

## Strengthening Urban India's Informal Economy: The Case of Street Vending

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**ABSTRACT** Street vending was illegal in urban India for almost six decades until the passage of the Street Vendors Act in 2014. Despite the law having legalised the activity, however, the default policy in most cities across India is to clamp down on street hawkers. Yet street vending remains a viable source of employment for many. As the pace of urbanisation increases across India, it is only likely that a greater number of street traders will contest for space. This brief examines the spatial and legislative dimensions of street vending. It recommends that street vending be made into a planned activity, purposefully written into a city's urban plans.

### INTRODUCTION

The 1961 Bollywood movie *Tel Malish Boot Polish*,<sup>1</sup> in a classic song “Ek Ana Boot Polish, Do Ana Tel Malish,” summed up the hardships faced by the street vendor in trying to eke out a living. In the song, the vendor charged an '*ana*'<sup>2</sup> for polishing shoes and two for a hair massage at his footpath shop in Mumbai. He was proud that he neither stole nor begged but worked hard to earn a living. Yet, the world would not allow him to live in peace.

Millions of street vendors in a fast-urbanising India continue to face this struggle,

which seems to have only intensified in the recent decades. In Mumbai, for example, under pressure from residents in the locality of Bandra, the authorities decided to clear the Hill Road of street vendors<sup>3</sup> in March this year. Around 45 licensed stall owners operating from the road will be relocated to the Pali municipal market; another 200 will be put out of business.<sup>4</sup>

Despite street vending being one of the oldest forms of retail in the country, the urban laws of independent India still neglect the activity and its practitioners. City

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administrators continue to regard hawking as illegal. There are sections of the public who feel that hawkers encroach on spaces meant for civic use, and others simply consider them as eyesores. Even those who may be buying goods from vendors, would like for them to be more obscure.

Clearing streets, footpaths and transport terminals of vendors and hawkers, and confiscating their goods, is a daily municipal activity. For their part, the street vendors continue to claim their space in the cities to earn their living. In a cat-and-mouse game, local officials ignore hawkers when convenient and tighten the rules on them when exigencies have demanded preventive action. This has served a dual purpose: some underhand money goes to the administration for turning a blind eye, and the street vendors get to conduct their business too. With time, hawkers found able allies and protectors among local councillors who objected to their eviction and instead promoted their proliferation. Hawkers returned the favour by turning into loyal voters and political workers. A complex calculus emerged: hawking was bad under the law, but the law did not find any takers. While hawkers dared it and breached it, buyers ignored it and abetted its breach. Local politicians benefitted as it helped perpetuate their career, and administrators ignored the implementation of the law, tempering private profit with local exigency. Consequently, street hawking continued to 'thrive' illegally in every Indian city.

### **THE STREET VENDORS (PROTECTION OF LIVELIHOOD AND REGULATION OF STREET VENDING) ACT, 2014**

The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, passed

by Parliament in 2014, legalised the activity.<sup>5</sup> The Act aims to protect the livelihood of street vendors and provide them with a conducive environment for carrying out their business. It covers all varieties of vending and defines the “mobile vendor,” “stationary vendor” and “street vendor.” The Act mentions vending in a “street, lane, sidewalk, footpath, pavement, public park or any public place or private area.” It stipulates that cities will establish Town Vending Committees (TVC) with members drawn from all stakeholders—including hawkers themselves—at least once in five years, and carry out a survey. A minimum vending age of 14 has been prescribed. Street vendors must give an undertaking to the TVC that they will carry on the business of street vending either personally or through any of their family members and that they have no other means of livelihood and will not transfer the certificate of vending or place allocated to them to any other person. In the case of death or permanent disability, it allows the transfer of certificate to the spouse or a dependent child. In cases where vendors have complaints about being treated unfairly, a grievance redressal mechanism has been put in place.<sup>6</sup>

The Act not only provides protection to street vendors but also imposes regulations on them. In this context, it is relevant to define the term “holding capacity” of a zone. The term defines the maximum number of street vendors who can be accommodated in any vending zone. If the number of vendors in a zone exceeds the holding capacity, the TVC will carry out a draw of lots. Those who do not find a place are accommodated in an adjoining zone. The regulations allow vendors to carry out business in their designated place, but no vendor can step into an area earmarked as a “no-vending zone.” A maximum of 2.5 percent of a city's population

could be accommodated in the vending zones, depending on the holding capacity.

With spots being allocated based on the drawing of lots, the surplus number of vendors can lose business, and those who encroach into the no-vending zone are evicted. The Act does not take into consideration the total number of current vendors and the potential increase in their numbers in the future.

In defence of the Act, it has laid down the rules fairly, seeking to balance the overall interests of city mobility with the welfare of street hawkers. However, those entrusted with planning cities and implementing the law need to proactively plan in the spirit of the Act. One would assume that if a person who has been unable to find employment takes recourse to vending, the government will proactively find them space. However, the ground reality is quite the opposite: the administration discourages such people from occupying pedestrian space or disrupting traffic. The administration has often raised questions on the feasibility of the spatial dimensions of street hawking, instead of proactively resolving the situation.

In the current situation, eviction of street hawkers continues to be the default response in big cities. The primary problem that must be addressed is that there is an excess number of hawkers given the available space. The question that needs to be answered is if it is possible for the administration to reverse this situation.

## THE INFORMAL SECTOR

A city's economic landscape comprises both the formal and informal sectors. The term 'informal sector' gained currency after the concept was pressed into international usage in 1972 by the International Labour Organisation (ILO) in its Kenya Mission Report.<sup>7</sup> It defined informality as

a “way of doing things characterised by (a) ease of entry; (b) reliance on indigenous resources; (c) family ownership; (d) small scale operations; (e) labour intensive and adaptive technology skills acquired outside of the formal sector; (f) unregulated and competitive markets.”<sup>8</sup>

There is growing evidence to suggest that the capacity of India's formal sector to generate employment has declined. On the other hand, the informal economy has multiplied and today comprises between 50 to 80 percent of newly created jobs.<sup>9</sup> Part of this expansion is also on account of the informal sector providing a vital link to the supply chain in the formal sector. The outcome is that the informal sector in many urban centres is assuming proportions larger than the formal sector. Consequently, the poor turn to the informal economy to earn their livelihoods.

The informal sector has a range of attractive points. There are few barriers to entry as the initial capital as well as the requirement for skills is minimal. While a few do receive vocational training, most entrepreneurs learn through informal apprenticeships. Flexibility in participation provides another attraction. It allows members to conveniently mix household responsibilities with earning opportunities and flexibility in work hours. Some may enter this sector voluntarily because of profitable opportunities. The small scale of the enterprises puts them in advantageous positions to offer tailored services that large enterprises may not provide.

This brief examines how the urban informal sector can be used as a potent force to alleviate urban poverty and become the fulcrum of an improved urban economy. If the government prioritises bringing the informal sector into the mainstream, it should be able to not only generate more employment opportunities and

higher productivity of the workforce, but also help the poor out of poverty. The current landscape of the informal economy is replete with constraints that do not allow the sector to play this role. Governments must strategise on strengthening it to empower the informal workforce.

## MAGNITUDE OF STREET VENDING IN INDIAN CITIES

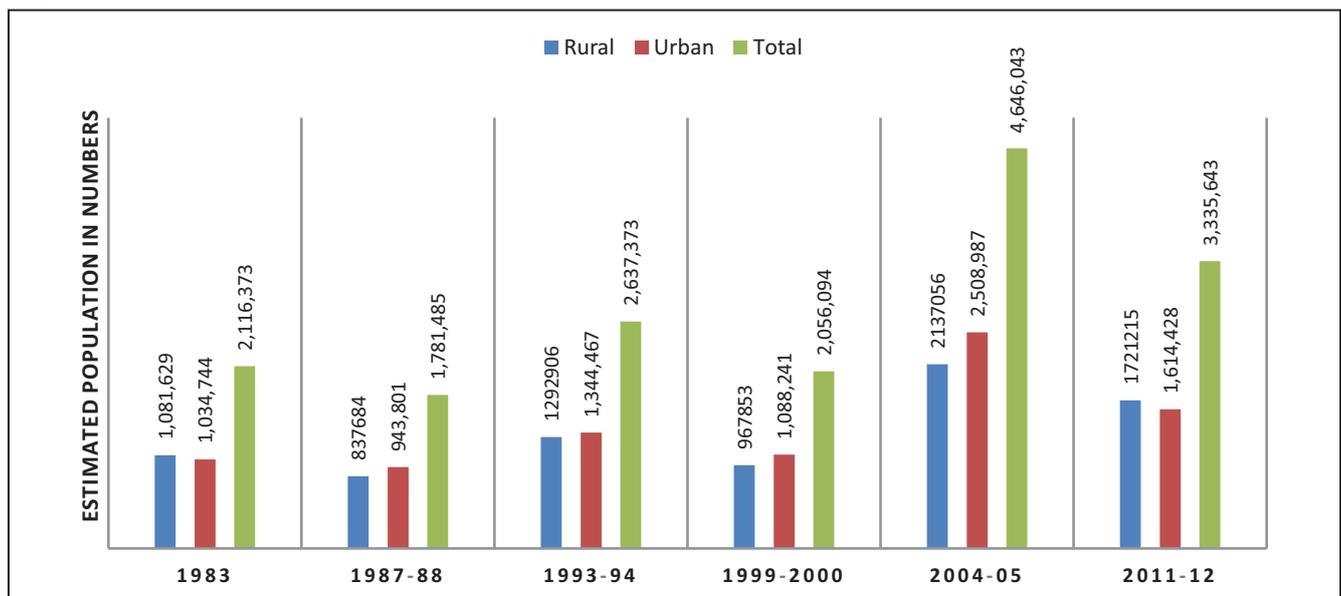
There are conflicting figures on the magnitude of vending in India's cities. The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 calculates a maximum of 2.5 percent of a city's population as street vendors. The National Census 2011 put the national urban population at 377 million. Assuming that the urban population now stands at around 430 million, there will currently be approximately 10 million hawkers. This is also a number that the National Policy for Urban

Street Vendors (2009) suggested.<sup>10</sup>

However, this figure seems to be on the higher side, considering the results of successive rounds of census conducted by the National Sample Survey Organisation (NSSO). Notwithstanding the variations in the successive NSSO rounds since 1983, the urban population with street hawking as their primary occupation has grown from 1.03 million in 1983 to 1.61 million in 2011–12. This is not close to even half of the calculations under the Street Vending Act and the number presumed by the National Policy. The data shows 3.33 million persons (urban plus rural) involved in hawking/street vending as their primary occupation, which too, is significantly less than the estimated mark.

The NSSO data reveals that nearly 200,000 women and 21,500 children are engaged in street vending. Around 1.18 million households are dependent on this informal sector as their primary source of income.

**Figure 1: Number of street vendors, all-India (1983-2012)**



**Source:** NSSO data. Subject coverage: Employment & Unemployment of 1983 (Round 38), 1987–88 (Round 43), 1993–94 (Round 50), 1999–00 (Round 61), 2004–05 (Round 61) and 2011–12 (Round 68).

**Note:** National classification of occupation codes: 431 (NCO, 1968) for 1983 to 2004–05 covering street vendors, canvassers and news vendors and 911 (NCO, 2004) for 2011–12 covering street vendors and related workers. NSSO doesn't provide informal and formal sector classification in all-India figures. This data contradicts the estimates of the National Street Vending Act.

With more urbanisation likely to happen across India, the number of street vendors is likely to rise substantially. Given the ambiguity in available official data, this brief takes the figure of 10 million hawkers as per the Street Vending Act as the credible benchmark, without challenging the accuracy of the NSSO data.

Courts and cities have contemplated an average area of one square metre of space for each vendor. Irrespective of the NSSO claims regarding the number of persons involved in street hawking in urban areas, this may prove insufficient. The average space that ought to be taken into account so that the business becomes a well-planned civic activity should be larger. This will require some calculations. If an average space of five sq. m is allocated to each vendor, then around the same measure of space is to be set aside to provide for accompanying facilities (see below). The total space nationally required would be 10 million hawkers x 10 sq. m or 10,000 hectares or 100 sq. km. This is 0.04 percent of the total geographical area of urban India that would support 40 million people or around 10 percent of the urban population.<sup>11</sup>

Lessons can be drawn from Mumbai, the Indian city with the maximum number of hawkers. If the same presuppositions are used, there would be 311,000 hawkers in Mumbai. The total space requirement would be 10 square metres per hawker, which would be equivalent to 311 hectares or 3.1 sq. km. This is 0.8 percent of the city's total geographical area. Since this can support 1,244,000 people or 10 percent of Mumbai's population, allocating 0.8 percent of geographical area is not significant. While it will be difficult to allot fresh spaces in a city like Mumbai, it makes sense for cities with more free space available to find adequate spots for vendors.

Initially, the Street Vending Act was

formulated with the intention of protecting vendors. However, the enormity of numbers and the fear of bringing cities to a halt by aggressively playing the vending card forced them to include tough regulatory provisions. Given the national population growth and urbanisation trends, and the limited ability of the formal sector to create jobs, it would do well for cities to facilitate as many informal job opportunities as possible, including street vending.

## **CONCLUSION: LAND-USE PLAN AND URBAN PLANNING LAWS**

The facilitation of street vending requires a slew of proactive measures. This brief focuses on two: land-use plan and planning statutes of states. The Street Vending Act (Section 33) provides that the provisions of this Act shall have effect notwithstanding any inconsistency contained in any other law for the time being in force. The First Schedule of the Act (2, e) also states that the plan for street vending will contain consequential changes needed in the existing master plan, development plan, zonal plan, layout plan and any other plan for accommodating street vendors in the designated vending zones.

While the Street Vending Act asks planning laws to take cognizance of the requirements of street vending and align state planning laws to vending needs, little has been done in practice to achieve this. If designed properly, street vending has the potential to add to the efficiency of a city. Vendors should be placed where they can find business easily, and this must be achieved without impeding pedestrians, moving traffic and any other city activity. This means that street vending must become a planned activity written into the urban planning and operational

statutes. A larger percentage of strips of land along roads around transportation terminals, hospitals, government offices, business centres and similar places—which find a large number of people entering and exiting these spots—must be allotted for vending areas. The gargantuan struggle in cities to balance vending, pedestrian and vehicular mobility, and hygiene will be alleviated once the status of vending is raised to a planned activity.

An area that requires further work is the design of proper gear in which hawkers can display their goods and cart them back safely for storage at the end of the day. One of the solutions is to customise the gear depending on vending items and standardise them across cities. This will lend a visual appeal to street-vending shops and help them get rid of their “eyesore” reputation.

It also needs to be examined whether some vending spaces can be made available for multiple use, allowing more than one vendor in different time slots. Eight-hour slots can be another plausible solution to enable a larger number of vendors to earn their living.

Additionally, underutilised spaces can lend themselves to vending. For instance, parking spaces that are not utilised on holidays can be

opened up for vending. These can be called Sunday markets or holiday markets. The concept of multi-utility land needs to be included in urban planning laws, as the Mumbai Development Plan (DP) 2034 has done.<sup>12</sup> The DP Mumbai stipulates that while the predominant user will operate for long periods of time, hawking would be permitted in time slots when the other activity is suspended. Similarly, vending spaces can be created in housing schemes, markets and other large developments.

Improved work conditions for street vending must be put in place. Vendors should have access to facilities such as safe drinking water, hygienic toilets, electricity and storage facilities. These amenities will not only increase the productivity of the vendors but also help in maintaining sanitary conditions in the area.

Land allotment will be key to improving urban designing. This, in turn, will have the potential to address the complexities of urban poverty and generate increased opportunities for the urban poor. A thorough understanding of the local context will help achieve on-site implementation of modified street vending designs while addressing the existing challenges in allotting space to vendors. 

## ABOUT THE AUTHORS

**Ramanath Jha** is a Distinguished Fellow at the Observer Research Foundation, Mumbai and Chairperson of the Mumbai Heritage Conservation Committee. A former IAS officer, the author has experience in city-planning.

## ENDNOTES

1. *Tel Malish Boot Polish* (1961) is a Hindi movie directed by Romney Dey, music direction by Chitragupta and lyrics by Prem Dhawan.
2. The term '*ana*' denoted a currency unit formerly used in this country that was equal to one-sixth of a rupee.
3. Linah Baliga, "Bandra's Hill Road To Get Rid Of All Stalls For Road-Widening," *Mumbai Mirror*, 6 March 2018, <https://mumbaimirror.indiatimes.com/mumbai/cover-story/chill-road-bandra/articleshow/63178083.cms>.
4. Ibid.
5. The Street Vendors (Protection Of Livelihood And Regulation Of Street Vending) Act, 2014, published in the Gazette of India by Legislative Department, Ministry of Law and Justice on 5 March 2014, <http://www.egazette.nic.in/WriteReadData/2014/158427.pdf>.
6. Ibid.
7. "Employment, Incomes and Equality: A Strategy for Increasing Productive Employment in Kenya," International Labour Organisation, 1972, [http://www.ilo.org/public/libdoc/ilo/1972/72B09\\_608\\_engl.pdf](http://www.ilo.org/public/libdoc/ilo/1972/72B09_608_engl.pdf).
8. Ibid.
9. Himanshu, "Is Informal the new normal?" *Mint*, 22 May 2017, <https://www.livemint.com/Opinion/wbGafgoBnHwJPWHBZbPLI/Is-informal-the-new-normal.html>.
10. Shweta Sharma, "Hawking Space and National Policy on Urban Street Hawkers: A study of NDMC, Delhi," *Procedia Technology* 24 ( 2016 ): 1734–1741, [https://ac.els-cdn.com/S2212017316302985/1-s2.0-S2212017316302985-main.pdf?\\_tid=655ef801-4426-4fbe-acbc-0d9a18758176&acdnat=1523100854\\_036ffbc3daa8f30fca5d894937130d2e](https://ac.els-cdn.com/S2212017316302985/1-s2.0-S2212017316302985-main.pdf?_tid=655ef801-4426-4fbe-acbc-0d9a18758176&acdnat=1523100854_036ffbc3daa8f30fca5d894937130d2e)
11. Urban land area (sq. km) was reported at 222,688 sq. km in 2010, according to the World Bank collection of development indicators, compiled from officially recognised sources. (This information is available at <https://data.worldbank.org/indicator/AG.LND.TOTL.UR.K2>). The total land mass of the country is about 3,287,262 sq. km. (This information is available at <https://timesofindia.indiatimes.com/city/mumbai/India-Maharashtra-growing-even-in-sq-km/articleshow/12397601.cms>). So, the total urban area is about 6.77 percent of all India accommodating about 377 million Indians, i.e. 31.1 percent of the total population: <https://www.livemint.com/Opinion/v7wDDjmE4jscMQpm5aYIfO/A-pressing-need-for-a-national-urban-policy.html>.
12. Tanvi Deshpande, "Every ward in city will have a crèche, old-age home, and hostel for women," *Mumbai Mirror*, 21 March 2017, <https://mumbaimirror.indiatimes.com/mumbai/cover-story/every-ward-in-city-will-have-a-crche-old-age-home-and-hostel-for-women/articleshow/57742160.cms>.



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