle down to the poorest sections of the population. Effective development needs to be focused directly on a specific “target” population and the Employment Mission considered that perhaps the most important of such target group in urban areas was what is described as the informal sector”. Thus informal sector is a convenient way of designating a segment of the economy having certain characteristics, which lead to unfavourable conditions for the growth of enterprises and activities operating in this segment. The term has no specific meaning in itself; it is used for lack of a better alternative.

Subsequently under the auspices of ILO’s world employment programmes, a number of country studies were carried out. The main achievement of these studies is the shift in emphasis from a development strategy based mainly on economic growth wherein employment was treated as residual to the strategy, which focused employment as the prime objective.

John Weeks attempted to provide an analytical base to the highly descriptive nature of the distinction between formal and informal sector.
According to him, “the distinction is based on the organizational characteristics of exchange relationships and the position of economic activities vis-à-vis the state”. The nature of exchange of relationship is primarily a consequence of the economic insecurity of operations in the formal sector, which in turn is a direct consequence of the later’s limited access to the resources of all types.

According to Weeks “the official favours to the formal sector enterprises take many forms – Restrictions of competition and reduction in risk and uncertainty through tariff and quota protection for import substitution industries, tax rebates and holidays, low interest rates, selective credit controls and licensing of operations. Restricted competition, the privileged access to resources such as foreign technology, foreign exchange and local capital together provide disproportionately high rewards for operating in this sector. And the informal sector on the other hand is deprived of all these facilities”.

These characteristic are also highlighted by Heather and Vijay Joshi while distinguishing between organized and unorganized sectors in Bombay under the three major heads market structure, technology and relationship with the Government. The defined informal sector as those engaged in economic activity, who are not identifiably performing for the formal sector. In one of the most recent attempts to distinguish between the two sectors Heather and Joshi have laid down the following distinguishing characteristics of the two sectors.

1. The organized sector contains large manufacturing firms operating in oligopolistic markets sheltered from foreign competition by high tariffs and quantitative restrictions, selling their products mainly to middle and upper income Groups. The unorganized sector contains a very large number of small producers Operating on narrow margins in highly competitive product market, selling a variety of goods and activities mainly to low-income groups”.

2. Secondly the organized firms use capital intensive, imported technology in contrast to labour-intensive indigenous technology used by
unorganized sector producers. Labour productivity in the former is therefore much higher than in the latter. Technology of the organized sector firms required routinised and formalized work conditions, while the work situation in the unorganized sector is quite informal.

The organized sector firms have access to and influence over the machinery of the government and therefore to official protection and benefits which are not available to the unorganized sector producers. Similar is the case with finance and credit from the organized banking sector.

According to Sethuraman the distinguishing feature of the informal sector enterprises is that they made their appearance, not so much in response to investment opportunities as in the neo-classical sense but out of necessity to create one's own employment”. Thus he said that the informal sector consists of small-scale units engaged in the production and distribution of goods and services with the primary objective of generating employment and incomes to their participants notwithstanding the constraints on capital, both physical and human and know-how”.

One approach focusing on the individuals has been to divide the urban labour market into formal and informal segments where latter is defined to include workers in the unprotected sector. In Harbinger's view employment in the formal sector is in some sense or senses protected so that the wage level and working conditions in the sector are not available in general to the job seekers in the market unless they manage to cross the barrier of entry somehow. This kind of protection may arise from the action of trade unions or governments or both acting together as a result of institutional practices.

According to Harold Lubell the informal sector constitutes the residual labour market of the last resort characterized by self-employment and low-income producers of marginal goods and services for lack of any other means of earning a livelihood. It is also identified as a reservoir of traditional and modern skills,
which can be made productive if effective demand is created for them. As the modern sector failed to generate adequate employment to the growing population the surplus labour force has been forced to generate its own means of employment. Thus a new class of petty-bourgeois engaged in a variety of more productive activities has emerged in what is now called the informal sector.

Souze and Tokman stated that this sector “comprises of all those engaged in domestic services, casual labour, the self employed and employees of white collar, blue collar and family workers in enterprises with a total staff not more than four persons”. By extension of this approach the informal sector is sometimes defined to include workers earning below the legal minimum wage. He also said “the contribution of the urban informal sector to urban regional income also seems quite substantial for e.g. In Asuncion (Paraguay) San Salvador (El Salvador) and Lima (Peru), it was estimated to be 33, 25 and 30 percent respectively”. In Ahmedabad (India) it seems to be 28 percent.

Deepak Mazumdar’s studies describe informal sector as the “unprotected sector”. He observed that employment in the formal sector is protected by the action of trade unions and government, while the same is denied to the informal sector labour. Mazumdar has brought out the distinction more sharply by arguing that entry into the informal labour market is unrestricted, whereas in the formal labour market it is restricted by artificially raised hiring standard norms of producers.

According to Kamal Narayan Kabra “the informal sector responds to demand-side factors arising from widespread poverty, which creates a specific pattern of demand for low-priced goods. The variety of sources from and forms in which the informal sector obtains it’s labour supply and the variety of goods which are supplied by the informal sector account for the great diversity visible in this sector. In fact the diversity in the forms of organization of economic activities in all their significant aspects constitutes the essence of the informal sector”.
Breman considering modes of production as a basis for analytical distinction between formal and informal sector describes the latter as containing a mass of the working poor, whose productivity is much lower than the modern urban sector from which most of these people are excluded.

For Kenneth King informality drives from their being unrecognized in government employment statistics and operating in the main out of the make shift shelters on urban waste lands, road sides and forest fringes. It is thus clear that it includes not only traditional artisans, services, and petty traders but also small units in manufacturing construction, trade and commerce, transport and service sectors engaged in the production of goods and services which operate on a very small scale and have no formal business organizations. Thus the various elements of the definition of the informal sector indicate a broad spectrum of heterogeneous activities of urban poor households, rising from employment, skilled and unskilled including street vendors and petty traders with low and irregular incomes.
SECTION – II

Progress of Informal Sector in India:

Informal sector in India is broadly characterized as consisting of units engaged in the production of goods and services with the primary objectives of generating employment and incomes to the persons concerned. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small scale. Labour relations, where they exist, are based mostly on casual employment, kinship or personal or social relations rather than contractual arrangements with formal guarantees. Thus, production units in informal sector are not constituted as separate legal entities independently of the household or household members that own them and for which no complete sets of accounts are available which would permit a clear distinction of the production activities of the enterprises from the other activities of their owners. The owners of their production units have to raise the finance at their own risk and are personally liable, without limit, for any debts or obligations incurred in the production process. Expenditure for production is often indistinguishable from household expenditure. For statistical purpose, the informal sector is regarded as a group of production units, which form part of the household sector as household enterprises or equivalently, unincorporated enterprises owned by households.

In India, the term informal sector has not been used in the official statistics or in the National Accounts Statistics (NAS). The terms used in the Indian NAS are ‘organised’ and ‘unorganised’ sectors. The organised sector comprises enterprises for which the statistics are available from the budget documents or reports etc. On the other hand the unorganised sector refers to those enterprises whose activities or collection of data is not regulated under any legal provision or do not maintain any regular accounts. In the unorganised sector, in addition to the unincorporated proprieties or partnership enterprises or partnership enterprises, enterprises run by cooperative societies, trust, private and limited companies are
also covered. The informal sector can therefore, be considered as a sub-set of the unorganised sector.

**Relevancy of the Informal Sector in Indian Context.**

Broadly, the informal sector provides income-earning opportunities for a larger number of workers. In India, there is large magnitude of workforce getting their livelihood from the informal sector. The enactment of legislations and other measures to bring them under the regulatory and social protection instruments will adversely affect the existing mechanism prevailing in the informal sector as it would lead to market imperfections creating hurdles in the smooth functioning of the market led economy. Besides, it requires huge infrastructural and institutional arrangements involving financial implications beyond the capacity of the Government in the changing scenario all over the world. The Government has to play a role of facilitator and promoter so that the workers employed in the informal sector are able to get requisite level of protection and security to have decent work environment enabling them to express their skills fully and according to their capabilities necessary for enhancing the competitiveness of their outputs and thereby raising their income and socio-economic status.

**Importance of Informal Sector in Indian Economy.**

About 370 million workers constituting 92% of the total workforce in a country were employed in the unorganised sector as per NSS Survey 1999-2000. It plays a vital role in terms of providing employment opportunity to large segment of the working force in the country and contributes to the national product significantly. The contribution of the unorganised sector to the net domestic product and its share in the total NDP at current prices has been over 60%. In the matter of savings the share of household sector in the total gross domestic saving mainly unorganised sector is about three fourth.
Thus unorganised sector has a crucial role in our economy in terms of employment and its contribution to the National Domestic Product, savings and capital formation. At present Indian Economy is passing through a process of economic reforms and liberalization. During the process, merger, integration of various firms within the industry and up gradation of technology and other innovative measures take place to enhance competitiveness of the output both in terms of cost and qualitative to compete in the international market. The low inefficient units either wither away or merge with other ones performing better. In this situation, there is a special need to take care of the interests of the workers by providing them training, upgrading their skills, and other measures to enable them to find new avenue of employment, improve their productivity in the existing employment, necessary to enhance the competitiveness of their product both in terms of quality and cost which would also help in improving their income and thereby raising their socio economic status. It has been experienced that formal sector could not provide adequate opportunities to accommodate the workforce in the country and informal sector has been providing employment for their subsistence and survival. Keeping in view the existing economic scenario, the unorganised sector will expand further in the years to come. Thus, it needs to be strengthened and activated so that it could act as a vehicle of employment provider and social development.

Formal-informal sectors’ linkages

In economics literatures, several schools of thought have developed regarding the formal and informal sectors relationship. According to first school, informal sector is an autonomous segment of the economy producing mainly for consumption within the sector. The second school believes that the informal sector has a dependent relationship with the formal sector and is exploited by the formal sector. According to the third school, the informal sector is integrated with the rest of the economy through complementary linkages (ILO, 1991).
Formal and informal sector are linked through production linkages, consumption linkages and technological linkages. According to Ranis and Stewart (1999), traditional informal sector produces consumer goods only, sold mainly to the low income consumer. Modern informal sector produces both consumer goods and capital goods, serves both low and middle income consumers. These goods often compete with the goods produced by the formal sector. On the one hand, the consumer goods produced by the modern informal sector, generally consumed by the sector itself and the people engaged in the formal sector. On the other hand, the intermediate products and simple capital goods produced by the modern informal sector that partly used the sectors own need and partly serve the demand of the formal sector. Thus, modern informal sectors production is complementary to and as well as competitive with the formal sector.

**Urban Informal Sector in India**

Like in many of the developing economies, informal sector plays a very important role in the Indian economy. There has been increasing recognition of the significance of the sector not just as a source of employment for a vast majority of the work-force, but also as a potential source of growth and dynamism in a rapidly globalizing economy. Informal sector in India is broadly characterized as consisting of units engaged in the production of goods and services with the primary objectives of generating employment and incomes to the persons concern. These units typically operate at low level of organization, with little or no division between labour and capital as factors of production and on a small scale. Labour relations, where they exist, are based mostly on causal employment, kinship or personal or social relations rather than contractual arrangements with formal guarantees.

Empirical evidence provided by Papola (1981) in his study of Ahmedabad points towards a distinction between formal and informal sectors based on mode of production defined in terms of use of wage labour as one of such basis. He
defines informal sector as 'a segment of the economy having certain characteristics, which lead to unfavourable conditions for the growth of enterprise and activities in this segment' (Papola: 1981). To him wage is the only variable which has the greater advantage to bring distinction between two sectors. He includes, in a broad sense, independent workers, casual workers working for households, shops, eating houses and repair units in manufacturing sector in the informal sector. According to Davies (1978) 'in the formal sector, the mode of production determines superstructure, whereas the reverse is true for the informal sector'. He further says that, relations of production in the formal sector are based on a highly developed division of labour; whereas the division of labour in the informal sector, if at all it exists, is rudimentary and horizontal. Based on his empirical study in Calcutta, Bose (1978) explains the concept of informal sector in a relative term. According to him development of the formal sector is due to underdevelopment and backwardness of the informal sector.

**The Size and significance of the Informal Sector**

Thus we see that the distinction between formal and informal sectors is not analytically clear. Though there is disagreement among scholars relating to types of workers it is composed of, its importance in urban economy, its productiveness, socio-economic status of its participants etc, inspite of all this, the significance of the concept of informal sector is recognized. Firstly, there is importance of urban informal sector in development effort for generation of income and employment and efficient allocation of resources. Secondly, the concept has enlarged the narrow notion of unemployment in the development literature.

Thirdly, despite rapid industrial development, the urban economies in most developing countries continue to have a large part of their activities in informal sector. The employment in the informal sector is estimated to be varying from 25 per cent to 70 per cent in the urban areas of many developing countries. The informal sector also contributes substantially to urban incomes. Finally, informal
sector has importance for its role in use of low amount of capital, in use of local resources and recycling of waste and in providing goods and services, which would otherwise be available only at a higher cost and in some cases, would not be available at all. In India, although only 8 per cent of the total workforces were employed in the formal sector in 1993-94 the overwhelming majority of workers earned a livelihood in the informal economy (IAMR, 1999), the secondary data on this sector has been found to be inadequate on a number of counts (Banerjee, 1985; Singh, 1990; Kundu, 1998; Kantor, 1997). On the other hand, the important role, played by informal sector activities, in providing earnings and livelihood to a growing number of workers in future is gradually being recognized at various levels (Planning Commission, 2002). One of the fundamental problems characterizing the occupational structure of the workforce in India has been the stagnation in employment growth in the industrial sector. The share of manufacturing in total employment declined dramatically during the 90s (Bhole and Dash, 2002; Planning Commission, 2002). A declining trend in employment elasticity with respect to GDP growth in past decades has made the task of accelerating employment growth extremely difficult (Planning Commission, 1992; 2002).

Magnitude of Workforce Engaged in the Informal Sector

The National Sample Survey organization (NSSO) carried out a sample survey in 1999-2000 and its results showed that out of the total workforce of 397 million, only 28 million workers are employed in the organized sector and the remaining in the unorganized sector. Over a decade, the employment in the organized sector has been almost stagnant or slightly declined. In the light of definition of informal sector encompassing private unincorporated enterprises, NSS 55th round, 1999-2000 also covered non-agricultural enterprises in the informal sector. As per the survey, there were 44.35 million enterprises and 79.71 million workers employed thereof in the non-agricultural informal sector of the
Among these 25.01 million enterprises employing 39.74 million workers were in rural areas whereas 19.34 million enterprises with 39.97 million workers in the urban area. Among the workers engaged in the informal sector, 70.21 million are full time and 9.5 million part time workers. Percentage of female workers to the total workers is 20.2 per cent.

The economic reforms programmes, formally initiated since the early 90s, have failed to generate enough employment opportunities and studies clearly show that there has been a qualitative deterioration of employment in the rural sector, particularly in case of rural non-farm employment (Chadha and Sahu, 2002; Chadha, 2002). Given the low employment elasticity of the formal sector, the impact of structural employment on employment generation may not be favourable, even though the overall, long run impact of the structural adjustment programmes may be positive (Kundu, 1993; Nagraj, 1994). On the other hand, there are clear indications that the trend in agriculture production has been the worst in the 90s, possibly due to slowing down of public sector investment in agriculture sector (Chadha, 2002).

This might induce a larger flow of migrant labour from rural to urban areas, which in turn might lead to swelling up of the urban informal sector (Kundu, 1993; 1997). As such there has been a tendency towards flexibilisation, casualisation and out-sourcing within the formal manufacturing sector (Breman, 1996; 2002). Thus, the role of informal sector in providing earnings and livelihoods to the growing workforce, particularly in the urban areas can hardly be overstressed. As employment elasticity in the unorganised sector is at least 3.23 times higher than that of the organised sector, there is an urgent need to understand the changing dynamics of this sector and to develop supportive policy measures to improve its performance (Planning Commission, 2002).
Key Features and Determinants of the Informal Sector

The informal sector is generally characterized by a great deal of heterogeneity and low earnings. Studies have found that the labour market in India is segmented with the workers having better education and skills, taking up formal, permanent jobs while the illiterate and unskilled end up in contract and casual work (Quadeer and Roy, 1989; Deshpande, 1992). Informal sector is typically characterized by low productivity, low earnings, poor working environment, long hours of work and unproductive handling of hazardous substances, without proper societal recognition and effective social security provision (Das, 1998; Unni and Rani, 2001; Kundu and Sharma, 2001; Jhabvala, 1998; Ambalavanan and Madheswaran, 2001; Das, 1998). Breman (2001) has argued that the process of informalisation of the urban economy is essentially a process of exploitation, marginalization and exclusion. Mitra (1998) investigating the interstate disparities has pointed out that in informal employment there seems to be an underlying negative association between levels of urbanization and levels of industrialization with the percentage of informal sector employment, although no such observable correlation seems to exist between poverty and level of informal sector employment.

Thus, there is a clear need to understand the pattern and quality of employment in urban informal sector in different parts of India, with a focus on the regional and sectoral specificities. It is important to note that given the move towards flexibilisation, outsourcing and subcontracting within many high-value, export-oriented manufacturing and service sectors, there are a few informal sectors where there is a tremendous scope for value-addition and job creation with relatively better earnings (Kundu and Sharma, 2001). There is also a scope for upscaling the technology as well as productivity in certain sectors by adopting multiple strategies for creating demand and at the same time developing a support mechanism to work on the supply side (Oberoi and Chadha, 2001). In this context a sector specific selective approach towards strengthening certain segments of the
informal economy has also been advocated. However, it is important to understand
the linkages and dependencies between the formal and informal sectors on the one
hand and those between the farm and non-farm sectors on the other so as to
develop an understanding of the macro-dynamics of the informal sector.

Another important conceptual reorientation with substantial policy
implications is the need to draw a line of distinction between informal sector
enterprise and informal sector workers. For example, minimizing labour-cost
through familial involvement in the production process is a widely known strategy
adopted by informal sector units to weather competition (Das, 2000). It is however
important to note that low labour cost may be an advantage for the survival
prospect of the unit, but this results from the informal sectors lack of access to
resources, specially fixed and working capital and the underlying labour process
may involve long hours of tedious and hard work (Kulkarni, 1993). More often
than not, the informal sector is characterized by gender-based discrimination,
exploitation and segregation. Thus, any attempt at improving productivity and
earnings in the informal sector has to be based on the contractual arrangements,
quality of employment, working environment from the perspectives of the
workers- both paid and unpaid.

Magnitude of workforce engaged in the unorganised/informal sector

India is an emerging economy with 457.46 million workers in 2004-05. The
size of workforce was 396.76 million in 1999-2000. A large chunk of the
workforce was engaged in the informal sector. The estimated number of informal
sector workers in 2004-05 was 394.90 million in India contributing 86 percent of
total workers. Table 2.01 shows the distribution of informal and formal sector
workers by sector and sex between 1999-2000 and 2004-05. In rural areas the
share of informal sector workers in each population segment recorded more than
90 percent and the share of female workers (94.50 percent) is more than male
workers (90.34 percent) in 2004-05. In 1999-00 the situation was same for rural
area but over the years the percentage share declined in rural areas. Contrast to rural areas, in urban areas around 70 percent of workers worked in the informal sector but between the study period the share of informal workers in urban areas increased.

Table 2.01
Distribution of informal and formal sector workers by sector and sex between 1999-2000 and 2004-05 (in million)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sex</th>
<th>Informal Sector</th>
<th>Formal Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999-00</td>
<td>2004-05</td>
<td>1999-00</td>
<td>2004-05</td>
</tr>
<tr>
<td>Rural</td>
<td>Male</td>
<td>178.50</td>
<td>197.87</td>
<td>21.17</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>98.63</td>
<td>117.21</td>
<td>6.82</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>277.13</td>
<td>315.08</td>
<td>27.99</td>
</tr>
<tr>
<td>Urban</td>
<td>Male</td>
<td>51.62</td>
<td>61.94</td>
<td>28.46</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>13.89</td>
<td>17.88</td>
<td>6.12</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>65.51</td>
<td>79.82</td>
<td>34.58</td>
</tr>
<tr>
<td>Total</td>
<td>Male</td>
<td>230.12</td>
<td>259.81</td>
<td>49.63</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>112.51</td>
<td>135.09</td>
<td>12.94</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>342.64</td>
<td>394.90</td>
<td>62.57</td>
</tr>
</tbody>
</table>


Table 2.02 reports the average annual growth rate of workers by sector and sex in both informal sector and formal sector. The growth rate of total formal sector workers (2.94 percent) is little bit higher as compared to informal sector growth rate (2.88 percent). It is observed from the table that the growth rate of formal sector workers in rural areas in all categories is higher than growth rate in informal sector workers but the reverse happened in urban area. The growth rate of urban informal sector is higher than formal sector workers. Highest growth rate recorded in the case of urban female at 5.18 percent. In rural areas also the growth rate of female workers in informal sector is more than male workers. The growth rate of female workers is higher than male workers in formal sector also. It is concluded from the table that the growth rate of female workers is more than male workers but the growth is more in case of formal sector than informal sector.
Table 2.02
Average Annual Growth Rate of workers by sector and sex between 1999-2000 and 2004-05 (in percent)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sex</th>
<th>Informal Sector</th>
<th>Formal Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>Male</td>
<td>2.08</td>
<td>3.03</td>
<td>2.17</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.51</td>
<td>4.82</td>
<td>3.58</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>2.60</td>
<td>3.45</td>
<td>2.67</td>
</tr>
<tr>
<td>Urban</td>
<td>Male</td>
<td>3.71</td>
<td>2.28</td>
<td>3.25</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>5.18</td>
<td>3.82</td>
<td>4.83</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>4.03</td>
<td>2.54</td>
<td>3.57</td>
</tr>
<tr>
<td>Total</td>
<td>Male</td>
<td>2.46</td>
<td>2.60</td>
<td>2.48</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.73</td>
<td>4.34</td>
<td>3.78</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>2.88</td>
<td>2.94</td>
<td>2.89</td>
</tr>
</tbody>
</table>

Source: Estimated from Table 1.

Table 2.03 gives the estimated number of informal sector workers and share of informal sector workers to total workers by industry group. Agricultural sector absorb 60 percent of workforce in India in 1999-00 which came down to 57 percent in 2004-05. The share of agriculture sector is more in informal sector workers; it is 68 percent and 64 percent for the respective periods. After agriculture, it is the service sector where 19 percent of informal sector workers engaged in 1999-00 and this figure increases to 21 percent in 2004-05. The share of industry sector in the informal sector workers also increased from 13 to 15 percent in the same period. If we look by Industry group after agriculture it is trade and manufacturing sector where a sizeable number of informal sector workers engaged. Around three fourth of the trade sector workers are in the profession of merchants & shopkeepers, wholesale & retail trade and salesmen, shop assistants and related workers. The share of informal sector workers in the trade sector was 93.64 percent in 1999-00 and it increase to 95.54 percent in 2004-05. Whereas in manufacturing this share was 70.19 and 71.20 percent in the respective years. Highest growth rate recorded in the sector household and extra activities (25.42 percent) between the study period. Other industry groups where the growth rate of
informal sector workers is higher than others are Real estate (10.25 percent), Finance (10.00 percent) and Construction (8.77 percent).

### Table 2.03
Estimated Number of Informal Sector Workers, Percentage share of Informal Sector Workers to Total Workers and Average Annual Growth Rate by Industry Group between 1999-2000 and 2004-05

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Estimated number of informal sector worker (in million)</th>
<th>Share of informal sector workers to total (in percent)</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999-00</td>
<td>2004-05</td>
<td>1999-00</td>
</tr>
<tr>
<td>Agriculture</td>
<td>232.21</td>
<td>252.83</td>
<td>97.70</td>
</tr>
<tr>
<td>Mining</td>
<td>0.88</td>
<td>0.89</td>
<td>40.55</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>30.92</td>
<td>39.71</td>
<td>70.19</td>
</tr>
<tr>
<td>Electricity</td>
<td>0.09</td>
<td>0.09</td>
<td>8.35</td>
</tr>
<tr>
<td>Construction</td>
<td>12.92</td>
<td>19.66</td>
<td>73.66</td>
</tr>
<tr>
<td>Trade</td>
<td>34.29</td>
<td>41.43</td>
<td>93.64</td>
</tr>
<tr>
<td>Hotels</td>
<td>4.08</td>
<td>5.29</td>
<td>88.30</td>
</tr>
<tr>
<td>Transport</td>
<td>10.44</td>
<td>14.02</td>
<td>71.42</td>
</tr>
<tr>
<td>Finance</td>
<td>0.49</td>
<td>0.80</td>
<td>21.91</td>
</tr>
<tr>
<td>Real estate</td>
<td>2.02</td>
<td>3.29</td>
<td>75.66</td>
</tr>
<tr>
<td>Administration</td>
<td>0.80</td>
<td>0.88</td>
<td>7.66</td>
</tr>
<tr>
<td>Education</td>
<td>2.29</td>
<td>3.07</td>
<td>27.04</td>
</tr>
<tr>
<td>Health</td>
<td>1.22</td>
<td>1.64</td>
<td>42.85</td>
</tr>
<tr>
<td>Community</td>
<td>8.47</td>
<td>7.40</td>
<td>86.82</td>
</tr>
<tr>
<td>Household &amp; Extra</td>
<td>1.51</td>
<td>4.70</td>
<td>81.58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>342.64</strong></td>
<td><strong>394.90</strong></td>
<td><strong>86.36</strong></td>
</tr>
</tbody>
</table>

Source: ibid.

Tables 2.04 illustrate the distribution of estimated number of informal sector workers per thousand population and share of informal sector workers to total workforce across states. In Andhra Pradesh, Himachal Pradesh, Karnataka, Madhya Pradesh the estimated number of informal sector workers per thousand population was highest in descending order. But both in 1999-00 and 2004-05 the share informal sector worker was highest in Bihar followed by Uttar Pradesh, Rajasthan and Orissa. The mentioned four states are very poor in comparison to others states of India. The incidence of poverty or the percentage of poor living below poverty line in these states much above the national average. It seems there is a positive correlation between poverty and informal sector. The estimated correlation coefficient between percentage of population below poverty line and share of informal sector workers to total workers by state is .47 in 2004-05. Between the study period the growth rate of informal sector workers in these poor states is more than national average annual growth rate (2.88 percent) except Bihar
(1.53 percent). There is no clear pattern among the developed states in the share of informal sector workers. Except Gujarat in other developed states i.e. Haryana, Maharashtra and Punjab the share of informal sector workers to total workers increased between 1999-00 and 2004-05 whereas in Gujarat the share decreased from 85.06 to 82.83 percent in the respective time period. In Kerala the share of informal sector workers is the lowest among all states both in 1999-00 at 67.56 percent and it further declined to 63.40 percent in 2004-05. Highest growth rate in informal sector workers is record in Assam (7.17 percent), Haryana (6.82 percent), Other North Eastern states (5.83 percent) and Rajasthan (5.51 percent).

Table 2.04
Estimated Number of Informal Sector Workers per Thousand Population,
Percentage share of Informal Sector Workers to Total Workers and Average Annual Growth Rate by State between 1999-2000 and 2004-05

<table>
<thead>
<tr>
<th>State</th>
<th>Estimated number of informal sector worker per thousand population</th>
<th>Share of informal sector workers to total (in percent)</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999-00</td>
<td>2004-05</td>
<td>1999-00</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>420</td>
<td>443</td>
<td>88.45</td>
</tr>
<tr>
<td>Assam</td>
<td>267</td>
<td>326</td>
<td>76.70</td>
</tr>
<tr>
<td>Bihar*</td>
<td>313</td>
<td>315</td>
<td>93.71</td>
</tr>
<tr>
<td>Gujarat</td>
<td>380</td>
<td>386</td>
<td>85.06</td>
</tr>
<tr>
<td>Haryana</td>
<td>279</td>
<td>334</td>
<td>82.44</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>437</td>
<td>438</td>
<td>88.47</td>
</tr>
<tr>
<td>J&amp;K</td>
<td>368</td>
<td>322</td>
<td>87.69</td>
</tr>
<tr>
<td>Karnataka</td>
<td>378</td>
<td>424</td>
<td>84.51</td>
</tr>
<tr>
<td>Kerala</td>
<td>258</td>
<td>250</td>
<td>67.56</td>
</tr>
<tr>
<td>Madhya Pradesh*</td>
<td>384</td>
<td>398</td>
<td>90.47</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>344</td>
<td>380</td>
<td>81.51</td>
</tr>
<tr>
<td>Orissa</td>
<td>362</td>
<td>393</td>
<td>89.62</td>
</tr>
<tr>
<td>Punjab</td>
<td>331</td>
<td>355</td>
<td>85.60</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>373</td>
<td>393</td>
<td>91.04</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>381</td>
<td>391</td>
<td>81.85</td>
</tr>
<tr>
<td>Uttar Pradesh*</td>
<td>306</td>
<td>338</td>
<td>90.95</td>
</tr>
<tr>
<td>West Bengal</td>
<td>312</td>
<td>327</td>
<td>86.79</td>
</tr>
<tr>
<td>Other North Eastern states</td>
<td>314</td>
<td>346</td>
<td>85.13</td>
</tr>
<tr>
<td>Other states &amp; UTs</td>
<td>197</td>
<td>210</td>
<td>60.39</td>
</tr>
<tr>
<td>Total</td>
<td>341</td>
<td>362</td>
<td>86.36</td>
</tr>
</tbody>
</table>

Note: Bihar include Jharkhand, Madhya Pradesh include Chattisgarh and Uttar Pradesh include Uttarakhand. Source: ibid.
Magnitude of unorganised/informal Worker

The concept of Informal Worker is based on the personal characteristic of the worker rather than enterprise. The estimated number of informal workers is more than that of informal sector workers. In 2004-05, the estimated number of informal workers was 422.61 million and it was 361.74 million in 1999-00. Table 2.05 shows a cross tabulation of informal sector workers and informal workers in 1999-2000 and 2004-05. More than 99 percent of informal sector workers are informal workers but only 62.20 percent of formal sector workers are formal workers in 1999-00 and it further slide down to 53.42 percent in 2004-05. It appears from the below table that a large number of workers working in the formal sector by enterprise characteristics but there job is informal in nature. They didn’t have any social security, job security and other benefits which the regular wage employees getting in the formal sector and over the years the share of workers in this category increased from 20.46 million in 1999-00 to 29.14 million in 2004-05. This indicates that casualisation or the amount of contractual labour increases in the formal sector which is a matter of great concern for policy makers. Informal workers consist of 92.38 percent of total workers in India in 2004-05.

<table>
<thead>
<tr>
<th></th>
<th>Informal Workers</th>
<th>Formal Workers</th>
<th>Total Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999-00</td>
<td>2004-05</td>
<td>1999-00</td>
</tr>
<tr>
<td>Informal Sector</td>
<td>Workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers</td>
<td>341.28 (99.60)</td>
<td>393.47 (99.64)</td>
<td>1.36 (0.40)</td>
</tr>
<tr>
<td>Formal Sector</td>
<td>Workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers</td>
<td>20.46 (37.80)</td>
<td>29.14 (46.58)</td>
<td>33.67 (62.20)</td>
</tr>
<tr>
<td>Total Workers</td>
<td>361.74 (91.17)</td>
<td>422.61 (92.38)</td>
<td>35.02 (8.83)</td>
</tr>
</tbody>
</table>

Note: Figures in bracket indicate percentages
Source: ibid.

Estimated number of Informal and formal workers by sector and sex in 1999-00 and 2004-05 are depicted in Table 2.06. Above 95 percent of rural
workers are informal workers. As per 2004-05 Employment-Unemployment survey 98.04 percent of female workers are informal worker and it was 97.78 percent in 1999-00. In urban areas also the share of female informal workers is higher than male at 85.01 percent in 2004-05. Rural sector contributes 78.23 percent of informal workers to total informal workers. It was observed in the case of informal sector workers that the share of female workers in the formal sector increase over the years but in case of informal workers across all population segment the share of informal workers increased between 1999-00 and 2004-05.

### Table 2.06
Distribution of informal and formal workers by sector and sex between 1999-2000 and 2004-05 (in million)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sex</th>
<th>Informal Worker</th>
<th>Formal Worker</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999-00</td>
<td>2004-05</td>
<td>1999-00</td>
<td>2004-05</td>
</tr>
<tr>
<td>Rural</td>
<td>Male</td>
<td>186.17</td>
<td>209.01</td>
<td>10.57</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>101.71</td>
<td>121.60</td>
<td>2.31</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>287.87</td>
<td>330.62</td>
<td>12.88</td>
</tr>
<tr>
<td>Urban</td>
<td>Male</td>
<td>58.33</td>
<td>71.60</td>
<td>18.72</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>15.53</td>
<td>20.40</td>
<td>3.43</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>73.87</td>
<td>91.99</td>
<td>22.14</td>
</tr>
<tr>
<td>Total</td>
<td>Male</td>
<td>244.50</td>
<td>280.61</td>
<td>29.28</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>117.24</td>
<td>142.00</td>
<td>5.74</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>361.74</td>
<td>422.61</td>
<td>35.02</td>
</tr>
</tbody>
</table>


Table 2.07 shows the average annual growth rate of workers in informal and formal workers category. It is observed here that the growth rate of female workers both in rural as well as in urban areas is greater than male workers growth rate and within the female workers growth rate of urban female informal workers (5.60 percent) is more than rural female (3.64 percent) between 1999-00 and 2004-05. In case of formal workers the growth rate of male informal workers is negative. The absolute number of male formal workers came down from 29.28 million in 1999-00 to 28.83 million in 2004-05. This negative growth is due to fall in formal employment in rural male segment. Female workers in formal workers
category increase by around 1 percent of growth rate both in rural as well as urban areas.

Table 2.07
Average Annual Growth Rate of workers by sector and sex between 1999-2000 and 2004-05 (in percent)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sex</th>
<th>Informal Sector</th>
<th>Formal Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>Male</td>
<td>2.34</td>
<td>-1.05</td>
<td>2.17</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.64</td>
<td>0.99</td>
<td>3.58</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>2.81</td>
<td>-0.67</td>
<td>2.67</td>
</tr>
<tr>
<td>Urban</td>
<td>Male</td>
<td>4.18</td>
<td>0.09</td>
<td>3.25</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>5.60</td>
<td>0.97</td>
<td>4.82</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>4.49</td>
<td>0.23</td>
<td>3.57</td>
</tr>
<tr>
<td>Total</td>
<td>Male</td>
<td>2.79</td>
<td>-0.31</td>
<td>2.48</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>3.91</td>
<td>0.98</td>
<td>3.78</td>
</tr>
<tr>
<td></td>
<td>Persons</td>
<td>3.16</td>
<td>-0.10</td>
<td>2.89</td>
</tr>
</tbody>
</table>


Table 2.08 gives the estimated number of informal workers, percentage share of informal workers to total workers and average annual growth rate of informal workers between 1999-00 and 2004-05. Around 61 percent of informal workers are from agricultural sector and within the agriculture the share of informal sector to total workers is 98.89 percent in 2004-05. Household and extra activities industry groups share of informal workers to total workers (99.23 percent in 2004-05) is more than agriculture but the size is quite less in comparison to other industry group. Next to agriculture other industry groups whose share of informal workers to total workers is more than 90 percent are Trade (98.11 percent), Construction (97.33 percent), Hotels & restaurant (95.02 percent) and community activities (94.99 percent) in 2004-05. In the informal sector workers next to agriculture sector maximum number of workers worked in Trade sector but in the case of informal workers manufacturing industry group
came after agricultural with 49.30 million and the 42.54 million in Trade in 2004-05. The growth rate of informal workers by industry group shows that highest growth rate was recorded at 22.08 percent in the household and extra activities industry groups between 1999-00 and 2004-05. Other industry groups where more than 10 percent growth rate of informal workers taken place between the study period are Finance (14.15 percent), Real estate (10.75 percent) and Education (10.32 percent). Significant growth rate of informal sector recorded in Construction, Manufacturing, Hotel and Transport industry groups.

Table 2.08
Estimated Number of Informal Workers, Percentage share of Informal Workers to Total Workers and Average Annual Growth Rate by Industry Group between 1999-2000 and 2004-05

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Estimated number of informal worker (in million)</th>
<th>Share of informal workers to total (in percent)</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999-00</td>
<td>2004-05</td>
<td>1999-00</td>
</tr>
<tr>
<td>Agriculture</td>
<td>234.79</td>
<td>256.07</td>
<td>98.79</td>
</tr>
<tr>
<td>Mining</td>
<td>1.56</td>
<td>1.78</td>
<td>71.75</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>36.85</td>
<td>49.30</td>
<td>83.65</td>
</tr>
<tr>
<td>Electricity</td>
<td>0.21</td>
<td>0.24</td>
<td>18.75</td>
</tr>
<tr>
<td>construction</td>
<td>16.90</td>
<td>25.32</td>
<td>96.40</td>
</tr>
<tr>
<td>Trade</td>
<td>35.41</td>
<td>42.54</td>
<td>96.69</td>
</tr>
<tr>
<td>Hotels</td>
<td>4.35</td>
<td>5.80</td>
<td>94.30</td>
</tr>
<tr>
<td>Transport</td>
<td>11.44</td>
<td>15.28</td>
<td>78.30</td>
</tr>
<tr>
<td>Finance</td>
<td>0.63</td>
<td>1.21</td>
<td>27.80</td>
</tr>
<tr>
<td>Real estate</td>
<td>2.24</td>
<td>3.73</td>
<td>83.73</td>
</tr>
<tr>
<td>Administration</td>
<td>1.60</td>
<td>1.19</td>
<td>15.27</td>
</tr>
<tr>
<td>Education</td>
<td>3.24</td>
<td>5.29</td>
<td>38.22</td>
</tr>
<tr>
<td>Health</td>
<td>1.50</td>
<td>2.18</td>
<td>52.51</td>
</tr>
<tr>
<td>Community</td>
<td>9.28</td>
<td>7.97</td>
<td>95.15</td>
</tr>
<tr>
<td>Household &amp; Extra</td>
<td>1.74</td>
<td>4.72</td>
<td>93.86</td>
</tr>
<tr>
<td>Total</td>
<td>361.74</td>
<td>422.61</td>
<td>91.17</td>
</tr>
</tbody>
</table>


State level analysis of informal workers depict in Table 2.09. In the poor states as stated earlier in the discussion of informal sector workers the share of informal workers is more than national average. Along with the poor state in the
share of informal workers in Andhra Pradesh (93.95 percent) is more than nation. Bihar has the highest percentage of informal workers (96.46 percent) followed by Uttar Pradesh (95.53 percent), Rajasthan (95.17 percent), Madhya Pradesh (95.17 percent) and Orissa (94.53) in 2004-05. The share of informal workers is low in Other states and UTs (75.18 percent) followed by Kerala (81.27 percent). The growth rate of informal workers between 1999-00 and 2004-05 is highest in Haryana (7.21 percent) followed by Assam (6.30 percent) and other north eastern states (6.25 percent). Estimated number of informal workers per thousand population in Himachal Pradesh was 451 and 472 in 1999-00 and 2004-05 respectively which is highest among all the states followed by Andhra Pradesh with 438 and 471 informal workers per thousand population for the same period.

**Table 2.09**

Estimated Number of Informal Workers per Thousand Population, Percentage share of Informal Workers to Total Workers and Average Annual Growth Rate by State between 1999-2000 and 2004-05

<table>
<thead>
<tr>
<th>State</th>
<th>Estimated number of informal worker per thousand population</th>
<th>Share of informal workers to total (in percent)</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1999-00</td>
<td>2004-05</td>
<td>1999-00</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>438</td>
<td>471</td>
<td>92.23</td>
</tr>
<tr>
<td>Assam</td>
<td>297</td>
<td>349</td>
<td>85.36</td>
</tr>
<tr>
<td>Bihar*</td>
<td>319</td>
<td>324</td>
<td>95.45</td>
</tr>
<tr>
<td>Gujarat</td>
<td>408</td>
<td>426</td>
<td>91.44</td>
</tr>
<tr>
<td>Haryana</td>
<td>296</td>
<td>361</td>
<td>87.51</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>451</td>
<td>472</td>
<td>91.22</td>
</tr>
<tr>
<td>J&amp;K</td>
<td>374</td>
<td>349</td>
<td>89.14</td>
</tr>
<tr>
<td>Karnataka</td>
<td>410</td>
<td>450</td>
<td>91.51</td>
</tr>
<tr>
<td>Kerala</td>
<td>305</td>
<td>321</td>
<td>80.03</td>
</tr>
<tr>
<td>Madhya Pradesh*</td>
<td>401</td>
<td>423</td>
<td>94.36</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>368</td>
<td>415</td>
<td>87.25</td>
</tr>
<tr>
<td>Orissa</td>
<td>378</td>
<td>412</td>
<td>93.46</td>
</tr>
<tr>
<td>Punjab</td>
<td>349</td>
<td>378</td>
<td>90.26</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>385</td>
<td>411</td>
<td>93.88</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>416</td>
<td>435</td>
<td>89.27</td>
</tr>
<tr>
<td>Uttar Pradesh*</td>
<td>318</td>
<td>351</td>
<td>94.30</td>
</tr>
<tr>
<td>West Bengal</td>
<td>326</td>
<td>349</td>
<td>90.75</td>
</tr>
<tr>
<td>Other North Eastern states</td>
<td>325</td>
<td>365</td>
<td>87.97</td>
</tr>
<tr>
<td>Other states &amp; UTs</td>
<td>233</td>
<td>260</td>
<td>71.31</td>
</tr>
<tr>
<td>Total</td>
<td>360</td>
<td>388</td>
<td>91.17</td>
</tr>
</tbody>
</table>

Note: Bihar include Jharkhand, Madhya Pradesh include Chhattisgarh and Uttar Pradesh include Uttarakhand. Source: ibid.
Informal sector accounts for a sizeable number of workers in India across different industry groups and states. The concept of informal sector and informal workers proposed by NCEUS is more appropriate in the context of Indian statistical system and it better compatible with international definition of informal sector. The estimated number of informal sector workers in 2004-05 was 394.90 million in India contributing 86 percent of total workers. Over the year the proportion of rural informal sector workers decreased and the opposite happened in urban areas. It is observed between the study period of 1999-00 to 2004-05 that the growth rate of formal sector workers in rural areas in all categories is higher than growth rate in informal sector workers but the reverse happened in urban area. The growth rate of urban informal sector is higher than formal sector workers. The proportion of informal sector workers in the agriculture sector declined over the years but in industry and services sector the proportion of informal sector workers increased between 1999-2000 and 2004-05. There is positive and significant correlation between inform sector employment and the incidence of poverty in the states. The percentage share of informal sector workers in the poor states is more than developed states.

The definition of informal sector workers is more about the characteristics of the enterprise rather than the characteristics of the worker. The concept of Informal Worker is based on the personal characteristic of the worker rather than enterprise. Informal workers consist of 92.38 percent of total workers in India in 2004-05. Around half of the formal sector workers are informal workers. This indicates that casualisation or the amount of contractual labour increases in the formal sector which is a matter of great concern for policy makers. Since the formal sector unable absorb the vast labour force of India the policy makers should think to bring the workers in the informal segment to the mainstream.
SECTION – III

National Policy on Urban Street Vendors:

1. Rationale
1.1 Street vendors form a very important segment of the unorganized sector in the country. It is estimated that in several cities street vendors count for about 2 per cent of the population. Women constitute a large segment of these street vendors in almost every city. Street vending is not only a source of self-employment to the poor in cities and towns but also a means to provide ‘affordable’ as well as ‘convenient’ services to a majority of the urban population.

1.2 Street vendors are often those who are unable to get regular jobs in the remunerative formal sector on account of their low level of education and skills. They try to solve their livelihoods issues through their own meagre financial resources and sweat equity. Estimates of average earning of street vendors in 2000 by studies, referred to in the Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector, 2007 of the National Commission for Enterprises in the Unorganised Sector (NCEUS), suggest that the vendors’ earnings are very low although they vary from trade to trade and from location to location. The men’s average daily income is around Rs. 70 in most cities excepting Patna, where it is slightly lower. Women earn considerably less – Rs. 40 per day. The monetary problem is compounded by the fact that the vendors have scarce resources for their trade and they need to obtain credit by borrowing. Most of the street vendors report having borrowed from money lenders who charge exorbitant interest rates. In Bhubaneswar the credit is obtained from the wholesalers in the form of advances to be paid back at the end of the day at rates up to 110 per cent.

1.3 Public authorities often regard street vendors as a nuisance and as encroachers of sidewalks and pavements and do not appreciate the valuable services that street
vendors render to the common man. However, as the Supreme Court of India has ruled in a 1989 case: “if properly regulated, according to the exigency of the circumstances, the small traders on the side walks can considerably add to the comfort and convenience of the general public, by making available ordinary articles of everyday use for a comparatively lesser price. An ordinary person, not very affluent, while hurrying towards his home after a day’s work, can pick up these articles without going out of his way to find a regular market. The right to carry on trade or business mentioned in Article 19 (1) g of the Constitution, on street pavements, if properly regulated, cannot be denied on the ground that the streets are meant exclusively for passing or re-passing and no other use”. [Sodan Singh & Others versus New Delhi Municipal Council, 1989]

1.4 Accordingly, the starting point for this Policy is the recognition of the positive role of street vendors in providing essential commodities to people at affordable prices and at convenient places. It also recognizes the need for regulation of street vending by way of designated ‘Restriction-free Vending’, 'Restricted Vending' and ‘No Vending’ zones based on certain objective principles. Such regulation is consistent with the imperative to ensure free flow of traffic, smooth movement of pedestrians and maintenance of cleanliness and public hygiene while facilitating vendors/hawkers to sell goods/services at convenient locations frequented by the public.

1.5 This Policy also aims to reflect the spirit of the Constitution of India on the right of citizens to equal protection before the law (subject to reasonable restriction) as well as their right to practice any profession, occupation, trade or business; and the duty of the State to strive to minimize the inequalities in income, and to adopt policies aimed at securing that the citizens have the right to adequate means of livelihood as enshrined in Article 14, 19(1)(g), 38(2), 39(a), 39(b) and 41 of the Constitution.
1.6 This Policy recognizes that to be able to practice any profession or to carry on any occupation, trade or business is a fundamental right of every citizen in our country. A person who wants to buy some items in wholesale and sell the same in retail by hawking is actually exercising such a right. Thus, it would be desirable, other things being equal, that such a right is not circumscribed unless reasonable restrictions are warranted in public interest. At the same time, it will be impracticable that every hawker be provided a permanent site because most cities/towns suffer from severe constraints of land for commercial vending. However, it should be possible to demarcate vending zones and vendors’ markets where peripatetic and mobile vendors can sell their wares within certain time restrictions and subject to regulatory stipulations.

1.7 Street vendors provide valuable services to the urban masses while eking out a living through their own enterprise, limited resources and labour. They facilitate convenient, efficient and cost-effective distribution of goods and services to the public. They also contribute significantly to local economic growth and vitality of the urban economies. This Policy recognizes that street vendors constitute an integral and legitimate part of the urban retail trade and distribution system for daily necessities of the general public. As the street vendors assist the Government in combating unemployment and poverty, it is the duty of the State to protect the right of these micro-entrepreneurs to earn an honest living. Accordingly, the Policy aims to ensure that this important occupational group of the urban population finds due recognition at national, state and local levels for its contribution to the society. The Policy is meant to foster a congenial environment for the urban street vendors to carry out their activities. It is conceived as part of a major national initiative towards the alleviation of poverty in cities and towns.

1.8 A centre piece of this Policy is the role of Town Vending Committee (henceforth referred to as TVC) to be constituted at City/Town level. A TVC shall
be coordinated by a convener who should be nominated by the urban local body concerned. The Chairman of TVC will be the Commissioner/Chief Executive Officer of the concerned urban local body. The TVC will adopt a participatory approach and supervise the entire process of planning, organisation and regulation of street vending activities, thereby facilitating the implementation of this Policy. Further, it will provide an institutional mechanism for due appreciation of the ground realities and harnessing of local knowledge for arriving at a consensus on critical issues of management of street vending activities. The TVC may constitute, in collaboration with the local authority, Ward Vending Committee to assist in the discharge of its functions.

1.9 This Policy adopts the considered opinion that there should not be any cut off date or limit imposed on the number of vendors who should be permitted to vend in any city/town, subject to registration of such vendors and regulation through the TVC. At any time, an urban poor person can decide that he or she would like to go to a wholesale market, purchase some items and sell these in vending zones during permitted hours to make an honest living. The vendor may not be subject to undue restrictions if he/she wishes to change the trade. In order to make this conceptual right a practically feasible right, the following would be necessary:

i) Vendor markets/outlets should be developed in which space could be made available to hawkers/vendors on a time-sharing model on the basis of a roster. Let us say that there are 500 such vending places in about a 100 new vendors’ markets/push cart markets/motorized vending outlets. Let us also assume that there are 5,000 vendors who want to apply for a vending site on a time-sharing basis. Then by a simple process of mathematical analysis, a certain number of days or hours on particular days could be fixed for each vendor in a vending place on a roster basis through the concerned TVC.
ii) In addition to vendors' markets/outlets, it would be desirable to promote week-end markets in public maidans, parade grounds or areas meant for religious festivals. The week-end markets can be run on a first-come-first-serve basis depending on the number of vending sites that can be accommodated in the designated area and the number of vendors seeking vending places. However, in order to be equitable, in case there is a heavy demand from vendors, the number of week-ends a given vendor can be allocated a site on the first-come-first-serve basis can be restricted to one or two in a month depending on demand.

iii) A registered vendor can be permitted to vend in designated vending zones without restrictions, especially during non-rush hours. Again in places like verandahs or parking lots in areas such as central business districts, e.g. Connaught Place in New Delhi, vendors' markets can be organized after the closing of the regular markets. Such markets, for example, can be run from 7.30 PM to 10.30 PM as night bazaars on a roster basis or a first-come-first-serve basis, with suitable restrictions determined by the concerned TVC and authorities.

iv) It is desirable that all City/Town Master Plans make specific provisions for creating new vending markets at the time of finalization/revision of Master Plans, Zonal Plans and Local Area Plans. The space reserved in such plans should be commensurate with the current number of vendors and their rate of growth on perspective basis (say 10-20 years) based on rate of growth over a preceding 5-year period.

This Policy attempts to address some of the above concerns, keeping the interests of street vendors in view vis-à-vis conflicting public interests.
2. Definitions

2.1 For the purposes of this Policy, a 'Street Vendor' is defined as 'a person who offers goods or services for sale to the public in a street without having a permanent built-up structure.' There are three basic categories of street vendors: (a) stationary; (b) peripatetic and (c) mobile. Stationary vendors are those who carry out vending on a regular basis at a specific location, e.g. those occupying space on the pavements or other public places and/or private areas either open/covered (with implicit or explicit consent) of the authorities. Peripatetic vendors are those who carry out vending on foot and sell their goods and services and includes those who carry baskets on their head/slung on their shoulders and those who sell their goods on pushcarts. Mobile street vendors are those who move from place to place vending their goods or services on bicycle or mobile units on wheels, whether motorized or not. They also include vendors selling their wares in moving buses, local trains etc.

2.2 In this Policy, the term 'Urban Street Vendor' incorporates all other local/regional specific terms used to describe them, such as hawkers, pheriwallas, rehri-patri wallas, footpath dukandars, sidewalk traders, etc. The land, premises, trains owned by Indian Railways, its subsidiaries including Public Sector Undertakings, Corporations or other undertakings where Indian Railways holds share, are exempted from the ambit of this Policy.

2.3 The term ‘Town Vending Committee’ means the body constituted by an appropriate Government for protecting the livelihoods of street vendors while at the same time imposing reasonable restrictions, if necessary, for ensuring flow of traffic and for addressing concerns relating to public health and hygiene in the public interest. The TVC may constitute, in such manner and for such purposes as it deems fit, Ward Vending Committees, if required.
2.4 The term 'Local Authority' (referred to as Municipal Authority in this Policy) in this Policy means a Municipal Corporation, Municipal Council, Nagar Panchayat, Cantonment Board, Civil Area Committee appointed under Section 47 of the Cantonment Act, 2006 or such other body legally entitled to function as a local authority in any city or town to provide civic services and regulate street vending, and includes the "planning authority" which regulates the land use in that city or town at the city/locality level.

2.5 The term "Natural Market" means a market where sellers and buyers have traditionally congregated for more than a specified period for the sale and purchase of a given set of products or services as assessed by the local authority.

3. Objectives
3.1 Overarching Objective
The overarching objective to be achieved through this Policy is: To provide for and promote a supportive environment for the vast mass of urban street vendors to carry out their vocation while at the same time ensuring that their vending activities do not lead to overcrowding and unsanitary conditions in public spaces and streets.

3.2 Specific Objectives
This Policy aims to develop a legal framework through a model law on street vending which can be adopted by States/Union Territories with suitable modifications to take into account their geographical/local conditions. The specific objectives of this Policy are elaborated as follows:

a) Legal Status:
To give street vendors a legal status by formulating an appropriate law and thereby providing for legitimate vending/hawking zones in city/town master or development plans including zonal, local and layout plans and ensuring their enforcement;
b) Civic Facilities:
To provide civic facilities for appropriate use of identified spaces as vending/hawking zones, vendors’ markets or vending areas in accordance with city/town master plans including zonal, local and layout plans;

c) Transparent Regulation:
To eschew imposing numerical limits on access to public spaces by discretionary licenses, and instead moving to nominal fee-based regulation of access, where previous occupancy of space by the street vendors determines the allocation of space or creating new informal sector markets where space access is on a temporary turn-by-turn basis. All allotments of space, whether permanent or temporary should be based on payment of a prescribed fee fixed by the local authority on the recommendations of the Town Vending Committee to be constituted under this Policy;

d) Organization of Vendors:
To promote, where necessary, organizations of street vendors e.g. unions / cooperatives / associations and other forms of organizations to facilitate their collective empowerment;

e) Participative Processes:
To set up participatory processes that involve firstly, local authority, planning authority and police; secondly, associations of street vendors; thirdly, resident welfare associations and fourthly, other civil society organizations such as NGOs, representatives of professional groups (such as lawyers, doctors, town planners, architects etc.), representatives of trade and commerce, representatives of scheduled banks and eminent citizens;

f) Self-Regulation:
To promote norms of civic discipline by institutionalizing mechanisms of self-management and self-regulation in matters relating to hygiene, including waste disposal etc. amongst street vendors both in the individually allotted areas as well
as vending zones/clusters with collective responsibility for the entire vending zone/cluster; and

g) Promotional Measures:
To promote access of street vendors to such services as credit, skill development, housing, social security and capacity building. For such promotion, the services of Self Help Groups (SHGs)/Co-operatives/ Federations/Micro Finance Institutions (MFIs), Training Institutes etc. should be encouraged.

4. Key Elements of Policy
4.1 Spatial Planning Norms
Following the Supreme Court orders, some cities have drafted guidelines for regulating urban vending activities. However, the provisions made so far do not generally recognize the fact that demands for the wares/services of street vendors are highly specific and vary with location and time. This manifests in the natural propensity of street vendors to locate at particular places at particular times. Spatial planning norms should not disregard such “natural markets” but fully take them on board. There is need for the master/zonal/local/layout development plans to be 'inclusive' and address the requirements of space for street vending as an important urban activity through norms for reservation of space for street vendors in accordance with their current population, projected growth of street vendors, based on the rate of growth in the previous five years and the average number of customers that generally visit informal markets in vending zones. It is equally important that the provisions made in zonal, local or layout plans for street vending are implemented in an equitable and efficient manner.

4.2 Demarcation of Vending Zones
The demarcation of ‘Restriction-free Vending Zones’, ‘Restricted Vending Zones’ and ‘Novending Zones’ should be city/town specific. In order to ensure that the
city/town master/ development plans provide for adequate space for street vendors to run their activities, the following guidelines would need to be adhered to:

a) Spatial planning should take into account the natural propensity of street vendors to locate in certain places at certain times in response to the patterns of demand for their goods/services. For this purpose, photographic digitalized surveys of street vendors and their locations should be conducted by competent professional institutions/agencies. This is to be sponsored by the concerned Department of State Government/ Urban Development Authority/ Local Authority.

b) Municipal Authorities should frame necessary rules for regulating entry of street vendors on a time sharing basis in designated vending zones keeping in view three broad categories - registered vendors who have secured a license for a specified site/stall; registered street vendors in a zone on a time sharing basis; and registered mobile street vendors visiting one or the other vending zone;

c) Municipal Authorities should allocate sufficient space for temporary ‘Vendors’ Markets’ (e.g. Weekly Haats, Rehri Markets, Night Bazaars, Festival Bazaars, Food Streets/Street Food Marts etc.) whose use at other times may be different (e.g. public park, exhibition ground, parking lot etc.). These ‘Vendors Markets’ may be established at suitable locations keeping in view demand for the wares/services of street vendors. Timing restrictions on vending should be in accordance with the need for ensuring non-congestion of public spaces/maintaining public hygiene without being ad hoc, arbitrary or discriminatory. Rationing of space should be resorted to if the number of street vendors exceeds the number of spaces available. Attempts should also be made to provide ample parking areas for mobile vendors for security of their vehicles and wares at night on payment of suitable fees.
d) Mobile vending should be permitted in all areas even outside the 'Vendors Markets', unless designated as 'No-vending Zone' in the zonal, local area or layout plans under the master/development plan of each city/town. 'Restricted Vending' and 'No Vending Zones' may be determined in a participatory manner. 'Restricted Vending Zones' may be notified in terms of both location and time. Accordingly, a particular location may be notified as 'No-vending Zone' only at particular times of the day or days of the week. Locations should not be designated as 'Novending Zones' without full justification; the public benefits of declaring an area/spot as 'Novending Zone' should clearly outweigh the potential loss of livelihoods and non-availability of 'affordable' and 'convenient' access of the general public to street vendors.

e) With the growth of cities/towns in response to urbanization, the statutory plans of every new area should have adequate provision for 'Vending/hawking Zones' and 'Vendors Markets.'

4.3 Quantitative Space Norms
These refer to the norms on the amount of space to be provided for Vending Zones in plans and to vendors in designated Vendors' Markets. Every land use has a carrying capacity ceiling or threshold limit for the users and the same is true of the number of vendors operating in a clearly demarcated area. Overuse can cause congestion and reduction of public hygiene. Thus, there is a need to fix space norms at both city/zonal development plan and local/layout plan levels. Each city/town may, however, evolve its own quantitative norms but only after conducting proper surveys and evaluating actual needs, and taking the help of professional institutions/agencies. The principle of "natural markets" should be followed in designating areas as Vending Zones and their maximum holding capacity should be determined based on this principle.
4.4 Provision of Civic Facilities
Municipal Authorities need to provide basic civic facilities in Vending Zones / Vendors’ Markets which would include:

i) Provisions for solid waste disposal;
ii) Public toilets to maintain cleanliness;
iii) Aesthetic design of mobile stalls/ push carts;
iv) Provision for electricity;
v) Provision for drinking water;
vi) Provision for protective covers to protect wares of street vendors as well as themselves from heat, rain, dust etc;

vii) Storage facilities including cold storage for specific goods like fish, meat and poultry; and

viii) Parking areas.

The Vendors’ Markets should, to the extent possible, also provide for crèches, toilets and restrooms for female and male members.

4.5 Organisation & Participative Processes
4.5.1 Town Vending Committee
a) Designation or demarcation of 'Restriction-free Vending Zones'/ 'Restricted Vending Zones'/No-vending Zones' and Vendors’ Markets should be carried out in a participatory manner by the Town Vending Committee, to be established at town/city level. A TVC should consist of the Municipal Commissioner/ Chief Executive Officer of the urban local body as Chairperson and such number of members as may be prescribed by the appropriate Government, representing firstly, local authority; planning authority and police and such other interests as it deems proper; secondly, associations of street vendors; thirdly, resident welfare associations and Community Based Organisations (CBOs); and fourthly, other civil society organizations such as NGOs, representatives of professional groups (such as lawyers, doctors, town planners, architects etc.), representatives of trade and commerce, representatives of scheduled banks and eminent citizens. This
Policy suggests that the representatives of street vendors' associations may constitute forty per cent of the number of the members of the TVC and the other three categories may be represented in equal proportion of twenty per cent each. At least one third of the representatives of categories of street vendors, resident welfare associations and other civil society organizations should be women to provide a gender focus in the TVC. Adequate/reasonable representation should also be provided to the physically challenged in the TVC. The process for selection of street vendors' representatives should be based on the following criteria: M Participation in membership-based organisations; and M Demonstration of financial accountability and civic discipline.

b) The TVC should ensure that the provision of space for vendors' markets are pragmatic, consistent with formation of natural markets, sufficient for existing demand for the street vendors' goods and services as well as likely increase in accordance with anticipated population growth.

c) The TVC should monitor the provision of civic facilities and their functioning in Vending Zones and Vendors' Markets and bring shortcomings, if any to the notice of the concerned authorities of the urban local body. The TVC should also promote the organisation of weekly markets, festival bazaars, night bazaars, vending festivals on important holidays etc. as well as take up necessary improvement of infrastructure facilities and municipal services with the urban local body concerned.

4.5.2 The TVC shall perform the following functions:
a) Undertake periodic survey/census to assess the increase or decrease in the number of street vendors in the city/town/wards/localities;
b) Register the street vendors and ensure the issuance of Identity Cards to the street vendors after their preparation by the Municipal Authority;
c) Monitor the civic facilities to be provided to the street vendors in vending zones/vendors’ markets by the Municipal Authority;
d) Assess and determine maximum holding capacity of each vending zone;
e) Work out a non-discretionary system and based on the same, identify areas for hawking with no restriction, areas with restriction with regard to the dates, days and time, and, areas which would be marked as 'No Vending Zones';
f) Set the terms and conditions for hawking and take corrective action against defaulters;
g) Collect fees or other charges as authorized by the competent civic authority;
h) Monitor to ensure that those allotted stalls/vending spots are actually using them and take necessary action to ensure that these are not rented out or sold to others;
i) Facilitate the organization of weekly markets, festival bazaars, night bazaars, vending festivals such as food festivals to celebrate important occasions/holidays including city / town formation days etc; and
j) Ensure that the quality of products and services provided to the public is as per standards of public health, hygiene and safety laid down by the local authority.

4.5.3 In order to implement the decisions of a TVC, the concerned Municipal Authority shall designate an official, who shall act as the convenor of the TVC as well as be responsible for implementing its decisions.

4.5.4 Registration System for Street Vending
A system of registration of vendors/hawkers and non-discretionary regulation of their access to public spaces in accordance with the standards of planning and the nature of trade/service should be adopted. This system is described in greater detail below.

a) Photo Census of Vendors:
The Municipal Authority, in consultation with the TVC should undertake a comprehensive, digitalized photo census / survey / GIS Mapping of the existing
stationary vendors with the assistance of professional organisations/experts for the purpose of granting them lease to vend from specific places within the holding capacity of the vending zones concerned.

b) Registration of Vendors:
The power to register vendors would be vested with the TVC. Only those who give an undertaking that they will personally run the vending stall/spot and have no other means of livelihood will be entitled for registration. A person will be entitled to receive a registration document for only one vending spot for him/her (and family). He/she will not have the right to either rent or lease out or sell that spot to another person.

c) New Entrants:
Those left out in the photo census or wishes to take up street vending for the first time will also have a right to apply for registration as vendors provided they give a statement on oath that they do not have any other means of livelihood and will be personally operating from the vending spot, with help from family members.

d) Identity Cards:
Upon registration, the concerned Municipal Authority would issue an Identity Card with Vendor Code Number, Vendor Name, Category of Vendor etc. in writing to the street vendor, through the TVC concerned containing the following information:

(i) Vendor Code No.
(ii) Name, Address and photograph of the Vendor;
(iii) Name of any one Nominee from the family/and/or a family helper;
(iv) Nature of Business;
(v) Category (Stationary /Mobile); and
(vi) If Stationary, the Vending Location.
Children below 14 years would not be included in the Identity Card for conduct of business.

e) Registration Fee:
All vendors in each city/town should be registered at a nominal fee to be decided by the Municipal Authority concerned based on the photo census or any other reliable means of identification such as the use of biometric techniques.

f) Registration Process:
i) The registration process must be simple and expeditious. All declarations, oath, etc. may be on the basis of self-declaration.

ii) There should preferably be no numerical restriction or quotas for registration, or prior residential status requirements of any kind.

iii) Registration should be renewed after every three years. However, a vendor who has rented out or sold his spot to another person will not be entitled to seek re-registration.

iv) There may be a "on the spot" temporary registration process on renewable basis, in order to allow the street vendors to immediately start their earnings as the registration process and issue of I-card etc. may take time.

4.6 Collection of Revenue
4.6.1. Street vendors would be charged a monthly fee towards the space they use and the civic services they receive. There should be a direct linkage between the Municipal Authority and street vendors for the collection of:

   a) Registration fee;
   b) Monthly maintenance charges- differentiated according to location/type of business; and,
   c) Fines and other charges, if any.
4.6.2 A TVC should have access to a proportion of revenue generated from registration fees and monthly fees to run its operations but should in addition receive a minimum grant from the Municipal Authority.

4.6.3. The collection of revenue by the Municipal Authority through TVC should ensure that it is based on a predetermined rate of fee and not amenable to any kind of discretion or extortion. If complaints on this account are registered with the TVC, adequate measures should be taken to redress the same expeditiously.

4.7 Self-Management & Regulation
This Policy advocates the encouragement of collective arrangements by the street vendors to redress any harmful effects on the locality caused by the occupation of street vending. Such arrangements should cover waste disposal, hygiene in the area of vending as well as in the zone/cluster occupied by street vendors as a whole for their activities, traffic management etc. Quantitative norms of spatial planning should be respected by the street vendors as a measure of self-regulation in terms of the number of a typical trade to be allowed in a particular place.

Registration system with the participation of street vendors’ associations may be used to regulate the scale of operation in vending zones or vendors’ markets so that the threshold limits on their holding capacity are not exceeded.

5. Eviction, Relocation and Confiscation
5.1 If authorities come to the conclusion in any given instance that genuine public obstruction of a street, side walk etc. is being caused by street vending, there should be a mechanism of due notice to the street vendors. The vendors should be informed/ warned by way of notice as the first step before starting the clearing up or relocation process. In the second step, if the space is not cleared within the notified time, a fine should be imposed. If the space is not cleared even after the notice and imposition of fine, physical eviction may be resorted to. In the case of vending in a 'No-vending Zone', a notice of at least a few hours should be given to
a street vendor in order to enable him or her clear the space occupied. In case of relocation, adequate compensation or reservation in allotment of new vending site should be provided to the registered vendors.

5.2 With regard to confiscation of goods (which should happen only as a last resort rather than routinely), the street vendors shall be entitled to get their goods back within a reasonable time on payment of prescribed fee, determined by TVC.

5.3 In case of peripatetic vendors or vendors occupying space on a time sharing basis, the vending activity will be regulated in such a manner that the vendors remove all their wares every day/ on expiry of the time-sharing period allotted. In case of mobile vending outlets, suitable regulations should be put in place for ensuring flow of traffic and public health and hygiene in the public interest.

5.4 The appropriate Government may make suitable amendments to their existing laws/rules, with a view to removing impediments in the implementation of this Policy and to prevent the undue harassment of street vendors.

6. Promotional Measures
6.1 Public Health & Hygiene
Every street vendor shall pay due attention to public health and hygiene in the vending zone/vendors’ market concerned and the adjoining area. He/she shall keep a waste collection basket in the place of vending. Further, he/she shall contribute to/promote the collective disposal of waste in the vending zone/area. Associations of/for street vendors may construct public toilet facilities which may be run by them on "pay and use" basis. To promote such associations, the Central Government/State Governments/Municipal Authorities shall encourage the organization of/for street vendors, by providing financial assistance.

6.2 Health of Street Vendors
The State Government/Municipal Authorities may take special steps to cover street vendors and their families with benefits of programmes such as preventive
and curative health care including reproductive and child health care facilities and health insurance.

6.3 Education & Skills Training
Street vendors, being micro entrepreneurs should be provided with vocational education and training and entrepreneurial development skills to upgrade their technical and business potentials so as to increase their income levels as well as to look for more remunerative alternatives.

6.4 Credit & Insurance
6.4.1 Credit is an important requirement in street vending, both to sustain existing activity and to upscale it. Since vendors work on a turnover basis, they often take recourse to high interest loans from non-institutional lenders. Although they usually demonstrate high repayment capacity, absence of collateral and firm domiciliary status usually debar them from institutional credit. State Governments and the Municipal Authorities should enable Self-Help Groups (SHGs) and organizations of street vendors to access credit from banks through mechanism like SHG-Bank Linkage. The TVC should disseminate information pertaining to availability of credit from various sources, especially micro-finance and should take steps to link street vendors with formal credit structures. Street vendors should also be assisted in obtaining insurance through Micro-insurance and other agencies.

6.4.2 With respect to credit, the Credit Guarantee Fund Scheme for Small Industries (CGFSI), designed by the Ministry of Micro, Small & Medium Enterprises, Government of India and the Small Industries Development Bank of India (SIDBI) may be extended to the street vendors. This scheme aims at resolving the problem of collaterals, and inducing banks to gradually move away from a completely risk-averse stance toward small scale industries.
6.4.3 The registration process undertaken by the TVC based on field surveys through professional institutions/agencies and the domiciliary status confirmed by them on the Identity Card as also in their records should make it possible to cover a large number of street vendors under institutional credit.

6.5 Social Security
Street vendors as a group belong to the unorganised sector of the economy. As such, they don’t have access to Government-assisted social security. However, in some States, social security schemes such as Old Age Pension and other benefits are being provided through the Welfare Boards and similar bodies. But, their coverage of street vendors is very small. There are a few Non-Government Organisations (NGOs), who organize social security schemes for the street vendors. The Central Government aims to extend social security cover in the unorganised sector as a whole and the street vendors should be suitably covered. The national efforts should be supplemented by efforts of State Governments/Municipal Authorities and organisations of/for street vendors. These will facilitate protective social security to the street vendors to take care of contingencies such as sickness, maternity and old age.

6.6 Allotment of Space/Stationary Stalls
Stationary vendors should be allowed space/stalls, whether open or covered, on license basis after photo census/survey and due enquiry in this regard, initially for a period of 10 years with the provision that only one extension of ten years shall be provided thereafter. After 20 years, the vendor will be required to exit the stationary stall (whether open or covered) as it is reasonably expected that the licensee would have suitably enhanced his/her income, thereby making the said stall available for being licensed to a person belonging to the weaker sections of society. Wherever vending stall/vending space is provided to a vendor on a lease basis for a certain number of years, care should be taken that adequate reservation is made for the SCs/STs in accordance with their share in the total population of
the city. Similarly, priority should be given to physically challenged/disabled persons in the allocation of vending stalls/vending spaces as vending space can be a useful medium for rehabilitating physically challenged/disabled persons. Further, a suitable monitoring system should be put in place by the TVC to ensure that the licensees of the stationary stalls do not sell/let out their stalls.

6.7 Rehabilitation of Child Vendors
To prevent vending by children and seek their rehabilitation wherever such practice exists, in conformity with the Child Labour (Prohibition & Regulation) Act, 1986, the State Government and Municipal Authorities should undertake measures such as sending the children to regular or bridge schools, imparting them skills training etc.

6.8 Promoting Vendors’ Organisations
To enable street vendors to access the benefits of social security schemes and other promotional measures in an effective manner, it is essential that the street vendors are assisted to form their own organizations. The TVC should take steps to facilitate the formation and smooth functioning of such organizations of street vendors. Trade Unions and other Voluntary Organisations should play an active role and help the street vendors to organise themselves by providing counseling and guidance services wherever required.

6.9 Other Promotional Measures
The Government of India is considering legislation for the promotion of livelihoods of the workers engaged in the unorganised sector. Once this is in place, it shall equally apply to the street vendors.

7. Action Plans for Stakeholders
i) It shall be the responsibility of the Government of India to take steps to ensure that street vending activities are carried out in accordance with street vending laws and the same are not actionable under the Indian Penal Code or the Police Act. In
this regard, the Government may initiate amendments in these laws if necessary. It may develop a model law to facilitate and regulate street vending in cities and towns.

ii) It shall be the responsibility of State Governments/UT Administrations to ensure that institutional designs, legislative frameworks and other necessary arrangements are put in place in conformity with the National Policy on Urban Street Vendors. They should undertake legislation and frame rules taking into account the model law developed by the Central Government to suit variations in local conditions.

iii) It shall be the responsibility of the Local Authority/ Planning Authority / Regional Planning Authority to provide for reservation of space for vending zones, vendors' markets etc. in master / development plans, zonal plans and local area plans.

iv) The Municipal Authorities shall implement the legislative and other initiatives as indicated in this Policy including provision of space and civic facilities for vendors' markets, assistance to Town Vending Committees etc.

v) As soon as this Policy comes into force, but not later than one year from the announcement, each Municipal Authority shall constitute a Town Vending Committee and the latter will prepare an action plan for the implementation of the National Policy on Street Vendors at the local level.

vi) It shall be the responsibility of the concerned Department of State Government/ Municipal Authority to initiate surveys to build up a robust data base and information system pertaining to street vendors in cities and towns and update the same regularly.
vii) The State Governments and Municipal Authorities shall support professional institutions and organisations to undertake surveys and projects aimed at improving the conditions of street vendors as well as planning and implementation of promotional measures for them in their respective areas.

viii) The Central Government shall assist such professional institutions and organizations which come forward to study the problems of street vendors and offer realistic solutions to address such problems.

8. Monitoring & Review
Monitoring of street vending activities, action plans and promotional measures for street vendors in accordance with this Policy will be carried on at the following levels:

a) Town Vending Committee:
As elaborated earlier, the TVC will be responsible for monitoring the implementation of this Policy at the city/town/ward/locality levels.

b) Chief Executive Officer/Commissioner of Municipal Authority:
The Chief Executive Officer/Commissioner of each Municipal Authority shall maintain a register containing ward-wise list of registered street vendors (stationary/mobile) exhibited in municipal web site. The Municipal Authority would continuously monitor the functioning and activities of the TVC and ward vending committees (wherever set up) and shall send an annual report on the same to the State Nodal Officer and Secretary of the concerned Department of the State Government containing the following details:

i) Number of vending zones/vendors markets earmarked / developed;
ii) Number of registered street vendors;
iii) Revenue collected;
iv) Expenditure incurred,
v) Promotional and other measures undertaken;
vi) Complaints registered and redressed; and

vii) Any other matter as prescribed by the State Nodal Officer / Concerned Department of State Government.

c) State/UT Nodal Officer:
The Secretary of the concerned Department or State/UT Nodal Officer designated shall send an annual report to the Ministry of Housing & Urban Poverty Alleviation in the Central Government containing relevant statistics on street vendors for cities/towns, number of vending zones earmarked/developed, number of registered street vendors, number provided with vending spaces, details of TVC and conditions of street vendors in the State.

9. Dispute Resolution
The TVC shall be primarily responsible for the redressal of grievances and resolution of any dispute arising amongst the street vendors or between the street vendors and third parties including municipal officials and the police in the implementation of this Policy. It shall closely work with planning, municipal, police and other authorities and vendors' associations and other organizations to ensure that the National Policy on Urban Street Vendors is implemented effectively at the local level.
Notes:

7. Sen. A.K., Choice of Techniques Employment Technology


