

# Prospects of Regulated Street Vending Zones on Micro Entrepreneurs: A Case Study on the “BMC Vending Zones”



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## Abstract

The case study pertaining to the regulated vending zones revolves around the overall growth and development of the Micro-Entrepreneur of the street vending zones. A primary method of research has been followed here to obtain all relevant data pertaining to the street vending zones at Bhubaneswar, city of Odisha. The rate of availability of goods and services took a drastic hike there in after. This has equally been beneficial to the street vendors as this organized pattern protects them from harassment by the police or other government authority. The foremost objective of the case study is to analyze and interpret the way the business is conducted in a newly developed structure of organizing vendors all around the city. The case study has certain limitations which are to be kept in mind while evaluating it as it could create a hindrance in the process of educating one's mind regarding the vital elements of the case study.

**Keywords:** Vending zone, Micro Entrepreneur, CRM, Hither & Thither.

## Introduction

From the business inception the Street Vending has been playing a significant role in the market. A large number of people who live their livelihood have been depending on this business smoothly. Street vending is accessible to the customers of a few steps away from their house by its nature. The customers get their prerequisite at an affordable price at their doorstep. It was a belief that, once achieved a certain and sufficient levels of economic growth, the micro entrepreneurs in developing countries would disappear comfortably. It has been observed that the economic growth is not accompanied by increase in employment levels and income. The existence of Street vendors has been playing a significant role from its antiquity. In all civilisations, ancient and medieval, the travelling merchants who not only sold their wares in the town by going from house to house but also traded in neighbouring countries. May the ancient and medieval civilisations were tolerant to these wandering traders and for which they flourished. We find that, in this contemporary world the street vendors are barely treated with the same measure of dignity and tolerance. The municipalities and police are targeting them in such a way like illegal traders in this urban areas, so the urban middle class people complain constantly on how these vendors make urban life as a living hell as they block pavements, create traffic problems and in anti-social activities.

The uncertainties of most street vendors are trading from the pavements and are constantly harassed by the authorities. The local bodies conduct eviction drives to clear the pavements of these encroachers and in most cases confiscate their goods. A municipal raid is like a cat and rat game with municipal workers chasing street vendors away while these people try to run away and hide from these marauders. Confiscation of their goods entails heavy fines for recovery. In such cases, the vendor has to take loans from private sources to either recovery of his confiscated goods or to restart his business. In most cases street vendors have to survive in a hostile environment though they are service providers. So, all these mean that a substantive income from street vending zone is spent on greasing the palms of unscrupulous authorities or to private money lenders.

The contemporary city Bhubaneswar was designed by the German architect Otto Konigsberger in 1946. Like Chandigarh and Jamshedpur. It is one of the first planned cities of India. The city has become one of the cleanest and greenest cities of the country because of its an abundance of greenery and an efficient civic body. The city is emerged as a major center for IT industry, providing higher education and advanced medical care. Along with this the boom in the metals and metal processing industries has made Bhubaneswar one of the fastest developing cities of India in recent years. There are 46 vending zones in BMC with 1699 by established vendors. Bhubaneswar Municipal Corporation has a strong historic tradition of civic activism dedicated to the cause of better life for all its citizens. From its inception in the year 1948 as a Notified Area Committee to a Municipality in the year 1979, then finally to a Corporation in the year 1994, BMC as an organization, has traversed through many intricate paths and still grown from strength to strength. BMC has undertaken pioneering work in various fields and perceives its role as principal provider of services and to provide a better quality of life to the residents of Bhubaneswar.

This has been evident from the statistics available (secondary sources). The sector comprises -

1. 40% of India's total manufactured exports
2. 45% of India's industrial production
3. 26 million enterprises comprising nearly 95% of all industrial units in India
4. Contribution of 8% of the country's GDP
5. Employment to nearly 60 million persons.

#### **Objectives of the Study**

The primary objectives of the Research paper are:

1. To study the pre and post socio-economic profile of the micro entrepreneur.
2. To examine the existing condition and scenario of unorganized and informal micro entrepreneur.
3. To study the impact of regulated street vending business on the standard of living of regulated street vendor in Bhubaneswar.
4. To study the sustainability and opportunities before the stakeholders.

#### **Review of Literature**

This section provides an overview of some of the existing literature with regard to the MSME and micro enterprises. This literature review helps me to better understanding of both research topics and of the existing gap:

Das Parthajeet, (2017)<sup>1</sup> has examined the opportunities, issues & challenges of MSME in India. This study is totally focused on the huge growth potential & opportunities available for development of this sector & to offer suggestion to overcome them. The data has been collected mostly from the secondary sources which access to various govt. policies, programmes including annual reports, journals, books & available official's websites. It has exhibited the sustainability strength of our traditional skills & expertise by infusion of new technologies, capital & innovative marketing strategies.

Das Mrs. Manju Prava, (2017)<sup>2</sup> has examined the issues pertaining to various weakness affecting the MSME in Rural society like Ganjam district of Odisha where small business owner has to bear high cost of production. Govt. as well as RBI wants its growth opportunities policies. It has the ability to innovate & create new products & services more rapidly & creatively than larger companies that are delayed in bureaucracy.

Sarkar Dr. Satyaki, (2016)<sup>3</sup> has studied that the Street vendors in the urban core of Kolkata problems & prospects of their rehabilitation. Authorizing these micro enterprises on the part of the govt. & giving them legalized status will not only be a source of large economy for the local govt. but will help in freeing off the affected areas from the clutches of the externalities & there will be a potential decrease in loss of inherent historic character.

Impact of Organized retailing on unorganized retailing(2016)<sup>4</sup> A study on buying behaviour of consumers at food & general stores in palampur town, Kangra, Himachal Pradesh. The data were gathered from various published sources like different registers, books, document, official websites etc. The unorganized retailer is aware of the need to change with time & they too feel those supermarkets are the way to future. The study reveals that the organized & unorganized retailers targets to meet very specific needs of customers & adequate space for both to operate simultaneously.

Laxmana P. and P. Ishwara (2008)<sup>5</sup> in their article on 'Entrepreneurial Promotion through EDP' they wanted to know whether EDP promoted the entrepreneurship or not, in the form of number of enterprises created as a result of EDPs. The study was undertaken in Davangere and chitradurga districts. The study covers EDPs conducted during the period 1999-2002. The most important findings of the research are the startup rate among the sample respondents was high at 77.35%. The percentage of non-

starters was only 22.65%. Out of the non-starters, a large number of respondents are planning to start their enterprises. By this the researcher views that the EDPs have fulfilled the objectives of creating the first generation entrepreneurs.

Rathiha R. (2008)<sup>6</sup> in his research article on 'Entrepreneurial Development Programmes Conducted by Public Sector Banks in Tamilnadu Success or Failure' he wanted to evaluate the performance of Entrepreneurial Development Programmes from the standpoint of the banks, and to study the factors influencing the attitude of the entrepreneurs towards the Entrepreneurship Development Programmes. The major findings of the study are the largest numbers of entrepreneurs have the medium level of attitude, and more than 55 respondents are having high motivational factors which influence them to attend the training. Important motivational factors motivated the entrepreneurs to attend the training programme are giving employment, not willing to work under an employer, training from public sector banks.

Butt A. Khursheed (2012)<sup>7</sup> in his research article on 'Cost-Benefit Analysis of Entrepreneurship Development Programmes in J & K State' conducted the study with the main objective to make Cost-Benefit Analysis of the EDPs conducted in the state during the period understudy. The major findings of the study reveal that during the period under study 76 EDPs were conducted by various agencies in which 2909 persons were trained at the rate of Rs 58,315 per program, the total direct cost to have been incurred on various EDPs conducted during the period comes out to Rs 4.432 millions with an average direct cost of Rs 1523 per trainee. The total cost of training (Direct + Indirect) per trainee comes to Rs 3046. However, at 13.52% expected start up rate, the direct cost of creating one venture comes out to Rs 10,943 which is on the higher side as compared to other parts of the country. This is not due to high cost of training in the state but due to low start up rate. Another major finding in the study the output generated per rupee spent on the training in the initial year of establishment is low compared to other parts of the country. However, the average jobs created by the sample enterprises launched by the trained entrepreneurs are comparable with rest of the country. The researcher has tried to analyze the cost incurred for conducting EDPs and benefits generated from EDPs, in the form of Capital formation, Output and Employment.

#### **Research Methodology**

The present study is a mix of both primary and secondary data. However, the use of primary data will be more as compared to secondary data. Structured questionnaire will be administered to collect primary data from the sample of respondents. Primary data for this study will be collected from Bhubaneswar Municipal Corporation with the help of an interview schedule. The interview schedule will be pre-tested by making an interview of a sample of respondents of B.M.C. area. The final interview schedule will be prepared on the basis of the pilot study. According to the suggestions of all the stake holders/ parties concerned, the interview schedule will be made in the regional language. Giving proportionate representation to each of the Zones and category and all the products and services groups, a sample will be collected about 100 respondents.

The secondary data will be collected from various published as well as unpublished sources, such as reports, books, journals, action plans and websites and from the office of District Industrial Centre of Khurda, BMC office and Dept. of Urban Development. The study will be conducted for a period of two years starting from 2015 to 2017. Data to be collected from various sources will be analyzed with the help of excel and statistical tools. Tables, charts and graphs will be used to present the required data. Statistical tools like percentage, average.

**Sources of Data**

**Primary Data**

Micro business enterprises in street regulated vending zones areas nearby Bhubaneswar city.

**Research Technique** : Survey Method.

**Survey Type** : Interview of respondents.

**Research Instrument** : Questionnaire.

**Secondary Data**

Secondary data can be obtained from various sources such as:

1. Government Publications
2. Industrial directories
3. Books & Periodicals

**Sample Design**

**Sample Extent**

B.M.C. areas nearby Bhubaneswar city

**Sample Size** : 100 Micro vendors

**Analysis of Data**

Primary data will be analyzed through the following Statistical Methods-

**Data Collection**

The study is based on the primary survey of the hawkers which was carried out in 46 wards locations known as high concentration of vendors with the help of a detailed questionnaire. With the help of the survey the socio-economic background, vending details, problems, issues, needs of vendors were collected. A separate brief schedule was used to collect the details of the locations and markets. Few case studies were also taken for an in depth understanding of certain complex issues. Some of the questionnaires are discussed below:-

**Question -1 What is the economic status of the vendors in each area?**

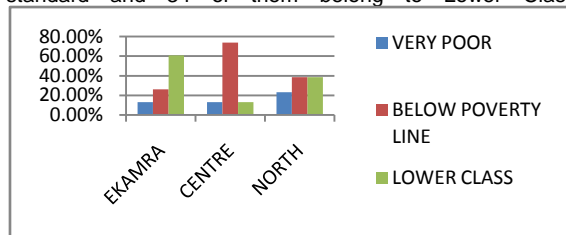
Economic Status	Very Poor		Below Poverty Line		Lower Class		Total	
	No.	%	No.	%	No.	%	No.	%
Total	17	17	49	49	34	34	100	100

**Analysis and Finding**

The above table is a computation of the overall economic status of the vendors of the BMC Vending Zones in Bhubaneswar. From the table above, it is evident that the highest number of vendors belonging from the lower class and very poor category

**Interpretation**

Out of 100 vendors, 17 of them belong to the Very Poor class, 49 of them belong to the Below Poverty Line standard and 34 of them belong to Lower Class.



**Question 2-Does it help to improve the Standard of living of street vendors ?**

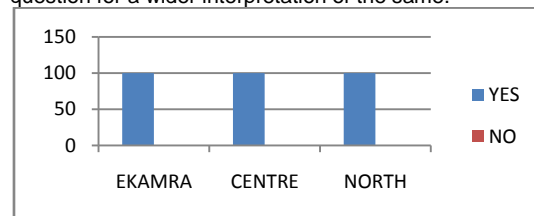
Option	Yes		No		Total	
	NO.	%	NO.	%	NO.	%
Total	100	100	0	0	100	100

**Analysis and Finding**

The above table is a computation of the number of proprietors who have given their opinion as to whether the business set up and run by them is yielding them a fair share of income. It has been clearly observed beyond reasonable doubt that all the street vendors of Bhubaneswar show that the business they do help them to increase their income.

**Interpretation**

The above table has clear figures about the number of street vendors who consider their business to help them in increasing their incomes. The analysis and findings evidently supports the interpretation which leaves no question for a wider interpretation of the same.



**Question 3-Does street vending business provides for your child's education ?**

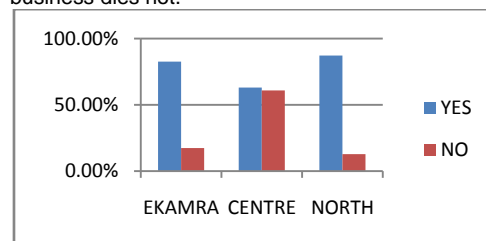
OPTION	YES		NO	
	NO.	%	NO.	%
Total	77	77	23	23

**Analysis & Findings**

The above table is a computation of data that states the answers of the street vendors to the question whether their business help them to educate their children. This data is helpful because it will give a better idea about the education of the children of the vendors which is a very essential thing to be taken care of.

**Interpretation**

It has been widely interpreted that outof 100 propeitors, 77 of them find that their business help themto educate their children while 23 of them think that their business dies not.



**Question 4-Did the occupation of street vending made you financially stable ?**

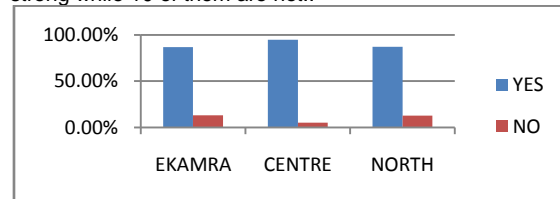
OPTIONS	YES		NO	
	NO.	%	NO.	%
Total	90	90	10	10

**Analysis & Findings**

The above table is a computation of data that states if any vendors are financially strong. It has been found that most of the vendors in each part are financially strong, while few of them are not.

**Interpretation**

Out of 100vendors 90 of them are financially strong while 10 of them are not..



**Question 5-Does it influence your ability to provide higher education to your children?**

Options	Yes		No	
	NO.	%	NO.	%
Total	70	70	30	30

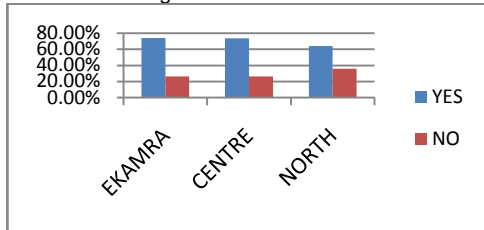
**Analysis & Finding**

The above table is a computation of data that states if the business undertaken by the Vendors, influence the ability of those vendors to provide for higher education to

their children. It has been found that there is more number of vendors who agree to the question that their business affect the higher education of their children while there is a lesser proportion of proprietors who disagree.

**Interpretation**

out of 100 vendors, 70 of them to the question that their business affect the higher education of their children while 30 of them disagree



Photos of vending zone before 2006



Photos After vending zone 2006



**Empirical Results and Discussions**

The study is based on the primary survey of the vendors which was carried out in 46 wards locations known as high concentration of vendors with the help of a detailed questionnaire. With the help of the survey the socio-economic background, vending details, problems, issues, needs of vendors were collected. It is necessary to recognize the rights of vendors & provide essential requirement to carry on a livelihood that significantly contributes to the working of the Indian Economy. As per the economic status of the proprietors in each area it is an evident given by the highest number of lower class people which is a continuous process to overcome the poverty. It helps to improve the standard of living of people which is clearly observed that all the three zones of Bhubaneswar like Part-C, Part-E, and Part-N show

the business that to increase their income. It helps to educate their child which is very essential thing to be taken care of. Vendors who are not educated loss their money in business as some people cheating their goods. The education can give the significant stand up in a competitive market & the qualification of proprietors give a reasonable entity towards their society. It is totally based on the grading system & occur how much score they qualify as 1-5, 5-10,12<sup>th</sup> or above. As per the qualification of the street vendors their income shows 0-1000,1000-2000,2000-3000,3000-4000,4000-5000,5000 & above on daily business basis. The survey revealed the major thing that vendors should issuing license to formalize the planning. The street vendors are occupied the small place & they are using some different equipment for their business. They move from one place to another place so they are not using cold storage of their goods & some safety equipments. To form a good & better environment for street vendors we have to know about the health, education, and living style of theirs. A separate brief schedule was used to collect the details of the locations and markets. Irrespective of the educational level, social capital, and initial source of capital and group business are common factors determining access to startup capital for vending business. Among the illiterate street vendors, the arrangement of money is comparatively easy for those who have their own business place and have family members supporting their business activity. Street vendors who belong to BPL category but are educated have better access to finance compared to those who are educated but belong to non-BPL category.

**Major Findings**

1. Nearly one third (33%) of the respondents age group of 31-40.
2. Total (100%) of the respondents are male.
3. More than half (66%) of the respondents are married.
4. More than half of (54%) the respondents are living in tin house.
5. Nearly one third of (29%) the respondents are selling in fruits.
6. More than half (57%) of the respondents are working in 13 hours through 8am- 9pm.
7. Nearly one fourth (25%) of the respondents are affected the blood presser.

**Conclusion and Policy Implication**

The Street Vendor Bill 2013 aims to protect and promote a conducive environment for the street vendor's activities and livelihood. Indeed, the Bhubaneswar Corporation limit street vendor's of yet to follow the street vending Bill. The street vendors are in need of the support in the area of market access, vocational and life skills development for the enhanced employability and improving working conditions. The researchers found that the street vendors working long hours in a day and are affected by some diseases and their health condition are getting deteriorated day by day due to skin allergy and stomach diseases. Hench, they require immediate treatment and the researchers recommend the local vending committee and local government authority to create the uniform system for the permanent vendors. It is necessary that the Street Vendors should get license and therefore the researchers suggest them to register for the same. Forty per cent of the respondents are selling their goods nearby bus stand which is an air polluted area. Therefore, they have to use the safety equipments like covers, stored water and frame glass in order to preserve the products. This would improve the street vendor's livelihood and their working patterns.

Street Vendors are contributing to the well being of the urban and rural population by providing the goods and products at cheaper rates. The contribution of street vending is important to the overall economy and labour market. This study investigated the 100 respondents of street vendors randomly selected in Bhubaneswar to address the problems

faced by them. Through direct interview, the study found that most of the respondents are faced problems by police personnel, climate change and health conditions. Government provides street vending policies for street vendors; however the street vendors are not aware of such policies. The collection of comprehensive data is essential in planning for street vendors, as well as in preventing inequitable space sharing. The research model considered for the survey was aimed at addressing the concerns of the multiple stakeholders and creating a body of data that would incorporate these findings. This survey revealed that the major obstacles to movement are not the street vendors, but motorists and traffic. Thus, it is necessary to consider how best to accommodate street vendors before this eventuality occurs. The street vendor survey clearly showed that the income of these sellers keeps them entrenched in poverty. The government must be cognizant of this fact while creating policy. The emancipation of the poor is the leading principle for any government, and street vendors must be recognized as belonging to this category. This study reveals that the best way for the planners to address this issue is to formalize the street vendors by issuing licenses. Finally, it is necessary to recognize their rights as citizens and provide basic amenities for them to carry on a livelihood that significantly contributes to the working of the Indian economy.

The study gives emphasis on the impact of street vending business on the standard of living of street vendor, socio-economic analysis of the vendors and identifies appropriate strategy to include street vending into city system. However given the complexity of street vending and diversity of individual circumstances suggesting any generalized solution to the existing problem for a large and growing city like BBSR is quite difficult task.

The geographical scope of this study is restricted to areas under the jurisdiction of the Bhubaneswar Municipal Corporation and only to 46 vending zones markets are newly developed areas remained outside the purview of this study. Being construction of building in this year in BBSR some people was reluctant to give the necessary information. Due to this information may be used against them for campaign purposes. In addition, since street vending is illegal, it was difficult to do field work as some vendors were not willing to talk to give any information. It was also difficult to take pictures in the streets because some street vendors were aggressive. Street vendors contribute significantly to the informal as well as overall urban economy.

#### Future Guideline

This study focused on micro retail businesses in Bhubaneswar, Odisha. Future research can be undertaken among the businesses in other parts Odisha as a whole. The research was conducted in the context of low profitability, development and growth of micro retail businesses. It seems that Bhubaneswar is very small area to give the details about the street vendors. So it has option for other researcher to analyze the other city of Odisha. This study established that this hypothesis was prevalent and that acquisition of knowledge of street vendors was one of the important elements in the success of a micro business.

The investigation into the problem revealed that business managers and owners, who have basic knowledge of socio-economic profile of street vendors were more profitable and had sufficient cash to handle business activities. The study also provided sufficient evidence testifying that a greater portion of owners are operating a business without formal financial records in place as well as without any higher qualification on micro business management. The implementations of street vending business in urban area are vitally important for any successful micro business. 'Small is beautiful' is the slogan which applies to many fields of operations in the context of successful outcomes. In the field of business, small

enterprise by virtue of its advantages, contributes substantially to the economic development of a country, especially rural economy. There should be more emphasis placed on the impact of street regulated vending zone on micro enterprise.

The findings of this study could be useful to potential, emerging and established owners of all types of businesses since effective and efficient management are an integral component of any successful business.

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