

## Executive Summary

### Street Vendors in Ahmedabad, India

Recent statistics show the majority of workers in developing countries earn their livelihoods in the informal economy. The Informal Economy Monitoring Study (IEMS) is a qualitative and quantitative study designed to evaluate the reality of informal livelihoods. With research conducted over multiple years in 10 cities, the IEMS aims to provide credible, grounded evidence of the range of driving forces, both positive and negative, that affect conditions of work in the informal economy over time. Informal workers and their membership-based organizations (MBOs) are at the centre of the analysis.

#### *The Research in Ahmedabad*

In Ahmedabad, WIEGO partnered with the Self-Employed Women's Association, the world-renowned trade union of women informal workers. SEWA's members, all women, are drawn from a wide range of occupations. SEWA has been instrumental in organizing women street vendors in the city, and now has over 75,000 of them among its Ahmedabad membership.

Fieldwork consisted of 15 focus groups, held in 2012, involving 75 vendors. Focus groups had about five participants each and utilized nine tools, organized around the themes of sector characteristics, driving forces and responses, the institutional environment, and sector contributions to the city. A subsequent survey was administered to 152 vendors, which included the 75 focus group participants and an additional 77 vendors.

With Ahmedabad's street vendors, two sampling variables were used. For the first, vendors were divided into the product categories of food and non-food vendors. Location of the workplace – whether the vendor worked in the city centre (demarcated by the 132 Feet Ring Road) or on the periphery – was used as the second variable.

Nearly two thirds of the street vendors in the study were between 40-59 years of age, with the remainder spread fairly evenly across younger and older age brackets. Over 90 per cent of all vendors in the sample – and 96 per cent of the food vendors – belong to Scheduled Castes, who have traditionally engaged in this work for generations. Others entered this occupation following the closure of textile mills in the 1970s, 80s and 90s. More than 75 per cent of food vendors, and about 60 per cent of non-food



Photos: SEWA and J. Luckham



vendors, have been vending for 20 years or longer. Education levels for all the vendors are very low: 60 per cent have no formal education, only 12 per cent have completed primary school, and none have completed secondary school.

Street vendors in the study, 87 per cent of whom were own account workers, have larger households than the Gujarat average, and almost all depend on other working members of the household to help support the family. The great majority of those other household members also work in the informal economy; under 7 per cent of the sample were from households which had a formal source of income. As well, about 80 per cent reported no other sources of household income such as pensions, remittances or government grants. And in busy times or when unable to work, most had no helpers, or relied only on unpaid family members to help out.

## Key Findings

### **Economic Driving Forces**

Two major economic driving forces have impacted the sample vendors' businesses: inflation and increased competition. Over 80 per cent of those surveyed said the goods they buy to sell have become more expensive; higher transportation costs have added to the burden. However, while 74 per cent had raised prices over the past year, most said higher prices drive away customers. Compared to the previous year, 58 per cent said sales had declined and almost half said there were fewer customers. When goods, especially perishable goods, don't sell, they can become damaged or otherwise depreciate in value, resulting in a loss for the vendor. All of this has led to declining revenue. Also, more than three quarters noted an increase in vendors selling the same goods/services – many, they said, are migrants from other Indian states. In a declining economic space, conflict among vendors can foster regional chauvinism, which can escalate into violence.

The lack of space extends to storage space, which limits the stock vendors can acquire and thus hampers their ability to grow their enterprises. Fear of eviction and confiscation of their goods – which are often not returned, or are not sellable when returned – also hampers growth.

The most common way to cope with falling revenue, cited by 72 per cent of vendors surveyed, was to borrow from the moneylenders, which can trap these workers in a cycle of taking and repaying loans. Two thirds of the vendors also said they had cut down on personal expenses.

### **Policies and Practices of Government, Especially Local**

The study indicates that vendors are subjected to constant harassment from police and municipal authorities due to a lack of identity as workers and the lack of an appropriate regulatory environment. Therefore, government policies and practices were overwhelmingly viewed as negative. Survey and



Photo: Courtesy SEMA

focus group participants said the lack of allotted space for vending is at the core of their problems, leading to evictions, harassment, and confiscation of goods by local authorities. According to some, it also leads to frequent conflicts between vendors for market space, occasionally sparking physical violence. In response to these pressures, some have shifted to mobile vending.

In the survey, over 46 per cent of the sample said police harassment has increased over the past year. Harassment by local authorities is authorized under various national and local laws. While the Bombay Provincial Municipal Corporation (BPMC) Act, 1949, provides for licensing of vendors, only a very small percentage of vendors in the city have licenses due to official unwillingness and the complexity of procedures. When they don't have licenses, vendors are often treated as criminals under the Indian Penal Code.

Because of their illegal status, vendors often pay bribes. In fact, paying bribes was identified as a common way to resolve issues with municipal authorities and police, and often helps avoid greater hardship through fines, eviction or arrest. The survey found that 16 food and non-food vendors had paid, on average, monthly bribes of Rs 574 to secure vending space, with non-food vendors paying more than twice as much as food vendors. Higher bribes were demanded, they said, during the festival seasons when business is brisk. Among focus group participants who had paid bribes, three out of four had to take loans from moneylenders to do so.

New taxes levied by the state of Gujarat also reduce the vendors' incomes. Most vegetable vendors buy from a wholesale market run by the state-governed Agricultural Produce Market Committee, which charges a 10-12 per cent *mandi* tax on produce. This has driven up prices of goods, resulting in lower sales and lower profits. Within our study sample, 23 food vendors paid a monthly average of Rs 5,734 in *mandi* tax.

Large numbers of street vendors in Ahmedabad City are being displaced by urban infrastructure and development projects such as the Bus Rapid Transit System (BRTS), model roads, Bhadra Fort beautification, riverfront development, and road widening. In the design of these projects, neither natural markets<sup>1</sup> nor the vendors themselves have been considered. Many natural markets have been destroyed or dispersed through evictions carried out by the Ahmedabad Municipal Corporation (AMC). For example, over 5,000 vendors have been displaced by just the first phase of model road development. Redevelopment of the Bhadra Fort Market as a heritage plaza has displaced over 4,000 vendors, many of whom have lost their livelihoods or had to scale down business. The vendors voiced great uncertainty about their future.

### **Value Chain Dynamics**

Study participants identified the problems they face in the value chains within which they operate. Chief among these, cited by 57 per cent of those surveyed, was competition from large retailers or supermarkets, which have started selling fruit and vegetables at low prices. Vendors have responded by trying harder to attract customers, asking SEWA to help regulate prices, and urging the AMC to provide a legal space to vend. However, no well-developed response has emerged for this problem, which may intensify now that multinational retail companies have been allowed into India.

Vendors also cited difficulties in negotiating both purchase and sale prices with suppliers and customers, respectively, and noted that a lack of capital often forces them to borrow from local moneylenders at high interest rates.

### **Positive Driving Forces and Relationships**

The most important positive factor identified through focus group discussions was street vending itself, which generates daily income to support families. Many vendors said they enjoyed good relations with customers and the flexibility of work hours; such flexibility is particularly important for women with domestic responsibilities. The support of SEWA emerged as the second most important positive factor, especially SEWA's efforts to fight evictions.

To a lesser degree, the Gujarat Unorganized Labour Welfare Board was also recognized as an institution that had a positive impact, as were, in some instances, councilors, fellow vendors, and moneylenders.

### **Vendors' Relationship with SEWA**

The IEMS research findings highlight the crucial role of SEWA in advocating for its street vendor members. Participants said they most often turn to SEWA for support when faced with conflict, legal problems,



Photo: Courtesy SEWA

evictions or harassment, or to protest competition from large retail shopping malls through collective action.

SEWA has a long history of advocating on behalf of street vendors in Ahmedabad, and recently won a court order in their favour when it petitioned for implementation of the National Street Vendors' Policy, which recommends some public lands be used to create markets and, also, that natural markets be recognized and preserved. The AMC has shown a clear preference for allocating lands for formal commercial ventures – rather than for informal livelihoods – since development of formal commercial ventures brings in revenue. In response to the court order, the AMC formulated the Ahmedabad Street Vendors' Scheme, 2010, which defines vending zones. These zones, however, restrict vending activities according to road widths and timings. Also, the scheme overlooks the concept of natural markets. According to SEWA, implementation of the scheme will adversely affect 129 natural markets, depriving 38,908 vendors of their livelihoods (Mahadevia and Vyas 2012).

### **Vendors' Linkages and Contributions**

Street vendors in the survey were very much part of the local economy, including through the taxes and fees paid. Almost 83 per cent acquire the goods they sell from formal businesses. The vast majority of their customers are individuals, but a small percentage also sell to both formal and informal businesses.

Through their transport needs, vendors create employment for head loaders, porters, and auto rickshaw drivers. In focus groups, the participants emphasized that formal shopkeepers, middlemen and customers all benefit from street trade activities. Also, the vendors provide business to farmers whose products they sell, to wholesalers from whom they purchase goods, and teasellers in the market who they buy tea from each day. Customers, who are attracted to natural markets, can buy affordable goods and fresh produce in convenient locations,

<sup>1</sup> A "natural market" is one that develops because of commercial opportunity in a given location on account of its good accessibility and a significant pedestrian flow.



sometimes even on their doorstep. And those who sell secondhand items even reduce municipal waste through recycling goods.

Despite these services, street vendors in the city continue to work in a hostile environment where they lack identity as workers. Laws defending their rights are weak, verging on non-existent. In the absence of legal protections, they are often treated as criminals.

### **Policy and Advocacy Recommendations**

The study findings and the extensive knowledge of SEWA informed the development of policy messages and recommended legislative, urban planning and institutional reforms.

#### **Key Policy Messages**

1. Recognize the right to vend as a fundamental right – The Constitution of India, the National Policy on Urban Street Vendors and the Street Vendors (Protection of livelihood and regulation of street vending) Act, 2014 offer protections and guarantees relating to the rights and needs of urban street vendors.
2. Protect Natural Markets where street vendors and their customers have congregated, to their mutual convenience, for decades or more. This is particularly urgent, given that the majority of natural markets in Ahmedabad are threatened under the Ahmedabad Street Vendors' Scheme, 2010.
3. Provide spaces for vending in a way that supports the concept of natural markets using the available provisions in the planning legislation.
4. Stop unnecessary forced evictions in the interests of urban development and "beautification," which has already displaced about 10,000 vendors. If eviction is absolutely necessary, alternative space in a good location should be made available before the eviction takes place.
5. Stop harassment by police and municipal officers, merchandise confiscation and bribes, all of which greatly hinder vendors' abilities to earn a livelihood.
6. Prevent construction of malls, supermarkets and large retail shops within close proximity to natural markets.

#### **Key Legislative Reforms**

1. National Law on Street Trade – This law has been approved by Parliament as well as the Cabinet of India. It builds on the 2009 National Urban Street Vendors Policy, upholds the right to vend as a right, and includes provisions for the formation of Town Vending Committees (TVCs) to demarcate vending zones and negotiate licenses or permits. This law now needs to be adapted at the local levels.



Photo: Courtesy SEWA

2. Amendments to Existing National and State Laws – Key articles under the Indian Penal Code (section 328), the Motor Vehicle Act (section 2010), and the Bombay Police Act (section 102) that authorize police to treat unlicensed street vendors as criminals should be amended to ensure street vendors are not harassed and their right to vend/earn a livelihood is protected.
3. Amendments to Municipal Acts – Key articles under existing municipal acts that criminalize street trade need to be amended to ensure street vendors are not harassed and their right to vend/earn a livelihood is protected.

#### **Key Municipal/Urban Planning Reforms**

1. Town Planning Schemes – 2 per cent of public land, including in areas newly under the purview of the municipality, should be earmarked for natural markets and for street vendors operating outside markets (e.g. on streets, sidewalks, and around housing societies, schools, or hospitals).
2. Schematic Plans for Managing Natural Markets – The schematic plan developed for the natural market around the Jamalpur Wholesale Market in Ahmedabad should be documented and replicated to preserve and manage other natural markets. Local street vendors should be involved in participatory planning processes. Also, planning and designing streets to include the vendors should become institutionalized in city planning processes.
3. Historic Preservation Sites – Long-standing natural markets near historic monuments should be considered historic and preserved alongside the monuments themselves: e.g. the Bhadra Fort natural market, which is being converted into a heritage plaza.

4. Infrastructure Services and Management for Markets – Water supply, toilets, and waste management services should be provided at natural markets by involving local waste collectors, street vendors, and municipal personnel in the design and management of these services.

5. Licensing and Permitting System – Registration and licensing procedures should be simplified; local authorities should issue more licenses to vendors, initially to those who have been surveyed and listed by Planning and Resources for Urban Development Affairs. This list should be regularly updated through biometric surveys.

6. Special Markets for Women Vendors – These should be created.

7. Necessary Planned Evictions – Procedures for planning necessary evictions, including identification of alternative vending sites within close proximity of the original vending site, should be made more precise and comprehensive.

8. Confiscation of Merchandise – When goods are confiscated, the police should prepare a statement (*panchanama*) listing the goods confiscated and describing the location and details of the confiscation to be verified by an eyewitness.

9. Municipal Budgets – Municipal corporations should make budgetary allocations for regulating and promoting the livelihoods of street vendors. Operating and licensing fees and taxes paid to wholesale markets should be earmarked for the preservation and management of natural markets.

Further, the 20-25 per cent reservation of the municipal budget for the urban poor, mandated under the Rajiv Awas Yojana programme, should be used for providing services in existing natural markets.

#### **Key Institutional Reforms**

1. A Central Committee should be constituted by the national government to oversee the implementation of the National Law and Policy on urban street vending.

2. At all levels, separate Appellate Authorities headed by a judge should be established by the national government to resolve all issues relating to street trade.

3. At the city level, a single authority should be established to oversee the prosecution of street vendors – whether by local police, traffic police, or the AMC – after giving sufficient notice.



**Inclusive Cities:** Launched in 2008, the Inclusive Cities project aims to strengthen membership-based organizations (MBOs) of the working poor in the areas of organizing, policy analysis and advocacy, in order to ensure that urban informal workers have the tools necessary to make themselves heard within urban planning processes. Inclusive Cities is a collaboration between MBOs of the working poor, international alliances of MBOs and those supporting the work of MBOs.

To read the full city, sector and global reports, visit [inclusivecities.org/iems](http://inclusivecities.org/iems)