

## Chapter 8

### Summary and Conclusion

#### 8.1. Introduction

‘The world is full of overworked and unemployed people’ (ILO 1999: 3-4) and ILO’s mission is to make the world of work better through the approach of decent work. In the 87<sup>th</sup> convention of the ILO held in Geneva in June 1999, the Director General, Juan Somavia aptly remarked that ‘decent work’ is the primary goal of the ILO in this era of global transition. There transition is from a controlled and protected economy to a liberalised economic system where market forces play a pivotal role and dictate production and distribution conditions. It is affecting employment patterns and labour relations and the ILO also needs to devise means by which it can readily adapt to these changing circumstances. Somavia notes that decent work is now a ‘global challenge’. The ILO seeks to create an enabling environment through which economic progress could accompany social justice in the world of work and more appropriately in the *life of workers*. It aspires to create a framework by combining ‘normative action, institution building and public policies’.

The ILO (1999) in its mission ‘to improve the situation of human beings in the world of work’ (ILO 1999: 5-6) outlines the role of social protection and social dialogue in protecting the individual’s rights. Interestingly, along with the growing insecurity of work and workers, there has also been ‘a growing consciousness of personal identity and human rights’. India is experiencing fast economic growth. This growth has been ‘jobless’, ‘high tech oriented’ and ‘growth from below’ and small enterprises are now thought to present dynamic growth opportunities (Chen 2001). Economic restructuring (the Industrial Policy Statement 1991) led to downsizing, closures and mergers of public enterprises and these retrenched workers joined the informal sector (ibid). The rate of growth of the different sectors and subsectors within the economy have been inconsistent and even the production organisations have undergone changes. All these factors have led to widespread ‘informalisation’.

The 2004-05 survey shows that the small industries sector employs around 28 million workers and its employment is growing by over 4 per cent per annum (Bhowmik

2007b). The trend is also similar in 2010-11 (as shown in the annual pre-budget economic survey) and it has grown by 8 per cent per annum (Economic Survey 2010-11). These industries were originally based in urban areas such as Mumbai, Ahmedabad, Kolkata, etc (Bhowmik 2007b). However, in a bid to cut down costs, they started downsizing the labour force and shifting their production to smaller towns where labour is cheap and there are no unions (ibid). Due to this, a number of workers, who had originally employed in these industries, lost job after closing down of the mills and factories (ibid). They join informal sector as this study also shows that four vendors had joined vending after losing jobs due to closure of factories. A large number of people migrate from rural to urban areas in search of job opportunities. These migrant labourers find employment in urban informal sector. Street vending thus absorb a portion of the urban unemployed which include the people who lost their jobs in formal sector as well as surplus workforce.

The ILO stipulates that all workers in all nations have a right to decent working conditions. Their incomes and working conditions must be regulated such that it promotes human dignity and sustainability. The major focus of decent work is employment generation through the promotion of personal capabilities, expansion of people's job options and enhancing their capability so that they can earn a decent livelihood. Such measures must also accompany the workers' capability to adapt to changing global environment. Rights at work provide the ground through which production and output are translated into effective demand and decent standard of living (ILO 1999: 11). The idea is to 'protect workers from vulnerabilities and contingencies which may put his/her ability to work at risk' (ibid: 7). Social protection is the instrument by which the worker is protected from contingencies and vulnerabilities which may arise out of 'unemployment, sickness or old-age' (ibid). Thus workers must work in conditions which promote and not retard human dignity. The last important pillar of the decent work paradigm requires freedom of association and active participation of all the workers to ensure social equity and effective policy implementation of workers' rights (ibid: 9). The attainment of decent work thus means 'empowering' workers to revive their employment and income status, realise their rights at work, ensure social security measures for themselves and effectively initiate the social dialogue process to realise other rights (Sen 1999 and Mitra 2002).

The study tries to answer the question: Can decent work be realised for the street vendors who are presently one of the most visible segments among the self-employed workers of the urban informal economy? However, the concept of decent work has traditionally been concerned with wage workers in formal enterprises. The focus has been broadened to include all workers beyond the formal labour market to unregulated wage workers, self-employed or even home-based workers. Globalisation has created instability in the formal labour market leading to casualisation, contractual job relations, retrenchment and so on. The demand for formal sector jobs surpasses the supply by a huge percentage. All these workers have increasingly taken to informal occupations for a livelihood. The informal sector poses the most important challenge for the ILO, wherein the worker and his/her work is hardly recognised, working rights are least protected, workers are underemployed, underpaid and poorly treated, there is inadequate social protection for the workers and where social dialogue and participation have 'little meaning' (ILO 1999: 12). All these characteristics bear extreme implications for all workers in the informal sector to which, the street vendors in Mumbai are no exception.

We have tried to analyse the decent work agenda in the context of street vending through this study. Four major components of decent work have been considered and explained with the help of quantitative and qualitative methods to explore the ground reality. As ILO (1999: 6) points out 'decent work is a converging focus of four strategic objectives of the ILO'. Hence each of these objectives has been discussed and the extent to which they are fulfilled are presented in this study. Sen (1999) and Mitra (2002) mentions that the four strategies (employment and income generation, realisation of workers' rights, social protection and social dialogue) are goals in their own rights, but taken together, they are much more than some 'parts of the whole'. According to Sen, the main aim of development is to expand people's capabilities to function and realise the goals they value (Sen 1999). It also means freedom from "squalor, death and disease" through removal of poverty, lack of access to public infrastructure or denial of rights (ibid). Therefore, the decent work is an important development agenda here in the discussion because it tries to bring together these freedoms and set them within a coherent frame work (Rodgers 2000 and Mitra 2002).

## **8.2. Characteristics of Street Vending**

### ***8.2.1. Legal Aspect***

Under the legal and political framework of the informal sector, as De Soto (1989, 2000) points out, the essential characteristics of informal sector are absence of laws and regulations. This sector is totally unregistered and unrecognised. Street vending for the most part is also an unregistered and unrecognised occupation. Despite the large number of street vendors in India (around 2 per cent of total population of metropolitan cities), there is absolutely no definite data available on their actual numbers. Attempts made at issuing licences have been half-hearted and are still in the documentation stages (far-off from the stage of implementation).

### ***8.2.2. Entry to the Occupation***

Under the social and gender aspects given by Hart (1973), informal sector is characterised by 'ease of entry' where 'social contacts' play a major role in business. Street vending attracts the disadvantaged segments of society that have limited skills and capital; and particularly women because they have low education and skill. Hence, it is seen from the study that the main factors that influence their participation are poverty especially to support their family, widowhood, low level of education, and childcare especially for their children's education. Social network plays a decisive role affecting entry to this occupation.

### ***8.2.3. Migration***

This study also demonstrates that around 66 per cent vendors are migrants from different parts of India, especially from northern India—UP and Bihar. Interestingly, the main reason is expectation of higher income in cities that attract a large number of people from rural and semi-urban areas. It is seen that vendors are not new to their present locations as the average year of the migration is significantly high. The large time frame helps in developing social contacts which has favourable effects on their business activities. Initially, migrants from towns and villages started working as wage workers in the informal sector. Many vendors subsequently become self-employed vendors after having worked under other vendors for a certain period of time.

#### ***8.2.4. Ease of Survival***

Castells and Portes (1989) stress the “ease of survival” aspect of the informal sector. Street vendors’ survival strategy is ‘bribe payment’. Their survival amidst challenging condition and ever-changing environment exhibits their flexibility and adaptability. Analysing Hart’s categorisation of informal sector according to income and employment aspects, and applying it to the street vending occupation, one sees that it is a self-employed occupation generally carried out on a small scale requiring small investments.

#### ***8.2.5. Flexibility and Autonomy***

The third important characteristic is flexibility and autonomy in business functions (Chen 2002, 2004). Street vendors are self-employed workers. They decide the time of operation and the products to be sold to survive amid tough competition. In the study, it was also found that at first, the vendor starts with those items requiring low amount of investments, such as vegetables, fruits and cooked food items. Thereafter, they take to selling items such as which require middle level of investment. Finally some vendors, after achieving a certain increase in income, resort to selling of electronic goods and leather goods that require substantial investments. Several vendors in this study were earlier vegetable and cooked food vendors, and later took to selling of electronic and leather made goods vending. This shift has been seen especially among female vendors and some males too. It was found that only seven per cent had been vending some other items prior to their current trade. They now sell higher priced products. This indicates a scope for upward mobility within the trade and flexibility in the occupation. The prospect of rising up the income ladder by engaging in vending of items that fetch higher returns is perhaps another significant factor attracting many workers. However, this mobility and flexibility take place within the vending occupation implying that only vertical mobility is possible, not horizontal.

#### ***8.2.6. Backward and Forward Linkages***

Street vendors are ‘micro entrepreneurs’ and their trade has important backward and forward linkages. It helps many micro-enterprises to flourish because the products sold by these small enterprises are marketed and sold by the vendors. The section of workers that draw their livelihood from small enterprises thrive on the street vending activity. Additionally, significant sections of the low income groups depend on low cost

durable products sold by the vendors. A portion of the middle and upper-middle class also depends significantly on the vendors for supply of perishable items like vegetables, fruits and flowers because they are considered fresh. Besides, there are a large number of dependents in the families including children and senior citizens directly dependent on this occupation for their survival.

#### ***8.2.7. Importance of Social Network***

Kinship, ethnicity, religion and localism are found to have an impact on the vendors' lives, especially at the places where they ply their trade. They prove to be particularly useful when one is looking for employment or for access to business resources such as credit, capital and space in the market. Vendors also relate to others based on the place of birth or origin. Sharing the same local origin and language would make it easier for a person to enter and exist in the market. Localism gives people a sense of solidarity and security in the metropolitan city of Mumbai, serving as guardian for the new entrants. It is also noticed that people from the same local origin, community, and religious group at the market go to the wholesale market together for procuring their products. Cooperation among market traders from the same locality even goes beyond the immediate work environment. They are often found to stand by each other in times of economic or emotional crisis.

The number of years of business, language and origin of the vendors are factors that play a key role in building the two dimensions of 'trust' and 'reputation,' even for those that borrow money at a high rates of interest. The relationship with the customers is informal and based on trust. It was observed during the survey that many of the customers have been buying products from their respective vendors for a long period of time and when asked about it they said "they (the vendors) do not usually cheat us. We trust them. They know that if they cheat us, they will lose us (their customers)." Wholesalers are the main source of the products (around 83 per cent). The relation of the vendors with the suppliers is informal and trust based. A lot of transactions involve credit transactions instead of immediate cash transactions. Suppliers take advantage of this and often charge 30-40 per cent extra on the products. But according to vendors, these suppliers help them to sustain in their time of need.

#### ***8.2.8. Dependence on Informal Credit***

Another important aspect of vendors' economic situation concerns the nature and extent of their indebtedness. Street vendors are financially vulnerable and they need to borrow money for various purposes. Some of these are directly related to their business and some are not. The vending activity requires a lot of 'working capital'. For sustaining in business, they borrow extensively from moneylenders. It is noted that female vendors depend on moneylenders and wholesalers more than male vendors. The main purposes of borrowing are related to social security, business and payment of bribes, which often lands them in a debt trap. The average interest rate exceeds that of the average amount of borrowing. On an average, vendors are required to pay six times the principal amount as interest, mainly because of their illiteracy and/or weak knowledge of arithmetic. Vendors pay exorbitant interest rates against the loans taken from moneylenders, which result in further indebtedness and impoverishment. They are thus, perpetually in debt.

#### ***8.2.9. Growing Informality***

Informal employment has now expanded to become 'informal economy' by itself and is characterised by the 'presence of informal labour relations' (Chen 2007). With the rise in global competition, informal units shift workers from 'semi-permanent contracts' to 'piece rate or casual work arrangements' (Chen 2001). Women are the lowest paid workers in this chain. Subcontracting arrangements are tools of exploitation and the wages are less resulting in low hourly pay.

Several vendors have reported that the number of money lenders was limited previously. Not only has there been an increase in the number of money lenders, but also in the number of loan schemes designed to attract vendors. Hence, there is an increase in competition among vendors as well as among money lenders. The lack of formal institutional credit availability too, is a crucial factor in the growth of money lenders. Street vending is thus witnessing a different form of informality. It can be argued that informal credit transaction is leading to a rise in the circulation of usurious capital. This happens because the amount borrowed from the money lenders is paid back at high interest rates and this amount is circulated again in the form of usurious capital.

#### ***8.2.10. Growing Number of Street Vendors***

Naik (2009) observes that during the period 1999-2000 and 2004-2005, there has been a growth in the formal sector jobs in rural areas whereas the numbers of formal sector urban jobs have declined. However the share of informal sector in total urban employment has increased. It is seen that about 20 per cent of the vendors who were earlier wage workers in the rural sector joined this occupation and became a part of self-employed in the urban informal sector.

#### ***8.2.11. Growing Number of Female Vendors***

The study shows that vending is predominantly a male dominated occupation but it is interesting to note that the proportion of female vendors has been increasing significantly over the years. The number of female workers is increasing in self-employment, especially in the informal economy (Chen 2002 and Dasgupta 2002).

#### ***8.2.12. Gender Discrimination at the Workplace***

The selling of items like electronic and leather goods which require big investments and these are dominated by male vendors. Women generally engage in selling items which are perishable (including cooked food, fruits, vegetables and flowers). This results in lower earnings and is indicative of the lower asset holding capacity of female vendors in turn leading to gender gap in earnings (Chen 2007: 3-4). The volume of sales is therefore less for women (see Table A-4, A Appendix). They earn less than their male counterparts, they take up those activities that require less investment, their daily sales are less and so are their profit percentages. Thus, one can say that since low sales result in low incomes, female vendors make the lowest amount as income from sale.

Chen (2007: 4) observes that one of the reasons for the gap in earnings of male and female vendors is that 'men embody more human capital compared to women in the form of educational opportunities'. Women were also found to have attained low levels of educational qualifications compared to men. It is also found that the female vendors face gender discrimination at their workplace. They lack knowledge of basic arithmetic and hence cannot calculate the actual interest amount that is supposed to be paid. Money lenders are found to take advantage of the vendors' ignorance. Further, some female vendors said that they would rather '*go hungry for a day than default on the loan*



*repayment*'. They depend on money lenders and have longer working hours (taking into account the time for domestic work in addition to vending). They cannot invest much, so they earn less. As incomes do not rise, they cannot expand their business thereby perpetuating the cycle of poverty.

### **8.3. Street Vending: The Theoretical Stand**

The issues surrounding vendors' economic activities, working conditions, relations with concerned authorities, policies and regulations remain underexplored. Given the heterogeneous nature of informal economy, policy analysis and documentation should be sectoral (Chen et al. 2002). This holds true for street vendors as well. The existing literature on street vendors describes the characteristics of street vendors, vending activities and working conditions, challenges facing vending operations such as sites of operation, infrastructure, policies and regulations, licensing and so on. Previous studies have shown the difficulties involved in sustaining as a street vendor in the urban economy. All vendors cite the problem of harassment by civic authorities as the main one. However there are also product specific issues that warrant attention. The issue of legal reform too, has been neglected in the existing studies. Policies often suggest support in the form of interventions like micro-finance and training, however if the traders do not have security of occupancy, these interventions may prove to be irrelevant or at times, even destructive.

It is evident from the available literature that there are different definitions of the informal sector. It is difficult to theorise street vending within the context of informal sector. However, this study has shown that most of the street vendors are either inter-state or intra-state migrants. Given this fact, one can perhaps support the *dualist view* (ILO 1972, Hart 1973 and Tokman 1978) of the informal sector. This view suggests that since adequate jobs are not available in the countryside or in cities, the numbers of street vendors have been growing significantly over the decades. However, migration cannot be the only factor responsible for the growth in numbers.

The *illegalist view* is not fully associated with street vending. Street vendors do not 'prefer' to operate outside formal rules. They do so, as they have no alternatives. They are forced to pay bribes as they have to survive and giving bribes is the only strategy to avoid harassment while plying trade. Many of the vendors maintain that they

would prefer to pay taxes and have business licenses rather than pay bribes. Thus the illegalist view does not apply to street vending.

The underground economy is characterised by economic activities that contribute to the national income but are not registered by national measurement agencies in terms of national accounting conventions (Schneider 1986). On the other hand, Smith (1994) defined it as market based production of goods and services, whether legal or illegal, that escapes detection in the official estimates of gross domestic product. Bagachwa (1995) stated underground economy could be categorised into three groups such as informal sector, parallel market and black market activities. According to him, informal sector is a part of the underground economy. Therefore, the whole concept of underground economy relates to the legal frame. Frey (1989) mentions that the existence of the informal sector is often considered to be beneficial because it is one of the most productive and enterprising sectors of the economy. On the contrary, he also mentioned the disadvantages of the informal sector that are related to illegality, the erosion of tax morality. As a result, there is general crash of law and order, and the falling of public revenues (ibid).

The *legalist view* put forth by Hernando de Soto (1989, 2000) states that the informal sector is the part of the economy that lacks the institutions required to provide security and allow businesses and governments to perform efficiently. He talks of two important characteristics. First, there is an absence of proper machinery to provide security for the business to flourish. Secondly, this sector restricts the government from functioning efficiently. Inefficiency and insecurity are characterised the informal sector. This sector is also associated with marginality. However the most important characteristic of this sector is the widespread amount of ‘dead capital’. If this ‘dead capital’ were transferred into ‘live capital’ and available for reinvestment, it can lead to generation of income on a huge scale. Further, physical assets do not get their proper value as they are grossly undervalued. This is inevitable as they are unrecognised, they are undervalued.

In this study, the terms ‘insecurity and marginality’ are associated with the street vending. However, this sector is called ‘marginal’ despite the fact that a large number of people get their livelihood from it and are employed in this sector. Importantly, the term ‘insecurity’ is associated with the street vending occupation since street vendors suffer from insecurity of employment and income and are prone to face harassment and eviction

from civic authorities. Rent payment is the only survival strategy in the market. These situations are the sole outcome of the fact that their rights over the use of public space are not recognised and they are treated as encroachers on the streets. Street vendors in Mumbai are seen to carry on trade in places which witness a large gathering of people. Such markets are called ‘natural markets’ that include areas lining railway stations, bus stops, temples, mosques, parks, hospitals, schools and colleges. They are seen to use this space to ply their trade. However, they have no property rights over these spaces since their trade is not recognised. If they had property rights to the spaces they occupy, they could have taxed and used as a source of revenue by the state. Instead, it is now ‘dead capital’.

De Soto uses the term ‘dead capital’ to mean those assets which do not lead to generation of income; it means those assets which have ‘use value’ and no ‘exchange value’. He gives the example of Egypt to point out that the poor in most of the developing and less developed countries are seen to own and use some amount of physical assets like land and use them, but have no formal property rights over them. Due to the absence of formal property rights, there is ambiguity regarding the ownership of property. As a result, such property can never be taxed or used as collateral for a loan. It means that the assets are ‘commercially and financially invisible’, although they are available and used physically. The property rights of the street vendors over the use of public spaces too, are missing. This implies that they use these spaces for income generation purposes, but have no legal rights over them. Hence these assets neither provide nor get used to the optimum

In each developing nation, this dead capital is worth millions of dollars. If street vendors occupying these spaces are formalised, they could use it as collateral for obtaining credit and infrastructure from private and government business. Street vendors are given rights over public space utilisation through trade licenses and legalisations; they would become individually accountable for the payment of taxes to the government. Additionally, the spaces they use would become ‘live capital’, if these spaces are used as collateral for business loans. The project on the *financial accessibility of street vendors* in 15 Indian cities found that banks did not regard vendors’ credit worthy, as they did not possess any assets which could serve as a collateral. Therefore the loans, if given individually, were subject to least chances of recovery. However, the study also reveals that vendors earn enough to pay back the loan amount to their moneylenders even at very

high interest rates. Thus, if the vendors' rights over their workspace are recognised, formal credit can easily be given to them.

In the developing countries, rights over property and ownership arrangements are defined by informal agreements, and the government machinery cannot efficiently regulate them. The traditional methods applied to confer property rights are not applicable in such cases. In short, the existing market mechanisms are not fully equipped to absorb the informal arrangements. This study found that street vendors pay significant amount of bribes to the police and the BMC to survive at the marketplace. Sometimes the police appoint local men to collect the rent amount.

The main problem street vendors faces is the right to exist in the urban informal sector, because their occupation is illegal. Hence, they do neither have dignity nor rights at work, which form the basis of a decent environment. Hence, the government must provide the vendors with legal rights over their vending space, for which the rules and regulations may not be complicated. The key respondents of this study have clearly stated that most of the vendors try to avoid formal rules and regulations, as they may be very difficult to follow for those with little education. Most vendors in this study have a low literacy level. From this point of view, the present study supports the *legalist view* (de Soto 1989, 2000), which relates to the problems of formal rules, regulations, and registration. If rules and regulations are simple and vendors are provided rights to the space that they occupy, they could work with dignity. Hence, de Soto's legalist view in conjunction with his concept of property rights would perhaps be more suitable in the case of street vending within the informal sector.

There is absence of adequate measures to formalise street vending on the part of the government. But it is difficult to determine whether or not street vending is used as a coping strategy to fight unemployment and poverty since the government cannot provide jobs to scores of unskilled youth entering the job market every year. But formalisation requires enough mechanisms to identify these workers and their activities. At present, such data is not available with the government. In addition, the rent-seeking activities are so widespread that the people associated with it (police and BMC officials) do not wish to slack out the extra income. Thus ultimately 'bureaucratic obstacles' are found to come in the way of 'formality'.

## **8.4. Street Vending: From Decent Work Perspective**

### ***8.4.1. Income and Employment***

From the present study, street vendors play an important role in the urban informal economy by generating self-employment for a significant portion of the urban youth (work must be productive, subject to adequate income generation is the most important pillar of decent work; ILO 1999). The NCEUS (2007) report categorised people with the daily per capita income of Rs 20 as 'poor and vulnerable'. From the findings of the present study, it can be said that the income level at vendors has not improved over the past ten years. The average household size among the street vendors is found to be six. Bhowmik (2010) points out that large family size means large household expenditures. This leaves a little amount for reinvestment in business. The present study reveals that over 40 per cent of the vendors have a daily income of Rs 20 to Rs 35 (per capita). Excessive competition due to limited space of activity leads to further fall in incomes. It also reveals that one of the factors for the vendors' low incomes is regular payment of bribes. However bribe payment is essential for survival. Vendors with higher incomes tend to pay higher bribes to avoid interventions and associated harassment. Bribes eat away a major portion of their income as most vendors (around 60 per cent) are found to pay over 5-25 per cent of their daily incomes on it. The trend of data reveals that low income exists not along the caste and religion distinctions but with the gender distinctions (females irrespective of whether they belong to upper or lower castes earn low daily incomes). There is no significant association between daily income deviation and caste composition across gender. This also shows that there is no significant association of level of daily income with respect to religion (see A Appendix, Table A-6).

### ***8.4.2. Long Working Hours***

The study reveals poor working conditions in terms of long working hours, in addition to unhealthy and unsafe conditions at the workplace. The occupation of street vending attracts a large number of people. As a result, in order to compete with the others and continue to exist in the local market, vendors increase their hours of work. About 54 per cent of the total vendors work 8-12 hours per day, thereby working nearly 56-84 hours per week. Most vendors work for seven days a week without any holiday. Women are more vulnerable as their working hours include not only the time they devote at their vending stalls but also the time required to perform domestic chores. Long working hours

are a clear indication of the decent work deficit (Bescond et al. 2003). This study also reveals that working hours have increased by three to four hours a day since Bhowmik's study conducted in 2001. However, it is also seen that longer working hours do not have a strong positive correlation with the level of income. Vendors are seen to be devoting time to vending activity that includes not just selling but also the time required to procure materials set up the stall and reach the workplace from home. Henceforth the total time devoted to vending is significantly large. Moreover, due to a rise in competition, vendors find it difficult to sell quickly and therefore have to sit for a long time to make enough sales.

#### ***8.4.3. Harassment at the Workplace***

Rights to decent working standards are violated when vendors have to ply their trade only by paying bribes to municipal authorities and police. They are forced to pay bribes to three different groups of people—the police, the BMC and the local agent set by the authorities. The total bribe amounts paid daily may vary between Rs 20 and Rs 50. From the log linear multiple regression model, it is found that daily sale and daily bribe payment are both significant at one per cent. Both are positively related with the level of daily income. This means that the level of daily income increases with an increase in the daily sale. The elasticity of the daily income with respect to daily sale is + 0.868 (strong positive correlation). The level of daily income increases as the daily bribe payment increases. The elasticity of daily income with respect to daily bribe payment is +0.209. This is because when vendors pay more bribes, there are fewer incidences of harassment and intervention from the local police and BMC *for that day*. This may have a positive effect on the income.

#### ***8.4.4. Social Security***

The nature of social security varies according to the type of informal sector workers and their families as well as according to the various risks they face in business and personal lives. Provision of subsidised housing is often a high priority for urban residents where the costs of housing are high. Social assistance is a high priority for pensioners, orphans and widows who cannot be reached with employment and labour market policies. Food security measures are more appropriate in famine and civil unrest situations (Ginneken 2003). There is a consensus in the literature on social security, which states that term needs to have a broad focus so as to address contingencies as well

as have encompassing programmes that enable individuals to attain a reasonable standard of living. The programmes providing employment, income and assets required to reach a basic standard of living have been termed as ‘economic security programmes’ whereas those associated with needs such as healthcare, childcare, old age benefits, pensions, and food security have been termed as ‘basic needs programmes’. The two types of programmes are viewed as being mutually reinforcing.

There is a lack of comprehensive social security schemes that directly addresses the vendors’ needs. Being part of the informal sector, they are unrecognised. However, the need for state sponsored social security is perceived to be among the primary needs of the vendors. A small percentage of vendors are availing JBY through the active involvement of trade unions. But vendors complain about paying Rs 169 (approximate) as their annual insurance premium. They are not satisfied with the present coverage of the scheme provided by the union. In the low outreach of social security measures, vendors borrow from money lenders or wholesaler at high rates and consequently fall into a debt trap because these are non-income generating loans. But as some of them reported, they use a part of the fund to meet their business requirement. When they invest in business some income is generated which help them to pay the interest. The present social security measures are thus inadequate.

They mostly live in slum settlements with improper drainage and sewerage disposal facilities. Their homes are ill-ventilated with inadequate spaces for many family members. They mostly have access to impure drinking water. All these conditions increase their vulnerability to illnesses. The food they are provided is of low quality which force them to sell it in the neighbourhood rather than use it. Proper targeting is not done to benefit the poor. Borrowing large amounts for children’s education implies that vendors are serious about their children attaining specialised to opt for better occupations. It is an investment in human capital and also security in old age for the vendors. Social security for formal sector workers is mainly protective, but this section of the self-employed urban working poor needs promotional as well as protective measures. Street vendors require basic security cover (nutrition, housing and education) in addition to socio-economic security. Once they are assured of a regular flow of income, they can contribute towards their own protective social security cover. Then the decent work standard with respect to social protection could be achieved.

#### ***8.4.5. Collective Bargaining***

Less than one per cent of the Mumbai's vendors are unionised which means that social dialogue among this section of the urban poor is not effective. Vendors perceive union activities to be mere wastage of time. Unionisation is also avoided because vendors want to avoid paying the membership fees. Trade unions are seen to work effectively in securing their rights to public space utilisation and access to low cost credit. However, there is a connection between union membership and each of the indicators such as types of products they sell, religion, caste and education. The relationships have been made with the help of Chi-Square test which show that union membership in case of both males and females has association with the types of product they sell. This might be because the vendors belonging to the same business or selling the same product try to understand each other's problems in a better way and work in unison towards fulfilling common demands. Union membership also has an association with religion as far as most male vendors and not the females. Interestingly, union membership is also connected to education in the case of female vendors but not the male vendors. Interestingly, one of the parties in collective bargaining is the civic authority which is itself involved in rent seeking and frequent evictions.

Vendors in this study agreed to the fact that they normally bring their people from the villages and smaller towns and help them to enter the profession as it requires small investment and low level of education. The question which arises here is whether this is done on altruistically or as a deliberate attempt to fill the trade with people of the same place of origin. Vendors may want to make their ethnic group a majority, as the solidarity that this brings with it plays a role in policy initiatives as well. For instance, in organising joint protests or struggle people forming a majority will naturally have a greater say.

#### ***8.4.6. Dignity of Work and Street Vending***

While presenting the decent work paradigm, ILO constantly uses the term 'dignity' for the workers at their workplace. Dignity of an individual is defined as the 'quality or state of being worthy of honour or esteem or respect'. ILO stresses upon 'enhancing dignity of the individual' through ensuring his/her rights at work. The dimensions of decent work paradigm itself maintain a direct relation between 'decency of work' and 'dignity of the individual'. It implies that "when work is considered decent", it would at that time 'ensure dignity of the worker'. The importance of "assuring dignity" is



expressed in the Indian Constitution as well. According to The Directive Principles of State Policy, Article 39 (e), ‘the state shall in particular direct its policy towards securing that the health and strength of its workers, men and women and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age and strength’ (Bakshi 2006: 22). Further Article 39 (f) also stresses that ‘children are given opportunities and facilities to develop in a healthy manner, in conditions of freedom and dignity and that their childhood and youth are protected from exploitation and against moral and material abandonment’ (ibid). Article 41 further points out that ‘the state shall, within the limits of economic capacity and development, make effective provisions for securing the workers’ rights to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement and in other cases of undeserved want’ (ibid: 88). Article 42 also states that the ‘state shall make provisions for securing just and humane conditions of work and for maternity relief’ (ibid). Article 43 mentions that the ‘state shall endeavour to secure by suitable legislation or economic organisation or in any other way to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work and a decent standard of life, and full enjoyment of leisure and social and cultural opportunities and, in particular, the State shall endeavour to promote cottage industries on an individual or cooperative basis in rural areas’ (GoI 2008a: 23). The importance of securing dignity of an individual by protecting his/her rights at work and overall working conditions are therefore not new in the Indian context.

One of the street vendors in this study has said “*there is no dignity in this profession, I do not want my children to become street vendors*” (see Box 6.1). Other vendors have mentioned the absence of recognition, respect, certainty and security of employment and income as major issue. They also talk of low and erratic incomes, in addition to being treated as a ‘nuisance’ and facing frequent evictions (70 per cent of vendors say they suffer from threats of evictions, while the rate of has gone up to 3 times in a year). Vendors face harassment and rent-seeking from the police and civic authorities. They end up paying high interest on their loans. All these factors point to a ‘chronic absence of decent working conditions’ in this profession. The children of street vendors have a right to safe and secure childhood free from exploitation. Decent working conditions among vendors will assure a safe childhood for their wards.

Vendors have mentioned that loans are often taken for social security purposes, one of the main reasons being children's education. Here it is seen that both male and female vendors, borrow anywhere between Rs 1000-30000 for their business and social security requirements. Vendors also are mindful of the lack of dignity in this profession. They therefore want their children to be well-educated so as to find better employment opportunities. The absence of state sponsored social security also points out to the fact that vendors have to find their own means to educate their children. Although article 39(f) of the Indian Constitutions clearly states that 'the state shall try to give opportunities to all children to develop in a healthy manner and prevent their exploitation', the people in this profession acutely lack any proper social security measures, and have to find their own means to educate their children and take care of their needs.

Some vendors have benefitted from the public distribution system of the government of India. Some vendors have also come to occupy the houses provided under the slum rehabilitation programmes of the GoI's MHADA and JNNURM. These are some of the efforts made towards promotional social security and thereby assuring them dignity.

It can be argued that street vendors lack 'dignity' in their occupation mainly because they are not formally recognised and their activities are considered 'illegal' by civic authorities. They are said to occupy public spaces illegally and are called 'encroachers'. This approach is the result of the lack of formal recognition of their activities. The important role they play in urban economy; could be easily judged from the backward and forward linkages and it should not go unnoticed. The state governments' initiatives at recognising them will help in assigning 'dignity' to their occupation.

#### ***8.4.7. Social Security and Dignity***

Every person has a right to adequate income not only to survive but also to lead a life of dignity. A decent standard of living depends upon the fulfilment of basic needs of food, nutrition, health, education, housing and sanitation as also protection from contingencies arising out of unemployment, old age, accidents and so on. Right to social security ensures every person the right to live a decent and a dignified life. Recognition

of social security as a human right represents the essential bridge between need-based charity to right based social justice (Standing 2002). Social security is the basic right of every worker in the country because each one contributes to its national income. Formal sector workers have the rights to adequate social security coverage, however the informal sector workers who contribute more than 60 per cent of the country's GDP, do not have sufficient access to social security.

Informal sector workers have a right to decent and dignified life as citizens of this country. Standing (2002) points out that the acute sense of insecurity is all pervasive, in that, it affects workers of all classes, age groups and both sexes. 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, labour market security and work security hold utmost relevance, also in addition to representation security. Fulfilment of basic needs through promotional social security measures along with these securities would help them to lead a dignified life and prevent them from victims of the vicious circle of debt and deprivation. Bhowmik (2005) notes that 'in a country where thieves and criminals move about freely, the street vendors who try to make an honest living by toiling hard day in and day out are treated with disrespect, although they are citizens of the country who make vital contributions to the urban economy'.

Interview with some vendors revealed that the space they occupy was previously occupied by a vendor from his/her same village. It is given to the present occupation against a nominal amount or rent. Thus the space of vending which is not even formally recognised is sub-rented and used by generations of vendors. Although the vendors

widely agree that there is absolutely no ‘dignity’ in this profession and actively discourage their children to pursue this trade in the future, they also bring along and encourage people from their villages or native places to take it up as their profession. When asked why this is so, one of them remarked, “*we did not have a choice so we became street vendors. People from our village who are uneducated, unskilled, poor and asset less come to us for help. We have no other choice but to help them become vendors, however the case with our children is different. We are earning to give them a better life; they have a choice to join better occupations*”. However this implies that a large number of new entrants are foraying into this occupation rapidly. The government is finding it hard to check the rise in the number of vendors, thereby making it difficult to frame policies for them.

#### **8.4.8. ‘Decent Working Conditions’ among Vendors in Mumbai**

This study reveals that vendors’ work is characterised by lack of formal recognition, denial of public space, extensive affliction and torture in the form of rent seeking and evictions, high interest payments on loans from informal credit suppliers, poor safety and security conditions at workplace and long working hours.

The characteristics of workers in the informal sector can be summed up in one phrase ‘presence of decent work deficit’ (Webster 2008). Out of a total of thirty odd indicators of decent work, seven strong indicators were used to define the presence of ‘acute deficit of decent working conditions’ or more appropriately, to define the characteristics inherent in this informal sector by Trebilcock’s study in 2005. These are ‘low hourly pay, excessive hours of work for economic or involuntary reasons, national and youth unemployment, children not at school indicating incidence of child labour, male-female gap in labour force participation, old age without pension’. Not all of these characteristics however, have implications for the self-employed workers. The ones that do are low hourly income, hours of work, child labour, old age without pension, gender gap (or male female income differences) and vulnerability.

The exact measurement of ‘decent work deficit’ could not be done from the findings of this study. However one can state that the income and employment status of the vendors, their rights to work, social security coverage and their collective bargaining position hardly conform to decent work standards. Low levels of income coupled with limited or no access to public space, long working hours, large scale rent seeking, lack of

access to formal financial sources and lack of collective bargaining all tend to indicate the lack of ‘decent work’ among the vendors. Street vending cannot be regarded as a nuisance. Therefore access to public space should not be denied, as it is used to carry out trade for livelihood. The government however needs to regulate street vending and also secure rights to the vending place by constructing hawking zones. Such hawking zones must be built in areas which are ‘natural markets’. Along with formal recognition and allocation of spaces for business activities, they should also be given formal credit. The collective bargaining process should be strengthened because it would promote other objectives.

### **8.5. Issues of Livelihood**

GoI estimates suggest that there are 10 million people that obtain their livelihood from this occupation in India. However, if we add the number of direct dependents in the vendors’ families— including those back home that sustain with the help of money remitted by vendors (though it shows nominal in the study)— and the indirect dependents (actors in the backward and forward linkages) would be at least three times larger.

The issues surrounding the livelihood of street vendors in our present study are of utmost importance. In common parlance ‘livelihood’ refers to the options available to the individual to earn a living and attain a decent standard of life. Singh et al. (1995) define livelihood as consisting of ‘assets, activities and entitlements which enable people to make a living’ (cited in Mugisha 2005: 25).

Ellis (2000: 10) states that livelihood consists of ‘all types of assets, both tangible and intangible’, available to the individual which helps her/him to eke out a living. There are six types of assets or capital that are to be available. These are natural capital, physical capital, financial capital, human capital and social capital (Timalsina 2007). Access to these assets helps the individual and/or the household to undertake production, and promote exchange. These assets may be used both directly and indirectly to generate a living and make it sustainable (ibid).

The livelihood approach tries to look at the conditions of individuals, households and social groups trying to make a living amidst volatile conditions with access to limited assets (ibid). As outlined by Schafer (2002: 22-23), an approach to determine the

framework for livelihood approach should consist of, 'livelihood resources (assets available), livelihood strategies (alternative options of carrying out a living), livelihood outcomes (the standard of living of the people)'.

We need to study all these in the context of street vendors in Mumbai. Firstly, it is important to see if they have access to all forms of capital which enable them to avail of income earning opportunities or not. In the context of the "self-employed urban workers", access to natural capital does not have much implication. Their accessibility to physical capital consists of access to public space, proper places to display their products and mode of communications from home to the place of work. Data suggests that the most important issue concerning vendors' survival on the streets of Mumbai is their right to use of public space. Vendors thought to be illegal encroachers on roads and pavements are subject to frequent evictions making their working conditions highly volatile. Several civic bodies have said that they find the treatment meted out to vendors harsh and apathetic. No efforts are being made to legalise vending by issuing of proper business licences, although it is widely believed that, if regulated, vending could contribute significantly to the urban economy.

'Means of communication' is another form of physical capital (Ellis 2003) which facilitates the movement of persons between places offering different income earning opportunities. Stationary vendors carry out trade in temporary structures at the roadside. It has been observed that several female vendors carry out vending in small baskets. They face problems due to adverse climatic conditions when their stall and wares get damaged. During monsoon seasons, their income becomes irregular.

The second type of capital which holds relevance for the street vendors in Mumbai is financial capital. Financial capital also consists of remittances, pensions that help people to sustain in old age. Vendors generally avail loans at very high interests from money lenders and wholesalers due to lack of access to formal finance.

Another important asset is 'human capital' which is increased by investment in education, skill-enhancing opportunities, proper hygiene and health care facilities, and food and nutritional intake. It is seen that vendors have a tendency to invest in their children's education even if it means borrowing huge sums for this purpose. This study found that most vendors do not take full advantage of the products made available to

them through the Public Distribution System (PDS) as the vendors find the quality of goods to be poor and low in nutritional value. Promotional social security programmes must promote the livelihood of the vendors. Data in this study points out that vendors mostly take loans to take care of their social security requirements. The most important component of the vendors' business activities is their social capital, which refers broadly to the trust based relationship at the market as well as in the social network. This study reveals that such relationships exist among the vendors, among the vendors as well as among vendors and product and credit suppliers.

It can be said that vendors lack access to all types of assets and capital except social capital. The vendors' living conditions are related to the decent work agenda. Access to assets enhances the capacity of the individual to lead a decent life and take advantage of the income earning opportunities available to them. All issues associated with decent work could be addressed through access to capital. Physical, human and financial capital could enhance their incomes and work opportunities and also promote their access to social security requirements (accessibility to pensions and remittances are important components of their physical capital). However the lack of access to all types of capital implies an absence of decent working conditions.

Livelihood issues could be promoted by increased participation of the poor in decision making relating to their access to all forms of assets (Schafer 2002 and Timalsina 2007). The role of the last pillar of decent work viz., the collective bargaining process is therefore important. The collective bargaining process would help the vulnerable to improve their livelihood conditions and attain a decent standard of living. Through this study, very few membership based organisations were found to work actively towards the protection of vendors' livelihoods.

## **8.6. Concluding Remark**

Mumbai presents the case of a city where the issue of street vendors has received the least attention. This is clearly reflected in the fact that the state government is not responsive to the problems associated with this occupation. Street vendors mainly operate in 'natural markets' and they concentrate in areas like railway stations, parks, temples, bus stands and so on. Hence any effort towards construction of hawking zones must preclude the 'natural market' concept. Existing markets must be designated as 'natural markets',

where street vendors find a large number of customers. Securing the vendors' right to use these areas, with suitable restrictions at a particular time of the day or night, could serve both the customers that benefit from their presence and the street vendors.

Estimating the exact number of street vendors is not easy because of the informal nature of their occupation. In the areas considered in this study, the number of vendors depends on the time of the day or the season of the year. Some vendors only sell in the morning, afternoon, or evening, while some sell only on weekends; and others sell only during certain seasons. Interestingly, in Dadar, three different vendors were found to occupy sit the same place in the morning, afternoon and evening respectively. Since this sector is unaccounted and unregistered, there is no record of the street vendors even with the municipal corporation. Chen (2001) says that home-based workers and street vendors are most unaccounted and undetermined group of workers. Therefore, there is an urgent need for documentation of what exists in reality. This would prove to be a step in the direction of legalisation. Chen (2007) observes that legalisation issues of street vendors begin with securing their rights to street trade and public space. Street trade is often termed as 'illegal' because the regulation procedures continue to be 'punitive' and 'cumbersome' (Chen 2007).

The MoHUPA, GoI set up national policy goals and made several recommendations in 2006 (NCEUS 2006). The NPUSV was revised again in 2009 by MoHUPA, GoI (MoHUPA 2009) though the new policy is much the same as the old. The most pressing problems of vendors and very specific recommendations have been highlighted in this document. The problem is that these recommendations have remained on paper and have not been implemented in Mumbai so far. State governments should take the initiative of implementing the national policy, especially in Maharashtra, since the numbers of street vendors have been growing significantly in its capital city Mumbai, over the past few decades.

As the NPUSV in 2009 mentions, the total commercial vending space being limited, it is not possible to provide each vendor the right to a permanent vending location (MoHUPA 2009). Thus the vendors could be given the right to use the commercial space for income generating purposes for a particular span of time during the day. This may be a suitable reformulation of their rights to use the property. The national policy (2006) suggested that town vending committees (TVCs) should be made



responsible for the allocation of space to street vendors. The functions of the TVCs recommended by the national policy are as follows: registering the street vendor and ensuring the issuance of an identity card to the vendor after it has been prepared by the municipal authority; monitoring the facilities to be provided to the street vendors by the municipal authority; identifying areas for vending with no restriction, areas with restrictions with regard to dates, days, and times, and areas that would be marked as non-vending zones; setting the terms and conditions for hawking; taking corrective action against defaulters; and collecting revenue. The fees should be nominal or at least affordable for all street vendors. Committees may decide the amount to be charged after considering the local conditions. Considering the functions of the TVCs recommended by national policy, it could be said that TVCs would be a better solution to organise the vendors at the local level. Street vendors would prefer to pay fees legally to the government instead of paying bribes to the local police and the municipal corporation.

Given the importance of street vendors in the urban informal sector, some NGOs, cooperatives, and other membership based organisations have come forward with initiatives for providing social security and other basic requirements to street vendors. These initiatives are few and far between. The civic authorities are found to be either inclined to ‘eliminating’ this section of workers by adopting techniques of rent-seeking, eviction and harassment or by turning a ‘blind-eye’ to the needs of these workers and employing police to deal with them to preserve the law and order situation (Bhowmik 2003 and Mitullah 2004). In view of the present economic situation, especially given the recent financial crisis and the large number of formal-sector jobs that have been lost, the informal sector would expand in the years to come. Since street vending is one of the easiest ways to get into the urban informal sector, the number of street vendors too is likely to increase drastically in the near future. One of the major findings of this study is that in places where trade unions are performing efficiently and effectively, street vendors are found to be in a somewhat better position. Thus, trade unions or other membership based organisations could be the best way to organise vendors. They could achieve a reasonably decent working life or at least a better working environment with the help of trade unions.

The NPUSV in 2009 points out that street vendors, help the government to combat unemployment and poverty by providing livelihood to approximately 2 per cent of the urban population (MoHUPA 2009). Hence it is the duty of the State to protect the vendors and help them to earn an honest living. The state must also make sure that the vending activity does not lead to overcrowding, unhygienic and unsanitary conditions at the marketplace. Rights over utilisation of public spaces must be exercised in a manner that rights of both citizens as well as the vendors are protected. Securing rights over commercial places should also accompany provision of basic services like sanitation, drinking water, solid waste disposal and so on. The concerned state governments could take up the issue not only as an urban planning strategy but as a livelihood promotion strategy for the large section of urban poor. In order to promote the means of livelihood for this growing segment of the poor, the issue of legalisation needs to be taken up more seriously as this would secure their rights to formal credit sources.

Some studies have been conducted by Anjaria (2006) and Bhowmik (2001) on the condition of street vendors in Mumbai. While Anjaria's study mainly addressed the condition of vending activity from the perspective of public space utilisation, Bhowmik's study shed new light on the overall conditions of street vendors. The present study examines the working conditions of vendors in much greater detail. Not only it focuses on the issue of legalisation and access to public space but also describes the consequences of hostile attitudes of the civic authorities. It attempts to bring out the way in which vendors pay large sums as interest on loan in the absence of formal credit. Banks stand to gain from the vendors, if they are legalised. Other important details regarding with the vendors' work life have been taken into consideration and presented in a comprehensive manner.

Street vendors in Mumbai want to be regarded as 'micro entrepreneurs' and not a 'nuisance'. The city with the highest number of vendors in the country—2,50,000—has still not been able to address the issue of vendors appropriately. Data on 400 vendors (including 236 males and 164 females) is an important source of information on the socio-economic profile of street vendors. An attempt has been made to highlight the factors which affect their income level. Rights at work are analysed with the help of evidence regarding public space utilisation. The study tries to show the rights to an honest livelihood are violated due to payment of bribes. It also attempts to bring out the

extent of bribe payment and its effect on the vendors' resources. On the other hand, it shows how the State is deprived of a good source of revenue, because due to their illegal status, they cannot be taxed or charged for the occupation of commercial space.

This study has also shown that vendors are capable of paying large interest amounts on their informal loans. From the cases in Chembur and Dadar described earlier, it is evident that there is a large unaddressed population of street vendors who are eager to use the formal banking system. While bank loans are available for other purposes such as house construction, they are not available for street vendors' businesses. In the absence of such a system, they are either forced to borrow from informal sources or find loopholes in available bank loans to suit their needs. It would thus be advantageous for banks as well as street vendors; if formal banking addresses the latter's business needs through loans and other financial accessibility schemes.

Thus it could be argued that they are not 'credit unworthy' persons. They have the potential to run a successful enterprise with limited amount of resources. They also have the ability to thrive amidst hostile and most challenging environments while withstanding daily afflictions at workplace because they are called 'illegal'. This is despite the fact that they play an important role in the urban economy by providing employment to a large section of urban poor and relieving the state government of this responsibility. Hence, there is an urgent need for a comprehensive policy directly targeted at the street vendors, which would include legalising their trade, providing them proper trade licenses and securing formal credit access.

This study found that most street vendors assumed that because they had employment and could remit money back to their families, they were already in a much better position than they were or could have been. This also made them believe that their work was already 'decent'. Awareness about rights is therefore important. However, equally important is to note that with several minor (such as sanitation at workplace) and some major (such as legalising street vending) policy initiatives, street vendors' work and life could genuinely improve, thereby making it 'decent' in its true sense.