

Unorganized sector: Street vendors, Needs and challenges in context of globalization: A Study of Street vendors of urban and semi urban region in Lucknow

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Abstract

Unorganized sector occupies a vital place in employment and income generating activities for various unskilled or low skilled working populations of developing countries. As per estimate by (NSSO) about 93 per cent working population is engaged in unorganized sector of India. Street vendors are integral component of unorganized/informal sector of India. They are major source of various low cost articles to poor population or other section of society at leading cities of country. With entry of number of organized retailing industries and other changing economic parameters triggered by process of globalization, they face various challenges and constraints. In this paper attempt has been made to explore their requirements and challenges in respect to changing socio-economic parameters.

Keywords: Unorganized Sector, Street Vendors, Socio-economic condition, Globalization.

Introduction

In recent years, particularly during globalization period, unorganized sector in developing countries has witnessed a massive growth in size, pattern, and generation of livelihood space, especially for urban poor which has diverted the attention of various scholars, researchers and policy makers of different domains. In India wave of globalization swept across the country in decade of nineties in terms of structured economic reforms which have triggered vast radical changes in production pattern of country. At first hand perception, main driver of expansion of unorganized or informal sector in developing countries is attributed to growing unemployment magnitude of formal sector at expanse of technological substitution drive. It is generally held notion that in recent years, structural changes in formal setups accompanied by skilled workforce demand has effectively led inflow of retrenched, laid off and low skilled working participants into shadow or unorganized component of economy for income earning affairs where they are more apparent to have settled in diversified business operations characterized by absence of any regulation and poor quality of life and working conditions (ILO, 2004) [3].

According to (Suharto, 2003) [6], developing countries have been gradually overcrowded with polarization of such informal entities due to low concern of govt towards swelling these enterprises. In a formal and informal matrix, street vendors serve vital production and distributive linkages towards labour intensive and home based indigenous entrepreneurs. According to (Bhomik, 2003) [2] despite being an important chain between multitude of labour intensive production units, they are often viewed as utter nuisance in bustling urban conglomerations. It is precisely evident that post globalization period marked with substantial decline in social responsibility liabilities of public authority under wave of privatization and cost cutting drive has led high volatility in formal sector then correspondingly adverse consequences in vending business (Bhomik, 2005) [1]. Street vending reflected

with divergent business natures is a vital segment of urban informal part of economy where vendors are vividly visible to deal in variety of low priced essential articles.

Statement of problem

Street vendors hailing from urban and semi urban peripheral are increasingly subjected to various new dimensions of challenges, business constraints and ever changing needs in shifting market paradigm. Being major urban livelihood source for especially for poor and vulnerable sections of society, it is growing at faster pace in tandem with growth trajectory of urban nodes. The growing organized retail industries and spree of physical infrastructural development projects have posed a certain degree of threats to them in form of cut throat competition, glut of low cost substitutes and pressures on efficiency up gradation. Here the main research objective is to assess market generated challenges and needs for street vendors operating in urban and semi urban peripheral of Lucknow region.

Data Source and Methodology

The specific objectives of this study are to empirically explore needs and challenges in general and related to vending in urban and semi urban region of Lucknow. Information on given objectives was collected from 50 sample respondents from urban region and 50 from semi urban region in Lucknow after multi stage stratified sampling method. A purposive sampling was done to collect relevant data on vending challenges and needs of vendors using structured questionnaire. Recorded responses were analyzed with help of SPSS statistical package.

Objectives

- To explore various challenges of street vendors in general and vending specifics.
- To study needs of street vendors.

Hypothesis

- H0:- There is no significant difference in vending challenges /requirements of street vendors from urban and semi urban region.
- H1:- There is significant difference in vending challenges/requirements

Result and Discussions

Table 1: Challenges of street vendors - Kruskal Wallis Test

Challenges	Kruskalwallis	Significance level
Problem in getting cheap credit	38.669	significant
Long working hours	17.281***	insignificant
Decline in sale	6.883	significant
competition from organized retail stores	47.114	significant
Regular eviction	32.597	significant
Harassment by police, local goons and authority	29.116	significant
Theft and damages of wares	36.773***	insignificant

Source: based on primary data, ***statistically insignificant at 5 per cent.

Street vendors face number of challenges related to vending and other problems such as not availability of cheap credit facilities from banks and institutional sources , though competition from other new entrants , regular eviction theft and damages of their wares in lack of storage place of displaying them in open and frequent hostile behavior by public and other authority. Kruskalwallis test conducted to find any significant differences in challenges of vendors operating at urban and sub urban markets were found significant in most of challenges.

Table 2: Requirements of street vendors-Kruskalwallis test

Requirements	Kruskalwallis	Significance level
Credit requirement for business	49.142	significant
Fixed place for vendors	23.665	significant
Provision for electricity	58.129	significant
Maintenance of hygiene	19.116***	insignificant
Easy procedure for getting license/permit	45.228	significant
Provision for training	10.149	significant
Housing need	31.442	significant
Children education	27.541	significant
Social security benefits	49.667***	insignificant

Source: Based on primary data, ***statistically insignificant at 5 per cent.

Responses on vending requirements and general requirements were asked from vendors at urban and semi urban market locations using likert five pointscale then kruskal wallis test was applied to find significant difference in vending requirements based on raking assigned by vendors on basis of priorities. Barring maintenance of hygiene and social security benefits other requirements were found significantly different between urban and semi urban vendors.

Conclusion

Street vendors are integral part of informal economy. They act an important chain between suppliers of various daily use

articles and end users in local markets or door to door at the convenience of number of poor or other section of population. Since they are not immunized by any legal regulation, they are subjected to various risks and threats in their day to day business environment. This paper has cast light on their various vending requirements and challenges, specific to vending and general. It was observed that credit requirement and fixed place for vending got priority above other requirements such as housing and education for their children.

Suggestions

Since street vendors face various procedural difficulties in getting credit from local and indigenous bankers at very high interest rates which consume high share of their earnings in paying debt. The commercial banks and other micro finance credit institutions should ease their norms to extend credits facilities to vendors. Vendors reported to frequent eviction from local authority in name of infrastructural development projects which causes an adverse impact on their sustainable earnings, there by their living status. A fixed place can be provided them at vending zone at nominal charge which would a step to ensure right to work.

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