

A Study on the Challenges faced by Street Vendors

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INTRODUCTION

Street vending as a profession has been in existence in India since time immemorial. According to one study Mumbai has the largest number of street vendors numbering around 250000 while Delhi has around 200000. Calcutta has more than 150000 street vendors and Ahmedabad has around 100000(Sharit K Bhowmik,sponsored by NASVI,2005,www.nassivenet.org)

Some studies estimate that street vendors constitute approximately 2% of the population of a metropolis.(Sharit K Bhowmik, Economic & Political Weekly, May 28-June 4, 2005)

India being a developing country still has a large chunk of the population living below the poverty line. Entrepreneurship is not only a means of livelihood for an entrepreneur but also to the people associated with the business. Being a low investment and highly flexible business, street vending has the potential for earning reasonable profits.

WHAT IS BUSINESS

Business is a process in which a person or an organization purchases and or sells goods in an attempt to make a profit.

DEFINITION OF A STREET VENDOR

A street vendor is an unorganized micro entrepreneur who is broadly defined as a person who offers goods for sale to the public without having a permanent built up structure but with a temporary static structure or mobile stall or those who sell goods by keeping them on their head

INTERNATIONAL STATUS OF STREET VENDORS

The Phenomenon of street vending is not only a national issue but also an international one

SRILANKA-- Municipal council collects a daily tax from street vendors. Municipal council evicts them in case of traffic rules

BANGKOK-- Municipal authorities in Bangkok have demarcated sites for street vendors, but they still operate in unauthorized areas

SINGAPORE-- All street vendors are licensed. It is the duty of the hawkers department to check for licensing

MALAYSIA-- Formulated a National policy on hawkers in 1990. One of the few countries in Asia that has given some of recognition to street vendors

SOUTH KOREA -- Street vendors are under constant attack by the government. It uses gangsters to evict street vendors

STATUS OF STREET VENDORS IN INDIA

The hawkers are unique phenomena in all metropolitan cities of India. In most Indian cities the urban poor survive by working in the informal sector. Society should give due credit to the role played by the hawkers in the economy. But they are considered as unlawful entities and are subject to continuous harassment by police and civic authority

LITERATURE REVIEW

- 1) Informal markets organization: Street vendors in Mexico city

Type: A dissertation submitted to the department of Urban and Regional planning in partial fulfillment for the degree of Doctor of Philosophy at the Florida state university

Author: Sergio Pena

Abstract: The central question this dissertation addresses is—What are the functions of street vendors

Findings:

The study of street vending in Mexico city shows that vendor organizations perform two central functions a) Organizations as managers of social assets and b) Organizations as brokers

It evaluates the reorganization program implemented by city government in 1993 to control and manage street vendors in Mexico city. It analyzes the reorganization program in the light of theoretical models of organization. It presents an alternative model of organization—The participatory model

2) Revolutionary Urbanism: The Struggle for the Streets of Caracas

Type: A dissertation submitted in partial satisfaction of the requirements for the degree of Doctor of Philosophy at the University of California, Berkeley

Author: Carmen Rojas

Abstract: This research identifies the techniques used by the state to organize people with similar class interests against each other, control the movement of vendors, and most importantly maintain its hold on power. It takes as its subjects the street vendors to understand the transformation and impact of the Bolivarian Revolution on the most economically marginalized Venezuelans

Findings: Through the lives of street vendors the failures of the state are made apparent

Today, one can safely say that there has been little effort made to redistribute wealth from the upper class or the state. Informal street vendors are fighting to use public space as market space to eek out a living. This dissertation questions the ability of the Chávez regime to meet the most basic needs of the city's residents

3) Space Wars in Bogotá: The Recovery of Public Space and its Impact on Street Vendors

Type: Submitted to the Department of Urban Studies and Planning in partial fulfillment of the requirements for the degree of Master in City Planning at the Massachusetts Institute of Technology, February 2002

Author: Michael G. Donovan

Abstract: This paper addresses the factors underlying the shift of public space management in Bogotá's historic center

Findings: Results of the randomized surveys illustrates improvements in working

conditions, but lower income and fewer clientele for relocated street vendors. The conclusion points to the importance of public space recovery for the reinstatement of public order. These benefits are described parallel to the disadvantages of the intensification of vendor-government conflict and the large-scale abandonment of costly markets by relocated street vendors.

4) Street Vending at Gaborone Station: An Architectural Intervention

Type: Submitted in partial fulfillment of the requirements for the degree of Master of Architecture at Dalhousie University Halifax, Nova Scotia December 2009

Author: Goabaone Ntshontsi

Abstract: The design explores the above issues as they exist at the Gaborone Station,

The thesis question is: How can the conditions that exist in Gaborone Station assist in the creation of a place, and inform a proper ordering of place that recognizes street vendors as an important element ?

Findings: The design proposes an ordering strategy to this network of vendors and transport without trying to get rid of the vendors. It is proposed an urban place and built upon the idea of an urban market place. The canopy of the train station, the arcade and the vendor stalls begin to frame the action of the growing city of Gaborone.

STATEMENT OF THE PROBLEM

The focus area of the study is to explore the methods used by street vendors to do business

OBJECTIVE

In order to fill the research gaps identified and to address the problem stated, the following is the major objective identified to cover in this research

To identify and analyze the challenges relating to small businesses

HYPOTHESIS

Ho: There is no association between raising money and material purchasing

RESEARCH METHODOLOGY

The research design for the study is exploratory and descriptive. It attempts to present the comprehensive performance of street hawking. It explores the strategic issues of street vendors. Data was collected from both primary and secondary sources. Primary sources include administering questionnaire among the street vendors, personal observation and interview with street vendors. For more representativeness, 1000 street vendors spread across the twin cities of Hyderabad were selected.

Strategic Issues of Street Vendors

Street vending has been playing a significant role and is often more prevalent in large cities. Street hawking involves key issues and marketing strategies based on which the success or failure depends. The hawkers unconsciously without their knowledge, apply business plans in order to withstand and compete with other competitors in the direction of profit earning. The strategic issues in selling definitely reflect on the profit. Unlike other businesses the street vending business by nature differs in all aspects and operates in unpredictable environment.

The nature of job demands the hawkers to move from one place to other throughout the business hours. The key elements to street hawking are i) Financing ii) Procurement iii) Pricing apart from all entrepreneurial abilities that a businessmen should possess.

The study revealed some interesting facts about the conduct of business.

Marketing issues related to street vending business:

The street hawkers conduct the business in a place (one of the four P's of marketing strategy) where the customers are floating, unknown strangers, with everyday new faces, tightly packed markets, with different customers and sellers. It is so crowded that it is not possible to trace the same seller after some time. It is a peculiar environment in which street hawkers are selling their products. Pricing is another key strategic issue which is crucial in street vending. It is more pertinent in case of consumable durables. The street hawkers adopt

skimming price, “collect as much as they can” is the formulae. It is confirmed during the study that one item is sold for Rs.10 to one customer and will be sold to another customer for Rs.100 by leaving a profit margin of Rs.90. It is purely bargaining capacity on the part of the customer. Higher the bargaining capacity lower is the profit or vice-versa. Further, it is learnt that as long as there is some profit, they do not let the customer go. They leave the customer only when it yields loss.

In the present study it is attempted to examine the strategic issues involved in street vending business.

Source of Inspiration of street vendor

The reason for choosing the source of inspiration of a street vendor as a strategic issue is to find the driving force of the respondents. In the previous studies it was stated that the reason for people to take-up street vending is lack of education, lack of proper employment opportunities in the formal sector and a third component is those who have worked in a factory before. It is attempted to understand the factors that lead people to resort to street vending. The respondents are analyzed based on the reasons behind taking up street vending business.

For this purpose they are categorized into four groups viz. 1) Ancestral 2) Friends 3) Own interest and 4)

Those who have worked in a factory before

Table 1.1
Source of Inspiration of street vendor

Source of Inspiration	Frequency	Percent	Cumulative Percent
Ancestral	174	21.8	21.8
friends	98	12.3	34.0
Own interest	492	61.5	95.5
worked in a factory before	24	3.0	98.5
No answer	12	1.5	100.0
Total	800	100.0	

Source: Compiled from primary source

Figure 1

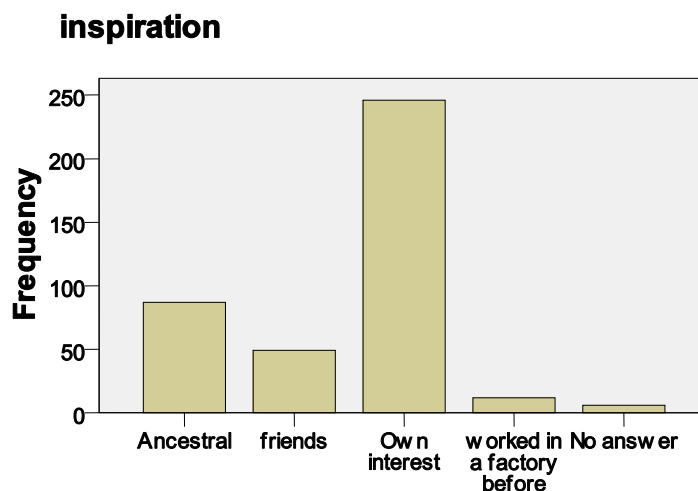


Table 1.1 depicts that most of the street vendors are self inspired; it is represented by a very high percentage of 61.5. The second highest influencing factor is parents being in the same profession, followed by friends acting as influencers. There is also a meager of 3.0 percent respondents who have worked in a factory before. It is evident from the above table that most of the street vendors are coming to the profession with their own interest.

Frequency of Material Procurement

The higher the inventory turnover, higher the efficiency in business. Frequency of material procurement determines the extent of inventory turnover. Thus it is attempted to understand the extent of inventory turnover in street vending. The respondents are analyzed based on the duration of material procurement. They are categorized into three groups viz.

- 1) Daily
- 2) Weekly and
- 3) fortnightly

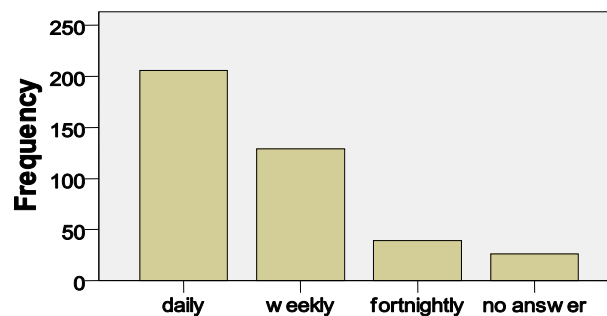
Table 1.2
Frequency of Material Procurement of Street Vendors

Material Procurement	Frequency	Percent	Cumulative Percent
daily	412	51.5	51.5
weekly	258	32.3	83.8
fortnightly	78	9.8	93.5
no answer	52	6.5	100.0
Total	800	100.0	

Source: Compiled from primary source

Table 1.2 shows that about 52 percent of the respondents are procuring the material on a daily basis, 33 percent are procuring on a weekly basis. Further 10 percent are procuring material once in fifteen days. It can be understood through the analysis that the turnover is as high as 360 times in the case of 52 percent of the respondents, 52 times in the case of 32 percent of the respondents and 26 times in the case of 10 percent of the respondents. Further it can be interpreted from the above table that the frequency of material procurement is in coincidence with the frequency of procurement of finances wherein 49.5 percent of the respondents are procuring finances on a daily basis and 23.3 percent are procuring finances on a weekly basis. This shows that street vendors are being professional and prudent in managing their finances.

Figure 2
Frequency of Material Procurement



Marketing strategy

Trading means selling and selling is a part of marketing. Hence it has been tried to identify the method/methods used to market their goods. In this context by marketing strategy it is the method used to create awareness among customers which is being studied.

The respondents are categorized into four groups on this basis viz. 1) use sound system
 2) shout 3) display boards 4) any other

Table 1.3
Marketing strategy of Street Vendors

	Frequency	Percent	Valid Percent	Cumulative Percent
use sound system	20	2.5	3.3	2.5
shout	168	21.0	27.7	23.5
display boards	298	37.3	49.7	60.8
any other	120	15.0	19.8	75.8
no answer	194	24.3	100.0	100.0
Total	800	100.0		

Source: Compiled from primary source

Figure 3
Marketing Strategy

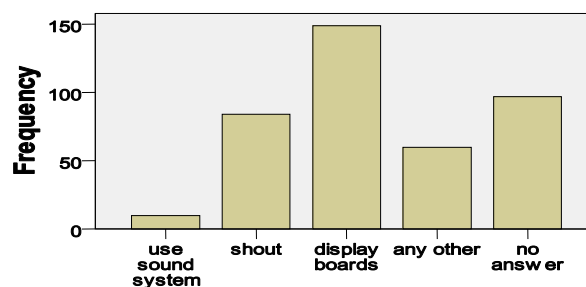


Table 1.3 exhibits that 50 percent of the respondents are using display boards for marketing their product, 28 percent are marketing by shouting, a meager of 3.3 percent are using sound system and yet another significant portion is using various other options for marketing. Many street vendors simply stand and most of the times they do nothing to attract but customers automatically come because the products are visible as they are marketed in the open air on the roads as per the data collected. That is the reason for the high proportion of no answer.

Frequency of Finances

In business the role of finances is very crucial. In this section the data related to frequency of raising finances by the street vendors is analyzed. They are categorized into five groups viz. namely 1) daily basis 2) weekly basis 3) monthly basis 4) quarterly basis and 5) self finance

Table 1.4
Financing Frequency of Street Vendors

Procurement of finances	Frequency	Percent	Valid Percent	Cumulative Percent
daily basis	396	49.5	49.5	49.5
weekly basis	186	23.3	23.3	72.8
monthly basis	66	8.3	8.3	81.0
quarterly basis	24	3.0	3.0	84.0
Any other	102	12.8	12.8	96.8
No answer	26	3.3	3.3	100.0
Total	800	100.0	100.0	

Source: Compiled from primary source

Table 1.4 depicts that the finances being raised on a daily basis is highest at 49.5 percent, 23.3 percent of respondents are raising finances on a weekly basis. Further 12.8 percent of respondents are raising finances in varying periods depending on the requirement generated. It is followed by finances raised on monthly basis occupying 8.3 percent. There is a meager of respondents who are raising finances on a quarterly basis. This shows that as it is a trading business it has a daily requirement for procuring materials. Moreover the vendors who are procuring finances on a daily basis get credit by their supplier which has to be paid either daily or weekly depending on their turnover as per the data collected. The cost of credit on material is almost nil as it is extended on materials.

Association between frequency of raising finances and frequency of material procurement

Capital in business is invested in current assets like inventories and fixed assets such as land, building, machinery and so on. As street vending is a cash and carry trade with daily rotation moreover the requirement of fixed overheads is almost negligible most of the finances are invested in materials. Hence an attempt was made to understand the relationship between frequency of raising finances and frequency of material

procurement .Data related to the respondents of frequency of raising finances and frequency of material procurement is presented in Table 1.5

Table 1.5
Frequency of raising Finances and frequency of material procurement

			duration of mat pro				Total
			daily	weekly	fortnightly	no answer	
finances	daily basis	Count	288	56	34	18	396
		% within finances	72.7%	14.1%	8.6%	4.5%	100.0%
	weekly basis	Count	30	134	12	10	186
		% within finances	16.1%	72.0%	6.5%	5.4%	100.0%
	monthly basis	Count	20	26	16	4	66
		% within finances	30.3%	39.4%	24.2%	6.1%	100.0%
	quarterly basis	Count	10	8	6	0	24
		% within finances	41.7%	33.3%	25.0%	.0%	100.0%
	self finance	Count	58	24	8	12	102
		% within finances	56.9%	23.5%	7.8%	11.8%	100.0%
	No answer	Count	6	10	2	8	26
		% within finances	23.1%	38.5%	7.7%	30.8%	100.0%
Total		Count	412	258	78	52	800
		% within finances	51.5%	32.3%	9.8%	6.5%	100.0%

Source: Compiled from primary source

Table 1.5 shows that in the category of finances being raised on a daily basis, the highest percentage of material procurement is being done on a daily basis followed by weekly procurement. In the category of finances being raised on a weekly basis also there is a correlation with the material procured on a weekly basis being the highest percentage. In the case of finances being raised on a monthly and quarterly basis this correlation does not exist where the material being procured is more or less evenly distributed among daily, weekly and fortnightly basis. This shows that street vendors are adopting a scientific approach in matching their frequency of financing with their frequency of material procurement.

Testing the relationship between Frequency of raising Finances and frequency of material procurement

Hypothesis testing

The following hypothesis is formulated to determine the statistical likelihood that the data reveal true differences

Hypothesis:

H₀-There is no association between raising finances and material procurement

H₁- There is an association between raising finances and material procurement

Results of Chi-Square Test

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	140.645 ^a	15	.000
Likelihood Ratio	133.641	15	.000
Linear-by-Linear Association	17.671	1	.000
N of Valid Cases	800		

a. 10 cells (41.7%) have expected count less than 5. The minimum expected count is .78.

Significance level: Let $\alpha = 0.05$

Calculated value= 140.645^a

d.f= (r -1) (c -1) = 15

Critical test value= 25

Interpretation: The calculated value is greater than the critical value, the null hypothesis is rejected. That means we accept the alternate hypothesis which states that there is a relationship between Frequency of raising

Finances and frequency of material procurement. It means street vendors are matching their frequency of financing with procurement of material. We can judge that these differences are statistically significant.

Conclusions

Marketing strategy-The analysis exhibits that 50 percent of the respondents are using display boards for marketing their product, 28 percent are marketing by shouting, a meager of 3.3 percent are using sound system.

Frequency of Material Procurement- About 52 percent of the respondents are procuring the material on a daily basis, 33 percent are procuring on a weekly basis. Further 10 percent are procuring material once in fifteen days.

It can be seen that most of the respondents are procuring the material on a daily and weekly basis.

Frequency of Finances- The finances being raised on a daily basis is highest at 49.5 percent, 23.3 percent of respondents are raising finances on a weekly basis. Further 12.8 percent of respondents are raising finances in varying periods depending on the requirement generated. It is followed by finances raised on monthly basis occupying 8.3 percent. There is a meager of respondents who are raising finances on a quarterly basis. As per the data most of the respondents are raising finances on a daily basis followed by weekly basis. This shows that as it is a trading business it has a daily requirement for procuring materials. Moreover, the vendors who are procuring finances on a daily basis get credit by their supplier which has to be paid either daily or weekly depending on their turnover.

Frequency of raising finances and frequency of material procurement- In the category of finances being raised on a daily basis , the highest percentage of material procurement is being done on a daily basis. In the category of finances being raised on a weekly basis also there is a correlation with the material procured on a weekly basis being the highest percentage.

Hence it can be concluded from the research that Street Vendors are following Appropriate strategies in conducting their trade

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