Chapter 1

Informal Sector and Street Vending: An Overview

1.1. Introduction

Street vending is an important economic activity and it is one of the most visible and vibrant segments of the urban informal economy. The proportion of this segment of the urban economy has grown significantly over the past few decades throughout the world. As in other developing countries, India’s informal workforce is overwhelmingly huge and comprises 92 per cent of its working population. A substantial portion of such employment opportunities is generated in the urban areas and a majority of this workforce is economically marginalised. Street vending, as one of the means of survival for the urban poor in India, has been flourishing over the years. It plays a significant role in the urban informal economy by providing employment and generating income for the urban poor. It has been estimated that around 30 per cent of Mumbai’s workforce buys at least one meal a day from vendors (Bhowmik 2001). Thus, it can be said that street vendors are in fact a solution to some of the problems of the poverty-stricken urban dwellers. According to the Government of India (GoI), there are around 10 million vendors in India (NCEUS 2006). As per the Mumbai Human Development Report (MHDR) 2009, the total employment in Mumbai is 5.3 million (HDR 2010). The total employment in the informal sector is 4.3 million (ibid). The self-employed workers engaged in Mumbai number about 2 million, which accounts for 37 per cent of the total employment (ibid); of whom around 250,000 are street vendors (NCEUS 2006). Thus, 12.5 per cent of the total self-employed population in the city are dependent for their livelihood on street vending.

Street Vending is carried out in several ways. Vendors sell different kinds of goods such as clothes and hosiery, leather products, moulded plastic products and different goods of household necessities. Most of these goods are manufactured in micro or small scale or home based industries which employ large number of workers (Bhowmik 2001). The manufacturers themselves could have hardly marketed their products on their own. In addition to non-agricultural products, street vendors also sell perishable items such as vegetables, fruits, cooked food. Hence, they provide the market for home-based manufacturing products and as well as agricultural products and support
micro or small-scale or home-based workers as well as agricultural producers. It can therefore be said that there are several sectors that are linked with street vendors in terms of products which they sell.

Besides the employment context, street vendors also support urban rich as well as urban poor. They prop up urban rich to provide daily requirements as available on their doorsteps (Tiwari 2000). On the other hand, lower income groups also benefit as they spend a higher portion of their income on purchases from street vendors because the goods are cheap and affordable. Urban youth also prefer to purchase clothes and other accessories from them because products sold by them are typically cheaper than those found in formal retail outlets (Bhowmik 2001).

1.2. Informal Sector

Over the years, many researchers have tried to define the ‘informal sector’, which has not been an easy task. For instance, the terms ‘informal sector’ and ‘unorganised sector’ are used interchangeably in the Indian context (NCEUS 2007). However, in this present study, we would use the term informal sector instead of unorganised sector. In its most recent debate, the term is used to imply the kind of employment without labour or social protection; both inside and outside informal enterprises. It includes both ‘self-employment in the small unregistered enterprises and wage employment in unprotected jobs’ (Chen 2007: 2). Therefore, it contains all economic units and workers who are not a part of the formal economic activities (ibid). The units typically operate on a small scale, at low level of organisation, with low or no distinction between labour and capital as factors of production (Mitra 2002). According to NSSO (2004-05), the contribution of informal sector to the net domestic product and its share in the total National Domestic Product (NDP) at current prices has been over 60 per cent (NCEUS 2007: 5). Thus, informal sector has a crucial role in our economy in terms of employment and its contribution to the NDP, savings and capital formation.

1.2.1. The Theoretical Debate

There are ongoing debates regarding the term ‘informal sector’. These are the dualist approach, the structuralist approach and the legalist paradigm. These will be discussed in detail.
(a) The Dualist view

Keith Hart (1973) introduced the term informal sector in academic literature in the context of developing countries while studying in Ghana in 1971. He noticed important features in the commodity and the labour markets in the city of Accra. He found that every day, many people from villages would gather at particular locations in the city to sell their wares, to find possible employers who would hire their services and pay wages, without any other accompanying benefits. These were unskilled and illiterate workers who were unable to obtain jobs in the formal sector. Hart claimed that the commodity market was immensely chaotic and unorganised, while citing the case of the vegetable and fruit markets where non-standardised goods were sold openly. These features were unusual for someone like Hart who was from England, a developed nation. The transactions in these markets were informal, and thus he termed this as the 'informal sector'. However, Hart’s concept of the informal sector was based on income opportunities rather than sectors, and he had simply defined informality based on ‘self-employment’. He further explained that price inflation, inadequate wages, and an increasing surplus labour compared to the requirements of the urban labour market had led to a high degree of informality in the income-generating activities of the workers.

The concept of ‘informal sector’ was officially used for the first time in ILO-UNDP documents with reference to Kenya Employment Mission in 1972. The team picked up on the aspect of regulation of informal traders. The mission used the term ‘informal sector’ rather than ‘traditional sector’ and recognised that the traditional or subsistence sector had not just persisted but had expanded to include profitable and efficient enterprises (ILO 1972).

Hart and the ILO explained that the persistence of informal activities was due to the lack of modern job opportunities to absorb surplus labour. This was in turn a result of slow rate of economic growth and a faster rate of population growth. They described the two sectors independent of each other and the informal sector would disappear or reduce considerably as the formal sector expanded. This approach is known as the dualist approach (ILO 1972, Hart 1973, Sethuraman 1976 and Tokman 1978).

(b) The Structuralist View

In the late 1970s, Moser (1978) had done research based on petty commodity production and had an interesting finding which was ‘the essentially dependency nature
of the informal sector’. Later, in the late 1980s, Castells and Portes also supported Moser’s view. This theoretical approach came to be known as the structuralist view. According to this view, the formal and informal sectors are interrelated, connected and interdependent in terms of labour. Workers have been pushed out from the formal sector— where they had once enjoyed job security— to the informal sector where there is no security. This is because firms try to reduce input and labour costs, to increase competitiveness and maximise profits (Moser 1978 and Castells and Portes 1989).

(c) The Legalist View

The legalist view, propounded by Peruvian economist Hernando de Soto (1989) argued that informality is a response to bureaucratic obstacles. The informal sector includes micro-entrepreneurs who prefer to operate informally in order to avoid high costs, time and effort involved in formal registration through state regulations (de Soto 1989). He argued that the elevation of small enterprises and informal economic activity had been advocated by development agencies as a strategy for generating economic growth in developing countries and providing income for the poor (ibid). He further suggested that as long as government rules and regulations remain complicated, micro-entrepreneurs will continue to produce informally.

(d) Recent Theoretical Strand

More recently, de Soto (2000) used the concept of ‘property rights’ to define informal sector in his study on *Dead Capital and Poor*. He used this concept in the legalist approach to define the term ‘informal sector’. He stated that the property rights in the informal sector in the developing countries cannot be documented and permanently recorded into the legal framework by traditional registration, surveying, mapping, and privatisation approaches (ibid). After including formal framework, property rights can support the whole range of transactions that make a ‘market economy work’ (ibid). He also described that formalisation would create the rights, obligations, and legal instruments that enable the owners to link the government and private entrepreneurs. Formal property rights afford economic agents in developed countries; definite proof of ownership and protection from uncertainty and fraud. After formalisation, the property rights of developed countries can then enter the marketplace (ibid). Their markets generate growth because widespread formal property rights permit massive, low-cost exchange.
On the other hand, de Soto mentioned that in the modern marketplace of developing countries, real estate is difficult to use and as explained through the case of Egypt. Without formal property, a market economy simply cannot exist because most assets are commercially and financially invisible. These properties are not accountable for the performance of obligations, not responsible for losses and fraud. Hence, de Soto introduced the term ‘dead capital’ to refer to informal and unrecorded assets. In order for these assets to become ‘active capital’, they must be formalised, traced and validated. The exchanges also can be governed by a legally recognisable set of rules and obligations (ibid).

Later, Maloney (2004) tried to define the informal sector through the ‘illegalist view’ of the informal sector. According to Maloney, informal entrepreneurs are deliberately formed to avoid regulations and taxation, to deal with illegal goods and services (ibid). Hence, the informal economy generates ‘black’ or ‘underground economy’ in order to avoid taxation, commercial regulations, and electricity or rental fees.

Many scholars (Geertz 1978, Smithies 1984, Feige 1997 and Schneider 1997) have defined informal economy as ‘bazaar economy’, ‘shadow economy’, ‘underground economy’, ‘hidden economy’, ‘parallel economy’, ‘second’ or ‘household economy’. Feige’s (1997) definition of informal economy as ‘underground economy’ includes occurrences of bribery, corruption, organised crime, financial scams, tax evasion, property theft, smuggling, money laundering, and extortion. Hence, underground economy is associated with instances in which laws are evaded, circumvented, and violated. In this context, Feige emphasised institutionalisation and the role of the state in which the transitional economies could address the consequences of noncompliant behaviour as manifested in different underground economies (ibid).

1.2.2. Broad Category of Workers in the Informal Sector

The Informal sector is heterogeneous in nature. As a result, workers in this sector can be grouped as under (Chen 2007: 2-3):

(a) Wage Workers

Persons employed against remuneration as informal workers, directly by employers or through agencies or contractor are called wage workers. Wage workers
include casual and temporary workers, migrant workers; domestic workers employed in households and also include regular workers in the informal sector.

(b) Self-employed Workers

Persons who run farm or non-farm enterprises or engaged in a profession or trade, either on own-account including unpaid family workers, individually or with partners or as home based workers.

(c) Unprotected Wage Workers in the Formal Sector

Workers are mainly in the categories of regular, casual and contract workers, though engaged in formal sector but come under informal sector because they are unprotected and are being employed informally in the formal sector.

1.2.3. Workforce engaged in the Informal Sector in India

In India, a large portion of the workforce is dependent on the informal sector for their livelihoods. According to NSSO 2004-05, the total employment in Indian economy is about 457 million. The informal sector workforce in India is estimated at about 422 million workers, representing nearly 92 per cent of the total workforce (NCEUS 2007: 4). Interestingly, the informal sector directly accounts for 395 million, comprising 86 per cent of the total informal workers while 6 per cent of this huge labour force though employed in the organised sector, come under unorganised sector because they are employed informally (ibid).

Of the 395 million informal sector workers, agricultural sector computed for 253 million and remaining 142 million are employed in the non-agricultural sector. The agricultural sector consists of entirely informal workers, those who are mainly self-employed, comprising 65 per cent and the casual workers (35 per cent). Around 63 per cent workers are mainly self-employed in non-agricultural informal sector and the rest of the labour force (37 per cent) in the non-agricultural informal sector (ibid).

Table 1.1 shows the number of persons employed in the formal and informal sector over the period 1999-2000 to 2004-05 as obtained by the NSSO in its 51st and 61st round surveys. The trend indicates a phenomenal rise in the informal employment categories whereas the number of persons employed in the formal sector has remained constant.
### Table 1.1
Comparison of Employment Category in NSSO 55th and 61st Rounds

<table>
<thead>
<tr>
<th>Sector</th>
<th>NSSO, 1999-00 (in Millions)</th>
<th>NSSO, 2004-05 (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Formal</td>
<td>Informal</td>
</tr>
<tr>
<td>Organised/Formal</td>
<td>33.6</td>
<td>20.5</td>
</tr>
<tr>
<td>Unorganised/Informal</td>
<td>1.4</td>
<td>341.3</td>
</tr>
<tr>
<td>Total</td>
<td>35.0</td>
<td>361.8</td>
</tr>
</tbody>
</table>

*Source: NCEUS 2007: 4 (Based on unit level data of NSSO, 1999-00 and NSSO, 2004-05, Employment and Unemployment Survey)*

### 1.2.4. Basic Characteristics of Informal Sector

The informal sector has three broad characteristics: legal and political aspects; social and gender aspects, and economic and employment aspects.

*(a) Legal and political framework*

Several researchers have talked of the informal sector as unregistered, unlicensed and as a consequence of the failure of legal framework and government regulations (de Soto 1989, 2000; Feige 1997 and Maloney 2004). Characteristics of the informal sector are based on laws and regulations that bind all formal institutions. The informal sector is associated with the failure of the institutions.

*(b) Social and Gender Aspects*

*(1) Social network*

Social network has a significant impact on the informal sector (Breman 1980). One of the main features of the informal sector is its ‘ease of entry’ (Hart 1973), which is largely dependent on social networks (Breman 1980). It has been observed that labour relations, where they exist, are based on casual employment, kinship or personal or social relations rather than contractual arrangements with formal guarantees (Harriss-White 2004 and Chen 2002). As far as developing countries are concerned, vast segments of the workforce are less educated and lack requisite capital. Therefore, it is easy for them to enter the informal economy. Social network is one of the most important means by which they enter and exist in this sector.

*(2) Sovereignty and flexibility*

Actors in the informal sector, especially in the developing or underdeveloped countries, prefer to operate with relative autonomy, flexibility and freedom compared to their formal counterparts. In other words, they have the freedom of operating their own
business. In addition, they have flexibility in determining their working hours or days of operation and have the power of decision-making without any formal rules and regulations (Chen 2002, 2007).

(3) Ease of Survival

The informal sector is the only sector which enables competition with other actors involved in the same activity without any formal training and education. Hence, it provides a fair chance to survive in this sector. Castells and Portes (1989) and ILO (1972) noted that ease of survival is one of the strong reasons for the existence and expansion of the informal sector as far as the developing countries are concerned.

(4) Gender Aspects

Women’s participation in the informal sector has been growing over the years and in most cases the working conditions of the women are far worse than those of men in the informal sector (Chen 2004, 2007). Women tend to get involved in different types of activities, associated with different levels of earning than that of men.

(c) Income and Employment Aspects

There were three categories within the informal sector in Hart’s analysis, based on income and employment opportunities. Primary activities such as farming, and so on were included in the informal sector. Secondary activities such as the work of building contractors, self-employed artisans, shoemakers, tailors, beer and spirits manufacturers etc. were called informal. The informal sector also comprised tertiary enterprises with relatively large capital inputs, such as housing, transport, and commodity speculation. In small scale distribution, Hart differentiated the market operatives such as; petty traders, street hawkers, food and drink caterers, bar attendants, commission agents, and dealers and called them informal activities.

1.3. Street Vending: An Emerging Segment of Urban Informal Economy

It is important to understand what one means by a ‘street vendor’ and where are they located in the informal sector? In the era of globalisation, the retail sector is the fastest emerging one in terms of providing employment opportunities; second only to agriculture in India. This sector contributes to about 10 per cent of India’s GDP (Gaiha and Thapa 2007). The retail sector has been broadly segmented into two parts; organised or formal
retail sector undertaken by registered, licensed retailers and traditional low cost retail undertaken by the unorganised or informal retailers. The latter are low-capital intensive (Guruswami et. al 2005). However, in recent times, global retail chains, such as Walmart, Tesco and Carefour too are planning to enter the Indian market due to market liberalisation. Domestic retail chains like Reliance Retail, Aditya Birla Group, S Kumar’s, Shoppers Stop, etc are contributing to the expansion of the organised retail sector.

Besides this sector, small scale retailers, largely a part of the unorganised retail market, such as the local ‘kirana shop’, grocery vendors, static and mobile vendors are also growing in the Indian labour market. However, in the urban Indian economy, the small scale retail sector plays a significant role by providing employment to the urban poor. Small retailing including street vending has been one of the easiest ways for the working poor to survive. It is also widespread in the urban informal sector in India because the retailers sell products at cheap costs. Before prioritising street vending in the urban informal sector, one needs to examine who they are and their importance in the urban informal sector.

1.3.1. Who are Street Vendors?

In the national policy on urban street vendors (NPUSV), street vendors are broadly defined as ‘self-employed workers in the urban informal sector who offer their labour for selling goods and services on the street without having any permanent built-up structure’ (NCEUS 2006: 11). Street vendors have been grouped into three categories in the policy. First, vendors are those who carry out their vending on a regular basis in a specific space. Second, vendors are those who carry out vending not on a regular basis and without a specific location, for example, vendors who sell goods in weekly bazaars. The third type of the vendors is those who are the mobile street vendors. Thus, the street vendors are stationary by way of occupying space on the pavements or other public places or may even be mobile in the sense that they move from one place to another carrying their wares on push carts or in cycles or baskets on their heads, or may sell their wares in moving buses, trains and etc (NCEUS 2006 and MoHUPA 2009).

Street vendors have been broadly classified into three categories (ibid). First, there are those who ply their trade on a regular basis in a specific space. Second, there are those vendors are those who do not engage in vending on a regular basis and do not have
a specific location, for example, those that sell goods in weekly bazaars. Thirdly, there are those that are mobile street vendors. Thus, street vendors may be stationary (those occupying space on the pavements or other public places) or may be mobile (those that move from one place to another carrying their wares on push carts or on bicycles or baskets on their heads, or sell their wares in a moving bus, etc (ibid)). In the present study, stationary vendors have been taken into consideration.

NCEUS (2007) has categorised workers in the unorganised sector/informal sector based on the level of income. Interestingly, NCEUS has found that around 75 per cent of the self-employed workers belong to the poor and vulnerable groups in the unorganised sector in India and only around 25 per cent belong to high income group (See Table 2). It has also categorised different types of workers within the self-employed workers based on income. Street vendors, according to NCEUS, belong to the low income self-employed group of workers (see Table 3). They are poor and vulnerable. There is a deep rooted and persistent relation between working in informal sector and being poor. However this relation is not a simple one and is determined by the employment status within the informal sector itself (Charmes 2000, Sethuraman 1998 and Chen 2002).

<table>
<thead>
<tr>
<th>Table 1.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage Distribution of Informal Workers across the Expenditure</td>
</tr>
<tr>
<td>Status</td>
</tr>
<tr>
<td>Poor and Vulnerable</td>
</tr>
<tr>
<td>Higher Income</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*Source: NCEUS 2007 (Based on NSSO 2004-05)*

<table>
<thead>
<tr>
<th>Table 1.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Types of Self-employed Workers by Income</td>
</tr>
<tr>
<td>Low income self-employed who are closer to or marginally above casual workers</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
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<tr>
<td>4</td>
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<td>5</td>
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<td>6</td>
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<td>7</td>
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<td>8</td>
</tr>
<tr>
<td>9</td>
</tr>
<tr>
<td>10</td>
</tr>
</tbody>
</table>

*Source: NCEUS (2007)*
1.3.2. Street Vendors and their Proportion to the Urban Population

In January-December 2011, a project—‘Financial Accessibility of Street Vendors: Cases of Exclusion and Inclusion’ was conducted jointly by TISS, UNDP and MoHUPA, GoI. It was an outcome of the findings from 15 Indian cities. It was found that the number of street vendors has been rising across all major urban agglomerations. It must be noted that estimating the number of street vendors is not easy because of the informal nature of their occupation. These numbers depend on time of day or the season of the year when they take to vending. Some vendors only sell in the morning or the afternoon, or evening, while some sell only on weekends; and others sell only during certain seasons. Data on the total number of street vendors has been drawn from various trade unions, associations and municipal corporations in each city. However this data is only an approximation as very few Indian cities in the country have accurate data on the actual number of the street vendors. Moreover the number of vendors is increasing rapidly which also makes enumeration difficult. One has calculated the proportion of the street vendors to the total population in each city (see Table 1.4). It may be noted that in cities like Jaipur, Kanpur, Lucknow and Ranchi, the percentage of the population working as street vendors has been increasing significantly along with urbanisation and city development.

<table>
<thead>
<tr>
<th>Name of the City</th>
<th>Population</th>
<th>Street Vendors</th>
<th>Proportion of Street Vendors (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad</td>
<td>5.4 million</td>
<td>100,000</td>
<td>1.85</td>
</tr>
<tr>
<td>Bengaluru</td>
<td>6.8 million</td>
<td>100,000</td>
<td>1.47</td>
</tr>
<tr>
<td>Bhopal</td>
<td>1.7 million</td>
<td>14,000</td>
<td>1.00</td>
</tr>
<tr>
<td>Bhubaneswar</td>
<td>6.5 million (Census 2001)</td>
<td>30,000</td>
<td>0.46</td>
</tr>
<tr>
<td>Delhi</td>
<td>15.9 million</td>
<td>300,000</td>
<td>1.89</td>
</tr>
<tr>
<td>Guwahati</td>
<td>8.19 million (Census 2001)</td>
<td>15,000</td>
<td>0.18</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>6.4 million</td>
<td>100,000</td>
<td>1.50</td>
</tr>
<tr>
<td>Jaipur</td>
<td>2.9 million</td>
<td>100,000</td>
<td>3.45</td>
</tr>
<tr>
<td>Kanpur</td>
<td>3.2 million</td>
<td>100,000</td>
<td>3.12</td>
</tr>
<tr>
<td>Kolkata</td>
<td>14.8 million</td>
<td>100,000</td>
<td>1.01</td>
</tr>
<tr>
<td>Lucknow</td>
<td>2.7 million</td>
<td>100,000</td>
<td>3.70</td>
</tr>
<tr>
<td>Mumbai</td>
<td>19.0 million</td>
<td>250,000</td>
<td>1.31</td>
</tr>
<tr>
<td>Patna</td>
<td>2.2 million</td>
<td>50,000</td>
<td>2.27</td>
</tr>
<tr>
<td>Ranchi</td>
<td>1.0 million</td>
<td>35,000</td>
<td>3.50</td>
</tr>
<tr>
<td>Vijaywada</td>
<td>1.1 million</td>
<td>7,729</td>
<td>0.71</td>
</tr>
</tbody>
</table>

1.4. Decent Work and its indicators

1.4.1. Meaning of ‘Decent Work’

The present study considers the concept of ‘decent work’ in the analytical framework of research. The concept of decent work was introduced by the International Labour Organisation (ILO) in 1999 in a report by its director-general to the 87th International Labour Conference. The main goal of decent work is to promote ‘opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity’ (ILO 1999: 3).

The four major pillars recommended by ILO (1999) to achieve the goal of decent work are the opportunities for employment and income, respect for rights at work, social protection and strong social dialogue. Taking together these four strategies into consideration, ILO has defined ‘decent work’ as productive work in which rights are protected, which generates an adequate income, with adequate social protection. It also means sufficient work, in the sense that all should have full access to income-earning opportunities. It marks the high road to economic and social development, a road in which employment, income and social protection can be achieved without compromising workers' rights and social standards. Tripartism and social dialogue are both objectives in their own right, guaranteeing participation and democratic process, and a means of achieving all the other strategic objectives of the ILO. The evolving global economy offers opportunities from which all can gain, but these have to be grounded in participatory social institutions if they are to confer legitimacy and sustainability on economic and social policies (ILO 1999: 12).

From the above definition of ‘decent work’, it can be deduced that firstly, there must be enough prospects for gainful employment of workers. The work must ensure adequate income. Secondly, workers must have the right to work and rights at work. Thirdly, workers must have social protection coverage which would be achieved without compromising workers’ rights and social standards. Fourthly, there must be scope for strong social dialogue through which workers can have a voice for collective bargaining.

Nations in the world are keen on devising new and innovative approaches to reduce poverty. It would be useful to see if decent work has the capacity of reducing poverty among the working population. The United Nations Millennium Assembly
(UNMA) has taken up the challenge of reducing by half the number of persons living in extreme poverty by 2015 from its 1990 level (Anker 2002). It is also widely accepted that economic growth is necessary but not a sufficient condition for sustained reduction in poverty. Enhanced labour productivity, an indicator of economic growth, is an indispensable instrument for fighting with poverty. It is argued that different combinations of economic, employment and social policies will lead to reduction in the rate of poverty. The proportion of population living in extreme poverty doesn’t easily reveal whether their impoverishment arises from insufficient employment or low rate of payment or the inability to work due to an uncompensated injury at work, discrimination or the lack of access to social protection, unavailability of basic pension, or one of the many aspects of labour markets which are observed the world over. Thus, theoretically it can be said that decent work could ensure poverty reduction to some extent by increasing work opportunities, rights at work, social protection and greater voice of the workers which would result in improvement of workers’ capabilities and their overall well-being (Sen 2000, Rodgers 2001 and Anker 2002). Nevertheless, the achievement of ‘decent work’ is indeed an ambitious aim and it is for all the workers; not only for the workers those in the formal sector, but also for unregulated wage workers, the self-employed, and the home based workers in the informal sector (ILO 1999).

1.4.2. Indicators

(a) Employment Opportunities and Income

Employment one of the important components of decent work comprises of opportunities of work, remuneration for work and conditions at workplace. Employment covers work of all kinds and has both quantitative and qualitative dimensions. Hence, decent work applies not just to workers in the formal economy but also to unregulated wage workers, the self-employed and home workers (Ghai 2003). Furthermore, ILO states that employment is associated with adequate opportunities for work and remuneration along with safety at the workplace and healthy working conditions. In more detail, this indicator also includes labour force participation rate, employment-to-working age population ratio, the unemployment rate, youth unemployment rate, share of wage employment in non-agricultural labour force, excessive working hours, time-related underemployment rate and job insecurity (ibid). Productive employment and decent living standards can improve social and economic development which also enhances the

(1) Conditions of Work

The range of elements covered by conditions of work may include night work, hours of work, weekly rest and paid leave; however, in the context of this discussion, coverage is limited to occupational safety and health. Studies by ILO indicate that every year about 250 million workers face accidents and 300,000 face death in the course of their work (ILO 1999). Over the years, the ILO has strived to improve occupational safety and healthcare.

(b) Rights at Work

The concern here is with forced labour, child labour under abusive conditions, discrimination at workplace and right to freedom of association (ILO 1999). Workers’ rights have been of central concern to the ILO since its inception, and the organisation has developed and adopted a series of international standards defining these rights and their violation, elaborating upon conditions and guidelines to protect and promote them. It defines forced labour and carefully gives up circumstances in which compulsory labour demanded of citizens or members of a community might be acceptable. Contemporary forced labour can take many forms, including bonded labour, serfdom and prison labour. However, the Abolition of Forced Labour Convention, 1957 (No. 105), forbids all forms of forced labour for certain purposes, including political intimidation, economic development and as means of racial, social or religious discrimination (Ghai 2003). Child labour has recently drawn attention on the part of governments, international agencies, civil society organisations and the media. The Minimum Age (Industry) Convention of the ILO (No. 5) adopted in 1919, defines the minimum age for work as 14 years and prohibits the use of child labour in all industrial enterprises (ibid).

(1) Discrimination at Work

The focus mainly here is on gender discrimination but in principle the same kind of indicators can be used in the case of discrimination on other bases. Four indicators have been used to measure gender discrimination. These are the labour force participation rate or employment-to-female working age population ratio; the unemployment rate; and differences in earnings and distribution of skilled jobs (ILO 1999 and Ghai 2003). These indicators show wide disparities between women and men. Disparities may arise due to a
number of reasons including discrimination, poor educational background, low skills and productivity (Anker 1998 and Ghai 2003). Hence they must be regarded as indirect and approximate indicators of discrimination at work. Employment-to-working population ratios show disparities in work opportunities by sex. ILO (1999) explained that unemployment rates for men and women are some of the other indicators of gender disparities in work opportunities.

(2) Freedom of Association

The ILO has recognised the rights of workers and employers to form their independent organisations in order to defend their interests by organising joint activities and participating in negotiations and discussions affecting these interests (ILO 2000). A number of indicators have been suggested to assess the achievement of the right to freedom of association by ILO (1999). One of these is in terms of the number or proportion of workers belonging to organisations concerning work-related matters. In developed countries, the most commonly used indicator is the proportion of the labour force or wage employees that are members of trade unions. In general, higher union density leads to stronger defence of workers’ interests in negotiations with employers and the government, and greater participation of workers in relation to their work (ILO 1999, ILO 2000 and Ghai 2003). It is observed that a large majority of the workers are employed in the primary sector namely in the agricultural sector, which includes the self-employed in agriculture and employees in the informal economy, domestic workers and unpaid family workers. The incomes of these groups of workers are lower and more insecure in most developing countries. Thus they have a greater need for organisations of their own for representation, negotiation and the promotion of joint activities. A large variety of organisations have sprung up to defend the interests of workers which have not as yet been organised as trade unions. Therefore, the membership based organisations or associations in most countries would be the more realistic indicator of freedom of association, especially in the developing and underdeveloped countries (ibid).

(c) Social Protection

Social security provides the subsistence needs and protection against contingencies, which is one of the most important aspects of decent work. The ILO’s Social Security (Minimum Standards) Convention, 1952 (No. 102), establishes nine classes of benefit, namely, medical care and benefits in respect of sickness,
unemployment, old age, employment injury, family, maternity, invalidity and survivors (Ghai 2003). However, in most developing countries, wage employees in the formal economy form only a small proportion of the total working population. The system of social security will fail to meet the urgent needs of the bulk of the people (ILO 1999 and Ghai 2003). Social security arrangements must be developed to meet basic needs of vulnerable groups and protect the working poor against risk. Two types of indicators are generally used to assess adequacy of social security: public expenditure on social security as a proportion of GDP, and adequacy of coverage of workers in respect of the contingencies outlined above (ibid). In sum, the indicators on social protection include proportion of workers covered against main contingencies and receiving benefits in respect of sickness, unemployment, old age, maternity, disability etc; adequacy of benefits received under these heads; public social security expenditure as proportion of GDP; public expenditure on need-based cash income support as proportion of GDP; and levels of deprivation in specific areas such as nutrition, health, education and poverty among vulnerable groups (ILO 1999, Bescond et al. 2003 and Ghai 2003).

Standing (2002) points out that sense of insecurity is acute and pervasive and is affecting all classes, all age groups both men and women. He further remarks that the main way to achieve decent work is to assure security to the workers so that they may be able to work productively and maintain a reasonable standard of living. He says that the social security component of decent work paradigm as outlined by the ILO (1999) regards, in addition to basic security, seven forms of ‘work-related security related to the labour market’. These seven forms precisely refer to security with regard to employment (as against arbitrary dismissal from work), labour market security (as productive employment and work opportunities), job, work and skill reproduction security (which refer to elimination of barriers to the acquiring of skills and access to widespread opportunities to gain skills, protection against accidents or illness which may lead to discontinuance of income), income security (through right to minimum wages), and lastly representation security (protection of collective voice in labour markets). In the context of street vendors, who are self –employed workers in the urban informal sector, the labour market and work security hold utmost relevance as also their representation security.
(d) Social Dialogue Dimension

Broadly, the indicators on social dialogue include freedom of association and collective bargaining; proportion of workers covered by collective bargaining agreements; participation in workplace decision-making; and participation by workers, employers and civil society organisations in national policy-making bodies (ILO 1999, Bescond et al. 2003 and Ghai 2003).

(1) Collective Bargaining

For most economic agents, social dialogue takes place in their immediate working environment among the workers themselves and between their representative associations and the representatives of the groups for which they work (ILO 1999). In most countries, of course, such dialogue takes the form of collective bargaining between the unions and the employers’ organisations. But terms and conditions of employment are also relevant in other employment relationships. An organisation of self-employed workers can appoint in negotiations with municipal authorities or their suppliers or other local bodies relating to the issues of premises, rents and prices (ibid).

(2) Participation at the National Level

This aspect of social dialogue is mainly concerned with the participation of trade unions, employers’ organisations, other associations of economic agents, and civil society bodies in formulation and implementation of social and economic policies bearing on work and livelihoods which can cover a huge number of issues. For instance, the issues are macroeconomic management, government expenditure and taxation, interest rates, foreign trade and exchange, minimum wages, employment policies, credit, training (ILO 1999).

1.5. Conclusion

The importance of decent working and living conditions of all workers throughout the world is understood from the fact that not only the ILO but also the Government of India has considered it as one of its utmost priorities in its Eleventh Plan (2007-12) document (Planning Commission 2008). The Constitution of India in its Article 39 (a) also emphasises adequate means of livelihood for all citizens (GoI 2008a). Street vending is one of the sustainable occupations in the urban informal sector and the number of street vendors is increasing. It is fast becoming the most visible segment in this sector. As it is
understood, provision of employment also needs to be sustained. In short, it must promote the dignity of the individual. It is in this context that decent work assumes such great importance among workers. Decent work is the basic right of each worker since it promotes dignity of each worker.

The main features of informal sector in developed as well as in the developing countries including India, are ease of entry, small scale of the activity, self-employment with a high proportion engagement of family members as, low capital and equipment, labour-intensive operation especially in developing and underdeveloped countries, low skills, low rates of participation in organisational activities for giving a voice to the workers in this sector, no access to organised or structured markets, no access to formal credit, no/very low levels of formal education and training or services. In addition, they often go unregistered; they do not pay relevant taxes which are mainly because of the inability of governments to enforce adequate regulations. Furthermore, many countries have considered this sector as a means to cope with population growth, rural-urban migration, economic crises, poverty and indebtedness. These characteristics are seen in India too. Moreover, many formal wage-earners in developing countries including India are found to be engaged in informal businesses.

Ample research work attempting to analyse and define informal sector has been undertaken by many scholars. In spite of that, the real phenomena surrounding this sector are obscure. An understanding of the theoretical background assumes even greater importance in the present scenario where several nations are trying to combat the perils of economic downturn. The financial crisis and massive job losses in the formal sector have made the informal sector even more important as they provide an avenue for productive employment. In this study, an attempt has been made to provide a strong theoretical background to the concepts involved and the problems lying therein.

As noted from the available literature on street vendors, there is no reliable source and appropriate calculation or statistic on this segment of workers. Until the numbers of street vendors and their contributions to the economy are regularly quantified at a national and local level, it is unlikely that negative perceptions surrounding street traders will change. Despite the growing importance of the street vendors in the urban economy, the issues pertaining to their economic activities, working conditions, their relationship with the civic authorities, policies and regulations relating to their operations are not well
researched and documented. Therefore, this study has three main purposes. First, it is an attempt to understand the nature of urban street vending. Second, it tries to theoretically conceptualise street vending activity with the help of empirical evidences within the analytical framework of ‘decent work’. Third, and most importantly, it tries to conceptualise the decent work approach and extend its applicability to include the self-employed street vendors.

**Chapterisation**

The study consists of eight chapters. The organisation of the chapters is based on the basic outline of the study ‘the decent work agenda’. The first chapter introduces the core topic of this study. The concept of informal sector and the theoretical debates surrounding it have been discussed here. In addition, the types of informal occupations, the present magnitude of informal workers and the characteristics of the informal sector have been broadly discussed. The central focus of the discussion of the study is on street vendors, introduced thereafter. The concept of decent work and its indicators has significant implications for workers all over the world, and its applicability for street vendors has been brought into discussion in this chapter.

The theoretical debate surrounding the informal sector is the focus of the second chapter. Street vending across the world economy has been reviewed through the available literature, which gives evidences of the miserable and vulnerable conditions of street vendors in major cities across the world. The review includes studies conducted in Latin America, Africa and Asia; with a special focus on India, gives an idea of their present situation. The conditions of street vendors in India and the initiatives taken up to improve their conditions as per the guidelines given by the National Policy in Urban Street Vendors (NPUSV) have been briefly discussed in this chapter. The statement of the problem and the rationale for the study too have been briefly discussed based on the existing research gaps.

The third chapter starts off with objectives of the study. Based on the objectives, the research questions have been outlined. The chapter then moves on to discuss the methodology used for data collection and analysis.

The findings of the study and discussion have been presented from the fourth chapter. Fourth chapter begins with a prelude of the socio-demographic profiles, followed
by their household attributes, their income and employment conditions. Several features of the vendors’ current work and life situation such as individual and household income, the types of products sold, sources of products and so forth, have been examined in detail. The study is concerned with the street vendors who are self-employed and therefore credit plays an important role in their trade. In practice, vendors pursue their occupation through ‘social network’ and this aspect has an impact on their business. These two salient features have been examined in detail in the chapter.

Chapter 5 deals with the ‘rights at work’, the second major decent work agenda; which includes a major component on working conditions. The present working conditions of the street vendors have been discussed in this chapter. It talks of the issues relating to the public space utilisation, street vendors’ safety and security conditions at the workplace and also the extended working hours due to ever increasing competition. The cases have been highlighted to illustrate how they ply their trade amidst insecure conditions.

Social security plays an important role in a worker’s life, and rightly, it has been considered as one of the pillars of decent work. Chapter 6 discusses the social security conditions among the vendors. Their present access to protective and promotional social security measures have also been presented to capture the situation.

Chapter 7 discusses the collective bargaining situation among street vendors and the role that unions play in aiding vendors to access credit for business and social security, in addition to promoting vendors’ rights at work.

Chapter 8 discusses the issues emerging from the earlier chapters and ties up the debate bringing us to the conclusion of the study. Major findings of this study on street vendors in Mumbai city have been presented sequentially, and they have been converged in the coherent framework of decent work.