

THIRD WORLD URBAN ECONOMY AND ITS BI-POLARISM INFORMAL TRADERS IN A PLANNED TOWN IN INDIA

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ABSTRACT : Present day urban growth in India and the economy of metropolitan cities are largely associated with the rural - urban migration and the struggle of the urban poor for economic survival. Their economic sustenance is again identified with the informal sector- the lower and the unorganised part of the fragmented urban economic bases. Even the new towns, since their birth, grow up with dualism in their economic base. The present paper studies the evolution of informal trade in a planned new city in Maharashtra and analyses its composition and operational characteristics that are associated with a growing urban economy.

INTRODUCTION :

Urban informal sector today call for attention as a potential source of jobs and income for a large section of the urban poor. Though theories about this sector originally evolved from marginality theory depicting the sector as distinct from the modern capitalist economy, more recent perspectives view it as a functional part of and contributing to capital accumulation (Portes, 1983). By some authors it is even depicted as a cleverly designed mechanism to maintain and increase profits and levels of consumption for those in the formal sector (Stepick, 1984), at times created or eliminated in the interest of the latter. Large variations exist in the informal sector regarding income, input and returns to finer class divisions within its boundary.

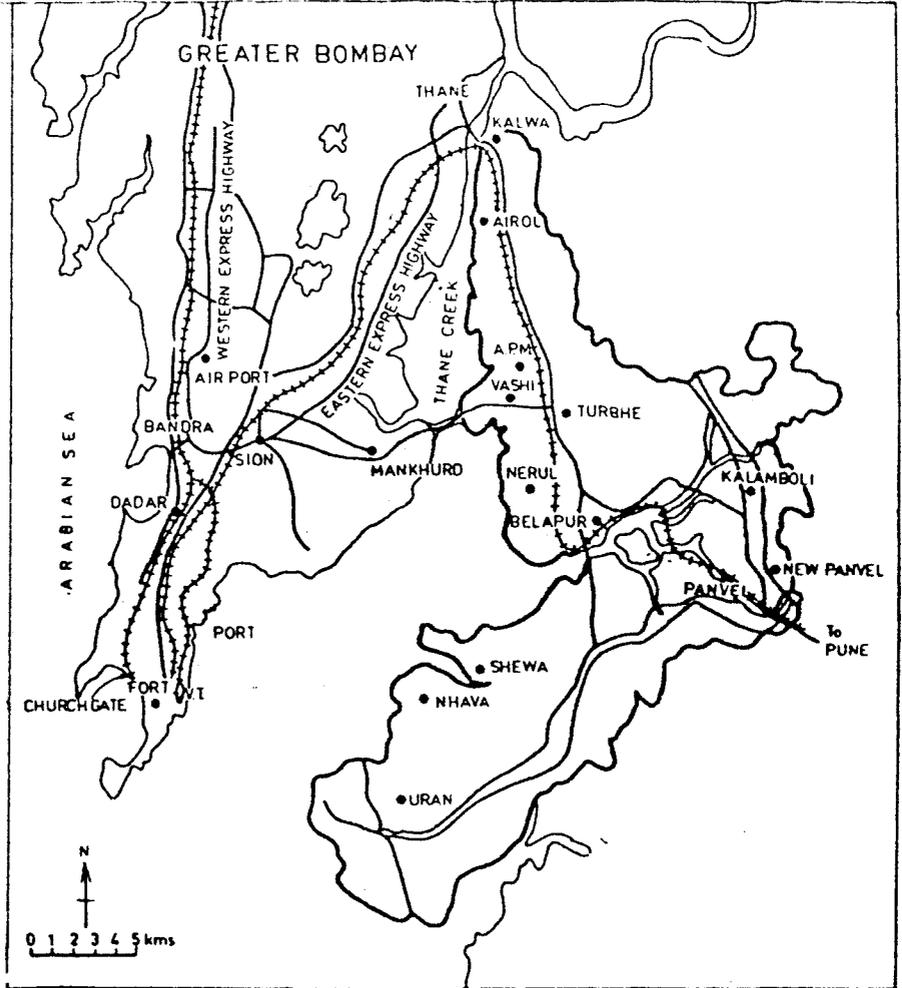
Ample literature exists on the concept of the informal sector and its place in the urban economy (Geerts, 1963; I.L.O., 1972; Hart, 1973; Amin, 1973; I.L.O., 1974; Bose, 1974; Santos, 1975; McGee, 1976; 1982; Breman, 1976; Majumdar, 1976; Sethuraman, 1976; Joshi & Joshi, 1976; Bromley, 1978; Moser, 1978; Tokman, 1978; Harries, 1978; Nelson, 1979; Majumdar, 1980; Papola, 1980; Banerjee, 1982; Remy, 1982; Chakrabarti, 1983; Banerjee-Guha, 1985); the present paper instead of dealing with the theo-

retical considerations, describes the composition and the operational norms of petty traders in a planned new township in India. The empirical observations were gathered during a random survey in which 20% of the total informal traders of the township were interviewed. The survey was carried out in April and May, 1984.

GROWTH OF VASHI TOWNSHIP :

New Bombay is an emerging new metropolis in Western Maharashtra popularly known as the twin city of Greater Bombay. Situated in the Bombay Metropolitan Region, this new metropolis, intended to house 2 million people, is being developed by City and Industrial Development Corporation (CIDCO) a public limited company, since 1973. CIDCO came into existence when Bombay Metropolitan and Regional Development Authority in late sixties recommended planned urban growth in the mainland across the Thane Creek to relieve Greater Bombay of the population pressure and over-growth. The new city was intended to act as a countermagnet of Greater Bombay. CIDCO was formed in 1970 and started acquiring private, cultivated as well as barren marshy lands. In 1973, the Thane Creek Bridge was opened up being followed by the immigration of the first lot of migrants in Vashi, the pioneer residential node of New Bombay. The Development Plan envisaged a nodal pattern of development

SPATIAL PATTERN OF NODES IN NEW BOMBAY



throughout the metropolis ultimately to form a contiguous developed area. Till 1984 seven nodes were developed of which Vashi-Turbhe Township is the pioneer (Fig. 1)

Situated at the gateway of New Bombay, beyond the Thane Creek Bridge, the township of Vashi is developing as a residential neighbourhood on 576 hectares of land that previously used to lie submerged during the high tides. The original fishing settlement of Vashi lies on the other side of the Highway facing the Creek. Present population of Vashi is 80,000 which is increasing daily.

Since 1973 migration has set its pace towards this new planned township. In 1984, out of the total 34 prospective sectors 14 were fully developed of which 12 were primarily residential, 7 were experiencing brisk development activity and 2 of them (sectors 9A and 17) were partially occupied. Sector 17 has been developed as a District Business Centre where large scale retailing is found existing with financial, administrative and other non-residential activities. Big business, builders and speculators are quite keen on this sector. It lies close to the wholesaling areas of Sector 18 & 19 where the wholesaling activity has shifted from South Bombay. Vashi possess a cosmopolitan character and large income variations reflecting the socio-economic mix of the Greater Bombay. (Fig. 2)

This new township with no deep historical roots has its population as migrants from various socio-economic order; with them came the rural poor from nearby hinterland and other districts of Maharashtra as well as from other states.

INFORMALIZATION IN THE RETAILING SECTOR :

The total number of shops in the organised sector in Vashi during early 1984 was around 300. These shops were located in the local shopping centres situated in Sectors 1,3,4,5,6,7,&16. In the District Business Centre in 1984, 50 shops were operating and the sector was expecting some 300 more shops to come

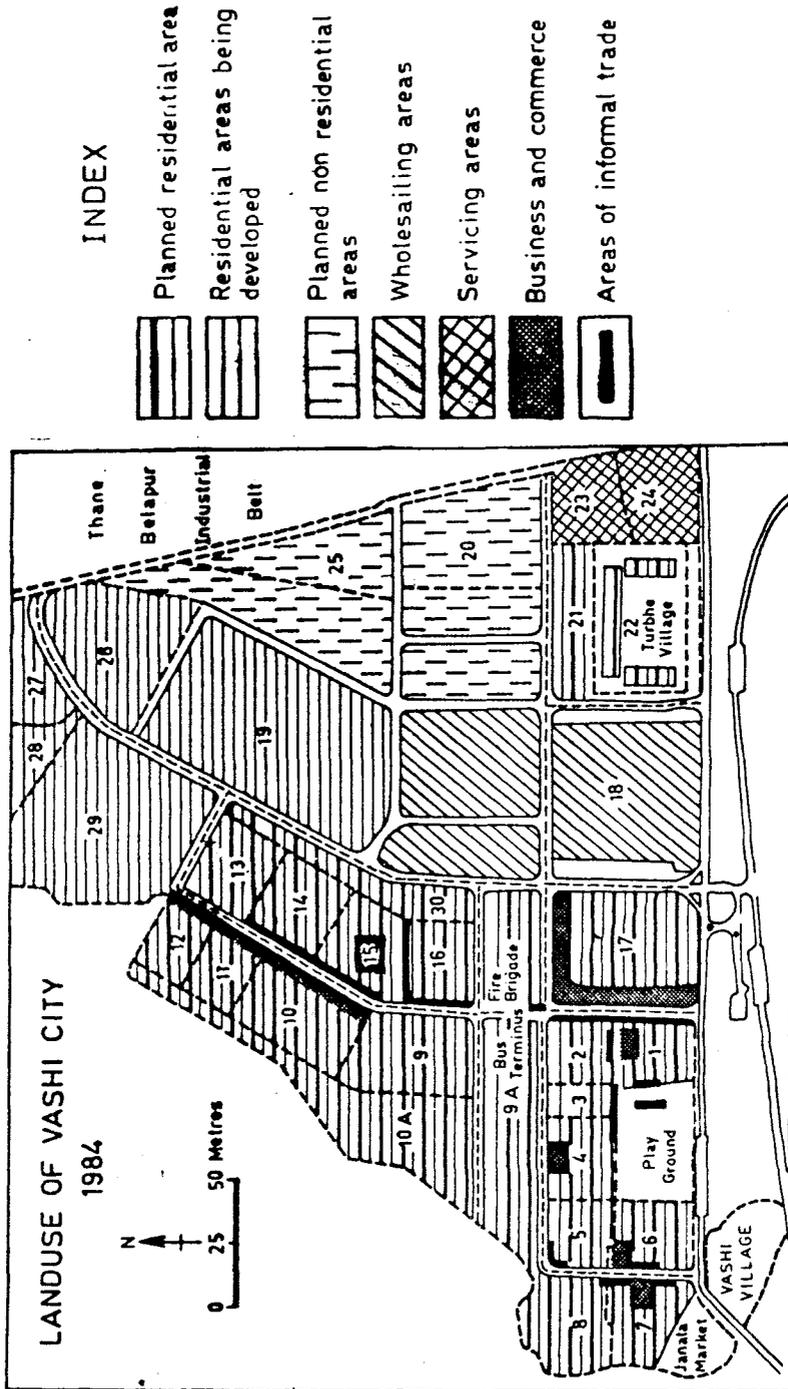
up. The organised sector constituted 45% of the total retail economy whereas informal sector constituted 55%. It was further found that employment in the organised shops and stalls ranged between 2 to 3 while in the informal sector each establishment or unit (it can be a mobile cart or roadside impermanent stall) was providing employment to one person. The total informal traders in Vashi township were 611. Sample population of 132 constituted 20% of this universe.

In the early years of growth, informalization in trading was indirectly supported by the New Town authority as there existed a considerable gap between the effective demand and existing retailing and servicing facilities in the organized sector. The gap mainly existed in items like vegetables, fruits, fish bakery and allied products that were required for daily use. Clothes or garments in the informal sector were not common items and a small number of shops had a restricted clientele form the lowest income groups. The majority of the residents having means to make trips to Bombay purchased from there. On the contrary, a large number of customers form all income groups were buying vegetables, fruit and bakery products regularly from the informal sector in Vashi. The maximum operation was found to be present in the vegetable and fish markets as the efficiency (fish and vegetables are perishable commodities) of the organised sector in these items was the minimum.

Traders dealing in the above items either were migrating from the surrounding rural areas or making regular trips to sell their goods at Vashi.

A TYPOLOGY OF INFORMAL TRADERS :

This has been attempted with two perspectives in mind. Firstly, on the basis of the nature of operation and secondly on the basis of the size of the establishments. In the first group, traders have been grouped as (a) having establishments with impermanent structure (these can be either of temporary wooden structure or fixed carts on the roadside); (b) with mobile carts and (c) who sit on the open space or pavements.



Size of employment in all cases was generally 1; in very few cases it was 2.

K.Hart (1973) presented a typology of the legitimate informal income opportunities in Ghana as follows :-

(a) Primary to secondary activities : Farming, market gardening, building contractors and associated activities, self-employed artisans, shoemakers, tailors manufacturers of beer and spirits.

(b) Tertiary enterprises with relatively large capital inputs - housing, transport activities, commodity speculatives, rentier activities.

(c) Small-scale distribution - market operators, petty-traders, street hawkers, caterers in food and drink, bar attendants, carriers commission agents and dealers.

(d) Other services - musicians, launderers, shoeshines, barbers, night-soil removers, photographers, vehicle repairers and other maintenance workers, brokers and middlemen, magicians, medicine men.

(e) Private transfer payments - gifts and similar flows of money and goods between persons; borrowing; begging.

In Vashi the groups (b), (c), (d) and partially (a) were found to exist. An important aspect in these groups was the degree of regularity with which an individual was engaged in informal activities. At times, a casual dealer was found to earn 5 days income of a regular street hawker in one day. The other aspect was the relationship of the individuals to the informal undertakings. Although most of them were self-employed, some were hired by small enterprises that escaped enumeration as permanent establishments. These casual employees were found working in roadside tea-stalls or with mobile medicine-men or even with the street magicians.

The main basis of this study was to take into consideration all those who lacked wage em-

ployment of the formal kind. But that did not mean that the entire sector of the informal trade comprised only the sub-proletariats. People from middle class who take advantage of easy entrance and less capital requirement (Bromley, 1976) and happen to earn quite a high amount in comparison with the poor folks, were also a major constituent of this sector.

Informal traders fall under various groups. The axis of differentiation was chosen primarily on the basis of the nature of establishment/operation. Operation could be carried from (i) fixed wooden stalls/carts or (ii) mobile carts (iii) items hawked by carrying them on head (iv) roadside or open space sit-in stalls which operated for a particular time period (morning/evening) for items like vegetables and fish and (v) permanent road-side sit-in stalls for barbers, cobblers, carpenters etc.

Another differentiating factor was the traders' position in the chain of distribution. Some were carriers, some middlemen, some bought and sold in bulk while others bought on credit and sold in small quantities; bread sellers often retailed on commission form bakeries. Trading, when carried on small-scale, both in terms of input and operation was identified with the poorer section - the sub-proletariat.

The pervasiveness of credit at all levels and the difficulty of trading without literate aids in many cases were quite significant. Last but not least, migrant groups from different states could be identified with some occupations e.g. fish and vegetables sellers were mostly from Maharashtra, fruit and chana sellers came mainly from U.P., roadside tea and food stalls were mostly run by Tamilians.

MODES, EARNINGS AND STATUS :

The informal traders in Vashi township had different timings and scale of operation. While temporary roadside vendors and sellers of fish and vegetables congregate on some particular locations in the mornings and evenings mobile hawkers were found hawking their items on carts or carrying them on their heads throughout the

day. Besides, pan-bidi (beetle-leaf and indigeneous cigar) sellers, bakery product sellers, stove repairers, cycle repairers, shoe sellers, barbers brokers, estate agents, magazine seller etc. with fixed wooden stalls or fixed carts were operating throughout the day. While the major locations of the roadside vendors were a part of the open space between Sector 6 and Sector 1 as well as pavement stretches in Sector 7, the mobile hawkers had their service area all over the township. The roadside stalls were found on major roads (a) between Sectors 6 and 7 and (b) between Sectors 1,2,3 and Sector 17. Proliferation of units was the maximum in the latter location.

In 1984 the informal sector was at its premature stage in Vashi. It was evident from the absence of high concentration in any particular activity or group of activities. Vegetable sellers constituted the highest percentage of 14.41% among the total number of respondents; fruit juice and sugarcane juice sellers were 4.8%; sellers of bakery products constituted 2.88% and 8.65% of the total respondents were pan-bidi sellers. It was found the 51.87% of the total sample population was engaged in selling food and related articles in one form or the other. Retailers dealing in electrical equipment, plastic goods, clothes, handbags, cosmetics etc. constituted 18.25% of total respondents. Dealers of specialized items e.g. flower, photo-frame comprised 2.88% of the sample population. These units were mainly run from wooden stalls on the major roadsides in Sectors 1,6,7 and 17. Cobblers and shoesellers constituted 4.00% of the respondents. Magazine sellers formed 9.6% whereas individuals buying old newspapers, books, bottles, cans etc. formed 3.84%. Barbers formed 1.60% and porters 1.28%.

SOCIAL STATUS :

Informal trading activities in Vashi is classified in two categories namely

- (1) those with marginal income opportunities and
- (2) those with moderate/high income opportunities.

Occupations can be grouped in a number of size-classes of daily income groups as

- (i) Rs.5 and below
- (ii) Rs.5-10
- (iii) Rs.10.-15
- (iv) Rs.15-20
- (v) Rs.20-25
- (vi) Rs.25-30
- (vii) Rs.30 and above.

People in the first two income groups had to make a hard living and had a marginal nature of occupation while workers in group 3 to group 6 earned moderate income. Earners in group 7 could be designated as belonging to the high income group. They may be termed as the Informal Petty Bourgeoisie having control over the means of production and authority of labour over others. Their remuneration comes from profit in production and commercialization of goods and service (Portes, 1984). However, the major difference between them and the formal entrepreneur lies in (a) the relative size of enterprises (b) sources of income and (c) the character of labour relations. Unlike large firms, revenues of small concerns are seldom the outcome of long-term planning but depend instead on erratic opportunities in the market. Of the total 132 respondents 25.1% were earning less than Rs.5 per day, 24.20% were earning between Rs.5-10 per day, 25% were earning Rs.10-15 per day, 10.85 % earned between Rs.15-20 per day, 4.8% were earning Rs.20-25 per day, 11.15% earned more than Rs.25.00 per day. Some earned upto Rs.1000 (e.g. bakery products sellers, plastic goods sellers) or Rs.1000-1500 (fish sellers) and even more.

It appeared that individuals selling perishable goods having unstable markets earned less than those selling consumer, durable items. Difference in income was also noticed between mobile hawkers or sellers with carts and sellers with wooden stalls. The latter, it was quite evident had core capital to invest. About 50% of the sellers who did not have any fixed price belonged to the lower 3 groups. Goods were obtained from many sources, but once in the hawkers' hands, prices were negotiable with customers who often tended to patronize the

same hawker. Similar information McGee (1974) had while interviewing hawkers in Hong Kong.

40.38% of the total respondents came from various districts of Maharashtra and only 9.6% came from the nearby districts of Thane, Ratnagiri and Greater Bombay. Among the inter-state migrants majority came from Uttar Pradesh constituting 40.32% of the total and they primarily came from the poverty stricken districts. 60% of the total of the total respondents stated to have left their native places for negative reasons like acute poverty, loss of land, lack of job opportunities, loss of employment, etc. 37% of the migrants were found sending money to their native places regularly.

Informal trade in Vashi was dominated by males who constituted 88.46% of the total respondents. As this is a new township, the age-wise dominance was held by the age group of 20-30 years having 47% of the total.

Age and sex structure of the informal traders in Vashi was as follows in 1984.

Age Group	Male	Female
10-20 years	11	2
20-30	46	3
30-40	19	4
40-50	10	3
50-60	3	1
+60	2	-
Total	91	13

Majority of the workers were either illiterate or less educated people studying upto 8th standard (30.54% respectively) and 15.38% were found to have studied upto Secondary School Certificate level. 17.30% of the respondents have passed S.S.C. examination and were mainly engaged in self-trade or tertiary occupations with high capital investment.

71 % of the respondents spent less than Rs.500/- per month for food for the entire family, the size of which ranged from 4 to 5; 85% were spending less than Rs.100/- per year on clothes for the entire family; 66% incurred no expenditure at all for entertainment; 21.15% were spending less than Rs.50 per month and a meagre 12.85% were spending more than Rs.40.00

The 'modus operandi' of informal traders (excluding those with large capital) required them to act as intermediaries linking the consumers with the big retailers and reaffirming the case of marked dependence of the lower circuit on the upper. (Banerjee-Guha, 1984). Not surprisingly faced with the impossibility of making both ends meet, the majority of these workers often ran up considerable debit accounts and spent most of the time in penury and increasing debt. The pattern of every day economic life of these workers was thus a hand-to mouth existence characterized by unevenness of expenditure. Hence 'Haushalten' (budgeting), one of Max Weber's two types of rational economic activity was not common among them. Some of these workers for a short period had entered the organised sector by taking stalls in the Janata Market set up by CIDCO. Defaulting in rent payment ultimately made them leave it and re-join the informal sector.

CONCLUSION :

This paper has attempted to demonstrate how informal trade flourished in a new planned town having linkages on the one hand with the peasant economy of the hinterland and with the organised trade of Bombay on the other. It has been seen that during the early years of city growth, informal trade in Vashi formed as essential part of the retailing structure. As organised trade waited for a strong consumers' base to grow up for fulfilling their demand of a high turnover, the informal sector was allowed to grow and satisfy initial consumers. Initially the informal sector consisted of only people with small capital (except the 'Kirana shops' or provision stores with a higher level of operation), higher and middle income people had not joined this sector then to make it heterogeneous. Attitude of CIDCO since those days never seemed

to be antagonistic towards the informal trade. In 1983, however, it attempted a sort of renewal in Sector 7 where the original and the oldest informal traders were located. It constructed a half-pucca market there and expressed its desire to sell the shopspaces to the displaced traders. In reality, however, many of the informal poor did not get access to it due to high price as the shops have largely been bought by medium retailers and small capitalists.

In mid 1984 by a drastic move CIDCO removed 99% of the informal stalls from the roadside. As capitalist system of production expanded and organised trade entered, CIDCO became intolerant of these petty traders and considered them expendable. After the uprooting, though a section of the operators have come back, the earlier density has not been reached. The dominant forces in the society now do not want the petty traders to operate with equal zest.

This brings us to the policies that recognise the positive aspects of these activities and give them legal recognition or extra-level protection. They do not offer any long term benefits to the

urban poor, and keep them perennially on the tenterhooks.

The exploitation of the informal sector, especially, its large mass of poor by the organised one in the form of either collaboration or abolition is actually an operational part of the modern bi-polar system of the third world urban economy. Unless the system is challenged and paths of development radically formulated, the informal sector and its struggling toilers will never earn their deserved attention.

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