

An Analysis of Socioeconomic Conditions of Street Vendors: A Study on Dhaka City

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Abstract: Street vendors play a significant role to fulfill the demands of urban dwellers in Dhaka – the capital and largest city of Bangladesh. This paper attempts to gain insight into the businesses of street vendors as well as their impacts on our society. A large number of people are directly and indirectly engaged with this profession and are contributing to the economy of Bangladesh. Three ideas constitute the central message of this study. Firstly, a large number of people are generating income through street vending which helps them and their families. Secondly, street vendors are a source of employment as they occupy a large part of informal sector in Dhaka city. Thirdly, street vendors offer intense services for the city dwellers within reasonable cost range. But because of street vendors, some unfavorable effects are also visible such as lack of formalization and weak management system, which create problems in urban areas by producing street garbage and gathering crowd on the footpath. By the implementation of proper public management system, street vendors would become a role model for urban dwellers of Dhaka city.

Keywords: Street vendor, income, employment, service.

1. Introduction

Street vending is a major livelihood for the urban poor in developing countries. Although street vending has been seen as an option for the poor; their legal and social status and business prospects differ domestically as well as regionally (Bhowmik, 2005)^[1]. In search of a better existence, people are gathering from rural areas in the cities for lack of gainful employment coupled with poverty. But they are not in position to get a better paid, secured employment in the formal sector and they have to stay for work in the informal sector. In our country there is another segment of the population who were earlier employed in the formal sector is forced to join the informal sector. The activities in the informal sector can be categorized into two sections – self-employed and casual (nonpermanent) labor. A major section of these self-employees work as street vendors. The reports from the Asian countries show that there was a jump in the number of street vendors after the financial crisis of 1998. Street vending survives not merely because it is an important source of employment but also because of the services it provides for the urban population. Hence, we find that, street vendors, subsidize the existence of the other sections of the urban poor by providing them cheap goods. Yet, they are popular because

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they provide the urban population with much needed services that neither the municipalities nor the larger retailing outlets can provide. Although they live in poverty, they are generating employment as well as income and thereby, contributing towards our economy. So, street vendors are found to be crucial to Bangladesh's development as a source of income, employment and service to millions of people.

2. Literature Review

Street vendors are a fundamental constituent of urban economies around the world. Street vendors provide consumers with convenient and available retail options and form a vital part of the social and economic life of a city by distributing affordable goods and services. Sharit and Bhowmik (2005) assessed the magnitude of street vending in different countries and the composition of the vendors. Further, it collates information on the extent of unionization of the vendors and other organizations, such as non-government organizations (NGOs), self-help organizations (SHOs), advocacy groups, etc, that work for their welfare. Most of South Asian developing cities have a large number of street vendors as an informal trade in the main urban transaction points as well as Dhaka city. Dhaka city has a large number of poor urban dwellers with no formal skill to get job in formal sectors. They often become street vendors in urban areas. Most of them are rural-urban migrants due to the lack of work facilities and public services in rural areas. Being a street vendor is one of the best job opportunities for them as informal activities (Public Mgt). In Bangladesh, the number of street vendors is large though it is difficult to estimate the exact number of street vendors. It can be said that those who have no other ways of meeting the subsistence needs of their families enter into the informal sector like street vending. It is the only easy option in the informal sector. According to Dhaka City Corporation there are around 90,000 street vendors in Dhaka city (New age Metro, 2003).

Muzaffar and Huq (February, 2009) cited in their study titled "Entrepreneurs of the Streets: an Analytical Work on the Street Food Vendors of Dhaka City" that street food vending is a prevailing and distinctive part of a large informal sector in Dhaka city, the capital of Bangladesh. They attempt to gain insight into the business of street food vendors: highlight the problem areas and identify some key factors that positively affect their sales revenue. The problem areas are related to business operation, business knowledge, extortion, and product and production. According to the study by Andringa and Kies (1989), in Southeast Asia, the average earnings of a vendor may be three to ten times more than the minimum wage and they are often comparable to the wages of skilled laborers' employed in the formal sector. The employment context of street vendors varies. Many work long hours from the same site on daily basis. These vendors and their families typically rely on profits from vending as their primary source of household income. Other vendors rotate among two or more sites, taking advantage of different types of clientele and different patterns of urban movement over the course of the day. While some rely on street vending as a regular primary or secondary occupation, others vend only when an opportunity presents itself to earn extra income. A variety of employment statuses can be found among street vendors as well. Most vendors work as independent self-employed entrepreneurs, either with or without employees. There are also many vendors who work as contributing family members, and some work as employees of informal or even formal enterprises.

Khanam (2006) mentioned in her study, that the number of women street vendors is increasing in Dhaka city. This is because women who do not have any other way to meet the subsistence needs of their families enter into the informal sector like street vending. But street vending is a non-traditional and male-dominated job and there is an earning gap between men and women vendors. Chopra (12th August, 2004) suggested in his study titled “National Policy for Urban Street Vendors” for a supportive environment for earning livelihoods to the Street vendors, as well as want to make sure the absence of congestion and maintenance of hygiene in public spaces and streets. Faruque & Haque (February ,2010) evaluated the existing socio-economic, demographic and food safety profile of street food vending in the selected wards of Dhaka City Corporation in their study “Institutionalization of Healthy Street Food System in Bangladesh: A Pilot Study with Three Wards of Dhaka City Corporation as a Model”.

But none of the above mentioned papers tried to examine the socioeconomic benefits of street vending in Bangladesh. In this perspective, the present study focuses on the socioeconomic condition of street vending and the contribution of street vendors in the context of income, employment and service in Bangladesh.

3. Objectives of the study

The objective of this study is to analyze the income, employment and services rendered by street vendors in Dhaka city. In this context, four issues have been examined in this study: such as

- Income of street vendors
- Employment of street vendors.
- Services of street vendors and
- Expenditure of street vendors.

4. Methodology

The first stage of this research was an exploratory research. The method of exploratory research was field survey (pilot survey). After the exploratory research, population and sampling frame were re-defined and a structured questionnaire was prepared (close ended questions) with very few open ended questions. The second stage of this research was descriptive under conclusive research; the insights gained from exploratory research were established to present the actual conditions of the street vendors.

The study was conducted based on primary as well as secondary data. Considerable effort was made to develop the appropriate sample plan. The target population was the street vendors in Bangladesh. The sampling frame of the study was the Metropolitan area of Dhaka city. In order to have an idea on the background characteristics of street vendors, a socio-economic survey was conducted on 300 randomly selected samples of street vendors out of which 100 from Dhanmondi (Ward no. 51), 150 from Motijheel (Ward no. 31) and 50 from Lalbag area (Ward no. 61). Vendors are found in three types of market: designed market, undersigned market and mobile type. Among the vendors, some are independent, some are dependent and some of them are dependent on others. The vendors were interviewed through a structured and pre-tested questionnaire and data were collected on the existing socio-economic and demographic profiles of street food vendors. The survey was conducted during the period January to May, 2012. To select a

representative sample, we use convenience sampling technique, as we had no way of listening to all of individual street vendors in Dhaka city. At the first stage, we spent sometime interacting and consulting. The lack of detailed discussion in the context of Bangladesh in the published literature promoted us to gain a firsthand knowledge from the field. For the secondary data journals, research works, books and information from different institutions were used.

Data was analyzed through different statistical techniques i.e., frequency distribution and cross tabulation by using SPSS 16 software.

5. Results and discussion

Street vending is a vital piece of economic framework of the poor who mostly belong to the deprived class of the society. Three ideas constitute the central message of this study. Firstly; a large number of people are generating income by street vending which helps them and their dependent family members to live from hand to mouth. Secondly, street vending is a source of employment. People who are illiterate, unskilled and lacking capital can easily generate income by involving in this job. Their dependent family members are also benefited in this way. Moreover, street vendors are rendering very useful service to the community of our country. The main focus of this study is to find out the impact of street vending on income generation, employment generation and affording service to the people in Dhaka city.

Table 1: Educational status of street vendors

Level of Education	Number of street vendors	Percentage
Below SSC	63	21%
SSC	126	42%
HSC	72	24%
Graduation	15	5%
Masters	0	0
No education	24	8%
Total	300	100%

Source: Field Survey, July 2012

About 42% respondents of street vendors completed their secondary education and 8% had no education where 5% vendors were graduated even. It was found that no one had the degree of post graduate. (Table 1).

Table 2: Residential status of street vendors

Residential status in Dhaka	Number of street vendors	Percentage
Permanently	240	80%
Seasonally	60	20%
Total	300	100%

Source: Field Survey, July 2012

From the Table 2, it is found that majority (80%) of street vendors are permanent migrants in Dhaka city, while one fifth (20%) of them are seasonal migrants from rural areas. (It is evident that both permanent and seasonal migrant vendors have come from

rural areas to Dhaka city) The majority has been engaged in this profession due to lack of any regular employment and it is easier to adopt this profession.

Table 3: Family size of street vendors

No. of family members	Frequency	Percentage
1-5	186	62%
6-10	105	37%
10 and above	9	3%
Total	300	100%

Source: Field Survey, July 2012

In this study the average family size of street hawker including himself/herself is found to be 4.7 (469/100). This appears to be in the close proximity of the rational family size of 4.8 (census 2001). This indicates that street hawkers support on an average 5 persons including him. From the table it is clear that majority (62%) of street hawker have family size (1-5) (Table 3).

Table 4: Ownership status of street vendors

Ownership Status	Frequency	Percentage
Rent	129	43%
Own	153	51%
Shared	18	6%
Total	300	100%

Source: Field Survey, July 2012

The ownership status of street hawkers means whether the business is sole proprietorship business or rent from other proprietors or it is shared business. Half of the respondents are sole proprietors (51%) and the rest are rented. Very few of them have shared business (Table 4).

Table 5: Range of monthly average income of street vendors

Range of income in TK	Frequency	Percentage
Less 2,000	24	8%
2,000-3,000	18	6%
4,000-5,000	39	13%
6,000-10,000	93	31%
11,000-15,000	39	13%
16,000-20,000	27	9%
21,000-25,000	51	17%
26,000 and above	9	3%
Total	300	100%

Source: Field Survey, July 2012

It is clear from the Table 5 that, most of the vendors' monthly income is from 6,000 to 10,000 (31%) as most of them belong to average monthly income. Majority of the street vendors are found as poor class people with lower standard of living. Though they work

hard, their income is not sufficient to lead their life smoothly. A very few of them earn at a satisfactory level.

Table 6: Range of monthly average income of street vendors

Expenditure	Frequency	Percentage
Less than 2,000	48	16%
2,100-3,000	51	17%
3,100-5,000	90	30%
5,100-10,000	57	19%
10,100-15,000	33	11%
15,100-20,000	12	4%
20,100-25,000	6	2%
26,000 & above	3	1%
Total	300	100%

Source: Field Survey, July 2012

It is seen from Table 6, maximum vendors expend (3,100-5,000) monthly, about 30% vendors' monthly expenditure is 3,100-5,000. These data indicate a standard of living is significantly lower. So, most of the street vendors belong to the poor class in Dhaka city to meet their basic necessities of day to day life.

Table 7: Average earnings, expenditures & savings per month of various categories of street vendors

Categories of vending	Average earning per month	Average expenditure	Average savings
Food	4,105	2,887	1,218
Newspaper/Books	1,826	1,295	531
Consumer products	1,256	891	365
Jewelry items	1,140	809	331
Flowers	1,025	726	299
Others	2,280	1,608	675

Source: Field Survey, July 2012

In Table 7, all of the vendors are in mobile level, with lower standard of living. Moreover, vending plays an important role in income generation for various groups of people.

It has been observed that in a typical month a food vendor earns about tk. 4,105 (without investment in business), a newspaper/book vendor earns tk.1826, a consumer product vendor earns Tk1,256, a jewelry item vendor earns tk. 1,140, a flower vendor earns 1025 and other/s earn tk. 2,280 from vending.

The expenditure of a mobile food vendor is near about tk. 2,887 for a typical month, in which s/he expends tk. 1000 for his/her own food and business purpose, and the rest is for other family expenditure. A newspaper/book vendor expends about tk. 1295 for each month. A very mobile consumer product vendor can expend hardly tk. 891 without investment of his/her business. A jewelry item vendor's monthly average expenditure is

approximately Tk. 809 as well as flower vendors are tk. 726. Other types expend averagely tk. 1,608 by vending.

It appears from Table-4.5 that although the vendors are earning a very small income by vending mobility, they are able to set aside some income as savings which come into the income streams of the entire country. Each food vendor contributes tk. 1,218 monthly while other groups such as newspaper/book vendors contribute about tk. 531 monthly, consumer product vendors contribute tk. 365 monthly, jewelry item vendors tk. 331 as well as flower vendors can contribute tk. 299 where others can contribute tk. 675 monthly by vending, to the savings of our economy by vending.

6. Employment provided by street vending

Street vending is vital for the economic development of many countries. The contributions of street vendors to the economy in our country are under estimated and neglected. Now days a notable number of people are investing on street vending as it is the least costly form of investment compared to investment in other business.

Each street enterprise is generally small in size, requires relatively simple skills, basic facilities and small amount of capital. They are very potential for generating income and employment.

Incomes from street vending are relatively higher than those from other informal sectors. In Southeast Asia, the average earnings of a vendor may be three to ten times more than the minimum wage and they are often comparable to the wages of skilled labors employed in the formal sector.

Street vending requires low capital expenditure which is one of the attractive factors for certain type vendors. Vendors have the freedom to choose their work hours and they have few constraints on their movements and are self employed. It has been found that vendors work in two shifts daily. Thus, the actual employment generation is almost double against vendors included in this study.

In this study, we surveyed at designed type market, as well as un-designed and mobile shop as well. We found various types of vendors in those markets who were financially independent, dependent and semi dependent. We also found the vendors who were involved in selling perishable goods, non-perishable and providing services.

It is seen that 25% vendors worked at designed type market while 32% are at un-designed market and 43% worked mobility.

Table 8: Cross tabulation between the types of market and types of street vendors

	Independent vendor	Semi dependent vendor	Dependent vendor	Total
Designed Market	33 (11%)	15 (5%)	27 (9%)	75 (25%)
Un-designed Market	27 (9%)	45 (15%)	24 (8%)	96 (32%)
Mobile type	51 (17%)	42 (14%)	36 (12%)	129 (43%)
	111 (37%)	102 (34%)	87 (29%)	300

From the above table, it is clear that among all vendors, 37% are financially independent, majority (17%) of them worked at mobile type market. We found 15% semi dependent vendors (total number of semi dependent vendors we surveyed, is 34%) in undesigned market. Among 29% dependent vendors, 12% worked at mobile type market.

Table 9: Cross tabulation between the type of street vendors and type of goods

	Vendors of Perishable goods	Vendors of Non-perishable goods	Services	Total
Designed Market	42 (14%)	21 (7%)	12 (4%)	75 (25%)
Un-designed Market	51 (17%)	33 (11%)	12 (4%)	96 (32%)
Mobile type	72 (24%)	48 (16%)	9 (3%)	129 (43%)
	165 (55%)	102 (34%)	33 (11%)	300

Out of all perishable products selling vendors (55%), 24% work for mobile type shop. 14% work at designed market and 17% work at un-designed market. 16% non-perishable goods selling vendors work mobility as well as 11% at un-designed type market among 34%. In this survey it is found that 11% vendors are involved in providing services, 4% in designed market and 3% vendors have mobility.

7. Nature of services provided by street vendors

Street vending is not only the means of income generation or employment generation, but also rendering a very useful service to the community of our country by playing the following important roles:

Street vending is very helpful for providing door to door services. So, it is very convenient for citizens to purchase their necessities from street vendors. Among the street vendors, food vendors are very common in our daily life. Both high income and low income people purchase food items from the food vendors. There are some rural areas in our country, where street vendors are only means of shopping. Because any shopping mall is far away from their area, people of those areas are familiar with street vending, for purchasing their daily goods. They can not imagine even that they do their shopping in other stores or malls. A large number of people in our country are low income group. They are not able to afford the products and services from the formal shopping malls. And, they want to purchase their goods comparatively in low price than the other shopping malls and retail stores. The capital expenditure and rent are relatively lower in street vending. That's why, street vendors offer items at lower price. Vendors purchase their ingredients in large quantities and in cheapest market. So, street vending requires less cost as they serve several consumers.

8. Recommendations

The mobile street vendors play an important role in Dhaka city. At root, it creates various jobs and absorbs a rising proportion of unemployed workers. For the betterment of the street vendors a number of suggestions can be put forward.

1. Recognition and proper assistance of this sector will improve their economic and social status significantly.

2. Higher education is not necessary for better performance in this business.
3. Experience and capital are more important than formal education for this sector. So, it is a potential area for the massive unskilled/semi skilled unemployed population.
4. For proper management of street vending the cooperation between municipalities and the police is necessary.
5. Municipalities should update national policies for the management of vendors which will be helpful to tackle the social and economic problems associated with vendors.
6. Street vendors suffer from lack of security and lack of access to credit. Government should formulate some comprehensive plan like different training programs to improve the life style of street vendors and introduce credit facilities.
7. Street vendors in our country are unlicensed. Government should issue licenses to those who want to hawk goods.

9. Conclusion

Street vending provides an important and popular means of shopping in the urban, semi-urban and rural areas of Bangladesh. Dhaka city has a large number of street vendors as an informal trade in the main urban points. Without street vending in urban areas a large number of urban dwellers fall into a critical situation in their lives. Not only the low income group but also the middle income group of urban dwellers depends on street vending to purchase their necessities. According to Dhaka City corporation report in the Dhaka City Corporation (DCC) area 60% houses are of low income, 37% middle income and the rest 3% constitutes high income houses are in the Dhaka city, Bangladesh. Based on this study, more than 60% of urban dwellers depend on urban street vendors. In this backdrop it may be asserted that Street vending in Bangladesh is not only generating income and employment of some poorer section of people, rather providing useful service to the community. In providing services to the urban population, especially the poor, street vendors perform a significant role. But their assistance is unfortunately hardly ever recognized by the governments. The government of our country is indifferent to their existence instead of defending this sector and ensuring that its workers get their minimum dues. Street vendors are a key part of the informal sector not only because of their numbers but because of the crucial roles they play in protecting this sector.

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