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Potential and Challenges of SSE Initiative for Informal Street Trade

Case Study of Two Indian Cities

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Abstract

The main intent of this paper is to illustrate the relevance and challenges of SSE approach for managing the informal street trade. This paper argues that SSE with its expanded notion of economy can be instrumental to mainstreaming informal street trade, as an alternate economic form. Informal street trade being an issue of political economy, social development and economic purposes, needs SSE approach as it does not reduce the economy to market alone. Also, SSE focuses on community and civil society as economic partners and therefore, offers appropriate framework for street trade, which began to organize through civil society movements. However, it also contends that the transition to SSE would require stakeholders from different spheres to converge together in strategic alignment. Based on two case studies, it is found that in the absence of a regulatory system, various stakeholders in street trade sector have worked out informal mechanisms to serve mutual interests. Inherent interests are likely to resist a transition towards SSE. Street trade also suffers due to indeterminate policy environment. The transition of informal street trade into SSE would entail structural changes in the way political economy, market forces, bureaucratic structure and urban planning process approach the sector.

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Introduction

‘The persistence and growth of the informal economy, especially in the developing countries, has defied its initial conception as a “survivalist” and temporary phenomenon that would eventually disappear after its absorption into the modern formal economy’ (ILO 2011). The enduring reality of informal sector reflects the urgent need for an alternate beyond the formal – informal dichotomy. Social and solidarity economy (SSE) model has much potential in this regard (see ILO 2011). The main intent of this paper is to illustrate the relevance and challenges of SSE approach, particularly for managing the informal street trade. The central argument of this paper is that SSE with its expanded notion of economy can be instrumental to integrating informal street trade, into overall economic system. However, it also contends that the transition to SSE would require stakeholders from different spheres to converge together in strategic alignment. Specifically, the paper pursues two parallel objectives.

- i. To illustrate why and how the SSE approach could be a potentially viable and sustainable response to the contemporary challenge of managing and systemizing the evitable and unbridled expansion of urban street trade in countries like India.
- ii. Consequentially, to examine the challenges and systemic constraints before the operationalization of SSE approach to street trade sector. As a corollary, the paper also gives way to certain implications for public policy.

Street vending in general is a well researched urban issue today (Bhowmik 2005; Anjaria 2006; Skinner, 2008; Donovan 2008; Morales and Kettles 2009; Joseph 2011; Chai and Qin 2011; Watson 2011). However, interfaces, hegemony and subvert forms of everyday resistance continue to be relatively less explored aspect of it (Turner and Schoenberger 2012). Bromley (2000) underscored the need for a proximate understanding of ‘street level bureaucratic’ process for management of street vending. This was re-emphasized by Hart (2005) as follows; ‘we need to know how formal bureaucracy works in practice and, even more important, what social forms have emerged to organize the informal economy...We must examine the institutional particulars sustaining the practices that now exist outside of the law’ (Hart 2005: 15). This relatively less examined aspect of street trade is explored in this paper through a methodical analysis of informal and informal institutions with respect to street trade. Based on field research in two towns of India, this paper argues for a comprehensive Social and Solidarity Economy framework to address the challenges associated with informal street trade.

Social and Solidarity Economy (SSE), as a form of production and exchange, offers a strategic and inclusive contours to engage with notions of democratic decision making, justice, resilience, capability expansion and cohesion (UNRISD 2012). As such the approach has much appeal for the urban informal sector, particularly the street vending sector dwelling constantly on volatile premises of physical violence, uncertainty, insecurity despite its visible and evitable presence in urban local economy. In the past, a cooperative approach to improve the livelihoods of informal worker including street vendors has been attempted (e.g. ILO’s SYNDICOOP programme in South Africa) but have failed to show desired results. What difference a SSE approach is going to make then? This is a key question this research seeks

to explore and answer at length. SSE is neither a representative of state sponsored welfarism, nor is indicative of a mere cooperative of small, informal workers or micro entrepreneurs (UNRISD 2012). As will be seen subsequently, it has strategic importance for mainstreaming urban street trade, but entails structural changes in the environment to realize its potential.

Research context and field areas

This research has been conducted in context of ongoing urban reform initiative, called the Support Programme for Urban Reform (henceforth, referred as SPUR) in the state of Bihar in eastern India. Aided by the Department for International Development (DFID), United Kingdom, a key component of the programme, is to restructure and organize the informal street trade in the state. This paper evolved out of the author's direct association with the piloting of reform initiative in street trade sector. The field inquiry spanned over two years, alongside the implementation of pilot project in two towns/cities, Patna – the state capital and Begusarai, the neighbouring industrial town.

Field areas – the two towns for the pilot initiative

According to the first ever estimates done under SPUR (2010), the number of street vendors in the two cities - Patna and Begusarai is approximately 30,000 and 5000 respectively. An estimated 1.5 -2.00 per cent of population in Patna and Begusarai is engaged in this sector for its livelihood. These street vendors work in highly diverse consumption and service groups and act as crucial link in informal sector production and marketing chain. The estimates revealed that majority (around 47%) of street vendors in Patna is engaged in fruits and vegetable trade while a majority (around 39%) of street vendors in Begusarai is engaged in selling of cooked food and ready to eat items. This is followed by trade in items of daily requirements particularly garments and accessories.

For piloting purpose, the project sought to re-organize a group of sixty two street vendors in Patna and a group of four sixty one street vendors in Begusarai. The process of reform encompassed community mobilization as well as structured physical rehabilitation. The identification of these groups and sites for rehabilitation was influenced primarily by strategic factors such as land feasibility, availability of land and stakeholders' consent among others. These street vendors have been operating from encroached public land owned by different public departments. In Patna and Begusarai, the piloting sites belonged to the Road Construction Department (RCD) of Government of Bihar and the National Highway Authority of India (NHAI) respectively. Community mobilization was a continuous process to engage various stakeholders at all levels.

Methodological note

Looking at institutional context is important since it is the relevance of a particular context that distinct Solidarity Economy from other socially oriented economic forms (Laville et al. 2008). Methodologically, this paper can be seen as an institutional analysis of findings from an experiential study involving direct observation and empirical understanding as the salient modes of data collection. Data sources included in depth and constant interaction and

interviews with all stakeholders, for two and half years. In addition, various policy documents, internal guidelines and legal notifications of State Government were important information sources. Repeated focus group discussions were held with the stakeholders together and in distinct groups. Direct observations on field acted as critical source of data, particularly with respect to informal practices.

This research addresses two inter-related issues regarding informal street trade and SSE approach. The findings are structured accordingly with the next section looking at the relevance of SSE approach for managing street trade sector. Subsequent section discusses the challenges associated with operationalizing the SSE approach, followed by some concluding reflections.

Why street trade calls for economics of solidarity?

A major contribution of the solidarity economy approach stems from its socio-political dimension (see Laville et al. 2008). Social economy has generally been identified with its 'social dimension' of economic activities. It is however the notion of solidarity that gives it a more definite and assertive character, as a form of economy, amidst the predominance of 'either market or state' approach. It also gives this alternate economic form, a political dimension, which is not equally sought in all sectors and activities, but is of central importance in the case of informal street trade.

Political macro-economy of street trade in Bihar

VOICE AND AGENCY OF STREET TRADERS;

Even though it emanated out of survival needs of the unemployed lot, street vending is no longer limited to the lower social groups (Kayuni and Tambulasi 2009). Even though street trade sector, being institutionally excluded, remains a social concern and critical issue for workers, it has also wielded much significance as a perennial economic force built upon the market needs of both the consumers and the suppliers. According to the figures of the National Alliance of Street Vendors in India (NASVI), street trade sector in Patna alone had an annual turnover of USD 77 Million more than a decade ago. Administrative forces have not only failed consistently to check the visibility of street trade, the sector in fact has gradually acquired voice and agency through large scale associational activities. More than 300000 street vendors across India are affiliated to NASVI¹. In the state of Bihar, there are 80 street traders' association with a membership of approximately 11000 street vendors through organized efforts of civil society². The legislation of the National Policy on Urban Street Vendors 2009, Government of India and the recent legislative approval of Bihar State Street vendors (Protection of Livelihood and Regulation of Trade) Bill, 2012 is a corollary of an organized action on the part of street traders and civil society. Consequently, informal street trade while continues to shelter the economically poor and the socially insecure in India including Bihar, it has grown adequately influential, on one hand, to not allow the policy

¹ Source: Annual Report 2009-10, National Alliance of Street Vendors in India, <http://nasvinet.org>

² Source: Organizational Profile, Nidan, www.nidan.in

process bypass it and on the other to use informal agency to sustain its day-to-day business. Evidently, informal street trade with increasing voice in the political macro- economy cannot be reduced to an issue of market or society alone. Precisely due to this, a welfarist or even cooperative approach may not suffice to respond to the challenges of this sector.

Irrespective of any acknowledgement as such, informal street trade sector depicts an economy of solidarity, persisting and expanding through its agency and voice. Meanwhile, gradual policy recognition has not been unable to bring tangible benefits and the realization of political economic rights of street traders remains an unfinished agenda. This realization still puts significant demand on agency of street traders. Since ‘...Solidarity economy is based on an expanded concept of the economy and of the political sphere’ (Laville, Levesque and Mendell 2009: 155-187), it offers appropriate framework to accommodate the much needed voice and political clout of street trade sector.

URBAN SPACE CRISIS AND POTENTIAL OF SSE;

Growing pressure on urban infrastructure and competing land usages has made street traders easy victims of any decongestion moves. ‘The tension between the use of public space.....as a catalyst for private investment or as a stage for “informal survivalism” ...has created situations in which many of the latent conflicts between various social and political groups are played out and given form in the built environment’ (Donovan 2008: 30). However, it is noted that right to use the land may solve some of the conflicts that arise at public places being ‘public goods’ (Paron 2002). It is argued that the poor condition of public spaces is just a case of ‘tragedy of commons’ (De Sotro 1989; Peron 2002). With even a limited right to use the land, street traders would be liberated from fear of evictions and the consequent sense of ownership would encourage better space and environment management by them. In fact, it has been shown how accommodating the informal sector both in physical and economic terms contributes to sustainable urban development (Perera 1994). Given the urban planning fiasco in Bihar, the SSE framework offers ample scope to accommodate street traders’ right to public space which can solve part of the crisis of urban space management as well. Street trade as solidarity economy in turn, would be better able to ward off any attempt to its trivialization and marginalization during land negotiations..

Stakeholders’ dynamics in street trade sector: the micro view

Informal street trade has a direct and constant interface with largest number of stakeholders in urban local environment. The interaction of street traders is particularly direct and reciprocal with local bureaucracy, local police, local political representatives, vendors’ associations and consumers. Less direct but frequent interface occurs between the street traders on one side and the other informal users of public spaces such as private vehicles and transport utility owners. The research observed that in the absence of a regulatory framework, all these actors have worked out informal mechanisms to sustain mutual interest. An understanding on the stakeholders’ dynamics reveals why a SSE approach could be befitting for the street trade sector.

GRASS ROOT BUREAUCRACY;

Within the informal sector, street vending has the unique feature of constant and large interface with local administration and police (see Motala, 2002). Proximate observations on field reveal that the local bureaucracy finds it gainful to engage in informal and often tacit negotiations with the street traders instead of attempting a systematic regulation. Both in Patna and Begusarai, the municipal bodies are not institutionally equipped to meet their formal obligations towards optimal urban governance especially to street trade. Therefore, it is rational on their part to rely on informal mechanisms to strike congruence by allowing room for arbitrariness as well as occasional regulations. Municipal indifference towards their day-to-day business is acceptable by the street traders for whom interference comes only in forms of evictions. They bribe both the municipal staffs and local police to retain their businesses at encroached sites. At the same time, it was observed during field work that institutional constraint though is a key administrative handicap, is also being used by it (especially local police) to mask own indifference and malpractices. Rent seeking is particularly conspicuous among local police across the streets. Despite massive chaos, this status quo sustains and lacks any incentive to change. Forced evictions by district administration are futile because local bureaucracy indulges in rent seeking and lax monitoring. The street traders within 3-4 days of eviction come back to their places of trade.

LOCAL ELECTED REPRESENTATIVES;

Elected representatives in municipal wards – smallest administrative unit in municipal areas, were also observed to manipulate the piloting process for personalized gains such as securing resources for their kith and kin. Such particularistic 'elect' loyalties result into nepotism and favouritism in the allocation of government services, and have also been noted elsewhere (see Rodman, 1968). Thus, during the project listing of beneficiaries in Patna, the ward councillor interfered with the process to accommodate, people from his kinship network, who are not parts of the pilot's target groups. The councillor even held that unless some of the traders from the target groups are replaced by his loyalties, municipal approval to the pilot scheme could suffer. This is customary in certain societies (like in present towns), for elected officials to make substantive contributions to the welfare of the people in constituencies that elect them (see Myint, 2000).

Now, the purpose of foregoing discussion on the dynamics of key stakeholders has been to

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