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The impact of macroeconomic change on employment in the retail sector in India: Policy implications for growth, sectoral change and employment

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The primary goal of the ILO is to contribute with member States to achieve full and productive employment and decent work for all, including women and young people, a goal which has now been widely adopted by the international community.

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The Employment Sector is fully engaged in the implementation of the Global Employment Agenda, and is doing so through a large range of technical support and capacity building activities, advisory services and policy research. As part of its research and publications programme, the Employment Sector promotes knowledge-generation around key policy issues and topics conforming to the core elements of the Global Employment Agenda and the Decent Work Agenda. The Sector’s publications consist of books, monographs, working papers, employment reports and policy briefs.

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José Manuel Salazar-Xirinachs
Executive Director
Employment Sector

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1 See the successive Reports of the Director-General to the International Labour Conference: Decent work (1999); Reducing the decent work deficit: A global challenge (2001); Working out of poverty (2003).

2 In 1964, ILO Members adopted Convention No. 122 on employment policy which states that “With a view to stimulating economic growth and development, raising levels of living, meeting manpower requirements and overcoming unemployment and underemployment, each Member shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment”.


4 See http://www.ilo.org/employment.
Foreword

The study entitled “The impact of macroeconomic change on employment in the retail sector; policy implications for growth, sectoral change and employment” was commissioned by the ILO to the Economic Research Foundation, in New Delhi, within the framework of a series of studies to assess the impact of globalization on employment, poverty and inclusion.

India has seen fast economic change and high rates of economic growth under market liberalization in recent times, attracting international attention as an Asian success story. However, job growth has not kept pace; neither in terms of quantity nor quality. This is a general trend, but particularly holds true for the retail sector. In this context, there has been an increasing urgency to assess the reasons behind such a trend.

Economic liberalization policies have led to an influx of foreign direct investment, and expansion of large-scale domestic retailers in the Indian market. However, concern has arisen that many of the working poor engaged in small-scale retailing and street vending are crowded out in the wake of entries of such large-scale retailers. The country has also seen increasing inequality and a declining share of workers’ income in manufacturing, despite the overall labour productivity growth during the last decade.

The paper explores the impact of macro policies on the retail sector, especially, small-scale retailing and street vending. It shows how macro policies favouring more capital intensive economic growth have reduced the bargaining power of workers. The analysis has also shown that the largest part of increase in employment has been in the form of self-employment of an informal nature. Self-employment in the retail sector is often a survival strategy for many working poor, which does not provide them with a decent income in India. The study also documents how the past market liberalization policies have been more damaging to the smaller retailers and their employment. Furthermore, it shows how the complex legislation and the regulatory frameworks, which are often out of date, have been working against them, in particular, as far as street vendors are concerned.

Naoko Otobe, Senior Employment Specialist of the Employment Policy Department of the ILO conceived the research topic, and provided overall technical supervision to the development, finalization, publishing and dissemination of the paper, under the overall guidance of Muhamed Muqtada.

The authors of the paper are Jayati Ghosh, Professor at Jawaharlal Nehru University and Trustee of the Economic Research Foundation, and Anamitra Roychoudhury and Amitayu Sengupta, who are Research Scholars at Jawaharlal Nehru University and Economists of the Economic Research Foundation, in New Delhi, India. The responsibility for opinions expressed in this paper rests solely with the authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed.

The paper has also benefited from close collaboration with and technical comments by ILO colleagues, namely, Sukti Dasgupta, Gopal Joshi, and Janine Berg.
The findings of the study were presented and debated at a policy workshop organized on 1 November 2007 in New Delhi, in which the ILO tripartite constituents actively participated. We hope that both the findings of this study and the recommendations of the workshop will further activate the debate on macro policies, economic growth and employment for the promotion of more decent and productive employment for all, not only in India but also in other developing countries.

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Leyla Tegmo-Reddy
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June, 2008
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List of acronyms

GDP: Gross Domestic Product
FDI: Foreign Direct Investment
CDS: Current Daily Status
CWS: Current Weekly Status
NSSO: National Sample Survey Organization
CPI-AL: Consumer Price Index – Agricultural Labourers
CPI-IW: Consumer Price Index – Industrial Workers
CSO: Central Statistical Organization
NDP: Net Domestic Product
PS: Principal Status
SS: Subsidiary Status
NPSV: National Policy for Urban Street Vendors
NASVI: National Alliance of Street Vendors of India
SEWA: Self-Employed Women’s Association
NDMC: New Delhi Municipal Corporation
SC: Supreme Court
CEO: Chief Executive Officer
TISS: Tata Institute of Social Science
NGOs: Non-Governmental Organizations
MNCs: Multi National Corporations
RWAs: Residents Welfare Association
SHGs: Self-Help Groups
MFIs: Micro Finance Institutions
TVC: Town Vending Committee
1. Introduction

1.1 Context of study: Economic growth and employment

India has seen a strong economic growth in recent years, with an estimated annual growth rate of 7.7 per cent in 2006, and has attracted a lot of the world’s attention as an emerging Asian tiger. The key sectors of growth have been the manufacturing and services, while the agricultural sector has been lagging behind. The National Planning Commission forecasts that if the agricultural sector can sustain a growth rate of 2 per cent for the current planned five years, the industrial sector and service sector would grow at 9.9 per cent and 9.3 per cent per annum respectively, under a scenario of overall annual economic growth rate of 8 per cent. Hence both sectors are equally important for generating an overall economic growth.

The country’s recent economic growth has been impressive, but the same cannot be said regarding the overall employment growth. The annual employment growth rate increased from 1.7 per cent during the period of 1990–1999 to 2.5 per cent between 1999 and 2005. The rural annual employment growth rate has been higher at 3.3 per cent, compared to 1.68 per cent in urban areas, according to the statistics published by the Central Statistical Organization. The government forecasts some 70 million people will enter the labour force in the next five years, and the task of creating jobs for India to have decent, productive and full employment will be daunting. In the meantime, the unemployment rate stands at an estimated 7.8 per cent in 2005 and the unemployment rate for urban young women is more than triple that rate. As for the level of labour participation of women, their share in total employment is 19.3 per cent at the national level, while it is higher in urban areas at 24.3 per cent, than in rural areas (14.0 per cent).

1.2 Evolution of the retailing sector in India

The economy has been undergoing a fast change, involving market liberalization, including in the retail sector. Large multinational retailers, such as Wal-Mart, are now coming into the Indian market through joint ventures with local wholesalers. While it is yet to be seen as to how successful such international retailing chain stores will be, far-reaching impacts on both small retailers and consumers in the Indian market will be beyond our imagination. It is also feared that small retailers will be crowded out in the wake of expansion of larger foreign and domestic retailers in the market. The latter can sell better quality products at cheaper price, and on a much wider scale.

Small retailing, including street vending, has been one of the easy-entry economic activities for the working poor, often as a means of their survival – this has flourished for a long time in India. In particular, street vending has been a major source of income for a large number of urban working poor, including women, who do not have fixed premises from which to sell their products, most of whose products are also targeted to poorer consumers.

In India, the share of informal enterprises is quite substantial – according to the statistics provided by the government, about 19 per cent of the micro enterprises do
not have fixed premises. The National Sample Surveys on street vendors show that some 57 per cent of street vendors surveyed did not have fixed premises for their economic activity.

There are a number of initiatives taken by both the government and non-governmental organizations (NGOs) to support street vendors in India, such as development of street vendor’s organizations, advocating supportive policies and concrete measures to facilitate their activities. However, much would need to be done to improve not only their employment and income generation prospects, but also working conditions. It would also be necessary to adopt and implement more conducive macroeconomic, sectoral, social and urban policies and direct assistance measures, such as enhancing their productivity (SME and skills development and access to credit, and so on), and promoting their labour rights and organizations. However, all these latter direct assistance measures may be rendered futile, if appropriate macroeconomic and sectoral policies, that create a conducive market environment, are not adopted and implemented by the government, so that market space for the small retailers and street vendors can be sustained.

Within the context of so-called “jobless economic growth”, it is important to examine the impact of various macroeconomic and sectoral policies on employment growth, not only to examine the economy’s capacity to reduce the overall level of unemployment but also poverty level. The ILO is supporting various countries in the adoption of appropriate economic and employment policies to promote decent and productive employment and income opportunities for all. Creating decent and productive employment is the best means for reducing poverty, and it is, therefore, important to address employment implications of macroeconomic and sectoral policies.

1.3 Objectives and structure of the study

This study is concerned with the impact of economic policies, especially those associated with the liberalization of trade and investment, and the dynamics of macroeconomic change, on employment and labour markets, specifically in the retail trade sector, in particular small-scale retailing, petty trade and street vending. The aim is to arrive at some understanding of the gender-differentiated impacts on employment, income and working conditions in petty retail trade, and especially for urban street hawkers, and to derive some policy and programme implications.

Chapter 2 deals with aggregate and sectoral trends in macroeconomic growth and employment. The first section considers the overall policy context, with respect to both macroeconomic policies and liberalization policies. The associated trends in output and employment are analysed, with trends derived from the latest results of the surveys and the Annual Survey of Industries of National Sample Survey Organization (NSSO). Chapter 3 analyses the overall trends in employment, productivity and wages. The chapter also analyses trends in employment in retail trade, both organized and unorganized. Chapter 4 is concerned with the specific issues relevant to petty retail trade, and especially street vending. The changing conditions of urban retail trade and the various policy measures that affect street vendors are considered, along with evidence from some large surveys of the
conditions of hawkers in some major cities. Finally, the study leads to some policy conclusions and implications for follow-up action, which are described in Chapter 5.

2. Macroeconomic policies and economic trends

2.1 Macroeconomic policies

India is currently regarded (along with China) as one of the “success stories” of globalization, likely to emerge as a giant economy in the twenty-first century. The success is defined by the relatively high and sustained rates of growth of aggregate and per capita national income; the absence of major financial crises that have characterized a number of other emerging markets; and some reduction in income poverty. These results in turn are viewed as the consequences of a combination of a “prudent” yet extensive programme of global economic integration and domestic deregulation, as well as sound macroeconomic management.

There is no doubt that the country has sustained a high and accelerating rate of growth over the past 25 years. According to official figures, GDP growth has accelerated from its “Hindu rate” origins of around 3.5 per cent per year in the 1960s and 1970s, to annual rates of 5.4 per cent in the 1980s, 6.3 per cent during the decade starting 1992–93, and more than 8 per cent over the past three years. Since this acceleration has occurred in a context of limited inflation, the government is now targeting a further rise to 9 and even 10 per cent over the Eleventh Plan.

Despite these clear positives, there are important areas of concern. Recent economic growth has been marked by increasing inequalities, both spatial and vertical within regions. High rates of growth in services and more recently in industry have been associated with stagnant agricultural incomes and a pervasive agrarian crisis with falling financial viability of much cultivation. There has been a reduction in the rate of poverty reduction even as rates of growth of per capita income have doubled. Important indicators such as those relating to food and nutrition security have deteriorated for significant sections of the population. And critically, the economic growth process in India exhibits a problem which is increasingly common throughout the developing world: the apparent inability of even high rates of output growth to generate sufficient opportunities for “decent work” to meet the needs of the growing labour force.

The explicit aims of the neo-liberal economic reform process adopted from 1991 onwards were: i) to do away with or substantially reduce controls on capacity creation, production and prices, and let market forces influence the investment and operational decisions of domestic and foreign economic agents within the domestic tariff area; ii) to allow international competition and therefore international relative prices to influence economic decisions; iii) to reduce the presence of state agencies in production and trade; and iv) to liberalize the financial sector by reducing controls on the banking system, allowing for the proliferation of financial institutions and instruments and permitting foreign entry into the financial sector. These were all based on the notion that greater freedom given to private agents and market functioning would ensure more efficient and more dynamic outcomes. The government’s aim was also to restructure production towards areas of international “comparative advantage” (defined in static rather than dynamic terms). These areas
were seen as inherently more labour-intensive, which led to the further prediction that, after an initial brief period of net job loss, such a strategy of trade liberalization would actually create more employment over time in more sustainable ways.

These aims translated into successive changes in the pattern of regulation in different sectors, as well as in aggregate macroeconomic policies. By the early years of the current century, therefore, the Indian economy had undergone the following policy changes:

- reduction in direct state control in terms of administered prices and regulation of economic activity;
- privatization of state assets, often in controversial circumstances;
- rationalization and reduction of direct and indirect tax rates, which became associated with declining tax–GDP ratios;
- attempts to reduce fiscal deficits which usually involved cutting back on public productive investment as well as certain types of social expenditure, reducing subsidies to farmers and increasing user charges for public services and utilities;
- trade liberalization, involving shifts from quantitative restrictions to tariffs and typically sharp reductions in the average rate of tariff protection, as well as withdrawal of export subsidies;
- financial liberalization involving reductions in directed credit, freeing of interest rate ceilings and other measures which raised the real cost of borrowing, including for the government;
- shift to market-determined exchange rates and liberalization of current account transactions;
- some capital account liberalization, including easing of rules for Foreign Direct Investment (FDI), permissions for non-residents to hold domestic financial assets, easier access to foreign commercial borrowing by domestic firms, and later even freedom for domestic residents to hold limited foreign assets.

There was one area in which the reforms in India over most of the period were more cautious when compared with many other developing countries: capital account liberalization. While there were certainly some changes in this area – primarily in terms of easing the rules for FDI and allowing foreign portfolio investment – external financial liberalization was still relatively limited, and this meant that the Indian economy was not subject to sharp and potentially destabilizing flows of capital, either inflows or outflows, over this period. Further, the Indian economy was not really chosen to be a favourite of international financial markets until very recently, from 2002 onwards. Meanwhile, greater stability was imparted to the balance of payments by the substantial inflows of workers’ remittances from temporary migrant workers in the Gulf and other regions, which amounted to more than all forms of capital inflow, put together and ensured that the current account was characterized by either low deficits or even surpluses in most years.

2.2 Economic trends

2.2.1 Economic growth and sectoral trends

The transition to a higher economic growth trajectory was associated in the 1980s with the fiscal stimulus provided by the state in a context of import liberalization. In the 1990s, this fiscal stimulus was much weaker, declining in the
first part of the decade and only increasing somewhat from 1997 onwards. The growth performance was more uneven, with deceleration in agricultural output growth and fluctuating performance in manufacturing. Since the 1990s liberalization was not accompanied by any new dynamism in the commodity-producing sectors of the economy, the expansion of services proved to be crucial over this later period.

It is now accepted that after a period of deceleration in industrial growth during the late 1960s and 1970s, widely considered a period of “stagnation”, India moved from a path characterized by a slow 3 per cent “Hindu rate of growth” on to a rather creditable growth trajectory involving GDP growth of around 5 to 6 per cent per annum from the early 1980s. It is important to note that the recovery from a period when growth decelerated sharply starting in the mid-1960s did not begin with the “economic reform” of 1991, but a decade earlier. However, as Figure 1 indicates, the recent period suggests a movement towards an even more rapid growth trajectory, with annual rates of real GDP growth in excess of 8 per cent over the past three years.

Despite the weakened fiscal stimulus, both in terms of public investment and aggregate expenditure, the role of the state remained crucial, since it was the state that determined the contours of tax reductions, deregulation and other policies that allowed for economic growth based on the demands of a relatively small and prevailingly urban section of the population. The explosion in the consumption of the upper quintile of the population, which fed this growth, involved increased inequality, both across regions of India and within regions across different economic and social categories. There was also a widening gap between incomes in agriculture and non-agriculture, such that the ratio of per worker domestic product in non-agriculture to that in agriculture increased from about two in the 1950s to well over four in the 1990s.

The phase of higher growth since the 1980s has been associated with some amount of structural change, although perhaps not as much as might be expected. Investment rates have increased over time, which is only to be expected in a developing economy achieving higher rates of per capita income, but the rate of increase actually slowed down, and the last decade shows almost no change in the investment rate. Meanwhile, the share of agriculture in GDP has fallen along predictable lines in the course of development, but there has been little increase in the share of the secondary sector, which has not changed at all since the early 1990s and remains at around 20 per cent of GDP. Instead, the share of the tertiary sector has increased dramatically, to the point where it now accounts for around half of national income.

As Table 1 shows, the phase of higher growth since the 1980s has been associated with some amount of structural change, although perhaps not as much as might be expected. Investment rates have increased over time, which is only to be expected in a developing economy achieving higher rates of per capita income, but the rate of increase actually slowed down, and the last decade shows almost no change in the investment rate. Meanwhile, the share of agriculture in GDP has fallen along predictable lines in the course of development, but there has been little increase in the share of the secondary sector, which has not changed at all since the early

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Rather, the share of the tertiary sector has increased dramatically, to the point where it now accounts for around half of national income. Such changes in output shares were not accompanied by commensurate changes in the distribution of the workforce. The proportion of all workers engaged in agriculture as the main occupation has remained stubbornly above 60 per cent, despite the collapse in agricultural employment generation of the most recent decade and the fall in agriculture’s share of national income to less than 25 per cent. The higher rates of investment of the last two decades have not generated more expansion of industry, but have instead been associated with an apparent explosion in services, which is a sector with very disparate components. But the growth of services has not been associated with higher rates of employment generation, even though many services are considered to be more labour-intensive than manufacturing.

Table 1: Structural change in the Indian economy by sector, 1950-2002 (percentages)

<table>
<thead>
<tr>
<th>Period (year starting April)</th>
<th>Investment rate</th>
<th>Primary</th>
<th>Secondary</th>
<th>Tertiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950–52</td>
<td>15.5</td>
<td>59</td>
<td>13.4</td>
<td>27.6</td>
</tr>
<tr>
<td>1960–62</td>
<td>19.4</td>
<td>53.1</td>
<td>17.3</td>
<td>29.6</td>
</tr>
<tr>
<td>1970–72</td>
<td>23.8</td>
<td>46.6</td>
<td>20.4</td>
<td>33.0</td>
</tr>
<tr>
<td>1980–82</td>
<td>22.0</td>
<td>41.3</td>
<td>21.8</td>
<td>36.9</td>
</tr>
<tr>
<td>1990–92</td>
<td>26.0</td>
<td>34.4</td>
<td>24.0</td>
<td>41.6</td>
</tr>
<tr>
<td>2000–02</td>
<td>26.2</td>
<td>26.1</td>
<td>24.7</td>
<td>49.2</td>
</tr>
</tbody>
</table>

Source: CSO, National Accounts Statistics, various issues.
Table 2: Sectoral trend rates of growth, 1950-2005 (percentages)

<table>
<thead>
<tr>
<th>Period</th>
<th>Total</th>
<th>Manufacturing</th>
<th>Mining and quarrying</th>
<th>Electricity</th>
<th>Food grain</th>
<th>Non-food</th>
<th>All Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950–51 to 1964–65</td>
<td>7.2</td>
<td>7.1</td>
<td>5.9</td>
<td>13.6</td>
<td>3.0</td>
<td>3.9</td>
<td>3.3</td>
</tr>
<tr>
<td>1965–66 to 1979–80</td>
<td>4.7</td>
<td>3.8</td>
<td>6.9</td>
<td>6.2</td>
<td>3.0</td>
<td>2.6</td>
<td>2.9</td>
</tr>
<tr>
<td>1965–66 to 1974–75</td>
<td>4.3</td>
<td>2.7</td>
<td>9.4</td>
<td>3.8</td>
<td>3.4</td>
<td>3.0</td>
<td>3.2</td>
</tr>
<tr>
<td>1975–76 to 1984–85</td>
<td>4.9</td>
<td>4.3</td>
<td>6.6</td>
<td>7.3</td>
<td>2.5</td>
<td>2.9</td>
<td>2.6</td>
</tr>
<tr>
<td>1985–86 to 1994–95</td>
<td>6.2</td>
<td>6.2</td>
<td>4.2</td>
<td>8.3</td>
<td>3.1</td>
<td>5.7</td>
<td>4.1</td>
</tr>
<tr>
<td>1994–95 to 2004–05</td>
<td>5.0</td>
<td>6.4</td>
<td>2.9</td>
<td>5.1</td>
<td>0.7</td>
<td>-0.5</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Source: Calculated from data in RBI, *Handbook of Statistics on Indian Economy*.

While the factors accounting for the acceleration in GDP growth are still being debated, another unusual feature of this growth since the 1980s has received less attention: the disproportional growth between agricultural and non-agricultural sectors. The disparity in the rate of growth of agricultural and non-agricultural GDP increased significantly after the 1970s, with the process being particularly marked after the mid-1990s. What is particularly remarkable is that the acceleration of non-agricultural growth during the 1990s was accompanied by a decline in the rate of agricultural growth. During the period 1999–2000 to 2004–05, while agricultural GDP had grown at 1.7 per cent, the trend rate of growth of non-agricultural GDP exceeded 7 per cent. The disproportional growth is visible even when the comparison is restricted to industrial and agricultural growth (Table 2). Yet, inter-temporally speaking, inflation has been low, pointing to a new potential for non-inflationary growth of the system. These trends suggest that domestic agricultural growth is currently not a constraint on the growth of the non-agricultural sector in the same way that it was before. This does mark a structural shift in the pattern of growth.

The disjunction between growth and employment, which is so evident in recent times in India, is crucially related to the economic policy regime, which has involved a substantial degree of internal and external liberalization, especially in terms of more open trade and capital accounts. There are reasons to believe that the pattern of manufacturing growth under an open economic regime tends to be such that the responsiveness of employment growth to the growth in output declines. After external trade has been liberalized, labour productivity growth in developing countries is more or less exogenously given and tends to be higher than prior to trade liberalization. This is the probably the primary cause of the growing divergence between output and employment growth in the case of Indian industry and some services. Meanwhile, employment and livelihood in the primary producing sectors, and particularly agriculture, are hit by the combination of more open trade and reduced government protection of inputs and output prices.

In addition, financial liberalization, and particularly exposure to open capital flows, puts fairly strong constraints on fiscal behaviour even as it typically involves declining tax–GDP ratios. This means that the government tends to become constrained in terms of increasing expenditure, and less able to increase demand during recessions as well as engage in expansionary policies explicitly designed to increase employment levels. All these are strong reasons for the theoretical expectation that economic growth will not necessarily result in higher rates of employment expansion, especially of more “decent work”. And this indeed is what emerges from a more detailed consideration of the patterns of growth and employment dynamics in India.
2.2.2 Trends in the retail sector

The retail sector constitutes a significant part of the tertiary sector of the economy, which, as noted above, is the fastest growing sector. Total trade (wholesale plus retail) forms roughly 27 per cent of total services sector in India, and therefore has also been growing as a share of GDP, as indicated in Figure 2.

![Figure 2: Share of wholesale and retail trade in total GDP, 1999-2006 (percentages)](source: CSO National Accounts Statistics, 2007)

In India, both wholesale and retail trading activities are predominantly performed by the unorganized sector. As evident from Table 3, the share of the unorganized sector in NDP in wholesale and retail trade over the 1990s was particularly large, even compared to other sectors, and only agriculture and real estate and related activities showed a larger dominance of the unorganized segments. However, there is evidence of some decrease in unorganized shares over the 1990s, with the entry of corporate players.

Retail trade in particular is dominated by the unorganized sector, most typically by small and relatively low-productivity players. It is evident that this dominance of unorganized activities is far greater in India than in other Asian countries such as China and some in Southeast Asia, as shown in Table 4. Petty retail trade has typically been a refuge sector for employment, so a large share of small retailers in retail employment is to be expected, but what is notable about the Indian case is that a large proportion of total output from retail trade is accounted for by such petty retailers.

Nevertheless, the past few years have witnessed a substantial growth of corporate retailing, and expansion in this area is now extremely rapid. Table 5 describes the current situation with respect to corporate retail in the four metropolitan cities (hereafter referred to as metros) and three other major cities. It is evident that account for around two-thirds of large retail space in urban India, as apparent from Figure 3.
### Table 3: Share of unorganized segment in NDP by industry 1993-1994 and 1999-2000 (percentages)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>96.5</td>
<td>96.9</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>7.3</td>
<td>8.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>36.6</td>
<td>39.2</td>
</tr>
<tr>
<td>Electricity, gas &amp; water supply</td>
<td>7.2</td>
<td>6.2</td>
</tr>
<tr>
<td>Construction</td>
<td>51.1</td>
<td>58.2</td>
</tr>
<tr>
<td><strong>Trade (wholesale and retail)</strong></td>
<td><strong>89.7</strong></td>
<td><strong>81.9</strong></td>
</tr>
<tr>
<td>Hotels &amp; Restaurants</td>
<td>71.9</td>
<td>58.8</td>
</tr>
<tr>
<td>Railways</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Transport by other means</td>
<td>68.9</td>
<td>77.4</td>
</tr>
<tr>
<td>Storage</td>
<td>58.9</td>
<td>50.4</td>
</tr>
<tr>
<td>Communication</td>
<td>8.1</td>
<td>8.6</td>
</tr>
<tr>
<td>Banking &amp; insurance</td>
<td>6.8</td>
<td>9.5</td>
</tr>
<tr>
<td>Real estate, ownership of dwelling &amp; business services</td>
<td>94.2</td>
<td>81.4</td>
</tr>
<tr>
<td>Public administration &amp; defence</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Other services</td>
<td>34.3</td>
<td>29.6</td>
</tr>
<tr>
<td><strong>Total NDP at factor cost</strong></td>
<td><strong>63.1</strong></td>
<td><strong>59.2</strong></td>
</tr>
</tbody>
</table>

Source: CSO, National Accounts Statistics 2003

### Table 4: Share of organized and unorganized sectors in retail trade in some Asian countries (percentages)

<table>
<thead>
<tr>
<th>Countries</th>
<th>Organized</th>
<th>Unorganized</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>2</td>
<td>98</td>
</tr>
<tr>
<td>China</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>South Korea</td>
<td>15</td>
<td>85</td>
</tr>
<tr>
<td>Indonesia</td>
<td>25</td>
<td>75</td>
</tr>
<tr>
<td>Philippines</td>
<td>35</td>
<td>65</td>
</tr>
<tr>
<td>Thailand</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>Malaysia</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>


### Table 5: Actual and projected increase in corporate retail space in major cities (in millions of square feet)

<table>
<thead>
<tr>
<th></th>
<th>2006 actual</th>
<th>2008 projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Capital Region (including Delhi)</td>
<td>10.63</td>
<td>25.39</td>
</tr>
<tr>
<td>Mumbai</td>
<td>8.64</td>
<td>17.3</td>
</tr>
<tr>
<td>Chennai</td>
<td>1.8</td>
<td>4.42</td>
</tr>
<tr>
<td>Kolkata</td>
<td>2.11</td>
<td>9.43</td>
</tr>
<tr>
<td>Bengaluru</td>
<td>2.18</td>
<td>6.24</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>1.66</td>
<td>8.03</td>
</tr>
<tr>
<td>Pune</td>
<td>3.48</td>
<td>5.2</td>
</tr>
</tbody>
</table>

Source: Knight Frank Research
Figure 3:

Projected distribution of organised retail space in 2008 (per cent of total)

Source: Knight Frank Research
3. Trends in employment, unemployment and wages

3.1 Employment trends

Evidence yielded by the quinquennial National Sample Surveys on Employment and Unemployment indicated revealed a sharp, and even startling, decrease in the rate of employment generation across both rural and urban areas during the 1990s.\(^6\) The rate of growth of employment, defined in terms of the "current daily status" (CDS) (which measures activity on an average day of the previous week and is therefore a flow measure of the extent of jobs available) declined from 2.7 per cent per year in the period 1983–94 to only 1.07 per cent per year in 1994–2000 for all of India. This refers to all forms of employment – casual, part-time and self-employment. For permanent or secure jobs, the rate of increase was close to zero. In rural areas, the decline in all employment growth was even sharper, from 2.4 per cent in the 1983–94 period to less than 0.6 per cent over 1994–2000. This included all forms of employment, whether undertaken as the principal or subsidiary activity and for part of the day. This was well below the growth rate of population. In both rural and urban areas, the absolute number of unemployed increased substantially, and the rate of unemployment rose as well. The daily status unemployment rate in rural India as a whole increased from 5.63 per cent in 1993–94 to 7.21 per cent in 1999–2000, and was more than 15 per cent in some states. In addition to this, there was a sharp decline in the rate of growth of labour force. More people declared themselves to be not in the labour force, possibly driven to this by the shortage of jobs.

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\(^7\) The NSS data on employment are based on the distinction between "principal" and "subsidiary" status of activity as well as whether the person is "usually" engaged in the activity. Thus, a person is classified as "usual principal status" according to the status of the activity (or non-activity) on which the person spent a relatively longer time of the preceding year. The activities pursued by a person are grouped into three broad categories: (a) working or employed (b) seeking or available for work (i.e. unemployed) and (c) not in the labour force. A "non-worker" (on the basis of the usual principal status) is someone whose major part of time in the preceding year was spent as either unemployed or not in the labour force. However, he or she could still be involved in some economic activity in a subsidiary capacity - when this is usually the case the person is referred to as a "subsidiary status worker". The two categories together – usual workers by both principal and subsidiary status – constitute "all usual workers". The other categories of activity that are used by the NSSO are “current weekly status” (CWS) and “current daily status” (CDS). For determining the current weekly status, the reference period is the seven days before the survey, but a person is considered "employed" even if s/he has worked for at least one hour on at least one day in the previous seven days. It is therefore a flow measure of work, but the more relevant flow measure may be that of the CDS current daily status, which tries to capture the activity of the person on any typical day. So a person is classified as employed if s/he has worked for four hours or more on average in the previous week. The time intensity therefore defines the activity, and whether the person is classified as employed, unemployed or not in the labour force.
Even on the basis of Usual Status (as opposed to CDS) employment, there was a very significant deceleration for both rural and urban areas, with the annual rate of growth of rural employment falling to as low as 0.67 per cent over the period 1993–94 to 1999–2000. This was not only less than one-third of the rate of the previous period 1987–88 to 1993–94, but was also less than half the projected rate of growth of the labour force in the same period.

This was primarily because of the fall in employment elasticity of output of various sectors of the economy. Table 6 shows the change in employment elasticities of output in different sectors across the periods of 1983 to 1993–94 and 1993–94 to 1999–2000. The overall employment elasticity of output came down from 0.52 to only 0.16, and fell for most sectors except for Transport, storage, communication and Financing, insurance, real estate and business services.

While these were the trends during the 1990s, the recently released NSS survey – the 61st Round, covering 2004–05 – suggests that there have been notable changes in the employment patterns and conditions of work in India over the first half of this decade, with indications of a revival of employment growth, as shown in Figure 3.

While aggregate employment growth (calculated at compound annual rates) in both rural and urban India was still slightly below the rates recorded in the period 1987–88 to 1993–94, it clearly recovered sharply from the deceleration of the 1993–94 to 1999–2000 period. The recovery was most marked in rural areas, where the earlier slowdown had been sharper (see Figure 4). This in turn reflects an increase in labour-force participation rates for both men and women. This includes both those who are actively engaged in work and those who are unemployed but looking for work – interestingly, both have increased! This aggregate increase incorporates declining rates of labour force participation among the youth, that is the age group 15–29, and a rise for the older age cohorts. To some extent the decline in work participation of youth is because of greater involvement in high unemployment rates among youth suggest that it is harder for new entrants into the labour market to find paid employment.


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.70</td>
<td>0.01</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>0.59</td>
<td>-0.41</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.38</td>
<td>0.33</td>
</tr>
<tr>
<td>Electricity, gas &amp; water supply</td>
<td>0.63</td>
<td>-0.52</td>
</tr>
<tr>
<td>Construction</td>
<td>0.86</td>
<td>0.82</td>
</tr>
<tr>
<td>Trade, hotels &amp; restaurants</td>
<td>0.68</td>
<td>0.62</td>
</tr>
<tr>
<td>Transport, storage, communication</td>
<td>0.55</td>
<td>0.63</td>
</tr>
<tr>
<td>Financing, insurance, real estate &amp; business services</td>
<td>0.45</td>
<td>0.64</td>
</tr>
<tr>
<td>Community, social &amp; personal services</td>
<td>0.68</td>
<td>-0.25</td>
</tr>
<tr>
<td>All</td>
<td>0.52</td>
<td>0.16</td>
</tr>
</tbody>
</table>

Table 7 provides the details of which industry workers are engaged in. While as expected there has been a significant decline in agriculture as a share of rural employment, the share of manufacturing employment has not gone up commensurately for rural male workers. Instead, the more noteworthy shift for rural males has been to construction, with some increase in the share of trade, hotels and restaurants. For urban males, on the other hand, the share of trade, hotels and restaurants has actually declined, as it has for other services. Manufacturing is back to the shares of a decade ago, still accounting for less than a quarter of the urban male work force. The only consistent increases in shares have been in construction, and to a lesser extent transport and related activities. Interestingly, the big shift for urban women workers has been to manufacturing, the share of which has increased by more than 4 percentage points. A substantial part of this is in the form of self-employment. Other services continue to account for the largest proportion of women workers, but the share of trade hotels and restaurants has actually fallen compared to 1999–2000.

But what is particularly noteworthy is the shift in the type of employment. There has been a significant decline in the proportion of all forms of wage employment. While regular employment had been declining as a share of total Usual Status employment for some time now (except for urban women workers), wage employment had continued to grow in share because employment on casual contracts had been on the increase. But the latest survey round suggests that even casual employment has fallen in proportion to total employment (see Figure 5).

For urban male workers, total wage employment is now the lowest that it has been in at least two decades, driven by declines in both regular and casual paid work. For women, in both rural and urban areas, the share of regular work has increased, but that of casual employment has fallen so sharply that the aggregate share of
wage employment has fallen. So there is clearly a real and increasing difficulty among the working population of finding paid jobs, whether they are in the form of regular or casual contracts.

The fallout of this is a very significant increase in self-employment among all categories of workers in India. The increase has been sharpest among rural women, where self-employment now accounts for nearly two-thirds of all jobs. This may reflect not only some increase in income earning opportunities, but also the survival strategies of households faced with greater economic need. But the increase in self-employment is also remarkable for urban workers, both women and men, among whom the self-employed constitute 45 and 48 per cent respectively, of all Usual Status workers (see Figure 6). All told, therefore, around half of the work force in India currently does not work for a direct employer. This is true not only in

| Source: NSSO, various rounds of Survey on Employment and Unemployment |
agriculture, but increasingly in a wide range of non-agricultural activities. This in turn requires a significant rethinking of the way analysts and policy-makers deal with the notion of “workers”.

For example, how can decent conditions of work be ensured when the absence of direct employer means that self-exploitation by workers in a competitive market is the greater danger? How do we assess and ensure “living wages” when wages are not received at all by such workers, who instead depend upon uncertain returns from
various activities that are typically petty in nature? What are the possible forms of policy intervention to improve working conditions and strategies of worker mobilization in this context? This significance of self-employment also brings home the urgent need to consider basic social security that covers not just general workers in the unorganized sector, but also those who work for themselves, which is what makes the pending legislation on this so important.

There are other policy implications of this emerging trend. Overall macroeconomic and sectoral trends suggest a bias against labour-intensive economic activities, which could serve as the means for employing the growing labour force even as productivity growth through technological change allows such labour to become more productive. This is in fact the preferred scenario for creating decent and productive employment: an increase in the number of better-skilled workers entering into the labour market on the one hand, and faster rates of employment generation because of economic growth in the labour intensive economic sectors on the other. This would be associated with both greater job creation as well as aggregate labour productivity increases that cause real wage and workers’ incomes to rise. The question then becomes, what kind of policy mix would create an economic environment that promotes such a desirable process? What are the social and economic safety-nets that the state should provide to ensure that those who would lose jobs could be economically supported in transition from one job to another?

However, before getting into these policy issues, some more analysis is required of the current trends. If the new jobs being generated are predominantly in the form of self-employment, where exactly are they to be found? The sector-specific data provides some surprises. While it is expected that there has been a significant decline in agriculture as a share of rural employment, the share of manufacturing employment has not gone up commensurately for rural male workers. Instead, the more noteworthy shift for rural males has been to construction, with some increase in the share of trade, hotels and restaurants. For urban males, on the other hand, the share of trade, hotels and restaurants has actually declined, as it has for other services. Manufacturing is back to the shares of a decade ago, still accounting for less than a quarter of the urban male work force. The only consistent increases in shares have been in construction, and to a lesser extent transport and related activities.

The big shift for urban women workers has been to manufacturing, the share of which has increased by more than 4 percentage points. A substantial part of this is in the form of self-employment. Other services continue to account for the largest proportion of women workers, but the share of trade hotels and restaurants has actually fallen compared to 1999–2000.

Overall, therefore, while there has been a slight recovery in the rate of growth of agricultural employment, this is essentially because of a significant increase in self-employment on farms (predominantly by women workers) as wage employment in agriculture has actually fallen quite sharply. However, urban non-agricultural employment certainly appears to have accelerated in the latest period. In rural areas, this is the case for both self- and wage-employment, although the rate of increase has been more rapid for self-employment. In urban areas, the increase has been mainly in self-employment.
3.3 Trends in wages and productivity

The overall changes seen in the patterns of employment are not necessarily a shift to better terms of employment, because overall labour market indicators suggest weakened bargaining power for workers. While real wages have increased slightly for rural male regular employees, the rate of increase has certainly decelerated compared to the previous period. For all other categories of regular workers, real wages in 2004–05 were actually lower than in 1999–2000 (Figure 7). The economy has therefore experienced a peculiar tendency of falling real wages along with relatively less regular employment for most workers.

This is corroborated by what has been happening to wages within organized industry. One striking feature of the organized manufacturing sector during the years of liberalization has been a sharp and persistent increase in labour productivity as measured by the net value added (at constant prices) generated per worker. As Figure 8 shows, labour productivity tripled between 1981–82 and 1996–97, stagnated and even slightly declined during the years of the industrial slowdown that set in thereafter, and has once again been rising sharply in the early years of this decade. However, the benefits of this labour productivity increase went largely to those deriving rent, interest and profit incomes, rather than workers. This is clear from Figure 9, which shows that the share of wages in value added, which was stable through much of the 1980s, has been declining almost consistently since the late 1980s until 1996–97, and then after a period of stability fell sharply to less than half of its level in the mid 1990s. Wages now account for only 15 per cent of value added in organized manufacturing, which is one of the lowest such ratios anywhere in the world. This confirms the dramatically reduced bargaining power of workers in organized industry over the past decade.

![Figure 7: Average daily real wages of regular workers (at constant 1993–1994 prices)](image)

This was the result of two developments: the fall in the number of workers and the decrease/stagnation in real wages of those workers, even as the value of output kept increasing. Some indication of the absolute decline in the number of workers in organized manufacturing can be derived from the trends in total organized employment. This is described in Figure 10, which shows employment in the organized sector in both industry and services, and therefore is a broader category.
Restructuring of the public sector has meant that public sector manufacturing employment which was rising during the 1980s was on the decline during the years of liberalization and fell particularly sharply after 1997. Private organized manufacturing employment which was stagnant during the 1980s rose marginally during the early 1990s and particularly sharply during 1995–97, after which it has declined to return to its mid-1990s level by 2003. In the event, aggregate (public and private) organized manufacturing employment rose from 6.1 million in 1981 to 6.4 million in 1994 and 6.9 million in 1997, and then declined sharply to 6 million in 2003.

Meanwhile, contrary to public perception, the average real wage of workers in the organized manufacturing sector has been more or less constant right through the 1990s. As Figure 11 shows, average real wages increased in the early years of the 1990s, until 1995–96, and then fell quite sharply. The subsequent recovery after 1998 has been muted, and real wages have stagnated since 2000. As a result, real wages in the triennium ending 2003–04 were around 11 per cent lower than real wages in the triennium ending 1995–96.

This has been the trend despite the rapid growth in industry, and corroborates with an explanation of the explosion in corporate profits in the very recent period. There could not be stronger confirmation of the dramatically reduced bargaining power of workers in organized industry over the past decade. Together, these have ensured that the benefits of the rise in labour productivity have largely gone to the surplus earners in the sector, who have been the main beneficiaries in the organized manufacturing sector of the policies of liberalization in general and trade liberalization in particular.
What is particularly striking about the above-mentioned trend is that even falling real wages in a context of relatively strong growth in organized industry and rising labour productivity have not been sufficient to ensure growth in employment. The negative effects of openness on employment generation have been strong enough to offset any supposed “benefits” of labour becoming cheaper in real terms for employers. This new trend therefore suggests that greater employment generation is not a necessary result of more growth in organized industry – indeed, it could even be associated with falling employment in future, as well.

There are several reasons for this. The most obvious is the impact of trade liberalization on the pattern of demand for goods and services within the country. As tastes and preferences of the elites in developing countries are influenced by the “demonstration effect” of lifestyles in the developed countries, new products and processes introduced in the latter very quickly find their way to the developing countries when their economies are open. Further, technological progress in the form of new products and processes in the developed countries is inevitably associated with an increase in labour productivity. Producers in developing countries find that the pressure of external competition (in both exporting and import-competing sectors) requires them to adopt such technologies. Hence, after external trade has been liberalized, labour productivity growth in developing countries is more or less exogenously given and tends to be higher than prior to trade liberalization. This is the probably the primary cause of the growing divergence between output and employment growth in the case of Indian industry and some services. Meanwhile, employment and livelihood in the primary producing sectors, and particularly agriculture, are hit by the combination of more open trade and reduced government protection of inputs and output prices.

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8 These factors have been elaborated upon by Prabhat Patnaik in “Technology and unemployment in an open underdeveloped economy” (IDEAs Working Paper 2006/1), www.networkideas.org.
In addition, financial liberalization, and particularly exposure to open capital flows, puts fairly strong constraints on fiscal behaviour even as it typically involves declining tax–GDP ratios. This means that the government tends to become constrained in terms of increasing expenditure, and less able to increase demand during recessions as well as engage in expansionary policies explicitly designed to increase employment levels. All these are strong reasons for the theoretical expectation that economic growth will not necessarily result in higher rates of employment expansion, especially of more “decent work”. The trends identified here corroborate this and suggest that greater employment generation is not a necessary result of more growth in organized industry – indeed, it could even be associated with falling employment in future as well.

Even outside the organized sector, real wages for casual work have declined for most categories of workers (Figure 12). It is true that average real wages of casual labour increased slightly in rural areas, although once again the rate of increase has slowed down compared to the previous period. However, for both men and women workers in urban areas, real wages for casual work in 2004–05 on average declined compared to 1999–2000. This is despite the fact that real GDP has been growing at an average rate of 8 per cent over this period, and much of this growth has been concentrated in urban areas.

As noted earlier, the real expansion in employment has come in the form of self-employment, which now accounts for around half of the work force in India. The increase has been sharpest among rural women, where self-employment now accounts for nearly two-thirds of all jobs. But it is also remarkable for urban workers, both men and women, among whom the self-employed constitute 45 and 48 per cent respectively, of all Usual Status workers.

This makes the issue of remuneration in self-employment a particularly important one. But according to the NSS 2004–05 Survey, around half of all self-employed workers...
workers do not find their work to be remunerative, as indicated in Table 8. This is
despite very low expectations of reasonable returns – more than 40 per cent of rural
workers declared they would have been satisfied with earning less than Rs 1,500 per
month, while one-third of urban workers would have found up to Rs 2,000 per month
to be remunerative. This suggests that a large part of the increase in self-employment
– and therefore in employment as a whole – is a distress-driven phenomenon, led by
the inability to find adequately gainful paid employment. So the apparent increase in
aggregate employment growth may be more an outcome of the search for survival
strategies than a demand-led expansion of productive income opportunities.

As is to be expected, the material expectations of women workers were far
below those of men, yet despite this, around half of self-employed women did not
find their activity to be remunerative. Even in the case of the relatively most satisfied
group of self-employed workers, the urban males, around two-fifths did not find their
activity to be paying economically.

According to the principal status, the share of self-employed workers in
household enterprises as helper in total self-employed category for rural female
workers has actually increased from 78 per cent in 1999–2000 to 80 per cent in
2004–05. Thus increase in female self-employment in agriculture may be interpreted
as distress-driven and can be explained in terms of an increase in female unpaid
family work in agriculture.

### 3.4 Unemployment trends

All the foregoing overall employment trends should be seen in conjunction
with dramatically increasing rates of open unemployment, especially for women.
Unemployment rates according to the latest survey are now the highest ever recorded.
Unemployment measured by CDS, which describes the pattern on a typical day of the
previous week, accounted for 8 per cent of the male labour force in both urban and
rural India, and between 9 and 12 per cent of the female labour force.

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**Table 8: Perceptions regarding remuneration in self-employment, 2004–05**

(Percentages)

<table>
<thead>
<tr>
<th>Per cent of workers finding their self-employed activity remunerative</th>
<th>Share of workers finding respective bracket of monthly income remunerative in each category (Percentages)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs 0–1000</td>
</tr>
<tr>
<td>Rural males</td>
<td>51.1</td>
</tr>
<tr>
<td>Rural females</td>
<td>51.4</td>
</tr>
<tr>
<td>Rural persons</td>
<td>51.2</td>
</tr>
<tr>
<td>Urban males</td>
<td>60.9</td>
</tr>
<tr>
<td>Urban females</td>
<td>50.9</td>
</tr>
<tr>
<td>Urban persons</td>
<td>58.6</td>
</tr>
</tbody>
</table>

Source: NSSO, Employment and Unemployment in India, 61st Round 2004–05
Despite the fact that labour-force participation rates among the young population have decreased or not increased much (except for urban women in the age group 20–24 years), open unemployment rates have increased. Table 9 reveals that youth unemployment was substantially higher than unemployment across all the working age population, and what is more it also increased across all categories of young people – men or women, rural or urban. So the youth are far more prone to be actively seeking work and not finding it. Given that open unemployment by “Usual Status category” has generally been low in India because of the absence of any sort of social protection for the unemployed, it is disturbing to note that as many as 6–8 per cent of young rural males and 12–14 per cent of urban male youth describe themselves as available for work and seeking it but not finding it. The proportions of young women describing themselves as usually unemployed are even larger.

The CDS criterion describes the nature of activity on a typical day of the reference week, and therefore can be thought of as a “flow” measure of work

### Table 9: Unemployment rates among young people and overall population (percentages)

<table>
<thead>
<tr>
<th></th>
<th>Rural India</th>
<th></th>
<th>Urban India</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15–19 years</td>
<td>20–24 years</td>
<td>All 15+ years</td>
<td>15–19 years</td>
</tr>
<tr>
<td><strong>Males</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Usual Status</td>
<td>1993–94</td>
<td>3.3</td>
<td>4.9</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>1999–00</td>
<td>5.5</td>
<td>5.2</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>2004–05</td>
<td>7.9</td>
<td>6.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Current Status</td>
<td>1993–94</td>
<td>9.0</td>
<td>10.3</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>1999–00</td>
<td>13.1</td>
<td>11.7</td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>2004–05</td>
<td>15.0</td>
<td>12.9</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>Females</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Usual Status</td>
<td>1993–94</td>
<td>1.9</td>
<td>2.8</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td>1999–00</td>
<td>3.2</td>
<td>4.9</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>2004–05</td>
<td>6.7</td>
<td>9.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Current Status</td>
<td>1993–94</td>
<td>8.3</td>
<td>8.2</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>1999–00</td>
<td>12.8</td>
<td>12.1</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>2004–05</td>
<td>12.6</td>
<td>14.9</td>
<td>8.7</td>
</tr>
</tbody>
</table>

### Table 10: Percentages of youth aged 15–29 years receiving vocational training, 2004–2005

<table>
<thead>
<tr>
<th></th>
<th>Among all youth</th>
<th>Among employed</th>
<th>Among unemployed</th>
<th>Among those not in the labour force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural males</td>
<td>2.7</td>
<td>2.8</td>
<td>9.6</td>
<td>1.4</td>
</tr>
<tr>
<td>Rural females</td>
<td>2.3</td>
<td>4.8</td>
<td>17.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Urban males</td>
<td>6.5</td>
<td>7.2</td>
<td>16.6</td>
<td>4.2</td>
</tr>
<tr>
<td>Urban females</td>
<td>4.7</td>
<td>15.8</td>
<td>24.0</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Source: NSSO, Employment and Unemployment in India, 61st Round, 2004–05
possibilities. By this indicator, open unemployment levels for the young are truly alarming, accounting for nearly 20 per cent of urban young men in the age group 15–19 years, and 30 per cent of urban women in the age group 20–24 years. These numbers translate into an estimated 36 million young people aged between 15 and 29 years who were “usually unemployed” at the start of 2005, and as many as 58 million young people who were unemployed on any particular day.

The high rates of unemployment among young men and women are partly due to a mismatch between education and training, and the types of skills required in the labour market. Even those who have been educated find it hard to get jobs, whether these jobs are appropriate for their skills or otherwise. The rate of unemployment for the educated youth declined slightly for men between 2000 and 2005, but was still around 6 per cent for those with secondary school degrees and 7 per cent for graduates. Unemployment among educated women was much higher and also got worse, reaching rates of 34 per cent for rural female graduates, and 20 per cent for urban women with high school and above.

Vocational training appears to be doing little to resolve this problem. To begin with, even in 2004–05 only a very small proportion of youth, less than 4 per cent, had received any sort of vocational training. But also most such training apparently does not increase employability. As Table 10 shows, the proportion that has received some sort of vocational training is significantly higher among the unemployed than the employed youth, by all categories.

3.5 Employment trends by industrial sector

Table 11 provides data on compound annual growth rates of Usual Status employment by broad industry category. It should be remembered that the increases in employment in the later period in the different sectors (including manufacturing) are predominantly in the form of self-employment. Contrary to expectations, employment in services has not grown faster than in other sectors in the most recent period. In fact, the overall category “trade, hotels and restaurants”, which could be expected to show faster increases in employment because of the rising share of these activities in GDP and the greater labour intensity of these activities, show one of the lowest rates of growth of Usual Status employment in the first half of this decade.

Figures 13 and 14 show the change in the share of employment in percentage terms in various industries for the urban male category between the period 1999–2000 to 2004–05. Figure 15 refers to the principal status only, that this what respondents describe as their usual primary economic activity. Figure 16 describes the picture for both principal and subsidiary economic activities taken together. It is to be noted that the board industry division wholesale and retail trade has been further disaggregated into sub-sectors: motor vehicles trade, wholesale trade and retail trade. It is clear that wholesale and retail trade have been among the sectors showing the largest falls in employment, along with public administration, defence and social security, which indicates the failure of the state in generating more employment by providing crucial social services.

Let us now turn our attention to the Urban Female category. Figures 14 and 15 show the change in the share of employment in percentage terms in various industries between the period 1999–2000 to 2004–05, for the urban female category. As before,
Table 11: Growth rates in numbers of usually employed persons, by broad industry division (compound annual percentage rate)

<table>
<thead>
<tr>
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<th></th>
<th>Urban</th>
<th></th>
</tr>
</thead>
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<tr>
<td></td>
<td>Male ps ps+ss</td>
<td>Female ps ps+ss</td>
<td>Male ps ps+ss</td>
<td>Female ps ps+ss</td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999–2000 to 2004–05</td>
<td>0.42 0.52</td>
<td>1.69 2.73</td>
<td>1.96 2.08</td>
<td>5.65 6.71</td>
</tr>
<tr>
<td>1993–94 to 1999–2000</td>
<td>0.81 0.55</td>
<td>2.11 0.45</td>
<td>-1.40 -1.88</td>
<td>-2.39 -4.89</td>
</tr>
<tr>
<td>1999–2000 to 2004–05</td>
<td>1.89 1.96</td>
<td>2.36 3.24</td>
<td>3.60 3.71</td>
<td>-8.16 -7.52</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999–2000 to 2004–05</td>
<td>-1.57 -1.78</td>
<td>-2.20 -4.99</td>
<td>-2.89 -3.00</td>
<td>-7.72 -6.25</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999–2000 to 2004–05</td>
<td>3.78 3.58</td>
<td>4.89 5.33</td>
<td>4.60 4.70</td>
<td>7.43 9.71</td>
</tr>
<tr>
<td>Electricity, water, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999–2000 to 2004–05</td>
<td>-6.40 -6.59</td>
<td>0.00 0.00</td>
<td>-3.62 -3.73</td>
<td>-4.83 -6.25</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999–2000 to 2004–05</td>
<td>10.9 10.7</td>
<td>9.0 4.0</td>
<td>9.74 9.85</td>
<td>4.75 4.87</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8.01 4.05</td>
<td>4.76 9.42</td>
<td>9.36 5.62</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5.62 4.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade, hotel and restaurant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999–2000 to 2004–05</td>
<td>6.04 6.11</td>
<td>6.46 7.95</td>
<td>2.74 2.70</td>
<td>0.87 -0.47</td>
</tr>
<tr>
<td>1993–94 to 1999–2000</td>
<td>5.91 5.69</td>
<td>3.17 -0.34</td>
<td>10.79 10.74</td>
<td>12.41 12.92</td>
</tr>
<tr>
<td></td>
<td>1999–2000 to 2004–05</td>
<td>Transport, storage, communications</td>
<td>Other services</td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------------</td>
<td>------------------------------------</td>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.01</td>
<td>5.53</td>
<td>-1.53</td>
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</tr>
<tr>
<td></td>
<td>17.58</td>
<td>18.90</td>
<td>3.75</td>
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<td></td>
<td>0.90</td>
<td>1.02</td>
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</tr>
<tr>
<td></td>
<td>1.22</td>
<td>1.28</td>
<td>-1.45</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.75</td>
<td>4.33</td>
<td>3.75</td>
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<td></td>
<td>4.33</td>
<td>3.40</td>
<td>2.36</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.51</td>
<td>6.81</td>
<td>-0.25</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.81</td>
<td>7.27</td>
<td>-0.27</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.40</td>
<td>6.18</td>
<td>2.67</td>
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</tr>
<tr>
<td></td>
<td>3.51</td>
<td>7.27</td>
<td>1.20</td>
<td></td>
</tr>
</tbody>
</table>

Source: Calculated from NSS “Employment and Unemployment Situation in India”, various issues, and applying population actuals and projections from the Census of India.
Figure 15 refers to usual principal status only, while Figure 16 refers to principal and subsidiary status together. The figures clearly show that the fall in share of employment in retail trade has been accompanied by a significant rise in the share of employment in manufacturing industry and NIC 95 category, namely private households with employed persons. However, there are some minor increases in other categories, as reflected in the figures.

Let us move on to focusing on manufacturing and private households with employed persons in some detail. As previously mentioned, the increase in manufacturing employment share for the urban female category mainly constitutes self-employment, and therefore the pitfalls associated with such employment types discussed earlier apply here as well. Now consider private households with employed persons. The NIC classification describes it as including "the activities of private households employing all kinds of domestic personnel such as maids, cooks, gardeners, gatekeepers, ..."
secretaries governess, baby sitters etc.” \(^9\) (emphasis added). This clearly shows that a significant rise in such types of employment at the cost of retail trade is actually distress-driven. It also suggests that if retail trade is not providing more employment for urban women despite such evident distress, it may be because conditions for petty retail trade engaged in by women have worsened in the recent past.

### 3.6 Trends in employment in the retailing sector

The trends on retail employment must be viewed in the context of worsening labour market conditions for most workers despite high output growth rates, falling real wages, reduced availability of paid jobs and associated shift to self-employment and high open unemployment rates.

\(^9\) [http://www.indiastat.com/india/ShowDataSec.asp?secid=9499&ptid=176](http://www.indiastat.com/india/ShowDataSec.asp?secid=9499&ptid=176)
Given the domination of petty unorganized traders in retail trade, it is to be expected that this will be a sector that provides substantial employment. However, an examination of the relative importance of retail sector in total employment shows that this sector provides less employment than might be expected given the essentially labour-intensive nature of the activities. This is evident from Table 12. Furthermore, there are surprising movements in the shares of urban men and women employed in retail trade in the recent period, suggesting that the potential for this sector to serve as a refuge sector for those unable to find employment elsewhere has come down, especially in the urban areas.

Consider the evidence from rural India first. It is clear that retail trade accounts for a relatively small proportion of male employment, and a negligible proportion in the case of females. However, there has been some increase in these ratios in the recent period. This may be because more rural workers were falling back on petty retail trade given the decline in agricultural employment and the continuing crisis conditions in agriculture, whereby cultivation has become less viable and it has become harder for farmer households to eke out a living. This suggests that there would be a tendency for seeking alternative livelihood in either principal or subsidiary activities, including in retail trade.

In urban areas, however, a completely different picture emerges. In fact, retail trade accounted for nearly one-quarter of male workers and close to one-fifth of female workers by weekly status at the turn of the decade. By daily status the proportions were smaller but still significant. Among others, the two categories of activity that are used by the NSSO are CWS and CDS. However, for all categories of workers (CWS and CDS), both for male and female categories (as well as urban persons) the share of workers in retail trade actually fell during the period under consideration, and the fall was sharper for CWS than for CDS.

Table 13 shows the annual percentage change in the number of workers involved in retail activities on a current weekly or daily status basis. In urban areas, the number of such workers declined in absolute terms for both men and women according to CWS, in the period between 1999–2000 and 2004–05. However for the CDS workers the growth rate was positive, even though they were a smaller proportion of total workers. This was also true for rural men and women, by both measures of employment.
For determining the CWS, the reference period is the seven days before the survey, and a person is considered “employed” even if he/she has worked for at least one hour on at least one day in the previous seven days. Whereas, CDS tries to capture the activity of the person on any typical day. So a person is classified as employed by CDS if he/she has worked for four hours or more on average in the previous week. Therefore those who are employed by the CDS activity definition are clearly also employed by the CWS category, but not vice-versa. This is also true for any NIC category. Those who are employed in retail trade by CWS category need not be also employed in retail trade by the CDS category, because of the different definitions used for classifying a person to be employed by these activity categories. This is because CWS applies a weaker definition, for a person to be employed in any NIC category, than the CDS category.

It follows from the estimates that the number of workers who were employed by CDS category, i.e. who worked for four hours or more on average in the previous week, has increased between the 55th and 61st Round. This means that workers whose involvement in retail trade was relatively stable has increased, showing a positive trend in growth. However, this is perfectly compatible with a phenomenon where relatively unstable workers (occasional retailers) involved in retail trade actually reduced. Thus the CWS category of workers in retail trade shows a negative trend in growth. This is because of the intolerance shown towards hawkers and petty retailers in the urban areas, by various sections of the urban population such as municipal authorities and resident welfare associations, which is discussed in more detail in Chapter 4.

In terms of Usual Status, the picture of retail employment growth is described in Table 14. This shows that in rural India, employment in retail trade grew faster in the more recent period than in the immediately preceding period of the second part of the 1990s. It is likely that this is related to the agrarian crisis mentioned earlier, whereby petty retail trade became a refuge sector for those in search of livelihoods and employment. However, in urban India the story was very different, and conforms to the evidence based on current weekly and daily status definitions of work. In the more recent period, there has been a sharp deceleration in the growth of Usual Status employment in the retail sector for urban males, and absolute decline for urban females. This is true for both principal status and principal plus subsidiary status activities. Therefore, it is clearly evident that retail employment has become more difficult to ensure as a usual activity in urban India, even though other forms of employment have not grown adequately as we have seen.

This is a very important result in the context of the recent features of urban labour markets that have already been outlined: the overall decline in prospects of paid employment, the decline in average wages of those employed especially as casual workers and the emergence of self-employment as a major means of ensuring livelihoods of workers who are unable to find paid work. Petty retail trade has traditionally been a refuge employment sector for such workers – both male and female. However, the decline

<table>
<thead>
<tr>
<th>Table 14: Growth rates of retail trade employment by Usual Status (compound annual percentage rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Usual Principal Status</strong></td>
</tr>
<tr>
<td>Rural males</td>
</tr>
<tr>
<td>Rural females</td>
</tr>
<tr>
<td>Urban males</td>
</tr>
<tr>
<td>Urban females</td>
</tr>
</tbody>
</table>

Source: Calculated from NSS “Employment and Unemployment Situation in India”, various issues, and applying actual and projected population numbers from the Census of India.
in their share, and in the case of urban females, the absolute decline in such employment as usual work, even in a subsidiary capacity, suggests that there are forces at work which make it increasingly difficult for individuals to engage in petty retail trade, and made it less viable as an option to fall back on in the absence of other productive employment opportunities. There are several factors that are likely to have been significant in this. These are discussed in more detail in Chapter 4, but two factors that must be noted are the deregulation that has permitted the entry of large corporate entities in the retail sector, providing competition to small vendors because of their ability to take advantage of economies of scale; and urban laws and policies of various types, including zoning restrictions and rules that constrain the ability of small traders and hawkers to function freely.

Currently, there is still no national level policy with respect to rules for large retailing, and different states have implemented very different, and rapidly changing, policies for organized retailing. In the very recent past, the growth of organized retailing has become a bone of political contention, with the proposed policy for allowing foreign corporate retailers into the country being vehemently opposed by the left and some other political parties. There have been major and occasionally violent protests by small shopkeepers as well as farmers and other local agents, against the entry of large corporations in retail food trade, in particular.

The trends in employment in retail trade in the period between 1999–2000 and 2004–05 in the major states are described in Table 15. Kerala stands out as a state in which there has been a sharp fall in usual employment in retail trade as the principal activity, with the number of most categories of workers (except rural females) coming down in this sector. In most other states, however, there was some increase in such employment in the rural areas (sometimes quite rapid in the case of rural females), but a more mixed and generally downward trend in such employment in urban areas. In addition to Kerala, Karnataka, Madhya Pradesh and Orissa experienced absolute declines in such employment for both men and women in urban areas. In Andhra Pradesh and Tamil Nadu, the employment of urban males in retail trade fell. It should be noted that these are states in which there has been significant entry of large corporations into retail trade. In Bihar, Gujarat, Punjab, Rajasthan and West Bengal, female urban employment in this sector fell, in several cases quite sharply. In Gujarat and Uttar Pradesh, the growth in usual male employment in urban retail trade was very low, even as female employment in this sector fell.

This is similar to the trends observed at the all-India level: people desperate to find employment could enter into retail trade in the rural areas but could not do so to the same extent, and sometimes even to declining extent, in the urban areas. It can be seen from Table 15 that in all states, there has been more rapid growth in retail trade as a subsidiary activity than as a principal activity.

Of the total employment in the retail trade, only a tiny proportion is in the organized sector and of this an even more minuscule proportion is in public employment. Figure 17 provides some indication of the trends in organized sector employment in retail trade. It is evident that total organized sector employment in retail trade is not only very small (well below 9 million at its peak in the late 1990s) but has also been falling significantly since then. This is despite the fact noted earlier that the share of the organized sector in NDP in retail trade has been increasing very rapidly over this period. Clearly, organized retailers have shifted to more labour-saving techniques. As the share of organized retailers increases further, this is likely to intensify and will no doubt worsen the employment problem.
Table 15: Growth rates of Usual Status retail trade employment in major states, 1999–2000 to 2004–05 (compound annual percentage rates)

<table>
<thead>
<tr>
<th>Principal Status</th>
<th>Rural Males</th>
<th>Rural Females</th>
<th>Urban Males</th>
<th>Urban Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>7.21</td>
<td>11.98</td>
<td>-0.49</td>
<td>6.82</td>
</tr>
<tr>
<td>Assam</td>
<td>7.35</td>
<td>9.60</td>
<td>2.82</td>
<td>20.29</td>
</tr>
<tr>
<td>Bihar</td>
<td>10.95</td>
<td>3.49</td>
<td>4.72</td>
<td>-10.28</td>
</tr>
<tr>
<td>Gujarat</td>
<td>14.65</td>
<td>0.40</td>
<td>0.33</td>
<td>-11.19</td>
</tr>
<tr>
<td>Karnataka</td>
<td>2.97</td>
<td>14.43</td>
<td>-3.52</td>
<td>-7.10</td>
</tr>
<tr>
<td>Kerala</td>
<td>-1.28</td>
<td>32.37</td>
<td>-7.21</td>
<td>-5.36</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>10.28</td>
<td>5.26</td>
<td>-1.34</td>
<td>-9.09</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>5.89</td>
<td>13.69</td>
<td>1.48</td>
<td>-5.85</td>
</tr>
<tr>
<td>Orissa</td>
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<td>5.22</td>
<td>-0.61</td>
<td>-3.12</td>
</tr>
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<td>4.40</td>
<td>-5.99</td>
<td>6.31</td>
<td>-18.05</td>
</tr>
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<td>Rajasthan</td>
<td>1.01</td>
<td>13.13</td>
<td>4.25</td>
<td>-4.67</td>
</tr>
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<td>Tamil Nadu</td>
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<td>-0.74</td>
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<tr>
<td>Uttar Pradesh</td>
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<td>3.03</td>
<td>0.03</td>
<td>6.55</td>
</tr>
<tr>
<td>W Bengal</td>
<td>2.48</td>
<td>5.72</td>
<td>1.36</td>
<td>-8.11</td>
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</table>

<table>
<thead>
<tr>
<th>Principal and Subsidiary Status</th>
<th>Rural Males</th>
<th>Rural Females</th>
<th>Urban Males</th>
<th>Urban Females</th>
</tr>
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<tbody>
<tr>
<td>Andhra Pradesh</td>
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<td>5.92</td>
</tr>
<tr>
<td>Assam</td>
<td>10.40</td>
<td>8.77</td>
<td>3.63</td>
<td>11.31</td>
</tr>
<tr>
<td>Bihar</td>
<td>14.02</td>
<td>4.73</td>
<td>5.51</td>
<td>-10.86</td>
</tr>
<tr>
<td>Gujarat</td>
<td>17.95</td>
<td>4.04</td>
<td>1.15</td>
<td>-11.45</td>
</tr>
<tr>
<td>Karnataka</td>
<td>5.49</td>
<td>5.10</td>
<td>-1.39</td>
<td>-11.93</td>
</tr>
<tr>
<td>Kerala</td>
<td>1.01</td>
<td>41.49</td>
<td>-6.33</td>
<td>-13.06</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>11.57</td>
<td>9.36</td>
<td>1.50</td>
<td>-7.03</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>9.96</td>
<td>18.06</td>
<td>4.23</td>
<td>-4.15</td>
</tr>
<tr>
<td>Orissa</td>
<td>14.12</td>
<td>3.60</td>
<td>1.40</td>
<td>-4.38</td>
</tr>
<tr>
<td>Punjab</td>
<td>4.93</td>
<td>11.48</td>
<td>5.74</td>
<td>-24.86</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>1.84</td>
<td>12.59</td>
<td>4.43</td>
<td>-6.27</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>4.75</td>
<td>11.20</td>
<td>0.80</td>
<td>4.91</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>6.70</td>
<td>7.01</td>
<td>0.75</td>
<td>8.18</td>
</tr>
<tr>
<td>W Bengal</td>
<td>4.54</td>
<td>8.65</td>
<td>2.16</td>
<td>-5.76</td>
</tr>
</tbody>
</table>

Source: Calculated from NSS “Employment and Unemployment Situation in India”, various issues, and applying actual and projected population numbers from the Census of India.

Employment in organized retail and wholesale trade showed a slight upsurge from 1993–94 to 2003–04, from 4.6 lakhs in 1993–94 to 5.3 lakhs in 2003–04. While the public sector employment was almost stagnant there was marginal increase in employment in the private sector, which was mainly responsible for whatever increase that was visible over the period.

This discussion of trends in aggregate retail trade employment already provides some indication of the effects of economic liberalization on aggregate employment patterns and labour market outcomes, as well as the implications for petty employment in retail trade. The major empirical conclusion with regard to the recent period is that there was some increase in such employment (predominantly in the form of self-employment in the unorganized sector), but in the urban areas there was lower employment growth in the retail sector compared to the rural areas. In general, such employment for urban females came down sharply in many states, and declined somewhat even for urban males in some states. This was mainly due to declines in private employment in both organized and unorganized sectors, for the levels of public employment in organized retail declined.
slightly, but this was too small a proportion of overall employment to have much impact. Such statistics are a bland description of a harsher actual process, whereby the conditions of petty retail trade are becoming much more precarious for a variety of reasons, and are making it difficult for many small vendors, and especially women, to engage in such activities. The reasons for this are described in more detail in the following section.

Figure 17: Organized sector employment in retail trade, 1993-2004
(in millions)
4. Conditions of hawkers and street vendors in India

4.1 Defining and describing hawkers

Hawkers constitute a subset of those engaged in retail trade, and even a subset of those who are self-employed in retail trade. In the National Policy for Urban Street Vendors (2004), a street vendor or hawker is broadly defined as “a person who offers goods or services for sale to the public without having a permanent built up structure but with a temporary static structure or mobile stall (or head load).” Hawkers are therefore identified as workers in retail trade either in rural or urban streets or without any fixed place of work. Based on this definition the number of hawkers can be identified on the basis of the National Sample Surveys as in Table 16, which shows that in 2000 around 4,365,000 (or nearly 4.5 million) workers were engaged in street vending. Of these, less than one-fifth was women, indicating that this is still a predominantly male activity. Table 17 describes the corresponding figures for 2004–05.

Table 16: Distribution of workers in retail trade based on location of work, 1999–2000 (in hundred thousands)

<table>
<thead>
<tr>
<th>Location</th>
<th>Rural</th>
<th></th>
<th>Urban</th>
<th></th>
<th>Combined</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>Total</td>
<td>M</td>
<td>F</td>
<td>Total</td>
</tr>
<tr>
<td>Without fixed place</td>
<td>10.39</td>
<td>1.79</td>
<td>12.18</td>
<td>9.64</td>
<td>3.43</td>
<td>13.07</td>
</tr>
<tr>
<td>Rural: street with fixed location</td>
<td>4.88</td>
<td>0.91</td>
<td>5.79</td>
<td>1.34</td>
<td>0.34</td>
<td>1.69</td>
</tr>
<tr>
<td>Urban: street with fixed location</td>
<td>0.67</td>
<td>0.04</td>
<td>0.71</td>
<td>8.59</td>
<td>1.62</td>
<td>10.21</td>
</tr>
<tr>
<td>Total</td>
<td>15.94</td>
<td>2.74</td>
<td>18.68</td>
<td>19.57</td>
<td>5.39</td>
<td>24.97</td>
</tr>
</tbody>
</table>


Table 17: Distribution of workers in retail trade, based on location, sector and sex, 2004–05 (in hundred thousands)

<table>
<thead>
<tr>
<th>Location</th>
<th>Rural</th>
<th></th>
<th>Urban</th>
<th></th>
<th>Combined</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>Total</td>
<td>M</td>
<td>F</td>
<td>Total</td>
</tr>
<tr>
<td>Without fixed location</td>
<td>14.1</td>
<td>2.1</td>
<td>16.1</td>
<td>8.7</td>
<td>1.0</td>
<td>9.6</td>
</tr>
<tr>
<td>Rural: street with fixed location</td>
<td>7.6</td>
<td>1.5</td>
<td>9.1</td>
<td>0.6</td>
<td>0.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Urban: street with fixed location</td>
<td>0.7</td>
<td>0.2</td>
<td>0.9</td>
<td>10</td>
<td>2.1</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>22.5</td>
<td>3.7</td>
<td>26.1</td>
<td>19.3</td>
<td>3.1</td>
<td>22.4</td>
</tr>
</tbody>
</table>

Source: NSSO 61st Round, 2004–05
Table 18: Distribution of workers (street vendors and boot polishers, based on self perception) with fixed location, by location, sector and sex, 2004–05 (in hundred thousands)

<table>
<thead>
<tr>
<th>Location</th>
<th>Rural M</th>
<th>Rural F</th>
<th>Rural Total</th>
<th>Urban M</th>
<th>Urban F</th>
<th>Urban Total</th>
<th>Combined M</th>
<th>Combined F</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without fixed location</td>
<td>7.6</td>
<td>1.3</td>
<td>8.9</td>
<td>5.8</td>
<td>0.8</td>
<td>6.6</td>
<td>13.1</td>
<td>2.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Rural: street with fixed location</td>
<td>1.7</td>
<td>0.4</td>
<td>2.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.1</td>
<td>1.9</td>
<td>0.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Urban: street with fixed location</td>
<td>0.2</td>
<td>0.0</td>
<td>0.2</td>
<td>3.8</td>
<td>0.9</td>
<td>4.7</td>
<td>3.6</td>
<td>0.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Total</td>
<td>9.5</td>
<td>1.7</td>
<td>11.2</td>
<td>9.8</td>
<td>1.7</td>
<td>11.5</td>
<td>18.6</td>
<td>3.2</td>
<td>21.7</td>
</tr>
<tr>
<td>All locations</td>
<td>17.8</td>
<td>3.5</td>
<td>21.2</td>
<td>24.7</td>
<td>4.7</td>
<td>29.4</td>
<td>40.6</td>
<td>7.7</td>
<td>48.0</td>
</tr>
</tbody>
</table>


Table 19: Distribution of workers (street vendors and boot polishers) working in different locations, by location, sector and sex, 1999-2000 (in hundred thousands)

<table>
<thead>
<tr>
<th>Location</th>
<th>Rural Male</th>
<th>Rural Female</th>
<th>Rural Total</th>
<th>Urban Male</th>
<th>Urban Female</th>
<th>Urban Total</th>
<th>Combined Male</th>
<th>Combined Female</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without fixed location</td>
<td>4.0</td>
<td>0.62</td>
<td>4.62</td>
<td>3.36</td>
<td>0.86</td>
<td>4.21</td>
<td>7.36</td>
<td>1.47</td>
<td>8.83</td>
</tr>
<tr>
<td>Rural: street with fixed location</td>
<td>1.22</td>
<td>0.32</td>
<td>1.54</td>
<td>0.36</td>
<td>0.23</td>
<td>0.58</td>
<td>1.58</td>
<td>0.54</td>
<td>2.12</td>
</tr>
<tr>
<td>Urban: street with fixed location</td>
<td>0.23</td>
<td>0.02</td>
<td>0.25</td>
<td>2.01</td>
<td>0.64</td>
<td>2.66</td>
<td>2.24</td>
<td>0.67</td>
<td>2.91</td>
</tr>
<tr>
<td>Total</td>
<td>5.45</td>
<td>0.96</td>
<td>6.41</td>
<td>5.73</td>
<td>1.73</td>
<td>7.45</td>
<td>11.18</td>
<td>2.68</td>
<td>13.86</td>
</tr>
<tr>
<td>All locations</td>
<td>11.24</td>
<td>2.07</td>
<td>13.31</td>
<td>14.33</td>
<td>2.86</td>
<td>17.19</td>
<td>25.57</td>
<td>4.93</td>
<td>30.5</td>
</tr>
</tbody>
</table>


However, there is another definition which can be used to quantify the number of hawkers: the number of workers who describe themselves as street vendors and boot polishers working in different locations including urban/rural streets or without fixed location. The number of hawkers would be lower according to this slightly different definition, as shown in Table 19.

By this second definition which is also based more on self-perception, the estimate of hawkers comes down to 3,050,000 at all locations in 1999–2000. If the definition is further narrowed down to those who describe themselves as street vendors working in urban/rural streets and without any fixed location, the number comes down even more to 1,387,000. It is also worth noting that female hawkers were relatively few compared to their male counterparts.

Thus it can be claimed that in 1999–2000, between 3 to 4.3 million people were engaged in hawking. The difference in the two estimates may be due to the fact that a number of "workers engaged in retail trade and working in streets or without any fixed place to work" do not describe themselves as street vendors (Sengupta, Committee Report and Recommendations on National Policy on Urban Street Vendors, p. 2). However, their economic conditions and the particular policy issues raised by their circumstances are similar to those who identify themselves as hawkers.
Table 20: Growth rates of self-employed workers (PS+SS) engaged in retail trade from 1999–2000 to 2004–05 (annual compound percentage growth)

<table>
<thead>
<tr>
<th>States</th>
<th>Rural Males</th>
<th>Rural Females</th>
<th>Urban Males</th>
<th>Urban Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>8.10</td>
<td>16.22</td>
<td>2.31</td>
<td>8.78</td>
</tr>
<tr>
<td>Assam</td>
<td>10.97</td>
<td>8.77</td>
<td>0.89</td>
<td>14.59</td>
</tr>
<tr>
<td>Bihar</td>
<td>13.77</td>
<td>4.73</td>
<td>6.04</td>
<td>-10.49</td>
</tr>
<tr>
<td>Gujarat</td>
<td>17.23</td>
<td>4.85</td>
<td>2.81</td>
<td>-11.63</td>
</tr>
<tr>
<td>Karnataka</td>
<td>4.57</td>
<td>3.89</td>
<td>-2.82</td>
<td>-11.12</td>
</tr>
<tr>
<td>Kerala</td>
<td>2.89</td>
<td>33.29</td>
<td>-1.28</td>
<td>-12.69</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>11.20</td>
<td>9.75</td>
<td>2.66</td>
<td>-5.90</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>8.75</td>
<td>17.95</td>
<td>8.56</td>
<td>-4.74</td>
</tr>
<tr>
<td>Orissa</td>
<td>12.46</td>
<td>4.32</td>
<td>2.35</td>
<td>-3.80</td>
</tr>
<tr>
<td>Punjab</td>
<td>1.89</td>
<td>11.43</td>
<td>6.32</td>
<td>-29.65</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>-0.78</td>
<td>12.59</td>
<td>5.17</td>
<td>-5.51</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>4.47</td>
<td>10.84</td>
<td>7.29</td>
<td>6.63</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>5.54</td>
<td>7.16</td>
<td>2.41</td>
<td>6.76</td>
</tr>
<tr>
<td>West Bengal</td>
<td>3.55</td>
<td>7.73</td>
<td>2.84</td>
<td>-5.94</td>
</tr>
</tbody>
</table>

Source: Calculated from NSS “Employment and Unemployment Situation in India”, various issues, and applying actual population and projections from the Census of India.

Indeed, the category of those who are self-employed in retail trade is possibly a relevant aggregate category for our purposes, since many of them would be actual or potential hawkers. Table 20 looks at the changes in the number of such workers in the major states in the period 1999–2000 to 2004–05. The data are on the basis of usual principal and subsidiary status activities.

Across all the states, some features stand out. First, the increase in number of self-employed (and therefore small) retailers was generally much higher in rural areas of the major states than in urban areas. Second, the changes in self-employment in retail largely reflected the changes in aggregate retail employment that were described in Table 14. The number of rural females engaging in this activity increased in all the states, and for rural males in every major state except Rajasthan. However, especially where organized retail has made more inroads and urban land and other policies have played adverse roles, the picture was significantly different. Among urban males, self-employed in retail trade grew at much slower rate than their rural counterpart in the majority of the states. In Kerala and Karnataka – two states in which organized retail has expanded significantly over the past decade – the number of self-employed retailers declined quite substantially, for both males and females. For urban females, self-employment in retail trade actually declined in most major states, with the exception of only four states – Assam, Andhra Pradesh, Tamil Nadu and Uttar Pradesh.

It should be noted that these patterns of retail self-employment occurred during a period when aggregate GDP was growing at more than 7 per cent per annum, and the share of retail trade in GDP was increasing. This suggests that retail self-employment and hawking became more difficult and precarious activities in much of urban India despite the increases in aggregate economic growth. This leads naturally to a discussion of the problems commonly faced by the hawkers in India, which may provide some insights as to what factors determined these trends.

4.2 Socio-economic characteristics of hawkers and conditions of street vending

It was noted that poverty as well as the lack of opportunities for gainful employment in the rural areas and in the smaller towns drives a large number of people to
the cities in search of work and livelihood. In most Indian cities the urban poor survive by working in the informal sector. Those who migrate generally possess low skills and lack the level of education required for the better-paid jobs in the organized sector, which in any case has not increased much in aggregate employment. This has led to a rapid growth of the informal sector. For the urban poor, hawking is one important means of earning a livelihood, as it requires minor financial input and the skills involved are relatively low.

This has been found in various field studies. One important recent study was commissioned by the National Alliance of Street Vendors of India (NASVI), and was published in 2001 as “Hawkers and the Urban Informal Sector: A Study of Street Vending in Seven Cities”, prepared by Sharit K. Bhoumik (hereafter Bhoumik, 2001). The study covered Ahmedabad, Bangalore, Bhubaneshwar, Imphal, Kolkata, Mumbai and Patna. A sample of 300 hawkers was taken in each city. While selecting the sample in each of the cities, three points were kept in mind. First, hawkers were covered from different parts of the concerned city. Second, they sold a variety of goods and the volume of trade differed. Third, adequate numbers of women were covered. Since it was the largest recent study explicitly examining the socio-economic conditions of hawkers, it is worth quoting in some detail, and much of the rest of this sub-section summarizes some of the results of this large survey.

The NASVI study found both supply-side and demand-side reasons for the existence of hawkers in these cities. On the supply side (of hawkers), the closure of factories and declines in organized sector employment have released a large number of newly unemployed workers, forcing them to find some means of livelihood in informal sector activities. Therefore the aggregate macroeconomic shifts that were noted in the first part of this study, the decline in organized sector employment and the shift in output from manufacturing to services, found their echoes in urban labour market changes. Thus the 2001 study found that around 20 per cent of the hawkers surveyed in Mumbai and half of those in Kolkata were previously “permanent” employees in the organized sector. In Ahmedabad, around 30 per cent of the male hawkers covered were previously working in large factories. And of course, these are all cities in which a large number of factories, especially textile mills in Mumbai and Ahmedabad and engineering industries in Kolkata, have closed down over the past two decades.

Another supply-side reason for the increase in hawkers is the increase of small and petty producers, including in manufacturing, which was evident from the increase in self-employment especially in urban India. Those running small-scale and petty industries and those in home-based industries are often dependent upon hawking for marketing their products.

The demand-side factor behind the increase in hawkers is the increase in the urban poor, given the existence of segmented markets for consumer goods in urban areas. Since goods sold by hawkers are typically cheaper than those found in organized retail outlets, the poor are more likely to choose to procure their basic necessities from hawkers. Table 21, based on the NASVI survey, indicates that consumers of all categories spend on hawkers, but among those surveyed, the lower the level of monthly income source, the greater the proportion of their consumption on goods provided by hawkers. While better-off consumers tended to prefer hawkers because they provided goods and services at convenient places, consumers from the lower-income groups were found to be more regular in visiting food hawkers because the food is cheaper and thus more affordable. In all these senses, hawkers can be seen as providing positive economic contributions.

The NASVI Survey found the social composition of hawkers in these seven cities to be very mixed, and broadly reflective of the overall urban social composition of these
states, in terms of caste and community composition. Migrant workers were generally found to be around one-fifth of the hawkers surveyed in these cities, but once again Imphal was an exception. Educational levels varied widely: while the majority of surveyed hawkers were either illiterate or with relatively low levels of education only, there were also many with school degrees and even some college graduates among those surveyed.

In the different cities, the proportion of women surveyed varied greatly, between less than one-fifth and more than two-fifths. In Kolkata, the sex composition was heavily weighted in favour of males: only 5 per cent of stationary hawkers (who tend to earn more) and 15 per cent of all vendors including mobile vendors were found to be women. However, it was frequently seen in most of the other cities, that men were assisted in their work by their wives and children. An exception was Imphal, where almost all the hawkers were women. In Bangalore, women hawkers were found to dominate in certain sections of the city, such as the vegetable and fruit markets, where an estimated 70 per cent of the vendors were found to be women, whereas in the rest of the city they made up only around 20 per cent.

In most cities, the main reason for women to keep away from street vending was that this occupation requires long working hours – typically between 10 and 12 hours per day – and therefore leaves little time for the women to perform the required unpaid domestic work, such as cooking and cleaning at home and looking after their children. Therefore many women who wanted to be economically active preferred to work as day labourers or as domestic workers. Problems in terms of inadequate physical protection for women were also significant: a large proportion of female vendors stated that lack of protection was the main problem they faced in their work. Similarly, the lack of basic facilities such as toilets and crèches for their children was another major problem, and this was also probably a deterrent to more women taking up this activity.

Another issue was lack of access to credit: in Bhubaneshwar, for example, the women hawkers were mostly illiterate and could not access any loans from institutional sources. In general, women had to approach informal credit sources at much higher rates of interest. In all the cities, it was found that only a very small proportion of street vendors, both male and female, had any access to formal credit institutions including co-operative societies. The main source of working capital was typically informal moneylenders, while other sources of funding were friends and relatives.

It was interesting to find that a majority of the street vendors surveyed in all the cities did not live near their place of work, and had to commute more than 5 km every day from their residences to their work locations or sale points. This time spent in commuting should therefore be added to the already long working hours of between 10 and 12 hours per day on average. In Patna and Bhubaneshwar, more than half the hawkers surveyed travelled distances of more than 10 km each way daily, while in Mumbai more than 70 per cent of the hawkers lived more than 10 km from their work places. In fact, around

<table>
<thead>
<tr>
<th>Monthly Income Rs</th>
<th>Mumbai</th>
<th>Calcutta</th>
<th>Bangalore</th>
<th>Ahmedabad</th>
<th>Patna</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 000–1,200</td>
<td>800–1,200</td>
<td>&gt;800</td>
<td>800</td>
<td>550–1,000</td>
<td>800</td>
</tr>
<tr>
<td>5 000</td>
<td>2,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10,000</td>
<td>3,000</td>
<td>2,000</td>
<td>1,500</td>
<td>2,000</td>
<td>1,500</td>
</tr>
<tr>
<td>15,000–20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 21: Average spending by consumers of various income categories on hawkers (in Indian Rupees)

Source: Bhoumik (2001)
One-quarter of surveyed vendors in Bhubaneshwar travelled 30 to 40 km every day. In Kolkata, a significant proportion of the vendors were itinerant, working on train routes or otherwise moving around in the course of their work. This was another major disincentive for women, although cases emerged of women travelling in groups to engage in the trade of procuring second-hand clothes from Kolkata and selling them in nearby districts through itinerant vending.

One important problem that emerged in all the cities surveyed was the constant official harassment and need to pay bribes in order to continue functioning. In most urban areas of most states (as discussed in the next section) street vending is still illegal, and this creates tremendous possibilities for continuous financial extortion of those who engage in this activity. Imphal is an exception, where there are around 6,000 female street vendors in the city, most of whom are allotted space in the markets and have licences to ply their trade. The virtual monopoly of petty retail trade by women in Imphal apparently reflects tradition among the Meitei of the Manipur Valley as well as current official policies that favour granting trading licences to women. In the other cities, there is the constant threat of eviction from even established work places at which particular vendors have been working for several years. Municipal authorities and police regularly raid the work places and confiscate the goods, which are only released on payment of fines. This causes loss, as the hawkers cannot ply their trade during this period. In addition to recorded fines levied by municipal authorities, the police and local musclemen were also reported to extort bribes. There were even instances of collections of fines by individuals who were given contracts to collect fines, who then charged the traders according to their will. Sometimes it was observed that these bribes had to be paid on a daily basis, and therefore should be deducted from the income—often amounting to deductions to the tune of 10 to 20 per cent of total income.

Street vendors in Mumbai, especially those in the central business district and the affluent residential areas in the city and the suburbs, work under constant threat of eviction. Mumbai municipality regularly carries out rigorous raids for eviction in the central business district and in the affluent residential areas. The insecurity associated with such raids leads to a high amount of stress, as recorded in several studies such as one by SNDT-ILO. In addition, vendors were found to pay Rs 100 to Rs 125 to the authorities for prior information of a raid. In addition to the raids themselves, the NASVI survey found that a majority (76 per cent) of the surveyed street vendors of Mumbai paid bribes daily to the police and the municipality. There was a multiplicity of charges: male hawkers had to pay Rs 2 per day, while female hawkers paid Rs 1 per day; all of them paid between Rs 5 to Rs 20 per day as pavti (cleaning charges); and in addition to this they paid the local police a separate amount ranging from Rs 2 to Rs 10 per day to deter eviction.

In most of the cities, the hawkers were not unionized to any notable extent, but where they were, it was found to make a significant difference to their conditions. This was especially so in the case of women hawkers. In Ahmedabad, for example, there are around 80,000 street vendors; 40 per cent of whom are women. Most of these women are unionized (through SEWA—the Self Employed Women’s Association) and therefore more able to articulate their interests as a collective, which may explain the relatively high proportion of female street vendors. The NASVI survey included 75 street vendors who were members of SEWA, who did not pay bribes mainly because of the stature of the union. Those who were not unionized had to face regular harassment and had to regularly pay bribes to the municipal authorities and the local police to ward off harassment.
The situation in Mumbai was different – although approximately 14 per cent of the street vendors in Mumbai were found to be unionized, they had to pay bribes even if they were unionized. Unionization is fairly strong in Calcutta. Unlike in Mumbai, trade unions in Calcutta have to a large extent been able to protect the interests of their members. However, mobile vendors, especially those on railway routes, faced the difficulties of ticketless travel, since their meagre incomes did not suffice for them to purchase tickets. Laws have made their life all the more difficult, such as Section 144 of the Indian Railways Act, 1989, which prohibits begging and selling goods on railway premises without a licence issued by the railway authorities, and makes violation of this a punishable offence.

4.3 Problems faced by the hawkers

It is generally recognized by those who have observed and dealt with the problems faced by hawkers in urban India that there are four major sets of issues that must be addressed. The first and most basic problem underlies most of the other problems. It relates to their very right to existence, and stems from the fact that in most states and most cities of India, hawking is regarded as an illegal – or extra-legal – activity. At best, where they are legally recognized, there are some specified and very low limits to the number of vendors to be allowed in particular locations or activities. Instead, hawkers are typically treated as encroachers of public space, and are forced to bear the additional burden of legal insecurity, harassment and bribes to various different agents. This in turn brings up the second issue, namely the various different urban plans and urban development policies and regulations that put limits on hawkers’ activities, allow for hawkers to be evicted and prohibit their functioning in particular areas. Third, the extra-legality also means that there is no official consideration of the working conditions of hawkers and their own personal safety as well as the security of their goods, and no attempt at public improvement of their conditions of work such as adequate sanitation facilities. Finally, it denies hawkers (along with many other small and tiny producers of goods and services) access to institutional credit, which dramatically increases the cost of their working capital and constrains their ability to expand operations.

4.3.1 Legal issues

Several judgements of the Supreme Court since the late 1960s have recognized that street vending or hawking are legitimate activities. For example, in 1989 the Supreme Court ruled that “if properly regulated according to the exigency of the circumstances, the small traders on the side walks can considerably add to the comfort and convenience of the general public, by making available ordinary articles of everyday use for a comparatively lesser price. … The right to carry on trade or business mentioned in Article 19(1) (g) of the Constitution, on street pavements, if properly regulated cannot be denied on the ground that the streets are meant exclusively for passing or re-passing and no other use” (SC ruling in the Sodhan Singh vs. NDMC, 1989). The National Policy for Urban Street Vendors (2004) also emphasized that the role played by the hawkers in the economy and society needs to be given due credit and that they must be legitimized.

Nevertheless, hawkers do remain in the grey non-legal zone because of state and municipal regulation, and are therefore considered as unlawful entities and are subjected to continuous harassment by police and civic authorities. In India presently, street vending is legal in the villages and towns, but in cities it is considered to be illegal. Municipal Acts consider roadside vending as "encroachment" of public space (and in general "public nuisance"), but it is to be remembered that city plans at the first instance do not have any kind of provision for the hawkers.
The non-recognition of the hawkers in the cities even when the Indian constitution guarantees the Right to Work in any place within the country to all its citizens is a carry-over of the colonial policy. Before British rule in India, there was never any law controlling vendors and hawkers and markets. Laws governing the activities of hawkers were first introduced in the colonial period. The major laws relating to hawking were the Indian Railway Act, Bombay Municipal Act and the Bombay Police Act. It is worth noting that the convenience of the local people was not at all a consideration of the British while framing these laws. Unfortunately these archaic laws are still valid under the Indian Constitution.

Presently as pressure on urban land in increasing, more and more sections of a range of laws are being invoked to harass, exploit and coerce the street vendors. Certain sections of the Police Act and Indian Penal Code are important deterrents to the profession of vending. They are as follows:

**Police Act – Section 34:** Punishment for certain offences on road etc. It clearly states that any person who, on any road or in any open place or street or thoroughfare within the limits of any town to which this section shall be specially extended by the (State government) commits any of the following offences to the obstruction, inconvenience, annoyance, risk, danger of damage of the (residence or passenger) shall on conviction before a magistrate be liable to a fine not exceeding fifty rupees, or to imprisonment (with or without hard labour) not exceeding eight days, and it shall be lawful for any Police Officer to take into custody, without a warrant, any person who, within his view commits any of such offences namely, exposing goods for sale.

Indian Penal Code –

**Section 283:** Danger or obstruction in public way or line of navigation. Whoever by doing any act, or by omitting to take order with any property in his profession or under his change, causes danger, obstruction or injury to any person in any public way or public line of navigation shall be punished with fine which may extend to two hundred rupees. No person shall cause obstruction in any street or public place by: allowing animals or vehicle; leaving any vehicle standing or fastening any cattle in the street or in the public place; using any part of a street or public place as a halting place for vehicles or cattle; leaving any box, bale package or other things whatsoever or upon a street for an unreasonable length of time or contrary to any regulation; exposing anything for sale or setting out anything for sale in or upon any stall, booth, board, cask, and basket or in any other way whatsoever.

These provisions create a contradiction between a legal ‘licensed’ vendor and ‘illegal’ obstruction or causing nuisance resulting in physical eviction of even licensed vendors.

**Section 431:** Mischief by injury to public road, bridge, river or channel. “Whoever commits mischief by doing any act which render or which he knows to be likely to render or which he knows to be likely to render any public road, bridge, navigable channel, natural or artificial, impassable or less safe for travelling or conveying property, shall be punishable with imprisonment of either description for a term which may extend to five years or with fine or with both.”

**The Criminal Procedure Code 1908** and the Bombay Police Act 1951 both contain provisions for removal of any obstruction on a street, or committing a
nuisance or obstruction in general. There are penalties provided like a simple fine or even arrest and also imprisonment for non-appearance before the Court.

However, there are also laws which can be interpreted so as to allow hawkers greater protection and freedom to function. Article 14 of the Constitution states that the state shall not deny to any person's equality before the law or equal protection of the laws within the territory of India. Article 19(1) (g) gives the Indian citizen a fundamental right to practise any profession, or to carry on any occupation, trade or business. In case of unjust coercion on hawkers, Fundamental rights granted in Article 14 and 19 are enforceable against the state by invoking the "writ jurisdiction" of the High Courts or Supreme Court of India under Articles 226 or 32 of the Constitution respectively. All these suggest that it is not only possible but necessary to legalize street vending and to provide legal space to vendors in the cities.

It is important to remember that hawkers are not impacted by laws alone, but also by the application of police manuals and procedures, actions by municipal authorities, planning departments, and local-level management. It is also worth noting that hawkers are not a homogenized entity but a considerably diverse group.

Most municipal authorities across the country permit some regulated vending. The question then arises how one can be a legal vendor. It is through acquiring licences issued by the municipal authorities. The problem is that the numbers legally permitted and the spaces which may be legally used cover only a tiny fraction of those who are actually engaged in the trade. Consequently, much of vending by definition remains illegal and thus amenable to either extortion or removal. For example, it is reported that in Mumbai only 15,000 hawkers are licensed to operate, but about 100,000 are operating in Churchgate train station alone (29 April 2006, the *Guardian*). In another report we find that in a Supreme Court judgement only 5 per cent (24,300) of the 4.5 lakh hawkers in Mumbai will be allowed to carry on business on the city’s street (Rao, 2007). It is reported that "the city's municipal agency evicted more than 50 of the roughly 75 pavement booksellers and carted away more than a dozen truckloads of books" (29 April 2006, the *Guardian*).

A brief review of the Municipal and police laws of the seven cities surveyed by the NASVI may be useful at this point. In Patna, Municipal Corporation Act of 1951 lays down certain rules regarding street vending. Section 527 of the Act asserts that the only competent authority for permitting sale through street vending is the Chief Executive Officer (viz. Municipal Commissioner). No stalls can be constructed, no goods can be displayed or sold on public streets without prior permission of the CEO. This permission has to be in the form of licences for a specific period of time (not exceeding one year) and comes with a specific fee. The vendor is not allowed to construct a permanent structure. In case these rules are not adhered to (such as in the case of unlicensed street vendors or those who construct permanent structures) the CEO may remove the impediments without prior notice and charge rent for the use of the space. It is mandatory for hawkers to fill in complicated forms, and this poses additional difficulties for many with literacy problems. The other is the Bihar Police Act. Section 34 states that the police can punish anyone causing obstruction, annoyance or inconvenience to the public. Two actions come under the purview of this section, namely, slaughtering of animals in public and exposing goods for sale. It is impossible to understand how a person is expected to sell his/her product without exposing it.

In Calcutta, vending is controlled by the Municipal Commissioner under the provisions of the Calcutta Municipal Corporation Act of 1980. This Act prevents any type of vending on the streets. It was under these provisions that on the night of 16–17
November 1996, Operation Sunshine took place. More than 100,000 hawkers were evicted from the streets, and property worth several crores of rupees was confiscated. In 1997, the state government proposed an amendment to the Calcutta Municipal Corporation Act by a bill, The Calcutta Municipal Corporation (Second Amendment) Bill, 1997 (it later became an act). The original section (371) prevented the use of any pavement for hawking goods. The amendment expanded this to include “any basket, receptacle or goods on pavement, street, park or garden for display or sale” (Section 371, sub-section 1). It is also noted that “it has been decided to declare any such encroachment (of public places) by the hawkers, stall holders and other organizations as cognizable and non-bailable offence.”

In Bangalore, vending is regulated by The Karnataka Municipalities Act, 1964, which states that municipal councils/corporations in the state are obliged to make adequate provisions for constructing, altering and maintaining public streets and markets, and provide suitable places for vegetable vending. The Karnataka Municipalities By-laws, 1966 make a special provision that in certain streets or public roads, products such as vegetables and fruits may be permitted to be sold temporarily, and a monthly or daily fee may be charged. In 2000, as a result of a High Court judgement, the Bangalore Mahanagarpalike (Municipal Corporation) had issued a draft notification stating that hawking can occur only in the hawking zones between 8 a.m. and 8 p.m. Hawkers are not permitted to sell their goods at busy circle intersections. Besides only one hawking licence per family was to be issued for a fee of Rs 150/- per month payable in advance, amounting to Rs 3,600/-. The licence may be renewed at the discretion of the Commissioner.

In Bhubaneshwar, street vending is regulated by the Orissa Municipality Act, 1950. Section 295 (2) of this Act provides that a municipality has the right to provide places for use as public markets while levying certain fees as deemed necessary for a maximum period of 3 years and subject to certain prescribed conditions. Without a licence, nobody can open a new private market and the authority reserves the right to cancel the licence.

The laws for the two cities Mumbai and Ahmedabad are similar, as both are regulated by the Bombay Municipal Corporation Act 1950 which was in force when the two states were the same, which was the case until 30 April 1960. The municipal laws do not allow for the erection of any structure or stall on the streets which will obstruct the passage of the public, or impede the working of a drain or open channel. Licence is of absolute necessity for carrying out business. Hawkers are evicted mainly under sections 102 and 107 of the Act.

An interesting feature of the hawkers in Imphal is that an overwhelming majority of them are women. The municipality charges fees from the vendors for disposal of garbage, known as "obstruction fees". Another significant fact is that the municipality also recognizes the non-licensed hawkers. A fee is collected, but the municipal authorities do not employ the requisite number of conservancy staff to remove the garbage.

In Mumbai authorities stopped issuing new licences for more than two decades. Bhoumik (2001) noted that “the municipal corporation has stopped granting new licences for the past two decades, hence most of these licence holders do not ply the trade at the present as they are too old or they have died. The census undertaken by TISS-YUVA [mentioned in the first section] on hawkers in Mumbai found that only 5,653 hawkers, out of a total of 102,401 hawkers covered, had licences.”
4.3.2 Urban policies and planning

Urban planning in India is generally accepted to be in a bit of a mess. Most metropolitan cities in India prepared Master Plans in the 1960s. These were based on demographic projections and decisions about containing future population; allocation of this population to various zones depending on existing density level, infrastructure capacity and future density levels; land-use zoning to achieve the desired allocation of population and activities in various zones as projected; and large scale acquisition of land with a view to ensuring planned development (Tiwari 2000). However, since these Master Plans were completely divorced from resource assessment, did not involve the community and had no procedure for creating consensus on potentially divisive issues, most urban growth actually ended up taking place outside the formal urban planning system. Co-ordination between the planned (“formal”) and informal (“informal”) segments remains weak at best.

Subsequent revisions of Master Plans have often made things worse rather than better. ‘Despite efforts at promoting mixed land use planning, the presence and growth of ‘unauthorized settlements’ and pavement dwelling defies the Master Plans. Nearly 40–65 per cent of the population of our mega cities lives in substandard living areas: in notified slum areas and slum rehabilitation colonies with minimal supply of drinking water, sewage disposal and electricity … A large number of dwelling units have been set up by migrant workers at places not earmarked for residential units. Even the Master Plan does not envision a living area for workers earning low wages in city-based industries. Many factories and small-scale production units work entirely outside the gamut of the law. The government agencies themselves admit failure and helplessness in enforcing the current minimum wages, which are usually not adequate to cover housing costs. Therefore, a large section of the population with low incomes ends up in sub-standard housing on public land owned by various government agencies (Tiwari, 2000).

It is in this context that urban planning and policies that affect hawkers need to be assessed. The common tendency is to view hawkers and street vendors as obstructions to the free flow of traffic and urban movements, rather than an outcome and a necessary part of this flow. Thus it is inadequately recognized that bicycles, pedestrians and bus traffic attract street vendors. As Geetam Tiwari (2000) has argued, “Often the side roads and pedestrian paths are occupied by people selling food, drinks and other articles which are in demand by road users. Vendors often locate themselves at places which are natural markets for them. A careful analysis of the location of vendors, their numbers at each location and the type of services provided clearly shows that they are needed since they work under completely ‘free market’ principles. If their services were not required at those locations, they would have no incentive to be there … .Often, an argument is advanced that road capacity is reduced by the presence of street vendors and hawkers. If we apply the same principle that is used for the design of road environment for motorized traffic, especially private cars, then vendors have a valid and legal place in the road environment. Highway design manuals recommend frequency and design of service area for motorized vehicles. Street vendors and hawkers serve the same function for pedestrians, bicyclists and bus users. Pedestrians need cobblers on the road to have their footwear fixed, just as much as car owners need tyre repair shops. Bicyclists need repair shops to have their tyres, chains and pedals fixed. All commuters need cold drinks, snacks and other services on the roadside. These services have to exist at frequent intervals, otherwise walking or bicycling would become impossible, especially in summer. As long as our urban roads are used by these various sections, street vendors will remain inevitable.”
Indeed, apart from fulfilling these very necessary economic functions, the presence of hawkers has other positive social externalities. Thus, for example, it has been noted that their presence makes streets relatively crime free and safer for women, children and the elderly. Cities that have a large number of street vendors tend to be safer and less prone to violent street crime than those that do not.

The perception of street vendors as encroachers of public space – a typically middle-class notion – it is too often forgotten that urban elites also cordon off public places for activities such as car-parking and private gardening. Also, the sheer amount of urban space taken up by private vehicles owned by better-off sections is ignored – for example, it has been estimated that the parking space taken up by private vehicles in Delhi is greater than that of all the slum settlements of the poor, which house around half of Delhi’s population. As Bhatt (1998) has pointed out, “Unless urban planners recognize and accept the need for hawkers and vendors in the cities of a poor country, municipal acts will continue to have provisions that will call vending on the roadside an ‘encroachment’ simply because you do not plan for them.”

A major threat to hawkers, as well as to the urban poor in general, in the major metros and other big cities increasingly comes from a section of NGOs that essentially represent the interests of the rich and middle classes. While these NGOs collectively represent less than 10 per cent of the city’s population, they tend to have disproportionate exposure in the media and substantial political voice through their social and political contacts. As a result, their views on urban planning are taken up with utmost seriousness by the municipal corporation. On the other hand, the much greater proportion of the population (such as an estimated 67 per cent in Mumbai) that resides in slums is typically ignored in urban policy-making, and their views are rarely if ever sought by either officialdom or the media.

This is why street vendors are rarely if ever explicitly accommodated in Master Plans of cities and other urban planning in general. Thus for example, the NASVI study (Bhoumik, 2001) found that the Master Plans of the seven cities surveyed for the study generally did not have explicit consideration of the conditions and requirements of street hawking, and where they did they were generally quite inadequate. The Master Plan for Imphal specified that there should be provision for 4 to 6 shops and 10 hawkers per 1,000 people. For Bhubaneshwar, 3 per cent of the public space was earmarked as commercial zone, including for street vendors. The Master Plan for Indore also has provision for accommodating pavement shops and immobile street vendors (called ghumtis). The plan of the Bangalore Development Authority similarly includes provisions for immobile street vendors. However it was noted that, in general, the space provided was not sufficient for the hawkers to ply their trades. In case hawkers operate outside the space allotted, the municipal authorities reserve the right to forcibly evict them and confiscate goods. Also, the term "public space" has been used in a very restrictive sense. Meanwhile, the Master Plans of the other cities simply do not recognize the existence of hawkers and hence make no provisions for them.

Various other government policies, which appear to be beneficial or otherwise innocuous, can have direct and indirect implications for hawkers. One such instance relates to the comprehensive legislation proposed by the Union Ministry of Food Processing to bring food manufacturing, sale and safety under a single umbrella. The proposal includes the setting up of a National Food Safety and Standards Authority, and provisions for setting up Food Appellate Tribunals at the central and state levels, along with a number of scientific panels and committees. However, there is a lack of adequate peoples’ representation on the proposed National Food Safety and Standards Authority, and the proposal does not make any distinction between the formal and the informal
sector of the economy. Devinder Sharma (2005) notes that "the proposed food law does not make any distinction between the food products being manufactured by the agribusiness companies and the food products being sold by street hawkers and dhabas [restaurants] that dot the national lifeline". As a result, the proposal heavily discriminates against street food sellers who will find it difficult if not impossible to fulfil the rigid proposed criteria. This is not necessarily because street hawkers are actually less hygienic – indeed a study from Pune found that “the cheapest street meals, cooked by the poorest vendors under the worst conditions, were equally or less contaminated with bacteria than samples taken from restaurants” (Tiwari, 2000). This therefore leads Sharma to suspect that "the objectives of the proposed food laws appear to be directed at eliminating the competition that informal food sector including the dhabas and tiffin carriers pose to the agribusiness companies. As long as food is being sold at such cheap prices, the agribusiness companies will find it difficult to gain a strong foothold in the Indian market" (Sharma, 2005)

While hawkers may be the peripheral retailers in many other global cities, they are big players in India, where only 3 per cent of retail trade comes under the organized sector. This is where other recent moves of the Indian government and some state governments, in terms of opening up retail trade to the large corporate sector, as well as the proposal to allow FDI in retail trade, are so very significant. The post-liberalization period has witnessed the emergence of corporate sponsored retail houses sporadically in certain sectors and locations. Against this backdrop, the UPA government is considering the opening of the retail trade sector in India to FDI. The NDA government previously proposed such steps during its tenure. Today, the multinational retail chain Wal-Mart is tying up with Bharti to make a foray into Indian markets.

The biggest surge of corporate retailing has occurred in the major metros where it has spread in all sectors of retailing. In the foods and groceries section, chains like Foodworld (a Rs 190 crore chain sponsored by RPG and by Dairy Farm, Hong Kong) and Subhiksha have dominated the market. Though they are predominantly South India-based, they are today spreading to other parts of the country as well. Other specialist chains like Arambagh, Safal Mother Dairy are also doing quite well in this sector in product specialization. In the textiles and clothing section, chains like Shoppers Stop (of the Raheja Group), Westside (a Trent (TATA) enterprise) and Ebony are fast emerging as big retail chains besides brand outlets like Pantaloons Wills Lifestyle (owned by ITC) emerging as major players in the sector. In the electronics sector, Viveks Ltd (controlling over 17 per cent of the Chennai market for electronics goods), Vasanth (Chennai-based) and Vijay sales (Mumbai) are some examples of corporate-based retail houses that have started supermarkets in the metros. Companies like Landmark, Crossword in books and Music World, Planet M have already carved out a niche market in the books and music sector respectively, in the urban elite sections of the Indian society. Mukesh Ambani-led Reliance Industries Limited has recently announced its foray into the retail sector. With a targeted sales turnover of Rs 90,000 crore (US$ 20 billion) by 2010 with a planned investment of Rs 30,000 crore over the next five years, Reliance is trying to currently planning to build up a pan-India retail chain in the model of foreign giants like Wal-Mart and Tesco.

However, none of the existing retail houses have operational bases as widespread and diverse as the foreign companies such as Wal-Mart and Carrefour that are today trying to gain footholds in India. Neither do any of the existing companies have the kind of capital base that the foreign companies do to set up business in India. There is general agreement that opening up the retailing sector for FDI would have net negative employment effects. It has been noted earlier that retail trade in India has been a very employment-intensive sector, led by the dominance of petty self-employed trader. This has provided work for millions and allowed consumers to benefit from close access. In
2001 India had the highest shop density in the world, with 11 outlets for every 1,000 people (Singhal, 2006). Therefore the bulk of the retail sector in India has a very small scale of operation, with very limited access to capital, labour and real estate. They are small family-run outlets, of low-cost-and-size format, rarely eligible for tax, operating at subsistence level. The high density restricts their scope of expansion, and thereby of upgrading. This also means that, except in the case of severely segmented markets, this sector stands little chance of competing against large retailing corporations operating with economies of scale.

The proponents of corporate retailing growth through FDI argue that this growth will give rise to more employment for the economy. The McKinsey Report, for example, estimates that modern format retailing (such as supermarkets) will generate 8 lakhs jobs. However, their estimate is based on the assumption of 10 per cent GDP growth for a period of ten years and a 20 per cent market share for modern format retailers. In the case of a more realistic scenario of slightly lower GDP growth (in line with the general trend of the last few years) and a larger market share for labour displacing modern format that FDI-boosted corporate retailing is poised to garner, total employment in the retailing sector would actually shrink, as indeed it has been doing in the recent past even with the moderate entry of corporate retail. It has been noted that multinational corporate chains like Wal-Mart and Carrefour have a track record of impoverishing the local economy wherever they have opened their bases (Ciccerella, Neumark and Zhang, 2005). Such large corporations, with deep pockets, can consciously undercut their prices for several years to drive out any local or other corporate competition until a near-monopoly status is achieved, at which point prices can be raised again. Moreover, their size also gives them monopolistic power in the procurement market. Once again with their huge capital reserves, these multinational corporations (MNCs) can out-buy all other competitors to drive them out of the market. Such two-pronged predatory business policy is what enables MNCs to beat their competitors.

It has been noted that aggregate survey data indicate that urban retail employment has already been adversely affected in the recent past. There are numerous other micro studies which point to the adverse effect upon small retailers, of competition from large corporate retail, and the associated negative employment impact. For example, a study by Anuradha Kalhan, based on a randomly chosen sample of 82 small shops and 29 hawkers within a 1 km radius of a shopping mall in Greater Mumbai, found out that 71 per cent of small businesses sampled reported falling sales. The sales decline was evenly distributed by value of inventory up to 25 lakhs. It most frequently impacted larger shops in the size range of 400 to 500sq ft and 300 to 400sq ft, and those smaller than 100 sq ft. The highest concentration in declining sales by business type was experienced in grocery stores. Eighty-seven per cent of the sampled grocery stores reported a decline in sales. Sixty-three per cent of the sample said that they felt threatened by the malls. Ninety-two per cent said that their children would not continue with the business. The study also found that hawkers were facing increasing eviction drives and harassment around the malls. Forty-one per cent reported an increase in eviction drives, 24 per cent in harassment by agents of the malls, 17 per cent increase in bribes and hafta. In all, 72 per cent of hawkers experienced a fall in sales and all reported falling profits, meaning falling household incomes in money terms (not to mention real incomes).

A more recent study by ICRIER, commissioned by the Ministry of Commerce and Industry of the Government of India, also indicated that small retailers have already been adversely affected by the expansion of corporate retail. (ICRIER 2007) The study involved a survey of 1,600 small retailers in four cities, including 800 who were within a 2-5 km radius of new organized retailers. The survey also talked to 500 consumers who shop at both small as well as branded retailers. The study found that that 50 per cent of small retailers surveyed reported lower sales and 61 per cent of all retailers blamed
competition from organized retail for their dwindling fortunes. According to the survey, stores located within a 2-5 km radius of supermarkets witnessed a 16 per cent decline in sales, while those stores that were not near the supermarkets saw their sales go up by 2 per cent.

5. Policy implications

5.1 National Policy on Urban Street Vendors

There are many hurdles on the way of implementation of a policy conducive to hawkers as the age-old codes of the British regime are still operative in our country and the laws, rules and regulations of the police as well as those of the civic-body administration have not been updated. Both central governments and state governments will have to be involved in the process, to enact and enforce policy that helps rather than deters street vending.

The National Policy on Urban Street Vendors (2004) is directed towards this end. The overall objectives stated in the policy are as follows:

1. Legal: To give vendors legal status by amending, enacting, repealing and implementing appropriate laws and providing legitimate hawking zones in urban development/zoning plans.
2. Facilities: To provide facilities for appropriate use of identified space including the creation of hawking zones in the urban development/zoning plans.
3. Regulation: To eschew imposing numerical limits on access to public spaces by discretionary licences and instead moving to nominal fee-based regulation of access, where market forces like price, quality and demand will determine the number of vendors that can be sustained. Of course, such a demand cannot be unlimited.
4. Role in distribution: To make street vendors a special component of the urban development/zoning plans by treating them as an integral and legitimate part of the urban distribution system.
5. Self Compliance: To promote self-compliance amongst street vendors.
6. Organization: To promote, if necessary, organizations of street vendors, e.g. unions/co-operatives/associations and other forms of organization to facilitate their empowerment.
7. Participation: To set up participatory mechanisms with representation by urban vendors' organizations (unions/co-operatives/associations), voluntary organizations, local authorities, the police, Residents Welfare Association (RWAs) and others, for orderly conduct of urban vending activities.
8. Rehabilitation of Child Vendors: To take measures for promoting a better future for child vendors by making appropriate interventions for their rehabilitation and schooling.
9. Social Security and Financial Services: To facilitate/ promote social security (such as pension, insurance) and access to credit for street vendors through promotion of SHGs/co-operatives/federations/Micro Finance Institutions (MFIs).

There is much that is correct and progressive about this policy. For example, it recognizes that it is the "natural propensity of street vendors to locate in various places at particular times" and urban planning should be supportive of these natural markets. It recognizes the demands that city areas should be demarcated in vending, and that “no vending zones” can be arbitrary and should be city specific. However, it suggests that, "if aspirants to such location exceed the number of spaces available, the excess may be regulated by fees or lottery and not discretionary licences. In any case, market forces relating to price, quality and demand will automatically curtail the number of vendors to
sustainable levels”. In this context, it should be noted that the Arjun Sengupta Committee Report (2006) suggested that market forces should not be allowed to operate as this promotes inequality, and fees to be paid should be fixed. Further, the National Policy has suggested that distinction between vending and no-vending should be decided democratically, with participation from the Town Vending Committee (TVC) and representatives from the hawkers associations.

It recommended that at the town/city level, enough space should be designated for vendors’ markets, at least to the extent of 2 to 2.5 per cent of the total city population. Several other facilities should be provided to the street vendors, such as provisions for solid waste disposal; public toilets to maintain cleanliness; aesthetic and ergonomically friendly design of mobile stalls/push carts; provision for electricity; provision for drinking water; provision for protective covers to protect their wares as well as themselves from heat, rain, dust; storage facilities including cold storage.

In light of the bribes paid by the hawkers, the National Policy has also pointed out that "A system of registration of hawkers and non-discretionary regulation of access to public spaces in accordance with the planning standards and nature of trade/service should be adopted". The system should be made decentralized and the TVC and Ward vending committee should be made responsible (they would be liable to issue identity cards). TVC would also collect revenue from a registration fee, monthly maintenance charges – differentiated according to location/type of business and fines. They would also be made responsible for monitoring.

There are also proposal that provide clear norms for regulations. Some of them are as follows:

1. Eviction should be avoided wherever feasible, unless there is clear and urgent public need in the land in question.
2. Where relocation is absolutely necessary, notice of minimum 30 days should be served to the concerned vendors.
3. Affected vendors/representative’s involvement in planning and implementation of the rehabilitation project.
4. Affected vendors should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms to pre-evicted levels.
5. Loss of assets should be avoided and if possible compensated.
6. State machinery must take comprehensive measures to check and control the practice of forced evictions.
7. No hawker/street vendor should be arbitrarily evicted in the name of "beautification" of the cityscape. The beautification and clean-up programmes undertaken by the states or towns should actively involve street vendors in a positive way as a part of the beautification programme.

Provisions for self-regulations were also made in the National Policy, which would be monitored by external authorities. Credit direction and insurance provisions were made, and it was felt that regular training was necessary for upgrading their skills so as to raise their incomes.

The problem is therefore not with policy recognition of the problems, since the National Policy on Urban Street Vendors has already highlighted the important problems and provided very specific recommendations. The problem is rather that, three years after this policy was notified, these recommendations remained on paper and were not implemented. So the need of the hour is to implement these recommendations with utmost urgency.
However, there may be political economic reasons why these recommendations have not been implemented. If the draft of the National Policy of Street Vendors (NPSV) (2004) and the Reports and Recommendations (2006) of the National Commission for Enterprises in the Unorganized Sector (NCEUS) chaired by Dr Arjun Sengupta are carefully read, they already (albeit implicitly) provide some clues as to why there could be problems in implementing these recommendations. NPSV (2004) quotes the Supreme Court judgement, “if properly regulated according to the exigency of the circumstances, the small traders on the side walks can considerably add to the comfort and convenience of the general public, … The right to carry on trade or business …cannot be denied on the ground that the streets are meant exclusively for passing or re-passing and no other use” (emphasis added). Further, NCEUS (2006) notes that the aim of the policy is to ensure that “the role played by the Street Vendors in the economy as also in the society needs to be given due credit. But, the ground reality is such that the Street Vendors are considered as unlawful entities and are subjected to continuous harassment by Police and Municipal Authorities. This situation needs to be redressed taking into account the right to livelihood of this class of working poor and the service they provide to the society” (emphasis added) (http://mhupa.gov.in/w_new/sug_npusv.pdf). In addition, NCEUS (2006) clearly says, “Designation of Vendors markets/no-vending zones should be left to the sole discretion of any civic or police authority, but, must be accomplished by a participatory process by TVCs (Town Vending Committee), to be constituted by the Municipal Authorities” (emphasis added) “Considering the resistance by Resident Welfare Associations (RWAs), street vending in private areas has been recommended only with the consent of the residents” (emphasis added).

From these suspected obstacles perceived by policy-makers, it is clear enough why the recommendations have not yet been implemented on the ground. There are specific interest groups in the society at work which are opposed to street vending. They play a crucial role in forming public opinion and influencing policy formation and implementation. Of course, this is not something which is specific to policies directed towards street vendors, but generally true for all policies directed towards the improvement of conditions of living of the poorer sections of society. This is why implementation of such policies requires not only the good intentions of legislators and policy-makers, but also social and political mobilization and sensitization of those administrators who would be involved in the day-to-day implementation.

However, there are other economic policies that have an impact on the feasibility and conditions of street vending. One important issue is access to organized credit, which is currently extremely difficult if not impossible. It is not enough to encourage banks and other lending institutions to provide small amounts of credit for such activities by including this in the “priority sector” list. There must be clear incentives to generate additional lending for hawkers, accompanied by some easing of conditions and reduction of necessary documentation and/or paperwork, because otherwise the high transaction costs involved in such lending will discourage institutional loans for this activity. In addition, it is clear that policies towards organized retail and the entry of large corporate players into various types of retail have to be seen in conjunction with the evident need to ensure the livelihood of those currently involved in petty trade at various levels, including street vending.

5.2 Concluding remarks

This study on the impact of macroeconomic change on employment in the retail sector has shown how the past and current macro policies seem to be favouring more capital intensive economic growth, and reducing the bargaining power of workers who are receiving a smaller share of profit, particularly, in manufacturing despite the
productivity gains of labour. The analysis has also shown that the largest part of increase in employment has been in the form of self-employment of an informal nature – therefore not creating decent and productive employment. Self-employment in the retail sector is typically a desperate survival strategy for many working poor in India. As for the impact on the retail sector, the study also has shown how the past market liberalization policies have been more damaging to the smaller retailers and their employment and how the complex legislation and the regulatory frameworks, which are often out of date, have been working against them, in particular, street vendors. All this has also been happening within the context of so-called “jobless growth” with an increasing rate of open unemployment for a substantial part of the labour force, in particular, among young female urban work force.

The study, therefore, has pointed to an urgent call for the public authorities not only to fully implement the existing National Policy for Urban Street Vendors as a specific solution to informalization of both the economy and employment, but also to implement more pro-poor and pro-employment macroeconomic, sectoral and urban policy-making, which can safeguard existing economic opportunities and livelihoods of the working poor.\(^\text{10}\)

One sure way of making economic growth more pro-poor and pro-jobs is to choose policy options that would enhance the employability of workforce on the one hand, while increasing the employment intensity of growth, providing basic safety net and supporting the creation of alternative jobs for those who are negatively affected by the overall economic liberalization policies on the other.

\(^\text{10}\) A policy workshop was organized in November 2007 on this study report. The participants unanimously argued that urgent follow-up action towards more pro-poor and pro-employment policy-making would be necessary. The workshop also recommended that various national stakeholders should take action in urban planning and development, involving retail sector expansion in the current context of market liberalization in India.
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