
Viability of Street Vending Business-A case study on twin cities of Hyderabad

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Abstract:

Street Vending has been the bread winning profession for the urban poor which has existed since time immemorial all around the world and has also contributed significantly to economies. There have been number of studies describing the profile, problems and socio-economic conditions faced by street vendors, this study looks at the street vendor as a businessman and assesses the viability of the trade. It is an exploratory and analytical study wherein data has been collected from primary and secondary sources. Purposive sampling was used as the number of units in the population are infinite and a sample size of 800 was chosen. The study found that street vending is a profitable business as majority of the respondents were able to meet their monthly expenditure, buy durable goods and some of them were able to buy fixed property like house and land. Hence Street Vending is an important profession to be examined carefully by policy makers.

Keywords: Street Vendor, Viability, Profile, Street Vending

1. Introduction:

Street Vending is an age old phenomenon not only in India but across the world due to its beauty of doing business with low investment and high flexibility. These features have made it as the best profession for the urban poor in earning their livelihood."A street Vendor is defined as a person without having a permanent built-up structure but with a temporary static structure or mobile stall" (Sharith K Bhoumik, 2012). Street Vendors have been existing since time immemorial. They have been there in almost all civilizations. In modern times

Street Vendors started facing threats from municipal authorities as they obstruct the roads, come in the way of the traffic and block the pavements. There have been various regulations and policies framed with respect to street vendors in recent times (D.Indira, 2014). Based on some rough estimates from certain studies conducted in 2012 there are around 2 billion people getting their livelihood through this profession and they together contribute to about 10 \$ trillion industry around the world (Bloomberg Citylab Daily Newsletter)

2. Background:

Several researchers have studied on the difficulties faced by Street Vendors

Md. Shawfiqul Islam (2019) wherein the study emphasized on the major problems faced by vendors while opening their business. Sharith.K.Bhounik (2012) explored the lives of Street Vendors in urban cities of India, he analysed the policies and practices followed by regulatory bodies in our country towards the conduction of Street Vending business. He felt that “ Informal businesses like Street Vending are considered as undesirable and their contribution to the economy is not recognized. Sandeep Kumar (2016) worked on the “ socio-economic condition of street vendors from the gender perspective “ they examined the profile of Street Vendors identified the various problems faced by female Street Vendors in comparison with their male counter parts. They found that female Street Vendors faced more problems than male Street Vendors. (Patricia Foriwaa Abibio, 2015) worked on the food safety and hygiene of street food. They identified that due to inadequate use of prerequisite measures and food safety management systems street food was contributing as a source of food borne diseases. They recommended for implementation of general hygiene practices for street vendors to strengthen the food sector

3. Research Gaps

After conducting the literature review it is identified that although there have been many studies on the problems faced by Street Vendors, they are very few studies based on the viability of Street Vending as a business. This study is aimed at exploring these aspects of Street Vending business.

4. Research Methodology

The research design for the study is exploratory and analytical . It explores the various sources of finance used by street vendors, frequency of finances, repayment of loan status, the association between frequency of finances and repayment of loan status. It analyses the viability of the business in terms of the ability of street vendors in meeting their regular expenditure, ability to buy durable goods, in meeting children’s education and ability to buy fixed property like a house

4.1 Sample size

Based on the population of street vendors in the twin cities of Hyderabad as 2,00,000 and applying the method developed by Cochran (1963:75) the sample size is estimated as 383, however to be on the safe side the sample size is taken as 800

4.2. Objective:

To Analyze the Viability of Street Vending Business

Hypothesis: H₀-Street vending is not a viable business

H₁- Street vending is a viable business

5. Source of Finance:

In doing business one of the primary inputs is finance and its availability and cost will determine the profitability of any business, at the same time as street vending is an informal trade attempt has been to understand the intricacies of the factor

In financing the next important aspect is sources of financing. Sources of financing are the various avenues from where money can be bought to business. It has been stated by previous researchers that street vendors are facing problems of financing and most of them borrow from money lenders. An attempt is made to understand the strategy used by street vendors in terms of choosing the source of financing their business. The respondents are analyzed based on the various sources of finances used by them. They are categorized into five groups viz. 1) Bank 2) Money lenders 3) Relatives 4) Friends and 5) Own finance

Table 1
Sources of Finance of Street Vendors

| Sources of Finance | Frequency | Percent | Cumulative Percent |
|--------------------|-----------|---------|--------------------|
| Bank | 42 | 5.25 | 5.25 |
| Money lenders | 230 | 28.75 | 34.0 |
| Relatives | 82 | 10.25 | 44.25 |
| Friends | 66 | 8.25 | 52.5 |
| Own finance | 320 | 40.0 | 92.5 |
| No Answer | 60 | 7.5 | 100.0 |
| Total | 800 | 100.0 | |

Source: Compiled from primary source

Table 1 reveals that 40 percent of the respondents are self financed, 28.75 percent are borrowing from money lenders. There is a significant portion of 10.25 percent borrowing from relatives and 8.25 percent from friends respectively .This is probably because the amount of fixed overheads is very less in this business; moreover as it is trading where there is a daily turnover which reduces the requirement of huge finances. This is closer to the findings of Nasvi Final Report (2012) which identified that the percentage of street vendors

using self financing was high in cities including Bhubaneswar (74.5 percent), Delhi (65 percent), Hyderabad (92 percent), Indore (62 percent) and Mumbai (65.7 percent) . The various reasons stated for this phenomenon are that their incomes have increased rapidly since they got the security of vending zones; their turnover was fairly high therefore they could invest from their own savings. In all cases, the street vendors were not really large scale business persons, so it was possible to refinance their micro business through their own savings.

6. Frequency of Finances:

In business the role of finances is very crucial. In this section the data related to frequency of raising finances by the street vendors is analysed. They are categorized into five groups viz. namely 1) daily basis 2) weekly basis 3) monthly basis 4) quarterly basis and 5) self finance

Table 2
Financing Frequency of Street Vendors

| Procurement of finances | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| daily basis | 396 | 49.5 | 49.5 | 49.5 |
| weekly basis | 186 | 23.3 | 23.3 | 72.8 |
| monthly basis | 66 | 8.3 | 8.3 | 81.0 |
| quarterly basis | 24 | 3.0 | 3.0 | 84.0 |
| Any other | 102 | 12.8 | 12.8 | 96.8 |
| No answer | 26 | 3.3 | 3.3 | 100.0 |
| Total | 800 | 100.0 | 100.0 | |

Source: Compiled from primary source

Table 2 depicts that the finances being raised on a daily basis is highest at 49.5 percent, 23.3 percent of respondents are raising finances on a weekly basis. Further 12.8 percent of respondents are raising finances in varying periods depending on the requirement generated. It is followed by finances raised on monthly basis occupying 8.3 percent. There is a meager of respondents who are raising finances on a quarterly basis. This shows that as it is a trading business it has a daily requirement for procuring materials. Moreover the vendors who are procuring finances on a daily basis get credit by their supplier which has to be paid either daily or weekly depending on their turnover as per the data collected. The cost of credit on material is almost nil as it is extended on materials.

Table 3
Repayment of Loan

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|-----------|-----------|---------|---------------|--------------------|
| | daily | 78 | 9.8 | 32.3 | 9.8 |
| | weekly | 26 | 3.3 | 10.7 | 13.0 |
| | monthly | 86 | 10.8 | 35.5 | 23.8 |
| | quarterly | 52 | 6.5 | 21.5 | 30.3 |
| | no answer | 558 | 69.8 | 100.0 | 100.0 |
| | Total | 800 | 100.0 | | |

Source:Compiled from primary source

Figure 1

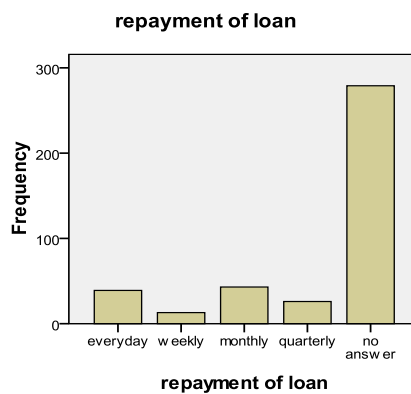


Table 3 indicates that 32.2 percent of the respondents are repaying finances taken on a daily basis, 35.5 percent are repaying once in a month. The inference from the above table is that in this business the possibility of trade credit on material is high as a result repayment on a daily basis is high similarly many street vendors who borrow from money lenders also pay daily some fixed amount towards it. Those who are borrowing from other sources such as friends and relatives repay once in a month or on a quarterly basis. Further it is observed that a huge percentage of 69.8 has not answered this question which is probably because about 40 percent of the respondents are own financed and the question of repayment does not arise for them.

8. Association between frequency of finances and repayment of loan:

The data related to the respondents of frequency of finances and repayment of loan is presented in the table 4

Table 4
Frequency of finances and repayment of loan of street vendors

| | | | repayment of loan | | | | | Total |
|-------------------|-------------------|-------------------|-------------------|--------|---------|-----------|-----------|--------|
| | | | everyday | weekly | monthly | quarterly | no answer | |
| finances | daily basis | Count | 52 | 12 | 48 | 18 | 266 | 396 |
| | | % within finances | 13.1% | 3.0% | 12.1% | 4.5% | 67.2% | 100.0% |
| | weekly basis | Count | 22 | 12 | 16 | 10 | 126 | 186 |
| | | % within finances | 11.8% | 6.5% | 8.6% | 5.4% | 67.7% | 100.0% |
| | monthly basis | Count | 2 | 2 | 18 | 8 | 36 | 66 |
| | | % within finances | 3.0% | 3.0% | 27.3% | 12.1% | 54.5% | 100.0% |
| | quarterly basis | Count | 2 | 0 | 2 | 10 | 10 | 24 |
| % within finances | | 8.3% | .0% | 8.3% | 41.7% | 41.7% | 100.0% | |
| self finance | Count | 0 | 0 | 2 | 4 | 96 | 102 | |
| | % within finances | .0% | .0% | 2.0% | 3.9% | 94.1% | 100.0% | |
| No answer | Count | 0 | 0 | 0 | 2 | 24 | 26 | |
| | % within finances | .0% | .0% | .0% | 7.7% | 92.3% | 100.0% | |
| Total | Count | 78 | 26 | 86 | 52 | 558 | 800 | |
| | % within finances | 9.8% | 3.3% | 10.8% | 6.5% | 69.8% | 100.0% | |

Source: Compiled from primary source

Table 4 shows that among the respondents who are procuring finances on a daily basis the highest percent are repaying on a daily basis. Among the respondents who are borrowing on a weekly basis the highest percent are repaying on a daily basis followed by monthly basis. Among those who are borrowing on a monthly basis the highest percent are repaying on a monthly basis. Among those who are borrowing on a quarterly basis the highest percent are repaying on a quarterly basis. Thus it can be concluded from the above table that there is matching concept between Frequency of procurement of finances and repayment of loan by street vendors. Thus there are strategic in their approaches chosen for conducting business.

9. Viability of the business- Able to meet monthly expenditure

It is attempted to assess the viability of street vending business based on whether they are able to meet their monthly expenditure or not. For this purpose the data of respondents related to viability of the business in terms of able to meet monthly expenditure is presented in table 4.21

Table 5
Street Vendors - Able to meet monthly expenditure

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|-----------|---------|---------------|--------------------|
| | yes | 654 | 81.75 | 97.9 | 81.75 |
| | no | 14 | 1.75 | 2.1 | 83.5 |
| | no answer | 132 | 16.5 | 100.0 | 100.0 |
| | Total | 800 | 100.0 | | |
| Total | | 800 | 100.0 | | |

Source: Compiled from primary source

Table 5 shows that 81.8 percent of the respondents are able to meet their monthly expenditure from this trade, and a meager of 1.75 are not able to meet their monthly expenditure. The data related to respondents on able to buy durable goods are presented in table 5

Table 6
Street vendors - Able to buy durable goods

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|-----------|---------|---------------|--------------------|
| Valid | yes | 186 | 23.25 | 27.8 | 23.25 |
| | no | 482 | 60.25 | 72.2 | 83.5 |
| | no answer | 132 | 16.5 | 100.0 | 100.0 |
| | Total | 800 | 100.0 | 100.0 | |
| Total | | 800 | 100.0 | | |

Source: Compiled from primary source

Table 6 reveals that about 23.3 percent of the respondents are able to buy durable goods such as television, refrigerator and two wheeler etc.

10. The data related to respondents who are able to buy fixed property such as land, house and farms is presented in table 7:

Table 7
Street Vendors - Able to buy fixed property

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|-----------|---------|---------------|--------------------|
| Valid | yes | 66 | 8.25 | 9.88 | 8.25 |
| | no | 602 | 75.25 | 90.11 | 83.5 |
| | no answer | 132 | 16.5 | 100.0 | 100.0 |
| | Total | 800 | 100.0 | 100.0 | |
| Total | | 800 | 100.0 | | |

Source: Compiled from primary source

Table 7 depicts that around 8.3 percent of the respondents are able to buy fixed property in the form of land, house etc.

11. The data related to the respondents who are able to meet their children’s education are presented in the table 8:

Table 8
Street Vendors - Able to meet children’s education

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|-----------|---------|---------------|--------------------|
| Valid | yes | 248 | 31.0 | 34.64 | 31.0 |
| | no | 468 | 58.5 | 65.36 | 89.5 |
| | no answer | 84 | 10.5 | 100.0 | 100.0 |
| | Total | 800 | 100.0 | 100.0 | |
| Total | | 800 | 100.0 | | |

Source: Compiled from primary source

Table 8 exhibits that 31.0 percent of the respondents are able to meet their children’s education well. These are the respondents who are sending their children to private schools.

INFERENCE: It can be concluded from the above analysis that after being able to meet monthly expenditure (87 percent) the next highest percent is able to meet monthly children’s education (31) and able to buy durable goods (23.25) followed by able to buy fixed property (8.25 percent). This shows that street vendors are giving due importance to educate children which is a good sign.

Testing the viability of Street Vending business

Hypothesis testing

We evaluate the accuracy of hypothesis by determining the statistical likelihood that the data reveal true differences. The following hypothesis is formulated for this purpose.

Hypothesis: H₀-Street vending is not a viable business

H₁- Street vending is a viable business

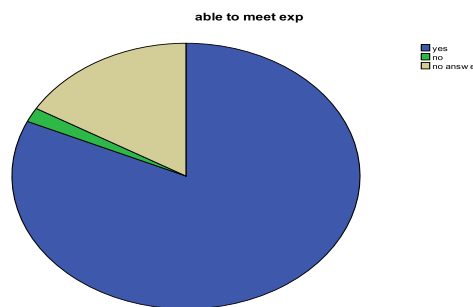
12. In this distribution the variable Able to meet monthly expenditure is presented:

The objective is to identify if the percentage of able to meet monthly expenditure is statistically significant or not.

Table 9
Street Vendors - Able to meet expenditure

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|-----------|---------|---------------|--------------------|
| Valid | yes | 654 | 81.8 | 98.0 | 81.8 |
| | no | 14 | 1.8 | 2.0 | 83.5 |
| | no answer | 132 | 16.5 | 100.0 | 100.0 |
| | Total | 800 | 100.0 | 100.0 | |

Figure 2



Results of Chi-Square Test

Able to meet exp

| | Observed N | Expected N | Residual |
|-----------|------------|------------|----------|
| yes | 654 | 133.3 | 193.7 |
| no | 14 | 133.3 | -126.3 |
| no answer | 132 | 133.3 | -67.3 |
| Total | 800 | | |

Test Statistics

| | able to meet exp |
|-------------|----------------------|
| Chi-Square | 435.005 ^a |
| df | 2 |
| Asymp. Sig. | .000 |

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 133.3.

Significance level: Let $\alpha = 0.05$

Calculated value= 435.005

d.f= (r -1) =3-1=2

Critical test value= 5.99

Interpretation: The calculated value is greater than the critical value, the null hypothesis is rejected

That means we accept the alternate hypothesis which states that street vending is a viable business .We can judge that the values are statistically significant. As percentage of the street vendors (respondents) who are able to meet monthly expenditure is 98 and the percentage of respondents who are not able to meet monthly expenditure is a small portion of 2.0 percent.

13. Conclusion:

It is estimated that 2 percent of the urban population conducts street vending business. This trade is no doubt a solace for the poor who are jobless or have no other means of earning, however till recently it was an illegal means of business wherein street vendors faced harassment from municipal authorities hence studies were focussed on the problems and hardships faced by them, however slowly administrators started understanding the importance attached to this trade due to the huge section of workforce attached to it and started framing policies to protect these traders, in this light this study is focussed on benefits of this trade to the practitioners and it has revealed some interesting results. It was found that although like other studies found that the trade is conducted with low investment and under poor conditions, the trade has also some good things in it like it can give profits to the vendors and help them come out of poverty if they are frugal and are devoid of bad habits. The trade has been proved to be viable in majority of the cases as it is enabling the respondents to meet their monthly expenditure , educate their children and many of them are also able to be durable goods as well as fixed property

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