



# INFORMAL ECONOMY: A CASE STUDY OF STREET VENDORS IN TLABUNG, MIZORAM

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**Abstract:** The informal economy encompasses economic activities that are not regulated by the government, often characterized by a lack of formal contracts and protections. Street vendors are a prominent part of this sector, especially in urban areas and played an important role in the urban informal economy in terms of generating more employment. This study examines the socio-economic characteristics and income level of street vendors in Tlabung Town, highlighting their crucial role in the informal economy.

**Keywords:** *Informal Economy, Socio-Economic, Chi Square*

## 1. INTRODUCTION

The term 'Informal Economy' can be traced back from Clifford Geertz's book entitled "Agricultural involution: The processes of ecological change in Indonesia" in 1963. Geertz (1963) introduced the concepts of 'firm-centered economy' and 'bazaar-type economy' to distinguish between what we now refer to as the formal and informal sectors of the economy. However, the term informal economy was the first coined by Keith Hart in 1970 and he used different terms like informal sector, unorganized sector, un-enumerated sector, self-employed, urban proletariat as alternative and interchangeable (Hart, 1970). The concept of informal economy was refined by the International Labour Organization (ILO) in its study on unemployment problem in Kenya. The study stated that informal sector has characteristics like ease of entry, reliance on indigenous resources, ownership, small scale operation, unregulated, intensive labour technology and lack of skills (ILO, 1972). Majority of the previous works on informal sector were carried out in the countries of Africa, Latin America and Asia due to predominance of informality in developing countries.

Street vending is an important occupation since from an ancient time. Street vendors constitute an important part of the urban population. Moreover, Street vendors are an integral component of urban economies around the world. Street vendors are those who are unable to get regular jobs in the formal sector due to the low level of education and skills. Street vendors are self-employed, informal poor retail traders in urban labour market. National Policy for Urban Street Vendors (NPUSV, 2004) defined "a street vendor is one who offers goods and services for sale to the public without having a permanent built-up structure but with a temporary static structure or mobile stall or head load".

Street vendors represent one of the most disadvantaged groups among the urban poor. With small amounts of capital, street vendors work in instable and insecure situations as their work places are urban public spaces, pavements, streets and markets. Street vendors do not pay taxes; thereby they are considered unlawful entities and targeted by municipal corporation officials and police as illegal traders. Municipal corporation conduct eviction drives to clear the pavements as a result of which most of the vending goods are destroyed, confiscated and leads to heavy fines for recovery.

## 2. LITERATURE REVIEW

Roever (2011) examined the socio-economic and livelihood characteristics of street vendors in Asia, Africa, and Latin America. The study showed that the working place of the street vendors were characterised by improper infrastructure as there was no proper toilet, no drainage and no waste disposal. Government authorities coercively eliminated street vendors from the street in policy matters. At the same time, the study reported that a few numbers of street vendors got protection from the state.

Saha (2011) studied street vendors in Mumbai and found that a primary challenge they face is borrowing money from local moneylenders and wholesalers to access credit for their businesses and social security needs. Unfortunately, this often leads to vendors paying high interest rates to these moneylenders. The working hours of the vendors and the safety and security conditions in their workplace, together with extensive rent seeking by local authorities, contribute to a deteriorating working environment as well as economic deprivation for street vendors. The study highlights the challenging working conditions faced by vendors, marked by excessively long hours and hazardous, unhealthy environments.

Bhat and Nengroo (2013) conducted a study on street vendors in Kashmir. They found that the primary reason for engaging in street vending was the lack of job opportunities and the absence of an earning member in the family. The study revealed that most vendors fall within the age group of 16 to 35 years and tend to come from poor educational backgrounds. Typically, street vendors start their businesses early in the morning and work around 7 to 10 hours each day. Their earnings vary based on the type of products they sell, with footwear vendors achieving the highest profits, followed by those selling clothing and fish.

Shibin and Nishanth (2017) studied the street vendors in Kollam district and observed that most of the common people mainly middle class and the lower-class people depend on street vendors for their purchase satisfaction. The street vendors depend only on their vending income as livelihood. They do not have any other means of income other than vending. This study highlights the socio-economic status of street vendors and the challenges faced in their business. These include economic instability, social insecurity, adverse weather conditions, barriers to accessing credit, health issues, discrimination, unstable working conditions, and a lack of awareness about their legal rights.

Kaur and Kaur (2017) street vendors of Khanna and founded that street vendor provide an easily accessible market for an inexpensive shopping experience. The growing rate of urban poor find their source of livelihood in street vending and help in wedging the gap between the customer and the seller considerably.

However, the current situation and government efforts have overlooked these important entrepreneurs, leaving them marginalized in the context of global development. Institutional resources tend to prioritize larger businesses and their development while neglecting the credit needs of street vendors.

### 3. OBJECTIVES

1. To study the socio-economic characteristics of street vendors.
2. To analyse the reasons for street vending and challenges faced by street vendors.

#### 3.1 Hypothesis

There is no significant difference in income levels of street vendors in Tlabung town on the basis of gender, marital status, ethnicity, and educational attainment level.

### 4. METHODOLOGY

#### 4.1 Material, sampling method and collection of data

The research is based on both primary and secondary data. Primary data were collected through interview schedules. The well-structured questionnaire is developed for the collection of primary data regarding various socio-economic condition of street vendors. A random sampling method was adopted to select street vendors in Tlabung town. A total of 400 were interviewed through scheduled questionnaire.

Secondary data were collected from documents, published reports from Government and non-governmental agencies.

#### 4.2 Techniques of analysis

The main techniques employed in the study was Chi-square test. The Chi-square test is a statistical method used to evaluate how well observed values match expected values, particularly for categorical data. It helps determine if there is a significant difference in the occurrence of a characteristic between two groups. The formula for the Chi-square statistic is:

$$\chi^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

Where:

- $\chi^2$  is the Chi-square statistic.
- $O_i$  represents the observed frequency for each category.
- $E_i$  represents the expected frequency for each category, which is calculated based on the assumption that there is no association between the variables.

Another method for analysis were graphical methods like bar graph, and pie-chart were also employed in the analysis of the study.

For the analysis of data, the statistical techniques Microsoft Excel and Statistical Package for Social Science (SPSS) version 20 were also employed in this research.

### 4.3 Study area

Tlabung town is located in the south-western part of Mizoram, which is under the district of Lunglei, Mizoram. It is a notified town. Tlabung was established and settled in 1871 with the order of Superintendent of the Chittagong Hill Tracts Lt. Col. T.H. Lewin. According to 2011 census, Tlabung has a population of 4,554 among them 2,267 were males while 2,287 were females (Statistical Handbook, 2011).

Tlabung is located along the banks of the Khawthlang Tuipui, also referred to as the Karnaphuli, which provides a route to Bangladesh. This river can be called the lifeline of Tlabung and its surrounding villages. The Indo-Border Trade Centre and the Integrated Check Point (ICP) have been set up in Kawrpuichhuah near Tlabung. However, it is still incomplete and not fully operational. In the meantime, illegal trading is still practiced. Items like vegetables and other small items were imported with free trade. On the other hand, machines, clothes and other items were illegally imported (Sailtuanga *et al.*, 2019)

Marketing pattern in Tlabung is a different comparing with other towns and villages. In a week, three days are observed as marketing day. Tuesday, Thursday and Saturday are the days for marketing in Tlabung town. In these marketing days, marketing period starts from early in the morning to 11 AM. People from in and around Tlabung came to buy their needs. From around 10 AM, the number of customers and the vendors start to decline.

## 5. RESULT AND DISCUSSION

### 5.1 Socio-Demographic Profile

The socio-demographic characteristics of street vendors in Tlabung town including Gender, age, marital status, religion, ethnicity, and educational level

#### 5.1.1 Gender and Age Composition:

Gender and age distribution are significant aspects of demographic characteristics. A study of gender and age composition of the street vendors helps us to discover a group of population who participates in street vending. The study reveals that street vending in Tlabung Town is primarily a female oriented occupation. As shown in Figure 1.1, female street vendors constitute 84 per cent of the total vendors.

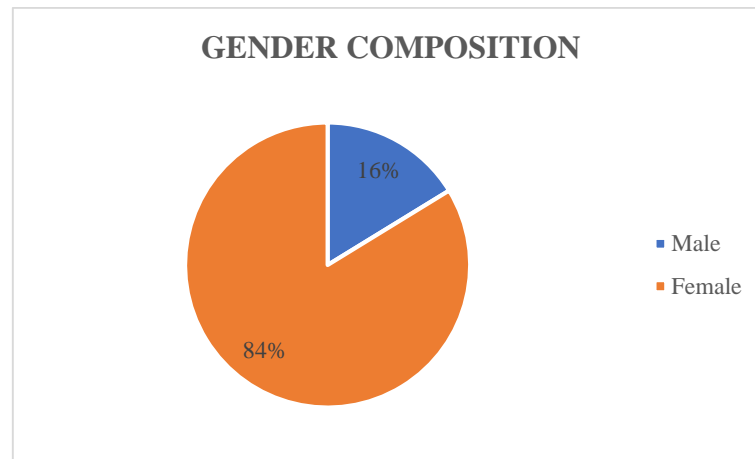


Figure 5.1.1 Gender composition

The age distribution indicates that the largest group of street vendors falls within the 41-50 year age range (39%), followed by those aged 31-40 years (31%). Only 15 per cent of the respondents belonged to the age-group of below 30 years and there were a few vendors who still work after attaining 60 years and above. The lower participation of below 30 years age-group shows the unattractiveness of street vending for job seeking youth (Figure 1.2).

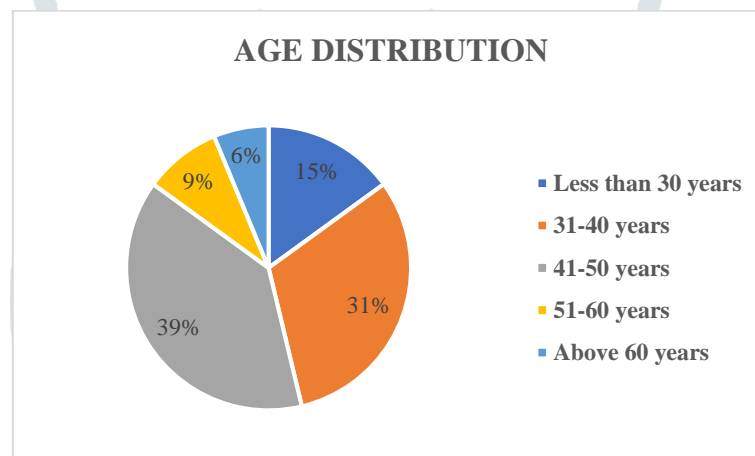


Figure 5.1.2 Age distribution

### 5.1.2 Marital status:

Marital status plays a critical role in determining work opportunities mainly in street vending. The need varies depending on marital status. Married people would certainly have more obligations and opportunities because of their, however they would also have the support of their families.

The study found that 59 per cent of the total street vendors in Tlabung Town were currently married at the time of the study. The percentage of never married vendors was 28 per cent while 9 per cent were either separated or divorced and 5 per cent were widowed (Figure 1.3).

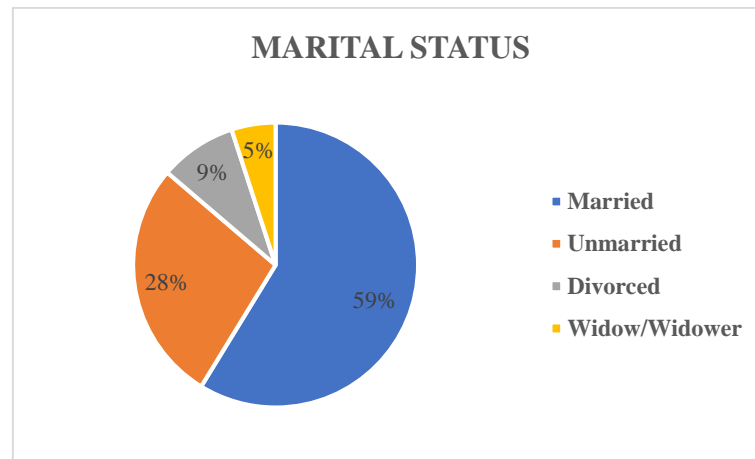


Figure 5.1.3 Marital status

### 5.1.3 Religious composition:

Christianity is the dominant religion in Mizoram followed by Buddhism and Hinduism. As expected, majority of the street vendors were Christians (69%) followed by Buddhist (19%) and Hindu (13%). The Hindu vendors were mainly non-local migrants from Cachar areas of Assam. The Buddhism follower were mainly Chakma people (Figure 1.4).

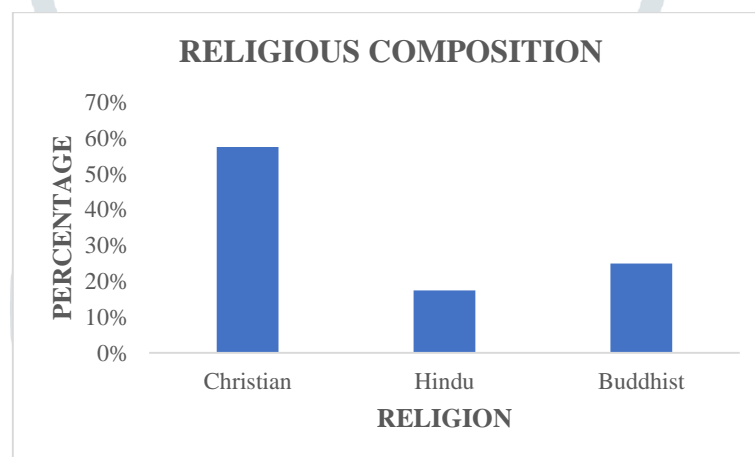


Figure 5.1.4 Religious Composition

### 5.1.4 Ethnic Composition:

Street vending in Tlabung Town is dominated by the Chakma and Mizo tribes who constituted 50 per cent and 29 per cent of the total respondents respectively. The rest belonged to Assamese migrants from Cachar district of Assam, the Chin ethnic group who have migrated from Myanmar (Burma) which is classified under the category of 'Others'. The Assamese community consisted of 16 per cent and the 'Others' constituted only 5 per cent of the total respondents (Figure 1.5).

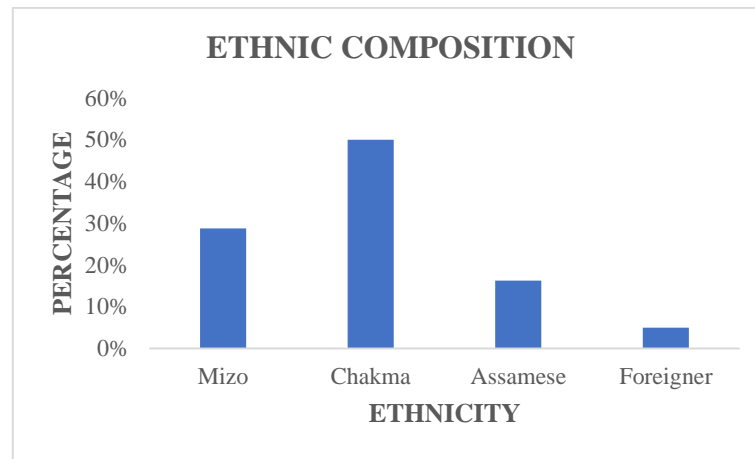


Figure 5.1.5 Ethnic Composition

### 5.1.5 Educational attainment level:

The educational attainment level of the street vendors in Tlabung town showed that 90 per cent of the respondent has not completed high school and 4 per cent were illiterate (Table 1). This indicates that less educated persons were more likely to engage in street vending due to lack of opportunities in other sectors of employment. There are various factors responsible for poor educational background of these vendors. Lack of quality education due to poverty is one of the most important factors of their low level of education (Figure 1.6)

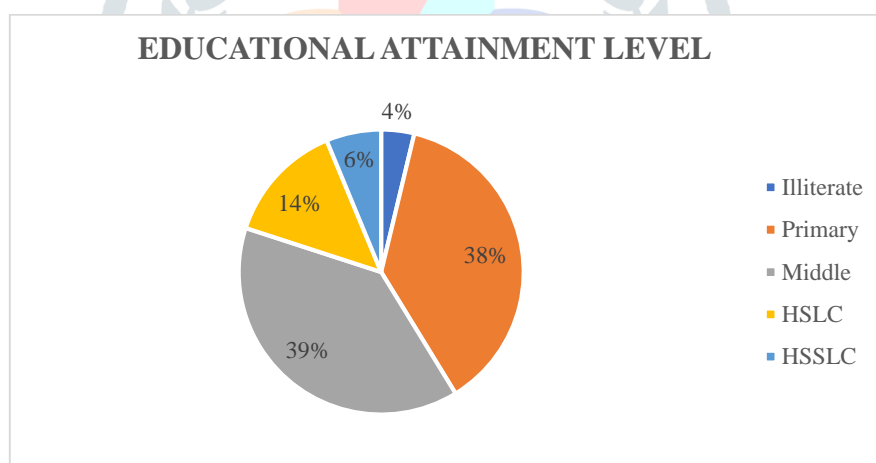


Figure 5.1.6 Educational Attainment Level

## 5.2 Occupational characteristics:

The occupation characteristics includes information regarding vending which includes type of vending items, monthly income, sources of capital on initial stage and reasons to enter in vending.

### 5.2.1 Type of vending items

Street vendors sell variety products such as cooked foods, vegetables, utensils, clothes and machines. The study revealed that majority of the street vending items in Tlabung town is vegetables (Figure 2.1).

Street vendors preferred to sell vegetables due to high demand of the consumers. Selling of cooked foods contributed for 13 per cent of the total vendors. Street vendors engaged in selling of garments comprises of 24 per cent of the respondents. Items such as Utensils, Garments and Machinery were imported from Bangladesh

through the Khawthlang Tuipui/Karnaphuli river. Most of the garments sold by vendors were imported second-hand garments which were popular among the local people due to its quality and affordability. Another type of street vendors found in the study area were those who engaged in selling of utensils and Machinery imported from Bangladesh and Myanmar which constitute 6 per cent 5 percent of the total respondents respectively (Figure 2.1).

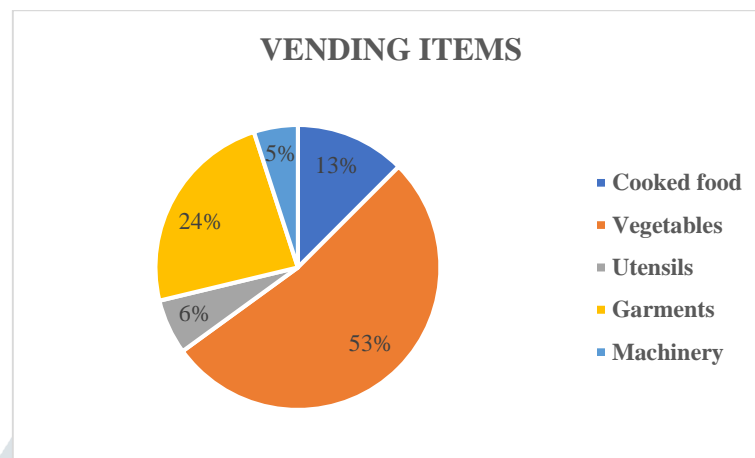


Figure 5.2.1 Vending Items

### 5.2.2 Monthly Income

Majority of the vendors in every market earned more than Rs. 10,000 in a month. However, the reported income from vending differs significantly. More than 45 per cent of the total respondents has earned more than Rs. 10,000 per month. On the other hand, respondents who earned less than Rs. 10,000 per month constituted 51 per cent of the total vendors. Among the respondents 13 per cent earned less than Rs 5000. The earning is quite low to sustain families (Figure 2.2).

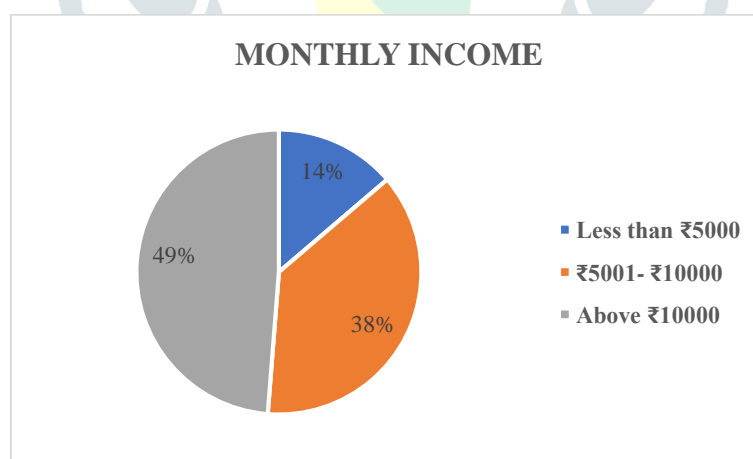


Figure 5.2.2 Vending Items

### 5.2.3 Sources of capital

Among the different sources of capital, majority of the street vendors relied on their personal savings to start up vending. Out of the total street vendors, 79 per cent used their savings to start up their business. Borrowing of capital from relatives, private lenders or bank is less popular. Only 14 per cent of the street vendors borrowed initial capital from their relatives. Money lenders and private financiers loaned initial capital to another 8 per cent of the total street vendors (Figure 2.3).



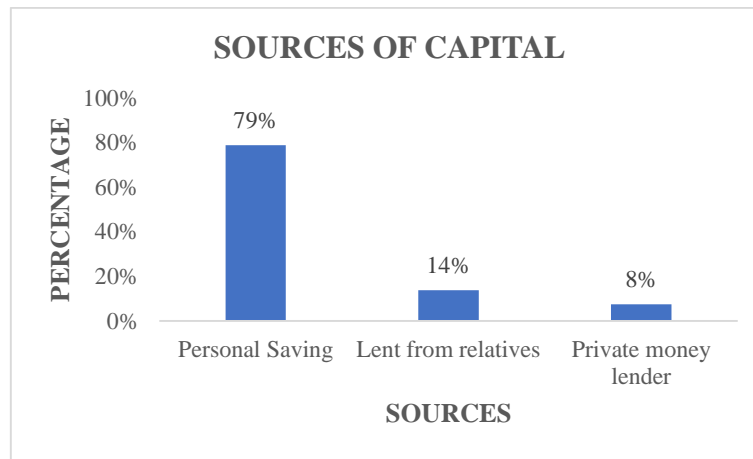


Figure 5.2.3 Vending Items

### 5.2.4 Reasons to enter in vending.

Majority of the respondents choose street vending due to unemployment. Many of them failed to get jobs into formal sector due to low educational level and lack of skills. Significant number of respondents have ascribed financial problem as the main reason behind entering into street vending. Generally, they are vendors who have not even tried to get formal jobs due to their lack of skills and educational qualification. They choose vending as it does not require skills, capital and proper education. Around 13 per cent of the respondents choose vending due to health reason as they could not work hard in other manual activities (Figure 2.4).

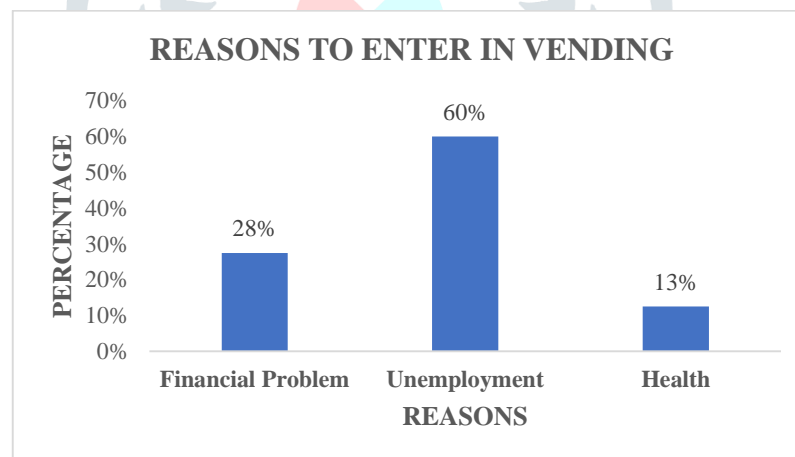


Figure 5.2.4 Vending Items

## 6. HYPOTHESIS TESTING

A Chi-square tests were conducted to test the null hypotheses that there are no significant differences in income levels of street vendors in Tlabung Town on the basis of gender, marital status, ethnicity, educational attainment level. Table 1 shows that the asymptomatic significance values or p-values of the Gender and Marital status variables are greater than 0.05. Thus, it can be concluded with 95 per cent level of significance that there is no association between income of street vendors and gender, marital status and ethnicity.

Table 1 income levels on the basis of gender, marital status, ethnicity, educational attainment level.

Variables	Value	df	Asymp. Sig. (2-sided)
Gender	1.191	2	0.551
Marital Status	8.665	6	0.193
Ethnicity	7.104	6	0.311
Educational Attainment Level	18.497	8	0.018

Computed by: SPSS 20

However, the asymptomatic significance values or p-values of the educational attainment level variables are less than 0.05. Thus, it can be concluded with a 95 per cent level of significance that there is an association between the income of street vendors and educational attainment level.

## 7. Conclusion:

Street vendors are a significant part of the informal economy. They provide necessary things at reasonable price. It will help rich as well as poor section of the society to expend the minimum level and manage the budget properly. The street vendors depend on their vending income as livelihood. They do not have any other means of income other than vending. There are so many problems encountered by street vendors such as lack of access to institutional finance, health issues etc.

During the study it has been found that that street vending in Tlabung town is predominantly a female occupation, with women making up 84% of vendors. Most of the vendors were an age group of 41-50 years (39%). Marital status affects work opportunities; 59% of vendors are married. Most vendors (69%) identify as Christians, with Buddhists (19%). Ethnically, 50% are from the Chakma tribe and 29% from the Mizo tribe. Educational attainment is generally low, with 90% of vendors not completing high school and 4% being illiterate. This lack of education contributes to their engagement in street vending, often driven by poverty. Street vendors sell a variety of products, predominantly vegetables (53%), followed by garments (24%) and cooked foods (13%). Most earn over Rs. 10,000 a month, although 51% earn less than this amount, with 13% making under Rs. 5,000. Regarding capital, 79% of vendors rely on personal savings to start their businesses, while borrowing from relatives or lenders is less common. Many vendors choose street vending due to unemployment, financial difficulties, and low educational qualifications. About 13% cite health reasons for their choice. Income levels show no significant differences based on gender, marital status, or ethnicity, but there is a significant association between income and educational attainment, indicating that higher education correlates with better income among 1 in Kollam district, International Journal of Informative & Futuristic Research. 4: 7377-7391.