

Economic Characteristics Of Hawkers’ In The Urban Economy: Some Evidence From Dhaka City

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Since the rapid growth of population in the Dhaka mega city does not comply with the availability of employment in the formal sector a large number of labour force engage them in a wide range of urban informal economic activities, such as domestic work, informal transport, construction, retail business and hawking, cottage industries, handicrafts and services for subsistence earning. 65 percent of the total employment in Dhaka city is in the informal sector (Amin, 1990). Among the informal sector the hawkers and petty traders are 22 percent of employment of the Dhaka city (Amin, 1990). The Dhaka City Corporation (DCC, 2005) and Bangladesh Hawkers Yakkyo Parishad (2005) sources said there are currently about 150,000 hawkers running their business on the footpaths, mostly in Motijheel, Baitul Mukarram, Gulistan, Shahbagh and New Market areas. Some hawkers carry their goods by van; some have permanent stall in Dhaka city; some are doing business at door to door. In general, there are three types of hawkers: *mobile, semi-static and static*.

Most footpaths in the city’s busy are places occupied by hawkers that often compel pedestrians to walk through the streets with risk and creates serious problems in urban life including traffic jam in the street, physical harassment of women by young people in the passages narrowed down due to hawkers’ encroachment, and road occupancy in the busy areas of the city.

In-spite of all inconveniences created by hawkers in the city, hawking plays an important role in employment and income generation in the Dhaka city. Income generated by hawking is comparable to or greater than the formal sector. Despite low education, lack of skill and poor economic background, the average income of the self-employed in informal sector was two-and-a-half times more than the national minimum wage for the unskilled workers (Amin, 1991). A survey was

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conducted shows that the average income of hawkers is Tk. 3,305 per month i. e. below the poverty line (Sofiullah, 1996). The hawkers play also important role in the marketing and distribution of goods produced by the locally developed Small and Medium Enterprises (SMEs). This unrecognised service sustain the existence of informal industrial sector and the hawkers provide goods at cheaper prices than retail stores because they do not have the expensive overheads, such as rent or heavy mortgages.

There is hardly any comprehensive study on this issue. Mollah (1973) classifies mobile and temporary businesses. The size of informal sector in Dhaka city was estimated by Shankland Cox and Partnership in 1981. Amin (1982a, 1982b & 1991), Islam and Khan (1988) and Rahman (1985-86) have done several in-depth studies on urban informal sector. Most of these studies, however, focused on informal sector in general, but did not take the hawkers into a particular consideration. On this background the present paper aims at identifying the characteristics of hawkers' activities and their role in the urban economy of Dhaka, based on the information collected by the author through a sample survey using structured questionnaire in 1999 among 200 hawkers selected randomly from only four major concentrations: namely, New Market, Gulistan/Fulbaria, Farmgate and Sadarghat. Though data used in this paper could not have been updated, but in absence any other study conducted in this sector till now, it can contribute even now in understanding economic role of hawkers in the Dhaka city.

This study is also based on a conceptual framework of hawkers. The word 'hawker' is usually associated with journeying from place to place and calling his wares. Wong identified hawkers as "*little businessmen*" (Wong, 1974. While the well-known economist, W. Arthur Lewis (1958:402), very specifically comments on hawking by saying:

“These occupations usually have a multiple of the number they need, each of them earning very small sums from occasional employment; frequently their number can be halved without reducing output in this sector. Petty retail trading is also exactly of this type; it is enormously expanded in over populated economies, each trader makes only a few sales; markets are crowded with stalls, and if the number of stalls were greatly reduced the consumers would be no whit worse off-- they might be better off, since retail margins might fall” (quoted from McGee and Yeung 1977:22).

PERSONAL CHARACTERISTICS OF HAWKERS

Personal characteristics like age and sex, marital status, education, skills, length of residence in the city and length of life in hawking are discussed in this section. The hawkers of Dhaka city are commonly characterised by unskilled, poorly educated and migrants. Usually the women are not come to this occupation, so almost all of them are male and most of them are young having age 21-30 years. A large majority (64 percent) of the hawkers are married and the average size of their family is 5.7 persons.

Usually hawkers are poorly educated, about 44 percent have no education at all, another 31 percent have only primary education, only a few have SSC, intermediate and degrees level education. Commonly hawkers are unskilled people, about 54 percent have no skills, 46 percent have some skills and a few (8.5 percent) have specific professional skills. Educational qualification accelerate the skill of hawking business, this two variables has shown a strong relationship through a χ^2 test (Table 1). The result of the significant test shows that the skilled of hawkers are strongly depends on their educational qualification.

Table 1: Relationship between Hawker's Education Level and Professional Skills

| Educational Level | Level of Professional Skills | | | | | |
|-------------------|------------------------------|-------|-----------|-------|-------|-------|
| | Skilled | | Unskilled | | Total | |
| | N | % | N | % | N | % |
| Illiterate | 38 | 41.3 | 50 | 46.3 | 88 | 44.0 |
| Literate | 54 | 58.7 | 58 | 53.7 | 112 | 56.0 |
| Total | 92 | 100.0 | 108 | 100.0 | 200 | 100.0 |

Chi-square = .48, D. F = 1, Significant = .05, Critical values for chi-square is 3.84

Source: Field Survey, 1996

In the hawking business the length of residence in Dhaka city and length of life in hawking in the city is very important. The data shows that only 11 percent of the hawker population were residing in city for less than 3 years, about 35 percent were residing in the city for about 4 to 10 years and 36 percent were residing in city for more than 11 years. Most of them were migrants (about 83 percent), and 14 percent were local. Hawking is not a fixed occupation or permanent activities to all hawkers. Some hawkers enter in this field for gathered a little experience to enter another suitable occupation, in this process about fifty-two percent of the hawker population of Dhaka city have spent about 3 years in this occupation,

36.5 percent spent about 4 to 11 years in the hawking and only 11 percent of hawkers have spent more than 11 years in the hawking. Therefore, it can be summarised that 90 percent of the city hawkers have entered in this hawking business in the last 10 years and some people are taking this business for lifetime.

ECONOMIC CHARACTERISTICS OF HAWKER

Economic characteristics like activities of hawkers, source of capital, income, infrastructural cost, cost of sales items, amount of daily sales, time schedule of business, payment like rent and other made by hawkers is discussed in this section. Hawkers are characterised as urban poor but they play an important role in the urban economy through contributing to the development process. Such contribution may be small in size compare to the total GDP of the city, but socially and economically its importance is not negligible. Therefore, the importance and scenarios of hawker's economic characteristics have been discussed here.

Activities of hawkers

At the time of survey, about 73 different hawkers activities were identified at the four sample locations of the city. These activities of the hawkers can be grouped into three kinds of activities like production, sales and service. Table 3 shows that about 76 percent hawkers were engaged in sales. On the other hand, 19 percent are engaged in services and the rest of them (4.5 percent) are engaged in production activities. In the Sales sector, most of the hawkers (26 percent) are engaged in clothes and garments selling. About 15 percent of the hawkers are engaged in processed foods and beverages selling. Some 4 percent are engaged in fruits and vegetable selling (Annex Table 1). A Large number (11 percent) of hawkers have engaged in shoe and lather goods selling. Cosmetic, jewellery, etc. sellers are about 4 percent. About 3 percent hawkers are aluminium or plastic utensil seller. In the Production Sector, bulk numbers of the hawkers are engaged in producing shoe or leather related goods. One-percent are engaged in key making and 0.5 percent in tailoring, typing, carpet, clock and sunglass repairing. On the other hand, about 19 percent of hawkers are involved in the services activities. Of them 11 percent are engaged in shoe repairing and polishing, 4 percent in cycle and rickshaw repairing and 3 percent are engaged in other repairing (Annex Table 1).

Sources of Capital

The main source of hawkers' capital is their own savings; sixty-two percent of the hawkers mentioned this. Other major sources of capital are family and friends (16 percent) and *Mohajon* (13.5 percent). Some 2 percent were mentioned that, they took loan from *Somiti* (credit giving by the society). Rest of the 7 percent of the hawkers manage their capital from various other sources (such as relative, land owner, shop owner etc.)

Income

According to the survey the average income of the hawkers is to be Tk. 3,305, which is in fact, fall below the poverty line (according to GOB-ADB, 1996, the poverty line in the city is Tk. 3500). About 51 percent hawkers earned Tk. upto 3,000 only. A substantial portion of hawkers (4 percent) are very poor, they earned only less than Tk. 2,000. Thirty-one percent hawkers' income is within the range of Tk. 3001 to Tk. 4,000. Only 13 percent hawkers earned more than Tk. 4,001. However, a substantial proportion of the hawkers earned more than Tk. 5,000. The highest income in the surveyed hawkers is found to be Tk. 20,000. Some hawkers' earn a substantial amount in a month because they have more than one shop at footpath; even some of them have 4 to 5 shops.

Table 2: Income of Hawkers who are living in Dhaka City with their Family

| Income level | Living in Dhaka single | | Living in Dhaka with family | | Total | |
|--------------------|------------------------|---------|-----------------------------|---------|--------|---------|
| | Number | Percent | Number | Percent | Number | Percent |
| <2000 Taka | 2 | 0.91 | 3 | 3.33 | 5 | 2.5 |
| 2000-3000 | 19 | 4.55 | 40 | 44.44 | 59 | 29.5 |
| 3001-4000 | 45 | 20.00 | 27 | 30.00 | 72 | 36.0 |
| 4001-5000 | 27 | 38.18 | 16 | 17.78 | 43 | 21.5 |
| Tk. 5000 and above | 17 | 36.36 | 4 | 4.44 | 21 | 10.5 |
| Total | 110 | 100.00 | 90 | 100.00 | 200 | 100.0 |

Source: Field Survey, 1996

Chi-square=0.00296503, D.F=4, Significant=.995, Critical value of Chi-square=.207.

Data shows that 47 percent of hawkers' family income is below Tk. 3,001. Thirty percent hawkers' family income is Tk. 3,001 to Tk. 4,000. (Table 3) and about 17 percent hawkers' family income is within the

range Tk. 4,001 to 5,000. The χ^2 test shows that hawker's family income (Table 2) significantly influences by the hawker's income.

Cost of Making Hawkers' Shop

Most of the informal businesses need very small investment and in hawking there is no exception. A hawker spends a small amount of money for preparing to his small structure like a small box, little frame or preparing a van for hawking. For making these structure hawkers spends very small amount of Taka. For example, seventy-percent of the hawkers spent upto Tk. 1,000 for this, about 21 percent spent between Tk. 1,001 to Tk. 3,000. There are, however, some hawkers in Dhaka city who have invested a substantial amount of money to making their structure (Annex Table 2). In this category, there are 2 percent hawkers, who invested Tk. more than 10,000 for their structure.

Cost of Sales Items

The cost of sales items provides a good measure to indicate the working capital of hawkers. Like structural cost hawkers run their business with small capital. About fifty percent hawker uses taka less than 5,000 to run their business; while 37 percent uses upto Tk. 3,000. About 21 percent use only upto Tk. 1,000. It is clear that the hawkers run their business by using a minimum investment (structural and running capital). However, a large proportion of the hawkers (29.5 percent) needs more than Taka 10,000 as capital for initiating their business in Dhaka city (Annex Table 3). Another 20 percent of the hawker needs Tk. 5001 to Tk. 10,000 as running capital to do the business.

Amount of Daily Sales

Hawkers cannot sales much per day. A substantial proportion of hawkers (41.0 percent) sales up to Taka 500 per day, while another 24 percent hawker's can sales Tk. 501 to Tk. 1000 and about 21 percent can made it Tk. 1001 to Tk. 2500 per day. There are some hawker in the city they can sales taka 2501 to Tk. 5000, their number is 5 percent. Four percent hawker's daily sales were Tk. 7001 to Tk. 10,000 (Annex Table 4). Some hawkers have more than one shop in footpath. They sale more then an average and their income per month is high (some hawkers earn Tk. 25,000 to 30,000 per month). The volume of sale indicates the profit of their business. The data given in the table indicate that a substantial proportion of the hawkers are relatively poor.

Time schedule of Business

The hawkers usually start their business in the morning and close at night. About 60 percent of the hawkers start their business between 8 and 9 am, 12 percent between 6 and 7 am and 21 percent hawkers start their business after 9 am. Hawkers close their business between 7 to 11 pm. Some 42 percent of the hawkers closed their business between 7 to 9 pm and about 43 percent of the hawkers closed their business within 9 to 11 pm. However, some of them closed it some extent later, who closed their business at mid night (Annex Table 5). Hawkers mentioned that the best days for business are Thursday and Friday (in the weekend). On the other hand, the worse day is Saturday. Thirty-eight percent hawkers mentioned that Friday is best day for selling.

In general, it has been observed that the hawkers work long hours in the preparation and selling of their goods in the Dhaka city. They spend 10-15 hours in each working day. Forty-one percent of the hawkers worked 8 to 11 hours a day (Annex Table 6). Another 40 percent of the hawkers worked 11 hours or more in a day at an average. Only 13 percent of hawkers spend 5-8 hours in business. A small number of them (6 percent) spend 5 hours or less in hawking.

Rent and other Payments Made By Hawkers for their Business

Most of the hawkers are unauthorised and they conduct their business on the footpaths. They have to pay tolls for their illegal business on footpaths to *mastans*, police, *samiti*, *linemen*, etc.

Although selling products on the footpath is illegal, there are allegations that the hawkers in the New Market area pay around Tk 2 lakh to a gang (constitute with linemen and mastans), which shares the collection with the law-enforcing agency to run their business. Hawkers on the New Market footpath alleged that “linemen¹” collect tolls from each of them—up to Tk. 200—to run their business. “The police share the collection with the gang members,” said a hawker in front of the Dhaka City Corporation market at Nilkhet. Another hawker who runs his business in front of the General Post Office alleged the police collect around Tk 5 lakh from the hawkers on the Baitul Mukarram, GPO and Purana Paltan footpaths every day. A leader of the Bangladesh Hawkers’ Movement Council said the city hawkers pay a total of Tk 20 to 30 lakh to the mastans, police and linemen every day.

1 Linemen are paid persons who work as middlemen, they maintain connection between police/mastans.

However, most of the hawkers (84 percent) have to make this illegal payment (Table 3). Among them, 6 percent pay to the mastans, 42 percent to police, 2 percent to samiti or societies and rest 34 percent pay to the linemen. On an average, hawkers pay Tk. 19.39 per day for their business on the sidewalks/footpath. The amount of such payments depends on the size of the business and their location. Fifty-nine percent hawkers pay Tk. upto 15 per day, another 33 percent hawkers pay Tk. 16 to Tk. 30 per day. A substantial portion (about 8 percent) of hawkers is paying up to taka 50 per day. According to a report published in a daily newspaper, hawkers are paying illegally to mastans, police or linemen about Tk. 250 to 300 million per month and 3,000 to 3,600 million taka per year (*Daily Ajker Kagaj*, 12 March, 1997).

Table 3: To Whom Hawkers Make Illegal Payments

| Mode of payment | Number | Percent |
|-------------------|--------|---------|
| No payment | 32 | 16 |
| Mastan | 12 | 6 |
| Police | 84 | 42 |
| Samiti/associates | 4 | 2 |
| Linemen | 68 | 34 |
| Total | 200 | 100 |

Source: Field Survey, 1996

Conclusion

Hawkers are an integral part of the city's economy. According to Amin (1990) 22 percent of the total employment in Dhaka city is in the hawking. The city accommodates about 150,000 hawkers; by any consideration this is a very large number. Hawkers play an important role in the urban economy, as they support themselves and their families. Hawkers provide goods that are cheaper than in the superstore because they are in intensive competition and they are therefore willing to cut their profit because they do not have expensive overhead. Unfortunately, city authorities have generally treated the hawkers very harshly at times and evicted them without proper consideration for rehabilitation. It is describe that the hawkers should be viewed sympathetically by city planners and city authorities. Realistic programmes should be taken to allow them to earn livelihood but at the same time keeping pavements and streets free. To ensure economic dynamics in urban economy, hawkers should not be evicted from footpath or street, rather they should be rehabilitated in a planned way.

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Annex Table 1: Main Activities of Hawkers*

| Activities | | Number | Percent |
|------------------------|--|------------|-------------|
| Producti on | Key making (1) | 9 | 4.5 |
| | Tailoring (0.5) | | |
| | Typing (0.5) | | |
| | Shoe and lather goods making (1.5) | | |
| | Carpet and others (0.5) | | |
| | Clock and sun-glass (0.5) | | |
| Sales | Clothes and garments (26) | 153 | 76.5 |
| | Fruits and vegetable (4) | | |
| | <i>Pan-biri</i> -cigarette (5) | | |
| | Processed food and beverages (15) | | |
| | Magazine and dailies (5) | | |
| | Shoe and leather goods (11) | | |
| | Utensil and other usable materials (3) | | |
| | Clock and sun-glass (2) | | |
| | Jewellery and cosmetic (4) | | |
| | Medicine (1.5) | | |
| Services | Shoe repairing and polishing (11) | 38 | 19 |
| | Cycle and rickshaw repairing (4) | | |
| | Others repairing (3) | | |
| | Barber (1) | | |
| Total | | 200 | 100 |

* *Percentage is shown in the parenthesis*

Source: Field Survey, 1996

Annex Table 2: Cost of Hawking Infrastructure

| Infrastructural investment (in Tk.) | Number of hawkers | Percent |
|-------------------------------------|-------------------|---------|
| Upto Tk. 1000 | 140 | 70 |
| Tk. 1001-3000 | 42 | 21 |
| Tk. 3001-5000 | 8 | 4 |
| Tk. 5001-7000 | 3 | 1.5 |
| Tk. 7001-10,000 | 3 | 1.5 |
| Tk. 10,001 and more | 4 | 2 |
| Total | 200 | 100 |

Source: Field Survey, 1996

Annex Table 3: Amount of Running Capital in the Hawkers Business

| Capital (in Tk.) | Number | Percent |
|---------------------|--------|---------|
| Upto Tk. 1000 | 42 | 21 |
| Tk. 1001-3000 | 32 | 16 |
| Tk. 3001-5000 | 27 | 13.5 |
| Tk. 5001-7000 | 12 | 6 |
| Tk. 7001-10,000 | 28 | 14 |
| Tk. 10,001 and more | 59 | 29.5 |
| Total | 200 | 100 |

Source: Field Survey, 1996

Annex Table 4: Amount of Daily Sales by Hawkers

| Sales (in Taka) | Number | Percent |
|---------------------|--------|---------|
| Taka upto 500 | 82 | 41 |
| Tk. 501-1000 | 48 | 24 |
| Tk. 1001-2500 | 42 | 21 |
| Tk. 2501-5000 | 10 | 5 |
| Tk. 5001-7000 | 8 | 4 |
| Tk. 7001-10,000 | 4 | 2 |
| Tk. 10,000 and more | 6 | 3 |
| Total | 200 | 100 |

Source: Field Survey, 1996

Annex Table 5: Starting and Closing Time of Hawkers Business

| Time | Starting time | | Closing time | |
|-------------|---------------|---------|--------------|---------|
| | Number | Percent | Number | Percent |
| Within 7 am | 24 | 12 | - | - |
| 7-9 am | 122 | 61 | - | - |
| 9-11 am | 42 | 21 | - | - |
| 11 am -1 pm | 2 | 1 | 2 | 1 |
| 1-3 pm | 3 | 1.5 | 2 | 1 |
| 3-5 pm | 4 | 2 | 8 | 4 |
| 5-7 pm | 3 | 1.5 | 14 | 7 |
| 7-9 pm | - | - | 84 | 42 |
| 9-11 pm | - | - | 86 | 43 |
| After 11 pm | - | - | 4 | 2 |

Source: Field Survey, 1996

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Annex Table 6: Hawkers Business Operation by Hours of Work

| Working hour | Number | Percent |
|---------------------|---------------|----------------|
| 5 hours or less | 12 | 6 |
| 5-8hours | 26 | 13 |
| 8-11hours | 82 | 41 |
| 11hours or more | 80 | 40 |
| Total | 200 | 100 |

Source: Field Survey, 1996