

## Informal sector in urban economy: A case study of hawkers and street vendors

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### Abstract

Liberalization of economy has indeed opened up the opportunities for the whole world in various segments of the corporate sector. They provide valuable service to the society. The Informal Sector is an important sector for the development of Indian Economy. Rapid urbanization has been an integral part of the developing economies during past couple of decades. This process has motivated the rural people to come to the cities in search of employment. This rural-urban migration has made phenomenal increase in urban population and urban workforce as well. In most Indian cities, the urban poor survive by working in the Informal Sectors. The main thrust of the study is to examine the demographic and socio-economic profile of street vendors and hawkers in the college square area of Cuttack City. This study is mainly based on primary survey. A sample of 100 street vendor and hawkers has been collected with the help of a structured questionnaire and data has been collected by personal interview.

**Keywords:** formal sector, informal sector, urban economy

### Introduction

Rapid urbanization has been an integral part of the developing economies during past couple of decades. This process has motivated the rural people to come to the cities in search of employment. This rural-urban migration has made phenomenal increase in urban population and urban workforce as well. The trend and patterns of urbanization play an important role in the development of Urban Informal Sector. Migration is an inevitable process associated with informal sector. Poverty and lack of employment in the rural areas and in smaller towns drive a large number of people to cities in search of work and livelihood. The permanent and protected jobs in the organized sector are shrinking day by day. Due to low skill and lack of educational qualification these migrants were compelled to be engaged in some economic activities, which is known as 'Informal Sector' of economy.

The term 'informal sector' has been used in a report on the employment survey in Kenya undertaken by the International Labour Organization (ILO) in 1972. The British Anthropologist, 'Keith Hart' who coined the term 'informal sector' for the first time in his article, "Informal Income Opportunities and Urban Employment in Ghana" in 1973.

Informal Sector workers lack social security, economic support and legal protection. Labour legislation and practice, widely provide laws for the interests of all workers, they however have some limitations with regard to informal sector workers. Labour legislation does not provide written contracts like worker's compensation, worker inspection, annual and maternity leave for the workers of informal sector. (Adu-Amankwah, 1997) <sup>[1]</sup>.

The urban population in India was 7.9 crores in 1961 and increased to 37.7 crores in 2011 in a half century (Census of India, 2011). By 2030 it is likely to reach about 60 crores (Ahluwalia 2011). The share of in-migrants (all durations of

residence) in the population of urban areas has increased from 31.6 per cent in 1983 to 33 per cent in 1999–2000 to 35 per cent in 2007–2008, for which the latest data are available in National Sample Survey Office (NSSO 2010 a). Among which the male migration rate in urban areas has remained constant (between 26 and 27 per cent), but employment-related reasons of migration for males increased from 42 per cent in 1993 to 52 percent in 1999–2000 to 56 per cent in 2007–2008 (NSSO 2010a). This shows the increasing importance of employment related migration to urban areas.

Right from early seventies a lot of research has been undertaken in the field of Informal Sector. In recent years a number of studies (see for example Week, 1975; Dutta and Chaudhury, 1989; Swaminathan, 1991; Kundu, 1993; Mitra, 2006 and Bairagya 2011) <sup>[19, 18, 10, 2]</sup> have attempted to investigate the evolution and characteristic of Informal Sector over a long period of time at national and international level. Researchers (e.g. House, 1984; Romatet, 1983; Banerjee, 1983 and Mitra, 2004) <sup>[9, 17, 3, 14]</sup> have also shown concerns with the socio-economic and demographic condition of the workers engaged in Informal Sector. A number of studies have examined women's participation in the Informal Sector (e.g. Manohar, 1983; Banerjee, 1991; Rao, 1998; and Garg, 2012) <sup>[4, 16, 6]</sup>. There is a large volume of literature on rural-urban migration (Harris and Todaro, 1970 and Pandey, 1998) <sup>[7, 15]</sup> on migrants engaged in urban areas. They suggested that migrants arriving in the city initially find work in the informal sector, then moving on to better paid works in the formal sector in due course of time. Now the debate arises that whether informal sector workers are really living in poor condition or belongs to low income groups for all the areas, for which the present study become essential.

In the light of above discussion, the present study is an attempt to study the socio-economic and demographic condition of the

people engaged in Informal Sector of economy in Cuttack City. A sample of 100 workers (Hawkers and Street vendors) has been taken from College Square Area of Cuttack.

**Objectives**

The major thrust of the present study is to understand, the demographic and socio-economic conditions of Hawkerc and Street Vendors in the College Square area of Cuttack City. The study has following objectives:

- To study the demographic and social condition of the Hawkerc and Street Vendors in College Square, Cuttack, 2014.
- To examines the economic condition of Hawkerc and Street Vendors in College Square, Cuttack, 2014.
- To identify the problems of Hawkerc and Street Vendor in College Square, Cuttack in terms of employment, income and living conditions.

**Database and Methodology**

This study is mainly based on primary survey. The socio-demographic and economic profile of 100 samples of Hawkerc

and Streets Vendors of College Square, Cuttack are being collected. Primary survey has been emphasized due to lack of published and reliable data on Informal Sector. For the purposes of the present study College Square, Near Ravenshaw University was chosen in Cuttack in terms of accessibility of the surveyor, volume of street vendors and commercial areas. Random sampling has been performed for the collection of data. A questionnaire was used based on the objectives of the study. Personal interviews with 100 individual hawkerc and street vendors were conducted. The analysis has been made on the basis of percentages, maps, bars, charts and diagrams.

**Study Area**

Cuttack is the former capital of Odisha which is located at 20.5°N 85.83°E and has an average elevation of 36 meters (118 ft). Located at the apex of the Mahanadi delta, the city is surrounded by the river Mahanadi and its tributaries from almost all the sides. The city is spread across an area of 398 km<sup>2</sup> (154 sq mi) and is situated at the beginning of the Mahanadi river delta.



**Results and Discussion**

There is a close association between Urbanization and Informal Sector of Economy. With increasing Urbanization, the growth in Urban Poor and Informal Sector of economy are growing as well. Therefore, it is rightly said that Urbanization is directly related with Urban Poor.

These 100 workers or interviewer constitutes 722 populations out of which male population constitutes 51 percent (368) and female population constitutes 49 percent (354). The Sex-Ratio in the study is 962 which are more than the National Average. The Child Sex Ratio is 1100. Sex Ratio is found to be more by which we can say that the people engaged in the Informal Sector do not distinguished between genders.

Migration is one of the most important components of demographic aspects. Migration means, the movement of a person from one place to another. Migrants can be mainly classified into two type, seasonal migrant and permanent migrant.

**Table 1:** Percentage Share of Migrants to the Total Population, Sex-Wise

Migration	Migrant Population		
	Total	Male	Female
Total	100	51	49
Seasonal	21	11	10
Permanent	79	40	39

Source: Primary Survey

The above table depicts that the percentage share of seasonal and permanent migrants, sex-wise. The table shows that percentage of male migration is more than the female. It is revealed that the percentage share of permanent migrants 79 percent is more than the seasonal migrants which is 21 percents only. It is also observed that the percentage of male migrants in higher than the female migrants both in case of seasonal as well as permanent migrants. It is because the workers engaged in Informal Sector are those who have

migrated without family. They use to leave those family members at their home town and come to this place to sell the items as per requirement. Therefore the male percentage of migrants is 51 percent; while in the case of women is 49 percents. Male percentage of both the Seasonal and Permanent Migrant is 11 and 40 percent is high than the women Seasonal and Permanent Migrant which is 10 and 39 percent respectively.

**Table 2:** Percentage Share of Migrants, State-Wise.

State	Migrant		
	Total	Male	Female
West Bengal	4.7	3.1	1.6
Uttar Pradesh	30.4	16.1	14.3
Bihar	23.2	10.3	12.9
Odisha	41.7	22.1	19.6
Total	100	51.6	48.4

Source: Primary Survey

In the study area the migration forms to be more from the States of Odisha Bihar, U.P. and West Bengal, Odisha shares highest share of migrants i.e. 41.7 percent of people, where as 23.2 percent of people belongs to Bihar, 30.4 percent of people belongs to U.P. and 4.7 percent of people migrates from West Bengal. Migration can be classified into two main categories are Inter-State Migration and Intra-State Migration. Intra-State Migration means the migration of population remains within the political boundary of a particular state and Inter-State Migration means the migration of people from one state to another state. Out of total migration percentage share of Inter-State migration is 59.4 percent while the rest of the 41.6 percent is Intra-State migration. The study depicts that the people from the neighboring states like West Bengal, Uttar Pradesh and Bihar have been migrated to Cuttack City. While the percentage share of migrant from West Bengal is very less compares to other three States may be because of the presence of Kolkata Metropolitan Region in West Bengal. The migrants from West Bengal are mainly attracted to Kolkata rather than Cuttack.

**Table 3:** Percentage Share of Migrants, Districts-Wise.

Districts	Migrants		
	Total	Male	Female
Ganjam	24.2	10.5	13.7
Nayagarh	19.5	11.9	7.6
Jagatsingpur	9.6	4.8	4.8
Bhadrak	2.4	1.0	1.4
Jajpur	16.7	9.6	7.1
Kendrapada	22.0	11	11.0
Khorda	5.6	4.2	1.4
Total	100.0	53.0	47.0

Source: Primary Survey

If we look at the over-all picture of migration in the study area. The study area experience migration from different districts of Odisha like Ganjam, Nayagarh, Jagatsingpur, Kendrapada, Jajpur, Bhadrak and Khorda. 24.2 percent of peoples are from Ganjam, 19.5 percent peoples are from Nayagarh, 9.6 percent of peoples are from Jagatsingpur, 16.7 percent of peoples belong to Jajpur, 2.4 percent of peoples are from Bhadrak and 22 percent of migrants are from

Kendrapada, 5.6 percent of peoples are from Khorda. Ganjam shares the highest number of percentage followed by Kendrapada, Nayagarh, Jajpur, Jagatsingpur, Khorda and Bhadrak. It has been observed in the study that the people from the neighboring districts have migrated more than the others districts of Odisha.

**Table 4:** Age Sex Structure of the Family Members

Age Sex Structure	Population (in %)		
	Total	Males	Females
0-4	7	3	4
5-9	8	3	5
10-14	9	4	5
15-19	7	4	3
20-24	9	5	4
25-29	8	5	3
30-34	11	6	5
35-39	8	4	4
40-44	9	4	5
45-49	6	3	3
50-54	7	4	3
55-59	4	2	2
60 & Abv	7	4	3
Total	100	51	49

Source: Primary Survey

Age-Sex Structure is one of the most important characteristics of population composition. Almost all population characteristics vary significantly with age. Age statistics from an important component of population analysis as most of analysis is based on age-sex structure of the population. The usefulness of age data is more noticeable when it is cross classified by variable like marital status, literacy educational attainment, eco-activity which varies with age group in different pattern. Apart from purely demographic concerns, the age-sex data structure is required for age-sex data structure is required for age-specific analysis of data for planning, scientific, technical and commercial purpose. The dependency ratio, which is the ratio, which is the ratio economically inactive persons, is dependent age composition.

The Indian Census classifies population into 5-yearly age-groups for males and females separately. Thus the groupings are 0-4 years, 5-9, 10-14 and so on up to 60 years and above. However, on the basis of critical stages in the life of a human being, population may be classified into the following age-groups: 0-14, 15-29, 30-39, 40-49, 50-59 and above 60. The working age-group extends from 15-59 years. Similarly, reproductive age-groups in the case of females generally extend from 15 to 49 years. From the above table of Age-Sex Structure it have been noticed that the concentration of males and female is more or less similar. Therefore we can say that dependency ratio is moderate, neither too high nor too low. There had been an exception in the age group of 0 to 14 and 40 to 44 where we can find out that the sex-ratio is more where as in other age group the sex-ratio is less. Over-all we can say that the dependency ratio in informal ratio is less. The present study reveals that the street vendors and hawkers that the percentage of males hawkers and vendors are more whereas the women vendors is negligible. The study demonstrates that all the 100 Samples of Informal Sectors are male workers in College Square, Cuttack.

**Table 5:** Percentage Share of Households, Religion-Wise

Religion	Total	Males	Female
Hindus	82.2	42.4	39.8
Muslims	5.6	3.3	2.3
Sikhs	12.2	5.2	7.0
Total	100	50.9	49.1

Sources: Primary Survey

Above table shows that Hindu religion constitutes the highest number of Households with 82.2 percent of population, followed by Sikhs and Muslims which are 12.2 and 5.6 percent respectively.

**Table 6:** Percentage Share of Households, Caste-Wise

Caste	Total	Males	Female
General	19.6	11	8.6
SC	44	20.4	23.6
OBC	36.4	19.3	17.1
Total	100	50.7	49.3

Sources: Primary Survey

The Constitution of India has recognized 3 broad communities among minority group in India. They are Scheduled Castes (SC's), Scheduled Tribes (ST's) and Other Backward Classes (OBC's). As per the collected data, General Category constitutes 19.6 percent, Scheduled Caste constitutes 44 percent and remaining 36.4 percent are OBC. The percentage share of Scheduled Caste is more.

**Table 7:** Educational Level of the Family Members in Percentage, Sex Wise

Levels of Education	Total	Male	Female
Illiterate	32.5	14.9	17.6
Less than Class 5	10.9	4.6	6.3
Class 5 to Class 7	19.5	10.3	9.1
Class 8 to Class 10	28.5	17.3	10.6
Above Class 10	8.6	4.6	3.9
Total	100	52.3	47.2

Source: Primary Survey

The literacy rate is the number of literate persons for each hundred people and is expressed in percentages. Since the literacy rate is more meaningful if the sub-population in the age group 0-6 is excluded from the total population, it was decided in 1991 to use the term literacy rate for the population relating to seven years and above. The same concept has been continued in 2001 and 2011 Census. The Crude-Literacy Rate is 56.5 percent, whereas the Literacy Rate is 63.9 percent of the study area.

The education among street vendors is generally low. Out of total, around 32.5 percent of vendors are illiterate, 10.9 percent of the vendors have only primary level of education, 19.5 percent of population has upper primary level of education, 28.5 percent of population studied up to matric and only 8.6 percent of population has studied up to high secondary level and above. At the time of survey it is observed that the people who are directly engaged in Informal Sector are illiterate or have studied only up to primary level. But they are supporting their family members or their next generation to study well and flourish in their career.

Work Force Participation Rate (WFPR) refers to the ratio between the total numbers of workers to total population is

expressed in percentages. Higher workforce participants can reduce the fiscal pressures associated with providing welfare support. The working conditions of the Informal Sectors are tough. Odisha has high proportion of workers engaged in unorganized sector. Total population in the study area is 722, out of which only 204 are working population. Work Force Participation Rate (WFPR) of the 100 samples in the study area is 28.2 percent. Street Vendor is mainly of male occupants in the study area. No female worker in the Informal Sector is found in the study area. The total male population found to be 368 out of which 204 are working populations and which constitutes to 55.4 percent of male workers to the total population.

The Dependency Ratio is a ratio between the population under 15 years of age and population 60 years of age and above to the population aged between 15 to 59 years of age expressed in percentage. The (Total) Dependency Ratio can be decomposed into the Child Dependency Ratio and the Old Age Dependency Ratio. The Dependency Ratio in the study area is 51.6 percent. Analysis clearly reveals that dependency ratio of the study area is found to be moderate, neither too high nor too low.

The Informal Sector are seen in our daily life including garbage collectors, waste recycles, vendor of vegetables, fruits, etc. In the study area variety of business found are like Gup-Chup, Dahi-Vada, Chat, Fruits, Ice-Cream, Cloth Vendors, Tea Stall, Lock and Keys, etc. The finding reveals that 22 percent of the vendors are engaged as Gup-Chup seller, followed by Dahi-Vada which has 16 percent of total vendor. 09 percent of vendors are engaged in selling the Chat and fruit vendor. Cloth-vendor, Ice-Cream vendor, Lock and Key vendor and Tea Stall vendor occupies 07, 06, 06 and 04 percent respectively. Rest of 21 percent of hawkers and vendors are engaged as coconut water vendor, chuski vendor, sugar-cane juice vendor, etc.

The next important economic aspect is the amount of average working hours of a vendor. The highest duration of working hours is the tea stall vendor which is 15 hours. Secondly it is followed by lock and key vendors who engaged for 13 hours of work. Thirdly fruit vendors works for 11 hours. It is followed by Gup-Chup vendors, ice-cream vendors and Cloth Vendor who engaged for 10 hours of work. Lastly Dahi-Vada and Chat Vendor works for 07 hours.

**Table 8:** Income Status of the Respondents in Percentage

8Class Interval of Monthly Income (in Rs.)	No. of Respondents	
	Monthly Individual Income	Monthly Family Income
1,000-3,999	10	13
4,000-7,999	38	26
8,000-11,999	26	24
12,000 & Above	26	37
Total	100	100

Source: Primary Survey

The above table presents the individual and family income of workers engaged in Informal Sector. 10 percent of workers come under the individual income range of rupees 1,000-3,999 whereas 38 workers are categorized under income range of rupees 4,000 to 7,999. On the other hand 26 workers come under rupees 8,000 to 11,999 and 16 workers come under the range of rupees 12,000 and 26 workers come under the range

of 12,000 and above. Finding shows that majority of individual income of the workers in the study area is mostly earning between the ranges of rupees 4,000 to 7,999 of individual income.

### Conclusion

From the above discussion we can conclude that street trader is increasing in number in the study area. A large portion of the retail trade in India despite the development of shopping malls and giant retails outlets set up by corporate houses. This is because they are extremely clever in sensing market demand through their direct and personalized relationship with customers. They make up for their lack of big capital with long hours of work, innovation ways of displaying and stocking their goods, and the use of family labour to provide back-up support. They don't need to use big budgets for advertising their goods because they manage to position them self where, there is a natural flow of customers for their goods and services. They can be extremely flexible in their pricing and profit margins. For example, the moment it rains, food and vegetables vendor often instantly low their prices to ensure a quick turn-over.

Other than Demographic, Social and Economic Aspect, there is many other miscellaneous aspect of Informal Sector. The people of Informal Sector in College Square, Cuttack are mainly located on the Government Land. Every day they pay five rupees to the fund of Durga Mandir Committee, College Square, Cuttack. They use the water from municipality tap and they use battery for their electricity consumption. Most of them don't have any other sources of income.

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