



## INFORMAL SECTOR IN URBAN AREA AND ITS IMPACT: ( A CASE STUDY OF GUWAHATI CITY)

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### Abstract

The informal sector in urban areas plays an important role in providing employment and income to a large number of people, especially those who may not have access to formal employment opportunities. However, it can also have negative impacts on planned development in urban areas, including inefficient land use, lack of regulation, and the presence of informal settlements. This paper explores the impact of the informal sector on planned development in Guwahati, a rapidly growing urban area in northeastern India. Through a review of literature and analysis of case studies, the paper identifies challenges and opportunities for incorporating the informal sector into urban planning processes in Guwahati. The excess population migrating from rural to urban areas cannot be absorbed by the urban formal sector alone. In addition to this, a large portion of rural migrants are generally unskilled and have limited education and hence they are unable to get jobs in the urban formal sectors. So they are compelled to absorb themselves in urban informal sectors because entry to this sector is free and easy.

### Introduction

Migration has been an age old concept, human migration can be tracked since the time of human evolution. When humans migrated in search of food, shelter, good weather and safety. However, these days such migrations take place in search of better jobs, better opportunities and good source of income. Migration can hence be defined as physical movement of humans individually or in groups from one place to another in search of better amenities and facilities.

And from this migration if filtered, there are two sectors of people that migrate to urban areas that are informal and formal. The informal sector has been a subject of interest for policymakers, academics and development practitioners for many years. This sector is characterized by unregulated and often illegal economic activities, including street vending, waste picking, and small-scale manufacturing. Historically, the informal sector, known as the traditional economy, had to die with economic growth. However, informal trade is not only permanent but widespread during this period. Moreover, despite the widespread misconception that the informal economy is less profitable and exists separately from the formal economy; It has become a huge influence into office, commercial and large link to legal business also includes because it creates, trades, distributes and provides services to the legal business (ibid.). The most common types of work in the informal economy are housework, house sellers, and temporary jobs in construction and agriculture.

Assam has been experiencing a huge surge of rapid urbanization in recent years. Within the State, the urbanization process was the strongest in Kamrup District. The rapid urbanization that has been fueled profusely because of the explosive growth of its Prime City Guwahati, which holds 89.18% of the district's urban population.





Figure **Error! No text of specified style in document.**1: Map showing overview of the Guwahati city

Guwahati, the largest city in the Northeast India in the state Assam, the informal sector plays a significant role in the city's economy. The regressive migration happening from rural to the district of Kamrup (Guwahati) cannot be absorbed by its formal sector alone. As the organized sector cannot always produce that huge number of employment. In addition to that the rural migration in a large portion are unskilled and have very limited education. Hence, it creates a barrier to get into the urban formal sector; they are pushed to absorb themselves in the urban informal sector. There is a broad array in terms of the different sectors of works that are included in the informal sector in Guwahati. This could range from self employment to street vending, cobbling or to waste pickers, household helpers to construction labors. Most workers in the informal sector are underprivileged of work security, work benefits, any kind of future shielding program/ schemes.

It is very significant to study the informal sector that has been playing a major role in uplifting the economy of Guwahati and is also directing towards impacting the urban places. It is responsible for the size, structure, characteristics and the outgrowth of the city. This section therefore examines the emergence of migration increase in the informal sector and therefore the type of impacts that are created in the city's urban spaces.

### **Objective**

To know the demographic profile of street vendor and its impact on urban spaces

- a) To know the demographic profile of street vendor and its impact on urban spaces
- b) To know the public places used by street vendors and challenges faced by them and the public using the spaces .

### **Methodology**

This research paper will adopt a mixed-method research design that includes both qualitative and quantitative research methods. The study will involve a comprehensive literature review. The literature review will provide an in-depth analysis of the informal sector in urban spaces, its historical context, and its impact on urban planning.

This study attempts to find the scope of informal activities in Guwahati City and identify the problems faced by informal suppliers. Guwahati city is chosen for the study as it is the only type of city with large urban development from northeast India. And the study area is focused on vendors from the informal sector as a whole. It is a very vast area of study and vendors create a high impact on the urban area. Land use and land cover in the city of Guwahati has changed over the years.

Guwahati has managed to attract expats from all over the state as well as other states in the country. Guwahati attracts the maximum number of expats from different parts of the state and country compared to other cities in the city. This has led to an increase in the unregistered population in the city. It is also the provincial capital and has the opportunity to host many state governments, central governments and semi-governments. Guwahati city and surrounding areas also have many important industries in both formal and informal sectors.

There are also many important businesses in the official and informal sectors in and around Guwahati city. Guwahati is also home to many universities that attract a large number of students. Workplaces, schools, hospital etc. Informal activities will increase rapidly.

### **Data Source**

The secondary data are collected from the published Govt. reports, Govt. Departments, journals and any other relevant source. To substantiate and complement secondary data, the primary data have been collected. The universe of the study area comprises of 31 wards of Guwahati and these 31 wards are classified in 6 zones as per the guideline of GMC.

### Street Vending in Guwahati

Guwahati is the gateway to northeast India, because of its geographical location it has become a major hub for trade and commerce. The national Highway 37 and the main line of North frontier Railway pass through the city. The mighty river Brahmaputra played an important role in the transportation of goods to and from the city. As a result many markets boomed along the river like Fancy Bazar, Machkhowa and Uzan Bazar. Street vendors have always been a part of the city's informal sector and these vendors started mushrooming in the market areas first. Kachari Ghat market, one of the oldest of all in Guwahati, was run by street vendors, small traders and farmers who came along with their farming grains, vegetables and poultry items. There are indigenous women vendors, mainly from the Garo community, who come from the neighboring state with all the products exclusively from the hills to the Kachari Basti market in Ulubari. The vendors who come to vend don't live in the city, they come to the market to sell and go back. People from areas like Nagoan, Barpeta, Kharupotia, Rangia and other distant places started coming to Guwahati for vending. The distance varied from 20 km to 200 km from the city.



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### Various Markets

The land and buildings of some markets are owned by Guwahati Municipal Corporation (GMC). These are leased to retailers or to a limited number of individuals through annual auctions. There are also daily businesses operating in open areas or on the streets. Here the tax is collected by the GMC (e.g Kachari ghat Market) or the minority. There are two weekly businesses operating in the open or on the street.

There are daily markets whose land and the buildings on them are owned by the Guwahati Municipal Corporation (GMC). These are either rented out to shopkeepers or leased out to lessees through annual bidding). Additionally, there are daily markets functioning on open plots or roadsides. Here, the taxes are collected by the GMC ( Kacharighat market, for example) or through lessees. In addition to that, there are also weekly markets functioning on open plots or road sides.

GMC has leased commercial and parking spaces per year through competitive bidding, as stipulated in the GMC (Automobile and Commercial Leases) Regulations 2009 Order. Tenants must pay the remaining 70% of the bid price in nine quarters per year. The tenants send their own workers to collect



payments from the vendors. Tenants try to recoup competitive fees, accounting costs, and profits—sometimes through force and pressure—from vendors throughout the year.

There is a market run and managed by Unnayan Samitis with local youth organizations. For example, the market in Lakhara has been managed by ‘Khipinijal Dehalpuja Aru Bazar Unnayan Samiti’ since 2000, paying street vendors, community owners/public land and half of the kiosks. The market is open every day, but the number of vendors on weekdays is less than on a Sunday, when around 200 vendors come to the market. Most of these vendors are local women from Garbhanga (15-20 km away), Dhupdhara and Goalpara. There are people who come from Kharupetia to sell their goods. The market is spread over 9 Bighas 2 spaces purchased by the municipality from local landlords. It also pays GMC INR 10,000 every three months in tax.

‘Garchuk Milan Sangh’, a local youth organization, manages the Garchuk market and charges sales fees. There are businesses such as Bamuni Maidan, Malegon and Pandu on Indian Railway sellers are paid INR 5 per day. There are other small shops running on private land. The host is paid a small daily fee by all sellers, rather than, which allows them to sell on their own network. There are other shops on the road as well and GMC charges a road sweeper tax of INR 20 per shop. Shops not on the road from GNB Paltan Bazaar and GS Road fall into this category. Shopkeepers in Ulubari bazaar reported that they paid the tax collector 10 rupees to have the code read without a receipt.

Sl. No.	Type of market	Example
1		Fancy bazar market
2		TRP road market, Machkowa
3		Kedar road new market, Machkowa
4	Daily markets that are GMC rent market	Fatasil market
5		Paltanbazar market
6		Sola beef/ wholesale fish market
7		Chandmani flyover market
8	(Markets owned by GMC but rented out to shopkeepers or leased out to lessees)	Chandmani Colony market
9		Ulubari market (also has tribal women vendors coming in bi-weekly)
10		Ganeshguri market
11		Dispur supermarket
12		Uzanbazar market
13		Kacharighat market
14	Daily market (lease markets)	Bhutnath goat market
15		Beltola evening market
16	Bi-weekly market	Beltola market (lessee market)

Table 6.1: various markets in the city and their examples

### Space Management

The marketplace is always based on the price reached by new suppliers and the discussions (public and other) they have with existing suppliers about who can sell where. One of the oldest markets in Guwahati, Beltola Market has seen an increase in vendors mainly due to more people coming to the market on weekdays.

People have experienced a very high flow of traffic with time due to the increase in vendors with time. Vendors have experienced overcrowding and due to which very vendor might not get the space inside the supermarket. And then they have to sit along the streets with their stuff. Some residents and shopkeepers in the area also jumped to take advantage of the opportunity and "reserve" their chosen vendors in front of their homes/shops. In this case, they demand rent from their vendors. It was found that only 1.3% of people worked in this way.

Some vendors have reported that they have been selling at the current location for a long time. If the seller's regular sales for a particular region are not visible for business days or two days, the neighboring seller respects the seller's "misrepresentation" right to the site. These informal relationships lead to business management. There are other ways that don't require a marketplace. These sellers have to compete with some free space in the market. They respond by entering the market early and with an often controversial position.

In the Ulubari market, approximately 53.3% of the sellers reported that they found and retained places in the market. Women Dealers Group has opened a place in Ulubari market especially for female dealers. About 20% of sellers claim that their sites are sold this way. Also, there are some areas in this





market with "illegal claims" from sellers from different regions. About 13.3% of service providers claimed that 4,444 people were involved in this way. Women entrepreneurs are from regions such as Bornihat, Naziraghat, Thepicia, Jokdal, Barpeta Road and Broko. Vendors from Bornihat and Sonapur request priority for 4,444 parking spaces. When they took their places, 4,444 other vendors from Barpeta Road and elsewhere were there to open their shops Muslim male sellers are the last to open their shops in the remaining regions. The traditional men of vendors had to regularly leave their place on Sunday for a group of female vendors from out of town.

### **Issues faced by the vendors and its impact**

The main issue that has been observed with the previous analysis is that space management is an ongoing issue, and it is also going to increase with time, if not taken on the note to improve it. In both markets, the lack of space for the vendors and this resultant crisis is reported as the issue with most intensity. With that the absence of proper public spaces is another major problem. Due to less adequate space in the market sellers come up on the street to sell their products, and this leads to traffic congestion.

Street vendors in Guwahati face a significant problem of lack of infrastructure. They do not have access to basic facilities such as water, electricity, and sanitation. Most vendors operate on footpaths, which are not designed for vending, leading to congestion and safety hazards. They are frequently harassed by law enforcement authorities, who demand bribes or confiscate their goods. This harassment often takes a toll on the mental and physical health of the vendors and leads to economic losses. They face stiff competition from established businesses, who view them as a threat to their sales. Many established businesses often lobby for the removal of street vendors from commercial areas, leading to the displacement of vendors.

Street vendors often occupy the pavements, leaving little space for pedestrians to walk. This leads to pedestrians spilling onto the road, making it difficult for vehicles to pass through. This can cause traffic congestion, especially in busy commercial areas.

Another major issue that is being observed is that there are no public toilets in the market areas, it is more difficult for the women vendors to manage this situation as she has to vend for long hours every day in the market. The male vendors who reaches at night from far off places like kharupetia, Nagaon, Barpeta and few other places also relates to this problem as a major issue. Women vendors have also said that they usually go and use nearby or distant houses where they get toilet access. This is a concern for them because they have to leave their goods for some time and that hampers their sale. There is a women vendor committee that rents out toilet in some markets like Ulubari market, where the women vendors use the rented toilet. But these toilets cannot be used by the men vendors and hence they use the nearby drains or vacant land which makes an impact on the city sanitation.

### **Findings from the study**

Both stores reported various types of accidents and violence. In both markets, sellers are struggling to get a good place to sell. While the location of the is a common issue for both vendors in the market, the drivers are different. In Ulubari, vendors are selling goods on the streets that should be illegal, and in Beltola, vendors are made to pay taxes for their business. But since there is no mechanism to solve the location problem, developers are facing office space problems in the market. Even the terms and conditions with the tenant do not specify how the space will be divided if the suppliers have a dispute over the space. Sellers are now solving the problem in their own environment, at their level, because they know that everyone is here to sell and the place to sell is not profitable. Some shops and locals take advantage of the scarcity of places to earn money. In recent years Muslim vendors from Kharupetia, Nagaon and Barpeat have brought in more vegetables. This created another conflict between the group of female peddlers and male Muslim peddlers. The women of the tribe think they have been here for a long time, from Assam, but gradually mia



traders took the place of business. They also believed that the minority supported the miya sellers because they paid more taxes than the group of female vendors who carried less goods.

There are few Drawbacks which can be identified after the whole informal sector's vendor specific zone is being studied. Because the government has withdrawal it's governing role for the management of the market, it has left space open for exploiters , private parties to conduct their business. The GMC should ensure that its withdrawal from markets must be accompanied by the creation of representative market governance committees that can protect the interests of sellers. At the same time GMC should plan out a proper vending space for the sellers and with proper adequate facilities, with enough room space for all vendors to have their own space. That will solve the problem to come out on the roads to vend their products and it will automatically solve the traffic congestion problem which was caused due to sellers occupying the streets or on the footpaths. The development plan mechanism must identify and reserve spaces for local markets as recommended by the street vendor Act 2014.

GMC has completed surveys of street vendors in Guwahati. The emergence of street vending committees and zonal sales committees in all markets must be expedited. GMC must delineate:

- a) free vending areas - In which street vending is allowed without any restriction.
- b) limited sales areas - Areas where sales are allowed on specific days or of time or by store and
- c) non-sales zone – streets with main/heavy traffic. Sellers affected by the creation of prohibition zones must be accommodated in sales zones nearby using measures such as time sharing which can be implemented with TVVC/ZVC mechanism.

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