

POLICY BRIEF

A collaboration between CPPG and Civil Services Academy

Street Vending: Secure Livelihoods and Sustainable Cities

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The informal economy of which street vending is an important component carries immense significance due to its 68% share in the urban workforce of the country. Street vendors provide an important service to city dwellers through the provision of economical goods at convenient places. However, the administration views them negatively, associates them with encroachments and considers vending as an illegal practice. This is due to insufficiencies in the existing regulatory framework which requires changes in order to provide secure livelihoods, decent work and improved income equality in Lahore. This study interviewed concerned government officials and 145 street vendors of Lahore to explore institutional and professional challenges faced by vendors and officials. Our results indicate that poor sanitation, unhygienic workplace conditions, inconsistent market conditions, bribery and illicit practices of extortion and lastly lack of spatial arrangements adversely impact street vendors. To counter these, this policy brief recommends giving street vending a legal status and regularizing it within the urban systems. We suggest that an optimal solution can be found through collective deliberations of stakeholders to devise registration and licensing mechanisms of vendors while accommodating them in designated vending zones in the city.





Figure 1: Street vendors choking a public road



Figure 2: Vendor's interaction with traffic police

Background

Informal economy is part of the economy that is beyond (direct) state regulation, so it is neither taxed nor directly monitored by any form of government. Although the informal economy makes up a significant portion of the economies in developing countries, contributing approximately 40% to Pakistan's GDP¹, it is often termed as troublesome and unmanageable. The most visible part of the urban informal sector in addition to home-based workers, domestic workers and waste pickers are the street vendors.

The street vendors whether permanent, semi-permanent, semi-mobile or mobile are omnipresent in the narrow streets and roads of Lahore, a city of 11.13 million people² with an estimated GDP of \$84 billion as of 2019.³ According to Labour Force Survey 2018-19, informal workers make up 68% of the urban labour force, while extrapolating from similar economies, street vendors could make up to 11% of the urban work force⁴. Thus, street vending plays a positive role in employing a large chunk of the urban population, and further provides essential goods to people at affordable prices at a convenient place but it is also characterized by decent work deficit, lack of: work security, social protection, access to financial credit; and lastly gender discrimination.

Further, the unchecked presence of vendors in a big metropolitan city has contributed to the shrinking of public spaces in the city because of encroachments. Encroachment means and includes moveable or immovable infringement of "public place, public property, public park, open space, public road, public street, public way, right of way, market, graveyard or drain"⁵. This situation is equally problematic for citizens, traders and street vendors themselves. The encroachment factor makes this thriving business sector a

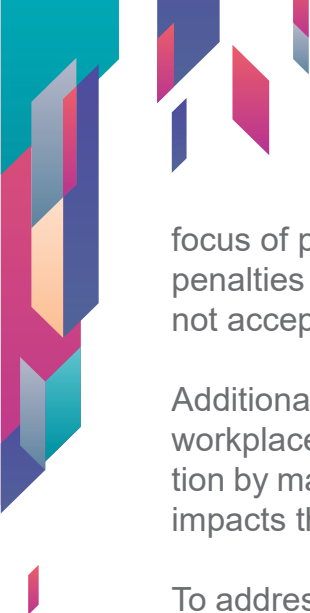
¹ Paradigm Shift, The Informal Economy of Pakistan: Obstacles and Opportunities <https://www.paradigmshift.com.pk/informal-economy-of-pakistan/> accessed on 04 January, 2022

² Bureau of Statistics Punjab, Punjab in Figures, <http://bos.gop.pk/system/files/Complete%20PIF%202020.pdf> (accessed 04 January 2022)

³ The Business Year, "Pakistan: 4 top cities", <https://www.thebusinessyear.com/pakistan-top-4-four-economic-centers-cities-in-2020/focus> (accessed 29 December 2021)

⁴ Chen, Martha. "Urban Employment in India: Recent Trends and Future Prospects." MARGIN—The Journal of Applied Economic Research 6.2 (2012)

⁵ Local Government (Prevention and removal of Encroachments) Byelaws, 2018



focus of prosecution by authorities and affects the livelihood of street vendors by way of penalties imposed by different government authorities as the local government laws do not accept street vending as a legal activity⁶.

Additional challenges faced by street vendors include poor sanitation and unhygienic workplace conditions, inconsistent market conditions, bribery and illicit practices of extortion by mafias and state officials, and lastly lack of spatial arrangements which adversely impacts their opportunities for decent work⁷.

To address the issues of informal workers, many countries across the world have formulated policies, regulations and laws, resultantly addressing some of the issues associated with street vendors. However, the administration in Pakistan views street vending as inconsistent with the existing laws because it is termed an illegal practice according to clause 40 “Encroachment and subsisting lease and licences” of the 7th Schedule of the Local Government Ordinance 2021. Thus, there is no policy framework for registration, regulation and monitoring of street vendors. More so, existing laws only provide basis for removal, control and taxation of street vendors without anything substantial regarding regulation, support, rehabilitation and wellbeing of street vendors.

The Government of Pakistan is committed to Sustainable Development Goals (SDGs) adopted by the UN member states at the Sustainable Development Summit on 25th September 2015. Therefore, Pakistan is obligated to improve the situation of informal workers in line with seventeen SDGs, which include ending poverty, fighting inequality and injustice, and tackling climate change by the year 2030. For the purposes of this policy brief, it is SDG 8 – “Decent Work and Economic Growth” and SDG 10 – “Reduced Inequalities”, which directly speak to the issues of street vendors.

Problem Statement

Due to rapid urbanization and demographic spread, open spaces and busy streets of Lahore are faced with competing permanent encroachments, mobile roadside vendors, haphazardly parked & moving vehicles, and lastly pedestrians. Although street vending is providing employment opportunities to a considerable population, the right to livelihood and decent work of street vendors is infringed upon by other stakeholders due to insufficiencies in the existing legal framework. Moreover, it’s very difficult to bring the urban street vendors in the ambit of taxation and regulations such as food safety and price control in the current deregulated scenario. Current regulatory mechanism and policies describing the legal status, civic responsibilities and mechanism of registration and monitoring are insufficient to regulate street vending activities in lines with the spirit of SGDs.

⁷ ILO defines Decent Work as productive work for women and men in conditions of freedom, equity, security and human dignity

Scope and Significance

This policy brief seeks to identify challenges and issues related to street vending in Lahore. Further, it aims to formulate policy guidelines to determine the legal status, civic responsibilities, registration procedure and regulatory mechanism for street vendors within the territory of district Lahore.

Methodology

The research methodology is exploratory in nature whereby a problem solving approach has been adopted. In terms of secondary sources, academic literature on street vending, public space and urban design has been consulted while local government legislations from 1979 till 2021 have been critically reviewed with focus on street vending. Primary data has been obtained from 145 street vendors who were interviewed based on a structured survey in the areas of Multan Chungi, Kareem Block, Sabzi Mandi, Akbari Mandi, Multan Mandi, Badami Bagh & Shadman Market.

The subjective analysis of the situation was assessed through extensive interviews with Deputy Commissioner Lahore, representatives of Metropolitan Corporation Lahore (MCL), CEO Lahore Waste Management Company (LWMC), Chief Traffic Officer (CTO) Lahore, Ex Lord Mayor MCL Lahore & Addl. DG Lahore Development Authority (LDA).

International Best Practices

Internationally, street vendors began to organize in the 1990s as globalization and urbanization aggravated conflicts between vendors and local authorities. In November 1995, an International Alliance of Street Vendors was formed at the inaugural meeting of representatives of street vendors from 11 cities across five continents⁸. The Bellagio International Declaration of Street Vendors was a landmark development in the vendors' movement and since then many countries have successfully provided a stable, secure location at an affordable price with amenities⁹ to street vendors. Following table indicates regulatory mechanisms of a few of these countries.

⁸ Shalini Sinha and Sally Roever, India's National Policy on Urban Street Vendors, (WIEGO, 2011), https://www.wiego.org/sites/default/files/publications/files/Sinha_WIEGO_PB2.pdf. (accessed 31 December 2021).

⁹ Singapore Hawker Culture, Singapore Hawker Culture - History & The 4 Best Hawker Centers — Runeatandtravel (accessed 31 December 2021)



Figure 3: A food vendor street of Bangkok

Source: The Independent

COMPONENTS OF STREET VENDING MANAGEMENT					
City	Legislation/policy	Licensing	Taxation	Zoning	Vendor Association & Facilitation
Bangkok ¹⁰	The Public Cleanliness and Orderliness Act B.E. 2535 1992, The Public Health Act, The Land Traffic Act, The BMA Ordinance on Selling in Public Places and Footpaths, BMA Directive on Regulations and Conditions of Vending in Designated Areas	✓ Yearly license	✓ Annual licensing fee & cleaning fee	✓ Designated areas for two-years	✓ Quality street vending soft-loans & income security
Lima ¹¹	Ordinance 1787 of 2014	✓ License	✓ Licensing fee & cleaning fee	✓ Vending sites designated but no ownership	✓ Financial services
India ¹²	The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014	✓ Vending certificates	✓ Licensing fee amenities and maintenance fee	✓ Vending sites	✓ Associations are formal part of Town Vending Committees

¹⁰ Street Vending in Bangkok: Legal and Policy Frameworks, Livelihood Challenges and Collective Responses. <https://www.wiego.org/sites/default/files/resources/files/Street-Vending-Bangkok-Legal-and-Policy-Framework-Law-Case-Study.pdf> (accessed 31 December, 2021)

¹¹ Street Vendors in Lima, Peru. <https://www.wiego.org/street-vendors-lima-peru> (accessed 30 December 2021)

¹² The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, of India. <https://legislative.gov.in/sites/default/files/A2014-7.pdf> (accessed 31 December 2021)

Street Vending in Lahore

1. Who & Why of Street Vending

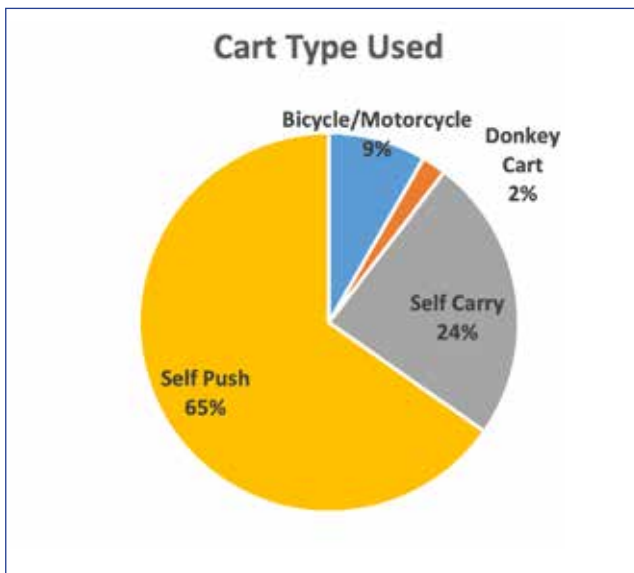


Figure 4: Age of Street Vendors

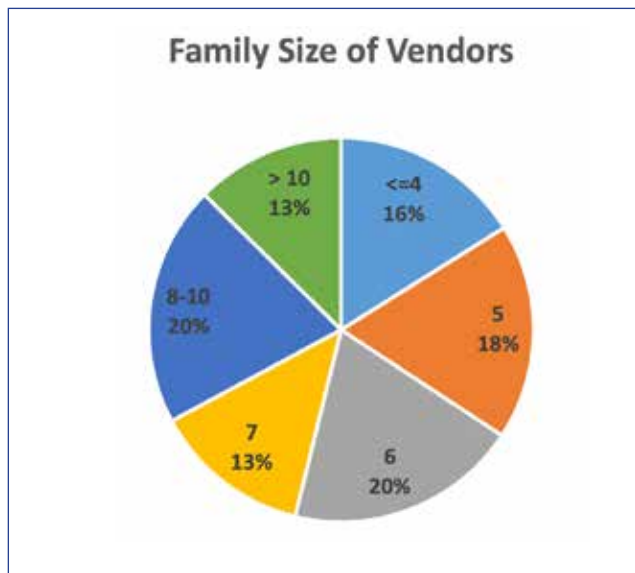


Figure 5: Family Size of Vendors

The data collected from different areas of Lahore suggested that street vending is primarily a male activity as no female vendor was found. Likewise, all vendors were Muslims. However, there was diversity in the age group as 18% of vendors were between 10-20 years; 30% between 21-30 years and 23% in the 31-40 age bracket, meaning that 29% were above the age of 40. Further, vendors have a large family to support as most vendors: 38% either have 5 or 6 members; 13% have 7 while another 13% have more than 10 family members to support.

The average daily sale of 59% of vendors was between Rs 500-1000 while only 18% claimed a sale of above Rs. 2000 a day, which suggested that on average, vendors belong to lower income groups with large families. Their transactions were primarily cashed based as only 6% of vendors have a bank account while 17% availed any kind of financial or credit service.

It seems that most vendors have been attracted to the trade out of necessity as vending was the first occupation for 74% of interviewed vendors while 86% stated that vending was not their family business and 72% had been vending for less than 5 years. Those who had been employed earlier had primarily worked in unskilled jobs or as labourers where they couldn't earn enough to make ends meet. So, it was actually a lack of good alternative which had pushed them towards this trade and about half of those interviewed planned to continue their current work for more than one year. This indicates the transient nature of street vending and its role in providing an economic safety net to both

the under and the unemployed, as its numbers may be inversely proportional to pace of economic activity. Further, it signifies that street vending cannot simply be wished away.

2. Work Profile & Access to Municipal Services

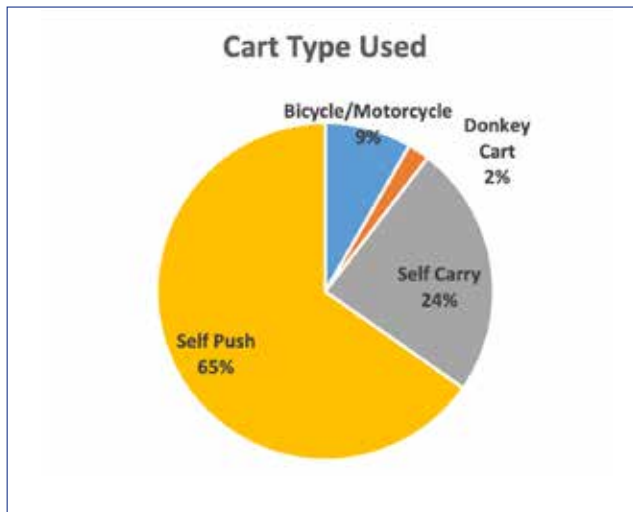


Figure 6: Type of Cart Used By Vendors

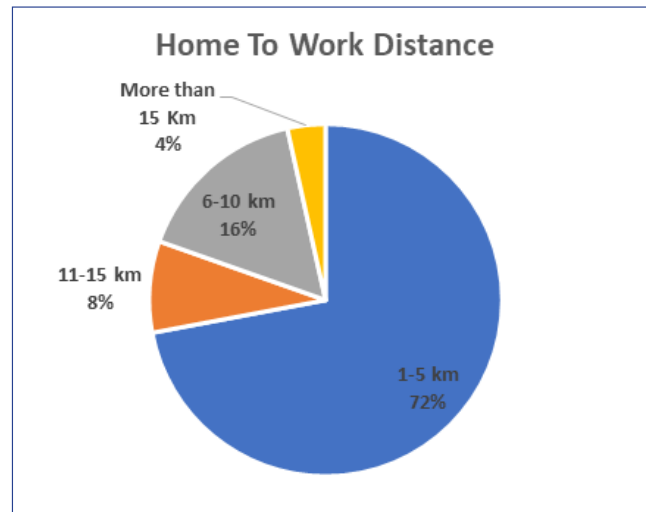


Figure 7: Distance from Vendor's Home to Workplace

Most street vendors ply their trade using non-motorist mechanisms: 65% used self-push carts (*rheri*) and 24% used self-carry carts (*thela*) while only 9% used either bicycle or motorcycle. This suggested that vending was mostly a local activity as 72% worked within 5 km of their home and 16% within a 10km distance while the rest came from further away to earn their livelihood.

There was a variety of products sold by vendors with prepared food items making up 41% and drinks another 15%. Fruits were the other major commodity, sold by 27% of street vendors followed by clothing at 9%. In terms of product cost, the vast majority of vendors – 59% sold items that cost less than Rs. 50, another 30% sold items under Rs. 100 while for the rest, the price bracket was between Rs. 101-200. This suggests that street vendors provide an important service to lower income groups as their products are quite affordable in comparison with established businesses, but they do not have the capital to establish formal businesses. Further, this presents a challenge to the municipality in terms of cleanliness of public space, food safety and lastly traffic movement due to the large presence of vendors.

3. Regulatory Needs & Situation

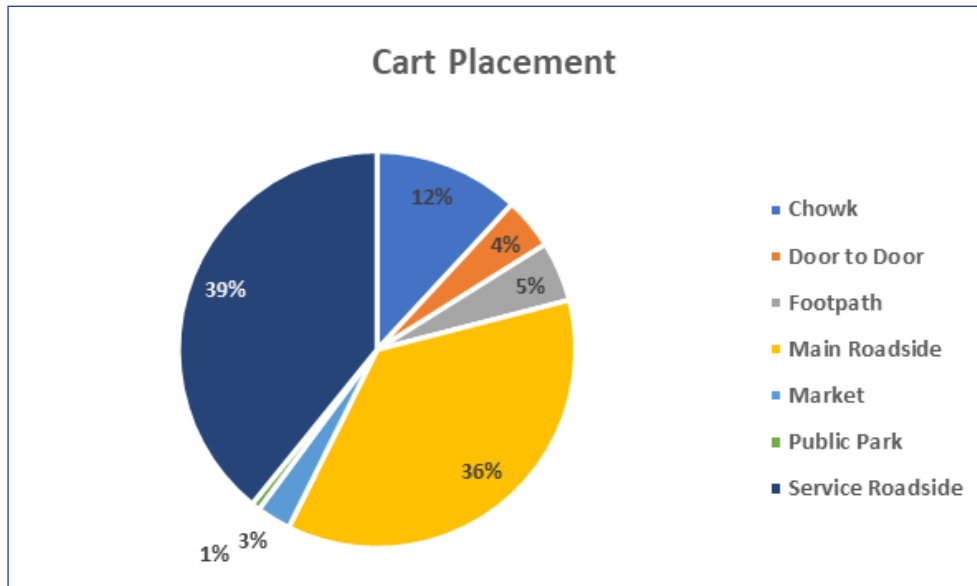


Figure 8: Placement of Vendor's Cart

In terms of location, vendors worked in the vicinity of markets, hospitals, petrol pumps, schools and more. About 39% of street vendors plied their trade on service roads, 36% on main roads, 12% on chowks and 5% on footpaths.

This can naturally cause traffic congestion as vendors impede the movement of pedestrians as well as of vehicles, necessitating an effective regulatory mechanism which ensures their right to livelihood along with other people's right of movement. It is thus no surprise that in interviews with government officials particularly metropolitan authorities, street vendors are viewed as an unmanageable nuisance, believed to deny the right of way of other citizens causing traffic congestions and hurdles for pedestrians while not paying any fee or taxes to the government.

None of the street vendors interviewed have ever gotten a license or permit from a government body to work as a street vendor which highlights both a lack of regulation as well as the need for a local level regulatory framework which encompasses stakeholder participation in the process. Instead, one often hears about predatory behavior against street vendors that exploits their lack of work security. However, our survey results show otherwise as 76% of vendors said that they have not been penalized by any government authority in the last six months while others had been minutely penalized by City Traffic Police or the Punjab Food Authority. Similarly, 77% responded that they do not pay any illegal rent or bribe to a government body, mafia or private business which means that unregulated vending activities still provided an opportunity to government officials to manipulate vendors. Further, one can argue that the above statistics understate vendor

harassment as 97% of vendors indicated that they are not a member of any association or union precluding them from representative participation in being able to voice their concerns as a demand.

Mr. Muhammad Nawaz, a sixty years old resident of Kana Main Lahore, has been selling fruit on a donkey-cart for the last thirty years. He wants to stay in the same vending business because he does not have enough capital to set up a shop. He is happy that he does not have to pay any rent or utility bills for his business. A daily earning of one thousand to twelve hundred rupees is enough to sustain his family of eight. He complained that LDA officials are not very considerate about his business. LDA officials took away his cart twice and impose fines at least once a month. He intends to apply for a loan from Akhuwat Foundation and is very hopeful that he will get it because he owns a house which can serve as collateral.

Conclusion

Street vendors are an integral part of the informal and local economy who provide an important service particularly to the urban lower and middle classes, and thus need to be regularized within the urban systems. However, the existing legal and regulatory framework in Lahore does not cover the street economy in general and street vending in particular except to consider it illegal despite its contribution to sustaining the livelihoods of urban poor and reducing income inequalities, which are both stated objectives of the SDGs.

This lack of state recognition of “natural markets” means that no spatial planning has been conducted keeping in view the needs of street vendors while also considering the convenience of pedestrians, car owners and shoppers. Without a regulatory mechanism, neither the vendors can be facilitated for decent work which provides them the security of livelihood nor the objectives of government bodies such as continued traffic flow, food safety and clean public spaces can be achieved. Thus, the registration and licensing of vendors is direly needed to effectively and appropriately regulate street vending in the public interest. An optimal solution can be found though collective deliberations between the municipal administration, political elite, street vendors, trade bodies, academia, traffic police, and lastly planning and developments bodies to devise an implementable regulation that minimizes negative externalities for both the regulators and the regulated as well as generate revenue for the local government.

Recognition of street vendors under the law is essential to ensure their effective regulation. To give street vendors a legal status and thereby providing for legitimate vending/hawking zones in city/town master or development plans is the need of the hour as the current regulatory ambivalence is not working out.

Recommendations

Broadly, the first step towards the regulation of street vendors should be their due recognition under the law. The next step should be the creation of legitimate vending zones in city/town master or development plans while ensuring their enforcement. This should include zonal, local and layout plans. Following recommendations are based on our research with due consultations with stakeholders:

1) **Conduct Vendor Registration and Needs Assessment through Baseline Survey**

The Punjab government should constitute a City District Street Vending Committee comprising of the representatives of MCL, District Administration, LDA, street vendors, traders, academics and civil society for deliberations on district level policy and planning. For proper needs assessment, a baseline survey should be conducted to identify and register all existing street vendors in their area of jurisdiction, under the supervision of the committee.

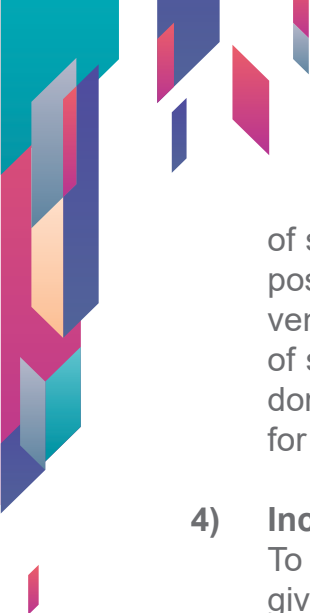
2) **Devise Vending Zones in Each Town of the City Supervised by Town Vending Committee**

For all 9 towns of Lahore, a Town Vending Committee (TVC) should be constituted with local representation of the Enforcement Wing MCL, District Administration, LDA, street vendors (with at least 20 percent representation of women, transgender, religious and ethnic minorities), traders and members of civil society. Each TVC should make a plan for their respective town to recommend creating vending zones to the planning wing of MCL based on following principles:

- a) Only moveable vending carts be allowed to reserve the right of way of pedestrians and vehicles and ensure that public space is not encroached upon permanently.
- b) No vendor should be allowed to build any permanent structure in the zone.
- c) The number of vendor permits in a zone should be based on population of the area (eg. 2.5% of the population), and while all vendors identified in the survey are accommodated, permits should be prioritized based on years of vending and residential proximity.
- d) A percentage of permits should be reserved for women, transgender, ethnic minorities and the elderly.
- e) Each gated housing society should have a street reserved for street vending.
- f) The vending zones should be consistent with existing “natural” markets to ensure practicality of implementation. Identified zones should be developed in accordance with city/town master plans.

3) **Develop Organizations of Vendors for Self-Regulation**

The Punjab government and the street vendors should be encouraged to act in concert to promote the norms of civic discipline by institutionalizing mechanisms



of self-management and self-regulation in matters relating to hygiene, waste disposal, food safety, single use plastic bags and commuter mobility amongst street vendors. In that spirit, the Punjab government should facilitate the empowerment of street vendors - to promote organizations (Unions/Associations) of street vendors through a representative consultative process, and collective responsibility for the vending zones.

4) **Incentivize Street Vendors for Regulatory Compliance**

To ensure vendor compliance of a new regulatory mechanism, they should be given certain incentives linked to the vending permit and the vending zone. This may include street benches, public toilets and other civic amenities in the vending zones. Furthermore, street vendors can be incentivized through access to financial services such as credit, e-banking, insurance and pensions plans. Entrepreneurial capacity building, food safety and other skills development can be provided through TEVTA, SMEDA and other training institutes.

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