CENTRE FOR NEW ECONOMICS STUDIES (CNES)

Governing Dynamics of Informal Markets: A Case Study of Local Markets in Delhi.

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¹ We would like to acknowledge the effort and amazing research provided by Sanjana Medipally, Shivkrit Rai, Raghu Vinayak, Atharva Deshmukh, Vaidik Dalal, Yunha Sangha, Ananya who worked as Research Assistants on the Project.
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Abstract

In the international development discourse, there exists a standard, mainstream outlook towards intellectualizing the concept of informality operating within developing economies outside formal, regulated economic arrangements. Earlier definitions explaining informality in context of market arrangements often failed to present a cohesive, inclusive framework vital for analyzing informal, unregulated socio-economic arrangements as an integral part of a rapidly urbanizing global South. Our paper, in highlighting the extent of a conceptual conflict (functional as a ‘blur’ between formality and informality) views the two concepts in an intertwined, existential space, studying the case of identified local markets in the state of Delhi. Given how vital street vending is as a source of livelihood and employment opportunity for the low-skilled, lower-income class of the Indian urban population, this report is an attempt to understand the governing dynamics of commerce and exchange in identified informal market spaces (within Delhi). The paper provides a comprehensive view into the functioning of these identified informal markets. Our on-field investigation provides endogenous perspectives, captured via interview profiles of street vendors/traders/merchants who operate and find employment in these local weekly market spaces. The report, in its introduction, draws from the recent informality literature in using a more inclusive framework in understanding informality as an integral part of Delhi’s economic system of commerce and exchange.

1. Introduction

Over the last few decades, the existence of informal market segments across countries of the developing Global South (including in some cities of the Developed North) has become an intriguing subject of scholarly exploration for most social scientists. Studies in different domains of social sciences attempt to understand the nature, form and gradual expansion of unregulated, informal market spaces (as part of the informal economy) and compare these spatial spaces with the regulated, formal market structures across developing economies. The conceptualization of formality and informality and their governing dynamics in different parts of the developing global South (particularly, India) continues to invoke interesting academic discourses.

While a large volume of classical informality literature sought to identify distinctive aspects of both formality and informality in a somewhat dualistic way (Giddens, 1984; Hart, 1973; Jenkins, 2001; Santos, 1979) operationally viewing them in isolation of one another; the second discourse, attempts to challenge this dualistic nature while drawing upon empirical
findings from different socio-economic arrangements in developing countries (Bhowmick, 2005; Daniels, 2004; Portes, 1983; Roy, 2005). This latter discourse (say termed as the inclusive informality discourse) views informality in a more inclusive way to accommodate for a hostile orientation of the labor markets and complexities present in understanding of structure-agent relationships within the socio-economic arrangements present in different societies.

The reflection of these divergent ideas is very much presented in the policies on urban formality, with its resonance being found in the street vending activities in countries of the global South. According to (McGee and Yeung, 1977), street vendors are those people who offer goods or services for sale in public places, primarily streets and pavements; therefore, playing a significant role in shaping the informal economy by making a significant contribution.

The National Policy on such merchants in India has categorized these street vendors under three categories:

a) Those Street Vendors, who carry out vending on a regular basis with a specific location,

b) Those Street Vendors who carry out vending not on a regular basis and without a specific location, for example, vendors who sell goods in weekly bazaars during holidays and festivals and so on,

c) The Mobile Street Vendors.

Nationally, as per the estimates provided by Women in Informal Employment Globalizing and Organizing (WEIGO), India has around 10 million street vendors, constituting for about 2% of the population of metropolis. While Mumbai has roughly 2,50,000 vendors, Kolkata nearly has 2,00,000 street vendors. Delhi has about 3 lakh street vendors, even though the Municipal Corporation of Delhi (MCD) official figure of “legal” vendors is roughly around 1,25,000 (SEWA, Delhi).

Given how vital street vending is as a source of livelihood and employment opportunity for the low-skilled, lower-income class of the Indian urban population, this report is an attempt to understand the governing dynamics of commerce and exchange in identified informal market spaces (within Delhi). Our study includes perspectives offered by street vendors/traders/merchants which operate and find employment in local weekly market spaces making these semi-regulated, informal market spaces as a source of their livelihood in the urban city (Delhi for our case).
1.1 Significance: Choosing Delhi as a case study for studying informal markets

According to Gill (2012), Delhi in contemporary shades is an amalgamation of diverse meta-social influences from different historical periods and has a distinct status conferred on it while being the seat of political and administrative power for much of its existence. With a well-versed infrastructure, and visible signs of peripheral development (as the National Capital Region), Delhi is one of the most preferred destinations for migrants, ranging from students and professionals to seasonal and permanent laborers.

Delhi constitutes a significant proportion of the informal retail market. Registered retail shops in numbers are as many as 0.1 million, and it is home to some 1.4 million informal retail units (Gill, 2012). It is in this regard that understanding the subtlety of local weekly markets needs to be explored. Any market is fundamentally regarded as a form of economic institution that reflects social, historical and sometimes even political dynamics. Therefore the use of ethnographic perspective on it may field valuable inter-disciplinary insights. As Plattner (1989) made an important distinction between economic and socio-ethnographic view on markets: ‘market’ [is] the social institution of exchanges where prices or exchange equivalencies exist. ‘Marketplace’ refers to these interactions in a customary time and place. A market can exist without being localized in a marketplace, but it is hard to imagine a marketplace without some sort of institutions governing exchanges.

It is in this regard, we consider it important to study the social, economic and legal aspects of these markets through an ethnographic account; vested in a mixed methodological research pedagogy that accommodates an informed study on local informal markets as narratives for understanding broader issues of informalization attached with urbanization, globalization including rural-urban disparity. However, before defining the scope of our study it is important to understand the notion and the concept of informality.

2. A Brief Literature Review on Understanding the Notion of “Informality”: origin and debates

A scholarly conceptualization of informality in existing market spaces within developing economies can further be traced back to 1950s and 1960s- a period which reinforced a perspective on informalization developed as a natural occurrence in labor surplus countries in the work of W. Arthur Lewis. (Lewis, 1954) in an essay titled Economic development with unlimited supplies of labor stated: “developing countries would in the long-term generate enough modern jobs to absorb surplus labor from the traditional economy”. This, he argued would lead to a turning point when wages would begin to rise above the subsistence level: what is commonly referred today as the ‘Lewis Turning Point’.
In contrast to Lewis predictions, (Singer, 1970) argued that the developing economies have been witnessing the rise in the various kinds of unemployment and under employment, even those that were growing economically. This according to (Singer, 1970) was the result of limited job creation due to extensive use of capital intensive technology and growth in population and labor force due to advancement in technology pertaining to health and disease control.

There is a presence of persistent “dangerous” dualism in labor market with a high level of casual as well as disguised unemployment, which could also result in an employment crisis (Singer, 1970). The low human development or lack of investment in education, health and skill development made the labor force unfit to be absorbed by capital-intensive formally recognized employment structures leading to a distinction between white-collar and blue collar jobs, as suggested by Singer and in findings of Kenya Mission led by the International Labor Organization (ILO).

The findings from the Kenya missions and observations drawn led to the coining of the term “informal sector” by British Anthropologist Keith Hart, captured in his study on low-income activities among unskilled migrants from Northern Ghana to the Capital city, Accra, who could not find wage employment (Hart, 1973). Since its first conceptualization in the 1970s with studies on different markets in African countries, the informal economy, has evolved as a critical concept in economics and development studies.

According to (Hart, 1973), the operational existence of informal economy is an outcome of a dualistic tendency of urban labor market. Despite facing external constraints, the internal migrants in Accra were able to engage themselves in the informal activities for their livelihood and sustenance by engaging in various informal activities such as farming, market gardening, shoemaking, street hawkers etc. Though their job existed somewhere between open unemployment and formal sector employment, he concluded that migration was not the only factors responsible for the growth and persistence of informal economy.

(Hart, 1973) describes the presence of informal activities from marginal operations to large enterprises; categorized as legitimate or illegitimate form of activities. However, this dual conceptualization of informal and formal sectors saw them as being mutually-exclusive in an employment landscape shaping the socio-economic landscape of a society where even “self – employed” form of work was seen under the domain of informality.

Later, with a study on understanding informal market arrangements present in different Latin American and Caribbean economies, (Tokman,1978) studied the interrelationship between regulated, formal sector and rest of the economy. (Tokman,1978) in his work, accepting some of the apprehensions of Hart, sought to examine whether the reserve army of unemployed and underemployed constitutes itself as a passive, exploited majority of the informal sector? And whether the sector can sustainably create employment for other people in the future?

(Tokman, 1978) identified the informal economy to be restricted in its growth potential because of the scope of market competition in formal, regulated sectors of the economy. However in the current scenario, we see how the growth of informal markets and the informal
economy as a whole has expanded across developing countries and have even found a way in parts of cities in the developed North (Crossa, 2009; Daniels, 2004; Recio, 2010).

The dualist linkage between formal and informal sector was further expanded by (Moser, 1978), (Santos, 1979), (Sethuraman, 1981) amongst others. In their study, the authors observed- firms in their process of reducing inputs and labor costs push workers out from the formal sector employment the informal sector is seen to emerge as part of a survival strategy for the poor, low-skilled labor. The shift in the transition of work for the labor signals their disdain for the official rules and regulations imposed earlier for sustenance needs, ultimately leading to the expansion of the informal economy.

Hence, the dualist view on formality-informality views the informal sector as an economic reality of low-waged, low-skilled labor (emerging from a lack of formal employment opportunities) that requires “formalization” with policy intervention as it had limited growth potential. The distinction seen in such conceptions of formality and informality in developing economies remain dependent on the degree of adherence to regulatory principles (i.e. state rules or rule of law), evident from policy matters of income generation, property rights, taxation etc.

Presenting an inclusive view on explaining the causes, consequences, form of informal sectors in developing economies, (Portes, 1983) defined the informal economy as “sum total of income-producing activities and the employment in unprotected wage-labor”. The inclusive view on understanding informal economy emphasizes the need to adopt a “post-dualist lens” to see informality in conjunction with formality, using a more inter-disciplinary methodological approach for policy interventions, to accommodate for hostile labor orientation scenarios in developing societies, where labor markets are still evolving with changing economic and political landscapes.

Thus, with no single approach to defining informality, definitions used in theoretical and empirical research often lack consistency from one study to another (Guha-Khasnobis et al, 2006), the selection of a particular entry point shapes the analysis of the prevalence of informality, its consequences and the appropriate policy response.

Hence, our study (in following sections) tries to understand a frictional, conceptual conflict in the ‘blur’ between formality and informality which we view in an intertwined existential space (within identified markets in Delhi). The study on local markets from a supply side i.e. via the street vendors/merchants who operate in the ‘bazaars’ of Delhi, focuses more on the local weekly markets or ‘haat’ or ‘tehbaaari’ which is a traditional style of retailing, and where on a particular day of a week, petty traders display their commodities on a makeshift arrangement in places and are not authorized by the state municipal authorities against payment of some fixed remuneration.

In this regards, the scope of our research study has focused on four critical aspects in broadening the mainstream conceptualization of ‘informality’ in market spaces:
a) Capturing samples of oral account(s) from merchants/vendors operating in targeted informal markets

b) Gauging the supply chain dynamics of the consumer's baskets available in these markets

c) Study the Legality and Regulatory aspect of these markets and the “soft” relationship shared with the state.

d) Understand to what extent bargaining power (in a buyer-seller framework) acts as an additional information variable in the price determination of a given basket of goods.

3. Scope of the study and objectives

3.1 Capturing samples of oral account(s) from merchants/vendors operating in targeted informal markets.

Given the complexities involved in studying the urban informality through quantitative designed indicators such as income, consumption etc. the first aspect of the study is covered through an ethnographic account capturing the oral interviews of merchants/vendors. Primary information was obtained through a participant-observation framework while visiting the sites of the targeted market spaces. The framework has its root in traditional ethnographic research that serves as a check against participants’ subjective reporting of what they believe and do. The use of this methodology helps in understanding the physical, social, cultural and economic context of the participants by understanding the relationship among and between people, contexts, ideas, norms behaviors and the activities they do. The objective is to acquire the vendor profiles with the sample size of merchants being in the range of 10-20 vendors per market.

3.2 Gauging the Supply-Chain Dynamics of consumer baskets available in these markets

The second aspect of the study has looked at different approach in traditionally understanding supply chain dynamics, which explain the movement of goods (from source to the market) in such targeted informal geospatial places, while, conceptually covering the entire physical process from obtaining the raw materials through all process steps until the finished product has reached the end customer. The objective of the study is to understand the operational dynamics of these markets that cover the entire physical process from obtaining the raw materials through all process steps until the finished product reaches the end consumer. This includes:

a) Procurement of goods

b) Distribution of goods

c) Inventory management & Final sales
3.3 Legality and Regulatory aspect of these markets and the “soft” relationship shared with the state

The fact that the street vendors operate in public spaces raises issues of legality and illegality. The vendors tend to assemble in certain public places, finding natural markets. As a result, these markets are viewed as ‘encroachment upon public spaces’ by police and municipal authorities leading to overcrowding, traffic jams and accidents. Besides the study also gauge the undercurrents of a “soft” understanding that merchants share with local state development municipal authority.

The street vending activity is believed to operate in an extra-legal framework which is not in compliance with the state laws. Despite this, the state allows them to function. This drives us in further broadening the conceptual framework of informality that goes beyond the economics of accounting. Also, how does a model of governance interfere with the operation of these markets? In addition, the study looks into the quality of available infrastructure available and the challenges faced by merchants in relation to access to power, water, and roadways or even traffic congestion; especially on the day of the market, when it becomes quite troublesome for traders to unload their stock and carry it to their stalls. In addition to the vendor interviews conducted, the research also included some interaction with MCD and Pradhan, since MCD regulates and governs them and pradhans of respective weekly markets play a very prominent role in keeping the market going peacefully and without troubles.

3.4 Understand to what extent bargaining power (in a buyer-seller framework) acts as an additional information variable in the price determination of a given basket of goods?

This aspect of the study is focused on understanding the bargaining power of seller with the buyers and their relationship in these markets while asking questions such as ‘Do you have to bargain with the wholesalers or is there a fixed price? Through this study, we have tried to understand the factors that shape the extent of bargaining in this market. Following factors were taken into considerations:

- Number of market players for a product basket in a market
- Geo-Spatial positioning of the shop in the market (more sales at entrance and vice-versa)
- No. of years of sales experience

This aspect also focused on the pricing strategies of vendors/merchants in the targeted markets and their profit-mark ups

Given the above mentioned critical aspects, all of them have been covered and analyzed through the primary data acquired through vendor/merchant interviews and some interviews with former Pradhaans and MCD’s of the targeted markets.
4. Methodology

A mixed method approach involving more focus on qualitative research techniques have been the basis of the methodology for this study. We have relied extensively on questionnaire based interviews; oral inter-personal accounts. In shaping the methodology for such a study, which is more evolutionary and a subject of study by itself, the research process first involved visits to the various markets functioning on different days/ weeks/ months in Delhi. This gave us a better understanding of the physical spaces to be identified for our study. Dependent on the research resources available, we chose one market each from the South, North, and East zones of Delhi respectively.

The choice of North and South Delhi for the study is based on the social class fragmentation. In retrospect, while the South Delhites are on the uptight sophisticated scale, the ChandniChowk has more of a warm vibe, with lively, outgoing people spread across the alleys (Jha 2008). Dilli Haat is a market space where people from all sections of the society engage in diverse social interaction. Unlike the traditional weekly market, the village Haat, Dilli Haat is permanent. Some shops are permanent but other sellers are rotated, usually for fifteen days. East Delhi is preferred for its geographic proximity from Central Delhi.

Figure 1: Overview of the zonal areas of the markets used in Delhi

The study has followed interdisciplinary methodological approaches to give a substantive understanding of informalization within the targeted markets. Given the study focuses on the urban informality, we have used economic anthropology and ethnography to study the urban informal market structures in Delhi, through documented observational trends from interviews of merchant/vendors collected.

4.1 Economic Anthropology:
Since 1945, the rambling cities of the ‘Third World’ have contributed for the massive global urbanization which Mike Davis calls ‘a planet of slums’. As mentioned in the previous section, we have chosen one market each from the South (Dilli Haat), North (Chawri Bazaar, ChandniChowk, and Meena Bazaar markets) and East zones of Delhi (Wednesday bazaar in Pandav Nagar) respectively. These streets are heavily crowded with constantly shifting herd of street vendors, rickshaw drivers, beggars who all get by without the benefit of a ‘real job.’

As economic anthropology analyses the economic life of a subsystem of a society, the analysis of the informal market subsystem of Delhi, has been arrived through field observations, carrying out interviews with merchant/vendors in the selected informal markets of Delhi. The questionnaire for the merchant/vendors has been designed before the field visits to the markets. The questionnaire has been formulated with respect to the scope and objectives of the study, which enabled us to acquire the relevant information for the purpose of our study. It has been designed in the following format:

- Vendor profiling: The vendor profiling which is the assessments of supplier’s (street vendors/merchants in the context of our study) in terms of their demographics, type of business, pricing policy, sales revenue, modes of payment used in their business shed some interesting picture of these markets. The questions designed to acquire relevant information on the biographical details of the merchant, nature of their business, migration status.

To understand the governing dynamics in these markets, we

- Targeted established seller
- Product-wise distribution of sellers
- Used comparative models to understand the dynamics of the same product basket in different settings
- Targeted elderly sellers who were more likely to engage in the conversations.

**Table 1: Number of interviews and product basket covered for the study**

<table>
<thead>
<tr>
<th>Market</th>
<th>Number of Interviews conducted</th>
<th>Number of Product baskets covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dilli Haat</td>
<td>12</td>
<td>1. Pashmina Shawls,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Paintings,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Traditional Toys.</td>
</tr>
<tr>
<td>Wednesday Bazaar (Pandav Nagar)</td>
<td>7</td>
<td>1. Bed sheets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Children Apparel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Utensils</td>
</tr>
</tbody>
</table>
13

- Sourcing/Procurement/Transport: questions designed to capture the supply chain dynamics of these markets included ‘How do you procure and assemble raw materials to manufacture your product?’

- Pricing and Payment: This section of the questionnaire has covered the modes of payments (digital transactions or cash), affect of the recent demonetization of INR 500/- and 1000/- denominations and the pricings strategies of the merchants/vendors covered.

- Governing Dynamics: This section of the questions tried to investigate the ‘soft’ relation the vendors shared with the state with questions such as ‘Do you pay taxes/commission to the Pradhan/Local Development Officer?’

It is to be noted that, this pre-designed questionnaire is to aid the researchers on the field to lead them further in their interviews with the vendors/merchants in these (un)regulated market spaces. However, the researchers have also asked more relevant questions (which are not mentioned in the questionnaire) on the field following from the responses of the vendors.

In designing the format of the questionnaire, it is to be mentioned that, questions which are to capture the Supply Chain Dynamics and Bargaining as a price determinant were tricky and complex to formulate. At times, researchers could not translate/explain the questions clearly to the vendors/merchants, which did not get the required information for the purpose of the study. However, frequent visits to these markets overtime had made it easier to formulate the questions accurately and communicate them to the vendors correctly, which has provided us with relevant information for the analysis of our study.

4.2 Ethnography

Ethnography has multiple forms of observation and interviewing. However, there are broadly two types of observation techniques employed in ethnography:

■ One, without the ethnographer participating in the activities; and

■ The second, wherein the ethnographer participates in activities in addition to observation, an approach called the Participant-Observer approach.
The technique employed during the course of this study is the participant-observer approach with moderate participation (Spradley, 1980) wherein the researchers entered the field, i.e. the market under study and spent considerable time understanding the socio-economic setting by participating in the activities conducted in the market.

The technique adopted in this study was a combination of Unstructured and Semi-Structured ethnographic interviewing. The interviewee had the freedom to choose the own scope, depth, pace and length of the response. However, there was always a question to answer or a topic to discuss. One of the important benefits that unstructured interviewing had, was that it threw up several important bits of information that the researchers were previously unaware of. Such information provided valuable insights that had not been previously been factored into the scope of the study.

Another technique used, though not as widely as unstructured interviewing, was Semi-Structured Interviewing. In some cases, the researchers guided the informants back to the scope of the study when they deviated from it and also, in situations where the details provided were considered completely irrelevant to the study.

During the course of the research study, the researchers understood the governing dynamics of the market under study by following the cyclical processes of observations, asking questions, interpretation, and participant observation. The researchers regularly used field notes and memos to keep track of the emerging theoretical insights.

5. Introduction to the selected markets in Delhi

New Delhi being the capital of the country attracts a perfect amalgamation of diverse meta-social influences from different historical periods. The city attracts a maximum number of migrants such as seasonal and permanent laborers. Localized markets are the periodic marketplaces which are held at regular or irregular intervals sometimes as one regional stop for peddlers who visit specific sites on a fixed cycle. The Local weekly markets of Delhi are still of vital significance in defining the life in the city and its inhabitants today as they are home to old Mughal Era markets such as ChandniChowk, Paharganj and they simultaneously cater international market at DLF and Saket malls.

For the purpose of our study, we chose three markets, spatially located in three different geographical areas of the city; this included one market each from South, North and East zones of Delhi respectively. We chose Dilli Haat (a market located in South Delhi), old Delhi- Chawri Bazaar, Chandni Chowk and Meena Bazaar markets (located in Northern part of Delhi) and a weekly market (called Wednesday Bazaar) in Pandav Nagar (located in the East part of Delhi).

5.1 Dilli Haat
In order to understand the governing dynamics of informal markets in New Delhi; a 22-year-old Dilli Haat which is a “regulated informal market” has been taken. It was initiated as a joint venture between Delhi Tourism and Transportation Development Corporation (DTTDC), Development Commissioner (D.C) Handicrafts, New Delhi Municipal Council (NDMC), D.C (Handlooms) and Ministry of Tourism and Textile, Government of India in 1994. Over the years, the market has continued being located in the Southern part of New Delhi opposite INA market.

The reason why Dilli Haat is chosen for the study:

• The setting of the market gives a rural and traditional stroke, displaying various art forms and crafts from different states of India. The foundation is highlighted using the small thatched roofs and kiosks which give the market a typical village peek in India. The market exhibits the characteristics of both informal and formal markets. It gives an informal perspective due to its setting such as architecture, selling of goods in stalls, vendors selling goods on the pathway.

• Over the years, it has become a tourist location which proves very beneficial for the vendors. Dilli Haat showcases a picture in an urban area which would otherwise only be visible in the rural or the local markets, although it is well regulated (Refer Appendix 9.2) through the management of New Delhi Municipal Corporation (NDMC) and New Delhi Tourism and Transportation Development Corporation (DTTDC).

□ The stalls in the market are allocated on the basis of a ballot system.

□ The vendors provide Rs.10, 350/- as rent for a period of 15 days. This payment, in turn, pays for the electricity, space, and security to the vendors, provided by the administration.

□ There are 166 stalls in set up in Dilli Haat, which cater to vendors from different states who exhibit their goods for the allotted duration

Spread over an area of 6.27 acres, the market is situated at a very strategic location and is well-connected to the Southern markets. It is accessible via metro with the underground INA metro station at a walking distance (shown in figure 2).
From our study in Dilli Haat we identified the following basket goods (for the purpose of our analysis):

Table 2: Products sold in Dilli Haat

<table>
<thead>
<tr>
<th>Products for which multiple sellers exists</th>
<th>Products having few sellers</th>
<th>Products exclusively sold by a single seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paintings</td>
<td>Food stalls representing different cuisines of India.</td>
<td>Traditional Toys</td>
</tr>
<tr>
<td>Garments: Shawls, shirts, suits, saris.</td>
<td>Gems and Beads</td>
<td>Temporary Tattoos</td>
</tr>
<tr>
<td>Jewelry laden in Silver</td>
<td>Decoration Pieces</td>
<td>Hand- made note books</td>
</tr>
<tr>
<td>Mats and Carpets</td>
<td>Brassware</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rosewood and Sandalwood craving</td>
<td></td>
</tr>
</tbody>
</table>
These products, however, are quite different and unique in style exhibiting distinctive style in making and promoting different cultures of each state of India. For certain goods, there are multiple sellers such as Pashmina shawls. There are two traditional toy sellers, who set up their stalls alternatively in every 15 days. Given the diversity of the market, it is a huge attraction among the foreigners as they experience and learn different cultures of India in one place. Domestic adults and children come in high proportions to the market. Dilli Haat also has food joints representing cuisines of different states of India such as Rajasthan, Bihar, and Manipur etc.

Dilli Haat has approximately 45-50 vendors selling outside its gate. These vendors sell both perishable and non-perishable goods like jewelry, bags, food items; tea stalls, braiding hair services, clothes, fruits, books, and posters. The stalls are put up post 12 pm and are permanent settings, as they are present here throughout the year. These vendors do not have any provision for facilities like the vendors operating ‘inside’ the Dilli Haat. Though these vendors are not required to pay any rent, they are occasionally ticketed by the NDMC.

5.2 Wednesday Bazaar

The weekly bazaar is held every Wednesday near D-Park, Pandav Nagar. It is one of the many weekly bazaars held in East Delhi. The weekly market started functioning approximately 30 years ago. It was occupied by a few vendors in the beginning, as East Delhi was not developed and had a low population. Most of the vendors in this market joined approximately 8-10 years ago. This weekly market developed because of the establishment of Mother Dairy after which the stalls were set near it. On interviewing Mr. Dharamvir Tangri, the former Pradhan of the market it was noted that the market grew many folds since its inception. There were only 13 weekly markets in East Delhi in the beginning, which has now increased to 280 (approximately).

This market caters to people living in and around Wednesday Bazaar, who belong to different strata of the society. Moreover; the market space provides opportunities to multiple vendors (approx. 130-150) to make a living. It is categorized as an “informal setup” as the vendors do
not comply with any set of State regulations (Refer Appendix 9.3). It is governed by a “Pradhan” (local area head) and is recognized by the Municipal Corporation of East Delhi. Mr. Deepak, a cotton shirt seller, however, stated that Mr. Devraj, Pradhan of Wednesday Bazaar, is not elected but is a “self-proclaimed one” acts as an intermediary between MCD or Police and the vendors in regulating the market.

**Figure 4: Overview of Wednesday Bazaar (Pandav Nagar, weekly market-Refer 9.4)**

The vendors in this market come together and set up their stalls next to and in front of each other. The stalls are setup in a public space mainly roads/footpath/pavements using minimal infrastructure, available to these vendors. The bazaar is in operation for approximately 4-5 hours (between 3:30-9 p.m.) and offers a wide range of products. This market has vendors selling both perishable and non-perishable products, most of which were not manufactured by them. The market is also geographically divided into two parts in terms of vendors selling perishable products and those selling non-perishable products. The vendors selling perishable products such as fruits and vegetables can be found around the D-Park and those selling non-perishable products like foot mats, kids’ clothes, utensils etc. operate on the main lane and the side lanes. It is also observed that most of the vendors of perishable products were selling on a push-cart in contrast to the sellers of non-perishable goods, selling their products on tables. Most of the vendors are selling products without any maximum retail price.

The product variety also defined the level of competition. Some products are being sold by multiple sellers and some products are sold by only a few or single sellers. The product variety is as follows:
Table 3: Products sold in MayurVihar Weekly market

<table>
<thead>
<tr>
<th>Products for which multiple sellers exists</th>
<th>Products having few sellers</th>
<th>Products exclusively sold by a single seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton Apparel with Winter Wear and Women’s Indian wear</td>
<td>Bakery items</td>
<td>Mirrors</td>
</tr>
<tr>
<td>Hosiery and Inner Wear</td>
<td>Pasta, Spaghetti, Fryums etc.</td>
<td>Mouth fresheners</td>
</tr>
<tr>
<td>Plastic ware : buckets, tumblers, cups, children’s toys and plastic utensils</td>
<td>Packed Pickles</td>
<td>Diyas for temples</td>
</tr>
<tr>
<td>Steel Utensils</td>
<td>Wooden combs</td>
<td>Watches and clocks</td>
</tr>
<tr>
<td>Mats, doormats, small carpets and blankets</td>
<td>Rare fruits like kiwis, strawberries, jackfruits</td>
<td>Remote Controls for Set top boxes</td>
</tr>
</tbody>
</table>

Few important findings from the vendor interviews conducted in the market:

- The vendors sell their products at a specific margin which is determined by them or by market forces. The prices are usually not fixed and purchasing process involves heavy bargaining from both consumers and sellers.

- The market only functions once a week i.e on Wednesdays and the vendors also operate in different weekly markets in East Delhi and other parts of Delhi.

- These stalls are setup in front of the commercial shops in Pandav Nagar. Most vendors in the bazaar pay a certain amount of rent to these shop owners which is sometimes, dependent upon the location of the shop and the shop owner.

- The vendors stated that a certain location (main lane and the center of the market) within the market had higher sales, as the customers visited these locations of the market more frequently as stated by Mr. Dharmvir Tangri (the former Pradhan) and Mr. Vijay (Seller of school and office bags in Wednesday Bazaar)

Infrastructure is the basic facility that is required for the functioning of an enterprise. The vendors in this market operated on minimal facilities. This is one of the reasons why the products sold in these markets are cheaper than those sold in a more formal setup like malls. Vendors in this market use rented LED lights which are connected to batteries or stole electricity from the electricity poles. They use phattas/tables on which they displayed their products. It is important to note that, these tables at times are rented from ‘another’ vendor who
rents them out. The market also indirectly facilitates the business of some other vendors like tea-sellers who provide tea to all the vendors in the market, LED light vendor, who rents out LED lights to the vendors in these markets. The market lacks parking area and provides only one toilet, which often remains in an unhygienic condition.

**Figure 5: Use of rented LED lights by vendors (left), setting up of the market (right)**

5.3 Old Delhi Markets: Meena Bazaar, Chandni Chowk Market and Chawri Bazaar

The markets that are located between the Chandni Chowk and Chawri Bazaar metro stations of Old Delhi offer fascinating areas of study. The markets, operational on all 7 days of the week are distributed geographically according to the product basket sold. For instance, consumer durables are sold in the area surrounding Chandni Chowk while brassware and imitation jewelry are sold near the Turkman gate area. The auto market is located near Jama Masjid while the cotton market lies in close proximity. Interestingly, the Meena Bazaar area is a space where most, if not all, these products are sold side-by-side. Another defining feature of markets here is the nature of sale; while sellers ‘outside’ Meena Bazaar mostly sell in wholesale, the sellers ‘in’ Meena Bazaar are exclusively retail.
The closest point of access (through public transport) to Turkman Gate is Chawari Bazaar Metro station. A short rickshaw ride (5-7 minutes) from the metro station to Turkman gate gave an overview of the market and product basket in the market. The area houses the brassware, metal works, and imitation jewelry market. The streets are narrow and crowded (especially during rush hours). This makes it an uncomfortable and time-consuming ride.

The product basket covered in the market space of Old Delhi includes:

1. Fancy markets where consumer durables are sold,
2. Motor market where auto parts are sold and
3. Machinery market where appliances and machine parts are sold.
4. Book market where both used and unused academic, religious, stationery books are sold.
5. Market where Imitation jewelry and Brassware are sold.

The market spaces are regulated by MCD and Pradhans, however their interference is only limited to the extent of rent collection. The market is a mix of shops that pay taxes and stalls that don’t. Mohd. Salman, a retailer of tools in Meena Bazaar paid yearly rent and contribute for improvement of infrastructure However a Burqa seller in Meena Bazaar stated that he doesn’t pay any tax or rent for the stalls he set up.
Assessing the profile of the vendors interviewed, the study sheds some interesting features on the vendors and product baskets that we have covered. Most of the vendors interviewed in Dilli Haat are aged between 30-50 years, and it was observed that this market is dominated by male vendors and there are very few female vendors. Similarly, out of 300 registered shops and numerous unregistered shops in Old Delhi, the researchers could only spot one female seller. However, the age bracket of vendors in Wednesday Bazaar is as young as 20 years to as old as 70 years. We also observed that most vendors operating in Wednesday Bazaar have been staying in Delhi for long (at least two or three decades) with a very few who migrated from different parts of Bihar (a decade ago) who settled in different parts of Delhi, serving as ‘helpers’ in the market. In Old Delhi, we also found vendors (during interviews) who migrated from Bihar and been working as ‘helpers’ in this market.

For example, Munna, who is a helper in a shop which sold cassettes and vinyl records, came to Delhi from Bihar and joined the job like his father who also worked in the same shop.

On examining the product basket we found that Dilli Haat has a differentiated product basket, with vendors ‘specialized’ in handlooms and handicrafts especially in comparison to Wednesday Bazaar which has vendors selling household goods, both perishable and non-perishable like plastic ware, steel utensils, packed pickles, fruits etc. Old Delhi markets provide a distinct case to the above two markets. Markets in the Old Delhi area have a historical value in their existence that can be traced back from the time the Jama Masjid was built during the reign of Shah Jahan. The sellers in Old Delhi sell different products, ranging from apparel, imitation jewelry, brassware, tools & motors.

Most vendors interviewed in Meena Bazaar set up their shops when they shifted down in the 1970s, it also has unregistered stalls which were running for more than a decade, with few vendors starting their business very recently. Vendors interviewed in Dilli Haat, on the other hand, are always what we call as floating vendors on the move; to exhibit their products in
different parts of India. In the case of Dilli Haat and Pandav Nagar, the floating vendors largely composed of vendors trying to sell niche goods identified with their own indigenous cultural systems. Saroj Kumar Jha, born and brought up in Bihar has shifted to Delhi 22 years ago along with his wife Mamta Jha who happens to be State awardee in Madhubani paintings. Over the years, he learned the skill of Madhubani paintings from his wife and attended various workshops to master the art. As a floating vendor, he has been putting up his stalls in various metropolitan cities including Delhi, Bangalore, Mumbai, Chennai, and Kolkata. He has been coming to Dilli Haat for last 2-3 years. Some of the vendor’s interviewed, however, has also started their business independently for about 8-15 years ago.

On the other hand, 70% of the vendors independently own their business in Wednesday Bazaar and had menial jobs like Devki, who was a helper in a wholesale vegetable market then sold other goods, before finally starting a children’s apparel business. These independent business starters in Wednesday Bazaar have been in this field for the past 10 years. Dharamvir Tangri, who was a former Pradhan of Wednesday Bazaar weekly market, also sells salwar suits and utensils and took over this family business after finishing his secondary school education, his father was one of the few who arrived in this market and set up this shop, along with holding a title of being the first Pradhan.

There are an equal number of independently owned businesses and family-owned businesses in the Old Delhi market spaces, as observed by the researchers. Understandably, the family-owned businesses were those which were allotted the constructed shops. The book market in Old Delhi is operational, for the past 100 years. But it has witnessed the influx of sellers since the partition in 1947.

Given the varied nature of products sold and vendors that operate in this market, the section below helps in analyzing how the dynamics of commerce and exchange works in these informal markets.
6. Analysis

6.1 Vendor Profiling

Vendor profiling is the assessments of supplier’s (street vendors/merchants in the context of our study) in terms of their demographics, type of business, pricing policy, sales revenue, modes of payment used in their business. In our study, the parameters used were:

- Targeting established seller
- Product-wise distribution of sellers
- Use of comparative models to understand the dynamics of the same product basket in different settings
- Targeting elderly sellers who were more likely to engage in the conversations.

Table 4: Number of interviews and product basket covered for the study

<table>
<thead>
<tr>
<th>Market</th>
<th>Number of Interviews conducted</th>
<th>Number of Product baskets covered</th>
</tr>
</thead>
</table>
Dilli Haat has differentiated product basket, with vendors ‘specialized’ in handlooms and handicrafts especially, in contrary to MayurVihar which has vendors selling household goods, both perishable and non-perishable like plastic ware, steel utensils, packed pickles, fruits etc. Old Delhi provides a distinct case, which has a historical existence which can be traced back from the time the Jama Masjid was built during the reign of Shah Jahan. The sellers in Old Delhi sell different products, ranging from apparel, imitation jewelry, brassware, tools & motors.

The vendors in Meena Bazaar had set up their shops when they shifted down in the 1970s, it also has unregistered stalls which were running for more than a decade, with few vendors starting their business very recently. Vendors, in Dilli Haat, on the one hand are always on the move; to exhibit their products in different parts of India.Most of the vendors in Dilli Haat have been doing their business they are in, since last 40-50 years, which has been a family custom. Some of them have started their business independently for about 8-15 years ago. On the other hand, 70% of the vendors independently own their business in MayurVihar and had menial jobs like Devki, who was a helper in a wholesale vegetable market then sold other goods, before finally starting a children’s apparel business. These independent business starters in MayurVihar have been in this field for the past 10 years. Dharamvir Tangri, who was a former Pradhan of MayurVihar weekly market, also sells salwar suits and utensils and took over this family business after finishing his secondary school education, his father was one of the few who arrived in this market and set up this shop, along with holding a title of being the first Pradhan. There are an equal number of independently owned businesses and family-owned businesses in the Old Delhi market spaces, as observed by the researchers. Understandably, the family-owned businesses were those which were allotted the constructed shops. The book market in Old Delhi, is operational, for the past 100 years. But it has witnessed the influx of sellers since the partition in 1947.

Most of the vendors interviewed in Dilli Haat were aged between 30-50 years, and it was observed that this market is dominated by male vendors and there are very few female vendors. Similarly, out of 300 registered shops and numerous unregistered shops in Old Delhi, the researchers could only spot one female seller. However, the age bracket of vendors in MayurVihar remained as young as 20 years to as old as 70 years. Given that, each vendor in Dilli Haat is allotted their stall only for a 15-day period, most of these vendors have traveled from their respective Indian states to the capital state – New Delhi, to sell/showcase their products. With the trend in Dilli Haat being, that the vendors selling regional products of their respective state. This is unlike the case, with Wednesday Bazaar, which is a ‘weekly’ bazaar, set up in a public space and operates approximately for 4-5 hours in the evening, with vendors selling perishable and non-perishable goods, which are not manufactured by them. It is observed that most of the vendors are the operating in MayurVihar are the natives of Delhi, and a very few have ‘migrated’ from Bihar a decade ago and settled in Delhi, serving as ‘helpers’ in the market. Similarly, our study has also observed that there were a few vendors in Old Delhi, who also migrated from Bihar and worked as ‘helpers’ in this market. Munna, who was a helper in a shop which sold cassettes and vinyl records, came to Delhi from Bihar.
and joined the job like his father who also worked in the same shop. It is interesting to note that, most of the vendors selling meat, brassware, imitation jewelry, and vegetables in Old Delhi are all Muslim men signifying ethnic homogeneity. However, it was only electrical products which are solely sold by Hindu men, dominating this product basket.

The vendors in Dilli Haat are literate and have attained school education, some of them being college degree holders who could also communicate in English. In the case of Old Delhi, the young sellers in the market are pursuing their degree like Salman, who sells tools is enrolled in a Bachelor of Arts program in Delhi University. He is not actively involved in selling the tools, but just fills in for his father whenever he was unavailable. Due to financial and circumstantial restraints, Rajesh, a seller of children’s apparel in Chandini Chowk had to give up his education in the 1st year of his B.A. degree program. On similar lines, the vendors in Mayur Vihar wanted their children to get access to good education and regarded their child’s education as their greatest achievement, as they chose to educate their kids so that they do not have to be in the same business.

6.2 Gauging the supply chain dynamics of the consumer baskets available in these markets

Though the concept is not new, it has undergone significant evolution. Coined by renowned consultant Keith Oliver, of strategy consulting firm ‘Booz Allen Hamilton’ in 1982, the term and the usage of supply chain management (SCM) came into widespread use in the 1990s, prior to which the terminology used was “logistics” and “operations management”. Studies on formal supply chains of products, mostly include companies and business activities needed to design, make, deliver, and use a product or given service.

In a book titled Fundamentals of Logistics Management, (Lambert, 1998) described supply chain as ‘the alignment of firms that bring products or services to market’. Similarly (Chopra and Meindl, 2001) defined supply chain to be consisting of all stages that involve fulfilling a customer request either directly or indirectly.

According to (Chopra and Meindl, 2001), formal supply chain market spaces not only include the role of retailers and suppliers but also transporters, warehouses, retailers, and customers; as agents involved in the commercial practice of the market. Therefore, it is a network of facilities and distribution options that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of these finished products to customers (Ganeshan and Terry, 1995)

The study of Supply chain management usually includes all system of management that includes purchasing, production, operations, assembly, scheduling, order processing, inventory management, transportation, and warehousing and customer services. It is the combination of art and science that goes into improving the way the business finds the raw components it needs to make a product or service and deliver it to the customer. One may identify this as a commercial web of structured interactions between following agents:
The studies on formal Supply chain management exists in both services and manufacturing organization, however, the complexity of the chain varies greatly from industry to industry, firm to firm and market to market. A market study on formal supply chain management of a given product (manufactured in the formal line of production) includes every effort involved from producing to delivering a final product or service; from the supplier’s supplier to the customer’s customer including aspects such as: demand-supply management; sourcing raw materials and parts; manufacturing and assembly; warehousing and inventory tracking; order entry and order management; distribution across all channels, and delivery to the customer.

Unlike research done on such formally regulated market where information is more readily available and the supply chain management is highly organised; our analysis on the targeted informal markets looked at different approach to traditionally understood ways of supply chain dynamics, in particularly understanding how inventory of commercial goods (perishables and non-perishables) is managed in informal, unregulated market spaces within identified markets in Delhi.

6.2.1 The focus on inventory management- the informal scenario

Inventory, according to (Black et.al, 1967) are expandable physical articles held for resale, for use in manufacturing a product or for consumption in carrying on business activity. In other words, it is defined as the materials used directly or indirectly in the manufacturing process or the items that are used in making finished products. It may be

a) Saleable in the market;

b) Directly or indirectly usable in the manufacturing process of the undertaking, and

c) Ready to send it to the outside parties for making useable or saleable products out of it.
Being the “Graveyard of business” it has to be effectively and efficiently managed (Bose, 2006). Inventory management concerns with the optimal level of investment for each component of the inventory such that the components are efficiently used and control and review mechanisms are effectively controlled. This requires careful planning such that both the excess and the scarcity of inventory in relation to the operational requirement of an undertaking may be avoided.

With Business environment becoming more complex and uncertain, the companies these days has been implementing various programs to strengthen the inventory management. This includes quick response (QR), synchronized consumer response (SCR), continuous replenishment program (CRP), efficient consumer response (ECR), rapid replenishment (RR), collaborative planning, forecasting and replenishment (CPFR) etc.

However, Vendor inventory management (VMI) has gained significant attention from various practitioners and academicians. Popularized in the late 1980s in the retail industry, VMI is a process where the vendor creates orders for their customers based on demand information that they receive from the customers. This helps the vendors in determining inventory levels, fill rates and costs.

Thus **inventory management practices** under VMI frameworks involves

- Visibility of demand
- Replenishment decisions
- Inventory ownership
- Inventory location
- Inventory control Limits

Visibility of demand is concerned with the demand information provided to the customers in order to control the customers’ inventory.

According to (Vigtil, 2007), the demand information visible to suppliers includes sales data, stock withdrawal, and production schedule, and inventory level, goods-in- transit, back order, incoming order, and return. This information helps the suppliers in making decisions pertaining to replenishment planning and thereby improving production planning which results in more stable production. In fact, sharing demand information enhances the replenishment process, helps in identifying the flow of goods and material, increase the accuracy of forecast and ensure high customers service level (Irungu and Wanjau, 2011).

Another aspect of inventory management under VMI is replenishment decisions about quantity, delivery time and location. According to (Yao et al.,2007), the autonomy that suppliers enjoy in term of retaining orders benefits them more by optimizing its manufacturing and distribution as well as maximization of out-of –stock expenses through the possibility of prioritizing customer’s orders. This gives them more freedom and flexibility in the inventory control process. Inventory ownership, the third feature of inventory management process
makes the company responsible for the capital costs; obsolescence costs subject to a fluctuation in prices of inventory (Wallin et al., 2006). The more accurate information customers provide suppliers, the better demand forecasting can take place. This helps the company to keep inventory at a minimum level just to meet the customers need. According to (Dong and Xu, 2002), managing the entire inventory system allow the supply chain to be better synchronized.

Besides, the inventory management also includes inventory location that can be located both at the supplier’s and the customer’s premises. It can be located at manufacturers’ production line or at a retailers’ shop or at customer’s central warehouses. However, to achieve a high level of responsiveness, locating large inventory close to customers should be considered. However, the inventory location decision has a lot of impact on total costs as it is inclusive of various other costs; transportation, warehousing facilities etc. Lastly, the management of inventory also includes inventory control limits; controlling the inventory and maintaining continuous stock level within the predefine limits.

The application of VMI not only helps in improving supply chain performance but also reduces inventories and eliminates stock-out situations. According to (Sui et al., 2010)

“VMI can contribute benefits to both customers and suppliers including increase service level, inventory reduction, reduction of planning and ordering costs and in coordination supply and reduced transporters”. However, the application of such organized structure of inventory management is only limited to formal, regulated markets with strong information and feedback systems. The informal market spaces (as discussed in this report) do not follow a standardized model because of a chaotic, organizational structure.

To develop an understanding of the operational dynamics of these markets that cover the entire physical process from obtaining the raw materials through all process steps until the finished product reaches the end consumer, the study has tried to analyses how:

1. Inventory Procurement of goods (within the market areas)
2. Inventory Distribution of goods (within the market areas)
3. Inventory management & Final sales (within the market areas).

The transportation of goods involved: the raw material - to the place of manufacturing- to the place where the product is to be delivered to the final consumer.

Considering the case of Dilli Haat, vendors dealing in paintings were Karigars themselves, who were involved in self-manufacturing of the product.

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**Figure 8: Inventory chain of paintings sold in Dilli Haat**

**Raw Materials:** Usually procured from within the state or sourced from other parts of the country, whilst some homemade.  
**Manufacturing:** Raw materials are processed and the painting are made at home.  
**Distributing:** The artisans use courier services or get their products in the train.
Saroj Kumar Jha, a vendor living in Delhi, who specializes in Madhubani paintings, stated that “color was made at home by women or bought locally”. On similar lines, vendors of Pashmina Shawls in Dilli Haat also procure their raw materials from their respective states. On the contrary, Dilli Haat also had handloom vendors procuring raw materials from all over India (likely Madhya Pradesh, Uttar Pradesh, and Bihar).

Vendors in Dilli Haat travels all across India to exhibit their products, carry their goods in the train along with them and store them in the rented accommodation while hiring an auto/cab to transport their products to Dilli Haat. However, the choice of transportation also depends on the type of the good. Some of the vendors used the ‘courier’ services to transport their goods from their respective states to Dilli Haat, costing them Rs. 250-300/- depending on the service they used. These vendors also considered their affordability in using the means of transportation. On the contrary, vendors in MayurVihar and Old Delhi use the public transport to carry their goods or sometimes use ‘tempos', auto-rickshaw, push-carts or their private vehicles.

Vendors in Dilli Haat have admitted that they procure raw material from sources that would be cheapest for them and even manufacture some of the required raw materials at home to reduce costs. On the contrary, vendors of MayurVihar weekly market do not engage in any kind of manufacturing practices. Instead, they buy bulk some of the required goods from a wholesaler. It is important to note that MayurVihar vendors procure their goods from wholesalers mostly limited to Delhi (i.e. from ChandiniChowk, Sadar Bazaar, Trilokpuri).

Figure 9: Inventory Chain of Wednesday Bazaar Vendors.

<table>
<thead>
<tr>
<th>Wholesaler:</th>
<th>Vendors purchase in bulk from ChandiniChowk, Sadar Bazaar, Trilokpuri wholesale markets.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement:</td>
<td>These goods are procured by the vendors through public transport, auto-rickshaw, or private vehicles.</td>
</tr>
<tr>
<td>Storage:</td>
<td>Vendors store the procured products in their residency and carry them on pushcarts to Wednesday Bazaar.</td>
</tr>
<tr>
<td>Final Customer:</td>
<td>The goods are sold to the customer on the weekly market at Wednesday Bazaar.</td>
</tr>
</tbody>
</table>
A similarity can be drawn between Wednesday Bazaar and Old Delhi markets, where most of the vendors are involved in procuring their goods from Chandni Chowk, Sadar Bazaar and most of them being limited to procuring their goods to in and around Delhi, like Salman who also limited his procurement of ‘tools’ from factories in and around Delhi.

**Figure 10: Supply Chain of ‘tools’ in Old Delhi Market.**

<table>
<thead>
<tr>
<th>Raw Materials:</th>
<th>Procurement:</th>
<th>Manufacturing:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scrap materials for ‘tools’ are acquired from nearby automobile factories in and around Delhi</td>
<td>The scrap material is taken to the Old Delhi market through tempos, personal vehicles of sellers or push carts.</td>
<td>The seller gets the scrap material collected from the automobile factories and re-designs them to usable tools.</td>
</tr>
</tbody>
</table>

Some of the vendors in Old Delhi also procure their tools from various parts of India like Pune, Bangalore, Gandhinagar, but also from abroad like Germany, USA, and England. Similarly, the brassware and imitation jewelry vendors, procure their goods from Agra (in Delhi), Uttar Pradesh villages through tempos, which cost them approximately INR 40-50 per Kg, these are again sold to the retailers, who buy the goods in bulk. Another interesting supply chain dynamics in Old Delhi is the second-hand/used book market where, customers – who are usually students, sell their books to the retailers in the Old Delhi book market. The selling price to the retailers depends on:

- Author of the book
- Demand for the book.

The stronger these factors, the closer the selling price to retail price. The retailers then sell it to the customers at a minimum of 50% profit margin.

Storage: Dilli Haat vendors stock their unsold goods in their stalls (for the 15-day period only) like the Old Delhi vendors who also store their goods in their shops or make bundles and leave
their goods atop their stalls. In both cases, there is no report of anything being missed or stolen, which is due to the ‘security’ provided by the Dilli Haat administration and ‘watchmen’ being hired by sadars (a local head in Old Delhi) or the ‘migrated’ workers being accommodated in Old Delhi itself. On the contrary, all the vendors from the Weekly market (Wednesday Bazaar) have their inventories of unsold/procured goods in their residences, unlike leaving them in Pandav Nagar.

6.3 Bargaining as Price- Determinant

Unlike Marshall’s views on bargaining power which is expressed as a general concept that includes all forces determining the wage rate, more recently it is seen as the ability to obtain the most favorable price possible under conditions prevailing in the market, either directly or indirectly involved. In other words, ‘the competitive situation in the market in which the transaction takes place and all restraints and repercussions each party must face in all related markets enter as determinants of bargaining power’ (Dunlop 1942). According to Fletcher (1961), the competitive price is the point of reference and bargaining power is proportional to the deviation of the price obtained from the price that would rule for the quantity supplied under pure competition in all relevant market. These definitions accept the determinants of price as the determinant of bargaining power.

Similarly, the present study is an attempt to understand how the extent bargaining power (in a buyer-seller framework) acts as an additional information variable in the price determination of a given basket of goods. The generalized economic theory states supply and demand to be one of the important factors determining equilibrium price. However, the present study on informal markets has also observed bargaining as an important factor determining the selling price in this market. However, the bargaining power of seller is largely affected by following factors:

a) Number of market players for a product basket in a market

It is observed that there was a direct correlation between the number of vendors and bargaining. If there are large numbers of vendors selling the same product, the vendors resorting to competitive pricing would accept bargaining as a practice more often and would settle at a lower price, especially in cases of Dilli Haat and MayurVihar. In Dilli Haat, 10% of the vendors follow competitive pricing as quoted by Shabir ‘I keep in mind the price of my competitors too’. Dharamvir and Deepak – vendors in the MayurVihar weekly market, do not indulge in any bargaining techniques with their customers and maintain constant profit margins. However, these ‘fixed price’ vendors in all the markets studied, lose out on “possible profits.” On the other hand, Mohd. Razak, a seller of religious books in Old Delhi, stated that he prices his goods ‘reasonably.’

b) Geo-Spatial positioning of the shop in the market (more sales at entrance and vice-versa)
The positioning of the shops also plays a significant role in influencing the bargaining power of seller. If the shops are placed right at the entrance or are easily visible to the consumers, the bargaining power of seller would be higher than those shops which are hard to be seen or which are to the interiors of the market. As observed in the case of Dilli Haat, some sellers involved in selling paintings are placed towards the extreme end of the market. The bargaining power with these sellers is comparatively lower than that of sellers whose stalls were positioned right in the center of the market.

c) No. of years of sales experience

The years of sales experience also influences the bargaining power of sellers. Those sellers selling products for a long time have more experience in dealing with customers or create goodwill. As a result, despite quoting the fixed price, they tend to maintain their customers and hence their bargaining power is high.

The case of Old Delhi book market, which has sellers operating for more than 50 years provides an insight. These vendors quote fixed prices for first-hand/unused books, however, for the second-hand/used books; there exists a scope for bargaining which is dependent on the presence of discount rates in this market, which fluctuates between 10%-20%. In Wednesday Bazaar, Mr. Dharmvir Tangri, who is a former Pradhan and also a seller of salwar suits & utensils for more than 10 years, sells his products for fixed price with no scope of bargaining.

A major objective of a business is to maintain a minimum profit margin. A common trend observed throughout all the markets studied is that, not any of them follow competitive pricing or sell at a Maximum Retail Price (MRP). However, it is observed that they are subject to use cost-plus pricing. All these vendors take into consideration similar factors like cost of raw materials, labor costs and transportation costs, costs of rent/storage, the cost of setting up the stalls. The final price of their product is decided after all these ‘cost’ considerations have been taken into account and adding a profit mark-up to it. Though the profit margin differed between the markets, with Dilli Haat vendors’ mark-up standing at 20-25 percent (but for foreign customers, the mark-up reaching as high as 50 percent). MayurVihar vendors having 15 percent profit margin and Old Delhi ranging from 5-20 percent mark-up. Given the variations in their profit margins and costs leading to the ultimate pricing of the product, the concept of bargaining comes to play.

The need for bargaining takes place because the consumer is always aware of the fact that the price quoted can be subject to ‘negotiation’ in such market set-ups. Dilli Haat, Old Delhi, and MayurVihar are the places where bargaining was an accepted norm, from the researcher's observations during the field visits, customers would bargain with vendors who clearly stated that their products are sold at ‘fixed prices’ only. Given that the sellers would want to sell at the highest price possible and consumers want to buy at the cheapest price, the price quoted by the vendors is usually dismissed by the consumers, which is followed by another price quoted by the consumer.
Table 5: Bargaining range in the selected products

<table>
<thead>
<tr>
<th>Market</th>
<th>Product</th>
<th>Price Range</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dilli Haat</td>
<td>Paintings</td>
<td>INR 4000-5000/-</td>
<td>4500</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>painting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MayurVihar</td>
<td>Tea Cup sets</td>
<td>INR 150-400/-</td>
<td>275</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td></td>
<td>tea cup set</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Old Delhi</td>
<td>Brass ware</td>
<td>INR 400-500/-</td>
<td>450</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kilograms</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The most pressing issue in all the markets in this study, is perhaps was the policy of ‘demonetization’ of the Rs.500 and Rs.1000 value currency notes. There seemed 80% consensus in all the markets, that this policy has led to all-time low sales in the last couple of months.

Yousuf – a vendor in Dilli Haat, stated that ‘A day before demonetization I had sales worth Rs.12000 and post demonetization I didn’t have any sales for a week’

Deepak, Vijay, and Pritam – MayurVihar vendors stated that ‘…it, however, looks like normalcy has returned to a certain degree, since the start of 2017.’

Rajesh – A vendor in Old Delhi went to state that ‘…my business was well during the demonetization period because I was selling jackets for Rs. 250/- per piece, and the customers, in order to get rid of the old Rs.500/- currency notes, they bought two pieces….’

However, given that the process of demonetization has promoted digital payment methods in the ‘formal’ markets, they have not been penetrated in any of the markets studied. The sellers still rely heavily on cash transactions on both ends- that of the wholesalers and customers. The general sentiment in the sellers of Old Delhi and MayurVihar is that digital payments end up being an extra ‘burden’ owing to the additional 1-2 percent to be paid to the third part, or they do not ‘trust’ these modes of payment.

6.4: Relationship with the ‘State’

The nature of street vending is characterized by extremes of informality and illegality in which street vendors have the tendency to assemble in public spaces, finding natural markets. These natural markets are viewed as an encroachment upon public spaces leading to overcrowding and traffic jams. The absence of law and policies, therefore, results in the formation of formal (organization and agencies) and informal (rents in the form of bribes) labor market institutions that help these vendors to sustain in the market. In other words, a street vendor acts as political actors who utilize their agencies to negotiate over individual interests, bonding social relationship and business (Sanyal 1991; Cross 1998a). It is in this regards, the present study
has derived an understanding of the state’s relationship in providing land space for such markets to operate and gauge the undercurrents of a “soft” understanding that merchants share with local state development municipal authority. From the interviews of merchants and interactions with MCD and Pradhan, we found that each market has a very limited relationship with the states.

In the case of Dilli Haat, the State-vendor relationship is limited to the stall ‘allocation’; however, though the Dilli Haat administration charges the rent for the 15 day period, it does not involve in how the day-to-day buying and selling practices occur between the vendors and customers. The role of the Haat administration is also limited to resolving any disputes (if any) occurs between vendors or between customers and vendors. On the other hand, the MayurVihar weekly bazaar falls under the jurisdiction of East Delhi Metropolitan Corporation (EDMC) and there is Station House Officer (SHO) surveilling the market very often. There is no invoice collection by the Haat administration.

A similarity which is observed with Dilli Haat and MayurVihar includes a limited role of government authority. Though Dilli Haat is closely regulated by the New Delhi Municipal Corporation (NDMC) and New Delhi Tourism and Transportation Development Corporation (DTTDC), their involvement is only limited to the stall allotment to the vendors. On the other hand, MayurVihar has a Pradhan (local head) and is recognized by East-Delhi Municipal Corporation, these vendors are not even allocated their stalls by the state/concerned authority. The Dilli Haat administration, however, provides security, electricity in turn for the approximately Rs. 10,350/- paid by these vendors and allocates them a stall to set up their product. The administration of Dilli Haat also resolves any disputes (in case any) which occur between vendors or vendor and customers. Vendors in MayurVihar do not have access to any facilities like Dilli Haat, in that case, not even a hygiene toilet. Old Delhi, on the other hand, has shops built and allotted to the vendors by the Delhi Development Authority.

Given that the Municipal Corporation of Delhi has a scheme for squatters and hawkers 2007 wherein it is supposed to maintain a centralized database of the vendors with all their details including name, address, photograph etc. along with their locations in order of preference of the applicant. However, upon enquiring from both Mr. Devraj as well as the EDMC representative, Mr. Rajinder, there was no database maintained for this particular market. However, the vendors are to be paid Rs.20 for setting up stalls in the market to the EDMC representative. The case of Old Delhi, on similar lines has a very minimal state relationship with the vendors, which is limited to the ‘allotment’ of the constructed shops to the vendors.

The sustenance of informal market is also dependent on bribe. Vendors pay bribe both in cash and in kind. By negotiating with police and municipal authorities, street vendors conduct their operations for their livelihood sustenance. In Meena Bazaar shops by vendors are maintained and owned by MCD. The rent has to be paid on a yearly basis, which ranges from Rs. 500-Rs.2000 per year. From interviewing an ‘anonymous’ seller in Old Delhi, it has been noted that the MCD collects a 5% tax from the vendors of brassware and imitation jewelry to let them operate in the market. However, in Old Delhi book market, the Municipal authorities arrive on a monthly basis to collect the taxes. Second-hand book sellers, pay a ‘household tax’ (as mentioned by an unnamed seller) ranging between INR800-1000 per annum.

In case of Meena Bazaar (located in Old Delhi), each block had its own Sadar (referred to as Pradhan) who are not a ‘link’ between the State actors and the vendors like seen in MayurVihar, where the Pradhan does exist and has negotiated to resolve the unhygienic ‘toilet’ facility at the market with the EDMC. The Sadars in Old Delhi collected money from the vendors to
maintain the smooth running of the markets, and these were respected men in the market space, who also took a role of a mediator in case of any disputes arising between the sellers.

Old Delhi provides a distinct case, like Sadars in Meena Bazaars, the stalls between Meena Bazaar and the Jama Masjid date were maintained and owned by the Wakf Board of the Masjid who charged a yearly rent from these vendors. On the other side of Old Delhi, is ChandniChowk, where the sellers are routinely harassed by the Police and the MCD as well. Rajesh, a seller of kids’ wear stated that twice or thrice in a month an MCD Committee came for inspection and drove all the vendors out of the streets. In the Old Delhi, Brass ware and Imitation jewelry market, a union was found 10-15 years ago along with the market. This union addresses common concerns like security, inter-seller dispute settlements. But the role of this union has been decreased in the recent times because the sales of the sellers have gone down. About 10-15 years ago, the union has deployed a security guard in the night. Each seller in this market had to pay INR 50/- per month to the union, but around five to eight years ago, this payment has been stopped, due to low sales of the sellers. Turkman Gate had the diametrically opposite scenario in terms of intervention of the State in conducting business. There was no Sadar or representative of the market nor was one required. There was, in fact, no report of any sort of State intervention at all.

From interviewing the MCD officials at Old Delhi, it has been noted that the Street Vendors act of 2014 is under appeal at the Delhi High Court and it has given a stay order to the MCD officials, which prevents them from taking any action against street vendors operating in market, as mentioned by Mr. Jeevan Singh. Much to the surprise, there is no Street Vending committee operating in the Old Delhi market to safeguard these vendors. The MCD officers and the police have the authority over these street vendors, who are often harassed by them. The MCD also provides licenses to the vendors operating inside their shops which are revised early, along with their rent. These licenses are also easily transferable, with notifying the MCD. Besides, the MCD is also responsible for correcting any infrastructural damages, like roof leaking, drainage, waste disposal and road maintenance. Mr. R.P.Guatam, consultant at the land & estate department of the MCD has also mentioned about the rent collector in the Old Delhi market, who conducts surprise raids in the market and confiscate the goods sold on the roads/streets of the Old Delhi market. These goods can be claimed within 7 days of confiscation by paying a penalty if not, the goods are sold in auctions.

7. Limitations to the Study

Conducting interviews in the informal sector can be a rigorous task characterized by unresponsiveness, wariness, and reluctance on behalf of the participants. The validity of research inferences and findings in informal, chaotic market spaces brings a broader paradoxical research question: `are the research tools measuring what they were meant to measure’? The use of qualitative interviews requires the researcher to be flexible and open to deviations from the respondent. This technique while having its advantages also involves a risk of transforming a fruitful conversation into a dialogue that has connections with the objectives of research.

For instance, in some of the interviews, a respondent deviated from the trajectory of the conversation and the subject of discussion changed from the respondent’s business operations to the respondent’s perception of the consumers that the market welcomes on a daily basis. Once the conversation took such a turn, it becomes challenging to steer it back on track and maintain the objectives of the interview in its essence. Ambiguities, which are inherent in human language, can be recognized in the conversational analysis. Another limitation using
these approaches to corpus analysis is that their findings cannot be extended to wider populations with the same degree of certainty that quantitative analyses can. This is because the findings of the research are not tested to discover whether they are statistically significant or due to chance. (Atieno, 2009).

In addition, a crucial part of the interview involves researcher’s disclosing their identity and research objectives at an early stage. While this technique was effective in drastically reducing the resistance and overcoming trust vacuums, it also brought into play a set of challenges, known as the ‘reactive effect’. This refers to the probability that the respondent, upon knowing the identity of the researcher, might shape his/her responses in a manner that allows for a certain level of social desirability. This would then alter the responses and create hurdles in data analysis.

However, the vendors in Dilli Haat and MayurVihar were less resistant; the case of Old Delhi had high resistant factors. The given context of operation, i.e. Old Delhi, given the nature of products sold and the ambiguity surrounding their procurement, the trust deficit between the respondents and the researcher was always high. It gets more difficult for an outsider who doesn’t know much about markets in Delhi finds it difficult to get responses to personalized questions. Similarly, we found that women researcher who went for the vendor interviews faced more resistance in getting response from male vendors. The timings of the interview also mattered while interviewing vendors. A challenge faced in case of Dilli Haat was with the cyclical market functioning, where the vendors had tenure of 15 days. The interviews with each individual vendor had to be conducted within the time constraint. Given that the interviews were restricted to be taken on weekends, the interview time had to be reduced because of the relatively high volume of sales taking place on weekends.

Another limitation of the study is the sample size. With a variation in the number of vendors across the markets, an accurate representation of the product market itself is questionable. A sampling error may exist where a sample set may not truly represent the population. Given that the study extensively followed qualitative approach, it is sometimes not as well understood and accepted as quantitative research, and the quality of research is highly dependent on the individual skills of the researchers and the results could be easily influenced by the researcher’s personal biases and idiosyncrasies.

8. Conclusion

This study has provided insights into the governing dynamics of identified, semi-regulated market spaces in Delhi: Dilli Haat, Wednesday Bazaar and Old Delhi (ChandniChowk, Meena Bazaar, Jamma Masjid area). From analyzing the dynamics of Dilli Haat, it can be concluded that the vendors are content with the functioning of Dilli Haat, yet many claimed that there is certain level of bias from the Dilli Haat administration to promoted selected vendor groups. This unfair favoritism is seen to be operational in the allotting of stalls at ‘strategic’ location of the Haat, which gives certain vendors an easy access to customers for boosting their sales.

Given how market structures in neo-classical economists mention Perfect Competition as an ‘ideal’ market in a given economy; such a market arrangement is rarely seen to exist in real contexts. A weekly market like Mayur Vihar portrays certain features of perfect competition governed by free entry and exit of vendors to the market with prices being determined by no. of sellers and on demand and supply forces alone (say, consumers are often exposed to the prices quoted by each seller and where sellers are free to know the prices quoted by their competitors).
The most challenging but interesting space to be captured within the scope of this study is, Old Delhi. It is interesting to see the interplay of the unregulated and the regulated parts of the market in Meena Bazaar. The vendors, who did not have a permanent structure and were largely unregulated, enjoyed certain benefits from the shops around like that of security at night to look after their goods. There is also no entry barrier for the unregulated part of the market and any seller can set up shop in the area. It could be observed from Mayur Vihar weekly market and Old Delhi, that there was no dignity of labor in the market and the vendors did not wish that the next generation was to be involved in the same trade.

However, the level of resistance researchers faced in order to understand the internal dynamics, supply chain and governing dynamics in the context of Old Delhi is unparalleled to that of Dilli Haat and MayurVihar Weekly market, where the vendors displayed a very partial resistance in providing the answers for the purpose of this study. Yet, we have relied on the information collected via interviews during field visits and reporting it here as it is.

Paying closer attention to better understanding the structural roots of formal-informal divide and going beyond the previously categorized regulatory aspect of difference between them (via legal standards and rule of law), there is almost an urgent need by the state (across developing economies) to accommodate an inclusive view in urban planning. The mutual interdependence seen in the governing dynamics of economic exchange (for example, in manufacturing-selling commodities and services) and political arrangements (as evident in cases of land use) requires a tolerant atmosphere in the policy approach to accommodate for hostilities in the orientation of dynamically evolving labor markets and socio-economic arrangements. Since our study could not acquire adequate information regarding this aspect it would be interesting to explore more on vendor-state relationship aspects through a deeper understanding of use of “resource space” i.e. in case of land, access to basic utilities (power, water)- an exploratory aspect often captured in studies on urban informality and urban economics.

9. Appendix

9.1 Questionnaire

1. Vendor Profiling

   a. Biographical details of the merchant (Name, Age, Place of Residence)
   b. Nature of Business (Family Owned or Independently owned)
   c. Any comments on the history of business activity
   d. When did she/he start her/his business in the market?
   e. Where is she/he originally from?
   f. If migrated, when did she/he arrive & what was the motivation for starting a business?
   g. What is your background? Education, Work Experience
   h. How long have you been in business? In this business?
i. How did you get started in this business?

j. How did you get the background and skills necessary to run this type of business?

k. Why is your business located at this site?

2. Sourcing/Procurement/Transport

a. What are the types of goods/products sold?

b. Where are they originally sourced/procured from?

c. In case one of the sources fails to deliver, do you have a back-up?

d. How do you procure and assemble your raw materials to form the finished product?

e. In case of self-manufacturing, what percentage is the cost of labor and how variable is it?

f. What is the mode of transportation from the original source to the trader/retailer?

g. How variable is the cost of transportation? How is it factored into the final price of the product?

h. What are the biggest hurdles faced in transportation? Is the problem logistical or financial or other?

i. If sourced from outside Delhi, where do you collect it from in Delhi? Is there a centralized hub for distribution?

j. (For non-perishable goods) Do you maintain a storage facility for your goods? How is inventory managed?

k. What are the costs associated with storage of goods?

l. What is the routine means of transportation from the storage facility to the respective market?

m. How are unsold goods managed?

3. Pricing/Payment

a. Do you determine the prices individually or collectively in a group? How much does competitive pricing matter to you in your market?

b. What is the mode of payment at all stages from procurement to final sale?

c. How has Demonetization affected you? Impact on income and sales, procurement of goods.

d. Has normalcy returned now?

e. Do you think that center/state/local government facilitates your trade in any manner?

f. Do you use digital mode of transaction to buy the product from the wholesalers? (Credit or debit card/cheque /paytm)

g. Did you use digital mode of transaction? If yes, since when? Did you figure it out on your own or was help provided? (Focus: If they received any help from either government or a private firm and recent demonetization)

h. How often do you buy goods from the wholesalers?

i. Do you have to bargain with the wholesalers or is there a fixed price?
j. How much are the operating costs like setting up stalls, electricity?
k. Do you maintain a regular accounting book?
l. What is their daily income? (on basis of range calculated for each market based on the consumer basket)
m. What is the difference between a week end operation and a week day operation? Does that affect her/his income?
n. What is the peak time for sale (season)?

4. Governing dynamics
a. Do they pay taxes/commission to Pradhan/Local Development officer?
b. Who decides whether a certain group of people can set up a bazaar at a particular place?
c. Are they content with the temporary set up of these bazaars? If yes then why?
d. What are the main challenges faced in functioning within the market?

9.2. Dilli Haat, as a market space remains primarily regulated by the local Dilli Haat administration in terms of allotment of stalls to incoming vendors/merchants from different states. The regulatory aspect of the relationship between local market officials and vendors remains restricted solely to the allotment of vendor stalls. The goods sold by these vendors are non-perishable goods and handicrafts. The stalls in the market are allocated on the ballot system for which they further provide Rs10,350/- for a period of 15 days. In return for the payment, the administration provides electricity, space, and security to the vendors. The Center for Management Development (CMD), Delhi Tourism and Transportation Development Corporation (DTTDC), DC (Handicraft) and DC (Handlooms) are the various associations which maintain nexus with the state and select various artisans from states. These artisans then send their application to R.K Puram Handicraft Board which ultimately select on the basis of the ballot system. These associations draw a state wise and quota wise annual calendar of Dilli Haat for each fortnight in advance. This calendar is circulated to regional authorities who select the craft persons from their respective zones to participate in Dilli Haat. Upon selection, the selected craftsman is given invitation letters and is allotted with Dilli Haat passes and the stalls are allotted through a draw of lots. These craftsmen come with their invitation letter and identity cards/passbooks issued by the associations or their respective states. Thus, the vendors can only sell goods for which they have permission from the Dilli Haat administration.

9.3. The markets physical space i.e. the stall area is regulated by the East Delhi Municipal Corporation. The vendors are charged Rs.10 as rent for the day. However, the operation of business (day to day trade) is not regulated by any State authority. There is no formal rent agreement between the shop owners and vendors in such a setup. From our study, we also found that some shop owners were not charged any rent.

9.4 The location of the market and its accessibility through various points play an important role in the weekly market. This part of East-Delhi is Trans-Yamuna and is well connected with Central Delhi. It is located 10 minutes away from the nearest metro station. The market could
also be accessed through rickshaws/autos which are available near the market. The market is set in part residential and part commercial space which is spread around D-Park and covers 3 lanes. The vendors stated that a certain location (main lane and the center of the market) within the market had higher sales, as the customers visited these locations of the market more frequently (Interview with Mr. Dharmvir Tangri and Mr. Vijay). Given that, Pandav Nagar is partly residential and commercial in nature, majority of the customers are from the neighborhood. Furthermore, it is also observed that most individuals who visited the market did not use any vehicle and came on foot.

9.5 Additional Pictures

Sample ID of a Vendor in Dilli Haat
Jama Masjid area in Old Delhi

Vendor selling shawls/blankets in MayurVihar Weekly Market
Acknowledgement

The research work carried out by the Centre for New Economics Studies (CNES), as part of this study on understanding the governing dynamics of informal markets specially recognizes the hard work put in by the research team-constituted to assist in collecting, collating and documenting all primary data and interviews from identified local markets in Delhi. The authors thank each research team member: Atharva Deshmukh, Sanjana Medipally, Raghu Vinayak Sinha, Shivkrit Rai, Vaidik Dalal, Ananya Kuthiyala, Yuhina Sangha, who worked tirelessly to contribute towards the study. The authors also acknowledge their gratitude to the research grant committee of O.P. Jindal Global University which supported the study by facilitating funding and local logistical support for undertaking our research work.

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