

**FINANCIAL ACCESSIBILITY OF THE STREET
VENDORS IN INDIA: CASES OF INCLUSION AND
EXCLUSION**

A study conducted by

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LIST OF ABBREVIATIONS

AAY	Antodaya Anna Yojana
ACTS	Agriculture Consultancy and Technical Services
AFSL	Arohan Financial Services Limited
Ag BDS	Agriculture Business Development Services
AGM	Assistant General Manager
AKMI	Association of Karnataka Microfinance Institution
AMA	Ahmedabad Management Association
AMC	Ahmedabad Municipal Corporation
AML	Ashmita Microfinance Limited
ATIRA	Ahmedabad Textile Industries Research Association
ATM	Automated Teller Machine
BASIX	Bhartiya Samrudhi Investments and Consulting Services Limited
BBMP	Bruhat Bangaluru Mahanagar Palika
BBSR	Bhubaneshwar
BC	Business Correspondent
BF	Business Facilitator
BFSPL	Bandhan Financial Services Private Limited
BMP	Bangaluru Mahanagar Palika
BPL	Below Poverty Line
BPLR	Benchmark Prime Lending Rate
BPO	Business Process Outsourcing
BSFL	Bhartiya Samruddhi Finance Limited
CEO	Chief Executive Officer
CEPT	Centre for Environment Planning and Technology
CGAP	Consultative Group to Assist the Poor
CGFSI	Credit Guarantee Fund Scheme for Small Industries
CITU	Centre of Indian Trade Unions
CMIE	Centre for Monitoring Indian Economy
CO	Circle Office
CSR	Customer Sales Representative
DCB	Development Credit Bank
DRI	Differential Rate of Interest
DWCUA	Development of Women and Children in Urban Areas
EMI	Equated Monthly Installments
EWI	Equated Weekly Installments
FCNR	Foreign Currency Non Resident Deposit
FGD	Focus Group Discussion
FINS	Financial Inclusion Services
FMCG	Fast Moving Consumer Goods

FWWB	Friends of Women' World Banking
GCC	General Credit Cards
GDP	Gross Domestic Product
GMC	Guwahati Municipal Corporation
GOI	Government of India
HDFC	Housing Development Finance Corporation
HO	Head Office
HSBC	Hongkong Shanghai Banking Corporation
ICICI	Industrial Credit and Investment Corporation of India
ICT	Information Consultancy and Technical Services
ID	Identity
IDBI	Industrial Development Bank of India
IDS	Institutional Development Services
IGL	Income Generation Loan
IHSDP	Integrated Housing and Slum Development Programme
IIM	Indian Institute of Management
ILCS	Integrated Low Cost Sanitation Scheme
ISRO	Indian Space Research Organization
IT	Information Technology
J&K	Jammu and Kashmir
JDA	Jaipur Development Authority
JLG	Joint Liability Group
JMC	Jaipur Municipal Corporation
JMC	Jaipur Municipal Corporation
JNNURM	Jawahar Lal Nehru National Urban Renewal Mission
KBET	Kalanga Bazaar Educational Trust
KBSLAB	Krishna Bhima Samruddhi Local Area Bank Limited
KCC	Kisan Credit Cards
KMC	Kolkata Municipal Corporation
KSRA	Karra Society for Rural Action
KVIB	Khadi and Village Industries Board
KVIC	Khadi and Village Industries Commission
KYC	Know Your Customer
LIC	Life Insurance Corporation
LMC	Lucknow Municipal Corporation
MACS	Mutually Aided Cooperative Society
MACTS	Mutually Aided Cooperative Thrift Society
MCG	Microcredit Group
MEPMA	Mission for Elimination of Poverty in Municipal Areas
MFI	Microfinance Institution
MFIN	Microfinance Institution Network
MIS	Management Information System

MOU	Momerandum of Understanding
MSMI	Micro Small and Medium Enterprises
MSRB	Microfinance Services Regulation Bill
MTL	Mid Term Loan
NABARD	National Bank for Agriculture and Rural Development
NASVI	National Association of Street Vendors of India
NBFC	Non Banking Financial Company
NDA	National Democratic Alliance
NFBS	National Family Benefit Scheme
NGO	Non Governmental Organization
NHG	Neighbourhood Groups
NLCP	National Lake Conservation Plan
NPA	Non Performing Asset
NPUSV	National Policy on Urban Street Vendors
NRCP	National River Conservation Plan
NRE	Non Resident External Term Deposit
NREGP	National Rural Employment Guarantee Programme
NRY	Nehru Rozgar Yojana
NSSO	National Sample Survey Organization
NUIS	National Urban Information System
OBC	Other Backward Class
PCO	Public Call Office Operators
PDS	Public Distribution System
PMC	Patna Municipal Corporation
PMIUPEP	Prime Minister Integrated Urban Poverty Eradication Programme
PNB	Punjab National Bank
POS	Point of Sale
PRADAN	Professional Assistance for Development Action
RBI	Reserve Bank of India
RBI	Reserve Bank of India
RMC	Ranchi Municipal Corporation
ROSCAS	Revolving of Saving and Credit Associations
RRB	Regional Rural Bank
RWA	Resident Welfare Association
SBI	State Bank of India
SC	Scheduled Caste
SEBI	Securities and Exchange Board of India
SEWA	Self Employed Womens Association
SHG	Self Help Group
SIDBI	Small Industries Development Bank of India
SJSRY	Swarna Jayanti Shahri Rozgar Yojana
SKS	Swayam Krishi Sangam

SKSMFL	SKS Microfinance Limited
SPSS	Statistical Package for Social Sciences
SSFL	Spandana Sphoorthy Financial Limited
ST	Scheduled Tribe
STL	Short Term Loan
SUP	Step Up Programme
TOI	Times of India
TVC	Town Vending Committee
UBSP	Urban Basic Services for the Poor
UCDP	Urban Community Development Programme
UCO	United Commercial
UFSPL	Ujjivan Financial Services Private Limited
UIDAI	Unique Identification Authority of India
UIDSSMT	Urban Infrastructure Development Scheme for Small and Medium Towns
ULB	Urban Local Body
UN	United Nations
UNDP	United Nations Development Programme
UPA	United Progressive Alliance
Urb ENVIS	Urban Environment Statement
USD	United States Dollar
USEP	Urban Self Employment Programme
UTI AMC	Union Trust of India Asset Management Company
UWEP	Urban Women Self Employment Programme
UWSHP	Urban Women Self Help Programme
VMC	Vijayawada Municipal Corporation
WB	West Bengal
WWB	Women's World Banking
YUVA	Youth For Unity and Voluntary Action

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Executive summary

Street vendors are one of the most marginalised, poor as well as vulnerable sectors of the urban informal labour market. While street vending is seen as a thriving business given their capacity to adapt to the changing demands of urban society, this category of self-employed persons is yet to receive legal legitimacy. Several factors contribute to this situation, prime among them being access to formal credit. While it can be argued that financial inclusion and inclusive growth can together generate self-employment opportunities and alleviate poverty and unemployment, easy access to formal credit institutions is the stumbling block.

This study was conducted by the Tata Institute of Social Sciences (TISS) in collaboration with the United Nations Development Programme (UNDP). Its objective was to highlight some of the problems faced by street vendors in conducting their daily business and examine how financial institutions, especially those in the banking sector, can include street vendors in their credit policies. The research is based on the view of street vendors, banks, micro-finance institutions (MFIs) and others. Data was collected from a sample set of 50 street vendors (25 male and female) in each of the 15 cities across the country—Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Delhi, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Lucknow, Mumbai, Patna, Ranchi and Vijaywada. Not surprisingly, while issues such as public space utilisation have been deliberated upon at length, those surrounding the nature of credit transactions and concurrently the financial inclusion of street vendors has scarcely received focussed attention.

The problem of formal credit aside, another equally important factor is non-pliable attitude of the civic authorities towards street vending. Given their informal status, this is particularly apparent because they are forced to conduct business in the absence of a permanent built-up structure, at best a shack or kiosk.

This report consists of six chapters beginning with research questions addressed in a manner suitable for a complete analysis of the data gathered. Chapter 2 seeks to answer questions regarding the government's response to the implementation of national policies as well as discuss the socio-economic characteristics and current trends of the sample set. Chapters 4 and 5 discuss the economic aspects which include demand, sources, nature, and types of credit accessed in addition to describing vividly the barriers to credit and in particular the consequences of high rates of interest. The dataset is based on case studies collected from the aforementioned 15 cities.

Chapter- 1

Introduction

Definition of Street Vendors

An overwhelming 92 per cent of the Indian labour market is engaged in the informal sector. Street vending is an important economic activity and street vendors are broadly defined as self-employed workers in the urban informal sector who offer their labour for selling goods and services on the street in the absence of any permanent built-up structure (NPUSV 2006, p. 11).

Street vendors have been grouped into three categories. First, vendors are those who carry out their vending on a regular basis in a specific space. Second, vendors are those who carry out vending not on a regular basis and without a specific location, for example, vendors who sell goods in weekly bazaars. The third type of the vendors is those who are the mobile street vendors. Thus, the street vendors are stationary by way of occupying space on the pavements or other public places or may even be mobile in the sense that they move from one place to another carrying their wares on push carts or in cycles or baskets on their heads, or may sell their wares in moving bus, etc (Ibid).

The proportion of this segment of the urban economy has been growing significantly over the past few decades throughout the world. Moreover, street vending is one of the means of survival for the urban poor in India, and not surprisingly, it has been flourishing over the years. In West Bengal, for example, the influx of people from smaller towns and villages, has led to the immense growth in the number of street vendors.

Other factors responsible for this phenomenon are the closure, mergers and acquisitions of several sick industries, leading to job losses in the formal sector and as a result of which many people are forced to chose street vending as one of the easiest way to eke out a living (W.B. Urban Street Vendor Policy, 2010.). This phenomenon has become common in recent years in many states and as such this occupation has come to play a significant role in the urban Indian economy by providing employment to the urban poor. Statistics indicate that in India around 10 million people and their families depend on this profession for their livelihood and sustenance (NPUSV 2006). A substantial portion of such employment

opportunities is generated in the urban areas and a majority of this workforce is economically marginalised. Therefore, there is an urgent need to provide them with easy means for credit access, in other words, make this segment of society financially inclusive.

Definition of Financial Inclusion

The term “financial inclusion” can be stated as *financially including persons from all strata into the mainstream banking system* (D.G., R.B.I., 2009). However, financial inclusion is defined differently by different financial institutions and prominent scholars as “*broad access to financial services implying an absence of price and non-price barriers in the use of financial services*”. Nevertheless, it is difficult to define and measure financial inclusion because access to finance has many dimensions (World Bank 2008). According to the Committee on Financial Inclusion, Chairman, Dr. C. Rangarajan (2008), it is referred to as “*the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.*” As pointed out in the report, it is *the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream institutional players* (Ibid). Usha Thorat (2006) explains that financial inclusion implies providing affordable financial services, such as, access to payments and remittance facilities, savings, loans and insurance services by the formal financial systems to those who tend to be excluded.

Thus from the various definitions mentioned above, we infer the following points about the concept of financial inclusion:

- It is difficult to define and measure the concept.
- People from all strata of society should have access to formal financial services.
- There should be no barriers to access to formal credit.
- Timely and adequate amount of credit should be provided.
- Weak and low income people need to be targeted.
- Financial services need to be cheap and affordable.

Need for financial inclusion?

In India, the central focus of the planning process from the very beginning has been on equitable growth. This is reflected in the basic objectives of planning in India. In spite of

achieving high growth targets in recent years, the fruits of economic growth have largely excluded the poor and vulnerable. Hence, the focus of present government is upon inclusive growth. Economic growth and development is not possible if a large section of the people is suffering from mass poverty. Inclusive growth is only possible if there is active participation of the excluded section in the overall growth process. It is not possible if we make them simple welfare targets of development programme (Chakroborty, 2009). It is one of the most important tools to achieve inclusive growth. Financial inclusion means making financial services accessible to the poor, giving them credit facilities to suit their needs and to generate self-employment opportunities for them. Empirical evidence confirms that countries with a large proportion of their population excluded from the formal financial system also show higher poverty ratios and higher inequality (Thorat, 2008).

Demand for and supply of credit for the marginalised sections work toward their financial inclusion. On the demand front, the poor and vulnerable lower income groups largely rely on personal savings (however meagre) to invest in their personal, professional and social areas in order to take advantage of growth opportunities. On the supply front, the banks and other financial institutions are the most important players who are expected to provide formal credit to these sections. The same is reiterated by Usha Thorat (2010). According to her, financial inclusion as a strategy will promote inclusive growth with stability but also equitable distribution of income and wealth. The formal financial system must be well equipped in order to achieve financial inclusion in a country like India where the population is large, diverse with significant segments in rural and unorganised areas.

Even in areas that are well covered by banks, there are sections of society excluded from the banking system. Reports show that vital segments of the population in the urban and rural areas continue experiencing difficulties in accessing credit from formal sources. There are also found to be ill-informed about banking practices, propensity to avail insurance facilities, or remittance facilities.

Status of Financial Inclusion in India

In spite of taking a variety of measures to achieve financial inclusion targets, such as the co-operative movement, nationalisation of banks, setting up of Regional Rural Banks (RRBs) and constituting the Self Help Groups (SHGs) these targets have largely remained unfulfilled.

The Reserve Bank of India (RBI), from time to time has taken several steps towards financial inclusion. This provides an insight of its agenda to cover the poor sections of the society.

Though the concept of financially including the poor in the mainstream banking system is not a new affair, the term was used for the first time in the RBI's Annual Policy Statement 2005-06. Earlier as one of the first steps towards the financial inclusion, 'The SHG-Bank linkage' program was launched by NABARD in 1992 with policy support from the RBI to facilitate collective decision making by the poor and provide 'door step banking'. If we see the trend, there are three different models of the SHGs that have emerged. Model-I involves lending by banks directly to SHGs without intervention/facilitation by an NGO. Model-II is guided by banks directly to SHGs with facilitation by NGOs and other agencies. Model-III involves lending with an NGO acting as a facilitator and financing agency.

The SHG-Bank linkage program is the largest microfinance program in the country. As of March 2008, a total of 3.6 million SHGs with a total outstanding bank loan of Rs 17000 crore were credit linked with the bank. In the same period a total of 5.0 million SHGs obtained a savings bank account with the banking system among which the commercial banks had the maximum share (56.0%) followed by RRBs (28.0%) and Co-operative banks (16.0%) (DG, RBI, 2009). The Kisan Credit Card Scheme was launched in the year 1998-99 as another step towards financial inclusion in the agricultural sector.

After the formal adoption of the financial inclusion approach for alleviation of poverty, in November 2005, the banks were advised to make available a basic banking 'no-frill accounts' with low or zero balance as well as charges to expand the outreach of such accounts to the population. In January 2006, the RBI permitted the banks to utilise the services of NGOs/MFIs other than Non-Banking Financial Companies (NBFCs) and other civil society organisations as intermediaries for providing banking services through the BF (Business Facilitator) and BC (Business Correspondent) Model. A growing component of inclusive banking is the lending by MFIs that are societies, trusts, cooperatives, not for profit companies or NBFC companies registered with the RBI. The NBFCs accounts for 42.8% of the borrowers and is the fastest growing segment (Thorat 2008). The other steps also included KCC/GCC guidelines, liberalised branch expansion, introducing technology products and services (prepaid cards, mobile banking etc.), allowing RRBs/Cooperative banks to sell insurance and financial products, financial literacy programs, creation of special funds etc.

Achievements of Financial Inclusion Programme

Some of the statistics throw light on the success and achievement through the financial inclusion programs which are given below:

- No. of No-Frills Accounts – 4.15 crore (as on June 30, 2009)
- No. of rural bank branches – 31,727 constituting 39.7% of total bank branches (as on June 30, 2009)
- Number of ATMs – 47,953 (as on July 31, 2009)
- Number of POS – 5,22,148 (as on July 31, 2009)
- Number of Cards – 173 million (as on July 31, 2009)
- Number of Kisan Credit Cards – 76 million

(Source: CMIE 2007-08)

Programme Target Failure

The financial inclusion programmes have been successful in certain areas but not in other areas. Broadly, the reasons for failure lay in the coverage and delivery system. However, the main reasons of the failure can be attributed to the absence of appropriate technology, outreach and coverage, lack of adequate supportive infrastructure, financial products and its inflexibility, flawed delivery mechanism, absence of business model, less participatory involvement by all the stakeholders.

Importance of Credit Accessibility in National Policy

Credit is an important requirement in street vending, both to sustain existing activity and to upscale it. Since vendors work on a turnover basis, they often take recourse to high interest loans from non-institutional lenders. Although they usually demonstrate high repayment capacity, absence of collateral and firm domiciliary status usually debar them from institutional credit. State governments and the municipal authorities should enable Self-Help Groups (SHGs) and organisations of street vendors to access credit from banks through mechanisms like the SHG-Bank Linkage. The Town Vending Committee (TVC) should disseminate information pertaining to the availability of credit from various sources, especially micro-finance and take steps to link street vendors with formal credit structures. Street vendors should also be assisted in obtaining insurance through micro-insurance and other agencies. With respect to credit, the Credit Guarantee Fund Scheme for Small Industries (CGFSI), designed by the Ministry of Micro, Small & Medium Enterprises, Government of India and the Small Industries Development Bank of India (SIDBI) could be extended to the

street vendors. This scheme aims at resolving the problem of collaterals, and inducing banks to gradually move away from a completely risk-averse stance towards small-scale industries. The registration process undertaken by the TVC based on field surveys through professional institutions/agencies and the domiciliary status confirmed by them on the Identity Card as also in their records should make it possible to cover a large number of street vendors under institutional credit.

Why this study?

UNDP-NABARD project on financial inclusion is closely aligned to the central theme of GOI's 11th Five Year Plan 2007-12, "restructure policies to achieve a new vision based on faster, more broad-based and inclusive growth." Located within UNDP's Poverty Reduction Programme 2008-12, the financial inclusion project works closely with the ongoing projects of livelihood promotion with disadvantaged groups in the seven UN focus states. The core of this innovative project lies in wider stakeholder consultation to focus on issues faced by marginalised and excluded groups. It is engaged in the detailing of demand and supply side challenges to financial inclusion by getting into partnerships with key stakeholders at specific sites. Exploring innovations in financial products and services focusing on vulnerability reduction of the poor, especially for disadvantaged groups and disadvantaged regions is one of the key objectives of the project.

Access to finance is one of the major constraints for being a part of the informal sector. It is stated in the literature (Bhowmik 2007 and Saha 2010) that vendors have scarce resources for their trade and need to obtain credit. Scarcity of resources restricts the growth of the street vendor in terms of scale. Due to the informal nature of their activity, the street vendors are prone to exploitative practices of multiple authorities – municipal, police and local leaders. Expensive loans from informal sources for working capital, unreliable remittance services, lack of awareness on risk mitigation and pension products are some of the problems faced by street vendors. One of the most pressing problems related to informal credit is very high rate of interest charged by the money lenders and wholesalers. Various studies held in the past confirm this. For instance, in Bhubaneswar, the credit obtained from the wholesaler is to be paid back at the end of the day at a high rate of interest of up to 110 per cent (Bhowmik, 2001) and sometimes it goes up to 125 per cent per day (Jhabvala, 2000).

Many issues related to street vendors have been addressed in the past. Issues which are

related to public space utilisation, granting them business licences so that they are no more called “unlawful encroachers”, “nuisances and objects causing visual pollution” and the like have often been studied and deliberated. However the issues surrounding the nature of credit transactions and financial inclusion for street vendors have never been discussed at length in the recent past. This study will therefore be a benchmark study in its own right.

Thus this study aims to:

- Document the current status of financial inclusion of street vendors.
- Identify the policy constraints and drivers to the better adoption of financial services appropriate to the needs of the street vendors.
- Have a gender disaggregated picture of the financial inclusion among street vendors to improve our understanding of the problems faced by women street vendors.
- Influence the policy discourse on street vendors based on the results of the study.

Study Domain and Methodology

Unit of analysis

The unit of analysis of the study is street vendors from 15 cities in India. Fifty vendors (25 male and female on an average) were taken from each city. Efforts were made to draw a general picture of the trend of financial accessibility of the street vendors across the northern, central, eastern, north-eastern, western and southern regions of the country. Static and mobile vendors were included in this study. The field survey for the study was conducted from 1 April 2011 to 30 May 2011.

Data sources

The main focus of this proposed study is to understand the problems related to financial accessibility among street vendors in 15 cities. The study was planned to be conducted on the basis of both primary and secondary data sources. The primary data sources, namely the street vendors were intensively interviewed, using open-ended questionnaires in an attempt to explore their current situation of financial accessibility. Secondary data sources such as urban poverty alleviation reports, state human development reports and other available sources were used.

Unions/membership-based organisations have a positive impact on vendors’ incomes and

their working conditions. The main role of these organisations is to negotiate with the local authorities on behalf of the street vendors for occupying public space (Bhowmik 2007). The role of trade unions or other membership-based organisations in organising their vendors' to gain access to credit in this context is important to consider, because they provided vital information to the study.

The National Association of Street Vendors in India (NASVI) is a successful membership-based organisation in India that works exclusively for the street vendors and it had been considered as one of the important sources for data collection and so was Self-Employed Women's Association (SEWA). Information from NASVI and SEWA provided insight into how these organisations help vendors gain access to credit. Since the premise of the study is financial inclusion of street vendors, key persons in local banks and other financial institutions in each of the cities was covered. Interviews of officials from State Bank of India (SBI), Punjab National Bank (PNB), Canara Bank and Indian Bank were conducted. In addition, nine micro-finance institutions, namely, SKS Micro-finance Ltd (SKSMPL), Bhartiya Samruddhi Finance Limited (BSFL), Ujjivan Financial Services Pvt Ltd (UFSPL), Asmitha Microfinance Ltd (AML), Bandhan Financial Services Pvt Ltd (BFSPL), Spandana Sphoorty Financial Ltd (SSFL), Vedika Credit Capital Limited, Arohan Financial Services Ltd (AFSL) and Adhikar were considered.

Rationale for Selecting the Cities

The main reason for selecting the 15 cities was because they have a very high number of street vendors. All are urban agglomerations which have witnessed a rise in migrant populations in recent years. Street vendors in these cities cover nearly 2 per cent of the total population of the cities. Business in these metropolitan cities thrive on huge loan transactions and in order to study the financial inclusion of street vendors, a thorough knowledge of the entire system of lending and borrowing activities is necessary. An attempt has been made to cover cities where, apart from informal lenders, there exist microfinance institutions, banks, self-help groups and non-governmental organisations all aiding vendors to secure formal loans. As reiterated earlier, the geographical spread of the survey includes Delhi and Kanpur and Lucknow in the north, Bhopal, in the north west, Jaipur, Ahmedabad, in the west, Kolkata, Ranchi, Patna and Bhubaneswar in the east, Guwahati in the north east, Bengaluru, Hyderabad and Vijaywada in the south. Mumbai which has the highest concentration of vendors in India is an intrinsic part of the survey.

- ❖ **Delhi:** NASVI and SEWA Bharat are both are very active in Delhi. They provide vital information in addition to playing an important role on the issue of financial accessibility of street vendors. The areas that have been covered in the study are Narella, Jahagirpuri, Shardha, Dilshad Garden, Mandawali, Trilokpuri, Seelempur, Rajuvir Nagar and Kingsway Camp.
- ❖ **Ahmedabad:** SEWA provided key information for the study. The areas taken for the study include Nanak Chowk, Jamalpur, Hathkeshwar Market, Delhi Darwaja, Astodia, Geeta Madir, Mausi Complex, Madhupur, Satellite, Delhi Chapla, Vasna and Indira Nagar.
- ❖ **Mumbai:** Mumbai contains the highest number of street vendors among all other cities in India. Therefore, it would be interesting to look into the problems regarding financial inclusion of vendors in Mumbai. Chembur, Dadar, Dharavi, Kandiwali, Jogeshwari, Vile Parle and Powai were selected for the study.
- ❖ **Bhubaneswar:** Hawking zones were created following the implementation of the National policy by the Bhubaneswar Municipal Corporation. Street vendors in the city were noticeably in favour of this decision by the municipal corporation. Bhubaneswar would therefore provide an interesting perspective to the financial accessibility among the vendors there. The study included Sikharachandi vending zone, Chandrasekharapur, BBSR, Mahavir vending zone –Vanivihar, Damara, Jayadev Bihar, Unit 1 vending zone, Unit 9 vending zone, Kalinga Stadium vending zone, Maa Sikhara Chandi vending zone.
- ❖ **Bengaluru:** One of the major issues in Bengaluru is access to credit, therefore, it was considered for the study. K.R. Puram Market, Shivaji Nagar, Corporation Circle, Madiwala, T.C. Palaya, Majestic Market were selected for the present study.
- ❖ **Patna:** NASVI and its affiliate NIDAN are fairly active in different cities in Bihar. Micro-finance institutions are very active in providing loans to vendors. Several cooperatives like the Sanchaya Co-operative is (another unit of Nidan) actively involved in credit transactions in Patna. The areas covered were Adam Kuwa Bridge, Divarpur, Chandani Chowk, Railway Station, Kamal Nagar, Sadik Pur,

Guljar Bagh, Meena 19 Ryan, Gulzar Bagh, Teen Puliya, Jail Road, Dariyapur, Faiser Road, Budha Market, R Block Bhikari 19 Ryan Complex, Bus Stand Mithapur.

- ❖ **Ranchi:** No work or study so to speak was conducted in this city, making the data collection interesting. The main areas covered were Piska More to Ratu Road, Main Road to Overbridge, Firayalal to Kokar Chowk, Kutchery to Sujata Chowk, Bahubazaar to Kali Mandir Chowk, Ranchi Railway Station Road, Ratu Road to Argora Chowk. The rationale behind choosing the areas is that these are the main streets where the vendors operate. Most of the credit suppliers operate on these streets and even the MFIs target these vendors.
- ❖ **Jaipur:** NASVI is active in Jaipur. The Jaipur Municipal Corporation (JMC) has been working towards the rehabilitation of street vendors and the creation of hawking zones in the city. This aspect sets Jaipur apart from the aforementioned cities. The areas covered are those of Chotti Chopat, Chandpaol Market, Vidayadhar Nagar, Janta Market.
- ❖ **Kolkata:** Home to perhaps the second-largest number of street vendors in India, Kolkata lends a colourful picture of the politics of street vending (*hawker eviction and the infamous Operation Sunshine in 1995 by Kolkata Municipal Corporation (KMC) and its subsequent developments*). The places of interest were Gariahat, Dalhousie, New Market (Lindsay Street), Mullick Bazaar, Park Street, Khidirpur, Loudon Street (beside Rabindra Sadan, Garia, Patuli Bazaar).
- ❖ **Vijaywada:** No work or study has been undertaken on this city concerning the issue of vendors. The data collected was primarily from secondary sources. The areas that were taken into consideration were Besant Road, Vijaywada 2-Town, Bandhar Road, Chamaran Chowk, Chilli Nagar, Government Pelta Centre.
- ❖ **Bhopal:** Like Vijaywada, no formal study was undertaken. Data was collected from New Market, Nehru Nagar, Jahangirabad, Nav Bharat Sabji Mandi, Vitthal Market, Bairagarh, Hamidiya, Maharana Pratap Nagar, Kotra, M.P. Nagar, Vitthal Market, Kotla Sultanabad, New Market T.T. Nagar, Mandi Railway Road.

- ❖ **Guwahati:** The cases of financial inclusion and exclusion in north east region of the country have revealed very interesting trends, coupled with the fact that there is a dearth of information on street vendors in Guwahati. Vendors from Athgaon, Paltan Bazar, Fancy Bazar, Saatmils, Islampur, Gandhibasti, A.T. Road, Kalaphar, Birubari, Lichubagan, Bhabanipur, Noonmati, Dispur, Ganeshguri, Bhangagarh, G.M.C.H. Road, Ulubari, Maligoan, Kachari, Betola, Basistha. were part of the study:
- ❖ **Hyderabad:** One of the major issues in Hyderabad associated with street vending is access to credit. The following areas Koti, Modhapur, Jolichowki, Kondapur, Saikepal, Mehdipattam, Ledki-ka-puul, Nampathy, Masab Tank, Abids, Hussain Sagar, Sindhi Colony warranted attention.
- ❖ **Kanpur:** NASVI started its work among hawkers in this city in 2010. Its affiliate is the Hind Mahila Sabha. There has been no study on Kanpur in the recent past and the data shows how vendors in Kanpur deal with their problems of financial accessibility. The areas covered were Gurudev Chauraha, Aryan Agar Sabji Mandi, Bamba Road Sabji Mandi, Kila Fruit and Vegetable Market.
- ❖ **Lucknow:** NASVI has started its work among hawkers in in2010 and its affiliate like in Kanpur is the Hind Mahila Sabha. But unlike Kanpur no formal study was conducted in this city. Data was acquired from Mahnesman Kisan Market, Alambagh Fruit and Vegetable Market, Aminabad Market, Kesarbagh Market, Nishatganj Market.

This study has tried to capture diverse cases of financial accessibility among street vendors across 15 cities in India. The total number of street vendors in each city has been shown in the table given below:

Table 1.1: Total Number of Street Vendors in each City

Name of the places	Gender		Total
	Female	Male	
Ahmedabad	25	25	50
Bengaluru	24	26	50

Bhopal	25	25	50
Bhubaneswar	25	25	50
Delhi	24	26	50
Guwahati	23	27	50
Hyderabad	7	36	43
Jaipur	19	31	50
Kanpur	24	26	50
Kolkata	25	25	50
Lucknow	25	25	50
Mumbai	25	25	50
Patna	23	27	50
Ranchi	25	25	50
Vijaywada	25	25	50
Total	344	399	743

Snowball sampling had been used to draw sample from the various financial institutions. In the present study, officials from the nationalised banks were the key informants. State Bank of India (SBI), Canara Bank, Indian Bank, and Punjab National Bank (PNB) were taken into consideration for the study within the stipulated timeframe. The mentioned banks were selected because they have separate financial inclusion departments which actively work for the poor. The bank officials from each study area were interviewed. In each city, information from the bank headquarters and its branches was collected. In addition, key persons from nine micro-finance institutions were interviewed. Members from active trade unions who work exclusively for street vendors were also interviewed. Officials from cooperatives were also taken into consideration for the study. The list of the sample is given below:

Table 1.2: Total number of key resource persons in each city

Name of the places	Bank	MFIs/ Cooperatives	Municipal Corporation	Activist/ active union member/ NGOs/ SHGs
Ahmedabad	2	-	-	2
Bengaluru	4	-	-	7
Bhopal	-	-	-	2

Bhubaneswar	3	-	-	5
Delhi	3	5	-	3
Guwahati	-	2	-	-
Hyderabad	1	1	-	1
Jaipur	4	1	-	-
Kanpur	1	-	1	2
Kolkata	-	-	-	3
Lucknow	2	-	1	2
Mumbai	-	-	-	4
Patna	-	-	-	1
Ranchi	4	6	-	5
Vijaywada	-	2	1	1
Total	24	17	3	38

The report has been organised into broadly four sections. The first section include introduction where the background of the study has been discussed. The research objectives and research questions have been addressed here. The methodology used in the study has been discussed in detail in the introduction. In the second section of the report, profile of the selected cities in the study has been explained. The socio-demographic and economic profiles of the respondents are discussed in this section. The nature, sources and purposes of the capital have been explored in the third section. The role of formal financial institutions, especially, their functions and various active schemes has been elaborately dealt with in the fourth section. The role of informal financial sources at the market has been pointed out and discussed in the fifth section. The conclusion and recommendations arising from the study are in the last section.

Data Analysis

The combined result for 15 cities is shown in order to arrive at a statistically valid conclusion regarding the sample selected. It was done to bring forth a total picture of the credit accessibility of street vendors as also their economic condition. However along with this macro presentation, a microscopic detailing of each city was carried out especially in order to understand the initiatives taken by civic authorities in each study area for the general welfare of the vendors, and especially with regard to credit accessibility. This analysis also helps us to

judge how far the National Policy (2006-2009) has been implemented in each study area. Primary data shows the current situation of the street vendors on the basis of the objectives of the study and specified research questions. Mixed methods are used to analyse the primary data with qualitative method as a dominant strategy. Different cases were developed in order to explore the current situation in an in-depth manner.

Descriptive statistics were used to analyse all 743 individual sample respondents. Using quantitative data, the current trend of the street vendors in relation to their financial accessibility, was explored. These cases were developed based on in-depth interviews with street vendors, the primary respondents of the study and field observations. Individual cases were also developed from key respondents comprising banks officials, MFI officials, SHGs and membership-based organisations in order to gain an understanding not only of the role of membership-based organisations with regard to the street vendors, but also access to credit.

Chapter- 2

City Information: Profile of the Respondents and Government Initiatives

This chapter is divided in to two broad portions. First, a brief background of the cities has been discussed including the demographic profile, socio-cultural and economic features as well as government responses towards the problems of the street vendors. Second, the socio-economic profile of street vendors (primary respondents of the study) across the 15 cities based on the field data has been broadly discussed.

City Demographics

As mentioned previously, the present study covers 15 cities, namely, Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Delhi, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Lucknow, Mumbai, Patna, Ranchi and Vijawada. The table 2.1 shows the total population and the total number of street vendors in each city using the trade unions, associations and municipal corporations as its sources. Estimating the number of street vendors is not easy because of the informal nature of their occupation. Their numbers depend on time of day and/or the season of the year. Some vendors only sell in the morning, afternoon, or evening, while some sell only on weekends; and others sell only during certain seasons. The proportion of the street vendor to the total population in the each city has also been quantified. It is seen that the proportion of the total street vendors to the total population of cities like Jaipur, Kanpur, Lucknow and Ranchi has been significantly increasing alongside urbanisation and city development.

Table 2.1: Total population, total number of street vendors and proportion of the vendors

Name of the City	Population	Street vendors	Proportion of street vendor (%)
Ahmedabad	5.4 million	100,000	1.85
Bengaluru	6.8 million	100,000	1.47
Bhopal	1.7 million	14,000	1.00
Bhubaneswar	6.5 million (Census 2001)	30,000	0.46
Delhi	15.9 million	300,000	1.89
Guwahati	8.19 million (Census 2001)	15,000	0.18
Hyderabad	6.4 million	100,000	1.50
Jaipur	2.9 million	100,000	3.45
Kanpur	3.2 million	100,000	3.12
Kolkata	14.8 million	100,000	1.01

Lucknow	2.7 million	100,000	3.70
Mumbai	19.0 million	250,000	1.31
Patna	2.2 million	50,000	2.27
Ranchi	1.0 million	35,000	3.50
Vijaywada	1.1 million	7,729	0.71

Source: United Nations Population Division, Department of Economic and Social Affairs, Urban Agglomerations 2007 and Census 2001.

Swarna Jayanti Shahari Rozgar Yojana

Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched on 1 December 1997 after subsuming the three urban poverty alleviation schemes of Urban Basic Services for the Poor (UBSP), Nehru Rojgar Yojana (NRY), and Prime Minister's Integrated Urban Poverty Eradication Programme (PMI UPEP). SJSRY is being implemented through the state/union-territory governments and is funded on a 75:25 basis between the centre and the states. This programme consists of two major components namely, the Urban Self-Employment Programme and the Urban Wage Employment Programme.

The SJSRY has three very distinct parts. The first deals with providing gainful employment opportunities to the urban poor. The second part deals with the provision of employment opportunities to women. The third aims to expand employment opportunities through provision of skill enhancement courses. This programme is applicable in all urban towns in India, though it especially focuses on women from the Scheduled Castes, Scheduled Tribes and economically backward groups in society.

Kolkata

Kolkata, the capital of West Bengal, is located in the north-eastern part of India. It is situated on the west banks of the river Hooghly. It is one of the metropolitan cities of India and is the seventh largest in terms of area and population¹. Kolkata is the main business, commercial and financial hub of eastern India and the north-eastern states. It is home to the Calcutta Stock Exchange - India's second-largest bourse and many industrial units operated by large Indian corporations with products ranging from electronics to jute. Some notable companies headquartered in Kolkata include ITC Limited, Bata India, Birla Corporation, Coal India Limited, Damodar Valley Corporation, United Bank of India, UCO Bank and Allahabad Bank.

¹<https://www.kmcgov.in/KMCPortal/jsp/KolkataStatistics.jsp>

Not surprisingly, it also has a large hawker population. Street vendors in Kolkata have had an unfortunate past. Following the infamous Operation Sunshine in 1997 that was jointly undertaken by the KMC and Kolkata Police, vendors were under constant threat of eviction. However interestingly, the number of hawkers in Kolkata has continuously risen and the civic authorities are finding it increasingly difficult to contain their escalation. The last eviction in Gariahat took place in early 2010.

Apart from the traditional hawking areas in Gariahat, Hatibagan, areas, in the last five years or so, hawkers have been trying to encroach areas like Park Street, New Park Street, Sarat Bose Road, Rashbehari Avenue. The government is, therefore, all the more anxious to control their rising numbers and preventing them from expanding their areas of operation.

The West Bengal government has recently taken up the task of implementing the National Hawker Policy across the state. The final draft of the West Bengal URBAN Street Vendor Policy clearly outlines the objectives, intent and key features as well as the proposed institutional framework for implementing the policy. The work has begun with the drawing up of the list of hawkers in the city by using digital technology for the issuance of photo identity cards. However the work temporarily slowed down reportedly due to a change of power in the state.

The civic authorities clearly point out that till now all that has been done for the hawkers is the issue of identity cards. The question of formal credit accessibility is to be taken up in near future. According to the Secretary of the Kolkata Street Hawkers Union, Barun Ghatak, once the hawkers have identity cards and their activities are formally recognised by the issuance of business licenses, the problems concerning their credit accessibility will ease. The banks will be encouraged to lend money to the hawkers once they are satisfied with their repayment capacities.

Government Responses

There is at present, no employment or social security programme that is targeted solely at street vendors, though the SJSRY programme tries to address the matter to some extent; and many vendors have come to benefit from it. The list of beneficiaries includes women under the BPL category who have taken loans from the Thrift and Credit Societies formed under the direction of the SJSRY programme.

The work of SJSRY under the KMC has gained momentum since 2005. The programme shot off with the formation of 1100 Neighbourhood Groups (NHGs), 800 Thrift and Credit Societies and 44 Neighbourhood Committees (NHCs).

The NHGs comprise 10-12 women of the BPL category. Each NHG has an account with a nationalised bank, a secretary, president and cashier. Each NHG member has to deposit Rs 30 to the group every month for six consecutive months. After six months, loans are applied for by the members within the group and these loans are advanced only to those who have a genuine purpose for taking these loans, i.e. for income generation and/or accidental purposes. The interest rate is a nominal 2 per cent for 10 months. When the NHG is almost a year old, revolving money amounting to Rs 1000 (in the name of each member) is given to it.

The programmes aim at imparting vocational skills to the members with a view to making them economically independent. Under the UWEP, after the training programme ends, members are given individual loans of up to Rs 2 lakh for business purposes and subsidies of up to 25 per cent are awarded to them. In addition to individual loans, group loans of up to Rs 3 lakh and subsidies of 35 per cent are given.

Women from the groups are also encouraged to work as community organisers, with the incentive that an efficient community organiser may avail of micro-credit facilities. The programme which was popularly known as the Development of Women and Children in Urban Areas (DWCUA) under the SJSRY which advanced loans of up to Rs 5 lakh with subsidies amounting to 50 per cent to the NHG (subject to the condition of having at least 10 men in the concerned NHG) has now broken down to the UWEP, where the group loan amount has fallen to Rs 3 lakh, with the subsidy being 35 per cent and subject to the condition of having at least five men in the NHG. An important point about these NHGs is that the members are automatically licensed to take up vending in their areas and cannot be evicted by the KMC since they are registered under the SJSRY programme. The social security programmes which have been constituted under the SJSRY initiatives by the KMC, target the women of the BPL category with an aim to make them economically independent through the generation of income opportunities.

Ranchi

Ranchi, the capital of Jharkhand, is located in the Chhotanagpur plateau. Situated on southern

part of the Chhotanagpur plateau, Ranchi forms the eastern edge of the Deccan plateau. The area surrounding Ranchi has been endowed with natural attractions and it is referred to as the “City of Waterfalls”.

The city witnessed a sudden surge in population after the declaration of the new state of Jharkhand in 2000. The population of the city has grown from 5.99 to 8.46 lakh during 1991-2001 recording a 41 per cent decadal growth rate. The growth rate has been varying during the past decades. About one-fourth of the total population belongs to Scheduled Caste/Scheduled Tribe category. About one-third of the population is classified as urban poor. One-third of the households live in slums. These are essentially tribal villages engulfed by urban development.

Ranchi has been an important commercial, administrative and educational centre of the region. The city mainly thrives on tertiary activities. The district has 540 industrial units in close proximity to the city, contributing to the city economy. These units are mainly general engineering, foundry, electrical, steel casting, electronics, chemical, refractory, etc. Owing to the rising employment opportunities and opening of numerous regional and state-level offices, banks, and marketing companies, the city witnessed an influx of migrants.

There are approximately 12000 street vendors in Ranchi’s urban areas. However, it is estimated from various records of trade unions and other sources that there are 35,000 street vendors in Ranchi and therefore, the total number of street vendors is around 3.5 per cent of the total populations. There is no scheme as such that is run by the Ranchi Municipal Corporation (RMC) for the street vendors. However, a few vendors have been benefited from the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) schemes under SJSRY (Mayor, RMC, 2011).

Government Responses

RMC has the provision to provide licenses to mobile vendors who use carts for vending activities. RMC has issued a few licenses to cart vendors through the Streets India Organisation (SIO). The licences are provided for one year that can be renewed after a year. The SIO forwarded an application that would enable vendors to operate in RMC areas. After that RMC came forward and provided vendors with space. Very few vendors have been benefited and only the vendors who were associated with the SIO have been issued licences

(Streets India Organisation, 2011).

The response towards street vendors has been positive after the unions have pressured the municipal authorities. After the anti-encroachment drive, the RMC proposed to build new complex and also promised to provide space to the vendors. The RMC selected the following sites for the construction of market complexes. The areas are: Old Taxi Stand, Bakri Bazaar, Upper Bazaar, S.K. Sahai Daily Market, Jaipal Singh Stadium, Naga Baba Khatal.

The work is in progress in four of the selected sites. The RMC plans to build a market based on 'Palika Bazaar' model. After the development of the market the vendors will also be provided place for vending (CEO, RMC, 2011). The RMC also conducted a survey of street vendors but covered only three streets which are as follows:

Table 2.2: Street Vendors under RMC

Name of the Road	No. of Street Vendors
Kutchery Chowk to Overbridge	1212
Kutchery Chowk to Lalpur Distillery Bridge	442
Lalpur to Kantatoli Chowk	7
Total	1731

(Source: Bazaar Section, RMC)

Ranchi is governed by the Ranchi Municipal Corporation Act of 1959 while the other Urban Local Bodies (ULBs) are governed by the Bihar Municipal Act of 1922. The Jharkhand Municipal Bill is pending. The Department of Urban Development looks after the various schemes which are funded proportionally by the Central government. As of now only Ranchi, Dhanbad and Jamshedpur are covered under JNNURM scheme. In addition some Central funding is available through Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), Integrated Housing and Slum Development Programme (IHDSPP), Basic Services to Urban Poor (BSUP), SJSRY, NRCP, NLCP, NUIS and ILCS (Transforming Jharkhand—The Agenda For Action, Report of the CM Committee for the development of Jharkhand, 7 April, 2011).

Schemes which have Indirectly Benefited the Vendors

These schemes which have indirectly benefited the vendors are the SJSRY and the BSUP.

Under the SJSRY there are five main schemes which are running in Ranchi's urban areas.

These schemes are:

- Urban Self Employment Program (USEP)
- Urban Women Self Help Program (UWSHP)
- Wage Employment Program (WEP)
- Step-Up Program (SUP)
- Urban Community Development Program (UCDP)

Among these programs one program, the USEP have benefited the urban poor.

Urban Self Employment Program

A loan of up to Rs 200,000 is provided to the urban poor, especially the below poverty line households, under this program. The only eligibility criterion being that the applicant be a Ranchi of resident for a minimum period of three years. The government provides 25 per cent subsidy under this scheme. The minimum amount is not fixed and depends on the borrowers. The urban poor who live below the poverty line can apply directly to the SJSRY Cell or through their wards. After scrutiny by the cell the forms are forwarded to the banks for loans. During the last one year 104 applications were sent by the cell to the nationalised banks. Of the 104 applicants, 16 were granted loans, 17 were rejected and there was no response for the remaining forms. After the loans are disbursed, a six-month moratorium is provided to the customers. After the completion of the six-month period the repayment starts as per bank guidelines. The repayment period is between three and five years. This program has certainly benefited few vendors who are operating in the Ranchi region.

Urban Women Self Help Program

Under this program the SHGs are provided loans through the banks. This SHG requires a minimum of five members to have BPL cards. Men can also be members of this group. The government provides subsidies of up to 35 per cent towards the loan amount. However, this scheme has not been much successful, nor have the remaining three programs (JNNURM Cell, RMC, 2011).

The main hurdles faced by the cell to implement the programs are:

The banks need guarantors for heavy loans as well as additional information needed for mandatory compliance with Know Your Customer (KYC) norms. Very few banks have

shown positive intent towards such government schemes. For instance, the State Bank of India (SBI) has a separate cell for such schemes and sanctioning of loans.

The Urban BPL Survey is yet to be finalised and unless the final list of BPL holders is released, banks will have difficulty sanctioning loans. Besides, there is no proper identification list for the cell nor for the banks.

Furthermore, banks are reluctant to sanction loans to those people who are from encroached areas. The recent anti-encroachment drive has aroused concern among the banks and adversely affecting the sanctioning of loans.

Bhubaneswar

Bhubaneswar, the largest city is capital of Orissa. Due to the large number of temples it is also referred to as 'Temple City of India'. The city lies on the eastern coastal belt of India. It is an important Hindu pilgrimage centre. Along with the holy city of Puri and the land of the sun temple, Konark, Bhubaneswar forms the apex of the famous 'Golden Triangle', one of the most important tourist and pilgrimage destinations in India. The city attracts a tourist population of 3.8 lakh annually.

The major economic activities of the city are trade and commerce, tourism and industry along with associated administrative and educational activities. Declaration of Bhubaneswar as an electronic city has helped to attract non-polluting Information Technology-based establishments. (District Statistical Handbook Khurda 2001, Urban Environment Statement (Urb-ENVIS) Bhubaneswar, April). Bhubaneswar is famous for the production of various handicraft items like zari work, stone inlay, marble crafts, silver filigree and carpet craft. Stone inlay and appliqué are world famous.

Government initiatives for Street Vendors

The Bhubaneswar Municipal Corporation has set up 43 vending zones in the city rehabilitating 1599 street vendors. The corporation is now in the process of regularising and relocating the vendors to the neighbourhood market complex which it proposes to set up in each of the 60 wards. Land has been identified and proposals submitted to the Government in the General Administration Department for alienation in respect of 57 wards, of which 28 proposals are under process for obtaining government approval.

There are no schemes that have been primarily targeted towards the financial accessibility of the street vendors in Bhubaneswar. Some work has been done towards the construction of vending zones so that vendors can conduct their business in a more “structured way”. They have, to some extent benefitted by the schemes which the state promotes for the welfare of the urban poor.

The SJSRY programme has benefitted some vendors. The Urban Self Employment Programme (USEP – loan and subsidy) in which in addition to a Rs 2 lakh loan, a subsidy amount of Rs 50,000 is given. Again the USEP also covers programmes related to training on different employment generation programmes like hatcheries, or goat-rearing or mushroom-farming and the like). The urban poor at large have also benefitted from the Urban Wage Employment Programme (road and construction). Women have benefitted from the DWCUA programme and the organisation of thrift and credit societies.

The social security measures that have indirectly benefitted the vendors include the provision of the Public Distribution System (PDS) for BPL families. Along with this, there are schemes like the Antodaya Anna Yojana (AAY) and Arnnapurna Yojana. For senior members they have constituted the National Old Age Pension Scheme and the Madhubabu Pension Yojana and the National Family Benefit Scheme (NFBS).

Patna

Patna, the largest town, is the capital of Bihar. Located on the southern bank of the river Ganga, it is well connected by rail and road. Patna is the main administrative and educational centre of Bihar, though it has a few ancient sacred places as well as places of tourist interest. While Hindi and Urdu are the official languages in the state, the local dialect Maghi is also very widely spoken. Among the 38 districts of Bihar, Patna, Munger and Begusarai were the three most prosperous districts (The Financial Express, 9 July 2011).

Patna has long been a major centre of trade in agricultural products. It is most active exports being grain, sugarcane, sesame, and medium-grained Patna rice. It is also an important business centre of eastern India. The hinterland of Patna is endowed with excellent agro-climatic resources and the gains of the green revolution have enabled the older eastern part of Patna (locally called as Patna City) to develop as a leading grain market of Bihar, and one of the biggest in eastern India. Patna has emerged as a big and rapidly expanding consumer

market, both for Fast Moving Consumer Goods (FMCG), as well as for other consumer durable items. A large and growing population and expanding boundaries of the city is spurring the growth of the service sector².

Government Initiatives

Issues concerning street vendors in Patna have constantly been in focus and the city has seen extreme agitations and political movements in recent times. The State Level Convention on Street Vending jointly organised by the Centre for Civil Society, Nidan and NASVI on 20 January 2011 (Street Vendors' Day). The civic administration actively participated along with 3000 street vendors across the state. The agenda was to find the street vendors better means to survive and continue with their business activities. NASVI has been actively involved in staging protests and demonstrations against the government's indifferent attitude towards the vendors' causes. Sections 276 and 291 of Bihar Municipal Corporation Act grant licence right to vendors. Hence NASVI points out, that the government must find ways and means to regulate hawker business rather than trying to eliminate them. Astonishing facts as found in the study conducted in Patna along with seven other cities in 2002 suggest that Bihar bestows the right upon the police to arrest street vendors. (articles.timesofindia.indiatimes.com)

The National Democratic Alliance (NDA) government had promised to promote integrated urban development and law for the street vendors in the state but it was false propaganda. The UPA President-led National Advisory Council endorsed NASVI's demand for a central law for the street vendors. However, nothing has been done till date. As NASVI national coordinator Arbind Singh points out, "We tried a number of times to convince and influence the Bihar government to address the critical issues faced by street vendors, such as livelihood insecurity, forced eviction, harassment and torture by municipal authorities and police, through strict implementation of the mandates of National Policy for Street Vendors and enactment of law, but no follow-up action has been taken" (TOI, 27 May 2011).

As far as the employment programme or social security programmes are concerned, there is an SJSRY programme in Patna but street vendors are not in any way directly benefitting from it. There are many social welfare programmes listed in the Patna Municipal Corporation (PMC) documents have not been implemented. In the Patna city, PMC tried to provide

²http://www.experiencefestival.com/a/Patna_Economy/id/597322

identity cards (ID cards) to the street vendors in some areas to prevent local leaders from collecting money from them illegally. In addition, PMC has tried to legalise space for vending. The ID cards issued by the PMC in the Budha Market area have not been renewed for the last six months.

Guwahati

Guwahati lies in the south- eastern part of Kamrup district. It is surrounded by Nalbari district in the north, Darrang and Marigaon districts in the east, the state of Meghalaya in the south and Goalpara and Barpeta districts in the west. Guwahati Municipal Corporation covers an area of 216 square km and Guwahati Metropolitan Development Authority covers an area of 340 square km.

According to International Institute for Environmental and Development, Guwahati is among the first 100 fastest growing cities the world and is the fifth largest growing Indian city. The major components of Guwahati's urban structure are Pan Bazaar, Paltan Bazaar, Fansi Bazaar and Ujan Bazaar. Located on the banks of the Brahmaputra River, it is the most important trade hub and the largest commercial, industrial and educational centre of the north-eastern region.

It is a major wholesale distribution centre, a marketing and retailing hub. Thousands of people are continuously migrating to Guwahati from different regions in search of income generating activities and better livelihood. The other reasons for migrating are family connections, marriage and education to name a few. Almost 25 per cent of the total population of Guwahati comprises migrants. Among them, a large number of people belonging to poor section have engaged themselves as street vendors for survival. Male street vendors from the busy central areas of the city like Fancy Bazaar, Paltan Bazar, Machkhowa, Ganeshguri, Bhanhagarh etc. are seen to borrow mainly from friends, relatives and from other informal agencies. Their income level is high. The MFIs dominate the other parts of the city. Apart from money lenders, banks and micro-finance institutions work towards providing credit to the street vendors.

Government Responses

Though there is a national policy for the protection of livelihood rights of the urban street vendors, conditions are yet to improve. The Society for Social Transformation and

Environment Protection (SSTEP) has been demanding that the government address the grievances of the street vendors as per the national policy. The SSTEP has also organised the vendors into an association to voice their rights.

The Guwahati Municipal Corporation (GMC), inspired by the vending zone success story in Bhubaneswar, has decided to build similar zones in the city. According to them, the setting up of vending zones would not only bring discipline to the business of the vendors but also free the pavements and roads from encroachment³.

Vijaywada

Vijaywada, also known as Bezawada, is located on the northern banks of the river Krishna in Andhra Pradesh. Situated, at a distance of 257 kms from Hyderabad, it is bounded by the Indrakiladri Hills on the west and Budameru River on the north and river Krishna on the south. It is the third largest city in Andhra Pradesh. The Vijayawada urban agglomeration consists of areas under the Vijayawada Municipal Corporation (VMC), Mangalagiri municipality, gram panchayats and outgrowths of Kanuru, Prasadampadu, Ramavarappadu, Yenamalakuduru and Tadepalli⁴. Its location has been of great significance insofar as the export of agriculture produce and a base of settlement for the rich peasants of coastal Andhra Pradesh, especially of the Krishna delta⁵ is concerned. It acts as a major commercial centre to a host of wholesale and retail activities in consumer goods, textiles, automobiles, industrial products etc. It is also a major trading hub, where Virginia Tobacco, cotton and turmeric are processed.

Govt Initiatives

The town planning wing identified and earmarked the places for those street vendors who were registered with the Corporation. As a pilot project, the VMC took up the registration of street vendors of Besant Road and issued identity cards to them. The bankers have agreed to sanction loans to those street vendors and applications have been issued. The vendors could repay the loans in easy instalments either fortnightly or weekly. Loans would be sanctioned under the SJSRY scheme. The beneficiaries would be given a subsidy of Rs 5,000 out of a total assistance of Rs 20,000. The bank loan would be Rs 14,000, with Rs 1,000 as

³<http://www.telegraphindia.com>, www.assamtribune.com

⁴<http://www.ourvmc.org/jnnurm/ch2.pdf>

⁵http://ietd.inflibnet.ac.in/bitstream/10603/1616/10/10_chapter2.pdf

beneficiary contribution. The objective of the loan was to help the vendors, who were borrowing cash at heavy rate of interest.

Earlier, the officials explained that the scheme was aimed at protecting livelihoods and regulating the street vendors. Granting and renewing registration certificates, issuing identity cards to person's above 18 years of age and earmarking vendor zones in master and zonal plans were some of the features. The VMC has identified Besant Road, Canal Road, Rythu Bazar Lane (from Bandar Road to Vijaya Talkies) and Indira Gandhi Municipal Stadium half circle as major places for implementation of the programme. The vendors would be organised into groups and credit facility through banks would be provided to them. The measures include:

- Extension of SJSRY to the Street Vendors – Provision of Rs 20,000 loan (5000 Subsidy, 14000 with 8.5 per cent interest and Rs 1000 Beneficiary Contribution)
- DWACUA – Development of women and children in urban areas – Under this programme street vendor woman also have access to formal credit.
- Municipality negotiated with many banks to give loans to street vendors.

Mumbai

Considered the financial capital of India, Mumbai is the capital of Maharashtra.. It is located on the western coast of India facing the Arabian Sea. Mumbai is referred to as an island city because it is a cluster of seven islands, and it got its name from Mumbadevi (the goddess of the Koli fisherfolk). Three small rivers run within the periphery of the island city and its coastline is dotted with numerous creeks and bays On the east is Salsette Island, an area infested with mangroves, while the west is generally sandy and rocky. Mumbai is at sea level with its average elevation ranging from 10 to 15 meters. Mumbai is located along the Ulhas river on the western coast of the 'Konkan' region of India just south of the Tropic of Cancer. The Island City is divided into two different regions, one the city itself and the other its suburbs.

Once a textile manufacturing hub, the city's socio-economic structure has witnessed a sea change due to a paradigm shift in business activities – a switch from 'manufacturing activities' to 'services'. This has resulted with a dramatic change in employment opportunities and job profiles in virtually every sector. Some of these sectors are financial,

construction, tourism, information technology (IT), telecommunications, , entertainment, and automobile garages, which is expected to provide huge employment opportunities, both direct and indirect, over the next five years. However, a bulk of the new jobs has been generated in the informal sector⁶.

Bhopal

Bhopal is the capital of Madhya Pradesh in central India. The city of Bhopal is divided into two parts—the old city and the new city. Old Bhopal is in the north while and the new city is towards the south. The old part of Bhopal has a predominant Muslim population and the major languages include Hindi, Urdu, English and Marathi. Bhopal is also known as the city of lakes. It has 66 wards. That apart, Bhopal houses a large number of industries including those that specialise in electrical goods, cotton, chemicals and jewellery, handicrafts etc. Bhimbetka, Bhojpur, Islam Nagar, Samasgarh and Manua Bhan Ki Tekri are the city's tourist hotspots.

Govt. Initiatives for street vendors:

Mukhya Mantri Rikshaw Chalak Evam Hatthela Kalayan Kari Yojana 2009

This government scheme is mainly focussed on welfare measures:

- Registration and issuance of identity cards for street vendors
- Financial assistance to mobile vendors
- Financial assistance of Rs 1000 to the pregnant street women
- Financial assistance for vendors' marriages
- Medical assistance to street vendors
- Janshree Bhima Yojna
- SJSRY

Street Vendors Trade Union

Street vendors are not yet organised properly in the city of Bhopal, though some unions are very active when it comes to welfare activities of street vendors. They also provide financial assistance to its members. One of the trade unions provides financial assistance to vendors in special cases, like marriages, educational support to children, medical emergency assistance and also supports the start of new businesses. This trade union collects the money from street vendors on daily saving basis and distributes the same to the needy people at a nominal rate

⁶http://planningcommission.nic.in/reports/sereport/ser/stdy_empgen.pdf

of interest.

Hyderabad

The fifth largest city in India, Hyderabad which is the capital of Andhra Pradesh is known as the country's IT hub. Situated in the Deccan Plateau, flanked by hills and rocky terrain, the city's natural landscape is fast eroding, giving way to urban sprawls. Hyderabad is also famous for its educational hub consisting of IT parks and engineering colleges. The city is the foremost destination for the Microsoft Development Centre in India. The growth of Hyderabad's economy is largely due to its software services. The city is sometimes referred to as "Cyberabad" owing to the presence of large numbers of IT firms in the city. The state's industrial policy is very liberal thereby encouraging huge investments in sectors like IT, biotechnology and pharmaceuticals, though traditional sectors such as textiles, leather, minerals, and food processing harmoniously co-exist.

The fusion of Islamic and Hindu traditions is a hallmark of Hyderabadi culture. Urdu, Telugu and English are the most commonly spoken languages there.

Government Responses

The Draft of the Andhra Pradesh Street Vendors' Bill 2011 will come into action soon. The draft is a modification of the 2004 National Urban Street Vendor Policy, which consisted of parameters like demarcation of zones, constitution of Town Vending Committees (TVCs) and the registration of street vendors. However, the static vendors were excluded from the policy, warranting that the policy needed to be modified. Subsequent to the 2009 policy, where a survey conducted by YUVA found that a vending zone can be demarcated taking into consideration the natural market. A natural market is an area becomes a vending area automatically.

The main provisions in the draft are the issuance of identity cards for the demarcation of vending zones, formation of a Town Vending Committee (TVC) and specifying the role of urban bodies contributing to the TVC.

They are planning to provide identity cards to vendors above the age of 18. Also, the photograph on the identity card should be a family photograph with spouses and children above 14 years of age. This implies that, in the absence of the parents, the child who is 14

years and above can also vend.

The Zonal/ Town Vending Committee shall demarcate vending zones and holding capacity as prescribed. As mentioned earlier the demarcations of the vending zones are not yet formalised. Three out of two zones will have vending privileges, i.e, the vending zone and the natural vending zone. Vendors will be penalised for operating in the no vending zone or the red zone.

In addition to the draft for vendors, the financial aspect is also been considered, where they plan to form a Common Interest Group for street vendors. The interest group can be formed on the basis of vending activity or common location shared by a group of vendors. In an interview a Director (Mr Ernest Leslie) at Mission for Elimination of Poverty in Municipal Areas (MEPMA) stated that: “aim of forming the Common Interest Group is not to portray a group formed for monetary benefits”. However the financial wing of MEPMA plans to provide financial aid at a nominal rate of interest. As an example, in a district called Sircilla, provisions for debt swapping were made to the poor by MEPMA. In such a case, the person who has availed loans from various MFIs and SHGs could take a loan from the bank for the same amount and repay the debt. This initiative was taken so as to reduce the suicide rates by people due to high debt accumulated as a result of several loans taken simultaneously from various non-bank sources, thereby converting several loans into one loan with a lower rate of interest, called debt swapping. By forming a Common Interest Group, MEPMA is perhaps planning to follow the Grameen Model of lending.

Social Security Measures

In the course of the study, it has been observed that the Andhra Pradesh civic authority has taken keen interest in the uplift of the urban poor. An aftermath was the formation of MEPMA in the year 2007, with a mission to improve the quality of life of poor people (30 lakh) of Andhra Pradesh. It is headed by the Chief Minister as the Chairman, and also includes departments such as, Rural Development, Women and Child Development, Finance Department, Municipal Administration.

The policies formulated by MEPMA are in general aimed at alleviation of poverty. The MEPMA has various schemes for:

- a. The Draft Andhra Pradesh Property Rights to Slum Dwellers Act 2011 aims to make Andhra Pradesh a slum-free state where housing facilities will be given to the slum dwellers.
- b. The Draft of the Andhra Pradesh Street Vendors' Bill 2011 has been formulated by MEPMA that caters to the well-being of the street vendors of Andhra Pradesh.

Delhi

Delhi is the capital of India. The river Yamuna and lower reaches of the Aravalli Mountains are the two main geographical features of the city. Delhi borders the three states of Haryana, Uttar Pradesh and Rajasthan. The city is divided into several zones—north-west, north, north-east, east, New Delhi, central, west, south and south-west. (Economic Survey of Delhi, 2005-06, Chapter 1). The city presents vast employment opportunities attracting people from all over the country. This has turned Delhi into a hub of culture, festivals and religion. There are four major languages spoken in Delhi which are English, Hindi, Punjabi and Urdu.

Government Responses

The urban poor in Delhi have few programmes benefitting them. Only recently the Delhi government rolled out some plans for them. The programmes include those covered by the SJSRY of the central government. Some of the vendors have benefitted from Urban Housing/RAY program. In addition, street vendors have also been benefitted from the Workers Welfare Board set up in similar fashion in states like Tamil Nadu. NASVI campaigned vigorously to extend the Rashtriya Swasthya Bima Yojna (RSBY) to the street vendors. Besides, it also motivates its member organisations to spread awareness among street vendors, particularly food vendors to avail benefits from the scheme of “Up gradation of Quality of Street Food”. NASVI members at a few places have availed micro-finance for the food kiosks. Since the main stakeholders involved in the implementation of the scheme also include vendors and their associations, NASVI sees to it that the regulatory provisions under the scheme must not be used arbitrarily against poor food vendors. Street vendors in the city have also benefitted from health programmes like DOT. A good number of women vendors have also availed benefits of the Janani Suraksha Yojna (JSY) in several areas.

Bengaluru

Bengaluru or Bangalore is the capital of Karnataka. Bengaluru is located on the Deccan

Plateau in the south-eastern part of Karnataka⁷. Bengaluru is divided into three districts, namely Bengaluru North, Bengaluru South and Anekal. The city is home to some well-recognised colleges and research institutions in India. Many public sector heavy industries, software companies, BPOs, aerospace, telecommunications, and defence organisations are located in the city, which is also known as the Silicon Valley of India because of its position as the nation's leading IT exporter. The population of Bengaluru stands at 5.69 million. Kannadigas form majority of the population. In addition, Bengaluru attracts an equal number of immigrants both from across the state, and from across the country. It is home to around 2 million immigrants born in Tamil Nadu, Andhra Pradesh, Kerala, Rajasthan and Maharashtra.

The growth of IT has presented the city with unique challenges. The encouragement of high-tech industry, for example, has not favoured local employment development, but has, instead, increased land values and forced out small enterprise.

The city underwent extraordinary growth post 1971 according to the 2001 Census. In more recent times, following the expansion of jurisdiction of the Bengaluru Mahanagara Palike (BMP) to constitute Bruhat Bengaluru Mahanagara Palike (BBMP) in 2007, the estimated population is around 8 million. The number of street vendors is estimated to be around 1 lakh or approximate 1.4 per cent of the total population.

Bruhut Bengaluru Mahanagara Palike (BBMP)

The BBMP initiative for the urban poor follows a scheme for SC/ST development, including credit facility. But the scheme has not materialised. The BBMP has not found a credible source of data regarding street vendors separately, since the inclusion of the urban poor is treated as a collective issue of occupations engaged by low income groups within the population.

Lucknow

Lucknow is the capital of Uttar Pradesh which lies along the banks of the river Gomti. It is situated along the northern Gangetic plains of India. Lucknow is surrounded by rural towns and villages like the orchard town of Malihabad, historic Kakori, Mohanlal Ganj, Gosainganj, Chinhat, Itaunja. On its east lies Barabanki district, in the west Unnao district, in the south

⁷<http://www.bengaloorutourism.com/city-information.php>

Raebareli District, and in the north Sitapur and Hardoi districts. The Gomti River, meanders through the city, dividing it into the Trans-Gomti and Cis-Gomti regions. Lucknow is located in the seismic zone III⁸.

Government responses

In July 2011, the Lucknow Municipal Corporation (LMC) came up with a policy to setting up vending zones in the city as envisaged in the JNNURM project. However the vendors in Lucknow are yet to respond to the programme by registering themselves. (timesofindia.indiatimes.com)

Jaipur

Jaipur is the capital of Rajasthan. The Jaipur region/Jaipur Development Authority (JDA) area is 1464 sq. km and comprises the following spatial units.

- a. The Jaipur Municipal Corporation (JMC) that includes the walled city and the rest of JMC.
- b. Rest of JDA area that includes satellite towns and the villages⁹.

The city is divided into eight geographical zones comprising 77 wards. Jaipur is surrounded by the Nahargarh hills in the north and Jhalana in the east, which is a part of Aravalli range. To the south and the west of the city are also prevailing hillocks but they are isolated and discontinuous in formation. The southern end of the city is open and stretches towards Sanganer and beyond.

Jaipur ranks first in the state with the highest urban population. According to the JMC, 87 per cent of the total population lives in the JMC area, of which 7 per cent lives in the walled city. The population growth rate in JMC area has increased partly due to migration and partly due to expansion. The number of migrants was 27 per cent in 2001. According to the 2001 Census the migrants from urban area increased to 53.4 per cent and share of rural migrants decreased to 46.6 per cent.

The main reasons for migration to the city have been employment, marriage and members moving along with the households which include mostly the aged, the female members,

⁸ <http://lucknow.me/geography.html>

⁹ <http://www.jaipurmc.org/PDF/02-Chapter-2.pdf>

children and domestic help. Employment accounts for nearly one-fourth of the total number of migrants in Jaipur. The second important reason for migration is marriage. Business and education bring only small number of people to Jaipur. Rajputs are main caste groups in the area and in the city both Hindus and Muslims are Rajputs. Among the various clans, the Meenas and Kachawas are predominant.

Government Responses

The government of Rajasthan passed the national policy on street vendors in 1997 for implementation. The JMC has started issuing identification cards to all street vendors in the city. For issuing the identity cards, government initiated a drive, issuing forms to all vendors and announcing a cut off date by which time the completed forms had to be submitted to the authorities. Sewa has been doing a commendable job to extend social security coverage under the Vishwakarma Pension Scheme which was initiated in Jaipur in 2008 (SEWA, Rajasthan).

Kanpur

Kanpur is situated on the banks of river Ganga. Located in central Uttar Pradesh, it is surrounded by the two main rivers of India, the Ganges in the northeast and the Pandu River (Yamuna) in the south. The districts surrounding Kanpur are Hamirpur in the south and Unnao in the north-east. The arid region of Bundelkhand lies just south of Kanpur. Kanpur district along with Kanpur Dehat district lies between the fertile Doab region of Ganga and Yamuna rivers. The river Yamuna marks the boundary between Avadh and Bundelkhand. It is not only one of the most important industrial centres of north India, but also biggest city of Uttar Pradesh. There are 67 wards in the inner old city area and 43 wards in the outer city area. (Kanpur Nagar Nigam, 2006) (Kanpur City Development Plan under JNNURM) Kanpur is famous for its leather products.

Kanpur is one of the biggest producers of textile and leather products which are exported in bulk (Primary Census Abstract, Part II B, Census of India 1991, Primary Census Abstract, Series 10, Volume 1, Census of India, 2001). English and Hindi are the major spoken languages.

Unfortunately during the past a number of factories have been closed down leading to mass unemployment. The city's architectural and industrial heritage has not been obliterated completely, because some buildings in the old city have remnants of its glorious past. Kanpur nonetheless remains a vibrant city with overpopulated streets and chaotic traffic. Kanpur's

dwindling economy is dependent on the thriving trade of street vending.

Government Responses

There are no such schemes that especially cater to the vendors. When the vendors' policy was first instituted, it failed miserably due to a lack of awareness among the corporation and vendors alike. Presently, the corporation is considering rehabilitating the vendors, with the formation of vending zones, there is no scheme in sight.

Ahmedabad

Ahmedabad is the largest city of Gujarat which is situated in the western region of India on the bank of Sabarmati River. Popularly called Manchester of India, due to its thriving textile industry, the city is surrounded by the smaller towns of Dani Limda, Naroda, Odhav, Ranip, Sahijpur Bogha and Sardarnagar. It is widely known for its various institutions including the Gandhi Ashram, Sardar Patel Smarak Bhavan, Indian Institute of Management (IIM), Ahmedabad Textile Industries Research Association (ATIRA), Indian Space Research Organization (ISRO), Community Science Centre, National Institute of Design, Gujarat Chamber of Commerce and Industries and Ahmedabad Management Association (AMA)¹⁰.

The GDP of Ahmedabad was 59 billion USD in 2010. The Government has started a program to attract more foreign investment. Gujarat is the fastest growing state in India at present. A diverse labour force of migrant workers from different parts of Gujarat and neighbouring states is integral to the economy of the city. These workers provide vital household labour and services for the city's large middle class.

Government Responses

In February, 2010, the Ahmedabad Municipal Corporation's (AMC) standing committee sanctioned the urban street vendor policy for Ahmedabad by the Centre for Environment Planning and Technology (CEPT). The report notes that there will be four committees – town vending committee, monitoring committee, local area committee and ward level vending committee. There will be timely inspection and it will be the committee's responsibility ensure the smooth implementation of the policy. CEPT has proposed to divide the city into three zones: green, red and amber. In the green zone, vendors can do business without license in the residential areas where roads are less than 15m wide. In the amber zone, vendors can

¹⁰http://www.amcgujarat.com/amc_web/ahd/ah_city.aspx

do business in designated areas with less than 15m wide roads for three hours in morning and evening each. Red zones will not have any vendor activity. Areas which have more than 30m wide roads fall in the red zone. CEPT has also proposed a green vending market, where an informal market with no restriction on vendor activity be developed.

The Ahmedabad Municipal Corporation (AMC) has finally begun the work of organising street vendors. After dragging its feet over the implementation of the national street vendor policy, the AMC is now setting in motion the work of counting the number of street vendors in the city. To get an idea about how to plan the hawkers' zone in various areas, the AMC has invited expression of interest to carry out a survey of the total number of hawkers in the city. Results of the survey will help in defining a better strategy and provide details to the civic body for the same¹¹.

Socio-economic background of the respondents in 15 cities

Marital status

The percentage of married is the highest among the vendors at nearly 85 per cent, followed by 7 per cent who are widowed. The unmarried vendors comprise 6 per cent, the separated ones constitute 1 per cent, while vendors who are divorced constitute 0.3 per cent. The percentage of widowed female vendors is much higher and so is the percentage of separated females. The percentage of unmarried male vendors is higher when compared to their female counterparts.

Table 2.3: Marital Status and Gender-wise Cross tabulation

	Gender		Total
	Female	Male	
Divorced	1 (0.3)	0 (0)	1 (0.1)
Married	289 (84.0)	341 (85.5)	630 (84.8)
Separated	8 (2.3)	5 (1.5)	13 (1.7)
Unmarried	8 (2.3)	38 (9.0)	46 (5.9)
Widow	38 (11.0)	15 (3.8)	53 (7.1)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Religious Status

The vendors are mainly the Hindu, Muslim and Christian communities. Though the majority

¹¹<http://www.infoahmedabad.com>

of vendors are Hindus, this is followed by Muslims and Christians. The number of women vendors who are Christian is much higher, whereas the obverse is true among male Hindu and Muslim vendors.

Table 2.4: Religion and Gender-wise Cross Tabulation

	Gender		Total
	Female	Male	
Christian	10 (2.9)	3 (0.8)	13 (1.7)
Hindu	263 (76.5)	314 (78.7)	577 (77.7)
Muslim	71 (20.6)	82 (20.6)	153 (20.6)
	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Of the 743 vendors in the present study, nearly 32 per cent are completely illiterate. Eighteen per cent are only able to sign their names. Twenty percent have been educated up to the primary level. Fourteen per cent reached the upper primary level. The percentage of population able to reach the secondary, higher secondary, graduate and post-graduate levels are 8 per cent, 5 per cent, 1 per cent and 0.3 per cent respectively. As the level of education rises, the percentage of vendors steadily declines. Therefore it is hardly surprising that they fail to understand the documentation involved in bank loans. The educational attainment is higher among male vendors than their female counterparts. The percentage of illiterates is higher among the females. Further the percentage of males who have completed the primary, upper primary, secondary, higher secondary, graduate levels of study are also consistently higher. There is however one-post graduate female vendor.

Table 2.5: Educational Level and Gender-wise Cross tabulation

	Gender		Total
	Female	Male	
Secondary	24 (7.0)	36 (9.0)	60 (8.1)
Higher secondary	9 (2.6)	28 (7.0)	37 (5.0)
Primary	59 (17.2)	92 (23.1)	151 (20.3)
Upper primary	45 (12.8)	55 (13.8)	100 (13.3)
Can Sign	58 (16.9)	78 (19.5)	136 (18.3)
Graduate	3 (0.9)	10 (2.5)	13 (1.7)
Illiterate	145 (42.2)	99 (24.8)	244 (32.8)
Post Graduate	1 (0.3)	1 (0.3)	2 (0.3)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Caste Considerations

The distribution of the vendors across caste has been included in the study. The different categories being general, OBC, SC and ST. Out of the sample set of 743 vendors, 44 per cent belonged to general caste category, the percentage of vendors in the OBC, SC and ST were 34 per cent, 19 per cent and 17 per cent respectively. The trend does not differ in the case of 344 female vendors.

Table 2.6: Caste and Gender-wise Cross Tabulation

	Gender		Total
	Female	Male	
General	134 (39.0)	195 (48.9)	329 (44.3)
OBC	132 (38.4)	123 (30.8)	255 (34.3)
SC	62 (18.0)	80 (20.1)	142 (19.1)
ST	16 (4.7)	1 (0.3)	17 (2.3)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

The nature of vending activity i.e., the static or mobile nature and their distribution across the entire study is highlighted here. Eighty-eight per cent are static vendors while the rest 12 per cent are mobile vendors. Out of the 344 female vendors, 87 per cent are static while the rest are mobile vendors, among the male vendors, 89 per cent are static while the rest are mobile vendors. One of the limitations of the study was that the number of mobile vendors that have been included constitute a very small percentage of the total number of vendors.

Table 2.7: Nature of the vendors and Gender-wise Cross tabulation

	Gender		Total
	Female	Male	
Mobile	42 (12.2)	42 (10.5)	84 (11.3)
Static	302 (87.8)	357 (89.5)	659 (88.7)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Table 2.8: Age distribution and gender-wise Cross tabulation

Age distribution (in years)	Gender		Total
	Female	Male	
15-18	1 (0.3)	3 (0.8)	4 (0.5)
18-25	30 (8.7)	37 (9.3)	67 (9.0)
25-35	119 (34.6)	122 (30.6)	241 (32.4)

35-45	97 (28.2)	128 (32.1)	225 (30.3)
45-55	59 (17.2)	90 (22.6)	149 (20.1)
55-59	3 (0.9)	6 (1.5)	9 (1.2)
59-65	27 (7.8)	13 (3.3)	40 (5.4)
65-75	8 (2.3)	0 (0)	8 (1.1)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Age profile

The age profile of the vendors in the survey is described in the table above. A major portion of the vendors (nearly 32 per cent) belonged to the age group 25-35 years. The next concentration (30 per cent) was in the age group 35-45 years followed by 45-55 years (about 20 per cent). The number of vendors falling in the group 15-25 years constitutes small part of the sample, while those in the higher age profile (over 55 years) is just about seven per cent of the entire sample. The trend does not however show much difference between the age profiles of female and male vendors. However, the number of female vendors in the higher than 55 years age bracket is much greater than their male counterparts.

Table 2.9: No. of dependent and gender-wise cross tabulation

No. of dependent	Gender		Total
	Female	Male	
No dependent	9 (2.6)	5 (1.3)	14 (1.9)
1-3	107 (31.1)	99 (24.8)	206 (27.7)
3-5	122 (35.5)	147 (36.8)	269 (36.2)
5-8	82 (23.8)	121 (30.3)	203 (27.3)
8-10	15 (4.4)	16 (4.0)	31 (4.2)
10-12	7 (2.0)	6 (1.5)	13 (1.7)
12-15	1 (0.3)	3 (0.8)	4 (0.5)
15-20	1 (0.3)	1 (0.3)	2 (0.3)
20-30	0 (0)	1 (0.3)	1 (0.1)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Familial Status

Nearly 36 per cent of the vendors have three to five dependents to support, 27 per cent have one to three, sometimes five to eight dependents in their respective families. A major portion of the vendors have up to eight family members to support. The number of vendors having a dependency status higher than 8 is much less. However one male vendor is found to have up

to 30 family members to support (not essentially single-handedly). The number of vendors having no dependencies was around 14 of whom nine were women while five were men.

Table 2.10: Vending Period and Genderwise Cross Tabulation

Years of vending	Gender		Total
	Female	Male	
1-5	82 (23.8)	58 (14.6)	140 (18.9)
5-10	73 (21.2)	68 (17.1)	141 (19.0)
10-15	56 (16.3)	85 (21.4)	141 (19.0)
15-20	49 (14.2)	75 (18.8)	124 (16.7)
20-30	49 (14.2)	88 (22.1)	137 (18.5)
30-40	23 (6.7)	21 (5.3)	44 (5.9)
40-55	12 (3.5)	3 (0.8)	15 (2.0)
Total	344 (100.0)	398 (100.0)	742 (100.0)

N= 743

Source: Based on Primary Survey

Years of Vending

The years of vending activity are outlined in the table below. The vendors who have been vending for a time period ranging between five and 10 years constitute a large share of the total vendors. Vendors in the time range of one to five years come next. Nearly 19 per cent are concentrated in this group. Sixteen per cent vendors have been engaged in this trade for 20-30 years. While near about seven per cent of the total sample have been vending for as long as 30-55 years or nearly three to five decades. Among the female vendors, the time period of the number of vendors engaged in this trade is far less than their male counterparts.

Table 2.11: Working Hour and Gender-wise Cross Tabulation

Working hour per day	Gender		Total
	Female	Male	
3-5	7 (2.0)	8 (2.0)	15 (2.0)
5-8	75 (21.8)	69 (17.3)	144 (19.4)
8-10	92 (26.7)	75 (18.8)	167 (22.5)
10-12	81 (23.5)	138 (34.6)	219 (29.5)
12-15	85 (24.7)	105 (26.3)	190 (25.6)
15-18	4 (1.2)	4 (1.0)	8 (1.1)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Vendors spend up to 18 hours a day vending, sometimes to the detriment of their health. About 29 per cent spend 10 to 12 hours daily, followed by 25 per cent who spend 12-15 hours

daily. Almost 22 per cent spend eight to 10 hours daily, while 19 per cent are found to spend between five and eight hours on an average daily. About eight vendors, four and women spend 15-18 hours daily. Near about 15 vendors spend just three to five hours daily. The range of hours devoted to vending activity is very large as can be understood from the table. Most female vendors work for eight to 10 hours daily while for the male vendors it is 10-12 hours.

Table 2.12: Monthly household income and Gender-wise Cross tabulation

Monthly Household income (in Rs.)	Gender		Total
	Female	Male	
1200-1500	1 (0.3)	0 (0)	1 (0.1)
1500-3000	10 (2.9)	6 (1.5)	16 (2.2)
3000-4500	25 (7.3)	30 (7.5)	55 (7.4)
4500-6000	65 (18.9)	67 (16.8)	132 (17.8)
6000-10000	141 (41.0)	160 (40.1)	301 (40.5)
10000-15000	72 (20.9)	87 (21.8)	159 (21.4)
15000-25000	25 (7.3)	46 (11.5)	71 (9.6)
25000-30000	1 (0.3)	3 (0.8)	4 (0.5)
30000-45000	2 (0.6)	0 (0)	2 (0.3)
45000-60000	2 (0.6)	0 (0)	2 (0.3)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Earnings and Expenditure

There is a huge disparity in the monthly income of the vendors. Some earn Rs 1200-1500 per month, while others make about Rs 45000-60000. The income group of Rs 6000-15000 has a major concentration. Only 79 vendors were found to earn an income higher than Rs 15000 while 200 vendors earned less than Rs 6000 a month. Interestingly, there were four female vendors earning more than Rs 30000 per month. Again the number of women earning less than Rs 3000 per month is also higher than men. Thus the range of women vendors' monthly income is much higher than men.

Table 2.13: Monthly Household Expenditure and Genderwise Cross Tabulation

Monthly Household expenditure (in Rs)	Gender		Total
	Female	Male	
500-1000	1 (0.3)	2 (0.5)	3 (0.4)

1000-1500	5 (1.5)	1 (0.3)	6 (0.8)
1500-3000	84 (24.4)	60 (15.0)	144 (19.4)
3000-4500	70 (20.3)	82 (20.6)	152 (20.5)
4500-6000	157 (45.6)	210 (52.6)	367 (49.4)
6000-10000	24 (7.0)	38 (9.5)	62 (8.3)
10000-15000	1 (0.3)	5 (1.3)	6 (0.8)
15000-30000	0 (0)	1 (0.3)	1 (1.0)
30000-46000	2 (0.6)	0 (0)	2 (0.3)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

The vendors are found to have very low monthly expenditure pattern. The major concentration is found in the expenditure range Rs 1500-6000. Nearly 8 per cent of the vendors manage to cover their household expenditures within the range Rs 6000-10000. There are just eight vendors whose household expenditure crossed Rs10000. There were two female vendors in the study whose monthly expenditure was astonishingly high (Rs 30000-45000). The number of women vendors whose household expenditure is less than Rs 3000 is higher than men.

Table 2.14: Investment and Genderwise Cross Tabulation

Investment (in Rs.)	Gender		Total
	Female	Male	
No Investment	0 (0)	5 (1.3)	5 (0.7)
1-500	4 (1.2)	5 (1.3)	9 (1.2)
500-1000	59 (17.2)	36 (9.0)	95 (12.8)
1000-1500	25 (7.3)	28 (7.0)	53 (7.1)
1500-3000	94 (27.3)	87 (21.8)	181 (24.4)
3000-4500	34 (9.9)	36 (9.0)	70 (9.4)
4500-6000	46 (13.4)	61 (15.3)	107 (14.4)
6000-10000	36 (10.5)	63 (15.8)	99 (13.3)
10000-15000	25 (7.3)	30 (7.5)	55 (7.4)
15000-25000	13 (3.8)	25 (6.3)	38 (5.1)
25000-30000	2 (0.6)	4 (1.0)	6 (0.8)
30000-50000	2 (0.6)	8 (2.0)	10 (1.3)
50000-100000	0 (0)	8 (2.0)	8 (1.1)
100000-200000	4 (1.2)	3 (0.8)	7 (0.9)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

The amount of investment of the vendors in the study revealed that nearly 24 per cent of the vendors had invested Rs 500-1000 in their businesses. Fourteen per cent had invested Rs

4500-6000. Thirteen per cent of the vendors made investments ranging between Rs 6000 and Rs 10000. But there were vendors who had invested up to Rs 2 lakh in their businesses and five who have made no investments whatsoever.

Table 2.15: Daily sale and genderwise cross tabulation

Daily sale (in Rs.)	Gender		Total
	Female	Male	
70-500	140 (40.7)	123 (30.8)	263 (35.4)
500-1000	115 (33.4)	107 (26.8)	222 (29.9)
1000-1500	43 (12.5)	59 (14.8)	102 (13.7)
1500-3000	38 (11.0)	77 (19.3)	115 (15.5)
3000-4500	3 (0.9)	19 (4.8)	22 (3.0)
4500-6000	4 (1.2)	7 (1.8)	11 (1.5)
6000-10000	0 (0)	4 (1.0)	4 (0.5)
10000-15000	1 (0.3)	3 (0.8)	4 (0.5)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Most of the vendors' daily sales measure less than Rs 1000 and the percentage of vendors in this category is around 65. The next concentration at 28 per cent is found in the range Rs 1000-1500. Just 4 per cent of the vendors' daily sales are in the range of Rs 3000-6000. There are about four vendors whose daily sale falls in group of Rs 6000-10000 and Rs 10000-15000 respectively. The number of female vendors whose daily sales cross Rs 3000 is very low as compared to their male counterparts.

Migration

A large portion of vendors across the study were found to be migrants who had come to their present location due to economic and non-economic factors. Different patterns of migration were noticed; inter-state migration (migrations from nearby states), intra-state migration (mostly from district towns and villages to urban centres which offer greater prospects of growth and expansion). There were also cases of inter-country migration mainly to cities located relatively close to international borders. However, the cases of intra-state migration were most common.

Among the migrant population, a small percentage was found to remitting money back to families in their respective villages or towns. Of the total 743 vendors, nearly 89 per cent said that they did not remit money. The rest, nearly 11 per cent said that they remitted money.

Among the female vendors, the number of vendors who remitted is less than that among the males. The cases of remittance were very few because only a very small portion of vendors remitted money. The reason may be that vendors' earnings were insufficient to meet familial expenses therefore question of remitting money back to the village seemed uneconomical. The incidence of remittance is more among the men than among the women.

Table 2.16: Remittances and Gender-wise Cross Tabulation

	Gender		Total
	Female	Male	
No	316 (91.9)	347 (87.0)	663 (89.2)
Yes	28 (8.1)	52 (13.0)	80 (10.8)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

In this context, the amount of money remitted is also relevant. Of the 80 vendors who remitted money, nearly 41 per cent remitted an amount in the range of Rs 1000-2000, followed by 33 per cent who remitted nearly Rs 300-1000. Twenty-two per cent of vendors remitted Rs 2000-5000 while just two per cent remitted Rs 7000-10000. Of the females who remitted money, a majority remitted an amount of Rs 1000-2000. Among the males, equal percentages were found to remit Rs 1000-2000 and Rs 300-1000. The time factor is relevant here. It can be seen from the study that the vendors remitted money occasionally and when needed by family. They also did not avail the formal facilities of remittance. They normally remitted money when they visited their villages personally or sent money through some known individual from their villages. The inability or reluctance of availing formal remittance facilities is also an important part related to financial exclusion.

Table 2.17: Amount of remittance and gender wise Cross tabulation

Amount of remittance (is Rs.)	Gender		Total
	Female	Male	
300-1000	9 (32.1)	18 (34.6)	27 (33.8)
1000-2000	15 (53.6)	18 (34.6)	33 (41.3)
2000-5000	4 (14.3)	14 (26.9)	18 (22.5)
7000-10000	0 (0)	2 (3.8)	2 (2.5)
	28 (100.0)	52 (100.0)	80 (100.0)

N= 743

Source: Based on Primary Survey

CHAPTER- 3

Access to finance: Sources, Nature and Purposes

The nature of credit transactions of the vendors across the cities, sources of credit or the credit suppliers in these various cities have discussed at length. The possible links between the credit suppliers and the vendors, the amount of loan demanded and supplied, and their frequency has been elaborated up on. The analysis also provides a detailed discussion as to why credit was demanded by the vendors across gender.

Principal Amount of Borrowing

Like in any bank loan, the amount borrowed by the vendors, on which the interest is to be paid, is called the principal. The principal helps determine the level of indebtedness of the vendors and it varies across the cities. In some cities the vendors are found to borrow less, in some cities the obverse holds true. In cities like Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Guwahati, Hyderabad, Jaipur, Lucknow and Vijaywada, most vendors are seen to borrow in comparison to other cities. Most vendors borrowed a principal of Rs 10000 in aforementioned nine cities. In cities like Delhi and Kolkata, a larger number of vendors borrowed amounts greater than Rs 10000, while the borrowed amount was very large in cities like Mumbai, Patna and Ranchi for most vendors. It is interesting to note that the principal amount borrowed by females is lower in most cases than that of males.

Table 3.1: Principal amount of borrowing and gender-wise cross tabulation

Principal amount (in Rs.)	Gender		Total
	Female	Male	
200-1000	6 (1.7)	2 (0.5)	8 (1.1)
1000-10000	230 (66.9)	272 (68.2)	502 (67.6)
10000-30000	85 (24.7)	82 (20.6)	167 (22.5)
30000-50000	13 (3.8)	28 (7.0)	41 (5.5)
50000-100000	6 (1.7)	8 (2.0)	14 (1.9)
100000-500000	4 (1.2)	7 (1.8)	11 (1.5)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Of the total 743 vendors in the sample set, nearly 67 per cent borrowed Rs 1000-10000 and 22 per cent borrowed Rs 10000-30000. Rs 30000-50000 were borrowed by five per cent of the total vendors. In the sample set, as reiterated earlier, 344 comprise female vendors of 66 per cent borrow principal amounts between Rs 1000 and Rs10000, followed by 24 per cent

who borrow in the Rs 10000-30000 and lowest percentage of female vendors borrow in the Rs 30000-50000 range.

Source of Credit

The different sources of credit range from money lenders, wholesalers or goods supplier, cooperatives, SHGs, MFIs and banks. Sometimes, the resources of relatives and friends also tapped into. Money lenders play a significant role in Ahmedabad, Bengaluru, Bhopal, Jaipur, Vijayawada and Kanpur. In Mumbai and in Bhubaneswar to an extent, money lenders and wholesalers assume equal importance. In Bhubaneswar, however the trend is increasingly tilting in favour of MFIs and banks. In Hyderabad, the wholesalers occupy pride of place, while in Delhi, the money lenders rule, though the cooperatives play a significant role as well. In Patna, the wholesalers dominate over the other credit sources, even though cooperatives also play a role in credit supply. In Kolkata and Ranchi, the MFIs are the most important source of finance for most vendors. It is interesting to note that women vendors favour formal credit sources, a critical reason for this being that the MFIs, cooperatives and SHGs are more interested to look after the needs of the female self-employed. Money lenders and wholesalers are favoured by men, most importantly because they have no other source, and also because of the flexibility in the operations of the money lenders.

Table 3.2: Source of Credit and Gender-wise Cross Tabulation

Types of the sources	Source of credit	Gender		Total
		Female	Male	
Formal sources	Bank	19 (5.50)	26 (6.50)	45 (6.10)
	Co-operative	16 (4.70)	37 (9.30)	53 (7.10)
	MFI	58 (16.90)	26 (6.50)	84 (11.30)
	NGO	4 (1.20)	2 (0.50)	6 (0.80)
	SHG	15 (4.40)	1 (0.30)	16 (2.20)
	Trade Union	3 (0.90)	0 (0)	3 (0.40)
Informal sources	Moneylender	148 (43.00)	221 (55.40)	369 (49.70)
	Wholesaler	69 (20.10)	76 (19.00)	145 (19.50)
	Friends	0 (0)	2 (0.50)	2 (0.30)
	Market Pradhan	4 (1.20)	0 (0)	4 (0.50)
	Relatives	8 (2.30)	8 (2.00)	16 (2.20)
	Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

The sources or more specifically the “suppliers of credit” are the banks, cooperatives, friends, market Pradhan, MFIs, money lenders, NGOs, relatives, SHGs, and wholesalers. Trade unions or membership-based organisations which are agents of collective bargaining here

perform the role of loan suppliers. Of the total vendors, for 49 per cent the main source of credit is the money lenders. Nineteen per cent opt for the wholesalers. The MFIs rank the third among the credit suppliers with a total of 84 among the 743 or 11 per cent borrowing from them. Cooperatives and banks come next at 7 per cent and 6 per cent. Relatives and SHGs follow, while other sources like the market Pradhan, trade unions or NGOs provide credit to an extremely small portion of the total number of vendors.

Purpose of Credit

Credit is mostly demanded solely for business activities everywhere. Eighty one per cent of the sample set takes loans for business activities. But in some places, demand for credit arises due to needs related to their business but not the business itself. , But vendors in some cities demand credit for other reasons, such as the construction of a house, paying rent, social obligations such as education, marriages and funerals, emergencies, including medical exigencies or even to repay old loans. Most female vendors, all over the cities cited only business reasons for their credit needs. As per the data gathered in Mumbai, Patna, Delhi, Hyderabad, a large number of vendors are found to borrow for non-business purposes. In Kanpur, the trend gets completely reversed; there most of the vendors borrow for emergencies and social obligations rather than for business. Female vendors generally invested the entire borrowed amount in business activities.

Table 3.3: Purpose of Credit and Gender-wise Cross Tabulation

Purpose of credit	Gender		Total
	Female	Male	
Accident	0 (0)	1 (0.3)	1 (0.1)
Business	286 (83.1)	317 (79.4)	603 (81.2)
Children's Education	5 (1.5)	8 (2.0)	13 (1.7)
Deposit for rent	5 (1.5)	0 (0)	5 (0.7)
Emergency	1 (0.3)	0 (0)	1 (0.1)
Family Emergency	33 (9.6)	41 (10.3)	74 (10.0)
Housing	4 (1.2)	6 (1.5)	10 (1.3)
Marriage	2 (0.6)	14 (3.5)	16 (2.2)
Maternity expenses	1 (0.3)	0 (0)	1 (0.1)
Medication	7 (2.0)	10 (2.5)	17 (2.3)
To repay the past loan	0 (0)	2 (0.5)	2 (0.3)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Introducer

The linkages between the money lender and the vendor get established through a variety of channels. Sometimes, a fellow vendor initiates an introduction, at other times it could be friends or relatives (including parents and siblings). It is also not uncommon for money lenders to introduce themselves to the vendors.

It is essential to test the efficiencies of the different channels in the fifteen cities that form part of this study. This has been done by taking the responses of the vendors in favour and in disfavour of each of the links—the higher the number of responses in each category, the greater the effectiveness of the links. The role of fellow or nearby vendors serves as the first link and often an important one. They are most effective in Bhubaneswar, Jaipur, Lucknow, Ranchi, Bengaluru and Delhi. They play a less effective role in Kolkata, Mumbai, Kanpur Vijaywada, and Bhopal and an insignificant one in Guwahati, Ahmedabad, Hyderabad and Patna.

Relatives, including parents and siblings play a negligible role in this regard, in most of the cities in the data set, except for a nominal part in garnering linkages in Patna, Bengaluru and Ranchi.

As for money lenders linking themselves with the vendors is hardly significant in any city. They are not altogether unsuccessful in Vijaywada, Ahmedabad and Mumbai, in cities like Delhi, Bhubaneswar, Ranchi, Kolkata, Jaipur, Kanpur, Lucknow and Patna their performance is lacklustre. But in cities like Bengaluru, Bhopal, Guwahati and Hyderabad they have managed to create effective linkages.

Friends also serve as links between the vendors and money lenders in many cities, but their contribution has been ineffective by and large. The cities in which they contributed to some extent were Patna, Guwahati, Kolkata, Delhi, Kanpur, Jaipur, Bhopal and Hyderabad.

Across gender consideration, fellow vendors serve as important links between money lenders and the vendors themselves for most female vendors. Only one exception was found among the 15 cities which was Patna. For the males, the fellow vendors and friends play the equally important role in connecting them to the money lenders. As a matter of fact, it is very important to distinguish between fellow vendors and friends, fellow vendors in most cases

become very close friends of the vendors on account to sharing of same business space for a considerable length of time.

Table 3.4: Who introduced to the credit suppliers and gender-wise cross tabulation

Introduce to credit source	Gender		Total
	Female	Male	
Brother	2 (0.6)	0 (0)	2 (0.3)
Father	12 (3.5)	8 (2.0)	20 (2.7)
Fellow Vendors	177 (51.5)	202 (50.6)	379 (51.0)
Friends	46 (13.4)	110 (27.6)	156 (21.0)
Moneylender	60 (17.4)	60 (15.0)	120 (16.2)
Mother	3 (0.9)	0 (0)	3 (0.4)
Relatives	43 (12.5)	19 (4.8)	62 (8.3)
Son	1 (0.3)	0 (0)	1 (0.1)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

Nearly 51 per cent of the vendors say that their fellow vendors had been the link. Twenty-one per cent say that they were introduced to the suppliers by friends. For those who borrow from money lenders, 16 per cent among them say that moneylenders themselves had been the link. Twenty-six vendors of the total 743 say that the link was their own family members, father, mother, brother or even son. For about 8 per cent vendors, relatives served as the link.

Table 3.5: Frequent of loan in year and gender-wise cross-tabulation

Frequency of loan in a year	Gender		Total
	Female	Male	
Need based	62 (18.0)	100 (25.1)	162 (21.8)
1-time	27 (7.8)	31 (7.8)	58 (7.8)
2-times	82 (23.8)	75 (18.8)	157 (21.1)
3-times	87 (25.3)	77 (19.3)	164 (22.1)
4-times	20 (5.8)	43 (10.8)	63 (8.5)
5-times	12 (3.5)	14 (3.5)	26 (3.5)
6-times	9 (2.6)	17 (4.3)	26 (3.5)
8-times	1 (0.3)	1 (0.3)	2 (0.3)
12-times	44 (12.8)	41 (10.3)	85 (11.4)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

The frequency of loans taken has been addressed here. This table thus answers another question related to demand for loans. The greatest number of vendors (22 per cent) claim to

have borrowed thrice a year. Again for a large portion of the total vendors (21 per cent) there is no fixed number. It is entirely need-based. It means they take up loans every now and then or not at all; or when they are in dire need of funds. The male vendors dominate this category. The same percentage is also found in the category of “loan taken twice a year”. The percentage of vendors taking loans more than three, four, five, six or eight times falls consistently. Only seven per cent of vendors take loans once a year. Interestingly 11 per cent of the vendors say they take loans 12 times in a year, implying that the frequency of loans is once every month.

The female vendors are generally found to borrow thrice a year followed by twice a year. The frequency of loans taken is need-based is a close third. This very high frequency of loans signifies that not only can vendors not manage their needs, but also their expenses far outweigh their earnings leading them to fall into a debt-trap. For instance, they borrow once hoping to repay their debt, but taking of loans and repaying of debts is cyclical resulting in them falling deeper into debt by borrowing more.

Rate of Interest

The rate of interest is very important factor when it comes to credit access. The yearly rate of interest is separate for formal and informal credit lenders. Among the 743 vendors, two per cent do not pay any interest. This is mostly the case when the vendors borrow money from friends and relatives. Just 1 per cent pays an interest rate of 10.75-15.75 per cent. About 18 per cent pay an interest rate ranging from 18-30 per cent. Seventeen per cent of the vendors pay a rate of interest of 36-48 per cent. Ten per cent pay 60-100 per cent as interest rate on their loan. Major portions (41 per cent of the vendors) pay 100-200 per cent as rate of interest on the principal. Nearly 7 per cent pay interest rate of 200-400 per cent on the loans taken, while 1 per cent pay as high as 400-840 per cent as rate of interest.

Table 3.6: Yearly Rate of Interest and Genderwise Cross Tabulation

	Gender		Total
	Female	Male	
No Interest	3 (0.9)	15 (3.8)	18 (2.4)
10.75-15.75	5 (1.5)	4 (1.0)	9 (1.2)
18.00-30.00	81 (23.5)	58 (14.5)	139 (18.7)
31.00-48.00	50 (14.5)	77 (19.3)	127 (17.1)
60.00-100.00	39 (11.3)	37 (9.3)	76 (10.2)
100.00-200.00	140 (40.7)	168 (42.1)	308 (41.5)
200.00-400.00	25 (7.3)	32 (8.0)	57 (7.7)

400.00-840.00	1 (0.3)	8 (2.0)	9 (1.2)
Total	344 (100.0)	399 (100.0)	743 (100.0)

N= 743

Source: Based on Primary Survey

The following table explains the rates of interest charged by different sources of credit and the number of vendors in each of the categories. Of the 344 female vendors, three borrowed money at zero rate of interest from relatives. The five vendors charged 10.75-15.75 per cent as interest, all borrowed from banks. Of the 81 vendors who borrowed at 18-30 per cent, a majority (67 per cent) borrowed from MFIs followed 17 per cent who sought the banks. Thirty-two per cent borrowed from cooperatives at 36-48 per cent, followed by the 30 per cent who borrowed from wholesalers. Only 14 per cent borrowed from the SHGs. Of the vendors who borrowed at 60-100 per cent, a majority borrowed from money lenders followed by the wholesalers. Among the vendors borrowing at 100-200 per cent, 70 per cent took the loan from money lenders and another 23 per cent from the wholesalers. Of the vendors who paid 200-400 per cent as interest, 84 per cent borrowed from the money lenders and the rest 16 per cent borrowed from the wholesalers. One vendor was found to have borrowed at exorbitant rate of nearly 400-840 per cent from the money lender.

Of the male vendors, there are nearly 15 vendors who managed credit without paying any interest rate. Four vendors borrowed at 10.75-15.75 per cent interest rate from banks exclusively. Of the vendors who paid 18-30 per cent, 29 per cent borrowed from banks. Forty-one per cent borrowed from MFIs. Fifteen per cent borrowed from wholesaler. Of the vendors who borrowed at rate of interest of 36-48 per cent, 42 per cent borrowed from the co-operatives. Another 35 per cent borrowed from wholesalers. Among the vendors who pay 60-100 per cent as interest, 64 per cent borrowed from money lenders, and 29 per cent from wholesalers. Of the vendors paying 100-200 per cent, 200-400 per cent and 400-840 per cent in interest charges, an overwhelming 88 per cent borrowed from the money lenders.

Table 3.6: Rate of Interest (yearly)

Gender	Sources of Capital	Yearly interest								Total
		No Interest	10.75-15.75	18-30	31-48	60-100	100-200	200-400	400-840	
Female	Bank	-	5 (100)	14 (17.3)	-	-	-	-	-	19 (5.52)
	Co-operative	-	-	0.0 (0)	16 (32.0)	-	-	-	-	16 (4.65)

	Market Pradhan	-	-	-	-	-	4 (2.86)	-	-	4 (1.16)
	MFI	-	-	55 (67.9)	2 (4.0)	-	1 (0.71)	-	-	58 (16.86)
	Moneylender	-	-	0.0 (0)	5 (10.0)	23 (58.97)	98 (70.0)	21 (84.0)	1 (100.0)	148 (43.02)
	NGO	-	-	1 (1.2)	3 (6.0)	-	-	-	-	4 (1.16)
	Relatives	3 (100.0)	-	2 (2.5)	2 (4.0)	-	1 (0.71)	-	-	8 (2.33)
	SHG	-	-	8 (9.9)	7 (14.0)	-	-	-	-	15 (4.36)
	Trade Union	-	-	0.0 (0)	0 (0)	-	3 (2.14)	-	-	3 (0.87)
	Wholesaler	-	-	1 (1.2)	15 (30.0)	16 (41.03)	33 (23.57)	4 (16.0)	-	69 (20.06)
	Total	3.00 (100.0)	5 (100.0)	81 (100.0)	50 (100.0)	39 (100.0)	140 (100.0)	25 (100.0)	1 (100.0)	344 (100.0)
Male	Bank	-	4 (100.0)	17.0 (29.3)	5 (6.49)	-	-	-	-	26 (6.52)
	Co-operative	-	-	0.0 (0)	33 (42.86)	2 (5.41)	2 (1.19)	-	-	37 (9.27)
	Friends	-	-	2.0 (3.4)	-	-	-	-	-	2 (0.50)
	MFI	-	-	24.0 (41.4)	2 (2.60)	-	-	-	-	26 (6.52)
	Moneylender	2.00 (13.33)	-	4.0 (6.9)	6 (7.79)	24 (64.86)	149 (88.69)	28 (87.5)	8 (10.0)	221 (55.39)
	NGO	-	-	-	2 (2.60)	-	-	-	-	2 (0.50)
	Relatives	5.00 (33.33)	-	1.0 (1.7)	2 (2.60)	-	-	-	-	8 (2.01)
	SHG	-	-	1.0 (1.7)	0 (0)	-	-	-	-	1 (0.25)
	Wholesaler	8.00 (53.33)	-	9.0 (15.5)	27 (35.06)	11 (29.73)	17 (10.12)	4 (12.5)	-	76 (19.05)
	Total	15 (100.0)	4 (100.0)	58 (100.0)	77 (100.0)	37 (100.0)	168 (100.0)	32 (100.0)	8 (100.0)	399 (100.0)

N= 743

Source: Based on Primary Survey

Chapter-4

Formal institutions: Insights from the Data

Financial institutions perform critical functions in financial markets, including credit intermediation, maturity transformation, the provision of savings vehicles, risk management and payments services, and the support of primary and secondary funding market functioning (IMF 2009). Such institutions collect funds from people and place them under financial assets including deposits, loans and bonds. The financial institutions which have been actively working to promote financial inclusion of the street vendors are the microfinance institutions (MFIs) and the banks. The study will focus on the function of various banks and MFIs in the 15-city sample set. In addition, a city-wise account of the role of active trade unions or associations, SHGs and NGOs that are working towards the financial inclusion of the street vendors has also been discussed.

Four nationalised banks—Indian Bank, Bank of India, Canara Bank and Punjab National Bank are working through SHGs, JLGs, NGOs and other member-ship based organisations towards the financial inclusion of the urban poor in the 15 cities across India.

Ahmedabad

Sewa Mahila Sahakari Bank Ltd. came into being in 1974 in Ahmedabad at the initiative of 4000 self-employed women who contributed Rs 10 each as their share. The bank's objective is to target the maximum number of poor women workers engaged in the unorganised sector. In doing so, the bank not only provides them financial services for their socio-economic empowerment, but also encourages their self-development, through management and ownership. By inculcating the habit of saving to provide credit and promoting insurance benefits, Sewa Bank pioneered doorstep banking way back in 1978. Today their mobile vans cover the city daily. It is the only bank in Ahmedabad that offers any kind of financial assistance to self-employed women in the urban informal sector.

As members of the SEWA trade union, the women are mostly engaged in three activities—vendors, labourers or small service providers and home-based workers. The main services of the bank include several saving schemes, loan and insurance products, financial counselling, business counselling/advice/literacy, training programs on banking services. Some of the

schemes are as follows: the daily saving scheme, secured gold loans and housing schemes. Some of the other requirements of these women are the purchase of raw materials, hand carts or pedal carts, finished goods for resale, redeeming old debts and upgrading their homes with water or electric connections. It is important to note that the diminishing balance method for repayment of loans taken from Sewa Bank is reasonably lenient.

Bengaluru

The microfinance division of Canara Bank is very active in Bengaluru, however, street vendors are not properly recognised by it. Canara Bank's microfinance arm deals with the issue of financial inclusion of the urban poor as collective of the low-income group engaged in various occupations.

The facility has so far given credit to more than 10,000 poor people; roughly 2000 of them are street vendors. The Bengaluru unit has a 100 per cent repayment record, the best so far, in terms of credit volumes. Their focus is on women's empowerment and emancipation for which they have a separate Centre of Entrepreneurship Development for Women.

Bhopal

Surprisingly, not a single bank or its microfinance department is engaged with street vendors in Bhopal. The solitary MFI functioning in this city is Sahayata Microfinance Pvt. Ltd which operates through fieldworkers who collect the interest payments on a weekly basis. This organisation only grants loans to women's groups. Such a group consist of five women who are provided loans at an interest rate of 28 per cent. Sahayata Microfinance Pvt Ltd has no formal built-up structure for conducting its activities.

Bhubaneswar

The set-up of financing options is somewhat different in Bhubaneswar compared to the other 14 cities. Here, Canara Bank's MFI department, the State Bank of India is working through the Government of India's employment guarantee scheme – Swarna Jayanti Sahari Rojgar Yojana (SJSRY) and the differential rate of interest (DRI) scheme. Under the DRI scheme the banks provides a small amount of credit to the vendors at low rates of interest.

Indian Bank only sanctions personal loans to street vendors — an exclusive privilege enjoyed by this group owing to their having properly allocated hawking zones. It provided 15 vendors

taking loans ranging from Rs 15000 to Rs 5,00,000 at an interest rate of 4 per cent interest per annum for five to seven years. The loan structure is not rigid, though the preferred option is monthly repayments.

The three MFIs—Adhikar, Swayam Krishi Sangam (SKS) and Asmita are active in Bhubaneswar. All three provide credit to street vendors through SHG and their rates of interest vary from 22 per cent per annum to 24 per cent per annum.

Delhi

Delhi has a different perspective, here a cooperative rather than formal institutions of credit is working closely with street vendors in making them financially inclusive. Sanchay Cooperative Urban Thrift and Credit Society (Limited) has been in operation since 2008. Forty per cent of its 1050 members women and as of August 2011 Rs 18, 00,000 has been disbursed to 75 vendors.

There is no formal structure for granting loans therefore the amounts tend to vary greatly between lenders. For instance the loan amount could range anywhere between from Rs 10000 to Rs 50000. The rate of interest is pegged at a high 31 per cent per annum, though like in the case of Sewa Bank it also has the reducing balance repayment mode. In Delhi the cooperative works conjointly with a membership-based association called NASVI.

NASVI undertakes schemes and programs to enable vendors to get access to several financial services by promoting credit and thrift cooperatives, SHGs-Bank linkages, insurance and pension schemes. The microfinance programme of NASVI has been quite effective with the number of SHGs linked to different banks at around 4668 with nearly 58888 beneficiaries. The partners are RMK, SBI, RBS bank, and various other financial institutions. The loan size varies from a minimum of Rs 3000 to a maximum of Rs 25000 while the rate of interest ranges from the flat rate of 15 per cent per annum offered by SBI to 18 per cent per annum based on the reducing balance mode of RMK. Credit linking with the banks started with the Bank of Baroda in 1997. As a result, almost all banks today provide loans to SHGs promoted by NASVI. Till date, NASVI has registered Thrift and Credit Co-Operatives in six districts of Bihar and Delhi.

Guwahati

It is the MFIs, Bandhan, Nightingale Charitable Trust and Asomi, rather than the banks that are more active in in Guwahati. Bandhan has been working in Guwahati since 2006. Its main thrust is to work with women who are socially and economically disadvantaged. . Different types of schemes are available in Bandhan for financial assistance. They give loans on a joint liability basis wherein they form a group of 10 women street vendors whose financial credibility is studied carefully after which they are sanctioned the loans. The rate of interest on loans sanction is 23.56 per cent per annum.

Nightingale Charitable Trust, operating in Guwahati since 2004 caters to the disadvantaged section of society. They too grant loans on the joint liability basis to a group of five women at a time. They have two schemes for which the rates of interest are 13.5 per cent and 11.25 per cent yearly.

Hyderabad

Microfinance institutions act as intermediaries between banks and the street vendors. Swayam Krishi Sangam established in 1998 is headquarters in Hyderabad. The credit lending process at SKS operates on the Grameen Model. The group members take responsibility for each other's proper loan utilisation and its repayment. Loans provided by SKS are accessible only to poor women. After the group approaches SKS, a thorough background check is done verify his/her eligibility and the ceiling on the loan amount is fixed at Rs 16,000. The rate of interest is 24.55 per cent per annum. Though SKS does not have a specific credit scheme targeting street vendors many street vendors avail SKS's loan facilities. Around 1 lakh customers in Hyderabad have benefitted from SKS's credit schemes.

Another microfinance institute, Spandana Sphoorty established in 1998 caters to only those persons with membership affiliations, whether an NGO or a trade union. The finance scheme is directed mostly towards women, their justification being that women are not only more likely to invest their money in the development of the household and but also invest more wisely. Spandana Sphoorty does not give loans to new economic activity unless the client has some finances already in place. The rate of interest is 26 per cent per annum Their client base does not focus on street vendors in particular, nor do they have any prominent schemes directed towards street vendors.

Jaipur

Ujjivan Financial Ltd, an MFI grants loans for business. They make SHG and then only they give loan to street vendors. They have many SHG groups.

Kolkata

The MFIs—Bandhan, Ujjivan, Arohan and SKS are the most important source of credit in Kolkata and its outskirts. . While Arohan is very popular in the Patuli Bazaar area, many also take loans from Bandhan in that area. SKS is extremely popular in the Garia hawker's congregation, but also go to Bandhan and Ujjivan for loans.

The MFIs usually provide loans on a group lending scheme, wherein each group consists of approximately five women. The rate of interest charged is between 23 to 27 per cent per annum on a reducing balance basis. For vendors in Kolkata, the size of their stalls, and a minimum level of education, apart from government-recognised identity proofs like voter cards, determines their credibility.

Apart from the microfinance institutions, State Bank of India and Canara Bank devised various policies for the financial inclusion of the urban poor, though the street vendors have not been targeted directly.

The officials of the Kolkata Municipal Corporation (KMC) said that there are no credit schemes solely targeted at the street hawkers. The issues of the urban poor are addressed under the SJSRY programme and all those who fall under the BPL category are taken into consideration. The work of SJSRY under KMC has gained momentum since r 2005. The programme started off with the formation of 1100 neighbourhood groups (NHGs), 800 thrift and credit societies and 44 neighbourhood committees. The NHGs comprise 10-12 women of the BPL category and each NHG has an account with a nationalised bank.

Lucknow and Kanpur

MFIs and banks have yet to formulate and implement credit schemes for the street vendors in these two cities. The current lending scenario is such that street vendors go to informal sources of credit such as money lenders and wholesalers for their financial needs.

Patna

MFI, SHGs and local money lenders lend financial support and some unions even provide legal support to street vendors. Most MFIs grant loans only through SHGs.

In Patna, the cooperative Nidan, an adjunct of NASVI, is active in the area. Apart from giving gold loans to 99 per cent of the street vendors, Nidan provides four types of support including legal, microfinance, social security and credit accessibility. Bandhan is another microfinance group that is operating successfully. They too function through the group lending system, where a collective of 25-30 women are granted loans.

Sijah Finance works in those areas that have a high Muslim population or greater number of Muslim vendors. This agency provides group loans to male vendors as well, though most group loans are given to women vendors. SKS and Arohan are also active in the city.

Ranchi

The MFIs are doing commendable work in this city. Among the banks that are actively working towards the financial inclusion of street vendors are Indian Bank Microsate branch, Bank of India, State Bank of India, followed by Punjab National Bank and Canara Bank. The MFIs that have successfully credit-linked groups and individuals are: SKS, BASIX, Ujjivan, Bandhan, Ashmita Microfinance, Spandana and Vedika Credit Capital Ltd. The NGOs that have been successful are: Kalanga Bazaar Educational Trust (Under KARRA Society), Nav Bharat Jagriti Kendra, Rajendra Samaj Sewa Sansthan.

Punjab National Bank, under the Bank-SHG linkage programme has provided loans to the urban poor for purposes of income generation. PNB has formed linkages through organisations such as Vedika Credit Capital Ltd. KARRA Society, PRADAN, Street India Organisation. PNB's operations took a backseat following defaulting repayments on loans sanctioned such that the bank was forced to send legal notices to the vendors when their monthly instalments failed to reach the bank. After a certain period, 25 accounts were placed into NPA category from the standard category, resulting in PNB stopping loans for a long time.

Indian Bank Microsate branch is a subsidiary of Indian Bank which runs exclusively to link the SHG s to the urban poor in the Ranchi urban region. The linkages are established with

through KARRA Society and Vedika Credit Capital Ltd. Around 6000 members have been covered through this bank linkage scheme. The rate of lending is 13 per cent annually to be repaid on a monthly basis within 35 months or 60 weeks. Along with the microcredit facilities they also provide a micro-insurance product Janshree Bima Yojana (JBY) through LIC Chennai. The yearly premium is Rs 169.

Canara Bank operates through the JLG model. It has disbursed loans individually by issuing credit cards through the membership-based Street India Organisation (SIO).. The rate of repayment is on a monthly basis at 10.75 per cent per annum. The bank has met with limited success in urban area. Streets India Organisation has recently credit-linked 18 vendors with Canara Bank. Earlier Streets India Organization also credit linked 27 vendors with PNB. Currently 176 more vendors have applied for the registration with the organization and waiting to get credit linked with the banks.

Bank of India has sanctioned loans to a large number of self-employed workers at the rate of 23 per cent per annum. They have linked the vendors and SHG groups run by Rajendra Samaj Sewa Sansthan. The banks opened 50 accounts but later refrained from opening more accounts owing to lack of manpower.

State Bank of India have forged links through Vedika Credit Capital Ltd at 12 per cent per annum which is a floating rate of interest. SBI mainly targets entrepreneurs and women's groups in manufacturing sector.

SIDBI forms SHGs and JLGs through which they grant loans to the urban poor. They have not targeted street vendors per se.

Bhartiya Samrudhhi Investments and Consulting Services Ltd. (BASIX), SKS Microfinance, Ujjivan Microfinance Ltd., Ashmita Microfinance Ltd., Bandhan and Vedika Credit Capital Ltd., all use the JLG model to provide services to its customers. They have males, females as well as mixed groups who take loans from them. According to BASIX in their JLG there are more than 70 per cent customers who engage in vending activities.

SKS provides loans which ranges from Rs 2000-12000 to the JLGs comprising female members. They provide loans under two schemes known as 'Income Generation Loan

(Aarambh) and 'Mid-Term Loan (Vridhhi). Repayment is done on weekly basis and the period of repayment is for 50 weeks. The rate of interest is 24.55 per cent per annum.

Ujjivan charges 26 per cent per annum plus 1 per cent as processing charge so the interest comes to 27 per cent per annum through the reducing balance mechanism. Ashmita Microfinance Ltd. also formulates its repayment structure on the reducing balance model and charges 23.06 per cent per annum as interest. Bandhan provides loans through the SHG model at an interest rate of 24.55 per cent per annum. Vedika Credit Capital Ltd as mentioned earlier forms linkages with banks, therefore their interest rate is computed at 14 per cent per annum in addition to the bank rate of 12 per cent per annum. In other words, the total interest charged is at 26 per cent per annum.

The KARRA Society is an NGO which has an arm that tends to the SHGs called the Kalanga Bazaar Educational Trust (KBET). It has linked around 247 members to the microstate branch of Indian Bank. The rate of repayment is pegged at 30 per cent per annum. The payment is on a weekly basis and all instalments must be completed within 80 weeks.

Rajendra Samaj Sewa Sansthan (RSSS) has linked around 15 SHGs with banks. They have also opened no-frills accounts for their members in the Bank of India. The rate of interest charged is 24 per cent per annum.

Nav Bharat Jagriti Kendra (NBJK), works in different sectors but group lending is its core activities. They have their own lending models and form and run SHGs and JLGs. NBJK has divided Ranchi's urban areas into two *sadars* (townships) which is covered by different field staffs. They too adopt the reducing balance mode of interest repayment and charge interest at 30 per cent per annum. An additional 1 per cent is deposited as security charge which is part of the insurance coverage for members. They are covered by the Birla Sun Life Insurance plan scheme.

Vijaywada

About 10 microfinance institutions including Spandana, Share, Asmita, Undamma Bottu Pedata and Guide, operate in Krishna district. Their image has been somewhat tainted owing to the exorbitant interest rates of up to 50 per cent that they are collecting in addition to harassing women for loan repayment. Their alleged high-handed recovery methods are

reported to have led to about 20 suicides. Surprisingly, they have a smooth operation in the other eight districts. In all, the MFIs have advanced about Rs 1,400 crore to over 10 lakh women of slum, semi-slum and lower-middle class areas in the nine coastal Andhra districts. About 50 cases are pending against 50 executives, branch managers and directors of MFIs in Krishna district.

The banks, whose money MFIs give as loans to women, plead with the government that by and large the MFIs' functioning in the state is satisfactory and that any government interference at this stage would only affect its avowed social welfare objective of uplifting women from poverty and their economic empowerment. However, the government is understood to have advised the banks to take active role in loan recovery process and mechanism without leaving it entirely in the hands of MFIs. The government has also introduced an amendment (Bill) in the Assembly, providing for using the Money Lending Act against the erring MFIs. The Act is yet to receive President's assent. As the RBI deregulated microfinance, it is said that the government is in a quandary as to how to proceed against MFIs.

Microfinance circles admit that when there were only one or two MFIs operating in the state some years ago, flat interest rate touched 24 per cent, now with about 10 MFIs in the field, effective interest rate has been pegged at 20-24 per cent per annum.

Experts feel that the transitory phase of microfinance is over. It has now entered a matured second phase, indicating its golden future. In the first phase, MFI organisers were overenthusiastic to offer loans at doorsteps, which resulted in some slips. The same women took loans from three or four MFIs at a time. Those who did not have any income source took loans to buy luxury goods and for education and medical needs and have failed to repay them. The issue kicked up so much dust that the AP Human Rights Commission too toured the coastal districts and recorded statements of a number of MFI victims. About 30 women deposed before the commission in Vijayawada.

The KBET has been doing a good job of providing group and individual loans to the vendors in Ranchi. The group mainly comprised 25-30 female members.

Most of the women were engaged in their small business enterprises either directly or

indirectly. They were engaged in business such as vendors of cooked food items, apparels, fruits and vegetables etc. Some even helped their husband in their business to run it together. Some were running stores in the market areas. More than 70 per cent of the members were engaged in business of one kind or another. Few preferred to remain housewives and help their husbands just financially by joining the groups and taking loans. The reason being they have small children to look after and also there were other reasons that restricted them to participate in the business directly. However, they were keen to get loans as they were sure that it would raise their economic and social conditions. Some were happy, some nervous and some hopeful that within one week they will receive the loan amounts.

The group members were promised to get the loan amount as per the norms of the bank. The bank according to its policy was ready to disburse maximum loans at the ratio of 1:4 of the savings and the amount disbursed to the group. The group members would get loans according to the needs of the members and their quotation provided to the group president. According to the KBET sources there are various other factors which are considered before the group are made eligible to be linked to the bank.

This group was being linked for the first time and all the members have just heard about the other groups who have successfully repaid back the loans. They were also well aware of their responsibilities after they got the loans. They hoped that after they cleared one loan cycle they would get more loans of higher amounts as they hoped to expand their business. Also they have a very high regard for KBET because of all the help they got from them with all the loan procedures and documentation work along the way.

The banks provided a maximum of 36 months for repayment through the reducing balance method at an interest rate of 15.75 per cent per annum. KBET is one of the most successful trusts which has credit linked 55 SHGs to the Indian Bank Microsate Branch covering 813 members who have received the loans. The trust has also linked the groups to the PNB, but now only repayment is pending. The trust is also in the process of linking the groups to the Indian Bank's Microsate branch.

Cases Studies

Ahmedabad: Namrata Rajhari

Namrata Rajhari is a slum dweller in the Berhampura locality of Ahmedabad. She started a beauty parlour with a loan of Rs 10000 from the SEWA Bank. The parlour business turned out to be a lucrative business from which she started making profits.. The profits enabled her to upgrade her home with an attached toilet and a loft. She also bought a washing machine and a computer for her children. It would have been difficult for a woman like Namrata to secure such a small loan from any big commercial bank, which why her case is noteworthy.

Ahmedabad: Premiben Solanki

Premiben Solanki stays in Gulbani Tekra, Ahmedabad. She took up the occupation of idol making after her marriage into a Gujarati family. She makes idols for all occasions ranging from various festivals—Christmas, Navratri, Diwali, Shraavan etc. It requires a lot of investment. She often used to take money from the money lenders at high interest rates, now she gets money from Sewa Bank and hence can easily continue her work without any burden.

Bengaluru: Vendor responses

Vendors mentioned that they are very happy with the working of the microfinance branch of Canara Bank in Bengaluru. According to the vendors, Canara Bank charges a minimum amount as transaction cost and charge a very nominal rate of interest. They repay the amount before their loan-repayment period is up. However, street vendors have reported that the amount of the individual loan should be increased. They believe that the amount of the loan the first time around should be low because the bank should see the vendors' entrepreneurship skills before investment. But once the repayment of the first loan is over, loan amounts should be high thereafter.

The vendors stated that they should be targeted more as they vendors are the neediest self-employed workers in the urban informal labour market. Street vendors are also very happy with the attitude of the bank officials. According to them, bank officials treat them as family. They have regular meetings which take place at the branch itself. Customer relations are

remarkable. The vendors have reported that the microfinance unit has helped them a lot at a personal level. The bank has helped women vendors in improving their status within their families. Interestingly, the vendors mentioned that the attitude of the family members towards them has changed for the better. They can make important decisions skilfully. Sometimes, they also help their husbands, by taking loans themselves. The vendors also mentioned that their household income has much improved.

Bengaluru: Nakalbandi (Jayanagar)

Nakalbandi in Jayanagar is a crowded area where the poor families dwell and engage in various types of activities—domestic work, daily wage work etc. The majority of the women used to engage themselves in domestic work in the Jayanagar area. They wanted to get engaged in some self-reliant income generating activities but unable to due to lack of funds. Their husbands often used to borrow money from money lenders. The bank intervened and engaged the women in income generating activities in order to make them self-reliant. The bank officials from the microfinance branch visited the area and directly interacted with the women. The women were facilitated by the bank to make groups and were given training and education. Thereafter the women were provided loans through which they engaged in various types of income-generating activities.

Bengaluru (Nakalbandi, Jayanagar): Gulzar Bano

Gulzar Bano is a resident of Nakalbandi area was earlier engaged in domestic work. When the bank officials came to her doorstep she decided to take loan. She had faith in the JLG model and got a loan from the bank. Now Gulzar Bano is engaged in embroidery work. She gets a fair number of contracts from city markets. Her work has also expanded and she has appointed a few helpers to whom she gives daily wages. She now earns enough to lead a decent and comfortable life.

Bengaluru (Ramachandrapuram): Shanti and Sugamma

Shanti and Sugamma are mobile vegetable vendors who sell their wares on the streets in carts. Earlier they used to take loans from the informal sources. They earned between Rs 250 and Rs 300 daily as their daily sale was around Rs 500-600. However, they had to pay daily

rate of interest from their daily income. They had hard time repaying the loan to the moneylenders because the interest rates were very high and the money was collected on a daily basis. They heard from their neighbours about loans provided by the Canara Bank and decided to join the group. They had joined the JLG and got a loan amount of Rs 25,000. They paid monthly installments of Rs 1200 for 24 months. Now they get larger loan amounts and are happily engaged in vending activities. They no longer require loans from money lenders.

Bengaluru: Shreelatha

Shreelatha was an LIC agent earlier, but now runs a bangle store in the same locality. She is an intermediate pass out. She came to know about Canara Bank's loan schemes from her friend and approached the bank after joining a JLG. She got a loan of Rs 35000 for which she paid monthly installments of Rs 1700 for a repayment period of 24 months. Now she has upgraded her shop and has introduced more products. She also handles various groups who require loans from the banks.

Bhopal: Kanchan Devi

Kanchan Devi 25, sells toys in New Market, T.T. Nagar, Bhopal. She started vending six months ago. Kanchan Devi approached Sahayata Microfinance Private Limited and they provided a loan of Rs 10,000. From this money she bought raw materials and started making toys herself and selling them in the market. Not only is she is earning money but she is also economically independent now. Her repayment method is that she has to pay Rs 230 in weekly installments.

Bhopal: Babita

Babita is a 26-year-old vegetable vendor operating in New Market, T.T. Nagar, Bhopal. She is a mobile vendor and has been vending for 15 years. She had hard time when she tried to take loans. She was unhappy with the rigid rules of the organisations she had contacted because questions about her migrant nature and not having anything as security were raised. She complained that individual loans are harder to get.

Bhubaneswar: Sadhu Charan Sahu

Sadhu Charan Sahu, from Bhubaneswar, aged 40, is married with two children. He owns a cooked food stall. Previously he did not have access to any credit facilities. His income was very meagre and he faced difficulties supporting his family. After the intervention of the BMC, he got a cabin and a license to do his business. He now operates from Vani Vihar Vending Zone which is under BMC.

As he has a licence and proper set up in a vending zone, he took loans from Asmitha Micro Finance, Bhumika Microfinance and microfinance branch, Canara Bank. He borrowed Rs 12,000 against a fixed deposit of Rs 6000 from Canara Bank through the SJSRY scheme. The loan duration is for four years and the rate of interest is 4 per cent per annum. He again borrowed an amount of Rs 10000 from Ashmita Micro Finance and repays through equal weekly instalments. The third source is Bhoomika Micro Finance. The total amount of loan is Rs 10,000. He repays Bhoomika through daily instalments. The rate of interest is 22 per cent per annum for the loans mentioned above. He had then expanded his business. Now his income has doubled and his family has a decent income, he has ensured a good education for his child and a safe future. He also had mentioned that many vendors like him have benefitted from the schemes of Canara Bank, Bhoomika and Ashmita microfinance institutions.

Delhi: Rajiya

Rajiya is a 28-year-old bangle vendor at Kingsway Camp, Delhi. She has been vending for seven years. She is very much satisfied with the terms and conditions of Sanchay. She is a member there and saves Rs 310 every month in the cooperative. She was provided a loan amount of Rs 20,000.

Delhi: Hasina Khatoon

Hasina Khatoon 31, is a fruit vendor in Trilokpuri, East Delhi. She has been in the vending business for 12 years. She is a mobile vendor. She had a bitter experience when she approached the cooperative. She was asked for two guarantors. The cooperative took long time to release the loan amount. The cooperative does not have any branch in her area. So,

she has to travel a long distance just to deposit her equal monthly instalments (EMIs).

Hyderabad: Vegetable vendor

The vendor is a widow (name withheld) whose husband was a construction worker. After her husband passed away, she started selling vegetables. She had very little capital to run the business. She was finally approached by a vendor friend who introduced her to loans granted by MFIs. After being introduced to the group, she was eligible for an initial loan of Rs 8000. She started off by paying back Rs $(160 + 226) =$ Rs 386 where Rs 226 was the interest amount, in the first week with an effective rate of interest 24.55 per cent per annum. The mode of payment was on weekly basis for a period of 50 weeks. According to her although the rate of interest was high, she was happy that at least she could start a venture and support her family. She also mentioned that the weekly payback system was less burdensome. It has now been six months since she started repaying and not a single month she has faltered.

Ranchi: Praveen Khatun

Praveen Khatun runs a small vending business selling garments at Doranda market for the past four years. Earlier she could not get any loans because she had approached the banks. She joined the KBET-SHG which linked the entire group to the bank, thereafter, she took an amount of Rs 25,000 facilitated by the KBET. The rate of interest was 30 per cent per annum. She successfully repaid back the loan amount and now hopes that she take more loans in the future. She used to pay Rs 345 weekly and the repayment period was 80 weeks. She was satisfied with the loan amount which she had to repay. She thinks that weekly amounts are easy to repay.

Ranchi: Rita Devi

Rita Devi took a loan from the BASIX. She sells fish at the Kishoreganj area in front of the Durga Mandir. She along with her husband has been engaged in vending for seven years. She related her BASIX experience emphasising the way BASIX provided the loan at regular intervals. She specially likes the monthly system of repayment of BASIX because it gives her enough time to accumulate profits and then pay her instalment. She hopes that after her term of repayment is finished she will be given individual loans.

Chapter-5

Role of Informal Sources: Realities and Challenges

Access to capital is an economic linkage between street trade and the economy as reflected in the study. It is the single most important factor that affects the vendors' economic activities as well as their personal lives.

Capital is needed for initiating the business and, later, for running and expanding the business. As is commonly known a rise in income is directly related to an increase in the standard of life. The informal sources of credit, the wholesalers, money lenders, friends or even relatives play a very important role in their lives. Be it a financial contingency or rejection by formal credit agencies, vendors turn to these informal sources of credit during dire situations. This study also shows the dependence vendors have on the moneylenders and wholesalers as compared to other informal sources of capital.

Type of Moneylenders

Under this section different types and schemes of money lending activities have been highlighted. The rate of interest charged by them under these schemes is the special focus of discussion. The schemes of lending are decided by the money lenders, themselves. From the data, it is seen that money lenders across 15 cities prefer to lend money on a day-to-day basis. Money lenders prefer to provide short-term loans of small amounts because it has a 100 per cent recovery rate. In addition, the rate of return is higher if they lend on the day-basis. More over the vendors are under constant supervision and pressure to repay the money on time. Some such cases are explained below:

Mumbai: 33-Day Scheme

Four types of loan schemes are prevalent in Mumbai. These schemes are based on the daily repayment method and loans are provided for 33-days, 66-days, 100-days and 200-days by moneylenders. A particular case of the 33-day loan in the eastern suburb of Chembur caught one's attention.

Laxmi is a 55-year-old woman selling vegetables in Chembur. She is Hindu belongs to the general caste and is illiterate. She is married with a dependency burden of eight members.

She had migrated from Chennai in Tamil Nadu almost 50 years ago and has been in this business for 45 years. Her daily earnings are around Rs 300. Her household income together with that of her husband is around Rs 12000 a month and her monthly household expenditure is Rs 11500.

She wanted to borrow a sum of Rs 6000 for 33 days a while ago under the Rs 200 per day scheme. But, the amount she got actually was around Rs 5500. Even though, she got Rs 500 less than what she had asked for, she had to pay Rs 6700 ($33 \times 200 + 100$) to the moneylender. The moneylender extorted Rs 500 from her and forced her to pay Rs 1200 at an exorbitant interest rate of 22 per cent.

Hyderabad: 100-Day Repayment Scheme

Moneylenders aside, informal financial groups which are not registered as credit agencies also operate in Hyderabad. In Hyderabad, a major part of credit borrowing by vendors is through moneylenders. There are two different patterns of moneylending: the first is the 100-day scheme. Under this scheme, the moneylender lends a vendor Rs 10,000 for 100 days at rate of 20 per cent per annum, wherein the vendor returns Rs 12,000.

But in reality the vendor gets Rs 9500 in hand because Rs 500 goes towards processing fees and other formalities. In other words, the vendor has to pay Rs 2500 for the sum borrowed.

Kolkata: 60-72-Day Scheme

In Kolkata the moneylenders are generally referred to as *kabuliwalas* or *Hindustanis*. Their main business is money-lending and they disburse loans at exorbitant rates which they collect daily over a period of 60-72 days. The money lending business had originated in Sealdah in central Kolkata. According to Mr Gopal Das, a CITU activist, local leader of the hawkers in that area: at the time of the Congress government in Bengal, the hawkers were harassed because they were engaged in petty trade practices which were considered as illegal by the then ruling government. They were subjected to torture by the police and the municipal authorities, their goods were confiscated every now and then and the hawkers had to arrange funds to release them from the authorities. Thus, hawkers in Sealdah were very harassed by the local goons, the police and municipal authorities. Their goods got confiscated and they

were charged a big amount for release. They money lenders took advantage of this situation and offered them loans to release their wares. This particular community of money-lenders thrives on the existence of exploited hawkers. The working of the money-lenders is widespread and very flexible. It is very suitable for those persons who need large amounts of money at particular times of the year. Garment vendors said that they needed funds at the time of festivals such as Durga Puja and Dusserha, Chaitra-sale and Poila Boishakh (Bengali New Year Festival).

The loan period is 60-72 days and the daily repayment varies depending on the loaned amount. The loans range from Rs .2000 to Rs 50,000 and the interest charged is very high almost 20-30 per cent.

Anjali is a vegetable vendor in Patuli Bazaar near Garia. Her husband left her quite young with a child to take care of. Her daily sales are meagre but owing to her penurious personal circumstances and dire business requirements she has no choice but to borrow frequently from the usurious moneylenders.. She had taken a 60-day loan of Rs 2000 from a money lender at an interest rate of 10 per cent. She had approached several MFIs, but seeing her *daala* (vegetable cart), they refused outright.

Process of Transaction and debt: Role of Wholesalers and Moneylenders

Kolkata: The goods-suppliers are money-lenders in disguise. Street vendors also avail credit in kind, on a daily basis from the wholesalers. They supply goods on credit and charge 10-20 per cent extra. The rates of return and the amount of goods supplied on credit vary with the type of goods that they supply. For food vendors it is on a day-to-day basis and for fruit-sellers and fisherfolk is seasonal. For vegetable vendors, the duration is about two to three days. For other products such as garments, electronics and others, it is on a weekly or monthly basis.

Ranchi: There are two types of wholesalers who provide goods to the customers. The vendors have repaid within 15 -30 days and the rate of interest is around 4.5 per cent every time they repay.

The vendors take the loans from the money lenders at very high interest rates which range from 5-6 per cent per month, which comes around 60-70 per cent per annum—a clear

exploitation of the borrowers. This kind of extortion is particularly rampant among the coconut vendors at the Kutchery Road.

Bhubaneswar: Often a loan with exorbitant interest charges becomes a burden for several street vendors especially when they lack the requisite resources to repay it.

Kaina, from Jagatsingpur district, lives with his wife and two daughters at IRC Village, Nayapalli of Bhubaneswar. Twenty years back he started a business of selling different types of *pan masala* at CRP Square Market from which he earned Rs 8000 per month. He then decided to take up a loan of Rs 60,000 from a money lender to expand his business. Unable to repay, he had to shut shop and is now considering starting a new business. The Bhubaneswar Municipal Corporation has agreed to extend a loan of Rs 30000 to him for four years at an interest rate of 4 per cent per annum.

Bengaluru: Parul took an amount of Rs 10,000 for her business, however only Rs 8500 was actually given to her. The moneylender kept Rs 1500 as the caution money/transaction cost. The daily repayment scheme was applied to her loan. The duration of the loan was three months and every day she had to pay Rs 100 for three months. Therefore, she had paid Rs 9000 for 90 days. Therefore, she paid an extra of Rs 2000 on Rs 8500, implying that she paid almost 94 per cent per annum.

Hyderabad: The case below illustrates the physical and psychological abuse that moneylenders subject on the lenders in the vegetable market in Hyderabad.

A vendor (name withheld) operating in Rythu Bazar, Mehdipattnam had borrowed Rs1000 in the morning and paid back Rs 1100 in the evening. He took these loans every alternate day to buy vegetables from the wholesaler. On one such loan, he could not pay back the whole amount in the evening and he tried requesting the moneylender to extend him more time. However the moneylender started abusing him physically so he borrowed from a friend to pay back the money lender after which he has stopped taking the daily loan from the money lender.

Patna: In Kapada Market in Patna, a vendor who is now accessing credit from Sijah, said that previously he used to take regular loans from money lenders. The lenders came daily to

collect their dues and abused him if he failed to repay on time. The money lenders happened to be so devoid of mercy that even if someone in the vendors' house expired or met with an accident, he would come to collect his dues.

Mumbai: Taking a loan to repay an older loan is widespread among the urban poor, so much so that they fall deeper into debt. A 24-year-old electronics vendor residing in Mahim, but doing business in Dadar has been in this business for 10 years. Hindu by religion, belonging to the general category, he had just been able to complete his primary education when he was forced to join the business. Married with a family of six, this vendor originally from Uttar Pradesh had migrated to Mumbai some 15 years back along with his family. His monthly income is about Rs 12000, while his expenditures total Rs. 9000 per month. His savings are paltry. He is however a member of a union.

This young man's father had taken up a loan from the money-lender at a high interest rate which he was unable to pay back during his life-time. As a consequence, the son is now obligated to pay the loan back along with the interest amount to the money-lender. Hence this man is financially overburdened, one with the repayment of the loan and the other with meeting his family's consumption requirements.

In the case of falling into a debt-trap there three examples:

(i) A vendor had borrowed Rs 2,00,000 for her husband's operation eight years ago in Chennai. She was forced to borrow from three different sources: money lenders, fellow vendors and a bank at an interest rate of 5 per cent per month. So far, she has managed to repay back half the amount, i.e. Rs1,00,000 and now she has to repay the other half at 3 per cent per month. She has been allowed this reduction in interest rate since she has already paid back half the amount. Now she is paying almost Rs 3000 a month to repay back this loan amount.

In addition to this, she had borrowed an amount of Rs 1,00,000 at 5 per cent per month due to her father's poor health. She sold their land and paid Rs 50,000. She is paying interest 2 per cent per month as interest on the remaining Rs 5,0000. In addition to these two loans, she had borrowed Rs 150000 at an interest rate of 1 per cent per month from the bank for her children's education three years back. Now she is paying Rs 1500 per month as interest for this purpose. Therefore, altogether she is paying Rs 5500 month as interest for her various

loans. Interestingly, all the loans were for purposes of social security.

She pays interest to all the lenders on time. She mentioned that she gives interest sometimes by borrowing from others. The interest on short-term private loan is higher than long-term loans. Thus it is clearly understood that she is a victim of the chain of debts. She said that local money lenders readily give loans to the women vendors since women vendors always pay back the loan along with the interest amount on time. When asked about her survival strategy, she smiled innocently and said: “It is a part of my business and my life, there is no choice but to continue with the struggle”.

(ii) Poonam sells vegetables in Chembur. Once when her son fell critically ill and required hospitalisation she borrowed Rs 5000 to get him discharged. She borrowed money from a wholesaler at a monthly interest rate of 2 per cent. She was given three months to pay her loan back. She paid interest for three months. The wholesaler, one day demanded the money back because he needed it for some emergency purposes. Therefore, she had to repay amount what she borrowed immediately. This forced her to borrow Rs 3000 overnight from money-lender at a monthly interest rate of 3 per cent.

(iii) Shova is a vegetable and fruit seller in Chembur. She took loan of Rs 100000 for the purpose of building a house. She borrowed money from a money lender at a monthly interest rate of 2 per cent. No conditions for repayment were set. She paid Rs 2000 monthly for one year and then stopped for three months because she had to pay her son’s school fees. When the money lender started pressurising her to pay she got scared and paid Rs 6000 immediately. Since she had no savings, she had to take loan from another money lender at a monthly interest rate of 5 per cent to repay the first money lender. She repaid Rs 6000 back to the second money lender, but she is still paying her debt to the first money lender.

Street Vendors’ Perspective on informal sources of credit

Hyderabad: Vendors in this city depend on moneylenders for hassle-free loans. The vendor in question operates in Koti area. He had taken a loan for his sister’s marriage under the ‘100 day scheme’. An amount of Rs 10,000 was borrowed and a daily collection of Rs 120 was done every day by the money lender from the next day itself. Therefore, the total amount of repayment summed up to Rs 12,000 after a period of 100 days. The rate of interest was to the tune of 73 per cent per annum. The loan taken by the vendor was for personal reasons and

since he did not take loans often, he did not find the rate of interest to be very high. In fact, he found the loan very helpful because he could manage the loan without any collateral very easily.

Kolkata: The positive role played by money lenders in the lives of street vendors. This vendor operates in Shyambazar area. He took a loan of Rs 15000 for 90 days at a monthly rate of interest of 10 per cent, each month for three consecutive months from a money lender. He realised that he had to pay back Rs 28,500 interest plus principal. Acknowledging that moneylenders charge high rates of interest, these vendors claimed that the former was the only easy source of credit. Some money-lenders have a very benevolent attitude towards vendors, occasionally describing the money lender as a father-figure who would seldom turn them down. Banks, on the other hand, would confiscate a vendor's goods for defaulting on payments. According to them, besides the high interest, they have nothing to complain regarding the moneylenders.

Not all vendors like to buy goods on credit. A fruit juice seller in Shyambazar said that he takes goods on credit only during the mango and jackfruit season when the prices of these items soar and it is not possible to fetch all goods by cash.

Some other sources of finance were prevalent in the sample. One man in the New Market area said that he borrows money from the Krishi Gramin Bank in his village under the guise of investing the sum in agricultural works. He uses the money borrowed for business or even personal purposes. He said, "if I say, I am a vendor in Kolkata.... and I want money, will they give me money? They ask for papers. I don't have any. I don't have proper licence even."

The vendors often borrow money from relatives, friends who do not charge any interest whatsoever.

Patna: Most vendors take loans from informal sources such as money lenders. However, this particular case in point is of a vendor in Patna claiming that the money lender is his last resort.

A street vendor in Patna had four daughters. According to him he took loans four times to marry off each of his daughters. He took loans at a monthly interest rate of 10 per cent, all of which he has successfully repaid. He said that he was able to marry off his daughter because there were moneylenders to help him with easy access to credit.

Social Networks at the Workplace

Social networks play a very decisive role in credit accessibility. Networks among the community play a vital role in building trust and reputation—two critical dimensions of the vendor's business. Once good 'reputation' and 'trust' have been built with the lenders, vendors even can borrow money from the wholesalers for other purposes as well, namely, social security.

Trust plays a key role in the vendors' day-to-day business. Exchange of favours is a widespread mechanism among vendors which assists their day-to-day life and makes them flourish despite intense competition and lack of general trust over money. This mutual trust rests on an expectation of trustworthy behaviour and reciprocity. Access to finance completely depends on the trust and relationship among borrowers and lenders. Women stand out as forming more circumscribed informal relationships than men. For instance, it is observed that lenders trust women more as women are more liable to repay and repay on time no matter how they are paying.

The primary reasons for a 50-year-old fruit-seller in Dadar to earn a sufficient amount for his sustenance are that of old age, fierce competition from younger members of his profession and so forth. His mounting expenditures are related to consumption, health, children's education etc. Since his expenditures exceed his income almost every month, he is compelled to borrow money to run his business as well as carry out all the other expenditures.

While explaining the nature of borrowing-lending activities, he mentions that personal bonding and mutual trust play a decisive role in determining loan transaction activities. Lenders are eager to lend money to people belonging to their own community and linguistic background. Money is likewise transacted for both productive and unproductive purposes (those which are not related to generation of income directly or indirectly).

As stated by him, "Trust plays a key role in our day-to-day business. It is not easy to establish a good rapport with the money lenders. It takes time even when we borrow money at high rates of interest. Sometimes the same language and the same community aid in forging good relationships with lenders. A highly informal relationship with the lenders makes the availability of loans much easier".

From the above, it can be extracted that vendors are socially connected with each other in terms of financial accessibility. However, if we see our present context, the business activity of street vendors is on a daily turnover basis and they build 'trust' and develop a 'good reputation' with their sources of capital such as wholesalers, money lenders, local traders, and retailers.

From the cases pointed above, we can surely not deny the importance of informal sources of credit for the street vendors. It is true that money lenders and wholesalers charge high interest rates, collect money in a very usurious way and exploit the vendors. But their role cannot be undermined owing to the fact that they are, at present, the only source of finance for most of the street vendors especially in the absence of formal institutional credit. The working of the money lenders and wholesalers though informal rely heavily on trust, good reputation and social networks as business strategies.

Chapter-6

Recommendations and Conclusion

The financial inclusion programme was adopted as a strategy to achieve inclusive growth among the urban poor, especially street vendors in India. This study highlighted some of the pressing issues related to credit accessibility among street vendors.

Various studies (Bhowmik 2001 and Tiwari 2000) have already confirmed that street vendors are among the most marginalised sections of the urban poor. As reiterated earlier, they provide the urban rich everyday household goods at affordable prices and to that extent street vendors constitute a vital part of the urban economy.

A national policy put forward various recommendations for the overall welfare of the street vendors in 2006 and then again in 2009. The policy prescribed the building up of separate hawking zones for street vendors, issuing trade licences to them, preventing their eviction and controlling their numbers, organising them at different levels to bring them into direct contact with the administration. In addition to these, the policy has constantly reiterated the need to formalise credit availability along with the provision of social security for them.

The plight of the urban poor has been brought to light in the past. Studies have emphasised the problems street vendors face in their daily lives. The informal nature of their business activities is partly responsible for the harassment they encounter from the police, municipal authorities and local leaders. Perhaps the most pressing of all the problems is access to credit and in this study conducted jointly by TISS-UNDP, the problem of credit accessibility has been dealt with at length. As a result, the pertinent factors related to the financial inclusion of street vendors, which stems directly from access to credit or the lack thereof in this case, have been the focus. This report thus presents in the form of a complete document the work undertaken during the project.

Surveys conducted in the 15 cities across India used questionnaires and interviews as part of its methodology to gather information.

The financial inclusion programme though targeted at the urban poor, has paid little to no

attention to the street vendors. The national policy for street vendors had proposed to address the issue of financial inclusion of the street vendors through the formation of SHGs, associations and microfinance institutions but it failed due to the lack of proper implementation.

The study has brought to the fore why the financial inclusion of street vendors is necessary including various aspects directly related to the growth and sustenance of the informal sector. In each of the cities, the initiatives undertaken by the civic authorities in favour and or against the vendors have also been presented.

This is followed by a demographic and socio-economic profile of the cities. Several issues concerning the nature of credit accessibility among street vendors and the pattern of their transactions has been discussed at length. The entire nature of credit transactions has been discussed. These include the sources of credit, the purposes for which credit is often demanded by the vendors, the type of credit they avail, the amount of credit normally demanded; and most importantly the rate of interest and the associated conditionality of the loans granted.

A detailed account of the sources of formal credit follows, including banks, several NGOs, SHGs and microfinance institutions. Despite limited operations, SEWA has been quite successful. Microfinance institutions have been particularly successful in Kolkata, Ranchi, Hyderabad and Guwahati, in freeing the urban poor from the clutches of the money lenders. However in cities like Bhopal and Mumbai, they have failed to make a mark.

Further, the study infers that in the absence of the invincible position of the money lender and other sources of informal credit, street vendors would scarcely be able to survive. One vendor in Kolkata pointed out: “They are there, so we exist; if they did not, who else will help us survive by lending money, so badly needed by us?”

Response of Civic Authorities

The near hostile attitude of the civic authorities appeared to be a universal feature across the 15 cities in the sample set. They are not just neglected, but also hounded by the local municipal civic authorities and the police. For instance in Bhubaneswar, Ahmedabad and

Guwahati vending zones are being constructed for the street vendors. Issue of identity cards and licences have started in Kolkata and Vijayawada. The city authorities in Ranchi are providing vendors carts for selling their wares. In Bhopal, women vendors are being given financial assistance. In Patna, Lucknow, Kanpur and Mumbai the government's response has been insignificant. The civic authorities in Hyderabad are, however, trying to be proactive on the vendor issue by putting into practice draft proposals. While the negligent attitude of the civic authorities is omnipresent, it would be remiss to say that the street vendors have been robbed of any kind of rehabilitation.

Sixty-one per cent of the sample respondents earn a monthly income in the mid-high level range of Rs 6000-15000. While the income of the street vendors may not actually be too low, a significant portion is spent repaying interest on loans.

The MFIs target the women and grant them loan so that they can be self-employed. However in many instances, the loans taken by women are used by the male members of their households. So women get indirectly involved in the process of borrowing without in any way being involved in income-generating activities themselves. This is where the good intentions of the MFIs get defeated to some extent. The foremost demand of many male vendors is that other MFIs like BASIX should start lending to them thereby automatically reducing their dependence on their wives in the process of borrowing.

MFIs have multiple loan-generating schemes nonetheless the vendors' reaction to them is mixed. Some are elated that they no longer have to depend on money lenders charging high interest on loans, others complain about the structural rigidities of the credit agencies such as the weekly instalments, the pre-decided loan amount and the amount of repayment and so forth. Many vendors even prefer money lenders to MFIs because they like the flexible nature of the loan repayment schemes of the money lenders.

Women and Empowerment

There were some very important findings with respect to the women vendors' economic empowerment. The number of women street vendors is on the rise, as many trade unions have reported. This means that the occupation of street vending is increasingly becoming an income-generating option for many women. In recent years, it has been noticed that there is a

shrinkage of job opportunities of women in the manufacturing sector and many women are taking to street vending. This is due to the fact that they are getting supported in their entrepreneurship by some institutions deliberately formed to address their financial needs. Women are found to be better entrepreneurs and they utilise the loan amount in a much more efficient way than their male counterparts. There are many programmes targeted at women's empowerment and emancipation, MFIs are lending especially to women in order to make them economically independent. Moreover women are better borrowers because they repay the loans at the stipulated time. The microfinance departments of the banks must further this by addressing the financial needs of the women and men vendors separately.

Economic security through financial inclusion

Economic security implies three basic things: having a regular and stable flow of income now and in the near future, solvency and employment or job security. In other words, economic security will ensure social security as well. The street vendors belong to the urban informal sector of self-employed workers and are drawn towards street vending because it requires low capital investment, skill and education. Though the informal nature of their activities prevents them from improving their socio-economic condition and restricts their upward mobility. Street vendors can be brought within the formal financial structure through financial inclusion programme by improving their access to finance and enabling them to secure their present employment and future income.

Recommendations

Banks: Street vendors are unable to offer collaterals or guarantors because of their weak economic status. Therefore, banks should arrange collateral-free loans at the subsistence level in order to accommodate their needs. Another possibility could be that NGOs or trade unions could intervene as guarantors for which they would have to work effectively in organising street vendors. In addition to trade unions or NGOs, the civic authorities can also act as loan guarantors on behalf of the vendors. The loan process should be made less cumbersome and bureaucratic.

The banks need to conduct skill development programmes, training programmes, organise workshops for the uneducated urban poor as how to utilise the available fund in a proper way

with minimum wastage. A separate department should work towards educating them by providing free advice and consultation as to how they should go about with formal procedures and documentation involved in bank loans. The microfinance departments of the concerned bank should have all these facilities.

Civic Authority: Only in one or two cities have they started official census of the vendors, no data is available till now on the actual number of vendors, issue of licenses, photo identity cards where ever getting undertaken is proceeding at a very slow pace. After all these issues are over, the issue of credit accessibility will be taken up. It means another 5-6 years of usurious capital for the vendors.

Trade Unions: They can play a very important role in securing credit availability for vendors. Unions in Kolkata and Patna have been fighting pitched battles against evictions and securing right to public space utilisation for street vendors. They will soon take up the issue of formal credit accessibility.

Conclusion

It is an undeniable fact that the informal sector contributes significantly towards national output (60 per cent of the GDP; NSSO 2004-05) and employment. Turning a blind eye to this sector would work to the detriment of our country's development. Street vending offers a means of livelihood to a huge section of the urban poor and is an important segment of the urban informal sector. The Government of India estimates that 10 million persons obtain their livelihood from this occupation. However, if this number is added to the number of dependents in vendor families including those to whom money is remitted money the number of persons dependent on this occupation would triple. Aiding the expansion of their scale of operations, encouraging them to be entrepreneurial and at the same time regulating their activities through rehabilitation and access to cheap formal credit would be a step forward towards the financial inclusion of street vendors. There is an urgent need to turn all these discussions and deliberations into practice.