

**PETTY-TRADING IN CALCUTTA: A SOCIO-POLITICAL ANALYSIS  
OF A THIRD WORLD CITY.**

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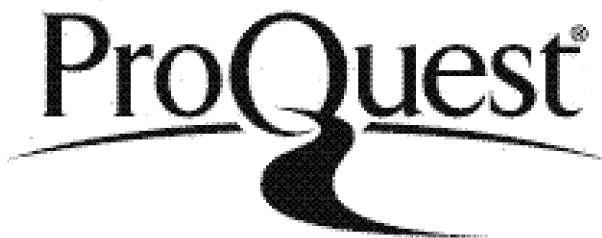
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## ABSTRACT OF THE THESIS

This study set out to establish the wider significance of petty-trading in the industrially declining and economically stagnant urban centre of Calcutta. It argues that with the flight of industrial capital, over which the local capitalist class has little control, the consequent stagnation in production and declining labour absorption in industry and the absence of other employment opportunities make petty-trading a real alternative to the migrant and the resident urban workers, most of whom are educated. It is essential for the state government to drop its non-interventionist policies and adopt a positive role.

The trends in the rate of entry show this sector to be of growing importance to the resident urban worker and suggest a possible change in the demographic composition of petty-trading. Further, the presence of the vulnerable and politicised urban workers have lent a high degree of cohesion within the sector. Their efforts to obtain loans directly from the commercial banks refutes the contention that such loans are not suitable to small scale retailing enterprises.

The study demonstrates that while the traders are tied in dependent relations to the wholesale/large retailer, they use their forward linkages to enhance their income earning potential. It asserts that the income earning potential depends on both forward and backward linkages. The study shows that the multifarious links established through vertical exchange of goods with the middle to higher income group allows income gains to filter down to this sector. This has increased the economic heterogeneity and the intra-sectoral disparity.

In the absence of skill or capital socio-ethnic links are used to establish market relation. The relations established with the mahajans are exploitative because the traders' lack access to resources. However, exploitation is observed at every level: the less poor squeezing the poorer.

The study demonstrates that petty-trading units are viable with scope for capital accumulation, albeit slow, and with scope for mobility. Their preference to expand horizontally rather than vertically gives the impression that the sector is involutionary when it is not. The traders are fully aware that the market will not absorb many large scale units, while skewed distribution of income allows smaller units to survive.

The study concludes that state intervention is necessary to break this nexus between small scale activities and low level of living. The workers are tied in subordinate relationships for sheer survival, yet their enterprises offer potential for growth. It is necessary for the state to accept its role in the newly emerging relationships, design a package of aid and provide institutional and financial help to meet the needs of the various sub-groups found in this sector.

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## **CHAPTER 1.**

### **THE FIELD OF ENQUIRY.**

**1.1. Introduction:** This thesis is concerned with the analysis of the petty-trading sector in Calcutta. This chapter establishes the importance of studying the petty-traders, and defines the problem. It demonstrates the validity of the holistic approach of this study and outlines the hypotheses and the relevant issues.

Chapter 2 establishes the conceptual framework for analysis. It critiques the various approaches to the study of urban activities in Calcutta and street-trading in general to show the need for an alternative approach and model of change. This is followed by a discussion of the issues examined in the study.

The issues reviewed in this study lead directly from the approach and model identified and from case-specific factors. Chapter 3 provides a historical perspective on all issues examined and the national and international context in which Calcutta's problems need to be analysed.

The subsequent chapters examines these issues empirically. Chapter 4 details the methodology of the survey and describes how the questionnaire was constructed as issues were broken down to questions relevant to micro-level analysis. This is followed by the social analysis of the study group. The chapter ends by summing up the implications of the analysis and the theoretical questions about the integration of the traders with the urban economy.

Chapter 5 takes up the question of integration. An in-depth analysis of all vertical and horizontal relations of petty-trading with the urban economy and the dominant mode of production is undertaken. The chapter ends by outlining the implications of these links for the success of the trader.

The economic analysis in chapter 6 ties together the implications of the social and economic links as it documents the economic heterogeneity within the sector, establishes the scope for mobility, identifies the survival strategies of the different economic and social groups and the scope for success and mobility. The analysis is conducted in two stages. In the first stage the petty-traders are grouped according to the monthly per capita

consumption expenditure and compared with economic groups derived for the city as a whole. In the second stage of analysis the study identifies the different economic groups within the sector.

Chapter 7 first summarises the research findings and its policy implications. It then defines the sectoral needs and the planning issues. This is followed by a discussion of the reactions of planners, politicians, academics and a political activist, based on a round of interviews carried out after the empirical analysis was completed. It concludes with policy suggestions to help this sector. Chapter 8 gives the conclusions of the study.

The data for the empirical study was obtained through an extensive field survey carried out in the summer of 1987. The analysis is based on a proportionate random sample of 1344 petty-traders through structured interviews. It was accompanied by intensive semi-structured interviews and informal discussions.

Since the study is aimed at planners and urban managers it was considered essential to incorporate their views in the study. A second set of interviews with traders, state government officials and with planners from the Calcutta Metropolitan Authority were conducted on completion of the analysis. The validity of the conclusions were tested through interviews with the traders. The state's attitude and planner's opinions to the conclusions were assessed through informal discussions, as most of them were reluctant to grant formal interviews.

## **1.2 About whom and why?**

The ratio of workers in the low-income sector to the total urban work-force in the Third World cities has been increasing steadily over the last few decades and the associated problems have been becoming more acute. The majority of these workers are engaged in street-trading. In fact an examination of secondary data (1970-1980) reveals that small-scale trading is one of the fastest growing sectors in Calcutta's urban economy, a significant fact given the continued stagnation in industrial production.

Trading as an activity allows operations at any level within the economy because the character of the activity is such that it fixes no lower limit to investment. This makes it possible for people with no skills and no capital to participate in the urban economy. The large number and the speed of growth in small-scale retailing indicates that it is providing an important alternative to the apparently limited employment opportunities in Calcutta's urban economy.

This study focuses on a major sub-group of these workers engaged in small-scale retailing, those set up on pavements and in other public space, supporting one or two workers. These are defined here as petty-trading units and the workers, petty-traders. This group of petty-traders is illegal according to the Government of West-Bengal and

hence is quite distinct from workers in other retailing units with one, two or more workers, and located inside municipal or private owned markets.

Over the last two decades the petty-trading units have not only proliferated rapidly in number but also have spread spatially to virtually every corner of the city, irrespective of the functional land-use. Despite the large number of workers it appears to be absorbing, this activity, and therefore this sector, remains illegal because of the local authority's attitudes. The initial state attitude to the sector was one of direct hostility. Stalls were regularly demolished, traders evicted and fined, their goods confiscated and subjected to constant harassment. As the sector continued to grow the political parties got increasingly involved and unions became more powerful. The new Left government when it came to power took a different stance. It was one which ignores the sector and allows it to operate.

The fact is, this approach had been politically convenient. Fortunately for the state, it received intellectual support from the academics and consultants who stressed the dichotomous nature of the Third World urban economies. They strongly advocated support for the small-scale manufacturing sector, which was tied to the stagnant large scale manufacturing sector. Further, local academics also emphasised the transient and the unproductive nature of petty-trading, stressing that it deserves no help.

These attitudes should therefore be attributed not only to political exigencies but also to the trends in research in the seventies. Though urban research has progressed since then, and thrown up significantly different conclusions, the attitudes of the state government and local authorities remain frozen. The petty-trading sector in Calcutta is not only neglected, but is under-enumerated and under-researched.

It is not my intention here to review the entire body of urban research but to provide a brief critique to highlight the bias and shortcomings in urban research in Calcutta and in street traders in general and establish the need for a study such as this.

Urban research in Calcutta appears to have followed two almost independent paths-economic studies of manufacturing activities and the socio-political studies at the city-level of urban stagnation.

Despite the industrial decline, urban stagnation and the rapid growth in non-manufacturing activities, research continued to focus on manufacturing activities. There was no shift in research emphasis. Ignoring statistical evidence, numerous studies at various levels have been undertaken to investigate means of helping small-scale manufacturing, tied to a stagnating industrial sector, without identifying the needs of the industry nor any concrete regional plans to revive it. Reinforcing this tendency was the

trend set by the ILO in international research in the seventies. This line of research<sup>1</sup>, in the seventies, working within a dualistic framework, i.e. informal/formal sector concept, preferred to investigate small scale manufacturing activities while noting the importance of other service and retailing activities. Following the trend Lubell (1974: 25) in his study of Calcutta stated that non-manufacturing activities were one of the largest users of manpower, yet ignored them because they were not amenable to study. The study which focused on these activities of the "urban poor" stressed the low productivity of the sector and discouraged any intervention as a waste of resources (Banerjee: 1982). Not only was there this strong bias in research, these studies were conducted within a framework which was unable to explain the persistence of the sector nor relate it to the shifting pattern of capital accumulation on a national plane.

A second group of researchers led by Mitra: 1963, Bose: 1963, Munshi: 1975 focused on Calcutta's industrial decline, economic stagnation and the regional crisis. The socio-political analyses emphasised the need for a regional approach in analysing Calcutta's sectoral problems and stressed the importance of investigating the flight of capital from the city and state. The studies also stressed the importance of Calcutta's long history of migration and periodic influx of political refugees who were more educated than the local population, as factors which compounded the city's problems. Unfortunately, these studies did not relate Calcutta's problem to the newly emerging pattern of capital accumulation within the country and the subsequent pattern of power structure. It failed to provide an adequate explanation as its framework was so limited. It is obvious from this brief critique that urban research in Calcutta neglected an important element of the urban economy.

Though street-traders have been neglected in Calcutta by academics and politicians alike, they have received more, scattered attention in other Asian countries, Latin America and Africa. However, it should be noted that though this activity is accepted to be important it has attracted considerably less attention than other occupations.

Research<sup>2</sup> has highlighted the universal importance of this sector to the urban poor in very different geographical situations. All these studies have: (i) emphasised the vitality and enterprise shown by the street-traders and their ability to compete against large scale retailing; (ii) stressed that the vertical linkages of the sector are exploitative and that the sector is horizontally split into too many fractions to be an effective force; and (iii) noted the

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<sup>1</sup>(Bombay: Joshi (1974), Ahmedabad: Papola (1981) Calcutta: Lubell (1974) Lagos: Fapohunda (1981), Kumasi: Aryee (1981), Kano: Mabogunje & Filani (1981), Manila: Jurado (1981), Calcutta: Lubell (1974)).

<sup>2</sup>(Hong Kong: McGee (1973), Bogota: Moser (1975), Cali: Bromley (1978b), Colombo: Marga Institute (1980), Lima: Bunster (1983), Delhi: Per Lee (1984), Manila: Cohen (1984), Lusaka: Scott (1985))

disadvantageous position of the petty-trader in an exchange relationship with the emphasis being on the low rate of return in petty-trading and its incapacity for capital accumulation. In other words the sector was generally considered involutionary. However, Sarin (1982) in India noted that these units might be viable without government interference.

State responses to these findings, though varied, have generally aimed at containing the sector (Lusaka, Cali, Bombay and Delhi). It is believed that more than just containing the sector is essential because that does not prevent a haphazard growth.

Further, some I.L.O. studies of the labour market, Mazumdar (1976) and Mazumdar & Massod (1978) stressed the protected nature of the "formal sector" and their higher levels of earning and the ease of entry into the "informal sector" and its lower returns. They made an indepth analysis of the barriers to entry into the "formal sector" and assumed that because low skilled activities are easy to enter, it has no artificial barriers. Admittedly, a sector absorbing unskilled labour is easier to enter, but this does not preclude the presence of artificial barriers to entry, which would directly affect the rate of entry and the type of linkages established by the incomming petty-traders with the wholesalers and other petty-traders. This shortcoming is overcome in this study by examining the demographic and socio-ethnic composition of the group and the mode of entry of each sub-group.

All the studies quoted above, though placed in different geographical locations and cultural conditions, were conducted in an urban economy which was powerful, dynamic and rapidly expanding its resource base. Stagnation and decline in the urban economy add a different dimension to the activities which appear to expand for precisely the same reason. The evolution of the share of petty-trading in the economy is closely tied to growth/decline of other urban activities.

Long & Roberts' (1984) study of the provincial town of Huancaya, Peru, showed that small scale non-manufacturing enterprises become more important in the absence of industrial growth. Moser (1975) in her study of retailers in Bogota and Lubell (1974) in his study of Calcutta noted that these activities expand in periods of economic and urban stagnation. Though most colonial cities have gone through periods of stagnation, they have continued their dominance in the post-independence period, attracting capital and resource. Khanna (1989:960) in a recent economic review of West-Bengal and Calcutta notes that the state and the urban economy "continues to be in the grip of a prolonged and painful process of de-industrialisation". He stresses that the "decline in the share of the secondary sector in West-Bengal is perhaps unique. There is no other state where such a process of de-industrialisation has been under way for such a long period". Hence to understand the evolution of the share of petty-trading in Calcutta's urban economy, it is essential to understand why Calcutta followed this particular path of change.

Thus the purpose of this study is twofold. Firstly, to demonstrate that Calcutta's

stagnation is a consequence of a continued dominance of the urban economy by commercial capital. Local capital generated in Bengal has always been dominated by commercial capital. The short phase of industrialisation in the nineteenth century attracted foreign and indigenous industrial capital, but this started moving out soon after independence and continues to do so. This persistent stagnation is due to continued absence of industrial capital with the Bengali capitalist class having little control over the latter.

The main intent of this study is to show that this particular path of post-independence change i.e. decline and stagnation, altered the economic and social role of petty-trading. The extremely limited alternative employment opportunities raises the status and significance of those activities which provide a means of livelihood. It performs more functions than simply absorbing illiterate migrants. Petty-trading is not only an inherent but an essential component of the stagnant urban economy. Operating on the margins of the dominant mode of production, it is a source of employment for migrant workers and urban unemployed residents. The hypothesis is established at two levels: theoretically the study establishes the greater significance of petty-trading in a stagnant economy, empirically it demonstrates the viability of the sector and the importance of petty-trading in the employment opportunity structure of Calcutta.

This study emphasises that the petty-trading sector is an essential component of the urban economy which will persist and proliferate in complexity. It is not only a reflection of the ills of the city and of a region in crisis but a result of the shifting foci of capital accumulation within the nation. It asserts that it still may not be too late for the state and metropolitan authorities to drop their laissez-faire policies to the sector for a more positive and helpful role.

### **1.3 Alternative approach and suggested model:**

The review shows that research on economic activites in Calcutta<sup>3</sup>, and work on street-trading<sup>4</sup> in general, was conducted within a framework with limited explanatory power. An adequate alternative is seen in the concept of articulation of modes of production. It states that coexisting today within the national economies of the periphery are different systems of production and of production relations and that Third World social systems are going through a slow transition to capitalism. It argues that the dynamics of change in these countries lie in the constantly evolving relationships between the different

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<sup>3</sup> Lubell (1974), Bose (1980), Basu (1977), Romamtet (1981) Banerjee (1982).

<sup>4</sup> McGee (1973), Moser (1975), Bromley (1978b), Marga Institute (1981), Bunster (1983), Per Lee (1984), Cohen (1984), Scott (1985).

modes. Each mode of production in a social system has a certain level of productivity and as long as productivity differences persist, small scale activities will persist. Further, the growth and decline of these activities are largely dependent on the dynamics within the capitalist mode of production.

The utility of the concept lies in the fact that it can explain change and persistence of small scale activities under very different economic and political situations. These activities can grow under two different conditions. When an urban enclave of accumulation is dominated by industrial capitalist class, capitalist growth tends to increase the gap in productivity between different modes/forms of production. This difference is spatially reflected in rural-urban disparity attracting capital and resources. Though the capital finds a productive outlet, labour moves into small-scale, low productivity activities.

This argument is empirically supported (Tolley & Thomas, 1987) and a model has been developed to explain the urban dynamics generally held valid for most Third World cities. There is a general consensus today that post-independence investment patterns reinforced the colonial pattern of capital accumulation-i.e. enclave development with no spillover, aggravating the imbalances in sectoral productivity. The increasing disparity triggered massive inflow of capital and people into these urban areas, which are held to be powerful and dynamic. However, because of the capital intensive nature of development, this fail to absorb the influx of labour. Most workers are unable to participate in the urban economy through large scale production or the service sector and enter through the exchange sphere. Small-scale retailing requiring little skill or capital becomes the major source of livelihood for a growing number of workers. However, implicit in this model of urban dynamics is the presence of an industrial capitalist class in the urban centre, providing the source of economic strength and political influence.

Most Third World cities fit this model. But Calcutta's stagnation and continued de-industrialisation demands a different explanation and a separate model incorporating the deviations. When an enclave of accumulation is abandoned by the industrial capitalist class for whatever reason, the centre loses its impetus and stagnates. Anomalies in factors of production surface, the centre loses its economic strength and slides down the hierarchy of national power. The shortage of capital and stagnation in capitalist production and productivity ensures the persistence of small-scale activities.

It is suggested in this study that the process of economic reorganisation<sup>5</sup> which strengthened the links and relations of other urban centres, can destroy it for another regional urban centre. Such a process begins when the industrial capital finds alternate

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<sup>5</sup>Lubell (1974: 9) in his economic review of Calcutta concluded that national policies and continued recession "led to a shifting away from Calcutta of new private investment and probably also to a considerable flight of capital". This flight of capital was also noted by Mitra (1963) and Bose (1965).

sites more lucrative for economic and sentimental reasons. The metropolis, unable to cope with the changed national scenario and loss of capital, turn inadequate and inefficient. The basis for earlier domination is undermined, the centre becomes weak and exogenous factors become important, internal contradictions emerge, anomalies in factors of production appear and stagnation sets in. The urban centre is caught in a vicious process of sliding back. This leads to further flight of capital. But the continuing rural-urban disparity attracts large influxes of workers. With industrial decline and urban stagnation these workers have little choice but to enter the small-scale activities. Among such activities, statistics showed that petty-trading is one of the most important.

Though both models demonstrate the inherent character of petty-trading it is essential to identify the different paths followed. In the general model the workers are placed in a dynamic growing centre where the scope for vertical and horizontal mobility is real. In the case of Calcutta there is little choice or scope for mobility as workers operate within the constraints of persisting high levels of unemployment. Further, the high unemployment among the educated urban work-force could push them into this sector. These differences and trends have an important message for the planners. Planning for a sector in a dynamic economy is quite different from managing the same sector under continuing stagnation. This suggested model, incorporating the deviations shown by Calcutta, not only allows for the placement of the problem in the context of urban and national dynamics but also indicates the issues pertinent to the problem and helps relate the data to the concepts.

This study argues that the sector has grown in response to total urban economic conditions of low level of living, demand fragmentation, shortage of capital and alternative employment and continuing disparity between different modes of production. It states that the rate of capital accumulation is slow because of low initial investments and the highly exploitative relations which choke any attempt to raise the level of productivity. The complex socio-ethnic structure of the labour market creates certain barriers to entry so that some enter the sector with certain advantages, while others stabilise by being better operators. Each group devises different strategies to survive and succeed, implying a heterogeneity and scope for vertical mobility.

The aim of the study is to bring out the economic viability of the units, their economic heterogeneity and identify the strategies adopted by the different groups. This will establish the possibilities for vertical mobility and hence the scope for capital accumulation and provide the economic basis for demanding a more positive role by the authorities.

#### **1.4 Issues examined:**

The model of urban dynamics indicated several issues that had to be questioned and examined. All these issues are inter-related and together affect the characteristic and role of

petty-trading in the urban economy. However, for the sake of clarity it is essential to separate the issues.

At the macro and theoretical level it is essential to establish that the trends in the urban and regional economy shaped and limited the possibilities and potential of this sector. It is therefore important to examine the growth of this sector against the trends in the city and the region. Thus two issues of prime concern are the causes of urban stagnation and the conditions for the proliferation of petty-trading units. Examination of the inter-relationship of these two aspects allows one to highlight the fact that the status of an urban activity is determined not by that activity alone but also by the growth potential in other urban activities.

The issues involved at the sectoral level also depend on the theoretical stand of this study, its holistic approach and factors specific to the case and link the data to the concepts outlined earlier. Since the aim is to understand the constraints under which the traders operate and establish economic heterogeneity, several social, economic and political issues had to be examined at the sectoral level.

#### Socio-ethnic issues:

Calcutta has a long history of migration from the neighbouring states, with different groups dominating certain industries (R.Dasgupta:1981) in the manufacturing sector and certain occupations in the tertiary sector. It is also infamous for periodic influx of political refugees generally belonging to the middle class and more educated than the local population (Sen: 1960). Also jostling for employment in an economy with declining opportunities, are the urban residents and the migrants from the surrounding districts. This accounts for the complex socio-ethnic structure of the labour market in the city. Given the limited alternative employment opportunities, it is expected that workers from each of these groups have gravitated to petty-trading.

The importance of identifying the different groups lies in the fact that, when capital is limited and skill not acquired, social and ethnic links becomes very important. This issue is therefore examined at two levels: (i) at the city level it is important to understand the relative size of each group in petty-trading and note whether and if so, how the proportion varied in each sector of the urban economy over a period of time. This would indicate the directions of inter- sectoral movement and show where the petty-trading stands in the employment structure. (ii) Wholesaling and large-scale retailing is dominated by migrant groups from Bihar, U.P. and Marwar in Rajasthan. It is vital to establish whether the migrant groups entering petty-trading have an advantage in sharing a common background. Consequently, it is important to document how the other groups enter and establish their economic linkages, for ultimately, it affects the trader's earning potential.

### Linkages:

The brief review has shown that most studies have emphasised the importance of the nature of backward linkages that small-scale traders establish with the rest of the urban economy. It influences not only the income-earning potential but also sets some of the constraints. These studies attempted to bring out the exploitative nature of the links established by the petty-trader with the commercial sector. As a consequence they have devoted little attention to the forward linkages. It is believed that the location of the traders and the kind of customers also influence his earning capacity.

The relevance and significance of an indepth analysis of the nature and pattern of vertical linkages of this sector lies in the fact that they indicate the behaviour and the total responses of the workers in the labour market before and after entering petty-trading. Secondly, being an important determinant of income-earning potential they are a crucial element in the economic differentiation within the sector.

Studies of this sector, based in Latin America found links within the sector weak as the traders were fragmented by their regional and ethnic loyalties and by economic individualism. Marga Institute's study of Colombo, Sri Lanka, noted the presence of a strong and effective trade union among street traders. However, it is expected that in this case, given the impressive network of unions, complex horizontal links have been developed. It is essential to establish how and why they evolved despite the multiplicity of ethnic groups. This study looks at the role of the various unions, their effectiveness, and utility to the members, the place petty-traders occupy in the program of the different political parties and the political implications of making this sector legal. Insights to these issues provide the clues to the plans devised by the political parties and the state for petty-trading .

### Economic issues:

The issues discussed above are vital to understanding the fundamental economic issues. Given the urban stagnation and declining employment opportunities, the rapid expansion of street-trading raises the question, what is the economic role and status of this activity in the urban economic structure and how viable are the units in the sector? The role and status of an activity are generally measured by the productivity and the contribution of the sector to the urban income. Measures such as these would be valid for sectors whose viability and income generating capabilities are already established and where the main inputs are capital and skill.

The issue here is far more basic. Petty-trading has evolved because of a limited supply of

capital and an excess of unskilled workforce. In a situation of extremely limited choice, petty-trading has provided the means of livelihood. The alternative is impoverishment. The only appropriate evaluation of the role would be to relate the petty-traders as an economic group with the other economic groups identified in the city. Are they worse or better off than other workers in low-income occupations. What proportion of the petty-traders are "poor" as against the ratio for Calcutta?

An indication of the status of a small-scale activity would be the scope it provides for capital accumulation. Only if a worker has been able to accumulate can he stabilise his trade and be vertically mobile. Thus vertical mobility can be an indicator to the scope for capital accumulation.

Determining the economic status and role involved defining "what is poor" and identifying the most appropriate criteria to measure economic conditions. Influencing the choice of the criteria are the limitations and applicability of the different criteria to the group studied, availability of comparable data, the level of awareness of the trader regarding their income and consumption pattern and their willingness or otherwise divulge such information. The National Sample Survey Organisation (NSSO) definition of poverty and poverty-line have been used in this study for reasons discussed in Chapter 6.

The poverty-line in India would have to mean an absolute minimum. Per capita income and per capita consumption expenditure are two measures of economic conditions. Income is a direct and most appropriate measure of the status generally. But research has shown that consumption expenditure is a better representative of well-being particularly at lower levels of income. NSSO defines the poverty-line in terms of minimum consumption expenditure.

Further, the most difficult information to extract from traders is that regarding their income. Not only do they tend to be cagey and secretive, they are often unable to estimate their income. Assessing the economic condition of the traders is made more complex as few keep accounts. However, most workers in low-income sector have a fair idea of their expenditure as they attempt to cope by (i) augmenting their income and (ii) by minimising their expenditure (Bromley & Gerry:1979a). Thus consumption expenditure was not only a suitable criterion but would also allow the economic groups associated with the sector to be compared with the economic groups obtained for Calcutta by the NSSO.

The intra-sectoral analysis first identifies the different levels of access to factors of well-being that exist among the petty-traders. An understanding of the basis of this differentiation would provide an insight into interplay of factors affecting vertical mobility among petty-traders and hence the scope for capital accumulation.

### Contributions of this research:

This study with its holistic approach is able to establish that petty-trading is playing an important economic role in the stagnating urban economy providing the means of livelihood to migrants and unemployed urban residents alike.

It showed empirically that the sector supports the bulk of its workers above the poverty line. The presence of a high disparity points to the relative ease of entry and possibilities of vertical mobility within the sector.

The social analysis points to a demographic pluralism and ethnic groupism which tends to create artificial barriers to entry at the same time as facilitating entry for others. The migrant groups were observed to maintain a strong mechanism which cushions entry into urban economy and helps to establish contacts and links within the sector. The local Bengali traders relied more on the unions and their own initiative to establish their business.

Similar to observations made in other studies of urban activities in India, and in contrast to Latin American and African cities petty-trading is dominated by men. Only 3% of the workers are women.

The study highlighted the need to look at all links established by the traders and not only at backward linkages which are admittedly crucial. The sector is characterised by a complex and multiple relations. As in other studies, it was observed that those purchasing in credit or selling for a commission are highly exploited by the agents and middlemen but they were also the economically most successful group. However, it also showed that independence is not a paying commodity as self-employed traders are among the poorest. But the poorest of the poor are the female workers selling fruits and vegetables.

Social links were important to facilitate entry into the sector, and in fact there may be some advantage in sharing a common background with large scale retailers and wholesalers. But once in the sector their decisions were generally economically rational. Their economic strategies for success are no different from those adopted by an entrepreneur or a trader operating on a larger scale. The shorter the life of a product in the market the higher was the margin of profit. Their competitive edge can be attributed to their low overheads and their ability to change their product-mix with changing consumer preferences. The combination of these conditions allows the petty-traders to stay very often ahead of the larger shops in ranges of goods such as clothing, fashion jewellery and non-essential consumer goods. The advantage of the sector has been recognised by small producers and middlemen and is being used to push their goods, and rows of shops have been observed to change the commodity type overnight. This

indicates that a strong relationship is developing between the small producers of goods aimed at the upper and middle class, and street-trading.

It was observed that the unions are a powerful force and have changed their role to be useful to their members. Several instances were found when the union was the guarantor for bank loans obtained by the petty-trader. These unions are tightly controlled by the political parties to which they are affiliated. Any change in the status of petty-trading is likely to bring a change in the relationship between the union members and the political parties.

Perhaps the most important research contribution of this study is that it was able to demonstrate that this sector is not involutionary. Traders, when and if they accumulate any capital after they had stabilised, would open another retail unit-fixed or mobile-rather than expand the present one. This tends to give the impression that this sector is involutionary when it is not. The traders reactions are responses to market conditions. The market with its demand fragmentation together with the low standard of living, could not absorb many larger retail units.

Even when faced with these conclusions the government attitude continues to be discouraging. Their policies are shaped by political exigencies and convenience rather than by the urban and economic needs of the city. It is essential for the state and metropolitan authorities to recognise that small scale retailing is a consequence of the total socio-economic processes affecting the Third World cities. Further, that its significance is heightened by the absence of any mentionable growth in the capitalist sector. It is vital for the state to accept that it has an important role to play in these newly emerging relationships.

## CHAPTER 2

### ACCUMULATION, DISPARITY AND PETTY-TRADING.

#### 2.1 Introduction:

Most Third World metropolitan and other major cities have become dynamic urban centres following their independence, attracting capital and labour. Calcutta abandoned by industrial capital slid into stagnation and lost its place in the hierarchy of power, attracting only labour and causing an increased flight of capital. Thus in Calcutta the significance of small scale commercial activities would be expected to be markedly different from other cases. Long and Roberts (1984:140-68) in their study of Huancaya, Peru, observed that "informal economic activities" become more important in the absence of industrial growth. Huancayo is a provincial town. Calcutta however, was at one time the leading metropolis of the country, today its industrial production stagnates. Its long history of migration, large pool of skilled and unskilled labour and decline in industrial production have made street-trading an important, and often the only option.

Research has already established, at various levels that all small-scale activities will persist in Third World urban economies. This persistence is ensured by increasing rural-urban, intra-urban and sectoral disparity associated with the existing pattern of capital accumulation. Tokman (1978) showed that imperfections of both product and market factor enable the street-traders to successfully compete with larger retail units. Bromley (1978) concluded that they will be retained as long as they support higher levels of capital accumulation among large producers. The aim of this chapter is therefore not to explain the presence of street-trading in Calcutta, but to demonstrate the significance of this activity in the urban economy and its policy implications. It also seeks to show that petty-trading has been shaped and conditioned by the flow and pattern of capital accumulation in the region and the city.

To define street-trading and petty-traders, the obvious starting point is a review of research on street-trading. Thus in this chapter I first review this rather limited body of research, define petty-traders and, with statistical evidence support the validity of an indepth analysis.

Despite statistical evidence that small scale retailing is one of the fastest growing sectors,

research in Calcutta has continued to focus on manufacturing activities. Hence in the second section I highlight the inadequacies of research in Calcutta and critique the sectoral and dualistic approaches used to study small-scale activities, particularly petty-trading, and establish thereby the need for a holistic approach.

The third section outlines the alternative strategy adopted. It also introduces the model developed to examine the significance of petty-trading in the employment opportunity structure of Calcutta. The issues pertinent to the importance and viability of this sector, theoretically and empirically, depend upon the theoretical framework of the study and the case specific factors. The last section of this chapter outlines the issues examined in the empirical analysis.

### **2.11 Review of research on small-scale commerce:**

Trading is one of those activities which can operate at many different levels. Usually, for each of the activities performed in the urban economy there are distinct levels of resource requirements (human and capital) which allow only for a certain scale or scales of operations. Those activities demanding a high level of investment in the form of skill and education dominate the upper end of the continuum, while the reverse is true for those at the lower end. However, trading as an activity allows operations at any level within the economy because the character of the activity is such that it fixes no lower limit to investment. This makes it possible for a vast number of people with no skill and no capital to participate in the urban economy. The size of the trading units ranges from those employing several hundreds of highly skilled professionals involved in international and/or national trading, to a one man unit with negligible investment and no skill, placed under a semi-permanent rickety structure and probably occupying public space.

The definitions of these small retailing units is as varied as the situations in which they occur. Street trading is one of the most important and visible occupations in Third World cities, yet it has received less academic attention than most other occupations. One of the earliest, and the most significant pieces of research on street trading has been co-ordinated by McGee (1967). This has been followed by a number of studies, smaller in scale and focusing only on specific groups with distinctive origins or product specialisation and/or style of operation. The diversity of criteria for categorising groups reduces the comparability of these investigations. The diversity of approach gives a patchy picture of the activity as a whole, but it does allow glimpses of the diversity of the situations, forces and relations within which small-scale commerce operates. Though the need remains for comparative analysis, the object of enquiry is such that it does not lend itself easily to such an exercise. However the conclusions and observations help to design subsequent research.

McGee's study of Hong-Kong "hawkers" include both itinerant pedlars and the street-stall sellers (1973: 3). To explain the economic position and the significance of this activity McGee uses the two-circuit model developed by Santos (1971) "...in conditions of comparatively slow economic growth, the lower circuit, with its labour-intensive, low-productive patterns of activity, controls a major part of the city's space and economic activity, although its contribution to the gross product of the city may still be smaller than that of the upper circuit" McGee (1973: 172). The case study also revealed that ".. while a small portion of hawker operatives, because of variable factors such as the scale of organisation, the commodity sold, and/or the ecological location, are essentially organised like upper-circuit firms, the majority of hawkers are, in fact, part of the lower circuit." The third significant conclusion of this study is that "manufacturing is experiencing a much more rapid shift to upper circuit forms of economic organisation than is commerce". This sectoral lag ensures the persistence of this activity. Once established as hawkers, they are difficult to dislodge from this professional niche. Further, as they grow older, because of their low level of educational attainment, they are occupationally stranded.

Moser (1975) in a study of market sellers in Plaza San Juan, in Bogota, assesses the reasons for the lack of upward mobility. The study concludes that the constraints on growth are external to the units and that difference in growth need to be related to the individual seller's access to capital and secondary factors like skill.

Tokman (1978) in his study of competition between informal and formal sector in retailing in Santiago, concentrates on "street traders" selling processed and unprocessed foodstuffs. Tokman analyses the competitive position of the different units. He concludes that the imperfections of both product and market factors enables the small units to compete with larger supermarkets and it is this ability which will ensure their survival.

The street traders of Cali, Colombia (Bromley, 1980), do not include those located in municipal markets and in privately owned areas. The traders are not illegal occupants of public space as they are licensed by the municipal authority. Bromley through his analysis of the vertical linkages joining the trader to middleman, brings out the subordinated position of the small trader. It is in the interest of large scale distributors and manufacturers to ensure the persistence of this low cost distribution system. For the trader in Cali, both socially and economically, the dominant links are vertical rather than horizontal. These conclusions have two implications: (i) any policy to assist small-scale enterprise must tackle the system as a whole; and (ii) it emphasises the need to analyse market forces affecting small scale distribution within the mesh of unequal relationships.

In India, Sarin (1982: 250) was one of first to look at petty-traders in detail. The aim of her study was to "explain the conflicts and contradiction in Third World urban planning as exemplified in Chandigarh". One of the groups examined are the petty-traders. She argues

that there are severe constraints on changes in policy towards "non-plan commercial activities" as the conflicts are fundamental. The authorities can affect little change "because of their role in maintaining the status quo".

In a detailed empirical study seven types of non-plan enterprises were identified of which four were immobile. However, all concentrated on foods and lower quality textiles, indicating that horizontal exchange dominates. For 90% of the traders it was their sole occupation and entry into the sector was assured through an introduction from an established retailer. Two-third regarded this as their long term occupation. However, their "working day was labour 'extensive' and not intensive as they had only few hours of brisk business, yet their labour was not available for any other activities" (pp. 223). She concludes that these units could be viable if they were not hindered by official restrictions.

However in a review of several clearance plans and ad-hoc policies adversely affecting these traders, Sarin concludes that the preoccupation of Chandigarh administration was to prevent permanent land occupation, particularly for commercial purposes, by means other than paying for the market value (pp. 193). Sarin asserts that planning in India needs to be demystified and it must be recognised that conventional planning is in effect an instrument for serving the interest of a particular class. The aim of policy must be to enable different sections to acquire greater economic control of their situation.

In contrast to street traders in Latin America, the petty-traders in Chandigarh have well organised unions. In fact in 1957 the Fruit & Vegetable Sellers Association organised a strike to resist wholesale traders raising their commission rates!

Marga Institute's (1981) study of Colombo emphasises that street trading along with other small scale activities was growing rapidly without any migration. It was an important alternative for a large number of unskilled urban workers. The study notes the presence of trade unions among this group but does not examine the nature of their activities.

Scott's (1985) review of the role of "marketeers" of Lusaka in national development exposes how these marketeers are caught in a crossfire, as the City Council and the national political party vie for greater control of the city's administration.

There are two types of traders in Lusaka. The first group, located in authorised markets had stalls, public facilities and scales and enjoyed government sanction. The second group constitute the unauthorised markets of which there are three types. The first group selling food grew up along the railway lines joining the mines to the city, the second, at intersections of major thoroughfares and at terminals sold convenience items while the third group at the edge of the city was located in racially uniform squatter settlements. Most of these have been authorised after independence by the council-sponsored upgrading schemes.

The co-operative movement is a part of the general government policy to ensure that available food is evenly accessible through a uniform price policy. The co-operative status

automatically bestowed authorised status on markets and marketeers but it also imposed uniform price, adversely affecting a large number of relatively prosperous sellers. On the other hand if the street sellers were not located in authorised markets the city council threatened to remove them. Thus most traders were forced to join the co-operative movement. These marketeers are protected from non-member competition by buffer zones around the markets. Ironically, the wealth of the urban food distribution system remain in the free enterprise sector under the council authority. Under the same policy the government limited wholesale outlets to authorised markets only, forcing most marketeers to purchase and operate illegally.

Scott concludes that though the sociopolitical ideology is endorsed, its economic implications are not always acceptable. While the marketeers in low income, high-density squatter areas have been collectivised, the expatriate owner-operated shops in high income, low-density areas have avoided collectivisation. This highlights the helplessness of this large group against political machinations while a small but powerful coterie resists.

The contrast in the composition of the traders between African and Indian cities should also be noted. The greater mobility in the post-colonial period allowed women to participate in the urban labour market and today they constitute 62% of Lusaka's traders. In India, women's participation in the labour force still remain low because of social constraints, (Joshi (1976), Bombay; Per-Lee (1984), Delhi; Banerjee (1978), Calcutta). Whatever the rate of women's participation in the labour force, these women engaged in small scale retailing represent a highly exploited group. For them trading is one of the few activities which allows them to balance their dual (productive and reproductive) roles.

Research then has highlighted the universal importance of this sector to the urban poor in very different geographical situations. Studies have emphasised the vitality and enterprise shown by the street-traders and their ability to compete against large scale retailing. They have stressed that the vertical linkages of the sector are exploitative and that the sector is horizontally split into too many fractions to be an effective force.

These studies noted the disadvantageous position of the petty-trader in exchange, its low rate of return in petty-trading and its incapacity for capital accumulation. Ease of entry and low-level of skill and capital required keep the sectoral productivity low and prevent the units from accumulating any capital. In other words the sector was generally considered involutionary, that is the same cake is being shared by an increasingly large number. However, Sarin's study concludes that these units could be viable if they were not hindered by state restrictions.

State responses to these findings, though varied, have generally aimed at containing the sector (Lusaka, Cali, Bombay and Delhi). It is believed that more than just containing the

sector is essential because that in itself does not prevent a haphazard growth.

Further, studies conducted by Mazumdar (1976) and Mazumdar & Massod (1978) contrasted the protected nature of the "formal sector" and its higher levels of earnings against the ease of entry into the "informal sector" and its low returns. Admittedly, a sector absorbing unskilled labour is easier to enter, but this does not preclude the presence of artificial barriers to entry, which would directly affect the rate of entry, the nature of linkages established by the petty-traders with the wholesalers and other petty-traders.

The review has shown that the varied conditions under which small scale commerce operates necessitates varying definitions. In the next section I define petty-traders and the conditions under which they operate.

## **2.12. Petty-traders of Calcutta:**

Like all other cities, Calcutta also has many different types of small traders. The two main groups are :

- i. those who are mobile or itinerant i.e. hawkers, pedlars, "ambulante" in Latin America (Bunster 1983).
- ii. those with a fixed place of business.

This study does not include the first group of mobile traders. Those with a fixed place of business are further sub-divided into those located inside Calcutta Corporation markets and traders located outside the markets. The traders inside the municipal markets have been provided with stalls and public facilities for which they pay a regular rent. These traders have a well established clientele and a substantial turnover. This group is not covered by this study. Over the last couple of decades traders have spilled out of these markets on to the areas around it. They have also clustered at crossroads of major thoroughfares and around bus and rail stations. These clusters have two types of stall operators. The street-stall operators have semi-permanent structures built with whatever material available, sometimes merely a platform with a plastic awning or very often it is just a wooden rafter. The second group are operators of wall-stalls. These are located on the pavement with a portion of the stall erected against the side of a building. The Latin American parallel to the street-stall and wall-stall operators would be the "mercadillo" (Bunster 1983).

Thus for this study petty-traders are workers employed in a retailing unit, which is either a street-stall or a wall-stall, with two or less than two workers, located outside the municipal markets. It is obvious from earlier studies that it is almost impossible to define petty-trading in a cross-cultural context. Traders occupy several dimensions of a city's activities and therefore should be defined with reference to each of those, in that particular city.

The legal status of the petty-traders: Unlike the street-traders of Cali (Bromley, 1980) or the marketeers of Lusaka (Scott, 1985) or the hawkers of Hong Kong (McGee, 1973) the petty-traders of Calcutta have no legal status, unless they have been rehabilitated in stalls built under government schemes. They generally occupy public space and have so far resisted any effort to evict or relocate them. However, a small number of wall-stalls are licensed and the operators pay a municipal tax. Their insecure legal position has been used by all political parties to buy votes. This is also one of the main reasons why the government has been reluctant to devise plans to upgrade or relocate them.

The functional role of the petty-traders: The most important economic aspect of petty retailing is the role they play in the distribution system of cities. Mintz (1959: 21) had distinguished two types of exchange of goods and services, the horizontal exchange "which ends in their consumption by class equals" and the vertical exchange of goods "which ends in their consumption by members of a class different from that of their producers" (pp 21). Though earlier studies (Oshima 1970, Sethuraman 1971) stressed the predominance of horizontal exchange, later research (Bromley (1978), Tokman (1978), Bunster (1984)) has shown the contrary. In Calcutta, petty trading units have spread throughout the city, into the city centre, residential areas and into the industrial low income belt. It is expected that traders participate in both horizontal and vertical exchanges of goods and form a significant link in the distribution network.

Earlier research (McGee, 1973) had identified three kinds of retailers.

- a. those who buy goods wholesale from distribution centres in the city and sell retail,
- b. those who buy wholesale in the countryside and bring goods into the city to sell,
- c. those who bring their own goods into the city.

In Calcutta, the first two groups form important categories, but the likelihood of small rural producers of non-agricultural goods bringing their goods to the city to sell, is low. Such items are generally bought up by the middleman or purchased directly by the trader who has established links with the producers. The third group could cover only producers of agricultural commodities. A more pertinent category for this city would include those producing consumer durables for the low and middle income group, with the help of the family workers within the city and retailing it.

The social position of the petty-trader: There is a general picture of a trader as someone who occupies the lower strata of the city's social and economic ladder. At best, a petty-trader is viewed as an enterprising victim of the shortage of productive employment opportunities in the city, at worst, and more representative of the government attitude, he

is considered a parasite or a potential criminal.

Thus the petty-traders are workers in a retailing unit with one or two workers, which is either a street stall or wall stall, occupying public space. Having spread through the city, they actively participate in vertical and horizontal exchange of commodities. Goods of large scale manufacturing and small scale production are routed through them. In other words they are an important component in the distributive network of the city. Not only are they functionally important in an economy with skewed income distribution, but their number has also been growing rapidly. A statistical description of the growth of the sector shows its rapidly changing position in the urban economy.

### **2.13 Growth of petty-trading in Calcutta and its statistical significance:**

Changes in the urban economy has not only led to an increase in petty-trading activities but has unevenly affected the different sectors of small scale activities. Lubell<sup>1</sup> noted in his study of Calcutta that petty commerce expands with general economic prosperity and also with economic stagnation. The stagnation of Calcutta's economy, ( the causes of which are discussed in Chapter 3), blocked the entry into activities which assured its workers economic stability and social status, forcing them to seek alternative means of income. Petty-trading requiring little skill and investment absorbed a large share of the workers who entered the labour market. This is borne out by the decennial growth in small-scale retailing.

From the point of view of employment, the relative positions of the different sectors of the urban economy have changed as the sectors have been unevenly affected by the events of the inter-census period. Statistical description at the city level is totally dependent on the Indian census, the reliability of which is often questioned. The census notes, that given the size of the census certain errors are unavoidable. Again, given the size of the census, inconsistencies arise at the initial stage of enumeration due to over or under enumeration. Keeping these drawbacks in mind, the usefulness of the census data nonetheless extends to indicating trends and ratios. However, the reliability of this data would be considerably increased if the degree of accuracy of the data was published after post-enumeration checks. Further, in the absence of any other source of data at the national, regional and city level, one is forced to turn to the census. In this study I use the census to indicate the trends in inter-sectoral changes at the city level as no definitional change has affected the

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<sup>1</sup>Lubell also noted that small scale activities, among which petty-commerce was most important absorbed a third of the urban workers, but continued to ignore these workers as they were not amenable to study nor did he look at the implication of these activites proliferating in a stagnant economy.

classification of the workers between 1971 and 1981<sup>2</sup> censuses.

Inter-sectoral changes:

In 1971 trade and commerce (23.27%) was the third most important sector in the city after manufacturing (37.45%) and public administration and services(24.43%). By 1981 dramatic changes appear to have taken place in the relative positions. Manufacturing<sup>3</sup> accounted for 30% after a growth of about 5% in ten years<sup>3</sup>. public administration and services supported 20.31%, while trade and commerce had absorbed 28.16% of the total workers after a decennial growth of 69%.

Intra-sectoral changes:

Within the large sector of trade and commerce significant changes are observed in the relative importance of the different sized units.

At this intra-sectoral level one faces the problem of comparability of data. It arises from definitional changes and changes in criteria of classification. The second problem needs to be addressed. To assess the change within a sector one needs to obtain the relative change in the proportion of the different sized units. The 1971 census provided a detailed break-up of employment and unit sizes engaged in wholesale and retail trade. Each of these types were further sub-divided into seven groups according to the size of the "establishment", units with more than 100 workers, units with 59-99 workers, units with 20-49 workers units with 10-19 workers, units with 5-9 workers, units with 2-4 workers and units with 1 worker. The 1981 census collapsed the detailed break-up of the 1971 into three groups, of units with more than two workers, units with two workers and units with one worker. Thus valid comparison can only be made in the case of the last group and of the total units trading.

As already stated, not all retail units with one worker are petty-trading units for it also includes traders inside municipal markets. But since the spread of small trading units has taken place outside the already overcrowded markets, the decennial change would largely refer to a growth in petty- trading units.

In 1971, one-man units accounted for 28% of the total trading units. The number increased by 50% between 1971 and 1981 to account for nearly 34% of all trading units, while the total number of units increased by a little more than 22%. At the same time the number of units with more than one worker increased by only 13%. The general trend

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<sup>2</sup>The employment data according to the size of unit, was for some unknown reason classified and not published. It was obtained through the Centre for Research for Economics and Social Sciences, Calcutta.

<sup>3</sup>S.Basu (1987) in a recent study noted that the total national domestic product originating from manufacturing in West-Bengal has been recording a declining trend for the last half of the decade.

therefore has been that of a proliferation of the smallest units. Unfortunately we cannot assess the growth trend in units with two workers, representing nearly 22% of trading units in 1981 and including part of the group studied. Thus units with two or less than two workers account for 55% of all trading units and supported 56,180 workers approximately in 1980.

This description has shown how the changing economic character of a city alters the relative position of different activities. The description has shown that (i) the greatest intra-sectoral change is associated with the group involved in petty-retailing (ii) the inter-sectoral and intra-sectoral changes imply changes in the structure of urban employment, i.e. reflecting the effect of larger socio-economic forces on all activities. With a sluggish industrial and economic growth over the last two decades, blocking access to opportunities allowing economic and social stability, it is expected that activities requiring low level of resources have attracted a large portion of workers

Though the growth and change of this sector was visually obvious and statistically evident, small scale commerce received scant attention from researchers or planners in Calcutta. Despite the growing importance of small scale non-manufacturing activities, it failed to find a place in research.

## **2.2 A critique of research on Calcutta:**

A review of research on Calcutta shows that a large body of workers had been left under-researched. Despite the obvious changes in the employment structure, it made no impact on research trends. Research in Calcutta can be grouped into two, sectoral studies focusing on manufacturing activities and city level studies stressing the stagnation and decline.

### **Sectoral studies:**

Manufacturing being the dominant activity, it was natural for it to attract attention and research. But the subsequent and continuing disregard for non-manufacturing activities was a reflection of a world wide approach to the study of urban activities in Third World cities.

Much before academic interest focused on the importance of small scale activities in a Third World economy, several studies had been conducted on "non-registered units", i.e., small-scale manufacturing units, in Calcutta and in West Bengal. Unfortunately most of these reports remained unpublished<sup>4</sup>.

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<sup>4</sup>See Bose (1978) for a succinct summary of these projects: (1954, 1961, 1963, 1966, 1971, and 1974). These surveys covered the entire range of medium to small industries. Bose describes the conclusions pertinent to small-scale manufacturing units i.e. that stagnation in the small units paralleled the stagnation in

In the seventies the rise in the popularity of the informal sector concept also influenced research trends in India and Calcutta. Attention was drawn to the widespread prevalence of activities supporting a large number of self-employed, wage earners, family producers and household workers on low, irregular income. Several studies of this group were undertaken in numerous situations, within the Third World. Even though the concept of the "informal sector" and its validity is discussed in the next section it is pertinent to note that this concept helped to focus attention on the vast mass of working poor and their diverse activities. Employment studies undertaken by the I.L.O. in the early seventies indicated that despite an increase in urban employment in large-scale manufacturing and related tertiary activities, it was those activities requiring little skill and little investment which had absorbed an increasing number of urban workers. Hart<sup>5</sup> (1971: 69) provided a detailed break-up of these activities under two sub-heads: legitimate and illegitimate informal income opportunities. Under each of these heads he listed a "range of income opportunities widely available to the urban sub-proletariat".

Subsequent studies emphasised the diversity of activities at the lower end of the urban continuum but however tended to concentrate on small-scale manufacturing activities. At international level the focus of research was primarily on small scale manufacturing, even though small-scale distribution involve an overwhelmingly larger number. For example, Fapohunda (1981) in his study of Lagos, and Aryee (1981) in his study of Kumasi, note that almost two-thirds of the employment is in the tertiary sector yet the studies "focused on manufacturing and related repair services". In Kano, 60% of the "informal sector" units were trading units but the sample was designed such that 14% of the sample would be trading units and 70% manufacturing and repair units (Mabogunje & Filani, 1981). Even though the studies on Manila (Jurado, 1981), Colombo (Marga Institute) and Jakarta (Moir, 1981) attempted a detailed analysis of the various activities, the trend at the international level set the direction for research at national level for city studies; Bombay (Joshi, 1974), Calcutta (Lubell, 1974; Bose, 1978) and Ahmedabad (Papola, 1981). This trend also affected sectoral studies; it re-emphasised the interest in manufacturing but was now placed within the dualistic framework of "formal-informal" sector concept.

Bose (1978) as a follow-up to Lubell's study (discussed under city studies) made an in-depth analysis of the small-scale sector in Calcutta and rural Bengal. His emphasis was on the industrial sector "not only because this is the dominant, directly productive sector... but also because the central action required to be taken will be with regard to this

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the larger units and that most workers maintained themselves above the poverty line.

<sup>5</sup>A paper presented in 1971 at a conference in Institute of Development Studies, University of Sussex, and published in 1973. See Bibliography under Hart (1973).

sector of the economy" (pp.11). Though Bose concentrates on small-scale manufacturing, his emphasis on the need for an integrated approach and wider perspective is pertinent to studying and analysing any small-scale activity. His policy recommendations are very similar to Lubell's. For Bose the "correct strategy for development" involves increasing agricultural productivity and tying the growth of the small-scale manufacturing into the demand generated by such improvements. These changes should be accompanied by a change in the "use pattern of organised credit and by a change in the industrial mix". This emphasis on the productive role of small-scale manufacturing was based on the fact that it maintained a large number of workers above the poverty line. This "euphoria about the unorganised sector" has been sharply attacked by Banerjee (1982). She maintained that "though the workers in small manufacturing are skilled, they have learnt their jobs by imitation and have no conception of the total potential of the tool or skill because he knows nothing of the basic principal behind it. Without some basic education in subjects like geometry, mensuration or mechanics, they have no way of adapting their knowledge to a changing market. This is precisely why the small engineering units of Calcutta are non-viable in the long run" (pp.183).

In subsequent studies there is a change in emphasis. The awareness of and the need to understand how, the "working poor" survive has led to several studies of small scale production. Romatet (1981) surveyed the tailoring industry in Garden Reach, the tanneries, the plastic industry and the slum industries. He concluded that the working conditions of these units make them subservient to the formal sector of the metropolis because the supply of raw material and marketing of their products are controlled by the larger firms. In 15% of the units, the owner's income was lower or equal to the average wage, 24% had economic characteristics which correspond more or less to average and 26% of the owners had income exceeding Rs.1500 per month. He however believes "that rather than wait for the hypothetical advantage of an overall development policy" it is necessary to "conceive and implement a specific policy towards the informal sector" (pp. 2127).

Basu (1977a) investigated the nature of the linkage that joins "Calcutta's sandal makers" to the urban economy. The monopolistic control by one family of leather and other raw materials required by the sandal makers allowed unilateral price increases. On the other hand the price of the product was fixed by the four major retailers controlling the market. The sandal makers often sold at a loss, while the retailers extracted a hefty profit. The loss could only be covered by selling "fancy goods" once in a while or by arranging individual retail sales.

This focus on only one of the many small scale activities has tended to over-shadow the employment generation capacity of other small-scale, low income activities. This bias can

be attributed to two reasons. One, because manufacturing is directly the most productive sector, two, other activities were difficult to enumerate and were considered not amenable to planning. Further, though the informal sector concept appears to give a homogeneity to each sector by imposing a dualism, it really bunches together several distinct activities. Methodologically, it is not possible to make an indepth study of all these activities together. However, Banerjee's (1985) study was more comprehensive in that it attempted to investigate all income opportunities. She designed a study to examine the various aspects of poor women's employment. Since women are late entrants to the labour market, and in Calcutta their participation in the labour force is fairly weak, an enquiry into their activity has provided an insight into the changes occurring at the margin in market behaviour. It also establishes that the women are the most exploited group of workers.

This review of studies on small-scale units and low-income activities of Calcutta brings out the disparity between the wide range of activities that support a large mass of urban workers and the fairly narrow focus of research in Calcutta. But these studies have provided useful insights into the processes which shape these activities and the characteristics they acquire. They have shown that these small scale units, looked at within a vertical perspective, have been absorbed into the market because they allow a higher level of capital accumulation in larger units. At the same time they assert that all workers in small-scale activities are not "poor" and a substantial portion of the workers are maintained at a level above the poverty line. However, the workers remain tied in an unequal relationship with the supplier of raw material and the buyer of their product.

Further, the fortunes of these workers are linked to the general economic condition of the city and the state, necessitating an integrated approach to analysis and planning. It stresses the need to understand the functioning of an activity as part of the total urban economy, linked with activities above and below it. But as these workers occupy the lower end of the continuum, any analysis of economic and political forces affecting them must take into account their low bargaining power.

#### City studies:

A second line of research in Calcutta, since the early fifties, was concerned with its peculiar demographic problem. They concentrated on the effects of the partition and the influx of refugees<sup>6</sup> on the city's economy, from what was then known as East-Pakistan. Sen (1960), in a study conducted in the mid-fifties, reports on the disparity in the level of education between the refugees, the migrants from the other states and the local

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<sup>6</sup>From 1946 to mid 1970, 4.2 million persons from East-Pakistan registered as refugees in West-Bengal, the annual influx reaching peaks of 925,000 in 1950 and 667,000 in 1964. Of this 58% came to the city.

population, and the varying participation rates of the groups. The initial phase brought refugees whose level of education was higher than that of general population of West-Bengal. The study also showed that the labour participation rates were much higher for the normal migrants (who arrived, generally without their families) than for the resident population or for the refugees (who arrived with their families). Consequently, the unemployment rates were lower for the normal migrants than for the resident population but much higher for the refugee population. Chakraverty (1967) showed that labour force participation rates were considerably higher among migrants than among the resident population, except for males in the 35-59 age group.

Mitra (1963) "laments" the sluggish economic growth of the city and stressed the need to reduce the unemployment rate among the resident population and on the regular outflow of vast amounts of money through small postal transfers to Bihar and U.P. Bose (1963) in his social survey of Calcutta noted the need for infrastructural development to revitalise the urban economy, staggering under the pressure of the influx of refugees and a high rate of immigration.

The first major study of urban development and employment prospects of Calcutta was conducted by Lubell (1974) under the World Employment Programme of the I.L.O. The parameters for this study were set by the conclusions of earlier country studies conducted by the ILO, Bairoch's concept of "over-urbanisation" and by Calcutta's peculiar problems identified in city studies.

Hart (1971: 62) had identified the presence of "informal means of generating incomes" as a "very large part of the urban labour force is not touched by wage employment". He had further stressed that wage incomes are only a part of the urban opportunity structure and therefore the need to view these activities in relation to the under-development of the country. The Kenya Mission (1972) reaffirmed the importance of the "informal sector" in the urban economy, identified the presence of a large number of working poor and emphasised that the main problem was one of employment rather than unemployment. The planning emphasis of the I.L.O was on the productive role of the "informal sector" and the need for a positive government attitude towards it.

The second source of influence was Bairoch's model which was derived from his concept of over-urbanisation. It was based on the fundamental assertion that cities were growing so fast that they were unable to absorb their swelling populations into adequate employment.

Thus Lubell's study aimed to "re-examine the anatomy of urban unemployment ... examine the extent to which a programme of urban infrastructure development can play a significant role in creating urban employment..... and set out elements of an employment policy... focusing particularly on the problem of unemployment of the educated Bengali

middle-class" (pp.5).

In a review of the economic setting of Calcutta the study emphasised the importance of a large number of "minor services - casual labour, portage, rickshaw pulling, domestic service, petty-trade and street hawking - which absorb 40% of the urban working population" (Lubell, 1974: 25). It also stressed the paradoxical nature of these activities in that they "represent a reaction either to a general economic expansion or to a general economic contraction (op cit). Lubell's "coherent strategy" to deal with Calcutta's unemployment problem aimed at reducing rural-urban migration and increasing employment

1. by restructuring the industrial base
2. by urban infrastructural development
3. by a special programme for the educated unemployed
4. by a systematic development of the informal sector.

The development of the informal sector (though never defined in the study) could be achieved by linking up the latent demand in rural West-Bengal for agricultural implements and equipment with the potential output of the small-scale manufacturing units. The other small-scale activities though, they constitute one of the largest users of urban manpower, deserved little attention as "they are least amenable to policy suggestions".

A major demographic and economic study was undertaken by Munshi. According to Munshi (1975) the high rate of migration from other districts of the state into Calcutta was due to the stagnation in the small towns since the 1920's, a result of deindustrialisation. He believes that "in the final analysis, the demographic size of Calcutta is the key to all the civic problems in the city." (pp.125).

Though improvements in agriculture over the last decade and successful decentralised planning i.e. politicisation of the rural population and their participation in formulating and implementing local plans (Ghosh, 1988), have reduced the stream of migrants from the other districts of West-Bengal to a trickle, it constituted a major problem till five years ago. Munshi voices the general opinion when he states that the "agony of Calcutta is the manifestation of the agony of the entire economic region it serves, and particularly of West-Bengal.....the countryside neglected and exploited for over two centuries is invading the city for jobs, food and shelter which in the existing framework it is just beyond the means of Calcutta to provide" (pp.125).

The city studies focused on Calcutta's industrial decline, economic stagnation and the regional crises. The socio-political analyses emphasised the need for a regional approach to analysing Calcutta's sectoral problems and stressed the importance of investigating the

flight of capital from the city and state. The studies also stressed the importance of Calcutta's long history of migration and periodic influx of refugees who were more educated than the local population, as factors which compounded the city's problem. Though the city studies identified certain case specific factors, which is useful, they remain inadequate. They failed to relate the city's problem with the newly emerging pattern of capital accumulation within the country and the subsequent power structure.

Recent studies in Calcutta have tended to focus on the pattern of poverty, (Bardhan 1987), nature of urbanisation in West-Bengal (B.Dasgupta 1987) its continuing bleak industrial prospects and declining standards of living (Basu 1987, Richardson 1983).

However, the inadequacies of the approaches to Calcutta's problems does not detract from the need to improve the administrative and technological capacity of the Government apparatus within the city nor the need to change the basic Bengali attitude of blaming everyone else for their problems except themselves. These two aspects are discussed in Chapter 3.

## **2.21 A critique of the dualistic framework of analysis:**

The review has shown that most urban research in Calcutta and also work on street trading in general were conducted within framework(s) with limited explanatory powers and narrow focus. This limitation can be attributed to dominance of dualistic notions of Third World urban economy (Boeke, 1953; Lewis, 1956) since the 1950's.

The problems of Calcutta in particular and the linkages of the small scale activities point to the relevance of a holistic approach to the study of these activities, and a dis-satisfaction with the dualistic concepts of urban economies and with marginal concepts of small scale activities. Further, studies by Birkbeck (1979), Brusco (1982) and Roberts (1989) point to strong and systematic links between activities of different scale. It is therefore essential to define relationships through the articulation of activities operating at different scales. Hence the need to focus on the logic of the process and on the urban dynamics which produce the conditions which determine the position and strength of these small scale urban activities and petty-trading in particular.

The influence of the dualism theories on Third World urban research persists primarily through the "informal-formal" sector concept (Hart 1971, ILO 1972), but also through the two- circuit system (Santos 1971) and the two juxtaposed systems of production (McGee, 1971). The "informal sector" concept has exercised the dominating influence on research as it was more successfully marketed than other concepts.

Planning in the fifties was dominated by the "accelerated growth model" i.e. increase national economic growth by a policy of rapid industrialisation. The economy was conceived as a duality of "traditional" and "modern" sectors. With the history of European

development providing the logic, it assumed a positive interaction between growth of output and employment and productivity. Small-scale activities of the so called "traditional" sector, squatter settlements and large-scale poverty were transient in character and would disappear as "modernisation" absorbed more workers into the industrial wage sector. This would also complete the process of social "integration" of the rural migrants from their "marginal" position.

Development based on this model brought out the inefficacy of it. It was reflected in increasing regional disparity, a growing gap between the rich and poor and a hypertrophic growth of the tertiary sector. This resulted in the search for alternative solutions. Harts's study of the self-employed in Accra in 1971 was associated with this increasing awareness. He concluded that a substantial portion of the workers in the Third World cities did not participate in wage sector employment created by industrialisation, on the contrary they derived their income from a host of other small-scale activities. Hart's conclusions provided the core ideas of the informal sector concept.

Most studies<sup>7</sup> on different types of small-scale trading was conducted within this framework. "The distinction between the formal and informal income opportunities is based essentially on that between wage earnings and self-employment. The key variable is the degree of rationalisation of work" (Hart 1973, pp.68). The concept "refers to a dichotomy in which the characteristics of the two parts form each other's contrasts" (Breman, 1976:1870). The ILO attributed this dichotomy to the presence of surplus labour largely due to the growth of capital-intensive industries, slow rate of industrialisation and high rural-urban migration. The informal sector was said to contain the mass of working poor whose productivity is much lower than in the modern sector. Regarding the role and the function of the informal sector, the ILO and the World Bank sees this sector as having a vast potential for employment creation and growth and recommends government aid to facilitate this.

It must be admitted that research generated by this concept has given a greater insight into the nature of these activities and linkages with the urban economy. However, despite the empirical evidence, the dualistic conception of the city is the underlying notion in most studies. The weakness of the dualistic model may be observed empirically and theoretically.

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<sup>7</sup>Moser.C., (1975) Differentiation and mobility in a Bogota Retail Market, PhD thesis, University of Sussex.  
Bromley, R., (1978) Organisation, Regulation and Exploitation in the so-called "urban Informal Sector": The street traders of Cali.  
Tokman, V.E., (1978) Competition between the Informal and Formal sectors of Retailing. The case of Santiago.  
Scott, E.P., (1985) Lusaka's Informal Sector in National Economic Development.  
Nattrass, N.J., (1987) Street Trading in Transkei: A struggle against poverty, persecution and prosecution.

In the dualistic model the "formal sector is taken to mean wage labour in permanent employment, such as that which is characteristic of industrial enterprises, government offices and large-scale establishments. This implies (a) a set number of inter-related jobs which are part of a composite, internally well-organised labour structure; (b) work situations which are officially registered in economic statistics; and (c) working conditions which are protected by law. Economic activities which do not meet these criteria are then bundled under the term informal sector, a category covering a considerable range of economic activities" (Breman 1976: 1870). In other words it covers the extensive collection of small tradesman, the regularly employed and the loose and unskilled worker and "other categories with low and irregular income who lead a semi-criminal existence on the margins of the urban economy" (op.cit).

Breman (1976) and Peattie (1987) argue that the concept is a new variant of the dualism theories, Boeke's capitalistic urban market economy and static rural subsistence economy; the "modern" and the "traditional"; Geertz's "firm-centered economy" and the "bazaar- economy". The economic dualism was seen as an expression of the "uneven development" and "backwash effect" and the "development of underdevelopment" and stressed on the contrast between the two sets of economic activities.

The "informal sector" concept soon became very popular with the policy-makers. According to Peattie (1987:852) "the term "informal sector" at its birth seems to have owed parentage to this tradition [dualism theories]" and to the "tradition of economic accounting which attempts to measure the contribution of particular sectors of production to total output". It was difficult to assess the output of "another large sector ...with whole range of casual jobs". The "informal sector became popular because it responded to the gap in the working apparatus of development economics in a way which could be seen as congenial by different groups with quite different axes to grind. Everyone saw it was fuzzy, but all were willing to tolerate its defects for fear of losing the opening which the concept seemed to present" (Peattie, 1987:852). The "modernisation model" of economic development had been inappropriate, the United Nations Development Decade (1960-70) had been a failure (Kitching, 1982: 70), there was growing unemployment in the Third World cities while the condition of the low-income workers deteriorated. The "informal sector" provided the conceptual basis of a strategy whose aim was to generate employment and increase productivity particularly among small scale enterprises with government aid and support. The resonance of populist ideas among policy-makers in the ILO and the World Bank is obvious. Kitching (1982: 63) notes that "there will always be a certain attraction in a tradition of thought which suggests both that change and development is possible and that all that is conceived as best in existing institutions and practices may be maintained". The ILO's and World Bank's recommendations have always been marked by

a high degree of pragmatism. This is rather neatly summed up by Bromley (1978:1033) who notes that the "concept was adopted because it rose through effective communication channels, at a convenient moment and because it embodied policy implication which were convenient for the international organisations and the middle-of-the-road governments".

Though the concept was adopted by the international organisations with great alacrity, its theoretical problems remained unresolved. Attempts were made (ILO 1972, 1980) to clarify the concept, but its boundaries were never clearly defined and its wide usage and varying interpretations have given rise to a number of categorisations depending on the focus of the researcher<sup>8</sup>. It also gave rise to methodological problems because "informal sector" activities tend to be identified by their negative character and grouped by a process of elimination. This leaves us with a bunch of heterogeneous activities and groups of workers, while the dichotomy tends to imply a degree of homogeneity within each sector. Methodologically, it first implies aggregation of all activities not "formal". But since each of these activities have distinct characteristics and policy needs, each demand a particular methodology. The sector has to be disaggregated to focus on that particular activity identified for the study. This methodological drawback is most effectively exposed in all ILO city studies<sup>9</sup>. In each of these studies the author first defines the "informal sector" and then proceeds to disaggregate the sector into the many activities and eventually focuses on one or describes each activity separately.

Bremen notes that "there is no question of a rift in production or labour relations on the basis of which the urban system can be broken down into two sectors. It is rather a continuum in which border-lines are drawn almost arbitrarily and are also difficult to locate in the actual situation" (1976:1874). Based on his research on two towns of western India, Breman considered the "concept analytically inadequate" and emphasises the fragmented nature of the labour market in India (op.cit).

B.Harri (1978) conducted a study of the structure of the labour market in organised and non-organised sectors to examine whether there are significant differences as to justify their separate study. She concluded that "sufficiently large areas of structural overlap are

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<sup>8</sup>ILO uses the characteristics of the enterprise as the basis of the dichotomy.

Weeks (1975): the distinction is based on the organisational characteristics of exchange relationships and the position of the economic activity vis-a-vis the state.

Mazumdar (1976): the dualism is based on a dichotomy within the urban labour market. Formal (protected) informal (unprotected).

Joshi (1977): does not find the two categories mutually exclusive but proceeds "after arbitrary simplifications had been performed" (pp.641), to identify the two sectors in Abidjan and Bombay.

<sup>9</sup>Fapohunda O.J. (1981), Human resources and the lagos informal sector.

Mabogogunje.A.L. am Filani.M.O. (1981), The informal sector in a small city:The case study of Kano.

Marga Institute, Colombo (1981), Informal sector without migration: The case study of Colombo.

Moir. H., (1981) Occupational mobility and the informal sector in jakarta.

found, casting doubt on the validity of using "informal-formal" dichotomy for the purpose either of analysis of the labour market per se or of providing meaningful answers to questions concerning non-agricultural poverty, employment policy and class formation" (pp.1079).

Papola (1980) examines the character of the "informal sector in terms of their suitability to demarcate the informal sector as a distinct analytical and empirical category". After a review of the various attributes he concludes that "it is difficult to identify it as a distinct analytical category; the various characteristics attributed to it are not necessarily consistent with each other, nor are they to be found universally in different empirical situations" (pp.823). In a criticism of the classification he notes that size, degree of competition in the productive market and capital intensity of technology are continuous variables and do not permit a clear discontinuity. Bromley considers "the division logically inconsistent, in that it is assumed that several different variables can be used to categorise a given activity into formal or informal sector" (1978:1034).

J.Harriss (1982) in a study of "Small-scale Production and Labour Market in Coimbatore" rejects the "confusion of descriptive categories denoting different kinds of production units and labour markets" (pp.945) and uses the labour market categorisation developed by Bromley and Gerry<sup>10</sup> because he considers it important to distinguish between those who are employed in manufacturing or service and those employed outside it.

Research by Bose (1974), Bienefeld (1975) and LeBrun & Gerry (1975) showed why these boundaries could never really have been defined. These studies revealed that considerable differentiation exists among petty enterprises in services, manufacturing and transport. Workers were employed in a number of different categories outside the wage-sector of large-scale enterprise. "These include wage and salaried labourers for small-scale operators, self-employed owners and unpaid family labourers as well as casual workers in wage sector employment and quasi-wage earning journeymen" (Moser, 1978: 1056). The linkages between the small-scale enterprises and the 'capitalist sector' were observed to be numerous and diverse. These include subcontracting, outworking and the presence of an agent acting as a financial middleman in petty retailing. "The inability of the dualist models to handle the complexities of relationships such as these, which fit inadequately into a wage/self-employment or formal/informal sector dichotomy, has resulted in the utilization of an alternative framework more able to include the social as well as the technical relations of production" (op.cit). Researchers turned to Marxist

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<sup>10</sup>They distinguish between permanent wage workers, shortterm wage workers, disguised wage workers, dependent wage workers and the truly self-employed.

theories. They focused on the structural relationships of the two sectors. As divergent and contrasting situations were encountered, this school subdivided into two. The "Marginality" theorists argue that the informal sector is a distinct "marginal pole"<sup>11</sup> which, by acting as a reserve army of labour and producing cheap, poor quality subsistence goods, facilitates capital accumulation in the formal sector. The "Petty commodity production" theorists, (LeBrun and Gerry, 1975; Bienefeld, 1975; Moser, 1976; Tokman, 1978) in contrast argue that in the continuum of urban activities the small-scale producers are subordinated by the "capitalist sector" through their links. This enables them to extract the surplus.

The concept of the articulation of modes of production is discussed in section 2.41. Here I discuss the concept of petty commodity production (PCP). Scott (1977), in a discussion of the theoretical status of PCP, identifies three elements which are crucial to the definition of PCP (i) the production of commodities for the market (ii) small scale, which refers to the volume of output, size of work-force and capital and level of technology, and (iii) the producer has direct access to the means of production. Looking at the history of PCP, she notes that PCP interacts and co-exists with the dominant mode of production, which could be feudalism or capitalism. However, it has never formed the dominant economic base of society. This is because the "principal conditions for its reproduction and survival are supplied by the dominant modes of production" at any point in time and .."the social and the spatial division of labour ensure that its transition from simple reproduction to accumulation is predicated upon the transformation of its paternalistic relations of production into those of the dominant mode of production" (Gerry, 1981: 129). This implies that the PCP is articulated through a number of complex links to the dominant mode and is generally subordinate to and dependent on it. An understanding of the PCP is only possible through an insight into the nature of relationship between the dominant and subordinate elements of these links.

The research on the small scale activities in Third World cities had revealed the numerous and diverse links between the small scale enterprises and the capitalist sector. Applying the concept to the urban sector Bienefeld (1975) noted that on one hand was the capitalist sector and on the other were precapitalist modes, made up of small scale enterprises each integrated into and transformed through its relation with the capitalist sector. He also argues that the links between these two modes would depend upon the resource base, the forces of production and the socio-political framework within which capital operates and on the characteristics of the non-capitalist modes of production. The

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<sup>11</sup>The marginal pole is that part of the economy characterised by a "lack of stable access to basic resources" and which operates "around residual resources and for most part residual activities" (Obregon, 1974 pp.404).

latter is transitional and subordinated to the capitalist sector which is the source of productive forces. The small scale enterprises described by the "informal sector" fit into the category of petty-commodity production. Thus the urban petty commodity sector includes artisan production and petty trading. However, LeBrun and Gerry (1975: 20) believe that the use of the term 'mode' is inappropriate, because "a mode of production refers essentially to a totality which is self-sufficient at both the superstructural level and at the economic base". They suggest the use of 'forms of productions' as "forms of production exist at the margins of the capitalist mode of production, but are nevertheless integrated into and subordinated to it".

Analyses within this framework showed that this form of production performs a number of functions. Bose (1978) concludes that it can exist only within an exploitative relationship; Bryant (1976) argues that it is a form of productive organisation which the foreign capital found it necessary to develop in order to exploit the indigenous population and King (1974) observed that the urban petty commodity sector subsidise foreign capital. However, common in all studies was the dependent nature of this sector and the various constraints on accumulation. These include limited access to raw material, technology, equipment and credit facilities.

In contrast to the static dualistic model, the articulation of modes of production framework made it possible to assess the potential and role of petty commodity production in employment generation and economic development. Gerry (1974) and Bose (1978) conclude that the subordinate position of petty-commodity producers limit their potential for capital accumulation and hence growth. In other words petty production is trapped in an "involutionary impasse able only to reproduce its conditions of existence". Bose concludes that any policy for development should aim to restructure the 'industry mix' instead of only focusing on the informal sector, while Gerry (1974) believes that any help to this sector will benefit only those who are already better off.

These studies also showed that petty-commodity production is an inherent feature of Third World cities. Bienefeld (1975) however, regarded the petty-commodity sector as residual, occupying areas where capital-intensive activities has not yet penetrated. "He sees the process as one of growth and destruction" (Moser, 1978: 1059). LeBrun and Gerry (1975) note that in the mechanism of dissolution-conservation in petty production, it is the dissolution aspect which dominates in the developed countries, while in the underdeveloped countries the conservation aspect dominates. Their study of construction workers, petty retailers and casual workers in manufacturing in Dakar indicate a process of concentration and increasing proletarianisation in the petty-commodity sector through the intervention of commercial and industrial capital.

These analyses thus showed that the petty-commodity sector is in a constant state of

transition and is subordinated to the capitalist sector with limited scope for capital accumulation and independent growth. It is trapped in an involutionary impasse. The increasing intervention of commercial and industrial capital only increase the differentiation with the sector and make more complex its links of subordination. It is essential therefore to understand the nature of the relations between the subordinate form of production and the dominant mode of production hence the emphasis in this study on the linkages of the sector.

Despite its greater analytical power this model was only marginally influential. Policy at the national and city level continued to be informed by conventional wisdom. The ILO theorists used the neo-classical concept of 'income elasticity of demand' as the basis of their policy recommendation. The ILO found that output increase was low and production capacity left idle in Columbia, Iran and Philippines because demand was inadequate. Instead of calling for a more equal distribution of income as this inadequate demand implies, ILO moved back (a reflection of its pragmatism) and emphasised the need to provide greater opportunity for employment among the deprived which would lead to a more equal distribution of income. It recommended state intervention to promote small scale manufacturing through the provision of credit facilities, consultancy and technical assistance.

The Marxian conclusion is that the petty commodity sector is here to stay and that it is an inherent part of Third World urban economy, subordinated and operating at the margins of the capitalist sector. This reemphasises the need to target assistance to the workers in this sector. While the aim of ILO theorists was to generate demand and ultimately help the capitalist sector, the aim here is to target aid to reduce the burden of exploitative links and improve the scope for income generation. Though the findings of this PCP analysis has only marginally influenced ILO policies, it has been incorporated into the design of subsequent projects. The experiences of pilot projects and of non-governmental organisations like SEWA have shown that policies and projects sensitive to the internal differentiation of the petty commodity sector and to its links with the capitalist sector are effective in reducing exploitation and increasing productivity. The success of projects like SEWA and PISCES covering urban workers and Grameen Bank covering rural workers have shown that credit provided at market price make the project economically viable and therefore sustainable.

The empirical and theoretical analyses suggest that growth and/or stagnation of small-scale manufacturing, trading and service activities is conditioned largely by the constraints imposed on them by the total urban productive and social structure. It implies that an activity or a group action can be satisfactorily explained only by "identifying its place in a pattern that characterise the ongoing processes of change in the whole system"

(Wilber and Francis 1986:181).

An urban economy is characterised by a hierarchised interdependence of activities where vertical and horizontal links are crucial. This study of petty-trading in Calcutta is placed within the holistic framework provided by the Marxian model which allows the analysis of processes and links to proceed right down to grassroot level. Petty-trading in Calcutta operates at the margin of a capitalist sector marked by a flight of industrial capital, declining manufacturing activity and a dominance by impotent commercial capital. The analysis of the pattern of growth/decline of the petty-trading sector in relation to the capitalist sector and its links with it and the heterogeneity within petty-trading will provide the conceptual basis for policy design. Thus the study first focuses on the politico-economic history of Calcutta (Chapter 3) while the empirical analysis (Chapters 4-7) examines the genesis of this sector in Calcutta, its links with the urban economy and the internal heterogeneity.

### **2.3 Alternative approach and model:**

The internal organisation of a metropolitan economy is characterised by an hierarchised interdependence of the different activites. Like all other activities petty-trading in Calcutta has also been shaped and limited by the socio-economic and geo-political unit in which it has its roots. The scope of the theoretical analysis must therefore encompass processes (past and present) and at all levels pertinent and/or necessary to explain the nature and persistence of an activity. The aim is twofold: one, to show the articulation of petty-trading units with higher levels of commerce and production, to establish its importance in the employment structure and to study the economics of the activity, and two, to understand the articulation of modes of production at the national and regional levels, which provide the dynamics of the socio-economic processes and the emerging post-independent national power structure in which Calcutta is located.

Several theories have dominated the debate on possibilities of and nature of growth and/or change in the Third World.

#### **2.31 Theories of change in Third World.**

After two decades of vigorous theory-building within a holistic approach, there are several positions on the pattern and type of growth possible in Third World economies. However, there is an apparent consensus that direct colonialism retarded and distorted indigenous development, with of course the exception of Warren.

India receives little mention in literature (relating to dependency theory or world systems theory) on post-colonial development. As pointed out by Mukherjee & Mukherjee (1988: 531) that "this may be because the Indian experience does not fit into the neat models put

forward by a wide range of "dependency theorists", world-systems analysts or the current reincarnation of the post-second world war modernisation theorists".

It is not the intention to enter into a critique of these theories but only indicate the inapplicability of these models in reference to India, and establish the validity of the theoretical position of the study.

### **2.32 Dependency theories:**

Despite the heterogeneity of analytical approaches which characterised the "dependency school, "the dependent character of these Latin American economies is the hub on which the analysis of underdevelopment turns" (Palma 1978:898), with different writers "assigning different weights to the several constituent properties of dependent or peripheral status" (Booth 1985:762).

In its early formulation by ECLA economists, dependency was seen purely as an economic relationship and dependency came to mean lack of autonomy. This relationship was sustained by the terms of trade moving in favour of the industrialised countries (Roxburgh 1979:44). Frank developed his circulationist theory<sup>12</sup> using the metaphor of a chain of exploitative relations. He stated that capitalist relations are established as soon as the periphery is integrated into the world-system. The integration takes place through the satellites established in the colonies. The surplus is extracted and transmitted through a series of metropolis-satellite links, leading to the "development of underdevelopment" (Frank 1967). Dos Santos (1969) pursues Frank's line of thought, but distinguishes different types of relations of dependence. He "attempts to break with the concept of a mechanical determination on internal by external structures" (Palma 1978 :901). According to Palma (1979) perhaps the most sophisticated of these stagnationist version came from Furtado (1976). But cutting across these differences in emphasis were some commonly held contentions.

(i) " the world system is such that the development of a part of the system occurs at the expense of other parts. The mechanism by which this occurs include trade and unequal exchange, the transfer of capital to central/metropolitan countries by multinational corporations, and the transfer of technology under restrictive conditions prevent its diffusion in underdeveloped countries (LDCs) and benefit its owner in developed capitalist countries (DCCs).

(ii) underdevelopment is not simply non-development but is a unique type of socio-economic structure brought about by the integration of LCCs into the capitalist

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<sup>12</sup>The heirarchy of urban centres within a country were the links in the chain of exploitative relations.

world system.

(iii) dependent countries lack the capacity for autonomous self-sustained growth , and can expand only as a result of growth of DDC's " (Smith 1982: 7).

Cardoso (1972) in a systematic critique of the dependency theories argues that as foreign capital is directed towards manufacturing industry in the periphery, dependency and industrialisation cease to be contradictory, and the path of "dependent development" is possible. Lall (1975) rejects the notion of dependent economies. He argues that the so called characteristics of the dependent economies are actually characteristics of capitalist development. They are observed in the "non-dependent" economies as well and therefore not peculiar to the dependent economies.

### **2.33 World systems theories**

Amin (1974, 1976, 1977) develops his ideas through the theory of peripheral capitalism and the theory of unequal exchange (originally put forward by Emmanuel). The basic difference between centre and periphery is in the nature of capitalist development. Capitalist relations in the centre developed as a result of internal processes, with balanced internal relationships between sectors producing mass consumer goods and capital goods, and therefore capable of autocentric growth. In contrast the transition to peripheral capitalism creates distortions and imbalances which reproduce the conditions inhibiting autodynamic growth. With political independence the direct domination is replaced by technological dependence, domination by MNC and subsequent deepening of underdevelopment. Further, he regards the periphery as an undifferentiated block. Any attempt to identify the great variety of types of underdevelopment will lead one to "deny the unity of the system concerned" (Amin 1976: 168).

### **2.34 Inapplicability of these models to India:**

The brief review of the dependency literature shows that dependency is generally used to mean a lack of autonomy. It implies that the internal articulation is dependent on external interactions of the dependent country, limiting the spread of capitalism and industrial expansion. Booth (1985:762) observes that there appears to be a "shared conviction, that in the analysis of underdevelopment and the pattern of change in the Third World social formations, external relations determine the role of the domestic structural properties".

Mukherjee & Mukherjee<sup>13</sup> (1988 :531), Patnaik (1975) and Lall (1985)<sup>14</sup> demonstrate

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13 Mukherjee & Mukherjee (1988) apply some of the indices used by the dependency theorists and the world-systems analysts to determine the issue of dependent development in the case of India. They assess the role of foreign trade and the role of foreign trade and the export sector in particular in the GNP, the role of the transnationals in export, the proportion of foreign investment in the country and their growth against the public sector and indigenously financed private sector. They conclude that despite the increase in foreign investment their relative share has declined. Furtherm government restrictions prevented the

that the expansion of the industrial base in India has lead to a decline in external dependence. It may be argued that in view of its increased foreign debt in recent years the situation may be reversed. It is perhaps pertinent to note that despite the increase in foreign debt, India's credibility as a borrower is high with no significant default in repayment. Given its fairly insular financial system, its buoyant capital market and its ability to repay its loans, it is unlikely that it will enter into a new phase of dependent relationship with 'central capital'.

Roxborough has argued that it is far more useful to define "dependency as a paradigm rather than a specific notion". Here dependency is viewed as the "conditioning factor which alters the internal functioning and articulation of elements" (1979: 43). While the notion of dependency is not rejected, its defintion within the dependency framework implying that external dependence is the conditioning factor has only limited applicability to India. The notion needs to be reformulated within a framework where external dependence is one of the factors and whose importance varies with the state policies, role of the bureaucracy and the ruling class. External factors have neither influenced the internal articulation nor the internal movement of capital in India in the post-independence period. Since the study aims to establish that Calcutta is dominated by commercial capital and not industrial capital, as is the case for most metropolises, it is central to this study to understand the forces which trigger the internal movement of capital in post independent period. It is the composition of the capitalist class in India and the role played by them and the bureaucracy which makes internal forces predominate and which determine the pattern of internal dominance and dependence.

Though the Indian capitalist class is composed of many different groups they have joined forces to fight foreign capital and domestic feudal interests. As Alavi (1975) notes, the dependency concept is inadequate because it denies the fundamental difference between post-colonial and colonial situation, for there is a convergence of interest. Their aim has been to "develop India economically on behalf of a ruling alliance of capital.... and gain the accoutrements of a greater power" (Dutt 1984: 9-10). The drive for greater autonomy has led India to the "non-aligned" stance which allows it to obtain financial aid and technology from both superpowers. Though this drive for autonomy cannot be confused with complete independence, external factors have had little or no influence on internal articulation of modes of production.

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"exporting of the multiplier effects of the foreign investments.

<sup>14</sup>The indigenous industry is generally uncompetitive being nurtured in a closed economy, but there has been an expansion of the industrial base and a decline in external dependence (Patnaik 1975, Lall 1985).

That this model is inappropriate to India was obvious from the start. While the debate raged in the west, it had little impact on academia and research in India. This can be attributed to the fact that "both the notion of dependence as well as dependence as an historical experience had been clearly identified in the Indian intellectual and political debate for quite sometime<sup>15</sup>. "Simplistic explanations of how India's economic problems were mainly caused by external factors.... were abandoned, since a moncausal theory was insufficient "(Bloomstrom & Hettne 1984:127).

The debate<sup>16</sup> in India in the 1970's centered on the articulation of modes of production within India and how the country was going through a sharp transition with capitalism providing the force of change. What is relevant to this study is the fact that this debate showed that dynamics of change in present India lies within the country though capitalism was initially imposed from outside.

The second objection to the dependency concept relates to the role assigned to the capitalist class and the state. The capitalist class is considered an obstacle to economic development while the state has little power (Roxborough, 1979:27-41). Dutt (1984:22) notes that in keeping with the neo-colonial perspective, and almost a doctrine in left wing politics, it is believed that all decisions and actions of the capitalist class in peripheral countries have a detrimental effect on that nation, though it is true they never lose sight of their own interest. Seen in their specific historical evolution (India), this class before independence "emerged as an economic category with a growing independent base for capital accumulation". It suited them to subordinate short term class interest to long term class interests and play an active role in the national movement. This however, enabled them to participate actively in the policy planning after independence. This last role has been vital to pattern of economic reorganisation and capital movement which followed. To regard this class merely as an instrument of foreign domination, is to ignore their capacity to influence regional and national politics and the internal pattern of capital accumulation. Though the Indian ruling class is comprised of national bourgeoisie, the army, the wealthy farmers, small traders and money lenders, "India's state capitalism is led by a bureaucratic elite" (Dutt 1984:22).

A major objection to Amin's model is its rather mechanistic approach. He denies the validity of any study other than one at the world level, because national economies are truncated and have no internal dynamic of their own. In other words he denies the

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<sup>15</sup>Naraji ( 1901) as early as 1866, tentatively developed the "Drain Theory" where he claimed that transfer of capital deprived India of development opportunities in the form of infra-structural investments. It was concerned with the effects on the Indian economy of an unilateral and unjust economic relation.

<sup>16</sup>A.Thorner (1982) delineates the main issues in the Indian debate on the classes and modes of production and the contributions of the Indian and foreign participants.

importance of intra-national factors and their interaction, and regards any national-level study as descriptive and superficial. It rejects the notion that exploitation and accumulation, development and change can take place within a national unit, without any substantial part of the surplus going out of the country.

The political implications of this approach are, "in short, nothing can be done by the peripheral economies to foster proper development" and secondly, "it denies the importance of national policies in the periphery" (Smith 1980: 12-18) and hence the role of the state in influencing the role of multinationals, levels of wages and the nature of the economy. In other words, Amin imposes a "analytical straight jacket ....on all historical experiences."

Thus this model denies the importance of analysis of national units<sup>17</sup>, assumes identical historical experiences for all peripheral countries and assigns only an international role to the capitalists ignoring their influence at the regional and the local level and hence the movement of capital within a nation.

#### **2.4 Theoretical framework of the study:**

Though India is still dependent on western technology, its development issues and problems cannot be analysed within a conceptual framework which attributes the highest importance to external links. One of the main objectives of this study is to show that Calcutta's stagnation is due to continued absence of industrial capital and its dominance by commercial capital because it failed to develop a locally based industrial capitalist class. It is this continued absence of industrial capital which has led to prolonged industrial stagnation and decline in employment opportunities, and which has altered the economic and social significance of petty-trading operating at the margins of the capitalist sector.

Thus central to this study is the need to understand the pattern of capital accumulation and disparity in India and the hence the forces behind it. As the last section demonstrated, to understand the dynamics of change within India, after forty years of state capitalism (Dutt 1984: 22-32) it is necessary to understand the articulation of different modes of production within the nation, the complex class formation and its conflicts. This however is not to deny the common history of colonialism and the nature of capitalist development in that period nor the common development problems of the Third World.

It is rather to stress that, though these ex-colonies had a common starting point, they

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<sup>17</sup>The argument for using a nation as a unit of analysis is summed up by Roxborough. "Though there is no easy resolution of the question of the unit of analysis, if only because the real world is neither a perfectly integrated system nor a loose collection of autonomously functioning national societies ...But in so far as we take our unit of analysis to be the nation-state of the Third World, it can reasonably be argued that at present time these are in fact arenas in which social classes are formed and fight out their conflicts...." (1979:53).

have gone through development experiences which have changed the relative importance of various internal and external conditions and links. The central insight of the dependency school that, it is "of limited value to study the development of the societies of the Third World in isolation from the advanced societies" (Roxborough 1979 :42), is incorporated into the analysis by an analysis of the articulation of the modes of production, while it does away with the mechanistic approach of some of the positions (for eg.. Amin 1974, 1976).

The Marxian reconceptualisation of the notion of dependency based on the articulation of Modes of Production (MOP) has certain advantages. It allows one to highlight the differences between the post-colonial and colonial period i.e.: the imposition of capitalism and dominance of the stronger foreign capital in the colonial period; the diminished role of foreign capital at the national level in the post-colonial period, the convergence of interest within the Indian Capitalist class; and their influence (direct or indirect) on the articulation of non- capitalist modes and forms of production with the capitalist sector. Noting the very insignificant external influence in the post-colonial period on the rather insular Indian economy does not imply that the relations of domination-subordination do not exist at other levels within the country or that capitalism ceases to be the main force of change. In fact an advantage of the concept of articulation of modes/forms of productions is that it allows the analysis of domination (by capitalist sector)-subordination (of non-capitalist modes/forms of production) at all levels and hence an insight into changing relationships. It allows us to understand the processes which created the hierarchical interdependent system of urban activities and how changes in such a structure affects the role and significance of other forms of production operating in the margins of the capitalist system.

The system of activities in an urban centre depends on the role and position of that urban centre in the hierarchies of the national urban system and the power structure.

The national urban system is the spatial manifestation of patterns of capital accumulation and disparity. These centres of accumulation are paralleled by the emerging or the present power structure, which in turn controls the subsequent movement of capital and labour. It is the direction and flow of capital and labour (initiated by changes internal or external) which are the crucial underlying factors.

This theoretical framework allows us to demonstrate how the processes in the colonial period (discussed in Chapter 3) imposed relationships which shaped the regional and urban economy and helps to trace the changes since independence in the eastern region and Calcutta, within the total change at the national level, of links and relationships. It is basic to the study to be able to analyse the pattern and nature of internal capital accumulation, its spatial transfer and concentration, and consequent disparity, vertical (class) and horizontal (spatial) which leads to the proliferation of some activities and

contraction of others.

The theory of articulation of modes of production represents one of the many positions within the MOP school.

#### **2.41 The Mode of Production school:**

The MOP school represents one of several attempts within the Marxian tradition to answer the various questions pertaining to development in the contemporary Third World. The source of this approach in development studies lies in Laclau's (1971) seminal article, the dissatisfaction among researchers at an empirical level and concepts introduced by Rey and in Althusserianism. Several concepts were put forward as alternative theories to overcome the conceptual limitations of the dependency theory. But Laclau's (1971) criticism of Frank's model was the most influential. Laclau noted that the roots of exploitation lay not in unequal trade as claimed by Frank, but in production relations that were created by colonialism. That it brought about an alliance between capitalistic relations of production and the existing pre-capitalist modes of production; it articulated capitalist modes of surplus appropriation with pre-capitalist modes of surplus appropriation. According to Laclau unequal trade is merely a manifestation of the nature of production relations established in the Third World.

Secondly, "many researchers found it difficult to relate the wealth of empirical detail generated in the course of fieldwork to the overarching logic of the patterns of surplus transfer between the core and periphery of the world economy that form the focus of Frank's model" (Ruccio & Simon 1986: 212). The dis-satisfaction with the model and Laclau's criticism "coalesced with the concepts of Rey and Althusserianism (defined in the next section)....and inspired a new direction in Third World studies, one which tries to understand poverty and exploitation in underdeveloped countries as a result of articulation of capitalist modes of production with pre- capitalist production" (Hoogvelt 1982: 174). The concept of the articulation of modes of production, as it stands today, evolved through extensive debates on transition of a social formation to capitalism, within the MOP school. It is not the intention here to go into a detailed discussion of the debate, but it is necessary to elaborate the concept of articulation and define what is meant by "mode of production".

#### The concept of mode of production:

This was developed by Marx to delineate the five stages in the progressive evolution of a socio-economic formation. For Marx the distinctive structural characteristics of each epoch lies in the manner in which surplus labour is appropriated and distributed (ideological, political and economic means). To this corresponds the manner in which the forces of production are socially and technically combined. The concept of forces of production refers to the three elements, land, labour and the means of production, including the

manner of their technical combination, the concept of relations of production refers to the social organisation of this combination. During an entire period, capitalism must reinforce these relations, for it is only this development which allows it to draw men and material from them. Rey distinguished three stages: (i) an initial link in the sphere of exchange, where interaction with capitalism reinforces the pre-capitalist modes, (ii) capitalism takes root, subordinating the pre-capitalist modes, but still making use of them and (iii) the total disappearance of the pre-capitalist modes even in agriculture.

As stated earlier Laclau drew upon these theoretical developments to attack Frank's model and thus provided a lead for subsequent research in Third World development.

#### **2.42 Articulation of modes of production and Third World Development:**

The central focus of the articulation of MOPs theorists is, in particular, the system of relations between the capitalist mode of production and the set of pre-existing noncapitalist modes of production in the developing countries (Ruccio & Simon 1986 :213). The three possible positions arise from the fact that three alternative forms can be used to answer the basic question of how different capitalist and non-capitalist modes of production can be articulated in a single social formation. The variables used to differentiate the three alternatives are form of interaction and degree of dominance by one mode of production over the others.

The first possibility is that various modes of production exist alongside but are essentially independent of one another, a position generally rejected by MOP theorists.

The second form is when various modes of production are inter-related under the dominance of one of these modes of production. For example, capitalism would dominate others in the sense of largely determining the nature of their existence, their reproduction over time and any changes they may undergo.

A third possible model would be where modes of production are combined in such a way that there is no dominant mode of production (Ruccio & Simon 1986). It is the second alternative which is considered by Marxist theorists to be most representative of Third World reality.

Within the second model there are, however, two further possible positions. The first, being that the articulation of modes of production may be such that capitalism quickly breaks up the other modes of production, that is, transition to capitalism takes place rapidly. This was the position held by the theorists of imperialism (Lenin, 1933 and Luxemburg, 1951). The second position, the one adopted by the MOP theorists, holds that transition to capitalism in the developing countries is slow and problematic. They argue that in the initial interactions of capitalism with non-capitalist modes of production, through the sphere of exchange, reinforce the latter. As capitalism takes root it gradually

subordinates all other modes of production through the market mechanism and through the spread of dominant relations of production.

The articulation of MOP approach provides a conceptual framework to analyse the interrelations between capitalist and non-capitalist modes/forms of production as they are observed in the peripheral societies. National systems in the Third World are marked by a complexity of class relations, interest groups and varied relations of production. This is because capitalist development in Asia, Africa and Latin America was not initiated by social and economic mutations<sup>18</sup> within these continents. It was chiselled out of the older pre-capitalist order by the imperatives of the new, dynamic economic system in Europe. Since the sixteenth century, this new economic force, in the garb of colonialism subordinated and retained those aspects of the pre-capitalist society useful to it, destroyed those which proved inconvenient and superimposed production relation vital to its own success. Thus coexisting today, within India as within other national economies of the periphery, are different systems of production and production relations. Hence, the particular concern of this approach is one, to identify the changes initiated and structures created by the imposition of capitalism from the outside and two, locate the forces of change within the present structure.

It is necessary to understand the notion of articulation in this light. That it is used to analyse the combined presence of different capitalist and noncapitalist modes of production during the course of transition to capitalism. Modes of production are conceived to be articulated in a social formation such that any change in a mode of production is dependent and/or determined by other modes of production, and the manifestation of one mode cannot be analysed independent of how other modes of production are manifested.

It argues, that the whole point about colonial exploitation is that metropolitan capitalism did not establish capitalist relations of production when it integrated these countries into the world market. Rather, it brought about an alliance between capitalist relations of production and existing pre-capitalist relations of production. The combinations characterising social formations vary with the means of exploitation, which in turn reflected the changing nature(mercantile, competitive and monopoly) and needs of capitalism.

In the slow transition to capitalism these societies pass through the three successive stages of articulation specified by Rey (discussed earlier). In the first stage capitalism was "imported" into Third World with colonialism, which then proceeded to reinforce some of the pre-capitalist relation. The second stage is marked by capitalism becoming the

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<sup>18</sup>See Stavrianos (1981) for details on the socio-economic mutation which led to capitalism in Europe.

dominant mode. The last stage, not reached by most peripheral countries, is when capitalism replaces all other modes of production.

The relevance of the model to this study:

The utility and the relevance of this approach lies in the fact that it allows for the analysis of the differential development experiences of peripheral regions, while taking into account the similarity of colonial history. Capitalism in India, as in all other Third World countries, was imposed through colonialism. This has left a legacy of varied production relations and a complex class structure dominated by industrial capital. As stated in the model the capitalist sector is the source of productive forces in India, as it subordinates and transforms non-capitalist modes and/or forms of production and at the same time controls the movement of capital within the country. However, from 1947 onwards foreign capital has been gradually replaced by indigenous capital which now dominates the capitalist sector. Though this considerably changed the nature of articulation with 'central capital' at the national level at the sub-national level this articulationist approach is still valid as the capitalist sector continues to dominate.

The aim of this study is to show that Calcutta's stagnation is due to the continued absence of industrial capital because Calcutta failed to develop a locally based capitalist class. The persisting decline in manufacturing production and increasing unemployment altered the significance and role of petty-trading operating at the margins of the capitalist sector. This implies that articulation is at two different levels: one, the articulation of modes of production and the complex interplay of class relations at the country and regional level which determine the internal movement of capital, the nature of relationship between centres of accumulation and shifts in the focus of capital accumulation within the country. Two, the articulation of the petty commodity sector at the margins of Calcutta's urban economy directly affecting the role and character of petty-trading. This multi-level theoretical analysis basic to this study is only possible within a MOP framework.

The main criticism of this approach is one of economic determinism, because all political, cultural and social aspect of the society are conceived to be determined by the mode of production. The most notable critic of this approach have been Hindess and Hurst who "reject the pertinence of this concept all together as the basis of analysis" (1977 :2) on the grounds of its economic determinism and the theory-observation dichotomy. Since the two concepts, mode of production and social formation, are at two different levels of abstraction, it involves moving between these two levels and reality and therefore invokes a theory-observation dichotomy. Despite these limitations, it offers the most adequate means of analysis for this study.

#### **2.43 General model of urban dynamics:**

Placed within this theoretical framework is the generally accepted model of urban dynamics for Third World cities. It is believed that as colonialism, through commercialisation and non-market coercion imposed a new pattern of relationship on the existing one, it also created a new system to facilitate the transfer of the extracted surplus from the colony to the mother country, it is the hierarchy of urban network with the port city at the top. The system not only reinforced itself as it channelled the surplus, it was also strengthened by the inflow of indigenous capital which found no outlet in the rural areas and the surplus labour created by the changes.

In the post independent period the existing system is used to reinforce or replace some of the links and relationships to strengthen the system as a whole and make the metropolis more dynamic and powerful. This change is initiated by increased inflows of indigenous and foreign capital into these centers, resulting in increasing imbalance in sectoral productivity. However, the growth in productive activities is not sufficient to absorb the increased flow of people due to growing rural- urban disparity. Unable to enter the sphere of production a majority of them become self-employed in the commercial sector. This model is valid for most Third world cities which have maintained a dominant position even in the post independent period. However, implicit in this model of urban dynamics is the presence of an industrial capitalist class in the urban centre, providing the source of economic strength and political influence.

#### **2.44 The alternative model of urban dynamics:**

The case of Calcutta shows too many deviations from this general model. Calcutta was one of the strongest colonial cities, an enclave of capital accumulation and a centre of investment. However, even in the colonial period there was one major difference with other colonial port cities. Most colonial cities were centres for industrial and commercial capital, like Bombay. Calcutta attracted foreign and indigenous capital because of its status as the largest metropolis, but the indigenous industrial capital was controlled by groups based outside Calcutta and the eastern region. This was crucial when the national economy reorganised and re-orientated itself to the national/internal market.

Political independence and economic reorganisation which helped other centres to strengthen their links, assisted in destroying the links and relationships of this regional urban system by deflecting the forces which would have strengthened the system. Such a process is initiated when local capitalists no longer find it attractive (for reasons economic or sentimental) to invest in a particular metropolis either because an alternate site is more lucrative or because the metropolis has been unable to cope with the changed situation and

became inefficient and inadequate<sup>19</sup>. As the power of the metropolis is undermined, the centre becomes weak and exogenous factors become important. The basis of earlier domination weakened, internal contradictions of the urban system surface and stagnation sets in, and hastens the flight of capital. However, the flow of people into the city tends to continue for a while because disparity <sup>20</sup> is still present. In the absence of growth in industrial employment, these people have no alternative but to become self-employed in the commercial sector.

The small-scale traders, in either case, represent a group who have been unable to enter, neither petty commodity production nor the capitalist production. They attempt to enter the urban economy through the exchange sector. They intercept the goods as they move from the producer and/or wholesaler to the consumer, acting as bulk breakers, and attempt to cut a share for themselves.

It is true that whatever the direction of change for the metropolis, in the post-independent period, there is a swelling of the tertiary sector and particularly an increase in the number of small-scale, self employed traders who enter the labour market without any skill or resource. The importance of identifying the different paths lies in the policy implication.

Planning or managing an activity within a stagnating economy is quite different from managing the same sector in a dynamic economy. In the general model the workers are placed in a dynamic growing centre where the scope for vertical and horizontal mobility is real. In the case of Calcutta there is little scope for mobility as workers operate within the constraints of persisting high levels of unemployment and economic stagnation. Further, the continuing high unemployment among the educated urban workforce is affecting a social and economic realignment within this group and pushing them into the sector. This implies that a policy must not only take into account the problems of relocation and economic heterogeneity but also the possibility of a changing demographic composition of the sector.

This study therefore argues that petty-trading has grown in response to total urban economic conditions of low level of living, skewed income distribution, demand segmentation, shortage of capital and alternative employment and continuing disparity between different sectors of production. In the very limited employment opportunity structure petty-trading is a real alternative, not only for the unskilled migrants but also for the resident urban workers, some of whom are educated. It states that this activity is more

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<sup>19</sup>The inability of the state and the city governments to deal with economic, political and social problems of Calcutta made for extremely unattractive environment for investment. The issue is discussed at length in section 3.4.

<sup>20</sup>Declining small towns and very slow improvements in agricultural productivity make it difficult to narrow the disparity already established.

important in Calcutta's urban economy with its limited options, than in a urban system which offers far greater scope for horizontal and vertical mobility.

The government of West-Bengal however, reflects the attitude of most other governments (Tokman, 1978). It believes that "so unproductive" an activity does not deserve any planned effort. They are regarded as a group illegally occupying public space and obstructing pedestrian and vehicular traffic. At best the petty-trader is viewed as an enterprising victim of the shortage of productive employment opportunities in the city, at worst, and more representative of the government attitude, he is considered a parasite or a potential criminal. It is important to emphasise that this sector, will not go away if we ignore it. It is an important part of the urban economy which will persist and proliferate in complexity.

Having established theoretically that petty-trading is an important alternative given the limited employment opportunities, it is the task of the empirical analysis to establish the viability of the sector and the scope for mobility within the sector. However, before such an analysis can be undertaken it is essential to identify the issues pertinent to such an analysis.

## **2.5 Issues examined:**

The issues examined are determined by the theoretical stand of the researcher, the social and economic history of the city and the aims of the empirical analysis. The first two have already been defined. The aim of the indepth empirical analysis is threefold.

(i) Given the diversity and fragmentation of the labour market in Calcutta the study would like to (a) observe how the rate and nature of entry into petty-trading compare with other sectors of the economy and (b) show how socio-ethnic factors influence the entry and the nature of links established by the traders. (ii) Examine the type and nature of links established by the petty- traders, which would indicate their bargaining power in the labour market, and which ultimately determine the earning capacity of the trader. (iii) Identify the nature of heterogeneity and the survival strategies of the different sub-groups of petty-traders, establish the possibility of capital accumulation in this sector and hence the viability of the units.

### **2.51 Issues at macro and theoretical level:**

Two issues of prime interest in this study are the causes behind the economic stagnation of the city and the conditions for the proliferation of tertiary activities in general and small scale trading in particular. As already stated these two issues are inter-related, but for the sake of clarity, I shall discuss them separately.

Calcutta's problem of intense social poverty and a rapidly growing small scale commerce

has been attributed to its loss of position in the urban hierarchy and consequent change in its role. At present "industrial stagnation is so severe that net immigration into the CMD<sup>21</sup> has dried up and living standards have probably declined, certainly in relative, and possibly in absolute terms" (Richardson 1983: 113). Further, the state government has reconciled itself to the view that industrial growth depends on rehabilitation and diversification of existing industries and the expansion of small-scale industry. However, Orissa and Bihar both have higher industrial growth rates, yet migration from these states continues into Calcutta. The contradictory trends, persisting stagnation with little scope for improvement and the concurrent increase in the number of petty-traders has added a different dimension to the problem. The dynamics of small scale trading show its capability for surviving and persisting in many different conditions. It is therefore important to identify those characteristics in petty-trading which have developed because of Calcutta's economic stagnation. Demographically it is expected to support a larger proportion of urban residents than found in most other cities.

In all colonial cities, tertiary activities as a whole have been growing at a faster rate than other secondary activities, since the beginning of urbanisation initiated by capitalism<sup>22</sup>. Similarly, in Calcutta small-scale trading has always been prominent among tertiary activities, specially within the confines of the "native" part of the city. "The basic tendency in the economic organisation of the European town of Calcutta was to cut down the number of people in transaction. The reverse tendency operated in the Indian towns" (Sinha 1978: 18). A petition from a Khatri (north Indian merchant) asking the government to be allowed to set up a bazaar in Calcutta is worded as follows: "I am desirous of increasing its cultivation and peopling it with shop-keepers...."<sup>23</sup>. The petition has been quoted because it is suggestive of several concurrently occurring processes leading to increase in small-scale trading. It indicates (i) that a fair proportion of native capital was moving into commercial activities and real estate (ii) that investment in real estate indicated a strengthening of the position of the ground rent<sup>24</sup> (iii) that a large rural population was waiting to be drawn upon (iv) that commerce in Calcutta was beginning to be dominated

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<sup>21</sup>Calcutta Metropolitan District.

<sup>22</sup>In the European model tertiary and secondary activities supported almost equal proportions of occupied population till the beginning of this century, when growth in tertiary activities overtook growth in manufacturing activities (Amin, 1976:188)

<sup>23</sup>Proceedings of the Calcutta Committee of Revenue, Fort William, October 24 1774. (as quoted in Sinha 1978 pp.18).

<sup>24</sup>Under central capitalism landed property progressively lost its position in the economy.

by migrant groups and (v) that large traders had more to gain from creating many small retail outlets. These trends show the strong links of small commerce with the large retailers and landowners. It is intended in this study to note any change in the character of links of petty-trading.

### **2.52 Issues at sectoral and empirical level:**

The issues at this level are social and economic. The number of units of petty-trading has expanded during a period of high unemployment among the educated residents and the unskilled labour (migrant and non-migrant) force, I attempt to establish how the socio-ethnic linkages of the different groups have affected their economic decisions and their well-being. Secondly, they are located at the lower end of the economic structure, with low bargaining power associated with negligible control or access to resource. Their economic relationship with the larger units could be symbiotic and/or exploitative. It is vital to understand the relationship because it could be a major constraint or help to the stabilising of these units.

The analysis is based on the assumption that the petty-traders do not form an undifferentiated homogeneous economic group i.e. horizontally, they are fragmented by social, caste and regional loyalties and vertically, layered into economic groups. As petty-trading is composed of complex overlapping groups the last exercise attempts to understand the basis of economic heterogeneity, identify the economic groups, the scope for mobility and their survival strategies.

### **2.53 Social issues:**

The petty-traders constitute a substantial part of a group which has evolved in response to limited opportunities for participation in large scale economic activities. Limited opportunities of employment in an economy may be due to two distinct set of factors. Research has shown that capital intensive industrialisation accompanied by high rural-urban migration results in a high rate of urbanisation. This leads to a proliferation of small-scale activities requiring little skill, capital or education for it is precisely those without these resources who experience difficulty in finding employment. As a result these activities tend to be dominated by migrants (Mazumdar, 1976; Merrick, 1976; Scott, 1985).

Calcutta however has been economically stagnant with negligible growth in productive activities for almost two decades and a declining rate of rural-urban migration. Petty-trading, like other small- scale activities of Calcutta would therefore not be dominated by migrants nor have a demographic composition distinct from that of the urban

economy. Since petty-trading represents as much of a pulling in of the resident population searching for employment as that of the new migrants attempting to enter the labour market, its demographic structure will be a reflection of the realignment taking place within the resident population. The emphasis to understand the demographic structure of petty-trading is therefore at two levels:

(i) City level:

Since petty-trading in Calcutta is associated with stagnation rather than growth, the social composition of this activity would indicate how the economic and political forces operating have affected the participants at the lower end of the labour market. Further, given the socio-economic conditions in West-Bengal and in Calcutta, petty-trading is expected to have absorbed a large number of prime-age workers who are also heads of households.

(ii) Within trading:

With the long history of migration, from Bihar and U.P. the industrial labour force, the wholesaling sector and all the activities requiring unskilled labour is dominated by migrants from these states. Within wholesaling different social groups control the trade of different commodities. It is important to assess whether the product specialisation of the groups dominating wholesaling have also influenced the structure of petty-trading. If there is a positive correlation, it would imply that the late entrants and those not belonging to the dominant groups would be left with less lucrative goods or location. I would like to document the nature and the extent of influence, because this would provide the background against which the vertical linkages joining the petty-traders to the commercial system of the city can be analysed.

Another social issue relates to the set of relations that the petty-traders have developed within the sector. Studies in Latin America have indicated that the traders are too fragmented to be a cohesive force. Bonds or links among the workers of a sector are forged by their common needs and problems. It makes for a cohesive force and often provides an effective bargaining power.

Studies in Chandigarh and Colombo have shown that workers in small scale activities organise themselves into unions to fight harrassment. Calcutta has a long history of trade union movements. With increasing politicisation of Calcutta's economic life since the sixties, pressures of a growing labour force due to increasing poverty and rising unemployment, made trade unions an effective instrument for bargaining and self protection. Almost all socio-economic groups, however small, have registered unions. It is therefore not suprising that the petty-traders of Calcutta have evolved a complex network of unions and associations.

The activities of petty-traders' union in the seventies and the early eighties attracted headlines, by their desperate attempts to preserve their means of livelihood, when

government harrassment was a regular feature. It is accepted today that the unions are well organised with strong political affiliations. As most of the petty-traders' unions gradually affiliated themselves to Leftist political parties, who are partners of the present United Front government, it meant a stop to the harrassment. While politically this group is useful, it is, economically, totally ignored. So how are the present activities of the union affected by this change in government attitude ? What are the strategies to help the members? Are the petty-traders as a group more vulnerable than the street traders of Lima or Cali, forcing them to transcend their socio-ethnic differences, or is it the presence of the more vulnerable and politically conscious resident urban workers which gives greater cohesion to this sector in Calcutta?

#### **2.54 Economic issues**

A brief description of the commercial structure of Calcutta is basic to a discussion of the economic issues examined. The existing commercial structure and the trading systems followed are extremely complex and diverse.

The structure of wholesaling: Long before Job Charnock decided to build Calcutta, the thriving trade and commerce of the eastern region was in the hands of a few large well established Bengali merchant houses. They continued to dominate the activity, dealing first with the British merchants and then the East India Company. But by the 1800's the Khatri (migrants from U.P.), had taken control of the entire textile trade. These were in turn edged out by the migrants from Jodhpur-Marwar region. They came as a group providing indigenous banking services, but by the 1830's they had taken over the trade in textile, spices and seeds. They undertook commission agency and brokerage for the British firms. With their network of Marwari firms they maintained a tight grip on jute producing and jute marketing, so they had little difficulty in controlling the trade when the jute mills were set up. But being a very tightly knit, moneyed community, they helped new migrants with free accommodation and cheap capital to start off on their own. So this group moved into wholesaling and large scale retailing. Wholesaling, retailing and brokerage is still dominated by the Khatri and the Marwaris.

The Khatri control the wholesale trade in edibles, fruits, vegetables and cereals. The Marwaris continue to dominate wholesale of durables, textile, footwear, household goods and electronic goods and most consumer goods including industrial raw-materials and metal scrap.

The wholesale centre for grains, edibles and vegetables are located at Posta and Sealdah<sup>25</sup>

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<sup>25</sup>These wholesaling centres are located almost adjacent to the two main long-distance and commuter train terminus.

while textile, stationary and consumer goods are based around Barabazar. The centre for piece-goods manufactured locally is at Harishahat. The goods are distributed from these centres through a long chain of large and medium sized retailing units. The large and medium retailers are generally located near the wholesaling centres and the nature of their business relationship with the wholesaler depends on the length of their acquaintance and the amount of business they conduct. A large part of their dealing is informally documented and based on faith and goodwill. It therefore helps if they share the same social background. The "bulk-breakers" become smaller as we move down the chain. At the end of the line is the petty-trader who buys in small quantities and sells in even smaller fractions.

Retailing takes place through trading units of various types and sizes. The large retail units stocking a variety of goods and employing 10 to 19 workers are generally located in and around the commercial areas and along the major thoroughfares. The medium sized units tend to specialise in a particular commodity or a particular range of goods. The units with less than five workers are the most widespread, often located adjacent to large traders or inside a municipal market, where the traders would sell grocery or household hardware. The small operators inside the markets set up shop every day at their fixed stalls and deal in perishables like fruits, vegetables, fish and meat. They are fairly well established and have a reasonable turnover, the business being passed down from father to son.

Located outside these markets on the streets at the thoroughfares and crossroads, outside rail and bus stations are the smallest units involved in retailing. These are the petty-traders. They are the newest participants in the market system of this economy. Therefore, what are their characteristics and how do they differ from those traders located in a more dynamic urban economy? What is the nature of the linkage which connects the petty-traders to the wholesaler and/or the financial middleman? How does this relationship affect the functioning and the growth potential of these units?

#### Linkages:

The next major issue addressed in this study is the nature of integration of petty-trading into the urban economy. The nature of linkage between small scale activities and the urban economy has been intensely debated since the seventies because it was believed that all the surplus was extracted through these linkages. However, within this subordination approach the debate continued on whether the small scale activities were autonomous and subordinated or integrated and subordinated. Tokman (1978) however, argued that they were neither autonomous nor fully integrated, but had significant links with the urban economy and a certain amount of self-containment. This implies considerable variation in

the types of linkages and in the amount of subordination. This study examines the types of linkages established by the petty-traders and the degree of subordination and/or self-containment associated with each of these linkages.

The integration depends on the nature of vertical linkages established by the petty-trader. There are two types of vertical linkages. One, the backward linkages, refer to the traders' relationship with the wholesaler, agent or the financial middleman. The trader could purchase his goods in cash or on credit or be a commission seller for a wholesaler or a large market trader. Each of these links could take various forms depending on the small traders access to resources, the community he comes from and the type of goods he sells. The second type is the forward linkage, that is the relationship established through the customer. The nature of this linkage varies with the quality of the goods sold, who buys it and where it is sold. Generally, if the goods are sold to a customer from a higher income group, then it is referred to as vertical exchange of goods, and horizontal exchange if goods are sold to a customer from a similar income group as the petty-trader.

Studies examining linkages, in their effort to highlight the subordinated nature of these activities have focused only on backward linkages. Further, studies (Bromley 1978; Tokman 1978) emphasised that street traders sell essentials, in fractions suitable for the small buyer. This implies that goods are sold to low income groups. Admitted that backward linkages of the trader are crucial to his income earning potential, but associated with this emphasis on horizontal exchange of goods, the studies neglected the effect of forward linkages.

As stated the forward linkages with the urban economy is through the customers. It depends on the quality of goods sold, where it is sold and who buys it. In Calcutta petty-traders have moved into all types of small consumer and essential goods, decoratives and accessories. Some have spread into middle class residential areas, stocking better quality products and a wider product-mix thus reaching out to a wide range of income groups. It is expected that many different kinds of seller-buyer and wholesaler-petty-trader relationships exist, some of which will be exploitative and some symbiotic. But which predominates? What is the relative proportion of these relationships? Do these links nurture the small units or merely exploit them? What kind of links have the petty-traders developed with its wide range of customers? How has it affected earning potential?

#### Heterogeneity, capital accumulation and mobility:

Not only have the small scale enterprises developed heterogenous links with the urban economy, there is also a great deal of economic heterogeneity within the sector. However the marginal theorists (Quijano, 1974; Portes, 1981) in their attempt to establish that this

sector is used to subsidise the cost of reproduction of industrial labour, and that this sector retains no surplus, tended to blur the economic heterogeneity that exists within this sector.

Schmitz (1980, 1982b) has argued that the views of marginal theorists have not been empirically tested and, secondly, he stresses the importance of separating the issue of capital accumulation from the reproduction of labour. It is the scope of capital accumulation in small scale enterprises that is pertinent to this study.

Moser (1984) in her review of the "informal sector" concluded that considerable heterogeneity existed even among the low income workers. Studies by King (1979) Lipton (1980) and Schmitz (1982b) have shown that constraints to stability and/or growth are external to the unit. Merrick's (1976) conclusion in his study of Belo Horizonte that there are "many codeterminants of earning differential" also point to a heterogeneity. Per-lee (1984) in her study of vendors in Delhi found income differences among small scale units run by women selling vegetables.

These empirical evidence indicate that economic differentiation can exist at many levels within small scale activites. Further, that the earning potential of the petty-trader would be a function of the human capital endowment and structural factors. The heterogeneity could be either because some traders enter the sector with some advantage, or because they are better operators, or they were early entrants to the sector, or they occupy a vantage location, or because their social background and better education is an advantage or hinderence or, it could be a combination of any of these factors.

The heterogeneity implies that some succeed, that there is scope for mobility within the sector and hence of capital accumulation, whatever its rate may be. This study attempts to identify the determinants of earning within the sector and show why some are more successful than others.

The economic analysis is therefore conducted at two levels. The monthly per capita expenditure of a traders household is used (a) at the sectoral level, to see how poor the petty-traders are compared to Calcutta as a whole; (b) within the sector, to distinguish the different economic groups, identify the basis of differentiation and examine the survival strategies evolved by each sub-group in their attempt to cut a larger share of the surplus.

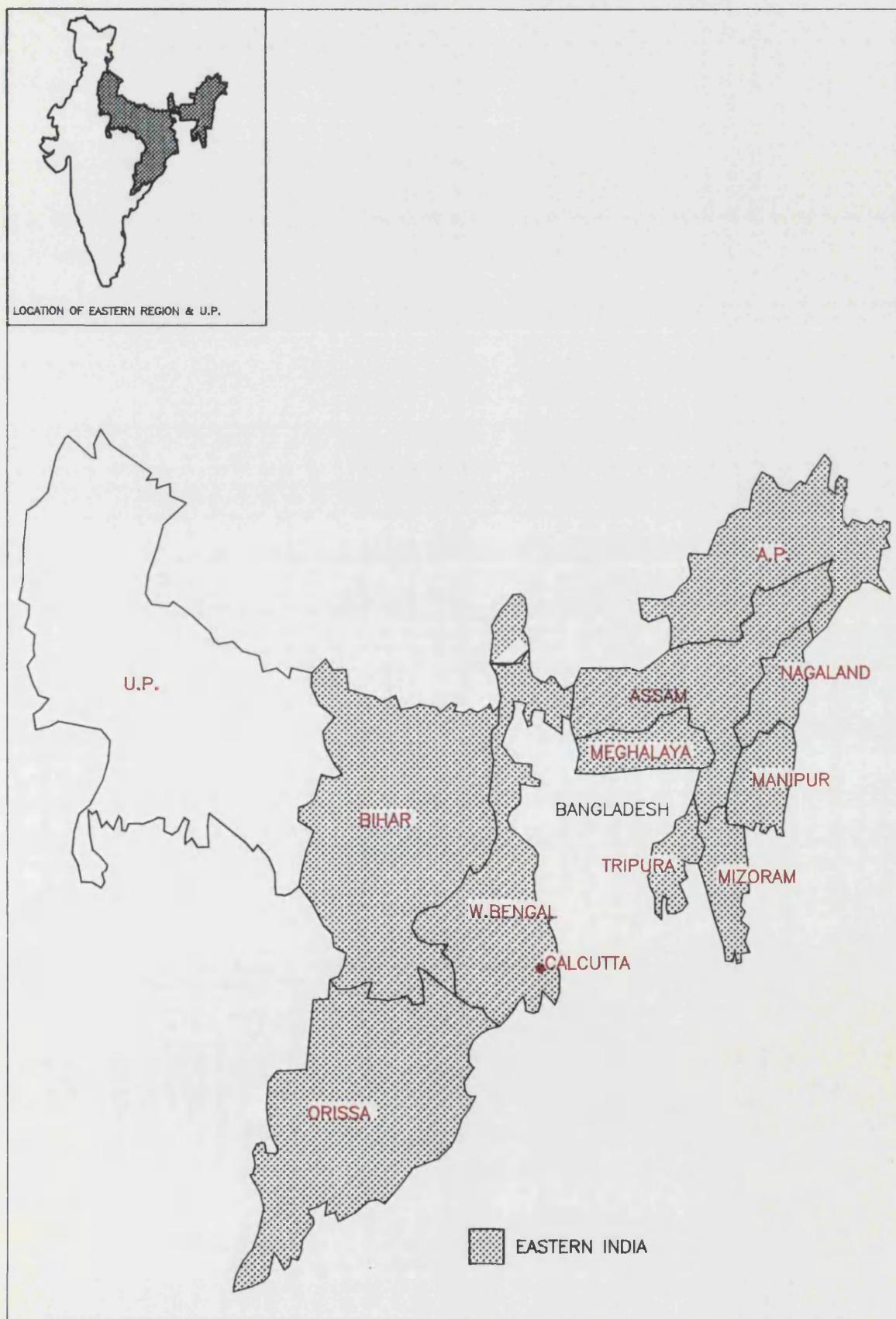
Such an analysis as this raises a host of other questions. What kind of changes accompany this mobility? Will all external constraints to small scale trading disappear if capital is made available? However, a crucial question is, if the traders have managed to accumulate some capital will they expand horizontally or vertically? Will they open another outlet which would be run by another member of the household? The persistence and/or proliferation of the street stall would point to the involutionary nature of the activity, while in reality some of the units may be capable of growth. Answers to these questions are necessary for a realistic understanding of the functioning of this sector.

To summarise: Located at the lower end of a hierarchy of interdependent urban activities, in a stagnating economy petty-trading is one of the few real alternatives open to workers in this labour market; jostling for employment in a market of declining opportunity are urban residents, political refugees and migrants from surrounding districts and neighbouring states.

The study will establish the need to devise an effective policy to manage the growth of this sector. The government needs to drop its laissez-faire policy and, secondly, it is time it gave precedence to economic problems of the city over political conveniences.

It has already been asserted that the significance and characteristics of petty-trading have been shaped and limited by the changing role of the city in which it is located. Hence in the next chapter I outline, within the alternative model developed above, the changing role of Calcutta in its national and international setting before undertaking an in-depth empirical analysis of petty-trading.

## LOCATION OF CALCUTTA IN EASTERN INDIA



MAP NO.3.1

## CHAPTER 3

### THE SETTING: CALCUTTA IN THE NATIONAL AND INTERNATIONAL ECONOMY.

#### 3.1 Introduction

Calcutta's labour market and the composition of urban activities have been and continue to be structured by the city's particular role in the wider economy. Defining that role is an essential part of this analysis. Calcutta was established and shaped by the needs of an expanding empire. The first British outpost in India was carved out of three villages situated on the eastern levee of the Hooghly. Defence<sup>1</sup> and access to the market centres inland were the deciding factors. Bengal was one of the richest regions with thriving industry and well developed trading links.

The establishment of Calcutta in 1690 marked the beginning of a long process of change, exploitation and reorientation imposed on this region. Calcutta acquired new functions and roles as capitalism changed its needs. However, the city failed to acquire new functions and roles when the Indian economy reorientated itself to the national market. In this chapter I first briefly outline the precapitalist society in Bengal. As the needs of capitalism changed, the instrument of domination and exploitation changed with it. I trace the impact of capitalism on Bengal countryside and the growing functions and importance of Calcutta during the colonial period. The last section is an analysis of the causes of stagnation in Calcutta's urban economy and how it affected its position in the emerging national urban system and in the hierarchy of power.

#### 3.2 Forces of change in Bengal:

It is not the intention nor within the scope of this study to analyse changes affecting India as a whole. The focus is on a particular region, the eastern region of India or "Bengal Presidency" as it was known under British rule. It is essentially an analysis of the character of the urban system of Calcutta as it evolves under a changing pattern of capital accumulation, through the MOP framework. However, regional changes do not take place independent of changes at national level, hence those processes directly affecting the focus of this study will be taken into account.

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<sup>1</sup>Defence from the marauding parties of Dutch and French traders who had already established outposts in Bengal.

### 3.21 The pre-capitalist society:

#### Village community and internal relationships:

The dominant social organisation in the Indian empire was the village community. The caste system also made the village the most important economic unit. It ensured a division of labour and a corresponding distribution of authority and power. Each village was governed by the local council "panchayat", generally dominated by the powerful and/or "clean" castes. Despite the high degree of economic specialisation introduced by the caste system, at the core of this social formation, (that is the village) at the production level, were two primary groups- the cultivator and the artisan. Labour in both groups had access to means of livelihood, however primitive it might be. There was a union of agriculture and manufacturing which made each village fairly autonomous and a stable social organisation. Further, whatever the ownership<sup>2</sup>, transfer of land was strictly monitored by the village headman and other land owners.

A group of villages generally had several artisans or service groups "whose products were obtained through cash transactions, which were fairly common, though not very pervasive, compared with the modern situation", indicating that these villages were not entirely inward looking self-sufficient units.

#### Trade and commerce:

A look at the market-network and the markets of pre-colonial India reveals "layer after layer of market-network, often, though not always inter-linked with one another" (Roy Chaudhuri & Kumar, 1983: 28), and a wide spectrum of traders in terms of functions, wealth and scale of operation. The traders ranged from very small pedlars to the powerful, wealthy merchant- financiers living in urban areas.

The merchant-financiers operated at the highest level. They moved goods and bullion between different regions and regimes. They also controlled the inter-regional coastal trade which had created strong links between Surat, Coromandel and Bengal in such matters as money supply and commodity prices; for example, the demand for silver in Bengal determined the interest rate in Surat. These merchants also played a crucial political role manipulating the financial disadvantage of the regional rulers (for details see Bayly, 1983) as they moved bullion freely across different kingdoms and regions, supporting some while toppling others.

The regional markets were often not integrated with this network of long-distance trade.

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<sup>2</sup>Though Marx believed that private property in land was absent in Asia, "some and was individually owned" (Bagchi 1982 :10), while there was some common land.

However, the regional market in Bengal was integrated, particularly through the textile trade. The regional market-network was a complex of small and middle order merchants and brokers. As Bayly (1983: 171) notes, "there was a solid rank of middling merchants standing between the great merchant princes and the petty hucksters of agrarian society". However, among this group there was considerable specialisation which overlapped with social distinctions of caste. Below this layer of middlemen, brokers (dalals) and middle-order traders (large retailers and small wholesalers) were the small retailers. Even among these small traders, there was considerable gap in status and wealth between the village grocer (bania) and the merchant of the small town (mahajan). At the lower end of this complex network were the peasant/artisan-traders who generally dealt in their own wares and also those of their neighbours.

It is obvious that in "...India .. a number of merchant communities...possessed a network of trade and finance which far transcended the mechanism of a deep-seated agrarian economy" (Sinha, 1978: 12). But the bazaar centres tended to remain autonomous with tenuous links with political, administrative and cultural organisations in urban centres. A number of bazaar centres and towns flourished in Bengal.

Market towns and large villages acted as the collection point for goods destined for long-distance trade, and were also points of exchange for internal trade. Farmers and village artisans disposed of their surplus produce in small periodic markets, and the produce from outside the village reached them through itinerant merchants and fairs.

The Moghuls had provided the political and administrative organisation for this extensive internal and external trade. Further, as in most countries all goods in transit were subject to inland duties.

#### Transfer of surplus:

Under this system of simple commodity production land and labour were the only inputs and surplus easy to locate. The "Moguls assessed land revenue on the area actually cultivated and not on the area a person is entitled to cultivate..... Since assessment was based on actual output, there was a built-in flexibility in the system" (Bagchi 1982,;83) and loss of crop did not lead to a loss of land nor indebtedness. The traditional share of the ruler was put at "one third of the total produce on ordinary land or one-fourth on irrigated land" (Dasgupta 1980: 2). A large part of this surplus was returned to the people in the form of payments for services and articles produced for the court and royalty and through the creation and maintenance of irrigation systems.

Capitalism interacted with and influenced each of the relationships and links which held the social formation together.

### 3.22. Capitalism and its impact on Bengal:

#### Capitalism

The essence of the capitalist mode of production is the exploitation of free wage labour by owners of means of production for the purpose of making profit (Marx 1887, Part II & III). There are two conditions basic to the development of capitalism, proletarianization and accumulation of capital. The mere accumulation of capital without proletarianization of the work-force does not lead to capitalist relations because the former requires the latter for the creation of surplus value in production. This leads to a bifurcation of society into owners of means of production and a group of wage earners. This happens with the disintegration of the precapitalist relations, which tended to bind most of the work-force in fixed relations to their means of production or to a particular producer (serfdom, bonded labour etc.). But the fixity of arrangements prevents the producer from extracting the highest surplus value. The disintegration of feudal relations in Europe was a consequence of accumulation of merchant capital. In the colonies domination and exploitation were aimed at breaking the then existing stable social and production relations without allowing a total proletarianization, and to integrate these into the world economy in a way suitable for capital accumulation in Europe. The two major instruments of change were the mercantile system and imposition of foreign trade geared to the needs of Britain.

Exploitation through the mercantile system was particularly felt in Bengal where the British had already established themselves in a trading post, Calcutta, set up by Job Charnock in 1690<sup>3</sup>. It involved (i) obtaining an order exempting East India Company's (EIC) goods from inland duties, putting the local merchants at a disadvantage; (ii) controlling the price and the quantity of goods produced by the artisan; (iii) by 1769, discouraging the manufacture of silk fabric locally and compelling weavers to work in EIC factories to produce raw silk which sold more profitably in Europe (Dutt 1901: 45) and (iv) raising the rate of taxation, the new tax being levied on land the peasant was entitled to cultivate, to be paid in cash<sup>4</sup>.

While commercialisation proceeded in Europe through increase in productivity and

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<sup>3</sup>The British settlements in Madras and Bombay predate Calcutta but their influence was limited to coastal areas.

<sup>4</sup> This had two effects, the farmer was forced to cultivate marginal and pasture land and there was no flexibility in case of a crop failure. Secondly, as the tax was assessed in cash and collected in cash, it made the actual producers more dependent on the market both for sale of the goods and for securing credit. Thus the farmer having lost the social safe-guard where the state share fluctuated with yield, turned to the money-lender, that is eventual loss of land and indebtedness. "Historically the rise of rural credit is intimately connected with this new institutional form of sharing surplus in agriculture (S.Dasgupta, 1980: 2).

greater diversification, in Bengal, it was achieved through an increase in inputs of land and labour. The net effects of these sixty years (1700-1757) were (i) the artisans producing finished goods were turned into producers of raw materials, (ii) the small farmers were forced into indebtedness and eventual loss of land, (iii) none of the surplus extracted returned either in the form of investment or demand and (iv) the trading post of Calcutta continued to grow, at the expense of earlier settlements and towns, as export and revenue continued to increase with expansion of power and intensification of exploitation. It had acquired a fort, the nucleus of the commercial, administrative, residential and military complex, fenced away from the "native town" (Sinha 1978: 5).

#### Impact of foreign trade 1757-1913:

This period was marked by a series of political, administrative and more important, structural changes. The first of these changes was a reorganisation of the land tax system and the imposition of the "Zamindari" system<sup>5</sup>. Second, between 1813-58 Britain lost its monopoly of trade between India and Europe. It abolished all duties on British goods without reciprocal concessions for Indian goods. Third, Bengal, being the major revenue surplus Presidency, financed the irrigation projects<sup>6</sup> in Punjab and U.P. (Dutt, 1901). No such investments were however forthcoming in Bengal.

The final blow came with the introduction of foreign goods: this had a far greater destructive effect on a developed social formation like India than it did on Africa (Amin 1976). Its introduction ultimately destroyed the fabric of the earlier formation and initiated a process of deindustrialisation<sup>7</sup> while the export activities gave it a new orientation. The earlier period had extracted a greater surplus by an increased articulation of petty commodity production with capitalism, the introduction of cotton manufactures destroyed certain economic activities completely.

The net result of these changes were far reaching. Most cultivators, whether formally

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<sup>5</sup>The social impact of the Permanent Settlement Act cannot be under-estimated. The landed class had started to consolidate its position with the weakening of the Moguls. This legislation in Bengal quickened the process and allowed the Zamindars (large landowners) and the "bhadralok" (rural gentry) to consolidate and to reside in Calcutta. It is the continued presence of this group which shaped Calcutta's 'peculiar political' culture (A.Banerjee, 1987). This is discussed in more detail in section 3.4.

<sup>6</sup>These projects were to increase cotton production, a major export commodity, also to keep Punjab happy, being the major supplier of soldiers for the British army.

<sup>7</sup> The "meteoric rise and steep ascent of the cotton manufactures on the list of her (India) import....and the catastrophic disappearance of cotton manufactures from her export" and initiated the long process of deindustrialisation of India (Bagchi 1982 :82). In fact for 75 years India absorbed 40% of British export of cotton goods. Other rural and urban manufactures were also systematically destroyed by licensing and withdrawal of government custom: gun-making in Monghyr and the production of saltpetre in north Bihar.

landless or not were reduced to near subsistence, as the social-safeguard against proletarianization was discarded in the search for higher revenue. On the other hand, moneylenders and landlords strengthened their position as they monopolised commercial agriculture, which expanded without an increase in productivity or increase in reward to labour. Since these Zamindars lived as absentee landlords in Calcutta, they facilitated the transfer of rural surplus to the metropolis, which was invested in the tertiary sector and real estate. Though the peasantry got increasingly impoverished<sup>8</sup>, and the rural indigenous capital accumulation progressed, despite constraints on investments.

Rural poverty was further exacerbated by the effects of deindustrialisation. In the European model the accumulated merchant capital was invested to manufacture items that were till then supplied by crafts. The released labour force was absorbed by local industrial development. In the colonial model introduction of manufactured goods sharply reduced the demand for locally produced goods and forced the craftsmen into unemployment. The peasants turned to the production of export crops which allowed them to pay for their needs. While some craftsmen found employment in tertiary activities, a large number returned to the land<sup>9</sup>. Further, the growing weight of the unemployed had the effect of dragging down the level of wages. Despite greater rural poverty, Bengal maintained its position as the prime supplier of revenue to the Empire (£38 m. between 1757-80)<sup>10</sup>.

The second half of this phase (1850 onwards), saw the reorientation of the economy of Bengal to production of exports based on cheap labour and a strengthening of many pre-capitalist relations in plantations and mines. British capital opened up coal and mica mines and tea plantations, while small peasants were induced to grow indigo. The mines and plantations were based on a system of indentured labour. Gangs of labour were rounded up in eastern U.P., Bihar, Orissa and from southern parts of Bengal, and sold to plantations and industries. The same system was used to supply labour to other colonies replacing slaves and to replace the local labour in the jute mills in Calcutta in the 1890's.

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<sup>8</sup>This was in sharp contrast to Punjab where agricultural power was diffused under the Ryotwari system, the surplus was directed to the smaller towns where the richer peasants moved after accumulating some wealth; yet continued to take active interest in agriculture, unlike the Zamindars of Bengal (B.Dasgupta, 1987 :280).

<sup>9</sup>"This is an absolutely crucial phenomenon, which underlies both the alleged "population problem" as well as a certain number of parasitical directions subsequently taken by economic activity" (Amin 1974 :151).

<sup>10</sup> For over a century £3 million were annually drained from Bengal, that is, at least 5- 6% of the resources of the ruled land. Bagchi (1982:81) notes "If we compare this waste with the 7-8% of the national income invested in Britain during the period of her industrial revolution, we can begin to gauge the magnitude of the damage inflicted".

These groups still dominate the plantations in Assam, mines in Bihar and Bengal and industries in Calcutta. Thus this phase also initiated major population movements and established the pattern for future migration, which was to effect the entire regional economy in subsequent periods.

Thus colonial changes had by this time produced different types of labour regimes<sup>11</sup>, a manifestation of the articulation of the different modes of production. The forced labour regime took the form of indentured labour. Semi-proletarianization of labour was seen in debt-bondage and partial migration, while those deprived of their assets found themselves unemployed or as wage-labour in the industries.

Before I analyse the next phase of changes i.e. the effect of industrialisation on Calcutta, it is necessary to catch up with the direct effects of colonial policies and the events so far described, directly on Calcutta and the impact of the structural changes initiated by these policies.

### **3.3 The effects on Calcutta:**

The process of concentration of people and activity in Calcutta began with the British putting an end to the Muslim Rule in 1757. It slowed the growth of other centres under the Dutch and French, and Calcutta became the satellite city of a sea-power, with its centre at the newly fortified Fort William. Initially, Calcutta was the trading centre for the export of Indian goods. Its commercial structure became increasingly complex with diversification of export, import of British manufactured goods, export of opium, indentured labour, plantation crops and jute goods. It acquired warehouses, financial institutions, banks, managing agencies, shipping agents and the entire infrastructure necessary to support any complex transaction. Calcutta added more administrative and political functions as the Empire expanded over India. To facilitate all these activities the road and rail network focused on the city, further accentuating the disparity with its hinterland and decreasing the relative accessibility within the hinterland. By the late 19th century Calcutta received substantial government investment, primarily to attract private capital. Certain areas were declared as "Municipal" and the government provided all infra-structural facilities. Substantial foreign investment flowed in to establish the jute mills (101) to produce jute goods for export. A group of secondary factories grew up around them to provide the support facilities.

While one set of activities in Calcutta was orientated to serving as a major point of transit in the transfer of goods and capital from the hinterland to Europe, another set of activities

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<sup>11</sup>The term labour regime is used to refer to different methods of mobilising labour and organising it in production and their particular socio-economic conditions (Crow and Thorpe 1988 :33).

were evolving in response to processes initiated in the hinterland by the changes described earlier.

The intensification of rural poverty as a "large number returned to the land" had a depressing effect on the level of the wages. "Normally the demand for labour increases with accumulation, the workers being recruited from pre-capitalist societies in decomposition. There is a certain equilibrium between the growth in the supply of labour and the growth in the demand for it" (Amin 1974:156). In the colonies where no accumulation of industrial capital took place alongside the decomposition process, the disequilibrium between the supply of and the demand for labour worsened. Though some of the relations of pre-capitalist mode of production were destroyed, the dominant class had survived intact, and the old mode of production retained so that a very dense rural population could be supported. The landowners/Zamindars became wealthier as they turned to commercial production. As the value of land increased the position of the ground rent strengthened. The indigenous capital finding its entry into industry blocked, was transferred to the urban centres, primarily Calcutta, into financing commercial activities, conspicuous consumption and real estate.

While these links between Calcutta and its hinterland were developing, within Calcutta itself the dominant local business group was being replaced by trading communities, first from U.P. (Khatri) and subsequently by Marwaris (from Marwar, a district in Rajasthan). Trading in Bengal had been dominated by few Bengali merchant houses till the early 19th century. They were gradually edged out of their dominant position by the Khatri. They gradually took over the wholesaling and indigenous banking activities. Both the Bengali merchant and Khatri invested heavily in urban and rural real estate. This was because indigenous capital was restricted from entering into manufacturing activities by government licensing policy, and those open to entry were not lucrative. As Bagchi notes "it is simply that under policy of free trade and with an economic environment where mass poverty was endemic, it was not profitable to invest in domestic industry for supplying the home market" (1982: 91).

The effect of investment in real estate was to push up the price of land. The means of getting a quick return to this investment was constructing slum-like dwellings to let out, and secondly, to "farm the land by small shop-keepers". The migrant trading group preferred to "people" their market by members from their own community and district. Thus the trade in indigenous commodities came to be dominated by Khatri. However, the Khatri were displaced by the Marwaris at the top, but they continued to control the rest of the trade.

Marwaris gained control of the trade in jute, oilseeds, and indigenous banking. While the other groups had invested in real estate, this group operating from obscure lodgings,

retained a strong "hold on inter-regional money circulation and the flow of imported cloth and spices. Such a long distance interlocking network provided a cushioning system in an overall situation of highly constricted supply of capital, to which the Bengalis never seriously addressed themselves except in a local setting" (Sinha 1978: 59). Calcutta had acquired a powerful trading community with its roots, hence its loyalties, outside the region. That is Calcutta had failed to develop a locally based capitalist class, and this was to have a far reaching effect in the post independent period. By 1850's an Indian capitalist class had emerged in western India, which had started to build up a cotton textile industry to supply yarn to local weavers and export to China.

By the end of the 19th century Calcutta had grown into the second biggest city of the British Empire, the most important colonial satellite of metropolitan London. Its import included a wide range of goods from Britain. It exported items collected from the whole of northern, north-eastern and eastern India. It performed all the functions of a satellite -pumping out the wealth of the country after collecting them from its own satellites, the distant trading posts throughout the entire north-east economic region (Munshi 1981:84). As the wealth got siphoned out, the region remained poor, underdeveloped and unprotected. It was thus a city created by the superimposition of commercial activities on a peasant economy. A city of "nouveau riches, i.e. of imperial administration and commerce, of absentee landlords, moneylenders and real estate speculators" (Sen, 1972)<sup>12</sup>.

### **3.31 Impact of industrialisation on Calcutta:**

The disparity was further accentuated as Calcutta's industrial base was strengthened in the first phase of import substitution starting 1914; (though about the same time it lost some of its political muscle when the capital was shifted to New-Delhi in 1912). The industrial growth in Calcutta was a part of the changes taking place at national and international level. "Beginning with the First World War, India's links with the U.K. were loosened and she entered into a situation of multinational dependence on the advanced capitalist countries" (Bagchi 1982:91). These developing links can largely be attributed to Britain's new position in the hierarchy of world power. She was replaced by USA in the inter-war period as the new overlord. Further, Britain faced stiff competition from Japanese goods in the south and south-east Asian markets. Finally, the depression of the thirties, protection for Indian industries, conflict of interest in industry, banking and shipping between Indian and European capitalists group accompanied by an upsurge in a nationalist movement forced government concessions and ushered in a state of greater freedom for

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<sup>12</sup>Sen. A, "The Bengal Economy and Raja Rammohan Roy". Symposium on Raja Rammohan Roy, October 1972, New Delhi, as quoted in Munshi (1975: 79).

the Indian capitalist.

Calcutta and Bombay gained substantially from this phase of industrialisation, with a concentration on basic consumer goods. But a major difference between the two cities was that most industries in Calcutta had been financed by the Marwaris, while in Bombay it was controlled by the locally based capitalist class. Calcutta was expanding its production base, despite the loss of its political status. But there were, however, signs of inertia in civic administration. Ashraf (1960: 3) notes that "there is little evidence of any appreciable improvement in the city's administration since before World War II". 1943 brought the first influx of refugees after the Famine of Bengal. The period between the beginning of the twentieth century and 1947 saw rapid industrialisation, the beginning of inertia in the city government and the start of an influx of refugees.

Thus in 1947, at independence, we find Calcutta as the dominant urban centre of India, drawing up the resources of an extensive area, yet lacking an hierarchy of urban centres to support it. The most important port in India, handling 40% of the country's trade, the largest industrial base, highest revenue earning state and the most important cultural and educational centre in the country. However, despite the industrial growth, it had failed to develop a locally based industrial capitalist class which could dominate at national and regional level. In fact the urban economy precariously balanced the interests of landlords, capitalists, professional classes and the upper classes. This was in sharp contrast to western India and Bombay, where a strong industrial capitalist group dominated regional and national events.

### **3.4 Post-independent changes:**

The complex class structure, the absence of a locally based industrial capitalist class and the growing inertia in the local government since the inter-war period combined in the post-independence period with Calcutta's peculiar brand of political culture (discussed below), its factionalism, economic opportunism, militancy and political patronage to result in the deviations from the general model of urban dynamics described earlier. As stated earlier most ex-colonial cities reinforced their economic links and strengthened the metropolitan economy. Calcutta's urban economy became inadequate, in terms of providing reasonable civic facilities, and inefficient, leading to a fall in the productivity of industrial capital. This hastened the flight of capital and increased the importance of non-manufacturing activities in the city's economy.

To understand these deviations it is necessary to examine the agents and forces of political and economic change at local and national levels. There are two ways in which these changes could be analysed. One would be to separate the politics from the economics and discuss them independently. This is rather simplistic and does not give an insight into

the dialectics of change. The alternative method would be to trace the events and changes chronologically. This would highlight the complexity of change, indicate the peculiarities of Calcutta and establish the factors behind stagnation and the growing importance of small scale activities, particularly petty-trading.

Post-independence changes reduced Calcutta's sphere of influence. The reorganisation of states affected at the national level, cut up the north-east region into separate, more manageable sized states, each with a state capital, thus snipping off the extensive administrative network Calcutta had controlled. Secondly, partitioning off East Pakistan (now Bangladesh) from the economic landscape of eastern India disrupted the established patterns of communication and trade. Calcutta's jute mills lost their source of raw material to Bangladesh, while the latter had just a handful of mills. The partition of Bengal initiated another major influx of refugees into Calcutta. After 1947 and again after 1964 the Indo-Pakistan war, they flooded in to escape political uncertainty and religious strife in East Pakistan. From 1946 to mid 1970, 4.2 million persons registered as refugees. The influx reached peaks of 925,000 in 1950 and 667,000 in 1964. Most of the refugees belonged to the middle-class group, the Bengali Bhadralok<sup>13</sup> whose level of education was higher than that of the general population of West-Bengal. A study in the mid 1950's by Sen (1960) already showed that the labour participation rates were much higher for the normal migrants (who arrived without their families) than for the resident population or for the refugees (who arrived with their families). It also showed that unemployment rates were lower for normal migrants than for the resident population but much higher for the refugee population. Inadequate aid from the national government and the state government's inability to tackle the refugee problem led to overcrowding, deteriorating civic amenities, shortage of housing and worsening of the unemployment situation. In fact, this influx exacerbated problems on all fronts, it disadvantaged the indigenous population, affected their employment opportunities, stretched the infrastructure and led to an increased politicisation of Calcutta's economic life. It also created a distinct social group, which, in the years soon after independence accentuated the factionalism within the Congress Party.

Independence saw Dr.P.C.Ghosh forming the first government. However, Ghosh who originally operated from East Bengal had a weak mass base in West Bengal. Dependent more on Central leadership than on local support, he was unable to survive the pressures

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<sup>13</sup>"Neither a single class nor a caste, the bhadralok...are a privileged minority most often drawn from the three highest castes...usually landed or employed in professional or clerical occupations....,very well educated... and highly skilled in maintaining communal integration" (Franda, 1971: 7)

of factional politics<sup>14</sup> and was forced to resign before the end of six months. Dr.B.C. Roy, the next Chief Minister, was more acceptable to all groups as he was without any factional affiliations (Sengupta, 1988: 24). The niggling factionalism was kept under control and Roy's ministry provided fifteen year of political stability till his death in 1962. Chatterjee (1981) notes that Dr. Roy and Atulya Ghosh (the party chief) "cooperated and collaborated on a simple principle: division of power. While Dr. Roy was in full charge of ministerial and governmental affairs, Ghosh<sup>15</sup> was in complete control of the party machine". Though this strategy was politically effective for a time, in the long run it was disastrous for the Congress. It gradually isolated the party from the masses, specially in the rural areas. The leftist parties were later able to exploit this gap. Secondly, the systematic nepotism, corruption and economic opportunism that it encouraged, eroded its support base even in the urban areas. These factors together with increasing administrative inefficiency ultimately helped to end the one party dominance in the state.

Beneath the veneer of administrative efficiency and political stability of the first decade, West Bengal's and Calcutta's economy had begun to slide. Though this was not immediately apparent, it was soon reflected in the statistics. Mitra (1963) and Bose (1965) noted that the city was growing too slowly. While Calcutta was "stricken with an oppressive constriction.....Bombay was planning to accommodate the accelerating in-migration rate" (Mitra, 1960 : 31). The first signs of disinvestment in Calcutta was reflected in factory employment and in the revenue generated. Between 1951-60 regional factory employment in Maharastra and Gujarat increased by 45% and 13% respectively, while in West Bengal it increased by less than 5%. While West Bengal's revenue declined from Rs. 541m to Rs 496m, Maharastra increased its revenue during the same period from Rs.510m to Rs.526m (Mitra 1963).

Also at the state level, there was further erosion of economic stability (A.Ghosh, 1981: 35) as land under food crops was given over to jute cultivation. This led to a shortfall in food production. Further, due to inadequate irrigation facilities the increase in productivity in West Bengal was less than 1% as against the all India average of almost 2% in the period between 1952-53 to 1964-65. Though land reforms received priority at the national level, no land legislation was enacted in West Bengal till 1953. These reforms had limited

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<sup>14</sup>West Bengal Congress contained three major factions: the Gandhian group, the Jugantar group and the Hooghly group. See Sengupta (1988) for details.

<sup>15</sup>Ghosh was an unscrupulous politician. He operated through an elaborate system of patronage, encouraging economic opportunism and corruption. His network consisted of 'key men' at important positions who were expected to influence and mobilise the mass if and when necessary.

success in other states. Here, it never got off the ground<sup>16</sup>. Further, the power structure of rural Bengal helped in the 'benami' transfer of land. Ghosh, needless to say, had been the main force behind such a policy. It alienated the rural mass even more. Slow growth in the agricultural sector in the first two plan periods increased rural indebtedness and disguised unemployment. This led to increased intra-state migration, where the obvious destination was Calcutta.

By 1966-67 the lag in industrial development was being reflected in the increasing number of closures of factories, growing unemployment and in a rise in the number of industrial disputes, lockouts and retrenchments. In a review of small scale engineering firms employing predominantly Bengali labour, the Bengal Chamber of Commerce (BCC) notes, that since the early sixties there has been "discriminatory allocation of scarce industrial raw material" (1971: 105) by the Central Government. The annual allotments for West Bengal were lower than its assessed need. It is interesting to note that in the same period Maharashtra and Gujarat received a share larger than their requirements. However, the state government and the small entrepreneurs were no less responsible. "Owing to inaction on the part of the state government officials the S.S.I<sup>17</sup> sector in the state had to miss a number of opportunities for securing their requirements of raw material" (pp. 106). On the other hand, the entrepreneurs failed to plan and estimate their requirements. The loss of railway orders for wagon building threw the engineering industry into total disarray. The unions in these units became militant resulting in loss of man-days and production also in factories not already affected.

The larger non-engineering industries like paper, jute and cotton had also faced problems of raw material supply since 1947. The jute industry found it difficult to obtain a regular supply of raw jute as farmers alternated between cultivating rice and jute depending on the price. Secondly, the new jute mills in Bangladesh were not only more efficient but had a regular supply of high quality jute. The truncated state also lost access to cheap bamboo (raw material for the paper industry) as the state governments controlling the raw material charged exorbitant rates of royalty from other states as compared to those charged from paper mills in their own state. This made the paper mills in Calcutta uncompetitive. The cotton mills were old, machinery obsolete and required heavy capital investment, which was not forthcoming.

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<sup>16</sup> The main supporters of the Congress were the landowners. It was believed that implementing the agrarian reforms would alienate this group. The Congress provided this group of powerful rural gentry "with various opportunities to neutralise the publicly stated egalitarian intentions of the state government as well as to grab numerous credit facilities created by the government co-operatives for the cultivating masses" (Sengupta, 1988: 94-95).

<sup>17</sup> Small Scale Industries.

The national policy, though rightly aimed at reorganisation and reducing regional, disparity had an adverse effect on Calcutta's industries. Reduced disparity was to be achieved by providing incentives in certain regions while reducing the locational advantage of others. Calcutta lost its locational advantage of proximity to the coal and iron producing centres of Bihar and West Bengal with the price equalisation of iron, steel and cement throughout India. The regions which gained were the west and the south. Investment was not only deflected from Calcutta but also from Bihar, the mineral rich state of India. It was the combined effects of disinvestments, erosion of economic stability and the adverse effect of national policy that finally stifled Calcutta's economy. It is in "the mid-sixties that Calcutta's economy, which is primarily industrial, entered a phase of stagnation" (Lubell, 1974: 7).

The situation was aggravated when recession affected the national economy. Though the rest of India managed to reverse the trend in 1969, production in West Bengal continued to stagnate and industrial employment decline. The urban infrastructure was also under a great deal of pressure. Besides the totally ineffective civic authorities, there had been a fresh influx of refugees from Bangladesh in 1964 (667,000) and Calcutta was still the largest recipient of net inter-state migration (Census 1961, 1971).

Thus the first twenty years (1947-67) saw a gradual decline of Calcutta's manufacturing base due to lack of investment, loss of access to cheap raw material, government inaction and inefficient management. The increasing unemployment and the slow rise in consumer demand, together with the failure on the part of the city government to provide normal civic amenities of a reasonable standard created socio-economic and administrative constraints and added to the cost of functioning and operating within the metropolis. This decreased the rate of capital productivity and dried up any possible investments. "The vicious circle of falling employment, falling income, falling production leading to further decline in production, income and employment thus overtook the industrial scene of the state" (Report of the Survey Committee on the Engineering Industry in West Bengal 1951-68: 81).

The impact of disinvestment and a shrinking manufacturing base was reflected in the highly charged social and political atmosphere in the state, and particularly in Calcutta. In the late sixties forces of economic decline combined with the growing frustrations among the people, their contempt for the corrupt administration, a constantly simmering power struggle and factionalism, high idealism and infantile emotionalism threw Calcutta into a decade of senseless violence and further decline. The spiralling conflicts boiled over with the drought of 1966, when several districts lost their entire winter crop. The Congress government failed to tackle the problem of food procurement and distribution and the state faced a food crisis. The situation was ideal for initiating a power struggle. All factions of

the congress and the new Leftist parties<sup>18</sup> that had emerged in the last decade and had consolidated their base joined the contest. P.C. Sen who had taken over as the Chief Minister in 1962 was ineffective politically and administratively.

All these factions and parties naturally used the food crisis to strengthen their position. The shortage of foodgrains in the state was a result of very slow increase in productivity compared to other states and to the rate of population increase, the refusal of other surplus states to sell in the period of scarcity, suspension of PL480 aid from USA and finally the drought in 1966. The state government had introduced a system of cordoning and monopoly procurement of paddy at a fixed price and a rationing system to ensure distribution. Needless to say the scheme failed. The implementation required an efficient and reliable administration. Secondly, there was large scale evasion by landlords, hoarding of foodgrains and blackmarketing in rice while the ration shops were empty. Mukherji broke away and formed the Bangla Congress in protest against corruption in the Congress. He was joined by several non-leftist trade union groups dissatisfied with the present government. The CPI(M) in the meantime had been focusing on the peasants, the students and the middle-class worker. The state went through strikes and food riots. The government failed to realise the gravity of the situation and attributed blame to anti-social elements. Elections were held in 1967. The Congress dominance was ended, but no single party obtained absolute majority.

There was a scramble for power as each party tried to form a coalition government. Mukherji managed to form a ministry with the help of the Leftist parties. It lasted eight months. The next one headed by Dr.P.C.Ghosh and supported by the Congress lasted three months. Between 1967 and January 1977 West Bengal suffered eight different governments, three terms of President's Rule and four elections for the State Assembly! The main opposition to the Congress came from the CPI(M). See Appendix 1Table 1.

The increase in violence and disruption to economic life since 1967 can be attributed to the CPI(M) and its partners in coalition. The 'anti-revisionists' within the CPI(M) soon after the 1967 elections armed tribal and rural labourers to take over land from the landlords in Naxalbari in North Bengal (hence the name Naxalites). This was followed by attempts to oust land owners and 'liberate' the district in other parts of West Bengal. The

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<sup>18</sup>There had developed a burgeoning Congress factionalism (non-ideological and more for personal gains) and a growing schism (generally ideological) within the Communist Party of India. A faction based in Midnapur had been consolidating and by the mid-sixties emerged as a strong group within the Congress, under the leadership of Ajoy Mukherji. It used the food crisis to attack the government and extend its base. Meanwhile, the Communist Party of India (CPI) had been moving towards a break-up since the India-China war in 1962. The pro-China group broke away to form the Communist Party of India-Marxist, (CPI(M)). 70% of the Bengali communists joined the CPI(M) (Ghosh, 1981: 43). The CPI(M) subsequently split into two in 1969. The CPI(M) believed in coming to power through the parliamentary process and adopted a policy of grass-roots politics specially focusing on the rural areas, much neglected by the Congress. The break-aways were the Naxalites.

extremists finally broke away to form the Communist Party of India-Marxist-Leninist, (CPI(M-L) in 1969. They did not participate in elections and sought to achieve a 'worker-peasant alliance' through militancy and violence. Their guerilla activities reflected high idealism and a certain amount of naivety. Ruth Glass (1971: 36) eulogises their approach and consider them the only 'practical' people not concerned with political rituals. But the violence unleashed by the Naxalites during the period 1967-1973 combined with the workers' militancy supported by the CPI(M) was a major factor behind the increased flight of capital from Calcutta in the 70's. Labour militancy affected production in factories not already affected by the economic situation. "Gherao's"<sup>19</sup> became the most popular instrument with which to coerce and intimidate management to concede to their demands. The management found itself in a totally helpless situation as this militancy was supported by the Left Coalition governments (when in power), while street violence was regarded as a protest against Central Government's apathy to West Bengal's problems.

A.Banerjee (1987: 119) in a discussion of the political culture of West Bengal argues that the militancy and violence seen between 1967-72 was a "peculiar product of high idealism, infantile emotionalism and economic backwardness (including economic inequality)". The politically aware, idealist Bengali bhadralok was formed when Permanent Settlement Act allowed landowners to live in Calcutta and interact with Western liberalism ( A.Banerjee 1987: 114) The babus never lost an opportunity to further their position either. Economic opportunism matched the elitism and the power-hunger of those who govern. However, "the logic of middle-class [including bhadraloks and babus] political culture lies, in the main, in the perception of political responsibility as a one-way affair" (pp.11), i.e., the governed have the right to criticise without any responsibility. This combined with political awareness and idealism produce a kind of negativism where pointless violence and militancy seem to be the next step.

The 1970's, which began with the state in total turmoil also saw the political isolation of CPI(M), attempts by Congress to reassert itself in the West Bengal political scene, the polarisation into two-party dominant system and ultimately the rise to power of the Left Front dominated by the CPI(M). However, the damage to the state and urban economy was complete by now.

The end of 1969 had seen the Congress split at the national level. The break away group Congress (R), was led by Mrs. Gandhi. This had prompted a split in the party at the state level. Mrs. Gandhi retained power and her more progressive policies softened the

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<sup>19</sup>The Chief Justice of Calcutta High Court described it as follows: Gherao is a relatively new form of demonstration which is being resorted to by labourers in this country. Generally, it assumes the form of keeping the management or the managerial staff... in wrongful confinement, thus depriving them of their personal and other liberties. Once commenced, gherao's tend to degenerate into further criminal activities, for example, wrongful restraint, trespass, mischief, intimidation and worse." Quoted from BCC (1971).

anti-congress stance of parties like the Bangla Congress which joined forces with the Congress (R) to fight the 1971 mid-term elections. "The strategy of gun-power politics that marked the era following the United Front experimentation tilted popular approval towards the rightist camp and the non-communists showed a definite urge to crystallize into electoral combinations" (A. Ghosh, 1981: 109). Further, the political polarisation was obvious by now with the Congress (R) on one side and the CPI(M) on the other. The Bangla Congress and the CPI were still the 'swing groups'.

In the 1971 elections the CPI(M) gained the largest number of seats (111), but Congress(R) (105) supported by Bangla Congress formed the next government. Though it was dominated by Congress (R) a split within the Bangla Congress led to a fall of this ministry within a few months. President's Rule was reimposed for another year. However, the Congress was revived in the state and the party swept back to power in the 1972 elections. This resurgence was helped by the success in Bangladesh War, socialistic policies advocated by Mrs. Gandhi and aggressive campaigning by the Youth Congress of the state. The law and order situation improved, violence was arrested and public confidence restored. But the economy had been shattered. Exacerbating the situation was the inadequate and irregular supply of electricity, poor resource management, bureaucratic bungling and low level of resource mobilisation by the state government, an aspect constantly emphasised by the Bengal Chamber of Commerce. Despite the greater political stability from 1972, the government failed to revive the economy. The 70's saw an increased flight of capital from Calcutta, industries, banks and business houses physically moved to other parts of the country who welcomed them with all forms of subsidies and infra-structural facilities. The growing rate of unemployment observed since late 1960's soared to new heights in 1971-72. The total educated unemployed<sup>20</sup> was 2.7 lakhs as seen in Appendix 1 Table 2. Though the reliability of unemployment/employment figures are often questioned, they can undeniably indicate a trend. It would appear that in the face of industrial stagnation in the state, flight of capital, skill and business, loss of primacy to Bombay and the political instability a large number of new entrants to the labour market in the mid 1970's had little choice but to take to small scale commercial activities.

Mohan (1989) in an analysis of manufacturing and urban employment between 1961-81 notes that "among the traditionally industrialised states the fall in the share of manufacturing employment and urban population is the highest for West Bengal; it also has a slow rate of urban growth, a clear indication of the decay of Calcutta". Further, "West Bengal suffers a drastic fall in the share of manufacturing value added from 18% in

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<sup>20</sup>The educated unemployed as defined by the Labour Department of West Bengal included all those unemployed at the time of survey and who have completed their schooling, are graduates or technical and engineering degree holders.

1961 to 13% in 1971 and to just under 10% in 1981" (1989:2495). The period between 1961 to 1981 saw a regional dispersal of industry and a doubling of industrial employment in India. In 1961 Maharashtra and West Bengal each employed a fifth of the industrial work force. In 1981 Maharashtra still supported 17% but West Bengal's share was less than 14%.

Though the Congress stayed in power for almost five years it had failed to improve the economic climate of the state. This government was dissolved in 1977 when the Janata Dal defeated Mrs. Gandhi in the national elections. Anti-congress feelings were high at the national and state levels after the excesses of the Emergency Period. In the state elections held in 1977 the CPI(M) came back to power under the leadership of Jyoti Basu. It had shed its ultra-radical image and was now more acceptable to the electorate. It still retains power and dominates the political scene.

As stated earlier the CPI(M)'s support base is predominantly in rural Bengal. This rural bias was immediately reflected in its policy priorities. It did little to help the shattered state economy. It directed most of its efforts to rural land reforms (Operation Barga) and to the politicisation of the panchayat. As urban unemployment problem became more acute the number of strikes gradually declined. But the grim economic climate in West Bengal and the obstructive and hostile attitude of the government towards industries increased the number of lock-outs and closures from 130 in 1980 to 179 in 1986 (Labour in West Bengal, 1986). Recent statistics from Labour in West Bengal (1988) show that 1.28 lakh workers have lost their jobs in the six years between 1983 and 1988 in the major traditional industries. Khanna (1989: 959) in an economic survey notes that industrial production "during the last 25 years has been below the level attained in the early 60's". Further, West Bengal has the lowest per capita plan expenditure for all states, Rs.151 as compared to Rs. 259 for all states.

However, the last few years indicate a change in attitude and a shift in policy relating to the manufacturing sector. The government has accepted that the state and the urban economy cannot develop without industrial capital. It has attempted to attract new capital into the state through improved incentives, but as this is not backed by greater bureaucratic efficiency and improved infrastructure, so far it has had no effect. However, this change in policy is not a sudden volte-face. Ever since the CPI(M) has been in power its political philosophy has been gradually diluted. It has been replaced by a more pragmatic approach to Calcutta's and West Bengal's problems. This is reflected also in its efforts to develop the infra-structure for decentralised planning in rural West Bengal. Ghosh notes that "though centralism is inherent in a communist framework, West Bengal Government has made more attempts at decentralised planning than any other state" (Ghosh, 1988: 655) (except perhaps Karnataka) and has been successful in raising agricultural productivity and

increasing grass-root participation in rural planning. The concern here is not with the success or otherwise of these plans but to emphasise a realism which is now apparent in the government policies towards other sectors. The government has realised that while industrial capital is necessary to revive the economy, state intervention combined with grass-root participation is essential to help the small workers.

Though the government realises the need for state intervention to raise productivity in small scale activities, the focus is still on rural areas. The government appears unaware of the significance of the rapid increase in small scale non-manufacturing urban activities, particularly retailing. These activities are a manifestation of the two decades of industrial stagnation and the associated socio-economic changes which have taken place. These activities find no place in Government plans. In fact, the government has failed to evolve a comprehensive urban economic policy in the last 13 years.

### **3.41 Factors of stagnation:**

Three sets of factors can be identified, from the sequence of events described, which are responsible for Calcutta's stagnation.

(i) The capital flow into Calcutta dried up soon after independence even though it showed the highest per capita savings and at that time had an adequate infrastructure for industry. Calcutta was no longer attractive once indigenous capital was free to move within the country. Perhaps the presence of a group of locally based industrialists might have changed the trend. Of course it can be argued that not all states in India have their own group of industrialists. Most states and metropolitan authorities have made it worthwhile for new capital to move into their states by offering incentives, subsidies and most important efficient management. The point being stressed is the fact that capital moved out of Calcutta even before these incentives were being offered by other states and cities. This may not have occurred if the group was locally based, as in Maharashtra and Tamil Nadu.

(ii) The Indian economy was being reorientated to serve the domestic market. It increased consumption of agricultural commodities and industrial raw material and reduced the export of these commodities, increasing the export of non-traditional items. This was naturally accompanied by industrial diversification and modernisation. In Calcutta, without any mentionable investment and sluggish growth, there was no question of modernisation and diversification of industry. Calcutta had failed to keep up with the pace and direction of economic change in western and southern India. The loss of locational advantage with price equalisation also affected Bihar, which was already one of the poorest and most backward states of the country. That is, Calcutta and the eastern states were thrown into a crisis from which they still have to emerge. However, a recent exception is Orissa, which after some aggressive marketing, now has the highest per capita investment in the country.

These two factors together largely determined Calcutta and West-Bengal's capacity to bargain and influence policies and events at the national level.

(iii) Calcutta had no influence on the decision making process at the national level. As it unsuccessfully grappled with its internal problems it failed to participate in the process of change and gradually slipped down in the national hierarchy of power. Hymer (1975) states that the importance of a region/place depends on its position in the "hierarchical system of authority and control". The relationship between the different centres is one of superior and subordinate with the decision-making occupations being centralised in few key cities. The structure of income and consumption will parallel the structure of authority and status. The process produced and established a different centre-periphery spatial structure in which Calcutta was relegated to the periphery. The new politico-economic structure which emerged was influenced by the rapidly growing and increasingly powerful group based in the west who also actively participated in urban management. "Bombay was their passion" Mitra (1965 :39). He also observes that in contrast the " city's [Calcutta] big business came from elsewhere with no stake in the city".

The new division of labour at the national level led to polarisation of capital, skill and productivity primarily in Bombay and Delhi and several other secondary centres in the west and north. These gaps, once created, have been widened by State intervention in the form of price equalisation of all basic industrial raw materials and by the expansion of the multinationals founded upon this inter-regional division of labour based upon the fundamental centre-periphery polarisation of the economy. Secondly, accentuating and sustaining this pattern, today are the market forces working against the eastern region. Being economically the most backward, with generally low level of well-being (Map no.4.) and small purchasing power, it fails to attract consumer goods industries. The west, south and the north experienced rapid industrialisation, mechanisation and commercialisation of agriculture with the infra-structure almost keeping pace, has achieved a much higher rate of growth and therefore a higher purchasing power. In fact studies by Basu (1988) and Robertson (1987) indicate that industrial production has actually declined in West-Bengal and that there has been a fall in the level of living.

The restructuring and the new pattern of polarisation created three types of growth regions in India: (i) those with a highly dynamic growth environment where a skilled labour supply is crucial; (ii) regions with a high proportion of skilled personnel but lacking a diverse, modern industrial structure; and (iii) regions which contain unskilled labour reserves produced by the dissolution of other modes or by the decline of obsolete industries corresponding to an earlier stage in the division of labour. The second and third type are found in eastern India. The urban economy of Calcutta contain a high proportion of educated, unemployed prime-age workers because Calcutta's urban economy has failed

to diversify its economy and develop a modern industrial structure. In the discussion of deindustrialisation of India, it was noted that northern Bihar and eastern U.P. were some of the worst affected regions, and still remain areas of extreme poverty, surplus labour, low productivity and therefore source regions for migration. The excess workforce from these two states has gravitated to activities like petty trading requiring few resources, giving Calcutta its distinct economic and demographic characteristics.

### **3.42 Summary:**

The complex class structure and the land tenure system created during colonialism affected particularly the pattern of capital accumulation and consequently the pattern of urbanisation. Calcutta had become the primate city of India based on its role as the prime satellite city of the Empire. Calcutta was integrated into the capitalist system and the process of capital accumulation confined to it. Throughout the colonial period there was a capital deepening in the urban enclave without any spillover effect to the hinterland.

In the post independent period Calcutta failed to participate in the national process of economic change for two reasons: it grappled unsuccessfully with its internal problems of refugee influx, shortage of electricity and increasing politicisation of its economic life and speeded up the flight of capital observed soon after independence. Secondly, the absence of a dominant, powerful and locally based class which could influence national decisions and retain and/stem the flow of capital from the state was sadly lacking. Today the production sector in Calcutta is marked by outdated machinery and low productivity with little product diversification. Interstate migration and refugee influx has declined and intrastate migration is within rural areas (Kundu, 1986: 2006-7). However, urban unemployment continues to rise as the local government fail to reverse the process of stagnation. Industrial change in West-Bengal now implies a restructuring and modernisation of the existing structure which would not even dent the unemployment figures. While other major cities like Bombay and Madras reorientated, modernised and diversified their economic and industrial base, Calcutta failed to do so. It lost a set of functions without acquiring any new ones.

Tertiary activities seems the only alternative for the labour market participants, with or without skills, caught in the web of stagnation. The bleak prospect of an industrial and economic restructuring of Calcutta's economy, emphasises the need for a policy directed to those activities which are providing a source of livelihood to an increasing number within a framework valid for a stagnating economy. The basis of a policy is information and small scale commerce and particularly petty-trading is under-researched and under-enumerated. The importance of this study lies in the fact that theoretical contentions and historical analysis is backed by an indepth empirical analysis of petty- trading.

## CHAPTER 4

### A PROFILE OF PETTY-TRADERS OF CALCUTTA.

#### 4.1 The problem and Methodology.

The petty-traders of Calcutta have received little attention from either the government or the academics, but for two different reasons. The government regards the sector as transient and has no policy regarding small scale urban activities and therefore neglects it. Important studies by Banerjee (1982), Papola (1981), Joshi & Joshi (1976) concluded that the productivity of these activities was too low to deserve any help. While Lubell (1974) admitted the importance of petty retailing in Calcutta's economy, it was not included in his study as petty retailing was not considered amenable to planning.

The alternative strategy adopted and the model developed in this study, analysed within the historical context of Calcutta and the eastern region, demonstrated the growing importance of petty-trading in the limited employment opportunity structure of Calcutta. To support this contention and provide the knowledge and basis for policy suggestions, it is necessary to establish empirically the viability of the units despite the harsh constraints within which they operate, their economic heterogeneity and the scope for capital accumulation within the sector.

With the complete absence of any detailed study of petty-traders or any pertinent secondary data, the study relied heavily on primary data collected through extensive field-work. Further, it was necessary to determine the degree of applicability and validity of concepts and ideas developed, to test the comparability of results of studies elsewhere and establish the peculiarities of this specific situation.

Surveys are one of the methods which enables systematic measurement over a series of cases, where variables can be analysed to see if they show any trend and/or pattern, ideas can be tested and theoretical constructs deduced. It was therefore decided to collect the necessary information and data by a random sample survey.

While the problem and aim determined the methodology of the empirical study, the issues involved shaped the questionnaire and details of interviews. Of the many tools available for gathering data, a questionnaire, to be filled in by the interviewer was considered the most appropriate as it would permit the quantitative measurement of uniformly

accumulated data. However, the study has also used other methods of social research like semi-structured interviews with officials, tape recorded life histories, newspaper and documentary research.

Thus in the next section I outline the issues and related questions and the survey techniques used. The second and third section of this chapter takes up the first empirical analysis as it draws the demographic and socio-ethnic profile of the petty-traders and the differing employment trends and characteristics of the various sub-groups in the sector. This analysis provides not only the background against which subsequent economic links and groups are to be examined, but also indicate how these might have developed.

#### **4.11 Issues and questionnaire.**

The issues at the sectoral level help to link the data to the concepts identified in the earlier chapters. The model of urban dynamics in Calcutta showed marked divergence from the model outlined for Third world cities. The geopolitical and the socio-economic conditions considered basic and universal for most Third World metropolitan centres, have been in this case distorted by Calcutta's peculiar history. Petty-trading in Calcutta has proliferated under a situation quite different from most other cities. Naturally it has developed distinctive characteristics. The long history of migration, urban and regional stagnation, declining industrial employment, flight of capital and declining importance of the city are reflected in the various characteristics and profile of petty-trading i.e. the age composition, sex ratio, proportion of primary and secondary workers, levels of schooling of the traders and the ratio of migrant to city-born resident traders. (The primary worker in a household is the principal earner in a household, while secondary the earner is one who contributes to the family income but is not the principal earner). Given the socio-economic conditions in West-Bengal and in Calcutta, petty-trading is expected to have absorbed a large number of prime-age workers who are also heads of households.

The first set of demographic questions therefore pertain to name, address, age, sex, marital status, religion, district of origin and the number of dependents and non-dependents in their households. This should provide a fair idea of the size and nature of households, the dependency ratio, the proportion of primary and secondary workers, the average age of the worker and the socio-ethnic groups that are represented in the sector.

Petty-trading is expected to have drawn many different kinds of workers as it is relatively easy to enter. McGee (1973) has shown that street-traders do not necessarily move out of the occupation once they have stabilised because it is a niche they have cut for themselves, and further, they are professionally stranded. There is also evidence that workers in this sector use petty-trading as a stop-gap measure till they find a "better" alternative. Both

these groups are associated with not only low capital resources, but also with low level of education.

In the case of Calcutta, not only are these two groups expected to be well represented but also a third group has joined the sector. It represents the sinking of a large number of educated resident middle class from professional and clerical jobs to petty-trading, largely due to the stagnating core and the flight of capital from the state. To document this empirically it was necessary to know the nature of family livelihood, the father's occupation, the other job opportunities available to the trader, his previous occupation and his reasons for entering petty-trading.

Finally, it is necessary to establish the relative position of petty-trading in the employment structure of the city, the various modes of entry into the sector and if any advantages are enjoyed by any particular group(s) because they belong to the same community which dominate large scale retailing. A set of demographic questions are therefore directed to separate the migrants according to their "district of origin". Details of who moved from the village or town, when and why, help to reflect the spatial and the temporal pattern of migration and the motivating factors behind it. However, all interviewees were asked about the kind of help they received in the form of free accommodation, introduction to possible employer, wholesaler, cash, space to start a retailing unit as this would give an insight into the mechanisms and methods used by the workers to enter petty-trading. The importance of delving into the demographic structure of petty-trading and the socio-economic mechanism attracting migrants is that they ultimately influence the levels of earning of different groups of people through their control of the various activities and trade unions. As already discussed, the earning levels and the scope for growth or involution is tied to the nature of the traders relationship with the urban economy.

The next major issue addressed in this study is the nature of integration of petty-trading into the urban economy. The integration depends on the type of vertical-forward and backward- and horizontal linkages. The backward linkages are through the traders relationship with the wholesaler, agent or the financial middleman. As already stated, Tokman (1978) in his review of links established by small-scale retailing has emphasised the importance of the nature of relationships that small-scale traders establish with the rest of the urban economy. These links are heterogeneous and are associated with different levels of subordination. It thus influences not only the income- earning potential but also sets some of the constraints. The form of these links would depend on the small traders' access to resources, the community he comes from and the type of goods he sells.

Thus a set of questions pertain to how the trader set up links with the mahajan<sup>1</sup>. Whether it was the trader's initiative or help from his contact in the city, or was he recruited by the agent. The questionnaire also attempted to separate the different modes of purchase and frequency and place of purchase. Information pertaining to profit margins, price determination and the nature of rapport the traders manage to establish with the mahajan was obtained through lengthy discussions and interviews.

Tokman, Bromley and Birkbeck in their attempt to bring out the exploitative nature of these links devoted little attention to the forward linkages established. The forward linkage with the urban economy is through the trader's customers. It depends on the quality of goods he sells, where he sells and who buys it. In Calcutta the petty-traders have spread to all parts of the city irrespective of the land-use and cater to a wide range of demand. Thus one can expect many different kinds of seller-buyer and mahajan-petty-trader relationships, some of which will be exploitative and some symbiotic. But which predominates? The study attempts an understanding of these links, with the ultimate aim being to identify the factors determining the earning levels.

Further, the petty-traders have to adjust to changing market forces and changing consumer preference. To what extent are their economic decisions influenced by their social conditions? The next part of the questionnaire seeks answer to these questions. The reasons behind their choice of goods, the nature of purchase, how often, their modes and cost of transport, their daily sale and the average number of customers per day.

With the politicisation of economic life in Calcutta since the 1960's, unions have been accepted as a powerful instrument for uniting diverse groups but for a common problem. Bulk of the petty-traders are illegal occupants of public space and are non-taxpayers. To fight the pressures of police harassment and the local "mafia" they need to be united. Horizontal links or bonds between traders of a particular area has to be strong. Bromley's (1978) study on street traders in Latin America has indicated a lack of cohesion among the traders. Does this imply that the traders in Calcutta are more vulnerable and therefore forced to unite? To establish the presence and nature of these links among the petty-traders of Calcutta questions were asked as to how much they paid the police, the unions, the local "mafia" and the various political parties. However the details of union activity and their muscle power were obtained through special interviews with union leaders. The ultimate question on this aspect is that, as unions grow stronger and influence of various political parties increase is economic vulnerability being replaced by political control?

The issues discussed above are vital to understanding the fundamental economics of the

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<sup>1</sup>The wholesaler or the large retailer from whom a trader purchases his/her goods is referred to as the mahajan.

sector. Given the urban stagnation and declining employment opportunities, the rapid expansion of street-trading raises the question, what is the economic role and status of this activity in the urban economic structure and how viable are these units? The sector concerned has evolved because of limited supply of capital and excess of unskilled work-force. In a situation of extremely limited choice, petty-trading has been an alternative. It has provided the means of livelihood where the alternative was impoverishment. The only appropriate evaluation of the role would be to relate the petty-traders as an economic group with the economic groups identified for the city. What proportion of petty-traders are "poor" as against the ratio for Calcutta?

The economic status of a trader can be assessed from the income earned or from the monthly per capita consumption expenditure. As the detailed discussion in Chapter 6 shows, expenditure is a more efficient indicator of economic conditions for a population with low level of living. The interviewee was therefore asked about the total monthly household expenditure on food, the nature of occupancy, the kind of accommodation he/she could afford, the kind of consumer goods he/she possessed and the transport expenditure incurred. This would give an insight into the comparative economic standards and the traders access to factors of well-being.

Though research has established the initiative, vitality and importance of this sector in the Third World cities, it still questions the possibilities for capital generation making its status rather dubious. This has lead to authorities adopting ad-hoc policies and has prevented research from suggesting any institutional help. It is therefore essential, not only to establish the importance of the sector in the employment structure, but also to demonstrate the viability of the units and the scope for vertical mobility within the sector, which in turn would highlight the possibilities for capital accumulation within the sector.

#### **4.12 Questionnaire design and survey:**

Designing the questionnaire involved several stages. First, three different layouts for the questionnaire were worked out based on the issues discussed. Second, a pilot survey was conducted to determine the layout best suited for the purpose and to observe the kind of responses the questions evoked. Finally, extracting the layout and questions which were considered most suitable for the purpose of the study.

In questionnaire A (see Appendix 1) the first set of questions probe the trading relations, nature and place of purchase, mode of transportation, housing and living conditions. The second set attempts to obtain an insight into the reasons for entering trading and the kind of help received from friends and relatives, the income and the people he/she has to keep happy to be allowed to trade. The third part consists of the household chart and the demographic questions.

Questionnaire B (see Appendix 1) began with a household chart and was followed by questions on the traders background and previous occupations. The second set of questions were similar to the previous questionnaire. The concluding set contained questions regarding level of socio-economic well-being and social habits.

Questionnaire C (see Appendix 1) began with questions on when and why, how he/she entered petty-trading and the kind of help received to set up a shop, followed by questions on demographic background and the reasons for moving out of the village/town. This was followed by the household chart. The last set of questions pertain to daily sales and level of living.

A pilot survey was conducted in September 1985 to assess the quality of the questionnaires. It also helped to sift out the questions which would have added to the total survey error. A tendency to under response or giving false information was observed relating to questions on social habits, specially if they were considered undesirable. As a large number of such responses would add considerably to the total survey error they were dropped from the final questionnaire.

Though it is generally stated that in a model questionnaire the demographic questions should be towards the end, as only then is the respondent ready to answer personal questions, it was not so in this case. It was observed during the pilot survey that most respondents were rather curious about the other questions and therefore readily answered the so called personal questions. For those questionnaires with the demographic questions in the final section, the respondents were too bored to answer, as they put it, "the usual questions of any researcher". Of the three layouts the second format received the best response. The survey also helped to determine the best time of the day to carry out the survey. Late morning to about 4 in the evening was thought to be ideal, when business was slack. A second shift was considered necessary to cover traders selling cooked food in the evenings.

Questionnaire B was accepted as the final questionnaire. Most of the questions are in closed form with multiple choice, and responses pre-coded to facilitate computation except for questions no.4,7,14 and 40 which are open ended. They refer to places the migrant went to before he finally moved to Calcutta, where his previous shop was located and the place where he lived before he moved to his present accommodation. The questions have been kept brief to avoid ambiguity and worded to avoid putting the replies in the respondent's mouth. Further, to avoid response bias due to the interviewer, each interviewer was assigned to a different sample of the population each day, so that any effect of the attitude of the interviewer and his/her expectations of the results is minimised. Finally it took the interviewer twenty minutes to establish rapport, which

generally involved convincing the trader that the survey had nothing to do with the government and eviction, and complete the survey.

#### The unit of analysis.

Like all other cities, Calcutta also has many different types of small traders. The two main groups are:

- i. Those who are mobile or itinerant i.e. hawkers, pedlars, "ambulante" (Bunster, 1983).
- ii. Those with a fixed place of business.

This study does not include the first group of mobile traders. Those with a fixed place of business are further sub-divided into those located inside Calcutta Corporation markets and traders located outside the markets. The traders inside the municipal markets have been provided with stalls and public facilities for which they pay a regular rent. These traders have a well established clientele and a substantial turnover. This group is not covered by this study.

Over the last couple of decades traders have spilled out of these markets on to the areas around it. They have clustered at cross-roads of major thoroughfares and around bus and rail stations. These clusters have two types of stall operators. The street-stall operators have semi-permanent structures built with whatever material available. The second group are operators of wall-stalls. These are located on the pavement with a portion of the stall erected against the side of a building. Thus for this study petty-traders are workers employed/self-employed in a retailing unit which is either a street-stall or a wall-stall, with two or less than two workers. The shop is housed in a semi-permanent bamboo or wooden structure occupying public space, or perched on a pallet raised by several piles of bricks and shaded by a plastic awning.

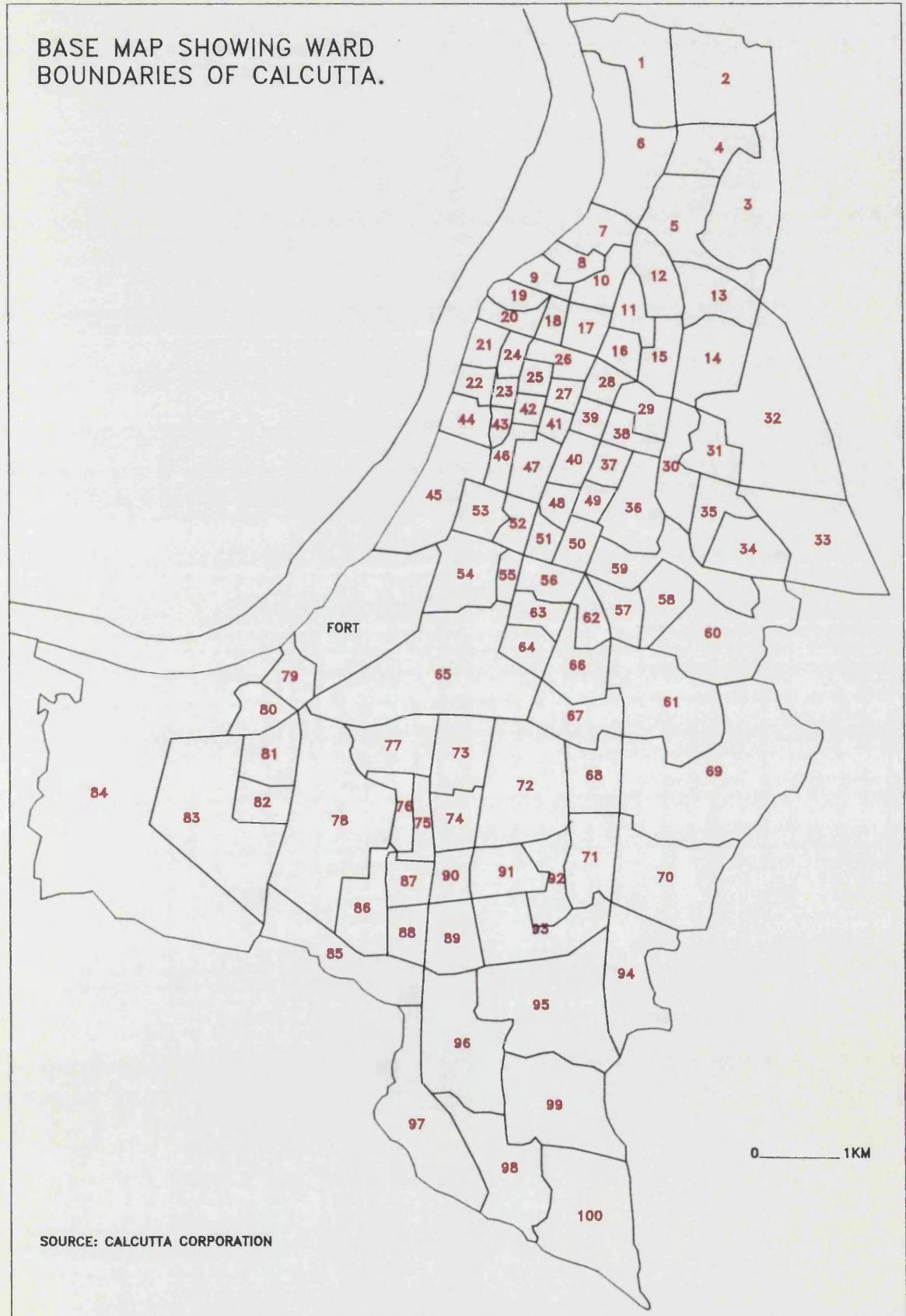
Only those units engaged solely in trading is to be taken into account. No consideration is given to gambling units and personal services like shoe shining, shoe repairing, ticket-touting, typing of money-order forms, typing letters and mobile trade.

#### Sampling Frame.

Having defined the unit of analysis and the method of data collection, I now come to the problem of the method of sampling to be used. Sampling was preferred to total enumeration for obvious reasons of cost, time and precision.

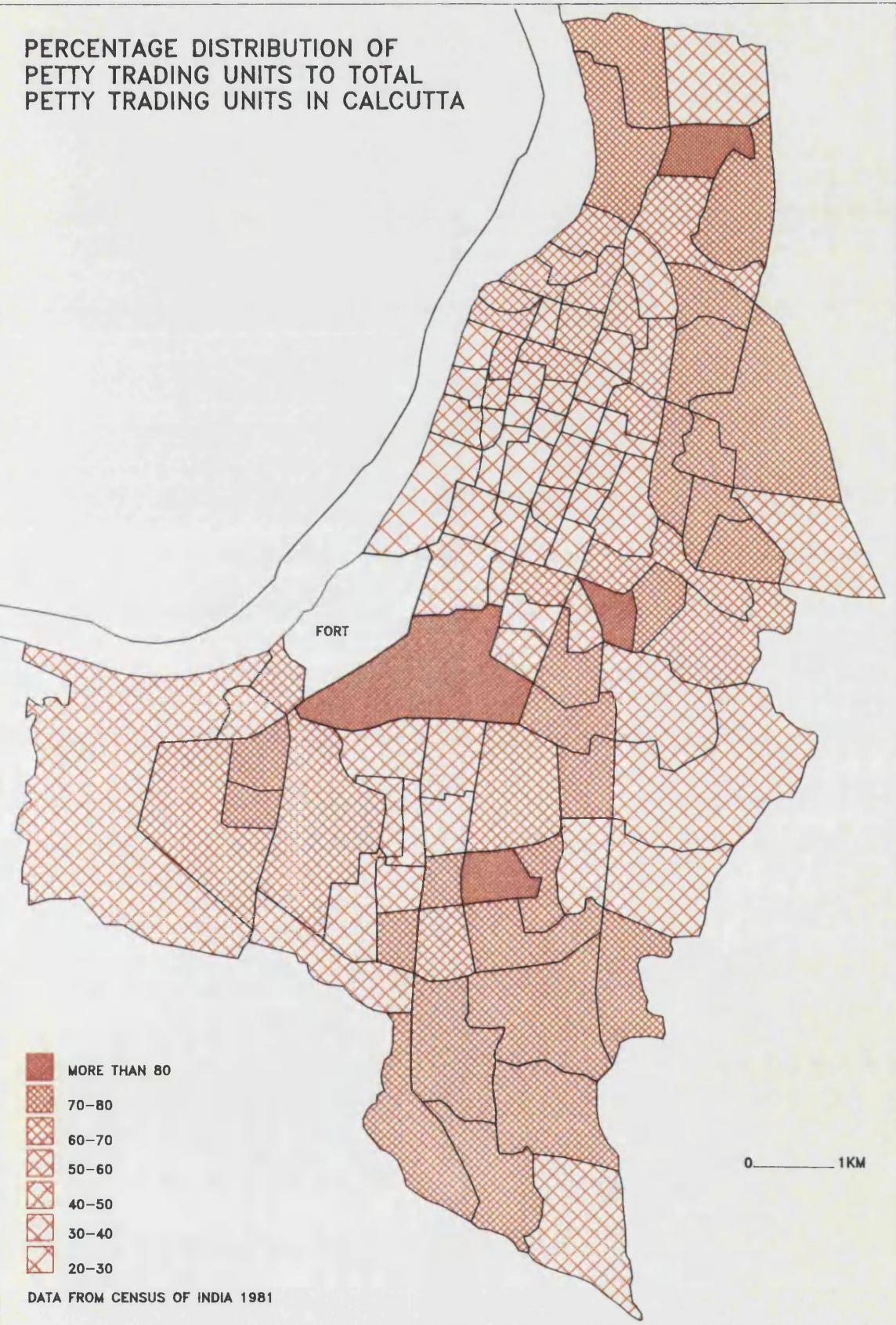
The data used for choosing the sampling frame for the survey, was the employment statistics collected during the 1980 National Census. The data was never published and for some peculiar reason was classified. The employment data was grouped according to size of units, that is, units with more than two workers, units with two workers and units with less than two workers for each ward for each activity. From this, employment statistics for trading in each size group for each ward was extracted.

BASE MAP SHOWING WARD BOUNDARIES OF CALCUTTA.



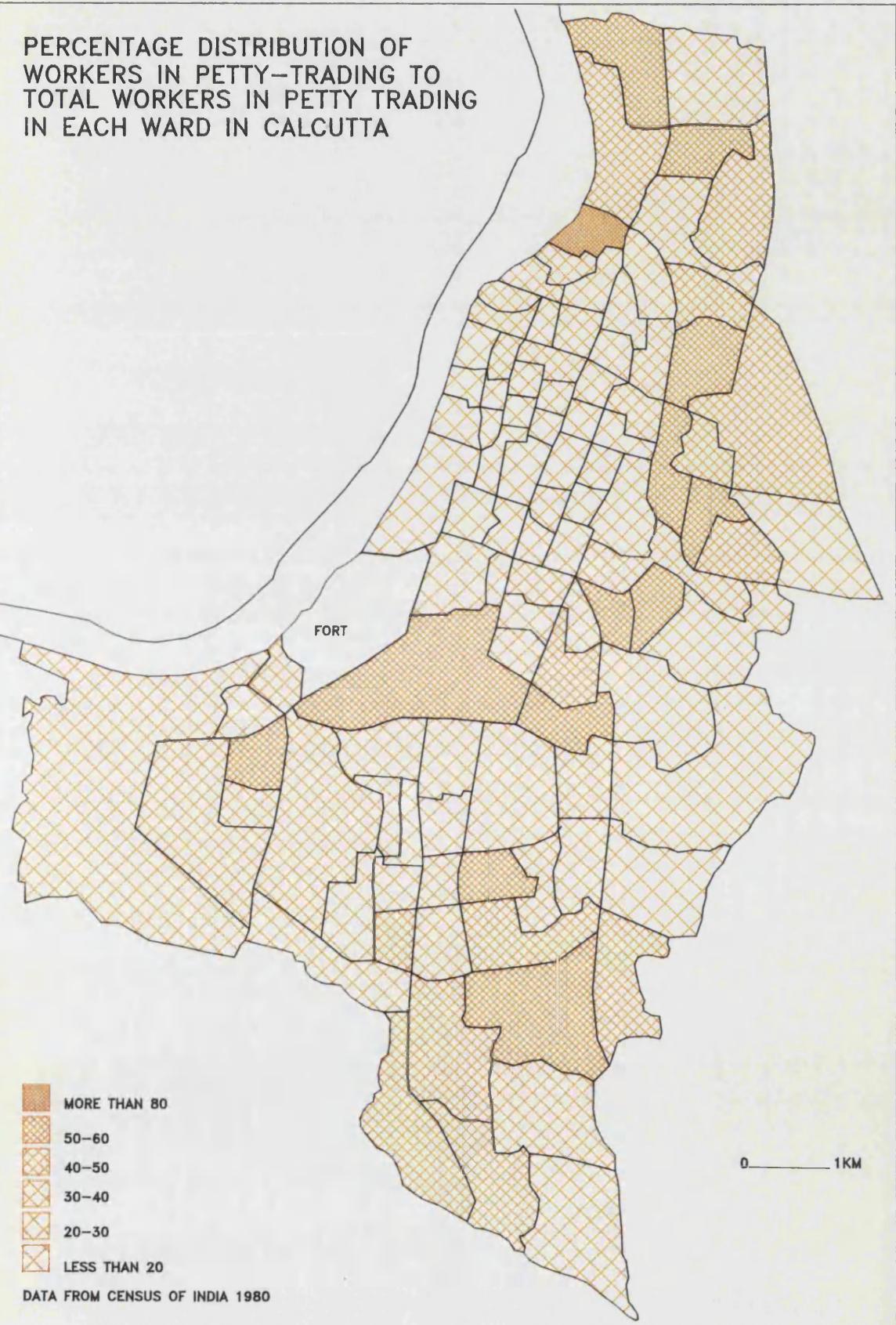
MAP NO. 4.1

PERCENTAGE DISTRIBUTION OF  
PETTY TRADING UNITS TO TOTAL  
PETTY TRADING UNITS IN CALCUTTA



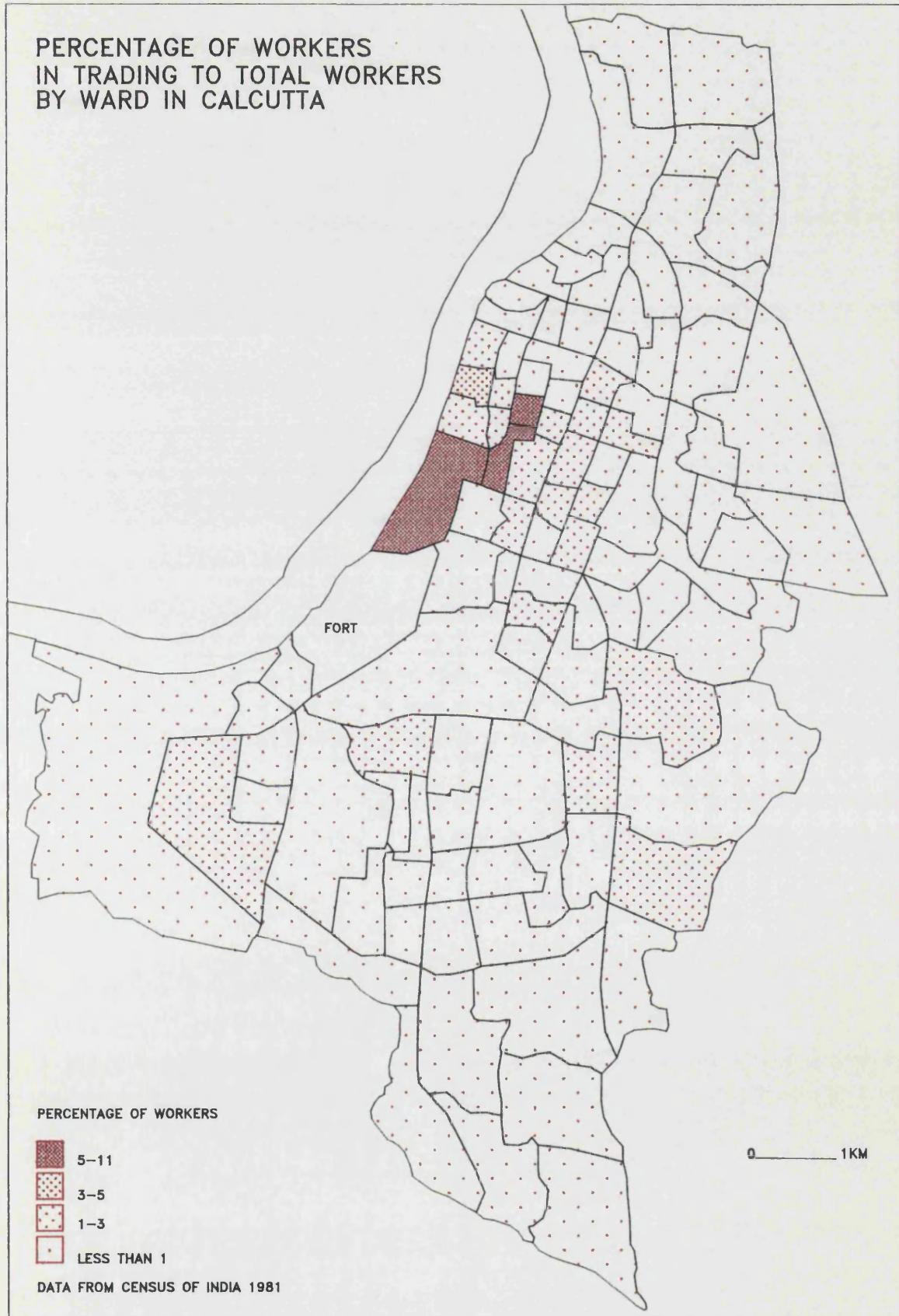
MAP NO.4.2

PERCENTAGE DISTRIBUTION OF  
WORKERS IN PETTY-TRADING TO  
TOTAL WORKERS IN PETTY TRADING  
IN EACH WARD IN CALCUTTA



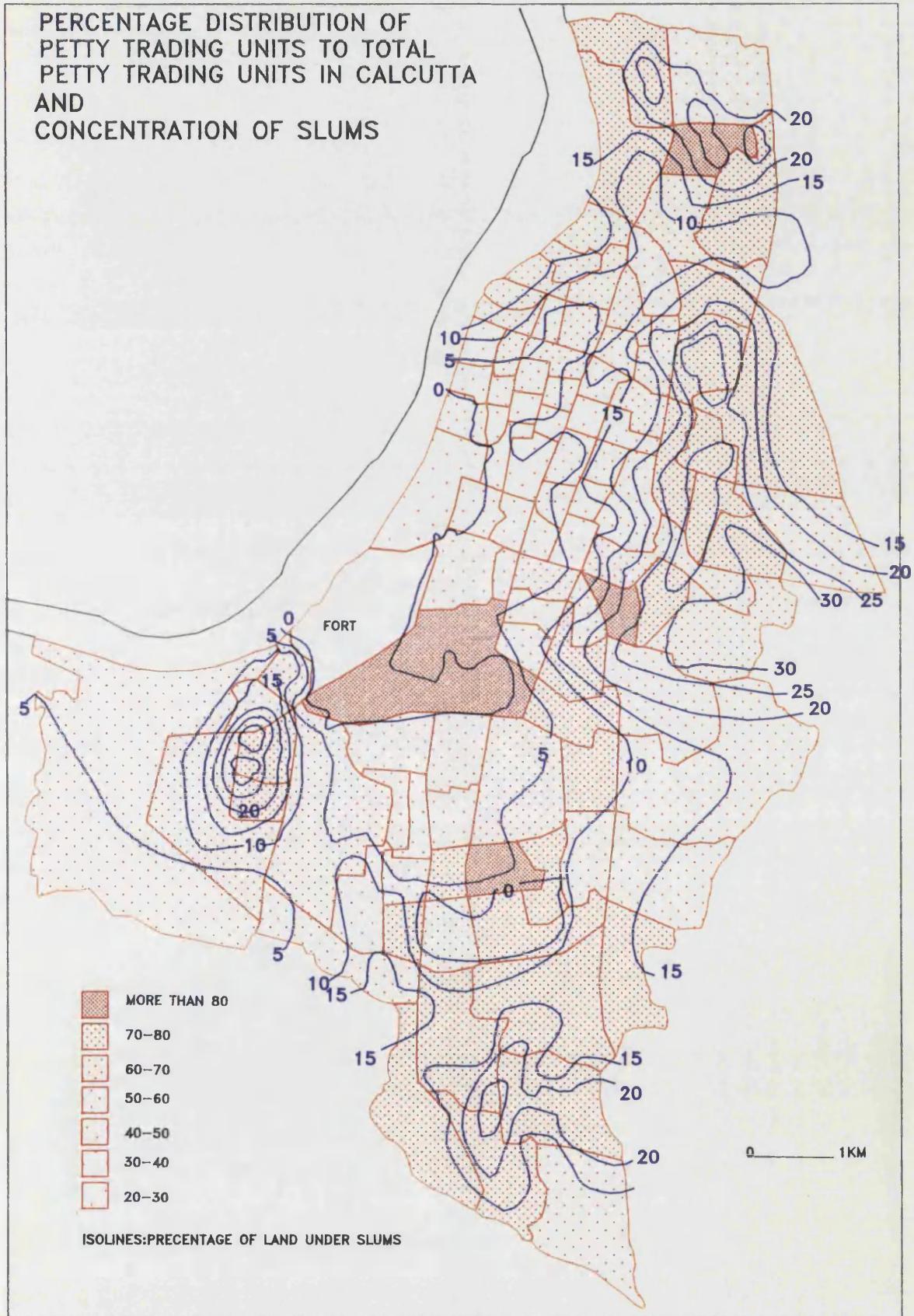
MAP NO.4.3

PERCENTAGE OF WORKERS  
IN TRADING TO TOTAL WORKERS  
BY WARD IN CALCUTTA



MAP NO.4.4

PERCENTAGE DISTRIBUTION OF  
PETTY TRADING UNITS TO TOTAL  
PETTY TRADING UNITS IN CALCUTTA  
AND  
CONCENTRATION OF SLUMS



MAP NO.4.5

Wards, 100 in number, are the smallest administrative units devised by the Corporation of Calcutta ( Map no. 4.1). There are two advantages in using wards. Most of the published information, relevant to this study use wards as their unit of analysis. Secondly, most of the ward boundaries coincide with functional zones of the city.

Three maps were derived from the extracted data. Since a petty-trading unit has been defined as one with two or less than two workers, the number of petty-trading units in each ward was obtained by adding the number of units with two workers and the units with less than two workers. After a percentage of petty-trading units to total units in each ward was obtained, they were grouped into 7 major classes and mapped (Map no.4.2).

For Map no.4.3 a similar procedure was followed to obtain the percentage distribution of workers in petty-trading in each ward. They were grouped into 5 major classes. To show the importance of trading as an activity in each ward, the percentage of total workers engaged in trading was mapped ( Map no.4.4).

The distribution of units and the distribution of workers showed almost an identical pattern. The range of the percentage distribution of petty-trading units was higher than the range of the percentage distribution of traders, though their standard deviations were almost the same,  $+/-14.90$  and  $+/-13.88$  respectively. To check the correlation between the distribution of these units and workers with the functional zones of the city, several maps were derived. Map 4.5<sup>2</sup> brings out the spatial correlation between the concentration of slums and petty trading units while Map 4.6 shows the relationship between distribution of workers in petty trading and the functional zones of the city.

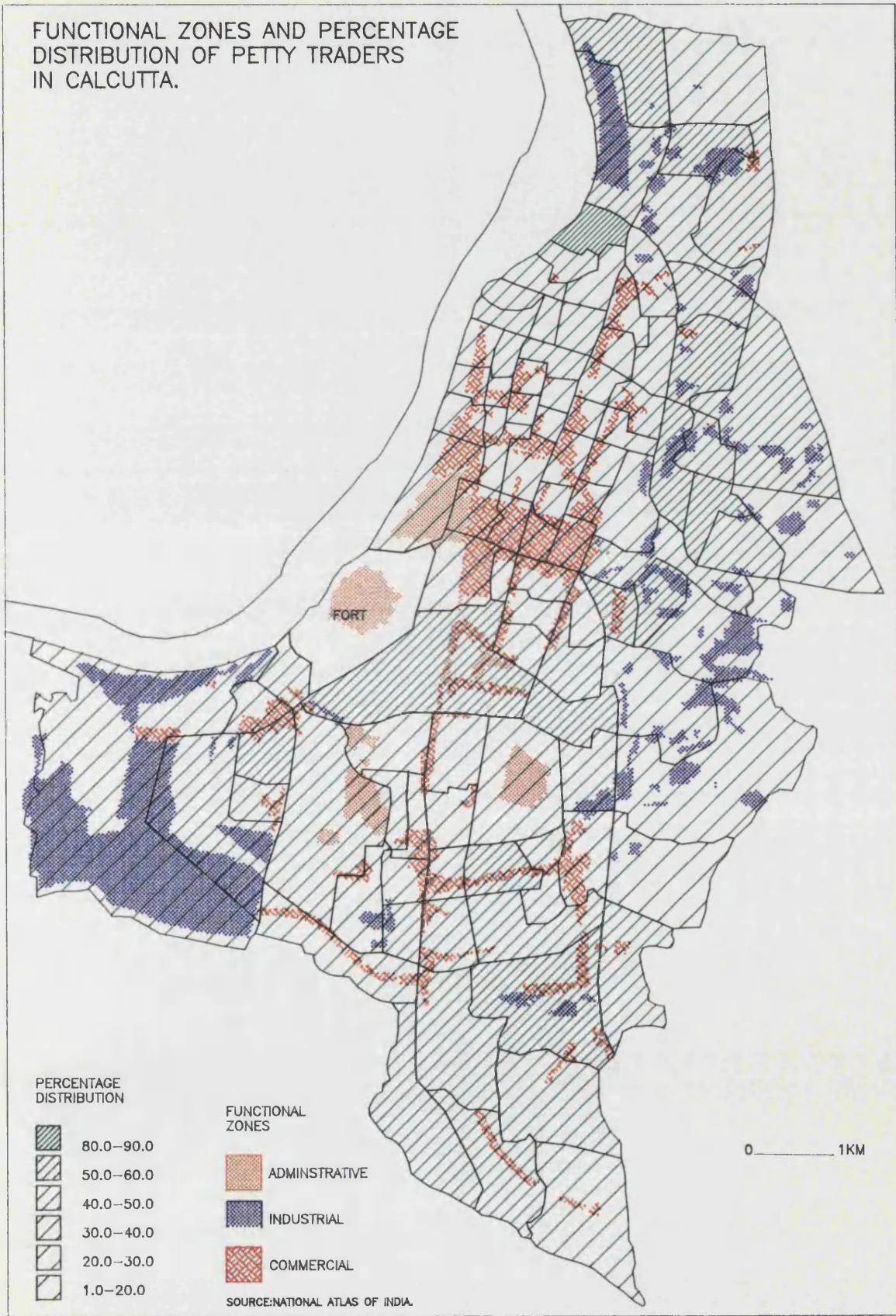
These maps showed that the wards with a high concentration of petty-trading units and workers also support a large percentage of "bustees"<sup>3</sup> and the slums in the north, the eastern fringe and in Khiddirpur in the south west of the city. However, the wards with more than 30% of the land under bustee accounted for only 7% of all petty-trading units in Calcutta. On the other hand the commercial areas showed a low percentage of petty-trading units, though they accounted for 30% of the petty-trading units of Calcutta. The concentration of petty-trading units in the low income areas implied that they were vital to the economy of those wards because the small traders not only marketed the goods produced in these slums but helped in the distribution of the essentials produced within

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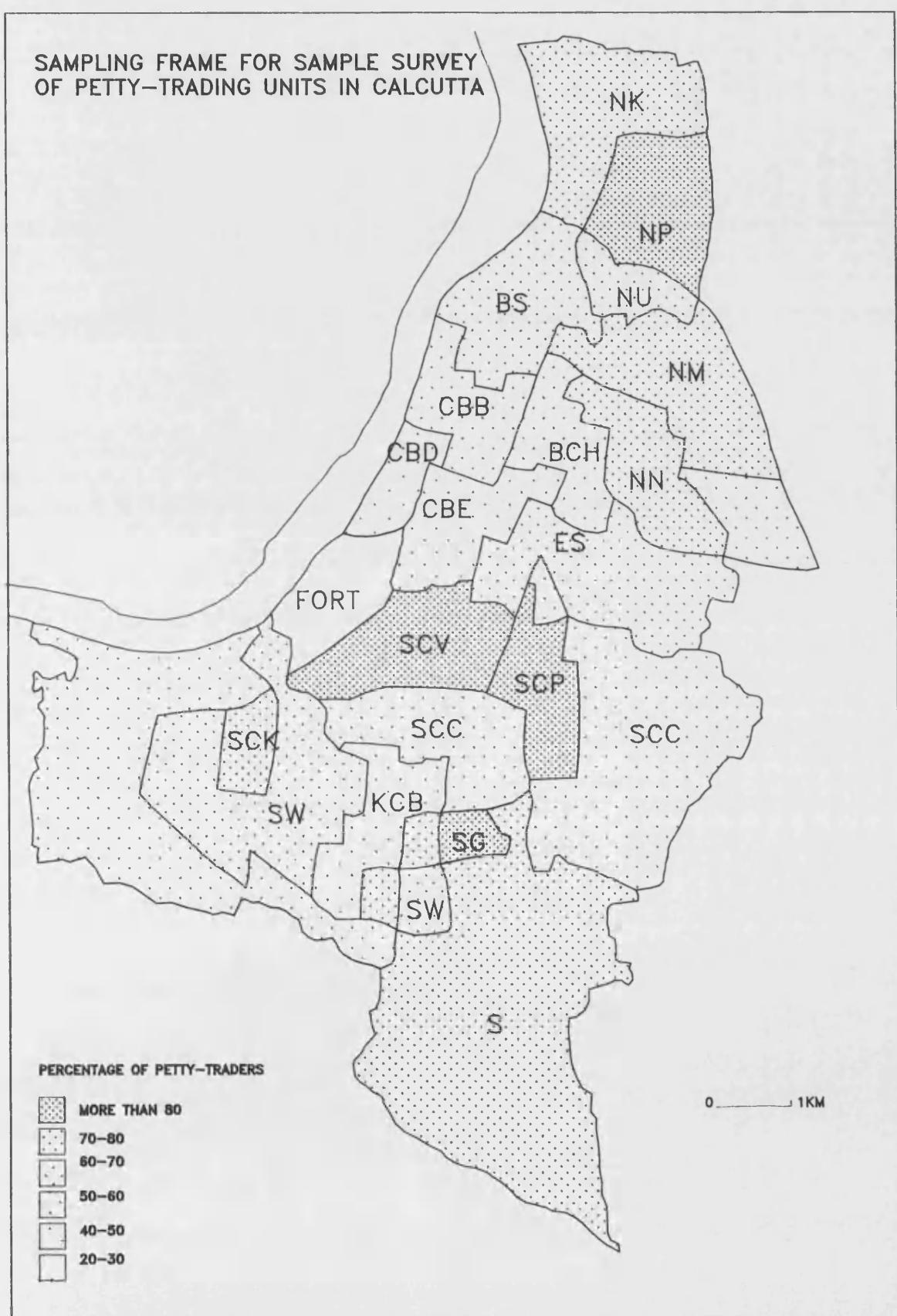
<sup>2</sup>Map 4.5 has been derived by combining Map no.2, (which is based on the data in column 7 of Table 1 in Appendix I) and Munshi's map showing the percentage distribution of land under bustees in each ward.

<sup>3</sup>Calcutta's bustees are a collection of huts on land owned by a landlord but rented to an intermediary called the tikka tenant, who builds huts on the land and rents them out. About a quarter of the total population of Calcutta live in bustees. Though they are overcrowded, conditions have improved after the implementation of the Bustee Improvement Plans with World Bank aid.

FUNCTIONAL ZONES AND PERCENTAGE  
DISTRIBUTION OF PETTY TRADERS  
IN CALCUTTA.



MAP NO. 4.6



MAP NO.4.7

and outside these areas. Further, the maps also show a concentration of petty-traders in areas without slums and which are primarily upper to middle income residential areas. Thus it was considered necessary to give equal weighting to all areas. Each of these reflected a different set of social and economic relationships.

The map showing the functional zones and the distribution of petty-trading units indicate that there are several instances when two adjacent and functionally similar wards have been separated by the percentage grouping. This is explained by the fact that traders tend to concentrate around a market, crossroads or bus or railway station, and thin out along the roads leading away from it. To remedy this and ease the task of carrying out the survey they were grouped together with the relevant wards.

The sampling frame derived and the coding used is illustrated in Map no.4.7.

#### Sample size:

The cost of collecting data was a major constraint in deciding the sample size. Since the survey was conducted entirely through interviews, it restricted the size of the sample. The total number of trading units in Calcutta in 1980 was 69,383. Of these, 38,256 (55.4%) units employed two or less than two workers. Given the resources, a sample size of 1500 was decided on, giving a standard error of 1.27. Using a uniform sampling fraction, the sample for each stratum was determined, that is, the sample size from a stratum was proportional to the population of petty-trading units of that stratum. This gave equal weighting to each stratum. Within each stratum, the specified number of samples were selected at random.

The survey was carried out in the summer of 1987 for over a period of five months.

Before entering into the empirical analysis, I will recap briefly the issues and debates to which this analysis relates. Leading directly from the core hypothesis, that petty-trading is more significant in a stagnant economy, are several issues which need to be examined. Since petty-trading has been expanding under conditions of increasing unemployment and declining standard of living among the urban resident, the social and economic realignment of this class is expected to be reflected in the demographic composition of petty-trading. Further, the social analysis determines at the sectoral level the rate and mode of entry and whether the advantages of a socio-ethnic group create barriers to entry to other groups.

The debate on linkages has revolved round the issue of subordination and exploitation through backward linkages. This study not only examines these links but also emphasises the importance of forward links in determining the income potential specially when petty-traders are not restricted by horizontal exchange.

Unlike Latin American cities but similar to another Asian city, Colombo, petty-traders

have responded to government harassment by joining together in unions. The study attempts to understand the conditions which has led to greater cohesion within the sector. Further, since the government harassment has almost ceased, the study also identifies the present strategies and role of the union(s).

Finally, the economic analysis aim to distinguish the various economic groups and understand the basis of differentiation among the petty-traders. This would allow to establish the possibilities for capital accumulation in these units and hence their viability. The study also examines the survival strategies of the various sub-groups to establish why some groups stabilise and succeed and others do not.

#### **4.2 A profile of petty traders of Calcutta.:**

Calcutta has a long history of migration from the neighbouring states, with different groups dominating certain industries in manufacturing sector and certain occupations in the tertiary sector. It is also infamous for periodic influx of political refugees generally belonging to the middle class and more educated than the local population. Also jostling for employment in an economy with declining opportunities are the urban residents and the migrants from the surrounding districts. Thus Calcutta's labour market is not only divided by the usual parameters of scale, wages, productivity etc., it is also fragmented by ethnic pluralism and trade particularism.

I first recap these larger issues within which this analysis has to be undertaken. The different demographic groups and their characteristics are then identified to ascertain the trader's position in the labour market and in the household. Secondly, the importance of identifying the different groups lies in the fact that when capital is limited and skill not acquired, social and ethnic links become very important. The issue is then examined at two levels:

- i. at the sectoral level, it notes the rate and modes of entry into the sector of the different groups and whether any of these groups derive an advantage from their socio-ethnic connections.
- ii. At the city level, the study examines the various trends and characteristics of the sector in relation to the employment trends and patterns observed in other sectors of the urban economy. This would indicate the direction of inter-sectoral movement and show where petty-trading stands in the employment structure.

#### 4.21 Demographic background:

The thriving trade and commerce of the eastern region was in the hands of a few large well established Bengali merchant houses when the British arrived in Bengal. They continued to dominate the activity, dealing first with British merchants and then the East India Company. But by the 1800's the Khatri (migrants from U.P.), had taken control of the entire textile trade. These were in turn edged out by the migrants from Jodhpur-Marwar region. The wholesaling, retailing and brokerage is still dominated by the Khatri and the Marwaris. The Khatri control the wholesale trade in edibles, fruits, vegetables and foodgrain, and this is seen in the clustering of migrants (discussed in section 5.33) from U.P. as agents, middleman and petty-traders around the major wholesaling points in the city. As noted earlier (Chapter 2) the migrants entered small scale retailing when real estate investors found "farming their land with shop-keepers" was rather lucrative. Almost the entire retailing in these items is in the hands of U.P. migrants in central and north Calcutta.

Migration from the neighbouring states to the industrial sector also goes back a hundred years. The formation and growth of the industrial sector took place within the framework of a deformed industrial change, basically subservient to the British needs. The labour force was predominantly Bengali till 1890's. Subsequently the local labour force was replaced by non-local distant migrants. This change is generally attributed to (i) that the local labour being cohesive was less dependent on the "sardar"<sup>4</sup> therefore difficult to control (ii) the mid 1890's was an expansionist period, and mill owners took the opportunity to change the labour force composition. Since there already existed an efficient network of recruitment (for indenture labour overseas) from Bihar, U.P. and Orissa, the change was achieved easily.

"Three major labour migration streams originated separately in the western districts of Bihar (Gaya, Patna, Shahabad, Saran and Muzaffarpur), the adjoining eastern districts of the then United Provinces (Azamgarh, Balia, Ghazipur, Benaras, Jaunpur) and two Orissa districts (Cuttack and Balasore) to Calcutta and the surrounding areas for employment in jute mills and the other factories requiring unskilled labour" (R.Dasgupta, 1981:1800).

There was restricted vertical and horizontal mobility of this labour because of the sardar system and different groups came to dominate different branches of the industrial sector like jute, iron and steel and the glass industry (R.Dasgupta, 1981). Subsequent migration has helped maintain the domination and union control, which in turn provides direct entry

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<sup>4</sup> The sardar was a kind of a gang leader or petty contractor, and was a man having some influence in his village. The sardar was paid by the company by the number of workers in his gang or the wages of the gang was paid to the sardar for distribution after he had deducted his commission. The sardar also performed supervisory functions. The sardar often acted as a money-lender, creating a relationship of dependency, a form of debt bondage (R.Dasgupta 1981: 1785-1781).

into the the sector to certain groups of non-Bengali migrants.

Further, with the opening up of opportunities in the tertiary sector the migrant labour from U.P. and Bihar moved in again to monopolise all unskilled employment, specially in civic services, portage and transportation.

The strong migrant component in Calcutta's economic activities, independent of the scale of operations, their control and dominance of union and recruitment suggest the presence of artificial barriers to entry. Since large scale commercial activities are also dominated and controlled by two migrant groups, it is vital to note whether petty-traders from these groups derive any advantage and/or create barriers to entry to other groups. Secondly, it is important to see whether the urban residents are being pushed into petty-trading because their entry into other activities have been blocked.

#### **4.22 Demographic groups and their characteristics:**

Several groups and sub-groups were identified. The two major groups were the Bengali traders and Non-Bengali migrant traders. It is therefore essential at the outset to differentiate between various groups of migrants and non-migrants.

##### **Bengali Traders:**

The refugees from Bangladesh are Bengali Hindus who moved with the intention of taking up permanent residence in Calcutta because of religious persecution. Most of the refugees belonged to the middle-class group, the Bengali Bhadralok. They were totally uprooted and forced to sever all links with their country. They intended to merge into the mainstream of life in Calcutta and after forty years their assimilation is almost complete. The second group of Bengali traders are those who have come from the surrounding districts of Calcutta, while some are from the other districts of the state. Most of these intra-state migrants live in Calcutta with their family.

A third group of Bengali traders are those born in the city, some of whom are educated. This group also includes the children of the refugees born in Calcutta.

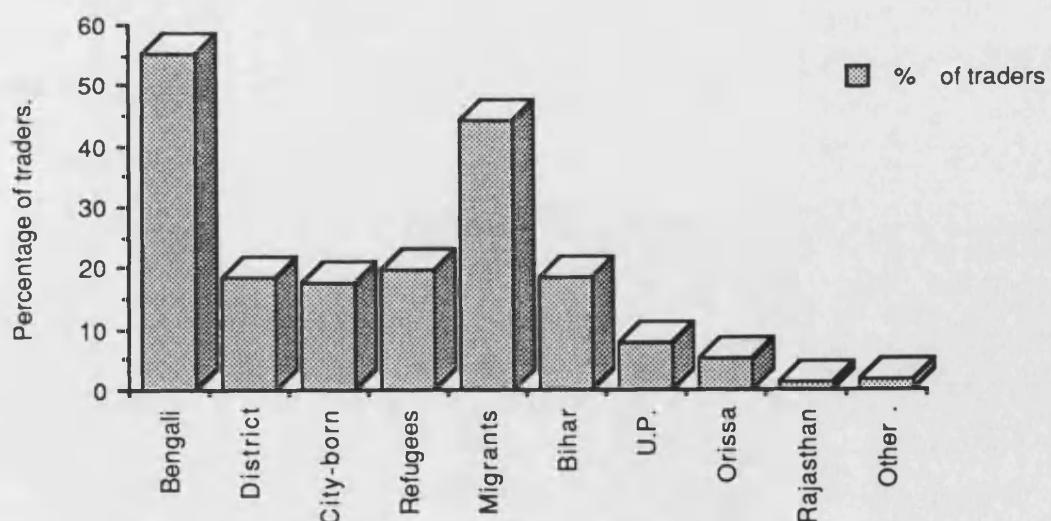
##### **Non-Bengali migrant traders:**

The non-Bengali migrants form a varied and complex group but they have one common purpose. The migrants from Bihar, U.P., Orissa, Rajasthan, M.P., Punjab and others do not come with the intention of taking up permanent residence, (this does not include the Khatries and Marwaris who form the bulk of the wholesalers and large retailers). For them the city is just an economic space which provides an opportunity for better living in their village. They send back a major proportion of their income to their village and they themselves return to the village at the end of their work cycle, while their job or business

is taken over by the son, relative or someone from the same village or district. They have no desire to assimilate and live in ghetto like units, nor any intention of improving their standard of living in the city. It has been estimated that Rs 1500 million goes out of Calcutta through small postal orders to the neighbouring states every year (Misra, 1987). Only one-tenth of that comes back to the state. The interviews showed that all migrants send back about 50% of their earnings every month. It ranged from Rs.150 to Rs.600.

**Table 4.1 Demographic composition of Petty Trading.**

Traders Bengali by origin:	55.89%
Sub-groups:	
Born in other dist.of W.B.	18.40%
City-born	17.62%
Bangladesh refugees	19.87%
Non-Bengali migrant traders:	44.11%
State-wise break-up:	
Bihar	28.45%
U.P.	7.50%
Orissa	5.00%
Rajasthan	1.26%
Other states	1.90%



**Fig 4.1 Demographic composition of petty-trading**

As seen in Table 4.1 the traders from Bihar form the single largest group (28.45%). The three sub-group of Bengali traders have almost equal proportion. The next major group are the traders from U.P., 7%, followed by migrants from Orissa, 5%.. All other migrant groups from the different states of India make up 3% of the sector.

**Characteristics:** The characteristics observed indicate that the workers in the sector are young, the average age being 34, and with 50% of all workers being primary earners<sup>5</sup> in the household. In keeping with other cities of India petty-trading in Calcutta is dominated by male workers.

**Sex ratio.** Mazumdar (1976) in his discussion of the "informal sector" notes that "female workers are disproportionately represented". Webb in his work on urban Peru arrives at similar results. This survey of Calcutta shows petty-trading, a principal component of the so called "informal sector", to be a male dominated activity with only 3% female workers. Most women workers come from the neighbouring areas of the city, only four are from Bihar and one from U.P. However, they were all born in rural areas. Joshi (1976) observed that low female participation rates are characteristic of Indian cities. The social conditions kept the proportion of females in the urban work-force very low. Though this attitude has changed among the literate and the educated, among the illiterate, a women goes out to work only if the household is in dire necessity. In a study of women street traders in Delhi Per Lee (1984) finds a "social stigma attached to working women among the poor unless the women's in-laws are sick or very poor." More than half the women interviewed in Calcutta were heads of households who had little time for social opinions.

**Table 4.2 Distribution of traders by age and position in the household.**

	% to total male and % to total no. of female wks.	AGE				
		20-30	31-40	41-50	51-60	>60
Male Heads	53.30	36.37	38.58	17.50	5.00	2.50
Other Males	46.70	47.73	27.56	12.90	5.80	1.50
Female Heads	54.05	40.00	30.00	12.90	25.00	5.00
Other female	45.94	35.29	35.29	29.41	0.00	0.00.

<sup>5</sup>In a household with several earners the principal earner is here referred to as the primary earner.

Age: The average age of the traders sampled is 34.i.e. workers in the prime-age group. They would be expected to be the primary workers in the household. Their position in their household is brought out by Table 4.2.

The table suggests that more than 50% of the traders, male and female, are primary workers in their household. Among the male heads of households 75% are below 40 years of age, 17% are between 41-50 and 7% more than 51 years.

The non-head male traders are younger, nearly 48% are aged between 20 and 30 years. An almost identical relationship is observed among the female traders.

The predominance of prime-age workers over children and old men, half of whom are also heads of household, suggest that petty-trading units are viable enough to provide the main source of income for bulk of workers in it. This does not sustain the idea that the workers in all small-scale activities are secondary workers from families whose heads have jobs in the "formal" sector. This generalisation by Mazumdar (1976) was based on Merrick's study of Belo Horizonte where prime-age male heads constitute 15% of the workers and are outnumbered by the wives. While Merrick's conclusions may be true for Bel Horizonte, it is not necessarily so for all other Third World cities. This highlights one of the dangers of working with a structural model with a priori assumptions. There is a tendency to over-generalise spatially and to blur regional and continental differences. The reason for the presence of such a large number of prime-age workers in a sector of low returns was first touched upon in the ILO report on Kenya, that the poor and the educated unemployed cannot afford to stay unemployed. In the absence of any social security they are forced into some activity however low or irregular the return.

Age and Education: The question on education appears to be sensitive as almost 10% of the traders interviewed did not wish to disclose their level of schooling. In fact I came upon a trader reading the newspaper but who insisted he was illiterate! This analysis is based on the replies of the remaining 90%.

**Table 4.3 Showing Age and the Levels of Education of petty-traders.**

<u>Level of Education</u>	<u>%</u>	Average Age.
No schooling or less		
than 3 years of sch.	63.00	34
Completed Middle Sch.	18.80	34
Completed school	12.06	32
Graduate(non-technical)	5.72	34
Completed Master's	0.36	45

As expected, the disaggregation of the data according to levels of education indicate that 63% are with no schooling or incomplete primary schooling. While 18% reached middle school, 12% completed schooling. This is consistent with the observations made for "non-organised" sector as a whole in Calcutta and for other cities, Calcutta: Romantet (1981), Bombay: Joshi (1970) . However, Sarin's (1982) study of Chandigarh show that four-fifth of the traders were literate. Almost 6% of the petty-traders of Calcutta are graduates.

A break-up of traders according to their place of origin and level of education brings out interesting cultural diversity. Starting with the highest level of education, it is observed that nearly 6% of the petty-traders are graduates. A look into their background shows that they are all city-born and from the middle-class. In 46% of the cases the father ran a family business or was involved in trading, 25% had regular employment in clerical occupations and another 10% were professionals like doctors, teachers, legal assistants and brokers. They were all city-born but 50% were second generation migrants from Bangladesh. However, 8% of the traders had a rural background. They were all migrants from Bihar and U.P.

**Table 4.4 Showing Levels of Education of petty-traders by their State of Origin**

Major States.	A1	A2	A3	G1	G2
%					
Sample	64.49	18.80	12.06	5.72	0.42
W.Bengal	50.77	29.79	19.48	15.47	1.14
Bihar	81.51	12.04	6.44	1.12	
Bangladesh	41.53	34.87	23.58		
U.P.	71.41	17.35	11.22	0.02	
Orissa	74.07	16.67	9.26		
Rajasthan	41.12	41.17	17.64		

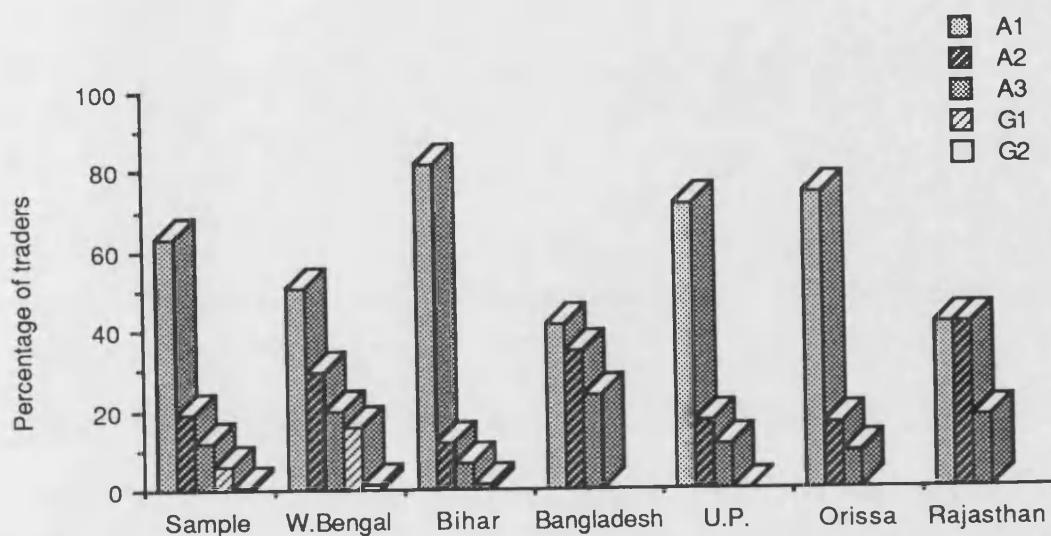
Note: A1 = No schooling or less than three years of primary education.

A2 = Completed middle school.

A3 = Completed school.

G1 = Graduates (non-technical).

G2 = Master's Degree.



**Fig 4.2 Levels of education of petty-trader & place of origin.**

Note: See Table 4.4 for categories.

In India a student is supported through his college by his family as little or no financial help is available. This implies that whatever may have been the profession or occupation, the family income was enough to support the trader through his education. This would place these families in the middle income group. Thus we have a group educated, city born, but not skilled in any particular activity, moving into petty trading.

The presence of this group, however small it may be now, indicates a process in which a section of the resident middle-class is sliding back into a low income, low-productivity sector. The process reflects the effect of a stagnating core on the resident population.

The average age of these traders at the time of the survey was 34. On an average they had joined trading twelve years ago, that is they were approximately twenty-two to twenty-three in 1973-74 when they joined petty-trading. In other words, their time of entry coincided with the period of highest unemployment (see Appendix 1 Table 2). However, of the graduates, four are with Master's degree, with an average age of forty five and three of them had joined petty-trading only a year ago.

As already discussed the late 1960's to early 1970's was a period of economic, political and social upheaval in West- Bengal and particularly in Calcutta. It marked the coming together of several fissiparous forces initiated at different points in time over the last forty years. As stated in chapter 3 the growing rate of unemployment observed since late 1960's soared to new heights in 1972.

It is interesting to note that the traders from Bangladesh are the most educated group. Nearly 60% have had some form of schooling. Sen's (1960) study of Calcutta had shown that the newly arrived migrants from Bangladesh were more educated than the local population. It had also indicated that the labour participation rates were much higher for the normal migrants (who arrived without their families) than for the resident population or for the refugees (who arrived with their families). Tables 4.1 and 4.4 indicate that the petty-traders originally from Bangladesh form the largest group among the Bengali traders and still remain more educated than the local and the non-Bengali migrant population.

At the other end is the group of non-Bengali migrants. More than 75% of migrants from Bihar, U.P. and Orissa have no schooling or incomplete primary schooling. The traders from Rajasthan and West-Bengal fall between these two categories.

Tables 4.3 and 4.4 also show that, one, there is no correlation between age and the level of education, and two, that petty-trading is dominated by those with little skill and education.

The analysis so far has shown that most of the workers in this sector are primary earners in their household. They are young and a third of them are without even primary education. In keeping with the pattern observed in other Indian cities petty-trading is also dominated by men. Behind these generalities, lies a diverse group of people with differing ethnic loyalties. Their differences are not only cultural, but extend to participation rates and levels of education. The study has also observed the presence of a limited group of traders, who are educated but with no particular professional skill. They perhaps reflect the pressure of unemployment and stagnation on the urban resident population. It thus becomes essential to examine the rate and time of entry of the various groups.

#### **4.23 Trends and rate of entry into petty-trading:**

As stated earlier this issue is discussed at two levels. First, the trends within the sector are analysed and then compared with the trends observed at the city level, for the different groups, in some of the other sectors of the urban economy. This comparison is essential for locating petty-trading in the total employment structure of Calcutta's economy.

##### **Within petty-trading:**

It is clear from Fig.4.3 that each group has a different pattern and rate of entry into petty-trading. The total entry into the sector appears to be slowing down, after having peaked 15 years ago. It also shows that all groups follow the general pattern except the group of workers who are city-born. These differences in trend is supported by Table 4.4 which shows that while all other groups are maintaining their share in the sector, only the city-born traders are increasing their share.

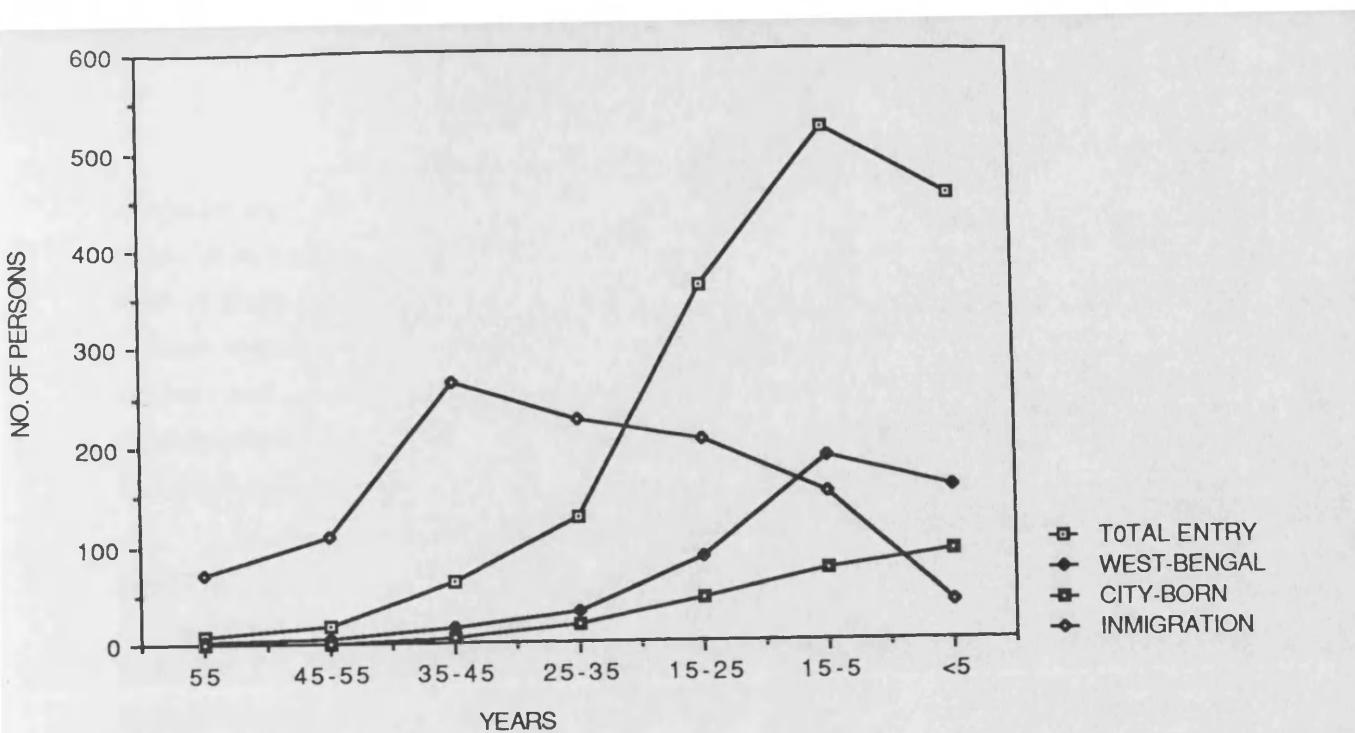


Fig. 4.3 Rate of entry into petty-trading of different demographic groups.

Table 4.4 Showing the rate of entry into petty-trading by place of origin of trader.

Place of origin	<5 - 5 yrs	6-14 yrs.	15-24 yrs.	25-34 yrs.
W.Bengal (other dist.)	17.0%	24.4%	13.1%	13.0%
City-born	24.3%	16.2%	14.0%	16.5%
Bangladesh	19.5%	17.9%	24.3%	21.1%
Bihar	23.4%	22.9%	31.8%	31.2%
U.P.	4.8%	7.0%	9.7%	11.1%
Orissa	3.7%	3.9%	4.7%	1.8%
Others	2.5%	7.7%	2.4%	5.3%
Total	375	458	321	109

Note: This table covers 94% of the sampled traders. The other 6% were not sure when the shop was started.

It would appear that in the face of industrial stagnation in the state, flight of capital, skill and business and political instability a large number of new urban entrants to the labour market in the mid 1970's had little choice but to take to petty-trading. 41% had no other alternative but to take up trading, nearly 26% felt it was the easier way out of the

quagmire and 17% said since all other avenues were closed and they happened to know someone in trading, it was the best bet. Approximately 13% felt it was a combination of some of these and other personal reasons which pushed them into petty-trading.

These varying trends seems to suggest an increasing pressure on the resident urban workers and raises questions like why are fewer migrants entering the sector? Is their share in other sectors also declining? To answer these questions it is necessary to compare the trends and the pattern of entry into other sectors by the different groups.

At the city-level:

An inspection of trends in employment of the various demographic groups in the different sectors of the urban economy revealed interesting differences with petty-trading. The non-Bengali migrant groups in industrial employment have maintained their ratios in industries where they control the union, inspite of rising unemployment among local youths. Though their proportion in most other categories of activity is declining, it has increased from 13% to 24%, between 1984 to 1986, in "engineering and contractor firms" ( Labour in West Bengal, 1986). The migrant groups from Bihar and U.P. continue to maintain a stronghold on transportation and portage, activities closely connected to trading.

**Table 4.5 Employment in Industry According to State of Origin.**

State of origin	YEAR						
	80	81	82	83	84	85	86
	%	%	%	%	%	%	%
W-Bengal	43.83	42.53	51.76	52.61	52.61	50.20	47.14
Bihar	27.53	28.59	23.01	21.62	21.05	21.79	28.13
Orissa	5.94	5.21	3.73	4.62	4.56	5.50	5.54
U.P.	18.37	18.35	16.26	16.62	18.26	18.51	15.02
Other states	4.33	5.32	5.24	3.12	3.52	4.60	4.17

Source:Labour in West-Bengal (1986). Dept. of Labour. Government of West-Bengal.

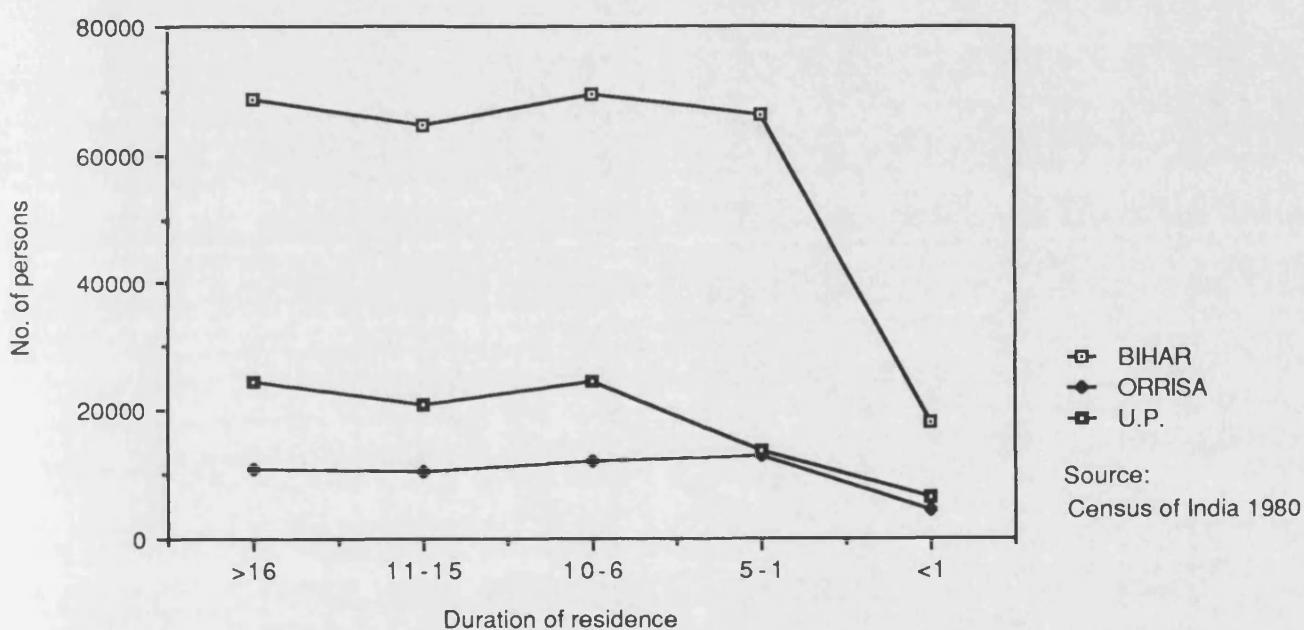
Gilbert & Gugler (1982: 78) after a review of studies by Rouch (1956) in Niger and Hugo (1977) in Java on migrant behaviour also concluded that "because of particularistic recruitment patterns, immigrants of common origin cluster in certain jobs and trades".

This study revealed that the total entry into petty-trading was slowing down, with all groups except one following the general trend (see Fig 4.3). While all groups maintained their share the non-migrant urban workers were increasing their share. This process is

perhaps also occurring in other urban centres, but has not been reported in any study so far.

When these findings are examined in the context of decreasing urban migration, of the total urban setting and dynamics, it appears to suggest that three separate, parallel movements are taking place:

1. that new migrants were moving to other small-scale activities.
2. that they were moving to other sectors of large-scale activities, namely construction.
3. that a greater proportion of the smaller number of migrants go directly to manufacturing industry and other large scale activities where they constitute a powerful body in the trade unions.



**Fig 4.4 Migration trends by place of birth & duration of residence.**

These trends only support the notion that petty-trading is of growing importance to the illiterate and educated unemployed youths of the city. With the lack of alternative employment opportunities this group will continue to join petty-trading whether the state adopts a positive policy or not. However, though the rate of in-migration has been declining, this does not discount the possibility that some migrants might still join the

sector.

The probability of labour moving to other small-scale activities requiring little capital is high. Unfortunately, it is difficult to assess labour movement among such activities. Secondly, very little information is available about the changing size of such activities. Though difficult to document, the growing size of the sector would seem to suggest it. The likelihood of non-Bengali migrants moving directly to large scale manufacturing and construction has already been suggested.

Given the generally declining rate of in-migration and the continued dominance of certain activities in the urban economy, clearly suggest that a bulk of the smaller number of migrants have direct access to employment in large scale production and exchange activities. Research has already established that once a stream is initiated it is difficult to divert, because new migrants will only go to a place where they have a relative, friend or someone from the village. They come forward to help workers to get over the high initial cost of moving into urban areas. According to Aziz (1984) it is this socio-economic, mechanism which appears to have replaced the high wage differential that was theoretically believed to have attracted migrants.

Presence of this mechanism explains why Calcutta continues to attract, though a declining proportion, of migrants despite a stagnating urban economy, increasing unemployment and falling productivity. Secondly, the control of labour recruitment in many sectors of the urban economy by the non-Bengali migrant groups and the socio-economic mechanism would make it possible for migrants to move into large scale, modern sector, by-passing a stage thought essential (Cheunilum, 1984). This very mechanism is at the core of the migrant's success in obtaining employment or in establishing himself as self-employed in the city.

It is the same mechanism which will help a migrant to join petty-trading. The nature and type of activity that a new entrant takes up largely depends on the occupation and position of the 'contact'. These socio-ethnic links are a definite source of advantage to the migrant, and each social group and sub-groups continuously reinforce the mechanism by drawing workers only from their own group. It introduces the migrant to the wholesaler and/or the financial middleman. On the other hand it helps the wholesaler and/or the middleman to draw his new recruits from the pool of new migrants.

Interviews with the Bengali traders revealed that they had few such contacts and depended on their own initiative and relied on their market information and familiarity with the commodity they decided to trade.

The migrants from Bihar and U.P. and non-migrant workers will continue to join this sector, but at different rates. The trends among non-migrants will continue because the economy of West-Bengal in general and the urban economy in particular remain stagnant,

providing extremely limited employment alternatives.

**Reasons behind the observed trends:**

The same process of national reorganisation which left Calcutta behind, also adversely affected the whole of eastern India. U.P., Bihar form the largest chunk of this region. The restructuring, the differential regional growth rates and the new pattern of polarisation created three types of growth regions in India: (i) those with a highly dynamic growth environment where a skilled labour supply is crucial; (ii) regions with a high proportion of skilled personnel but lacking a diverse, modern industrial structure; and (iii) regions which contain unskilled labour reserves produced by the dissolution of other modes or by the decline of obsolete industries corresponding to an earlier stage in the division of labour. In eastern India we find the last two types of regions. The urban economy of Calcutta contain a high proportion of educated, unemployed prime-age workers because with little industrial capital forthcoming, Calcutta's urban economy has failed to diversify and develop a modern industrial structure. In our discussion of deindustrialisation of India, we have noted that northern Bihar and eastern U.P. were some of the regions worst affected by it, and still remains an area of extreme poverty, surplus labour, low productivity and therefore a source region for migration. The excess workforce from these two spheres have gravitated to the low income activity of petty-trading in Calcutta giving it distinctive demographic characteristics.

**4.3 Findings and implications of demographic analysis:**

The findings of the analysis so far can be summarised as follows.

Most of the workers in this sector are primary earners in their household. They are young and a third of them are without even primary education. In keeping with the pattern observed in other Indian cities petty-trading is also dominated by men.

Behind these generalities, lies a diverse group of people with differing ethnic loyalties. Their differences are not only cultural, but extend to participation rates and levels of education.

The analysis also suggested a gradual increase in the proportion of non-migrant Bengali workers in the sector. This not only implies that the demographic characteristics of the sector are likely to be quite different in the near future, but also establishes the growing importance of the activity to the educated and illiterate youths of the city.

The non-Bengali migrants rely heavily on their social links to enter the urban economy. Their continuing control of recruitment in most manufacturing, trading and transport activities, in face of declining in-migration suggests their direct access to these activities. Having links in large scale retailing and being early entrants in petty-trading, gives the

migrant trader distinct advantages. As the socio-economic mechanism helps some to enter the sector it creates artificial barriers for others.

These findings also refute the argument that small-scale trading, do not act "as a buffer, a waiting room" for the migrants. It also shows that a migrant is not "compelled to get himself absorbed...till he can graduate to the organised sector" (Cherunilam, 1984: ).

The non-migrants and the refugees depended on their own initiative and familiarity with product market. They initially concentrated on traditional items they were familiar with and diversified subsequently.

These different modes of entry have direct implications for the kind of vertical linkages the trader manages to establish with the mahajan. For it is these vertical links that are crucial determinants of the trader's earning capacity.

## CHAPTER 5

### LINKAGES AND INTEGRATION WITH URBAN ECONOMY.

#### 5.1 Types of linkages:

Links and relationships established by an individual or a group are a reflection of interdependence between them. The nature of interdependence is highly variable as these links evolve because they are useful to some while essential to others. The nature of a relationship becomes questionable when two individuals or groups are in it for the two different reasons.

The nature of linkages between small-scale activities and the urban economy has been intensely debated since the mid-seventies because it was believed that all surplus was extracted through the unequal linkages of a sector with the economy. It was initially believed that the so called "informal sector" was autonomous and self contained with few links with the rest of the urban economy (ILO: 1972, Oshima: 1971, Sethuraman: 1975). As subsequent empirical evidence questioned this view, a majority of researchers (Quijano: 1974, Arrighi: 1970, Sunkel: 1973, Bienfield: 1975) argued that the sector was subordinated. Within the subordination approach there were some who believed that the small-scale activities were autonomous and subordinated and subordination operated through lack of access to resources. The second group argued that these activities were integrated and subordinated and any surplus produced extracted from it. The subordination operates through the market mechanism and through the lack of access to resources.

Tokman (1978: 1071) argued that these activities were neither autonomous nor fully integrated. They have significant links with the rest of the urban economy with a considerable degree of self-containment. This suggests a considerable variation in types of links that are established by a sector and hence in the degree of subordination.

This analysis, of linkages established by the petty-trader, is placed within this broader and realistic concept. The purpose of studying the linkages is to identify the heterogeneous links of the sector and note the degrees of subordination and the effect on the income-earning potential of the trader and the scope for capital accumulation. It is therefore essential to first define what these links are and look at how and why these

links are established.

A group can establish two different types of linkages- vertical and horizontal. There are two kinds of vertical linkages. The relationship that a trader develops with the wholesaler or the middleman from whom he buys his goods is the backward linkage. It is this backward link which has been at the centre of earlier debates. It is believed to be the channel of exploitation and surplus extraction. Admittedly, this is the most crucial relationship that a trader develops, but it provides no grounds for ignoring the trader's relationships with the rest of the urban economy established through the customer, the forward linkages. The lack of concern for the nature and effects of forward linkages can be attributed to the on-going debate as to whether they were integrated or not and the preoccupation with the exploitative relationships. It is believed that all aspects affecting the income earning potential must be examined.

Linn (1983: 39) had stressed that in street-trading locational advantage is a major determinant for income. It has already been stated that the petty-traders have spread to all parts of the city irrespective of the functional landuse. This implies that petty-traders interact with buyers from many different economic strata indicating a scope for variation in income with the locality. Thus in this case income potential is seen to vary not only with a vantage location at cross-roads but also with the locality, emphasising the importance of the trader-buyer relationship. Thus this study examines both aspects of vertical linkages.

Further, studies (Moser, 1975; Bunster, 1983) of small-scale activities, particularly of street traders in Latin America suggested that traders as a group are fragmented and ineffective because of "factional self-interest of vendor's trade unions" Bromley (1978: 1161). Studies in Asian cities (Marga Institute 1981, Sarin 1982) however, show greater cohesion within the sector, with well organised unions.

The unions representing the petty-traders of Calcutta are active and vocal, suggesting strong horizontal links within the sector. However, beneath this apparent unity are a large number of smaller union groups. There are area unions and unions of traders selling particular type of product. Further differentiation arises out of the many conflicting political affiliations. The Leftist parties generally dominate the "Hawker Unions" as they are called, though the Congress has its stronghold in Garihat and in Khiderpur and Mazerhat, the predominantly Muslim areas. The interest of the various political parties lies in the fact that petty-trading is illegal, and therefore the workers can be easily manipulated. This implies that making petty-trading legal might be inconvenient for the different political parties involved. These issues raise two sets of interesting questions. The first set would pertain to questions like why do the

petty-traders form a more cohesive group? Are they more vulnerable than the street-traders of Latin American cities? Is their vulnerability so great that it forces the ethnic groups to transcend their differences? The second set would relate to issues like how these links are used? What are the activities of the union/s? Does this unity provide any form of effective bargaining power or does the different political affiliations of the sub-groups within the sector undermine the apparent unity? What will be the attitude of the political parties to a change in the legal status of the petty-traders? What will be their new role in that case? The political parties will have to adapt a new role and petty-traders will also have to acquire a new political significance for the politicians to be still interested in them. What form is this new relationship likely to take? The analysis of horizontal links attempts to answer these questions.

The analysis in this chapter is organised to first look at the nature of integration of petty-trading with the urban economy and then at the internal bonds of the sector. The nature and degree of integration of a petty-trading unit is examined through its backward and forward linkages. First, is an analysis of the financial mechanism, which by creating the basic conditions for the functioning of petty trading determine its linkage characteristics to the urban economy, and second, I detail the market mechanism of price determination and fluctuating profit margins, the change in consumer demand and the skill and adaptability of the trader to deal with competition, for these together reflect the trader's attempt to maximise income potential through his forward linkages. Third, is a discussion of the significance and implications of horizontal linkages developed within the sector.

### **The nature of integration**

#### **5.2 Backward linkages:**

##### **5.21 The financial mechanism of petty trading:**

The fundamental factors in the operation of petty-trading are credit, middleman and ready-cash. Here an attempt is made to analyse the corresponding financial mechanism from these three factors.

Credit is essential both to entrepreneurs for whom it is often the only possibility for entry into or maintenance of an activity, and to consumers for whom it represents the possibility of access to consumption even for those without fixed income (Santos, 1979). The need for credit arises from a scarcity of capital, which in turn is due to a large number of people being engaged in activities (rural and urban) which allow no capital accumulation.

Santos (1979) reviews studies in Africa and primarily Latin America and attributes the scarcity of capital in small-scale activities to "moneterisation of agriculture ... which accelerates circulation" (pp.115) and to a dynamic modern economy which tends to absorb capital and aggravate the scarcity. While the second reason is valid in this case the first is not. In eastern India, though the degree of modernisation of agriculture is not as high as in the south and the north of the country, the agricultural economy has long since been monetised (Bagchi 1976, 1982; S.Dasgupta 1980). Short's (1973) observation in Singapore about the modern sector is also true in India and Calcutta, that is, the expansion of banking network and subsequent changes in consumer behaviour has intensified the demand for the remaining money supply and increased the velocity of monetary circulation.

However, another important reason for the scarcity of capital and intensification of its flow is that a greater number of people are entering the urban economy, particularly petty-trading, with no investible capital. Thus there is a growing disparity between money supply available and the number of users in small-scale activities. Because this sector is hungry for cash, most of the poor in the urban economy can only function through credit. That is, credit must be used to establish or maintain a business. Credit from banks is generally not even considered by the migrant trader for socio-cultural and economic reasons. The socio-cultural gap between his rural background and the formal banking system leads him to make an unconscious decision against it. Secondly, the rules of repayment on fixed days is incompatible with those controlling petty trading. Further, the entrepreneurs find the banks unhelpful and unsympathetic to their needs because unlike the larger traders they cannot provide the collateral. Hence the preference for private credit in petty trading. The credit gives them more than simple access to capital, it secures their position in the flow of goods (Geertz, 1963).

This brings us to the second fundamental factor - the financial middleman. It is generally the wholesaler, but sometimes a middleman or an agent of the wholesaler who acts as the "banker" to the small trader. The credit though essential for survival of family and business leads to an increased indebtedness at all levels. There exists a ramified network of credit balances binding larger and smaller trader together (Geertz, 1963). It is this network which provides one of the integrative factors in the activity. It leads to a hierachic ranking of traders in which the larger trader gives credit to smaller ones, and smaller ones have debt to larger ones. The poorer the trader the more he depends on the middleman for his purchases. With the income distribution being so unequal the financial middleman provides the fundamental condition for the functioning of petty trading. Cash - it represents the money required by the consumer to pay for the

goods, the entrepreneur's money to pay off the debts and obtain new credit and the independent trader's money to purchase his goods.

### 5.22 The nature of entry:

In keeping with the complex demographic composition, several forms of entry into the sector was observed. The most organised however, were the non-Bengali migrants.

The manner in which these migrant enters petty-trading conditions the relationship with the financial middleman. The socio-economic mechanism described earlier acts as an integrative factor at a lower level than the financial mechanism. It gathers the migrants together, cushions their initial shock and initiates them to the ways of urban life. It then brings together the migrant and the wholesaler or his agent. Just as the migrant gravitates to the group of friends and relatives from his village and/or caste, the agents seek out new recruits from the same community to which they belong.

The urban residents do not have such a mechanism to help their entry and depend on individual contacts and initiative and rely on the unions to help them settle.

**Table 5.1 Showing the nature of introduction to petty-trading.**

Nature of introduction	Percentage of traders
Introduced to mahajan	
by relatives.....	26.74%
by friends .....	21.96%
Approached by mahajan/agents.....	35.53%
Own initiative .....	15.75%

The study shows that 26% of the traders were helped by relatives who introduced them to the mahajan, while 21% received similar help from friends. 35% were approached by the wholesaler's agent. This process suggests the existence of strong community bonds which has not only made the socio-economic mechanism effective but has fragmented the labour market and created barriers to entry. In Calcutta, unskilled activities are controlled by groups strongly identified by their village, caste or traditional activity. In other words, the unskilled labour market has become so fragmented by ethnic groupism, that a new entrant finds it extremely difficult to enter the labour market without help from a particular group. However, nearly 16% of all

traders used their own initiative to enter petty trading and received no help. Despite the fact that petty trading suffers from overcrowding, scarcity of capital, fragmentation and artificial barriers to entry, it is still the easiest point of entry into the urban economy for someone with no skill and capital.

When asked for their reason for entering petty trading, 30% of the traders said it was the only alternative, while 48% thought it was easiest to enter; about 3% of the traders joined the activity for reasons they were not willing to disclose. However, a conscious decision was made by 18% who knew someone in petty trading and therefore decided to join. It would be pertinent at this point to say that for most workers entering this activity involves little conscious decision making. With employment in manufacturing and service industry limited to few, with no skill or capital, the worker has little choice to exercise. There is a tendency to drift into the sector which absorbs.

#### Location decision:

The place where a trader sets up shop and the items sold depend on three conditions:

- (a) the kind of help she/he has received
- (b) the items of trade of the wholesaler she/he was introduced to
- (c) whether his/her father was also a petty trader.

The nature of help extended is crucial to how the trader organises himself. Generally the friend or the relative is a trader himself. He suggests that the new entrant set up shop in and around the same area as himself and introduces him to the wholesaler or the agent he deals with. Initially the new trader follows the advice given, but subsequently may decide to change the location of the shop as observed in this study.

Secondly, whether the trader was introduced to the wholesaler or approached directly by an agent, the items of trade will be determined by the items this wholesaler or the agent deals in. In which case he has to decide on the location of his shop. The new petty-trader is guided by the wholesaler or the agent or his friend/relative as to which location would be best for the items he trades in. The study shows that 59% of the traders first decided on the items of trade and then chose the location. 50% of this group decided on a particular location as it was considered the most lucrative. Trader's behaviour is not always so rational. The other half set up shop where they knew someone.

An interview revealed that decision-making could be quite irrational. One Bholanath, a seller of fresh fruit juice, now located on College street had initially set up shop in Esplanade, where he admitted business was better. Esplanade is a busy commercial and shopping area and an important transportation point, where petty-trading is dominated by Muslims from U.P. and Bihar. Bholanath, a Bengali Hindu was unable to get along with other traders and moved to a locality dominated by Bengali traders. Such

irrational economic behaviour perpetuates a segregation initiated several decades ago.

40% of the traders, on the other hand decided on the location first and then selected the items of trade suitable to the demand in that area. 23% of the traders had no choice of location or of goods as they took over the shop run by their father/family.

### **5.23 Relationships with the financial middleman:**

The petty-trading sector is linked to the rest of the urban economy by the trader's relationship with the middleman on one hand and by the consumer on the other. It is the nature of his relationship with the wholesaler/financial middleman that largely determine the degree and modes of insertion into the urban economy and hence the possibilities of capital accumulation and growth in this sector.

This study shows that 47% of the traders buy on credit from the wholesaler, while 13% receive a commission on sale from the wholesaler. 34% purchase their goods in cash and nearly 4% are producer sellers. This empirical evidence suggest that petty trading is integrated with the urban economy in more ways than one.

**Table 5.2 Showing the percentage distribution of the petty-traders by their backward linkages.**

Type of backward linkage.	Percentage of petty-traders.
Credit relations .....	47.86%
Commission agents .....	13.68%
Self-employed .....	34.66%
Producer Sellers .....	3.80%

Few relationships are equal. It can be equal only when two groups of individuals are equally strong, when one group or individual does not have any advantage over the other, a situation rarely encountered. In reality, in a relationship one member generally derives greater power from certain advantages he enjoys. Such a relationship may be symbiotic or one of subordination and exploitation. In petty-trading the wholesaler and/or the financial middleman has certain advantages over the trader because of his position in the urban economy. By supplying the credit he is creating the fundamental condition for the functioning of petty-trading and ensuring a higher rate of return for himself. This in itself will give him the controlling power in his dealing with the small

trader.

The middlemen furnish credit most often in the form of merchandise, and very occasionally in cash. He acts as link between supply and demand which is never in equilibrium either in quantitative or qualitative terms. This situation gives the middleman further privilege and a strategic role in supply (Santos, 1979). The role is all the more dominant because of his access to bank credit (formal and indigenous) and the concomitant ability to purchase in bulk either directly or indirectly. Compared to him, the petty-trader seldom has access to financial resources to buy in bulk or in cash. The position of the wholesalers is further strengthened by their ability to store merchandise. The petty-traders store limited quantities because their customers buy in small scale and in an irregular manner and because they have little or no storage space. Santos notes that very often the transporters act as middleman. In Calcutta we do not find any instance of this. Transporters form a fairly efficient network of collection and distribution, but they only move the goods for the wholesaler or groups of petty traders. Most of the petty-traders use public transport system or walk; only those selling fresh vegetables and fruits produced around the city, hire a van on a daily basis. But the transporter by no means acts as a middleman.

**Table 5.3 Mode of transport used by petty-traders to bring goods.**

Mode of transport	Percentage of traders
Cycle .....	3.61
Taxi / autorickshaw .....	3.61
Van .....	4.00
Public transport .....	49.94
Walk .....	38.81

The multiple modes of entry and demographic pluralism make for complex linkage patterns and the trader-middleman relationship takes many different forms. Our study identified four distinct types. They are

(i) traders who purchased bulk of their goods on credit.

They could be sub-divided into two groups:

- a. Those who purchased from wholesalers, their middleman and agents.
- b. Those who purchased from the small producers and their middleman.

(ii) The traders receiving a commission on sale.

Within this traders selling contraband goods had to be separated from the rest of the

group. They deal with a middleman well removed from the man who actually funds and illegally imports the goods.

(iii) The traders who purchased bulk of his goods in cash.

(iv) The producer-sellers.

Though four distinct types of connection can be identified, it is important to note that a trader can be involved in more than one type of relationship at one time, for example, the shopping basket of a trader selling cooked food can consist of many different kinds of items. The vegetables and the provisions used is bought on credit, the crockery and the utensils purchased in cash while he receives commission for the sweets and biscuits that he sells.

#### **Credit relations:**

Nearly 48% of petty-traders obtain their merchandise on credit from wholesalers, middleman and/or agents. This preference for private credit as stated is because they are unable to obtain bank credit. Most petty-traders seek credit from small wholesalers and large market traders, whose terms of credit are very different from those of the major wholesalers who impose conditions for the supply of goods and whose ways are not adapted to the functioning of the petty-traders. However, several interviews with large market traders and small wholesalers dealing with petty-traders revealed that the economic rationale behind their lending decisions is one which is universally accepted, that is, credit varies according to the credibility and the size of the operation of the borrower. The lower the credibility and the smaller the size of the operation, the smaller the credit, the shorter the duration of the loan, the higher the risks and interest rates. The mahajan determines the rate and duration of the credit and directly affects the profit rate and the actual turnover of the petty-trader. Further, the petty-traders were keen to emphasise that the mahajan was quick to capitalise on any sudden increase in demand for a particular commodity by charging them a higher rate, thus limiting the net sales revenue of the petty-trader.

As in large scale trading or in any exchange activity, it is also essential for the petty-trader to establish his credibility. Credibility outside the petty-trading sector refer to credit worthiness for bank loans and is established by the collateral that is offered.

Credibility in this sector refers to whether the trader can get goods on overnight credit or for a longer period which in turn determines the kind of goods she/he has access to. Hence levels of credibility refers to the period for which the petty-trader has received the goods. Since the trader has no collateral or as in most cases not even an address, linkages acquire great significance. The socio-economic mechanism which attracts a migrant to the city also helps him to enter the trading sector. In the absence of any

collateral, resource and skills, social links acquire supreme importance in helping the trader establish vertical linkages. The resident urban workers try to compensate for their lack of resources and socio-ethnic links by seeking the help of the area unions.

This study shows that the duration for which the credit is extended generally range from a day to a week, infrequently to two weeks for a petty-trader with established credibility.

Traders dealing with perishables or any fast-moving items received shorter credit. The vegetable and fruit sellers can be sub-divided into smaller groups based on the quantity and variety of products they keep. The traders stocking a greater product-mix are generally well established, having been in trading for several years. They normally receive a credit of four to five days. While the smaller traders (almost all women traders fall in this group) selling one type of product or seconds and rejects have to pay for their previous day's purchase before they obtain new stocks. Though the wholesaler/large trader gives minimum credit to this group, he is dependent on them to dispose off the seconds and the damaged goods he would not be able to sell at his shop, as it would not fetch an acceptable price and also damage his reputation. However, it must be noted that despite the stringent conditions under which the petty-trader receives credit, no other source of credit is used nor is there a indigenous system of rotating credit.

Traders dealing in textiles, plastics, household goods, toiletries, items which move relatively fast are on an average restocked every week to ten days. Though individually the traders indicated that there was no pattern; they bought as and when necessary depending on the sale. They were all expected to pay for most of their previous purchases before they received fresh credit.

Calcutta has a large number of medium to small glass factories manufacturing bottles for local pharmaceutical firms and breweries, and other similar products destined for large to medium scale industry. A bulk of their by-products, generally poor quality glassware, find its way to the market through the agents and petty traders. A similar relationship was found in the case of traders selling decoratives- wooden, ceramic and brass. The traders selling brassware were concentrated in Garihat (a shopping centre for rich to middle class). The brassware is obtained by the agents from wholesalers in Kanpur, in U.P. But the traders selling brass and steel utensils buy directly from wholesalers based in the city. More than 50% of the traders dealing in toiletries and women's accessories receive their goods through the agents. A major advantage in dealing with an agent is that the trader incurs no transport cost as the goods are delivered to his shop.

In China Bazar, the core of wholesaling in paper stationary, paper plates, cups, napkins and tinsel, I found the street traders stocking goods bought from the wholesaler as well items produced by the trader and his family. Fancy, gaudy decoratives shaped out of tinsel, paper flowers, chinese lanterns and streamers were made at home and sold along side the goods purchased from the organised sector.

A second group of traders selling glassware and ceramic are those offering goods processed in the petty commodity sector, for example, tinted glass bottles reshaped to form tumblers, clay moulded and painted to various shapes and colour, crudely hand carved wooden objects etc.

Traders were also found selling non-essential consumer goods produced in small production and/or household units bought through the middlemen who collected and distributed the goods, squeezing the small producer and the retailer.

There is a second group of traders whose links with the rest of the economy takes a totally different shape. They sell in low- income areas goods processed or recycled in the slums. The goods are normally tacky and of very poor quality and are targeted for the low income group. They depend on the low income group to produce and consume the product. In other words, the traders are participating in an horizontal exchange of goods.

The traders claimed that they paid the producers only if they managed to sell. These traders predominated the northern, eastern and the south-eastern fringe of the city which has more than 30% of the land under slums (See Map no.4.1). This group of traders and petty commodity producers represent a totally different set of socio-economic relationships. The survival of the low-income and the poor in the slums are tied to petty retailing network. This network not only allows them to sell what ever quality of goods they can produce but also facilitates the distribution of essential commodities within the low-income area.

#### **Commission agents:**

The system of commission selling is the second mode of relationship. Commission sellers (13.68%) are retailers who sell the products of a limited number of manufacturers, wholesalers or other retailers, charging a fixed price and receiving a commission on sale. This commission varies within a range of 10-20 % of the retail price. These traders are most numerous among books and magazine sellers, operators of food kiosks, cold drink and cigarette stalls operators and those selling garments. The traders selling books and magazines do not deal with the publishing company, but

rather with the wholesalers. The arrangement provides the wholesaler a low cost distribution network. In India, after the closure of the Coca-Cola, there was a mushrooming of large to medium scale manufacturers of various types of cold drinks. Through the agents the petty trader stocks products of all these companies and other products like cigarettes, "paan"<sup>1</sup>, soap and candy. This is quite different from what Bromley (1978) describes in Cali, Colombia, where the trader is set-up by one particular manufacturer of cold drinks and therefore not allowed to keep non-company products which compete with company products. In Calcutta, the larger manufacturers provide the ice-boxes and the advertising boards.

There are two types of food stall operators, only one falls in this category. This group of food stall operators is totally dependent on commission selling. The food is organised by a shop or a caterer or a small hotel or a restaurant and he receives a commission on the amount he manages to sell. The commission seller is generally tied to a single producer. This is quite different from what Cohen (1984) observed in her study where the cooked food sellers prepared the food at home.

In the commercial and the business districts there is a growing demand for quick take-aways specially during the lunch break, but there is little scope for setting up a permanent stall. Petty-traders not only provide a cheap distribution network but in this case, they are the only alternative.

The second group involved in commission selling function within a different set of parameters. Not an unexpected relationship exists between a petty-trader retailing contraband goods and his suppliers. Because of his poverty and mobility, the street trader is used to carry the greatest risk in distribution. He is supplied by an agent, at the end of a long line of intermediaries protecting the chief who is difficult to identify. The trader on the street has no information on the people behind the agent. The unwritten laws and codes of the underworld appear to be universal. Bromley (1978) noted identical relationships between the street traders of contraband goods in Cali and their "boss".

Most of them refused to co-operate with the survey and hence are under represented. However, a visual survey showed that an increasing number of young men are being attracted by the quick and high returns.

The retailers in contraband goods are found throughout the city but are concentrated in two localities; in Esplanade along the lanes leading off the main thoroughfare and in Kidderpore. They refused to answer the questionnaire, but were persuaded to give interviews, on the condition that it was not recorded and their anonymity maintained.

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1. The betel leaf is known in India as a "paan". It is pungent by itself and is served folded into triangles, with aromatic ingredients, betel nut and a touch of lime inside it.

However, those located in other parts of the city were not so hostile nor insecure. Five traders were interviewed in Esplanade and Kidderpore. Most of them had been in retailing for several years before they changed to selling contraband goods. They admitted it would be very difficult for them to leave this line of trade even if they wanted to. They would be threatened, intimidated and if that did not work the henchmen would do as thought necessary. Further, if rounded up by the police they generally do not receive any support. Despite this, they prefer to remain in this trade because of the high return it fetches.

These three sets of relationships show that the bulk of the traders at different levels are bound together by a network of credit balances. The loan is never repaid, either to obtain more credit or because the trader just cannot pay it back. The wholesaler in turn limit the supply of credit so as not to endanger himself. Geertz (1963: 36) had described an ideal situation. "...the balance must be large enough to keep the trade relation between the larger and the smaller healthy and active and small enough to not to lead to default and an irrecoverable loss to the creditor. In reality the relation is active but rarely as "healthy" as portrayed by Geertz because the street trader generally has little option to exercise. It is obvious from the two sets of relationships, that even though the wholesaler/manufacturer /agent needs the petty-trader, the small trader needs him more. He is the means to an extra income. The street trader provides an effective but a low cost distribution network. Secondly, they are an outlet for the sub-standard, contaminated and poor quality goods. They also help the larger trader avoid taxes. Since the petty-traders neither pay tax (therefore there is no official record of their sale) nor keep any account, they are used by the larger traders to route a part of their merchandise to the market. The trade with the petty trader is not declared to the Revenue Department, and thus generates illegal wealth. In contrast the petty trader depends on the wholesaler to supply the merchandise in order that he can earn a living. This unequal tie and insecurity of the trader is a product of working relationships which are based on the traders poverty and the presence of a large number of other poor people seeking similar work opportunities (Bromley 1978: 1167). Further, the trader is no position to protect himself/herself against the rising cost of living and often moves from credit to indebtedness. This is specially true for traders who have families to support in Calcutta with its much higher cost of living. The trader often borrows from one to pay the other and moves deeper into the ever growing circle of indebtedness. The non-Bengali migrant traders without their families in the city, remit to their villages on an average Rs.200 per month through postal transfers while they compromise on the living conditions in the city. This difference due to socio- economic conditions further

colour the trader-middleman link. However, despite these disadvantages this opportunity is likely to give them the highest potential income, under the given circumstances.

#### **Self-employed traders:**

The fourth group, constituting 34% of the traders, do not participate in any of the arrangements described. They generally purchase their goods in cash, process and market it. Bromley (1978: 1167) calls them "independent, truly self-employed traders". A large number of traders operating tea stalls and food kiosks buy their provision from a variety of sources. They do not use credit nor depend on anyone to provide place or equipment. Those operating tea stalls sell bread, sweets, biscuits and savouries for a commission, and the goods are generally delivered to their stall. The operators of food kiosks, often cook the food in the stall, on the pavement having bought most of his provisions for cash. Tea stall and food kiosk operators accounted for 22% of all petty traders.

#### **Producer sellers:**

A small group of traders (3.8%) were directly linked to the petty commodity production sector. They sold the goods produced by their families. They were found selling leather shoes, small leather items, ground spices and shirts. The leather and the material for the shirts were bought from the market and processed by the family. Because the value-added by their labour is generally low the returns for these families were also low.

It has been said that the mode of integration of petty-trading into the urban economy depends on the degree of dependence and the direction of links. This study shows that the degree of dependence and direction of link vary with the type of goods that are traded and the size of the operation. Those who trade in textile, glassware, ceramic, toiletries, household goods, fruits and vegetables operate through wholesalers or agents and therefore have a direct link with the urban economy. Similar backward linkage joins the commission sellers of books, magazine and cooked food. Both these links imply a high degree of dependence on the wholesaler/agent because the relationship is based on the trader's poverty and the presence of a large number of poor people seeking employment. While this relationship provides the means of his livelihood, to the wholesaler the petty trader provides a low cost distribution system and the means to avoid taxes. Further, the street trader has no control over the prices and the market as they are determined outside the sector. "This dependence nexus... is a reflection of the

lack of access to resources" (Tokman, 1978: 1071).

The urban economy through the mahajan is constantly working to reduce the share of surplus that goes to the petty-trader. This control of the relationship extend through his control of the price and quantity the petty-trader can sell. The petty-trader's lack of control over his backward linkages and the market mechanism is because of his lack of access to resources. Thus the various degrees of subordination through the market mechanism is because of the trader's lack of access. Bose (1974), Gerry (1974) and Bienfield & Godfrey (1975) had noted that subordination operates through the market mechanism and through the lack of access to resources.

The market mechanism is always used to squeeze the smaller retailer. But the fact that a network of similar sized retailing units operate at different levels is a reflection of the various levels of access to resources within the sector. It is the vulnerability of the trader, not randomly produced but a result of the trader's total socio-economic situation, which is used to support a higher level of accumulation of commercial capital.

Possibly the highest level of subordination and exploitation is reached in the case of traders selling contraband goods. Their link at one end is with the underworld and at the other end with the moneyed class. They run high risks and get high returns per unit, which in turn attract a growing number of young traders. Paradoxically, the link with the highest level of subordination fetches the highest profit to the trader. At the other end of the spectrum are the operators of tea stalls and food kiosks who are fairly independent. They had some investible capital when they started to have been able to make the initial purchases. These links could be described as symbiotic. But whether independence is a paying commodity or not is a question that is answered in the next chapter.

These varied backward links and heterogeneous subordination imply that this sector is integrated with the urban and regional economy through a series of complex interactions. It points to a heterogeneity of work situations, which is reinforced by the characteristic of the traders' sex, social background, ethnicity and age. It is characterised by a network of similar sized retailing units but operating at different levels. The scale of operation and the commodity sold, and hence the income earning potential, is largely dependent on the mode of entry into the sector and the nature of backward linkage of the trader. Thus their vulnerability is not randomly produced but rather a result of the trader's total socio-economic situation.

## **Forward linkages:**

### **5.3 Significance of forward linkages:**

While it is generally accepted that backward linkages are crucial determinants of a trader's position in the market and his earning potential, forward linkages have received little attention. McGee (1973) noted that street traders do engage in vertical exchange, but that it is generally a downward one. Marga's (1980) study of Colombo in its rather cursory comments on forward linkages noted that small enterprises do sell to "formal sector" and middle income group. However, it failed to note the differentiation it introduces among the small retailers. The low cost, but effective, easily adaptable distribution system combined with its ability to sell in small fractions have allowed the petty-trading units to proliferate throughout the urban market in the recent decade. This has introduced new dimensions to the seller-buyer relationship. The petty-trader is no longer tied to the low-income market. The linkages form an essential element of the trader's survival strategies because the income potential would vary with the economic condition of the customer.

In this case the forward linkage would also indicate the adaptability and marketing capabilities of the workers in this sector. The initiative and enterprise of the traders can be observed through his adaptation to the structure of demand, changing with time and space. A rapidly growing poor urban population and a growing urban middle class in Calcutta results in skewed income distribution and demand fragmentation.

The analysis in this section first looks at the demand structure of Calcutta on one hand and the market mechanism which determines the price and profit margins, on the other. It examines how the petty-traders of the city's distributive system have adjusted to it, and then analyses the resultant form and spatial configuration of the sector. However, the underlying purpose is to establish that the income earning potential not only varies with the commodity but also with where it is sold, a fact unquestionably accepted for large scale retailing. Secondly, that the trader-customer relationship is not always symbiotic.

### **5.31 The demand structure and traders' initiative:**

Income is the principal factor influencing allocations on household budgets. As Lowder observes "income restraints determine the form and level of participation in urban market for the majority" (1986:174). A low income household allocates a high proportion of income to essentials. Hence, an increasing number of urban poor would imply a high demand for cheap food, drinks, clothing and other household essentials.

Further, their low purchasing power coupled with irregular income create a demand for traders who can sell in small quantity and at points easily accessible (Bromley 1978a). It is important to note here, that because there is an extensive "Fair Price food shops" network supplying cereals, sugar, lentils, kerosene, edible oil, the demand for these items in the market, by the low-income group gets depressed. However, the items available at these shops are often beyond the means of most, because it involves buying the whole week's ration. But the grocer running the "The Fair price" shop sells the same item in smaller proportions in the open market. This limits the scope for petty-traders in these commodities. The petty-traders step in to meet the demand for cheap vegetables, foodstuff, clothing and essential household goods.

Further, as Dutt (1966) in a study of daily shopping habit in Calcutta showed that most families purchase their perishables every day because they cannot afford refrigeration. Markets have to be within walking distance. He concludes that about half the city is covered by individual markets while a third of the area is not served by any market at all, indicating a scope for expansion of retailing units.

The slowly rising income of the growing middle-class has created three kinds of demands. Their changing taste and life-style has created a demand for a variety of durable consumer goods. All of it is indigenously manufactured in the factory sector and in small-scale units. This has resulted in an amazing variety of goods being produced, with a wide range of quality and hence price, for each commodity type. The petty-traders have effectively stepped in to capture the lower end of the market.

Second, there is a growing demand for fresh fruits and vegetables and Indian fast food, household goods, and decorative items. Again the petty-traders have moved in to capture a large part of the market.

The third type of demand is for imported electronic audio and visual systems, textiles, clothing, perfumes and watches, i.e replicating the pattern of conspicuous consumption found in most Third World cities. An import duty of 360% on consumer durable shuts off legal import of these goods. There has, as a result developed a network which organises the smuggling in and distribution of these products. At the end of a long line of intermediaries are the petty-traders who actually sell the goods.

Conspicuous consumption among a small group has also generated a demand for hand-made luxury goods. This demand is met by exclusive artisans who market their products through established retailers and boutiques.

Thus the skewed income, demand fragmentation and changing demand pattern have introduced products in the market which the larger retailing units do not find profitable to sell, for they are too cheap. In other instances they are unable to compete with the petty-traders for items which stay in the market for a short period being subject to

changes in the fashion. The small size of the operation and small stocks maintained gives a great flexibility of product-mix to the petty-trader. Further, a growing number of small producers find it more lucrative to push their goods through the petty-trader rather than the larger retailing unit. Thus the petty-traders deal in an amazing variety of goods.

The traders have adopted product-mix depending on the economic status of the residents and the transients of a particular locality. The central and the southern part of the city is dominated by middle to upper-middle class with higher purchasing power. In these areas the petty-traders stock items which are similar to those of the larger shops on the street where they are located, but of a cheaper quality. This has the effect of extending the range of an item available in that particular area. Thus the residents purchase the bulky and the expensive items from the larger, more "respected" trader and the smaller, cheaper items from the petty-trader. Though the quality of their goods is poorer than the larger shops, it is superior to that which is sold by the petty-trader in the low income areas.

Where petty-trading coincides with the concentration of slums and "bustees", the units are small and the market is dominated by foodstuff and essential household items. The limited purchasing power of the majority of these consumers and their income instability impose a low level of product diversification.

The income fluctuations for petty-traders selling to the higher income group will parallel that of the consumer group. This also implies that there is scope for gains to filter down to this sector encouraging capital accumulation. While the traders dependent on the low income group have limited scope for expanding their scale of operation and therefore limited scope for capital accumulation.

Before examining the multifarious forward links that the sector has developed it is essential to look at the market mechanism which determines the price and the factors which influence the profit margin.

### **5.32 Market mechanism, price determination and profit margins:**

The price determination of goods sold by petty-traders is a complex process. It is conditioned by the traders limited access to resources, the purchasing power of the targeted consumer group and the imperfections of the market. The wholesaler with free access to credit buys in bulk and times his purchase with a fall in price of goods. However, any increase in cost is passed on to the small trader. The wholesaler's price manipulations and the terms of credit (discussed in section 5.2) sets the larger constraints within which the petty trader operates.

Whatever the item sold the volume in any one transaction is very small, though the turnover is high. This micro-retailing of goods leads to an increase in the retail price for the final consumer because a high profit margin per unit is required by the petty-trader. This high margin is due to the small, uncertain nature of his sale; the total profit on the other hand remains relatively limited. Despite the higher margin of profit the petty-trader sells a similar product at a price lower than a larger trader because he has little or negligible overheads, no rent, no taxes to pay and he is unaffected by the Shops & Establishment Act which limits the hours of business.

For most goods the actual price at which the ware is sold will be determined by bargaining. It was observed only in small scale retailing and was almost absent among market traders and larger shops. Geertz more than two decades ago, adequately described it as "...a means of communicating economic information in an indeterminate pricing situation." (1963:32). Further, he defines bargaining as an operation of adjustment between interested parties due to the fact that quality and the quantity of goods supplied are both variable. In reality the process of communicating economic information and price adjustment are two parallel, simultaneously occurring processes, due to variations in quantity and quality of goods supplied. It is a price regulating mechanism under conditions of fluctuating supply and demand. Though one is inclined to believe that buyer and seller are equally matched, the seller has some advantages. This role asymmetry in the retail market is present because the advantage lies in the sellers knowledge of the market and his shrewdness in evaluating men and material on the basis of very little evidence. It is important to note that price of all goods sold by the petty trader are not subject to bargaining, for example, the prices of cigarettes, "paan", cold-drinks, cooked food, bread, eggs, soap are fixed. Secondly, bargaining is not equally important for all products. It is more aggressive for products which are perishable and seasonal. For the essential household items the seller cannot be drawn into bargaining as he tends to stick to a fixed price. Feverish bargaining is involved in the sale of decoratives, toiletries, women's accessories and saris. Tea stalls, cooked food operators and "paan" and cigarette stalls have a system of fixed price and rely on a set of regular customers.

The need for liquidity also causes great fluctuations in the price. Interviews with traders indicated that rather than hold on to stocks, they often sell at a loss to return to liquidity so that they can partly repay the wholesaler and reinvest. As also noted by Moser (1975) this is particularly relevant for dealers in perishables. Further, because of the small size of their activity and their limited time horizon (a result of their poverty), I found spectacular variations in prices from one trader to another and one day to another.

Profit margins: Attempts to actually compute the profit margin faced two difficulties (i) the traders were reluctant to divulge the cost price of their goods, (ii) the wholesalers were uncooperative and at times hostile. Those willing to talk refused to discuss the terms of credit and other conditions imposed by him. The purchase price unrelated to the amount bought and the terms a conditions is not much use. The question on profit margin was slipped in with the rest of the questions during the interviews with the petty traders. Interestingly, some of the apparently less well-off traders had a distinctive line of reasoning. They did not refer to return per unit of sale but to a earning per rupee of sale, that is, how many paisa they earned for a rupee. This indicates a preoccupation with survival and perception of profit.

Though interviews revealed that on an average the profit margin hovers around 20%, there is a great deal of variation within the sector. Several factors and conditions influence the profit margin. The traders insisted that a crucial factor is the low bargaining power of the petty-trader with the mahajan. The lower the credibility, the higher the interest and the shorter the duration and the lower the margin of profit. In other words, the already established trader can obtain a higher rate of profit while the new entrants or those unable to stabilise their business operate on a lower margin. However, it is important to note that even if a trader has established his/her credibility and the links built-up over a period of time, the trader will always be charged a higher rate if he is short of funds on a particular instance.

Further, when on certain instances the petty-trader realises the growing demand for a particular item or a product-mix, but has money tied in existing stocks, he is unable to maximise profits because the mahajan extracts a higher price. This also prevents the petty-trader from buying the stocks he/she feels, can be sold.

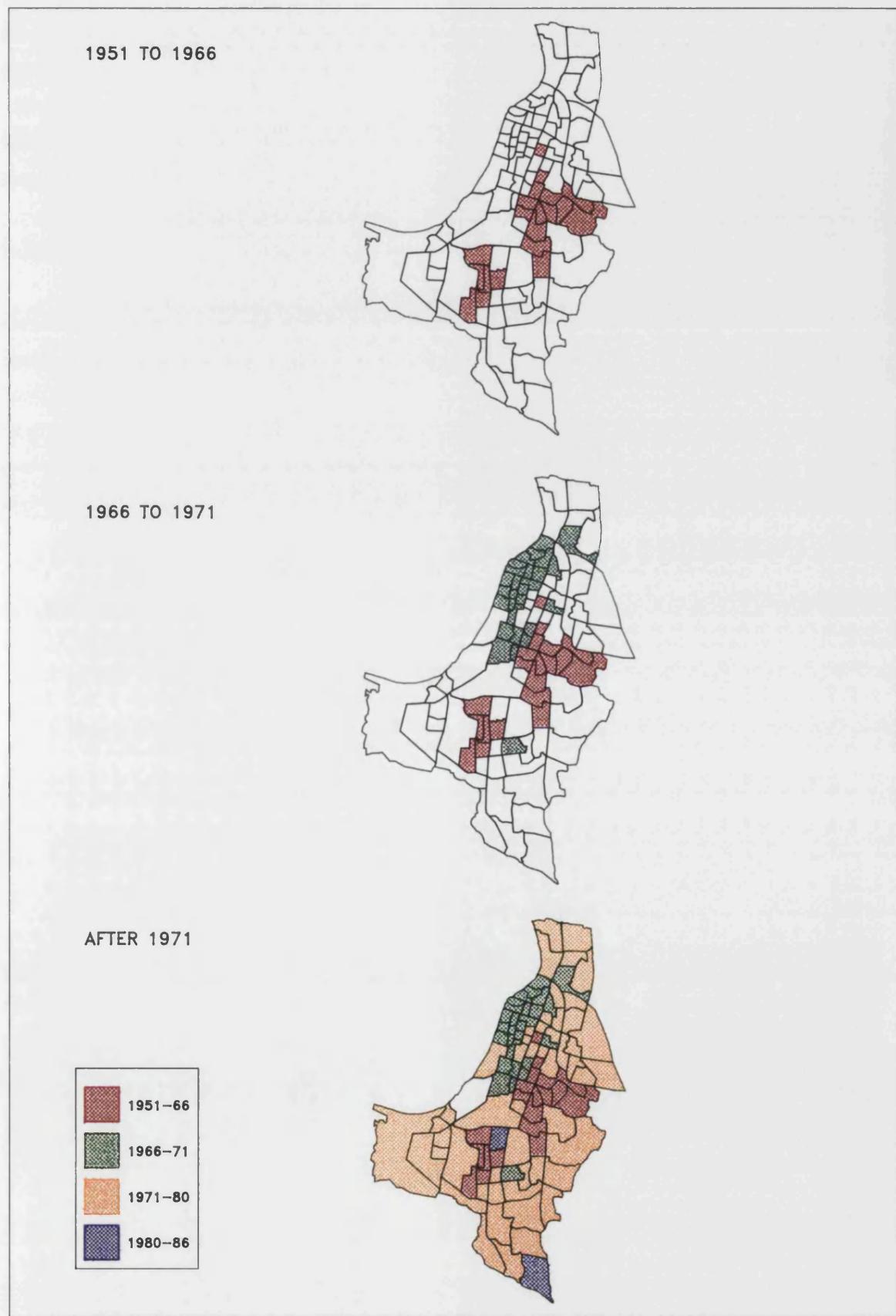
The profit margin is also seen to vary with the market characteristics of the commodity. Goods which are likely to remain in the market for a short period, for example costume jewellery, being subject to changes in fashion, fetch a higher profit rate of 25%.

When a commodity is new to the market it generally sells at higher rate and then the price stabilises. This is true for durable consumer goods and for perishables like seasonal fruits and vegetables.

Cooked-food sellers also reported a higher rate of return. As stated earlier they sell certain items for commission and at the same time cook the food on the pavement where the shop is located. The value-added by processing obviously gives a better return.

For almost all commodities the price and hence the profit varies with the standard of living of the area where it is sold, except for items like books and magazines which

SPATIAL AND TEMPORAL GROWTH OF PETTY-TRADING  
IN CALCUTTA.



MAP NO.5.1

have fixed rates.

Finally, the price of a perishable commodity was seen to fluctuate within the same day. At the end of the day the profit falls sharply as the petty-trader tries to dispose of the stocks.

Despite these pressures, bulk of the traders manage a return of 20%. Acting to their advantage and giving them the competitive edge over larger retailers in certain goods, is their very low level of expenses.

### **5.33 Spatial configuration and multifarious links.**

An amazing variety of goods pass through the hands of the petty-traders. It ranges from fresh fruits and vegetables to adulterated baby food; saris, skirts, shoes to hand painted leather bags and purses; handloom cotton and silk to Japanese man-made fabric; wooden, glass, ceramic objects and brassware; hand-made wooden beads to junk jewellery from Taiwan; pirated tapes, second hand books and records; glass bangles to kitchen ware and household essentials; herbs and spices to cooked food, cigarettes and cold drinks and the recycled and reprocessed articles of the petty commodity sector.

This wide diversity of products has developed over the years as traders chopped and changed and adapted themselves to greater competition, changing consumer demand and the need to relocate because of overcrowding. As seen in Map no.5.1, till 1966 petty-traders were concentrated in three main areas around Sealdah, College street, Kalighat and Bhawanipur and Park Circus. It is essential to note that this map has been derived from the information obtained from the sample of petty-traders. Each trader reported when the unit was started. This data exhibited two natural breaks at 1966 and 1971 when there had been spurts of growth in the number of petty-trading units, hence the break down into three different periods. The aim of this map is to provide a picture of how these units spread through the city. It is important to note that as shown in the base map ( Map no. 4.1) the ward designated as the "Fort" does not contain any petty-traders. The other wards left blank indicate that none of the units surveyed in those wards started before the period indicated. It does not assume that no petty-trading units were present. However, it does imply that the frequency of occurrence was not significant. Since the sample is fairly representative of population studied, this map is expected to show how the sector spread and grew over a period of twenty years.

Sealdah's (CES) importance lies in its accessibility by road and rail. The Sealdah station is a terminus for long-distance and commuter trains. The market is one of the largest centres for wholesale and retail trade in vegetables and fish. A large number of small and medium hotels and guest houses are located around the station. Taking advantage of this nodal location are a large number of shops selling a wide range of consumer goods. Adjacent to Sealdah is the largest centre for second-hand and stolen goods. Thus Sealdah attracted a motley of people, and it is not surprising that it was one of the first areas where petty traders moved in. Initially there were two groups, one who sold fruits and vegetables and the second group sold items like water-bottles, lunch boxes, umbrellas, items which might be picked up by commuters or the long distance traveller. After the second influx of refugees in the early 1970's, not only was there a product diversification but also a spread along the arterial roads away from Sealdah. Obviously it was already overcrowded. Though a wide range of products are sold by petty traders now, they tend to concentrate on fruit and vegetables, plastics, household essentials in wood and plastic produced in household units, garments and saris.

Moving west towards Bowbazar and into College street, the number of petty traders thin out as we move away from Sealdah. Compared to the neighbouring areas Bowbazar still has fewer petty traders. The major cluster is on College street. Here one finds a product specialisation. On this road is located the Humanities section of Calcutta University along with two other major colleges. Most of the larger shops on this road sell books. The petty-traders sell the less expensive books, stationary and have an extraordinary collection of second-hand books. Though booksellers still predominate, several petty-traders in books have switched to selling garments. Around the College Street Market we find the usual range of products being sold by hawkers. However the tea stalls, cigarette and "paan" shops are scattered throughout the area.

Kalighat, on the other hand owes its importance to the "Kali temple"<sup>2</sup> which has been drawing devotees long before Calcutta was born. With the establishment of the city and growth of formal communication network, trading units sprung up selling items required for worship at the temple and for the daily ritual. This had formed the core of small traders in Kalighat. Chetla, an adjoining area made up of slums and bustees clinging to any space available between railway lines and sidings and the canal, has always been dominated by petty-traders rather than large shops. The third and the most

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3.Kali, a Hindu goddess, devoutly worshipped by most Bengalis.

recent group of traders in this (KBC) area is in Bhawanipur. Located in an area between Kalighat and S.P.Mukherje Road, the small traders form a neat rectangle of fairly permanent structure. The first of these traders came about 20 years ago selling garments and saris. Though the number of traders have grown there has been no change in the product-mix. Taking the three areas together, we find almost the entire range of goods being sold but with a locational specialisation even at this micro level. The petty traders around the main market of Bhawanipur sell fruit and vegetables, small plastic, metal or wooden household essential for a middle income group. The traders in Chetla deal largely in food stuff and cheaper and poorer quality goods targeting the low income group. Adjoining Chetla is Alipur, a rich to upper middle-class residential area, whose residents market either in Bhawanipur or in Garihat.

Park Circus (SCP) covers a wide area. It includes the area that lies between A.J.C.Bose road on the west and Sunderimohan Avenue on the east, Beniapukur and Park Circus. Ward 68 which lies in this zone, covers a large part of Ballygunge, which again is a well-to- do residential area. But in this ward we find trading units stretched along the railway tracks. In this entire zone petty-traders have concentrated in two areas, around the major markets and along the eastern fringe along the tracks.

Beniapukur and Park Circus have been predominantly a residential area for Muslims and Anglo-Indians. Within the area, there is an economic segregation among each ethnic group. The poorer muslim sector of this zone always attracted the Muslim migrants of the different states. The well-to-do provided a large and diverse market for the petty-traders and the large number of shops. Secondly, the eastern fringe of the zone borders on the slums stretched along the low-lying areas adjoining the railway tracks. A large number of petty-traders come from these slums to avail the market in Park Circus and Beniapukur. The product- mix along this eastern fringe is limited. It is restricted to leather, leather goods and hardware and cheaper articles produced in the petty-commodity production sector.

A spurt in the growth of petty trading came about fifteen years ago. It spread rapidly to other parts of the city, to any available space near a market, near road junctions, bus and rail stations and into the heart of the commercial and residential districts. The map no.5.1 showing the spatial spread of petty-trading is supported by Fig no.4.1 showing an influx into this sector at about the same time. As factors responsible for this influx have already been discussed, I shall restrict myself to the nature of spatial expansion and the consequent changes in the product-mix.

This survey shows that between 1962 and 1972 there was 186% increase in the number of petty-traders in Calcutta. As they moved in to occupy every available space, they adapted the quality of the goods to the economic status of the predominant resident

group and continued to change the product-mix with changing consumer demand. The spatial variation in the quality of the goods sold and in the product-mix speak of the trader's adaptability to market conditions, a quality sharpened in the fight for survival.

Bulk of the goods entering the market through petty commerce since then is from large to medium scale manufacturing units, though it is the main retail outlet for the petty commodity production sector. Calcutta's slums are not only areas of dense population but also concentrate an intense economic activity. Bulk of the goods which are cheap, tawdy and reprocessed find its way into the markets in the low income area. A large part of the quality products in these units are marketed by the larger firms and the rejects and seconds enter the market through the petty-traders. A similar conclusion was reached by Romantet (1981) in his survey of industries in slums.

It is the seconds from both the sectors, that find their way into the market through petty commerce. However, it is important to note that an increasing amount of consumer goods are being produced in the small units for the growing middle-class and marketed by the petty-traders. In our survey we encountered only three traders directly linked to the producers and selling items only produced in the informal sector: a man selling shirts sewn by his daughter and brother at home, second sold shoes and sandals made by his brother and the third sold packaged powdered spices freshly ground by his family. This means that the trader's income represents the earnings of all members of the household (i.e. family earnings) participating in the production. Though as a rule, second grade goods dominate petty commerce, there is a great quality differential between areas. Thus the changes in the sector was not only spatial but accompanied by qualitative changes.

Between 1966 and 1972 petty traders spread west and north from Sealdah. They moved into Esplanade(CBE), Barabazar (CBB), and north into Shyambazar, Shovabazar(NBS), and across the canal into Paikpara (NP). Paikpara, located north of the canal and the east-west running railway line is functionally industrial. Most of the land adjoining the canal and the railway tracks are occupied by slums and the low income group. Here petty-trading is dominated by operators of food and /or tea stalls and vegetable and fruit sellers with only a handful selling cheap essential household goods, made out of waste plastic and scrap and processed in small factories or household units located in the slums. South of this is Shyambazar and Baghbazar, originally the home of the Bengali aristocracy, is today a middle income Bengali residential area. Commerce thrives in this area, obvious from the shops over-flowing with goods. Items range from garments, saries, toiletries, accessories, kitchenware, wooden, plastic and metal hardware, pirated tapes, books and magazines and of course the ubiquitous fruit and vegetable sellers.

The second major cluster which developed in this period was around the wholesaling centre of Barabazar. From here it spread north into Vivekananda street, upto Central Avenue in the east and to the edge of the main business district of Dalhousie Square in the South. This area is the hive of commercial activity in Calcutta. Petty-traders represent 10% of all traders in Barabazar, while they account for 14% of all petty-traders in the city. Like all wholesaling centres Barabazar specialises in certain products. It is the centre of trade for textile, glass ceramic, essential household goods in plastic and metal, paper and stationary. Barabazar is crisscrossed by lanes and by-lanes and with each lane specialising in a particular product-mix. The locational specialisation is reinforced by street traders peddling the same products as the larger shops on the lane. This is because the petty-traders normally sell the seconds or the cheaper range of the items sold by the large shops. As one moves away from this core, the specialisation breaks down and a greater variety of products is encountered. 50% of petty-trading, like wholesaling is dominated by textile and piece goods, all products of modern manufacturing units. Large number of petty-traders buy the part-pieces, seconds and/or rejects and cut them to standard length for trousers, shirts and cholies. 32% run food kiosks, tea stalls, "paan" and cigarette shop, another 23% sell fresh fruits (seasonal) and the rest deal in glass and ceramic, paper and stationary.

The third area to see an inflow of petty-traders during this decade was Esplanade (CBE). However, the construction of the Metro uprooted a large number of petty-traders without providing any alternative. Esplanade is the most important node in the public transport network, a major terminus for long distance buses and important station for the Metro. The shops lining the main road however do not cater to the large mass passing through this area. Their goods are directed to the higher income group. The petty-trader moved in in the late 1960's to fill the gap, offering a wide variety of textile, fancy stationary and accessories, a second group concentrated on serving popular snacks and savouries. Since the 1960's there has been a great change in the type of goods sold as trade in this area became increasingly lucrative. Today the petty traders prefer to sell a variety of imported or expensive indigenously manufactured textile, Korean and Japanese piece goods smuggled in through Bangladesh, contraband watches, perfumes, tapes cosmetics and other items of conspicuous consumption of the growing middle class. The second cluster is off the main road along the Metro Lane, selling contraband electric and electronic goods.

From Esplanade the petty-traders had spread along Lenin Sarani towards the Chadni Market in the north-east of Esplanade. Chadni Chowk sells bulky household goods

(mattresses, kitchenware, luggage), the petty-traders sell items easy to store like small plastic kitchenware, textile and garments, fruits and vegetables, tea, cold-drinks, "paan", cigarette and cooked food.

The fourth area to attract petty traders was Gariahat (SG), the residential area for a cosmopolitan, high to middle income group. It started as a cluster around the Gariahat market. Even at an early stage two distinct groups of traders could be identified. The fruit and the vegetable sellers clustering around the market, were all migrants from the neighbouring districts of Calcutta or from Bihar. The second group, migrants from Bangladesh took to trade in textile, predominantly in traditional handloom saris. This could be attributed to two reasons, one, most of the larger shops at that time specialised in the entire range of traditional handloom silk and cotton saris and other piece goods. The petty-traders sold the cheaper range of the same products. This had the effect of extending the range of an item available in Gariahat; two, it was a product the migrant was familiar with and could establish a more equal relationship with the weaver from whom he purchased the goods. The number of small traders has grown rapidly since then with greater product diversification. It ranges from brassware manufactured in U.P. to traditional handloom textile, handmade lace "linen", along with the cheaper "linen" churned out by the cotton textile mills, small handmade cane and bamboo furniture, tapes and records, leather goods, wooden and clay objects, glass and ceramic, small plastic and wooden kitchenware. It was observed that the quality of the goods here were certainly superior to those found in the northern parts of the city. This cluster gradually spread only along the roads lined with larger shops. Rather patchily it has spread west into Deshapriya Park and towards Lake Market. Around the Park the traders had initially set up stalls made of bamboo and plastic. They have been rehabilitated and the shops rebuilt into a permanent structure of brick and concrete. They still specialise in ready-made women's garments though some have in recent years changed to stocking toys, small plastic essentials and steel utensils, plates and cutlery.

The changes in the product-mix discussed above took place towards the beginning of the 1970's. Though small traders had spread to the north and the south, into Gariahat by the end of the 1960's, the product range was still limited as they were reluctant to experiment with products which have been traditionally sold by the larger traders. The increased pressure on the infrastructure after the second wave of refugees from Bangladesh, increased unemployment and the political unrest in the city, flight of capital and jobs in 1971-1972, pushed the number of petty traders to an unprecedented high. The increased competition intensified the economic activity

demanding a change in the traditional range of goods sold by these traders which was naturally accompanied by a spatial spread to every available space in the city. This is documented in Map 5.1 derived from the information collected through the questionnaire.

In the north the traders spread into Ultadanga (NU), Maniktala (NM) and Narkeldanga (NN). As seen in Map 4.1 this is predominantly a low income area, with more than 30% of the land under bustees. The slums support a wide variety of small engineering units and petty commodity production. As discussed, few of these products find their way into the market through petty traders unless they are of an unacceptable quality. Of the three areas Maniktala is the most important from a commercial point of view. It is a node for the public transport network and the large, long established Municipal market has gathered around it a large number of petty traders, stretched along the main roads peddling the entire range of goods outlined earlier. However, the most ubiquitous are the tea stalls, food kiosks and the cigarette shop at every street corner, in all three areas. This group also infiltrated into the Central Business District of Dalhousie Square, the bastion of the modern organised sector and the seat of power of the State Government. Even though all government offices, banks and commercial houses have their own staff canteen, the first petty trading activity was seen in the mushrooming of tea stalls, cigarette shops and food kiosks. The High Court with its large number of hangers-on has attracted the largest number. In fact 75% of the petty traders sell consumable items. The second group, around the General Post Office sell stationary like envelopes, pens, writing paper and glue. Their sale is of course helped by the large number of professional letter writers and form-filers who settle down every morning with their stunted tables and stools under the sprawling verandah of the post-office. The other 25% sell small plastic goods like purses, tote-bags, books and magazines, preserved food like pickle and honey. An essential difference between Dalhousie Square and most of the other areas is that traders are not allowed to construct any kind of permanent structure. They set up shop every morning and have to pay extra for storage every night or carry their goods back home each evening.

In the early sixties we have seen the petty traders spreading north-east to Lenin Sarani from Esplanade. By the middle of the 1970's they had spread south from Esplanade into the up-market shopping area of Lindsay Street and the New Market. We note a remarkable change in the product composition. These two areas cater to the upper income bracket and the foreign tourist and expatriate community with garments, objets d'art, a variety of household and other consumer goods, provisions and grocery. The petty traders find their market in Indian handicrafts like carved wooden objects,

handpainted leather bags and purses, brassware and export rejects of cotton piece goods.

In the middle of the Green Belt of Calcutta, adjacent to the Victoria Memorial(SCV), is a compact cluster of units selling only savouries, snacks, cold-drinks, tea, coffee, cigarettes and candy. These traders operate from late afternoon to late in the night. Initially they were attracted by the potential market created by a large number of visitors to the museum. Today it draws its customers by the reputation it has established among the nouveau riche. However, they cannot be compared to Albert street in HongKong or to the nucleus of food stalls in Taipei as described by Leeming (1977:90) for these food sellers offer only snacks. The street traders on Park street concentrate on books and magazines in English, imported and local stationary, toiletries and cigarettes. Recent years have seen an increase in the number of food sellers along Russell street, Middleton street, Ho Chi Min sarani and Shakespear sarani. They have little in the shape of a permanent structure and cater to the office crowd during the lunch hour, a period of intense activity. There are no women cooked food sellers among this group. Further, unlike the cooked food sellers in the residential areas or near markets, these traders bring the food ready to be served. Few of these traders are independent being tied to small hotels, restaurants or caterers who provide the food.

The spread of petty-trading in the southern part of the city was simultaneous. In Khidderpur (SCK), the main concentration is at the crossing of the Diamond Harbour road and Khidderpur road. Again we notice the familiar clustering around the main market with the range of goods we found in the north and east. However a larger number of traders were seen selling plastic shoes and sandals. Khidderpur is predominantly a poor, muslim residential area contiguous to the docks. To the west and south of Khidderpur, extensive areas are occupied by railtracks, warehouses and factories. Moving to the southern tip of the city we come to the area south of the lakes. An area of rapid unplanned growth since the second half of 1960's, with no municipal markets, is dominated by small trading units selling the entire range of products sold by larger shops.

The spatial pattern of trading found today was already established by the latter half of the last decade. 1966 to 1981 was a period of phenomenal growth and change for petty-trading. Little change has taken place since then as there is little available space to expand. The locational variation in the quality and range of goods sold imply that the small trader's market behaviour is no different from any other trader. Within the

constraints set by limited access to resources, the trader selects the location to suit the product-mix or decides on an area depending on the product he wishes to sell. In either case the quality of the goods is being related to the purchasing power of the predominant consumer group, which means that there is a parallel, locational variation in the earning levels of the traders.

### 5.34 Forward linkages and variation in daily sale:

**Table 5.4 Showing the spatial variation in daily sale in petty-trading.**

Location	Average daily sale.
North .....	Rs. 117.34
W.Central.....	Rs. 176.50
South.....	Rs. 182.72
E.Central.....	Rs. 185.56
Garihat/Kalighat.....	Rs. 286.89

The values arranged in a descending order appear to reflect a south to north gradient. The highest daily sale is found in Barabazar, the major wholesaling and commercial centre, followed by Gariahat, at the core of the well-to-do residential area. The daily sale for the rest of south Calcutta (KBC,SCK,SW) remain above Rs.200 except for the extreme south(S) where the daily sale decline to Rs.182.72. In the central belt, the highest sale is at Sealdah (CES), with the sale falling off to the west in Bowbazar, College street (BCH) and Esplanade (CBE) and in the business district and eastward into Park Circus (SCP). The entire northern part of Calcutta registers average sale well below the sample average, the lowest being in Paikpara (NP). This locational variation in sale, due to change in the quality and the range of goods empirically support the idea that in Calcutta two distinct seller-buyer relationships exist.

The first group consists of those traders located near major commercial centres, markets and the well-to-do residential areas. They almost entirely deal in goods produced in large, medium and small factories. Secondly, they do not always deal in seconds and rejects, for example the vegetable and the fruit sellers. Dealers in other commodities, though they stock goods cheaper than those sold by the larger shops, they are of reasonable quality and have the effect of extending the range of products available in a certain area. Bulk of the consumers buy from them because they feel they are getting a bargain and therefore not entirely dependent on them, where as the trader

is dependent on them for his livelihood. It is an unequal but not an exploitative relationship. Though the buyer believes that he is getting a bargain purchasing his goods from a petty-trader rather than from a larger shop, he is often buying a cheaper range of that particular product. Further, this relationship allows the increase in income of the middle class to filter down to the petty trader. Not only are the shops of a more permanent structure, but they are equipped very often with "generators" (a status symbol among the street traders). However, a final reflection of their economic strength are the powerful unions.

In contrast, in the north-eastern fringe, the north and the extreme south the petty traders sell predominantly to the small buyer. This relationship reflects the character considered typical of the street traders, that they sell in small fractions and have a low product-mix diversification and that the consumers belong to the mass of urban poor who seek low price and for whom the quality is immaterial. As the buyer and seller are mutually dependent, it is not only a more equal but a stagnant relationship, for it has little scope for change inbuilt into it. Any improvement in the earning profile of the petty trader in these areas would require a total change in the standard of living of the urban poor. It implies an economic and structural change most governments seem incapable of achieving.

It is important to clarify here, that under the broad pattern described above, variations are introduced by two other non-economic dimensions. First, the social dimension, refers to the differences arising from the presence of two major social groups, the Bengali traders and the non-Bengali migrant traders (discussed in detail in Chapter 4). The second, the ethnic dimension refers to hindu-moslem cleavage. Table 4 in Appendix 1 shows the daily sale disaggregated by sub-areas, along with the social composition of that area.

It shows that (i) the northern, eastern and the southern parts of the city are dominated by Bengali traders. Garihat (SG) with the second highest daily sale has few non-Bengali traders. It is dominated by the refugees. They along with local Bengali traders also dominate the fringe areas in the north-east (NP, NU, NM) i.e the areas with more than 30% of the land under slums. Kashipur (NK) in the extreme north with its large industrial labour, also has a substantial number of Bihari petty-traders.

(ii) The central business district (CB, CBB, CBD), the south-west (the industrial and dock areas) and in east-central (SCP) have relatively higher daily sale and are dominated by migrant groups from Bihar and U.P.

Cutting across these economic and social patterns is the ethnic cleavage, creating several socio-ethnic and economic sub-groups at the interface. In the north, east and south the Bengali and the migrant community are dominantly Hindu. The population in

Khiderpur and Park Circus, as already described is predominantly Muslim. The migrant traders also belong to the same community. As a result four distinct sub-groups emerge: a) The Bengali Hindus from West Bengal. b) Bengali Hindu refugees from Bangladesh. c) Bengali Muslims from West Bengal. d) Non-Bengali Muslim migrant traders.

The task here is to indicate whether the socio-ethnic composition of petty-trading affects the kind of product sold and where it is sold. To do this it is essential to distinguish between petty-traders in the commercial areas from those in residential areas. In the commercial areas like the Barabazar and Esplanade, the sector is dominated by the non-Bengali migrant traders, who are predominantly muslim. The demand in this area is generally for garments and non-essential consumer goods. As already stated the wholesaling and large scale retailing in these goods are dominated by members of the same socio-ethnic group. Secondly, these were some of the first areas to see the petty-traders moving in and hence were able to occupy prime locations. Trading in contraband goods is also dominated by the same group in Esplanade for the same reason. In the residential areas the petty-traders generally belong to the same religious group as the local population, whether Hindu or Muslim, and they both sold goods whose quality matched the average income of the area. As detailed earlier, there were only few instances, when a product(s) was specific to a certain socio-ethnic community. (i) when items of worship used in Hindu temples were sold only by Hindus and (ii) leather was sold only by Muslim traders as Hindus do not deal or trade in leather.

These details indicate that the product to be sold is determined by the location. However, there are certain locations which are more lucrative for certain products. Accessibility to these locations may be limited or restricted to traders who are not member of the community which dominate petty-trading in that area. As the case of Bholanath (pp.119) shows that to be able to utilise a particular location one must belong to or be able to articulate with the dominant ethnic community. The analysis so far implies that while the product sold is generally determined by the type and nature of the demand generated in the area, who sells the product depends on the socio-ethnic group which already dominates the trade in that area. As the analysis of backward linkages revealed the non-Bengali migrant trader depends upon the socio-ethnic links to improve accessibility to credit network. The Bengali trader looks to horizontal links to improve his access to credit. However, these links (socio-ethnic or union ties) do not necessarily enhance the traders' location options.

Though at the city-level we have identified these major sets of links, socio-ethnic groups and income levels, within each of these groups, income is seen to vary with the

product type, the age of the trader, the level of education and sex, giving rise to a wide variety of links and a multiplicity of earning levels.

**Variation in the daily sale with the product type:** The average daily sale for the sample was Rs.182.42. The Table 5.5 gives the break-up of the average daily sale by product by location.

The traders dealing in saris have the highest daily sale followed by those selling tapes and records, textile, leather goods, contraband electrical and electronic gadgets, toiletries and books and magazines. They all show a sale higher than the average. Hovering close to the average is the sale from linen and towels, wooden articles and other non-essentials. Though 30% of petty-traders operate food kiosks, tea and food

**Fig. 5.5 Average daily sale (Rs.) by product by location.**

Location	Cooked Food Sellers	Cigarette/ "paan" etc.	Fruit & Vegetables	Textile & Garments	Consumer Durables
North	119.21	105.56	101.00	142.83	118.10
E.Central	105.04	107.61	156.25	326.90	232.04
Garihat/Kali	363.62	362.82	211.30	226.75	270.00
W.Central	124.44	151.25	173.13	264.36	169.73
South	74.20	116.54	188.28	217.50	317.11

stalls, "paan" and cigarette shop, their average daily sale is Rs.142.79. It is noticed that the daily sale is higher for non-essential items. It was observed during the analysis of the locational variation of the range and type of products that the traders located in the low income areas concentrate on consumable and essential items. Not only are the products of a poorer quality, they are sold in small fractions. On the other hand, the traders located in Barabazar, Esplanade, Park street, Lindsay street and Garihat stock a wider range of non-essential items and of a better quality than found in the other parts of the city, which would explain a higher daily sale.

Secondly, the sale from a product is not uniform throughout the city. Area-wise breakup of the sale show a fall in the daily sale as we move north. As mentioned earlier, the traders in this area stock the cheaper variety of a particular product to suit the smaller purchasing power of the consumer group. Thus there is income variation with

location and within each location it is tied to the product type. Further, the return on a product is not uniform throughout the city, it changes with the income level of the larger consumer group of an area.

Daily sale and level of education:

A further variation in the daily sale is noticed when the daily sale is related with the level of education and age of the trader. A non-linear relationship exists with these two variables.

This relationship suggests two possibilities:

- i. That those with a higher levels of education are more selective in their choice of goods and location of trade.
- ii. They are more successful whatever the venture.

**Table 5.6 Showing the levels of education and the daily sale.**

Levels of schooling	Ave.daily sale.
No schooling or less than 3 years	
of primary education.	.....Rs.170.49
Completed middle school	.....Rs.178.34
Completed school	..... .Rs.188.77
Graduates (non-technical)	..... .Rs.378.33
Master's degree holders	..... .Rs.162.42

These two alternatives can be tested by examining the items they trade in. Almost 42% of the graduates run cooked food kiosks in the evenings selling popular savouries and snacks, reaching out to a part of the market not catered to by the small operators of food stalls serving more basic items. Secondly, 22% of these traders offered a wider product-mix than most other traders while 5% deal in contraband goods. It appears that their choice of goods and the targeted consumer group fetches them a higher daily return. The Master degree holders, have an average age of forty five, having entered trading just a year before the survey was conducted. Their low daily sale hints at a maladjustment to the market conditions. Since this activity is dominated by those with little skill and education, the earnings of the first three groups reflect the average level of sale for the sector.

### Daily sale and age:

Another interesting variation in the sale is seen with the age of the trader. The highest daily sale is registered for those between 31 to 40 years. It falls slightly for the group between 41 to 50 years and then flattens out. It dips sharply for those above 60, reaching the lowest of Rs.128.04.

Since the average age for the sample is 34 and the average daily sale is Rs.182.42; the second group could be considered the dominant group, and said to represent the modal value. These figures also tend to suggest that it takes about ten years for a new trader to carve out for himself the maximum share of the market under the given circumstances, after which the sale flattens out. Secondly, the scope for increasing the sale is higher while the trader is young and aggressive.

**Table 5.7 Average daily sale for the different age groups.**

Age groups	Average daily sale in Rs.
20 - 30	165.53
31 - 40	182.02
41 - 50	179.52
51 - 60	178.09
> 60	128.04

This analysis shows that petty retailing has expanded in response to the total socio-economic conditions of skewed income distribution, persisting high unemployment and an absence of standardisation in consumption patterns. As already stated the impact of economic recession and industrial decline which began in the fifties, was being acutely felt by late sixties and the early seventies. High unemployment rates among the skilled and unskilled resident population and fresh influx of refugees led to a severe dislocation of Calcutta's economic life by 1971-72. The economy readjusted and stabilised at a lower level of equilibrium after a massive flight of capital and a rapid increase in a host of small scale activities. This study shows that petty-trading increased phenomenally between 1966 and 1980. By 1981 it had spread to all parts of the city, irrespective of the functional land-use, with little available space for subsequent spatial growth.

The multiplicity of forward linkages observed in this study is a consequence of the qualitative change in the sector accompanying this spatial expansion. It is a result of the

adaption of product to the locality's purchasing power and demand pattern. These links not only indicate the variations in the income earning potential within the sector but also point to the initiative and adaptability of the workers.

The analysis establishes that to understand the heterogeneity and the variations in the income earning potential of the street traders it is essential to examine both backward and forward linkages. The study shows that at the city level the traders establish two distinct types of forward linkages: a stagnant relationship results when a group is involved in horizontal exchange of goods in the low income areas; the second group catering to the demands of the middle to higher income group establishes a more dynamic relationship which allows income increases to filter down. Within each group the daily sale was observed to vary with the the actual location, the product type, age and level of education of the trader. It demonstrates, that multiplicity of forward links add to the heterogeneity of the sector by influencing the income earning potential. That traders while tied in dependent relationships to the mahajan use their forward linkages to enhance their earnings. Further, in their attempt to reduce their vulnerability they have formed into well-organised unions.

#### **5.4 Vulnerability and Horizontal links:**

The study noted the presence of a significant network of horizontal links among the petty-traders. Despite the varied demographic back-ground the traders had organised themselves into unions. Petty-trading is the only source of income for more than 50% of these workers, yet the law makes them illegal. Functioning under greater pressure has lent a degree of cohesion not expected from such a diverse group of people.

Calcutta has a long history of trade union activities and is common even among small scale activites. Discussions with the various unions of this sector revealed that one of the first "Hawkers Union" as they are called, was formed in North Calcutta in Baghbazar. It was also the first area to see the entry of the resident Bengali middle class. Perhaps, it is these victims of the social realignment, under constant threat of evection since 1972, who felt the need to be united, with the Forward Block, the dominant local political party and a member of the present Left-Front government, providing the organisation. Since the Congress came to power in the early seventies the street traders had been subject to constant threats of eviction, harassment and pressures. By 1975 the authorities believed that Calcutta was getting too congested with "hawkers". Why the congress adopted this policy towards the petty-traders can only be understood in light of its relations with other sectors of commercial capital. This is discussed in detail in section 7.11, politics of petty-trading.

Samaddar, the Administrator, Corporation of Calcutta, during the first half of the

seventies when the Congress was in power, believed that the street traders had come uninvited and hence the government was not obliged to rehabilitate them. Backed by section 354 of the Municipal Act of 1951 the authorities undertook eviction drives with "great enthusiasm". All political parties, particularly the leftist parties, took the opportunity to side with the 'victims' and were successful in organising them into unions. Hence the activities of the unions in this period concentrated on organising the evicted traders to reoccupy their stalls, on preventing raids and eviction, and in helping the members to release their goods from the police custody after a raid. Series of processions and demonstrations were organised. The loudest protest came from the Bengali traders and the state government dropped its plans to evict the petty-traders. Most traders have successfully re-established after repeated attempts to remove them.

When the Left Front came to power in 1977 it was forced to adopt a laissez-faire policy. It had to seen to side with the man on the street. Further, most members of the Left Front had been actively involved with the union activities of this sector. Today most traders can operate without the constant fear of eviction except in those areas zoned off by the police i.e. 20 metres from any major crossroad, nor does the police allow stalls to be set up facing the road. Thus the present government has an assured vote bank among the petty-traders. It therefore raises doubts as to whether the state would really be interested in changing the status of the petty-traders.

To deal with their present problems the traders seem to have organised themselves at two levels (i) through the unions and (ii) individually.

There are many overlapping union groups in the sector. Traders are organised into unions on the basis of the goods sold, for example Fresh Cut-Fruit Sellers union etc. The same trader also belongs to the union of the area /locality he/she is based, and contribute to the union on a regular basis. Within each area union there are several subgroups and group leaders. Each deal with a different set of problems facing a particular group of traders. The most urgent problem was to provide place to the new traders presently occupying zoned areas where they were repeatedly arrested and fined. Extensions had been built at the back of certain row of shops i.e facing the road to accommodate some of the traders (stalls at the edge of the kerb face inwards). However several traders have been unable to find alternate location and continue to operate in zoned off areas i.e within twenty metres of any major crossing. They have established 'special relationships' with the local police and the corporation inspectors by paying them a regular fee. This is apart from what the union pays on behalf of its members.

The unions also have a network of informants, vital to all traders in case of a police raid. But one of the main functions of the union is to prevent harrassment by paying the police regularly who continue to exploit the traders' illegal status despite the state

policy. As a rule, all traders pay the police regularly to prevent the harassment. This payment depends on the nature of the goods sold and the size of the shop. It reflects the pattern observed by Leeming (1977: 80) in Hong Kong where "illegal use of street is often a source of local police corruption, on a scale proportionate to the business which is being done". It is 0.25p for a small fruit and vegetable seller (and perhaps a free fruit), 0.50p for a food kiosks and tea stalls plus free food and a daily cup of tea, and a free cigarette from the 'paan' shop. Most other types of traders pay 0.70p to a Re.1 per day. For those selling contraband goods the police extract Rs10 to Rs.15 per day. They prefer to pay on a regular basis because if their goods are confiscated they lose about three to four days of business.

It was also revealed that the unions in Garihat and Mazerhat, affiliated to Congress, the opposition in the state assembly, have to pay the police while the leftist unions in some areas do not. In a similar discussion with the traders in Khidderpore an apparently agitated and tactless trader revealed that they have to contribute to pay the local MLA<sup>3</sup>. Though he was immediately hustled away, it indicates the various ways in which this group is pressurised and used.

Though the unions were willing to discuss their problems and strategies adopted to deal with them they were unwilling to discuss union membership or the ethnic and demographic composition of the union. They however, insisted that every petty-trader was a member of the area union, hence every group and kind of street traders was represented.

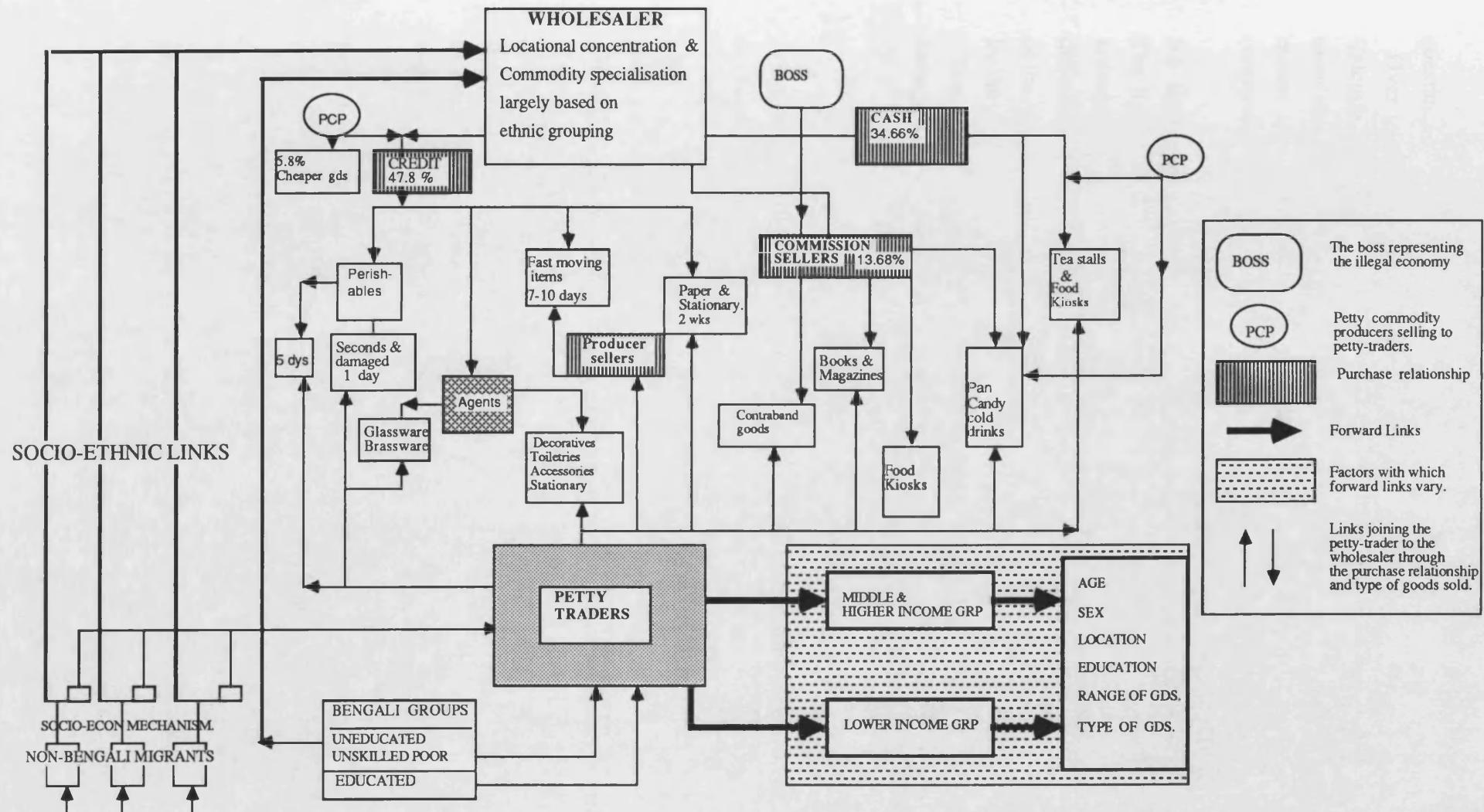
Though the unions have different political affiliations, they are joined together into a formidable force by their common problems. They have almost given up hope for any kind of official recognition and the present activities of union dominated by resident urban traders are directed to creating conditions which would increase the members credibility with the formal banking system. For example, the union in Bagh Bazar collect an "encroachment tax" once a year from its members to be paid to Calcutta Corporation. The Corporation receipt is then used by the traders to establish their stall address and number and obtain bank loans, with the union standing guarantor.

The government attitude to the petty-traders was politically expedient. It is vital to remember that the interest of these political parties lies in the number of votes they can obtain. Though the relations between the political parties and the union members are at present harmonious, whether it will remain so with a change in the status of the petty-traders, is doubtful. As long as these traders are illegal they can be manipulated by various groups. Therefore the willingness of the political groups to legalise them is

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<sup>3</sup>Member of the State Legislative Assembly.

FIG. NO.5.1 LINKAGES OF PETTY-TRADING WITH THE URBAN ECONOMY OF CALCUTTA



questionable.

Over the past two decades the petty-traders' unions, called "Hawkers unions" in Calcutta, have grown in strength and redirected their efforts to be most useful to its members. As a result the unions exercise a tight control over their members. This means that any plans to help this sector must involve the unions to ensure the cooperation of the petty-trader.

### **5.5 Summary and implications of the analysis:**

The linkage analysis of the petty-traders shows that the workers in this sector are articulated into the dominant mode of production through the commercial capital at different levels. The demographic pluralism, the complex socio-economic background of the traders and the different modes of entry have conditioned the links established by the sector.

Though multiple modes of entry and the demographic pluralism make for complex linkage pattern, four major backward relationships were identified:

(i) Traders who purchased bulk of their goods on credit.

They could be sub-divided into two groups:

a. Those who purchased from wholesalers, agents middleman.

b. Those who purchased from the small producers.

(ii) Commissioned traders.

Within this group the traders in contraband goods had to be separated from the rest.

(iii) Traders who purchased bulk of their goods in cash.

(iv) Producers-sellers.

With capital the scarce commodity most of the traders buy their goods on credit. Bulk of them buy from middleman, large retailers or wholesalers, generally referred to as the mahajan. The mahajan determines the rate and duration of the credit and directly affects the profit rate and the actual turnover of the petty-trader. The relationship is dominated by the mahajan because of the petty-trader's low bargaining power and credibility and makes the petty-trader totally dependent on the mahajan.

As in large scale trading or in any exchange activity, it is also essential for the petty-trader to establish his credibility. Credibility outside the petty-trading sector refers to credit worthiness for bank loans and is established by the collateral that is offered.

Credibility in this sector refers to whether the trader can get goods on overnight credit or for a longer period which in turn determines the kind of goods he has access to. Hence levels of credibility refers to the period for which the petty-trader has received the goods. Since he has no collateral or as in most cases not even an address, linkages acquire great significance. The socio-economic mechanism which attracts a migrant to

the city also helps him to enter the trading sector. In the absence of any collateral, resource and skills social links acquire supreme importance in helping the trader establish his vertical linkages.

The new entrant may try to establish contact with mahajan through a friend or a relative or someone from the village or through a petty-trader or an agent. For the non-Bengali migrant trader these links are generally established within the same socio-ethnic sub-group. Though these sub-groups are sometimes forced to deviate from caste and ethnic categories, they rarely deviate from their religious sect. The Bengali traders with no ethnic links with the commercial sector cannot afford to be concerned with the religious or the ethnic background of the mahajan, (the implications of the socio-ethnic dimension is discussed in greater detail after the economic analysis).

A small group of petty-traders are commission agents. They are closely monitored and controlled and hardly participate in decision making, but they have the flexibility of holding stocks if the price is not right. The commissioned agents relations with the mahajan imply a high level of integration. The economic analysis will show whether this higher level of integration is lucrative or not.

An increasing number of commission agents function outside the legal economy. Their profit rates are the highest and they run the greatest risks, receiving no protection from their 'bosses'. As stated earlier, this group refused to cooperate with the survey, hence little or no information could be obtained for this group.

A fairly independent group of petty-traders were also found. They purchased most of their goods in cash and appear relatively free from binding credit relationships.

The smallest group of traders are the producer-sellers. Their returns are extremely low because several members of the household are involved in the production process.

The first three sets of relations showed that traders at different levels are bound together by a network of credit balances. Generally unequal relationships controlled by the mahajan. It is obvious that the trader is useful to the mahajan to evade taxes and in providing a cheap distributing system, but the trader needs him more. It is generally the only source of livelihood. The unequal tie and the traders' insecurity is the result of a relationship based on the trader's poverty and the large number seeking similar opportunities. Despite these disadvantages petty-trading is likely to give them the highest potential income.

The analysis shows that the urban economy through the mahajan is constantly working to reduce the share of surplus retained by the petty-traders. That the exploitation through the relations of production is possible because of petty-traders' lack of access to resources. The petty-traders' vulnerability is because of his position in the urban economy. However, some the workers in this sector through their unions are

attempting to diversify their links. Their efforts to borrow from the commercial banks is a direct reaction to the exploitative rates at which they obtain their goods and indicate an effective point for policy intervention.

The analysis of spatial and temporal growth of the sector show that it expanded in response to the total socio-economic condition of skewed income distribution, high unemployment and a lack of standardisation of consumption patterns. The economic recession and industrial decline which began in the fifties was being acutely felt by late sixties and early seventies. The high unemployment among the skilled and the unskilled combined with the fresh influx of refugees led to a severe dislocation of Calcutta's economy. The economy readjusted and stabilised at a lower level of equilibrium after a massive flight of capital and rapid increase in a host of small scale activities. This study showed that petty-trading increased by 186% between 1966-71. By 1981 it had spread to all parts of the city, irrespective of the functional landuse, with little available space for subsequent spatial expansion.

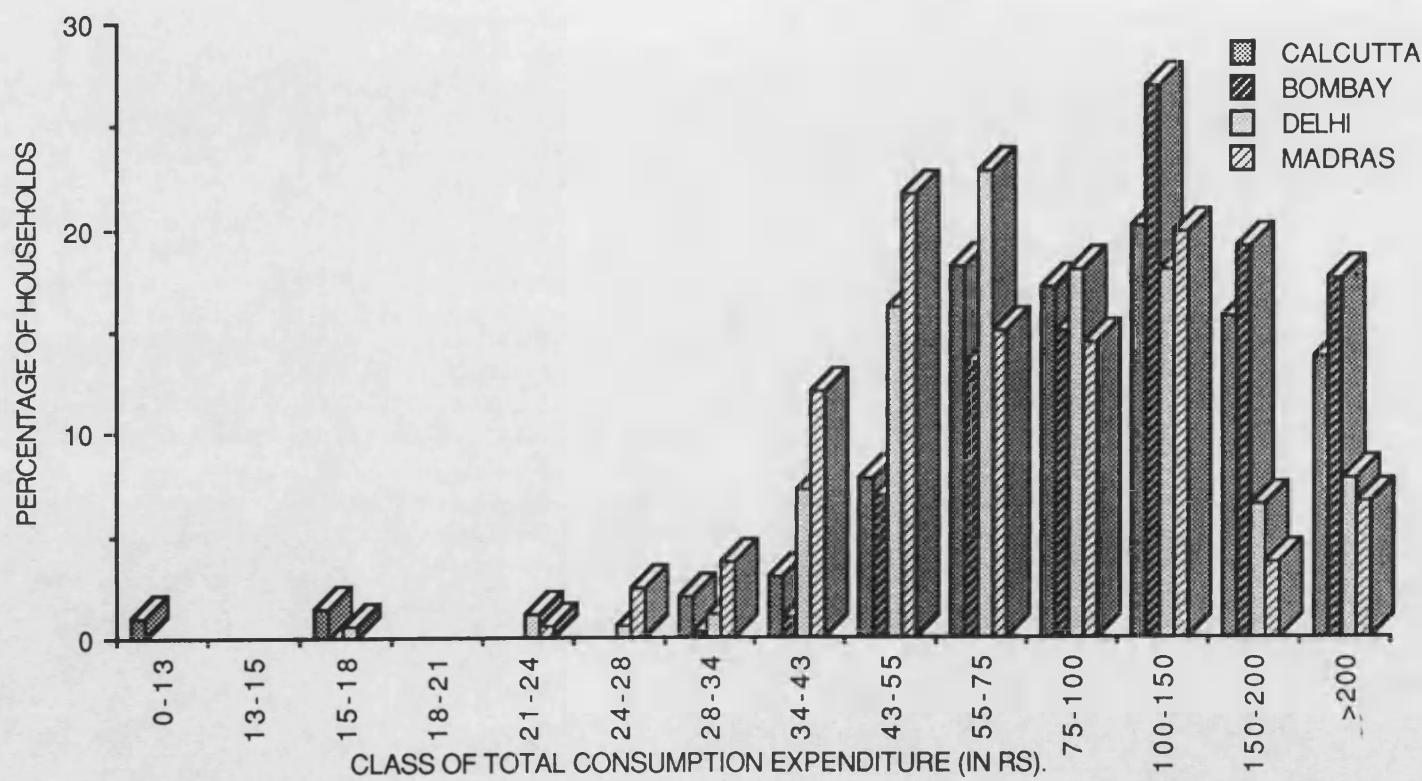
This spatial expansion was accompanied by a qualitative change giving rise to multifarious links with the urban economy. It is a result of the adaption of product to the locality's purchasing power and demand pattern. These links not only indicate the variations in the income earning potential within the sector but also point to the initiative and adaptability of the workers.

The micro-retailing which has evolved requires sharp reaction to market forces, initiative and familiarity with product and demand pattern. It also implies that any plan for this sector must be defined at sectoral and at local levels.

The analysis establishes that to understand the heterogeneity and the variations in the income earning potential of the street traders it is essential to examine both backward and forward linkages. The study shows that at the city level the traders establish two distinct types of forward linkages: a stagnant relationship results when a group is involved in horizontal exchange of goods in the low income areas; the second group catering to the demands of the middle to higher income group establishes a more dynamic relationship which allows income increases to filter down. Within each group daily sales were observed to vary with the the actual location, the product type, age and level of education of the trader. It demonstrates, that multiplicity of forward links add to the heterogeneity of the sector by influencing the income earning potential. Further, that traders while tied in dependent relationships to the mahajan use their forward linkages to enhance their earnings.

In the next chapter I look at the variation in the purchasing power within the sector to document the economic heterogeneity suggested by the analysis in this chapter.

DIG 1 SHOWING THE SKEWED DIST. OF PURCHASING POWER IN MAJOR INDIAN CITIES.



## **CHAPTER 6**

### **SUCCESS AND SURVIVAL STRATEGIES OF THE PETTY TRADERS.**

#### **6.1 The focus of economic analysis:**

Research has established that not all street traders are poor (Moser 1984). It has also shown that the major constraints to growth are not lack of initiative and enterprise, rather these are external to the unit (King 1979, Lipton 1980, Schmitz 1982). The analysis of the petty traders of Calcutta has confirmed that they are adaptive to change and certainly do not lack organisation and initiative; that they use every available means to enhance their income potential. These findings suggest that, despite the external constraints, there is a range of possibilities open to traders but that only some are able to capitalise on these possibilities and overcome the constraints, and/or that some traders started with an advantage. This also implies a certain heterogeneity and mobility within the sector.

To study and analyse these implications, it is necessary to aggregate the traders according to an economic criterion, determine their economic conditions and status, the differentials within the group and then identify the strategies adopted by the different sub-groups.

The aim and focus of this phase of analysis is to aggregate petty-traders on the basis of an economic criterion which measures how poor or well-off they are, then to determine which variables are significant in explaining differentiation within the group. Finally, for the various sub-groups of better-off traders, the study attempts to identify the strategies adopted to overcome constraint, and/or the advantages some traders enjoyed, which had helped them to succeed. This analysis should also bring out the heterogeneity within the sector and provide an insight to the mobility pattern among the petty-traders.

Secondly, an in-depth analysis such this, unless related to the patterns and trends at the city level makes little sense. Hence the detailed study is preceded by an analysis which locates and relates the economic groups of this sector to the economic stratification identified at the city and state level by the NSSO.

## 6.11. Choice of economic criterion:

Before choosing the basis of aggregation it is essential to state the unit of classification. The focus of the analysis is on the different economic groups within this sector. The interest is in the trader. The enterprise is the means to an end, that is, it helps to earn a livelihood. The advantages and the disadvantages of these units are the options that the trader enjoys and the constraints he suffers. The characteristics of the enterprise are a reflection of the traders adaptive instincts and survival strategies. Since the aim is to determine the economic conditions of the workers of this sector the unit of classification is naturally the trader.

Various issues are involved in determining the economic criterion to classify the petty traders, so as to be able to observe the economic stratification within the group. Influencing the choice of the criterion is the aim of the study, the limitations and applicability of the different criteria to the group studied, the level of awareness of the trader regarding their income and consumption patterns, and their willingness or otherwise to divulge such information.

As stated the aim is to determine the economic grouping within the petty traders and observe how they are placed in the urban economy. It is important to clarify that, in India, all official and non-official studies of economic levels of different groups are really part of poverty studies and the bases of most studies have been dependent on the fact that absolute poverty is so widespread. Secondly, the petty traders are based in a city where a significant proportion of the population live below the poverty line; it is expected that this line will also cut across the group of sampled traders. Hence a definition of poverty and examination of NSSO's basis of classification is pertinent at this point.

Poverty: Rein (1970) identified three broad concepts of poverty. "Poverty may be regarded as subsistence, inequality or externality. Subsistence is concerned with the minimum of provision needed to maintain health and working capacity....Inequality is concerned with the relative position of income groups to each other. ... Society is seen as a series of stratified income layers and poverty is concerned with how the bottom layers fare relative to the rest of the society...Externality is concerned with the social consequences of poverty for the rest of the society rather than in terms of the needs of the poor" (1970: 46).

In India the definition of poverty in terms of subsistence levels of living has had wide acceptance, because it describes poverty objectively as the lack of ability to acquire the minimum necessities of life. The most popular and commonly used approach to separate the poor from the non-poor is to draw the poverty line.

Defining the poverty line involves specifying a minimum level of living, which is an

elusive concept "vaguely associated with culture of people and level of development of the economy" (Rudra 1974: 219). However, for India the minimum would have to mean an absolute minimum.

The minimum level may be defined in terms of income or expenditure. Most official and NSSO definitions of poverty have identified minimum levels of expenditure. Consumption expenditure is a better representative of the well-being of people particularly at the lower levels of income. While income measures the ability to spend, consumption expenditure measures the actual spending power. Sambrani and Picholiya (1975) hint at the possibility of under-estimation of poverty when using expenditure data because it excludes the items which do not enter the market. But Jain argues that it is not peculiar to expenditure data. "With income data when we fix a cut-off, we include only those needs which are considered essential by the society today" (1987: 65).

The consumption basket defined would cover only the minimum required private consumption expenditure on food, clothing and shelter. Though there has been extensive research on minimum required expenditure on food, the minimum levels for clothing and shelter are fairly ill-defined. The most reliable and detailed work on minimum diet was undertaken by Sukhatme (1965) and latter used by the Second Planning Commission and Bardhan (1973). However, it is the poverty line of Rs.20<sup>1</sup> at 1960-61 prices, decided on by the study group of the Planning Commission in 1962 that has affected subsequent research, even though the group failed to define what the minimum basket contained. Subsequent authors used this "miracle figure" of Rs.20 to obtain poverty lines at different points in time and place. However, each used a different price deflator making these studies incomparable. The most recent and reliable estimates of economic levels is provided by the NSSO (1977-78).

The 28th Round of the NSSO estimated the monthly per capita expenditure of households, based on the largest sample survey ever conducted in India and redefined the poverty lines for each state broken down by rural and urban areas and for major cities. Further for each subgroup it provides the percentage expenditure on food, clothing and housing. For the purpose of this study, NSSO's definition of poverty is used, that is the critical expenditure level necessary for healthy living. The population having per capita expenditure level below this is labelled poor (Sengupta & Joshi 1979: 1). The NSSO defines a household as a group of persons normally living together and taking food from a common kitchen.

If obtaining economic information from any business enterprise is difficult, it is even more so in the case of small scale traders. Brown (1987) notes that it is not only difficult

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<sup>1</sup>Rs. 20 is per capita expenditure per month necessary to maintain a person above the poverty line.

to assess the number of traders, but the participants are reluctant to discuss details of their investment, turnover and profits. This also explains why the emphasis in much of the literature on small scale traders tend to focus on the "the form and distribution rather than on the economic structure in which they operate" (Lowder 1986: 173). However, the most difficult information to extract from the traders is their income. They are extremely cagey and secretive about their income. The "secretiveness is enhanced when entrepreneurial skills are still at the level of individual instinct and are considered to involve a large amount of luck" (1986: 173).

Assessing the economic conditions of the traders is made more complex as majority of the traders keep no accounts and have a hazy idea of business parameters, specially the new entrants. However, the petty-traders, the more successful ones and the poorest traders, both have a clearer idea of their own expenditure pattern. Most individuals attempt to cope with income constraints by (i) trying to augment income and (ii) by minimising expenditure. Therefore they are actually more aware of how much they spend on a basic item like food. Further, as Moser (1975) noted, very often the traders are not aware of their total earnings and they are also reluctant to divulge their income. They are less hesitant, in fact, willing to discuss how much they spend on an essential like food. The reason for this willingness to talk is largely psychological. Most people believe that talking about their expenditures conveys an idea of their hardships and draws the listener's sympathy. But there may be a tendency to exaggerate the expenses.

Under these circumstances, expenditure is a more suitable criterion than income. Since the household expenditure on food for each petty trader is available, and the percentage for each expenditure class is given by the NSSO, the monthly per capita expenditure for each trader's household can be estimated with a fair degree of accuracy. Thus the monthly per capita expenditure (MPCE) is used to aggregate traders.

## **6.12 The plan of analysis:**

In this chapter analysis is conducted at two levels, intra-sectoral and intra-city. Based on the grouping derived from the estimated MPCE, an analysis is undertaken to observe where the petty trader is placed in the economic stratification observed at the city level and to note how the distribution of the traders over the expenditure classes compares with that of Calcutta as a whole.

The intra-sectoral analysis is done in three stages. First, each expenditure class is correlated with type of housing, nature of occupancy, dependency ratio, type of household fuel used and the kind of durable consumer goods used. This will give a substantial insight to the different levels of access to factors of well-being existing among the

petty-traders. The second stage attempts to explain why these differences exist by looking at possible connections with type of goods sold, their linkages, social characteristics and location and the initial advantage enjoyed by some of the traders. The main question that this section tries to answer is, why are some traders more successful than most? This section therefore, brings together the effects that social, spatial, economic and demographic characteristics might have on the reasons for success. The last stage looks at the different strategies used by the sub-groups to overcome their constraints.

## **6.2 Estimating the consumption expenditure of petty-traders.**

The first step to disaggregating traders is to estimate their MPCE. The household expenditure on food for each trader being known, the per capita expenditure on food for each household was derived by dividing the household expenditure by the size of the household. As stated earlier NSSO provides detailed expenditure pattern for each expenditure class. Using these values the MPCE for each trader was estimated (Appendix 2). Two different groupings had to be undertaken (i) to place petty-traders in the economic stratification at the city level and (ii) for intra-sectoral analysis.

NSSO divides the population into 14 classes. To make the study data comparable, petty traders were also grouped into 14 classes. In the second classification six expenditure classes were used. It is believed that such a large number of classes as used by NSSO would make the in-depth analysis unnecessarily cumbersome. These six classes were used for all subsequent analysis.

A second set of disaggregation was necessary before proceeding with the analysis. 32 types of goods were sold by the petty trader. It was essential to categorise them. The categories were derived from the cluster of items the traders were observed to sell.

To recap from chapter 5, the analysis on backward linkages indicated that the bulk of the cooked-food sellers were "truly self employed" and appeared to operate fairly independent of the wholesalers and large traders (Category I).

The traders running kiosk selling cold-drinks, were agents for different manufacturing companies but were free to sell any other additional items(category II). This is quite different from those selling textile, cloth and garments, as they are tied to the larger trader who supplies the goods in credit (Category IV).

The fruit and vegetable sellers deserve a separate category(III) because the perishability of their products make them more vulnerable and more dependent on the larger trader /middleman/wholesaler. Second, they are expected to emerge as the largest group and contain most of the small number of the women traders. A proper assessment of this group demands a separate category.

Traders in category V to IX are characterised by varying levels of dependence and differing types of relationship with the supplier of their goods. The five categories were derived from the cluster of articles the traders were observed to sell. They could have been collapsed into one large group, but it was felt that such a large group of traders selling such diverse commodities would distort the total picture and affect the relative position of the other groups of traders. Needless to add, traders dealing in smuggled goods have to be separated from other traders not only because of the nature of the goods sold but because of the highly exploitative relation between the petty trader and the supplier and the ultimate "boss". Secondly, as nearly all members of this group refused to co-operate with the survey, they are under represented (only five were willingly to answer the questions).

The following ten categories emerged:

I Cooked food.	VI Plastic goods,decorative,
II Cold-drinks, paan cigarette, biri.	glass/ceramic
III Fruit, vegetable and flowers.	VII Wooden articles,household hardware kitchenware.
IV Textile, garments, linen, cloth.	VIII Brassware, furniture.
V Toiletries, leather goods, footwear.	IX Cassettes, records, stationery, books.
	X Smuggled goods.

### 6.21 How poor are they?

Starting at the city level, the objective in this section is to see where the petty-traders are placed in the economic stratification of the city.

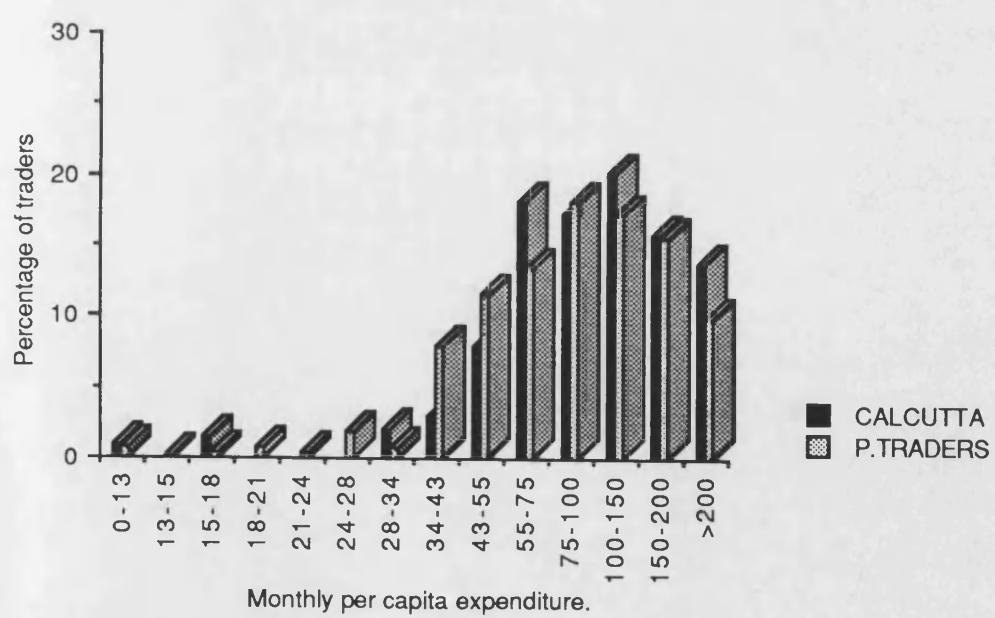
Though both show a clustering around the same classes, important differences exist between the two sets and the differences become sharper at the two ends.

For Calcutta, 95% households have a MPCE greater than Rs.34 while 92% have MPCE greater than Rs.43 and half the households (49%) have monthly per capita expenditure more than Rs.100.

95% of households run by petty traders have MPCE greater than Rs.34 while 70% have MPCE greater than Rs.43 and 42% have MPCE greater than Rs.100. Further, while 13% of the city households spend more than Rs.200 per capita only 9% of the latter do so.

**Table 6.1. Showing the percentage distribution of Calcutta's population and of petty traders according to expenditure classes.**

MPCE class in Rs.	NSSO estimates for Calcutta	Estimates for petty traders.
0 - 13	0.98	0.78
13 - 15	0.00	0.19
15 - 18	1.47	0.28
18 - 21	0.00	0.65
21 - 24	0.00	0.28
24 - 28	0.00	1.76
28 - 34	1.96	0.74
34 - 43	2.94	7.78
43 - 55	7.84	11.57
55 - 75	18.14	13.43
75 - 100	17.16	18.15
100 - 150	20.10	17.13
150 - 200	15.69	15.46
> 200	13.73	9.81



**Fig. 6.1 Showing percentage distribution of Calcutta & petty-traders by MPCE.**

However, as the profile shows (Fig.6.1) greater contrast exists between the two groups in the bottom six expenditure classes. The profiles indicate the proportion of the very poor households are slightly greater for petty traders than for the city. Though the detailed break down shows that the proportion of the very poor is higher among petty traders, the traders as a group are not poorer than the average person in Calcutta or West Bengal. This is reflected in the clustering of the values around close modal values (Fig.6.1).

A pertinent comparison would be with the estimates made by Bardhan (1987). He derives the poverty line for the four major urban centres in West-Bengal, in contrast to NSSO estimates which include urban centres of all sizes. He estimates the poverty line to be "at Rs.60.50 at current prices (using the average of index number of consumer prices in Calcutta, Asansol, Kharagpur and Jailpaiguri for consumers with monthly expenditure level upto Rs.100) and 30% of the urban population was below it" (1987: 1496). With the poverty line at Rs.60.50, 27% of the petty traders can be called poor. That a greater proportion of the petty-traders earn enough to keep the household above the poverty line explains why this sector continues to attract new entrants. However, it is essential to stress that the disparity among the petty-traders is greater than at the city level. Thus, the MPCE profile for the petty traders testify that differentiation exists among them as among all economic groups. This also implies that despite the many constraints, it is possible for some to succeed.

In the following section I briefly look at what the different levels of spending power characterise the petty-trader, before attempting to identify the variables responsible for the internal differentiation.

## 6.22 What can their money buy?

All subsequent analysis is based on the collapsed classification of six expenditure classes. A proper assessment of the spending power of the petty-trader should include the details of their diet and health along with the kind of housing, nature of occupancy and consumer durables they are able to afford. Since the traders were reluctant to discuss their dietary and health details, this assessment will have to be restricted to the last three indicators of access to factors of well-being.

The term "housing" is used to refer to the actual physical unit providing shelter to the trader. The problem of housing in Calcutta is an all too familiar topic. In Calcutta, as in most Third World cities, only the small upper and middle-class have sufficient income and credit worthiness to purchase and rent formally. As private housing schemes are generally organised by specific occupational, social or religious groups, they tend automatically to exclude the small self-employed persons. The bulk of Calcutta's population finds itself

cramped into rented rooms, bustees, hutments and some spillover onto the pavements and others take shelter in the shop itself.

It is necessary to differentiate between bustees and hutments. A bustee is owned by a landlord, who rents the land to an intermediary, who then builds the rooms and huts to rent out. Since 1970 extensive bustee development and improvement programmes have been undertaken by the State government (funded by the World Bank). The bustees have been provided with proper sewage, piped water and paved access. In contrast the hutments are supposed to be illegally constructed units. These are located in a band along the marshy edge of the city, along the canal, and in a crescent to the south of the city. These areas liable to flooding, have limited paved roads, no proper sewage and limited supply of piped water. Since they are considered illegal occupants, the government has tended to neglect these settlements.

It is within this limited availability and predominance of low quality housing that the petty-traders seek a unit to provide shelter. The inability to obtain accommodation legally, either for monetary reasons or because it is just not available, forces people into illegal occupation.

Almost half (49%) the petty traders have rooms outside the bustees or hutment colonies. A fifth (21%) live in bustees, 11% in hutment colonies. 7% of the traders are cramped into shared accommodation, that is generally a room occupied by a dozen people, either from the same village or belonging to the same religious clan. 5% of the traders have either chosen to live on the pavement (a issue discussed later) or are unable to afford any form of shelter. 8% of the traders were reluctant to state the nature of their housing.

Table 6.2 shows that each expenditure class is dominated by those who can afford to live in a "room". This would imply that it is dominant form of housing that the most of the traders can afford. But if we look at the proportion of those who can rent/own rooms in each expenditure class, we find that it is directly proportional to the expenditure class. It was also observed that nearly 3% of the room dwellers are in MPCE class spending less than Rs.25, a third of them are concentrated in the two highest MPCE classes.

A similar trend is observed among the bustee dwellers, where the proportion increases with increase in spending power. But they appear to be more evenly spread over the five classes. Classes 2 and 3 have 15% of the bustee dwellers and classes 5 and 6 have 22% and 27% respectively. Hutment dwellers show a similar trend.

**Table 6.2 Type of housing for each MPCE class.**

Class in Rs.	Type of housing					
	Room	Bustee	Hutment	Shared Room	Pavement	Shop
0-25	46.67	23.33	10.00	10.00	3.30	0.0
25-55	34.68	18.50	4.05	12.70	12.70	0.6
55-75	43.59	28.21	3.42	6.84	4.20	0.0
75-100	53.57	21.43	10.70	4.76	2.39	0.0
100-250	54.88	15.49	19.19	3.70	1.68	0.0
>250	55.67	21.24	11.36	5.13	2.20	0.0

This pattern is reversed in the case of pavement dwellers. More than 50% are in the second lowest expenditure class, (Rs.25-55), that is spending less than necessary to maintain a level above the poverty line. It is important to qualify this group. Special interviews with this group revealed that they are mostly immigrants from Bihar and U.P. They run successful enterprises, in the sense that they remit approximately Rs. 250-500 per month to their villages. This is done by minimising expenditure. This includes avoiding "unnecessary" expenditure on housing and clothing. Their food habits are such that their expenditure on food is much lower than those of the local population. This is largely responsible for bulk of pavement dwellers falling in low MPCE class.

It thus appears that an MPCE greater than Rs.75 allows more than half the traders to afford rooms for their families, yet a quarter still live in shared accommodation and on pavements. 60% of those spending less than Rs.75 live in either shared accommodation, on the pavement or in bustees, with 40% in rooms.

#### Occupancy:

The fact that the bulk of the traders are not the poorest is further reinforced by the nature of occupancy. 56% are able to rent rooms, 16% own their own accomadation, 11% are sub-tenants (that is they share the room with the tenant or obtain on rent from a tenant, rather than from the landlord) and 10% are illegal occupants( the percentage of hutment dwellers was 10.9%).

77% of owner occupants are in the top two expenditure classes, while 64% of those who have rented accommodation are spread over the three upper classes. The fact that sub-tenants and illegal occupants are equally spread over all MPCE classes, would imply that these two occupancy types each contain two distinct groups. One, those who continue

to live in such accommodation because they can afford no better, and second include those traders who can afford to move out but do not. This could be because the trader does not consider the occupancy to be illegal and/or does not wish to sever the social and economic links established.

**Table 6.3 Showing type of occupancy by MPCE class.**

MPCE in Rs.	Tenant	Sub-tenant	Shared accom.	Owner	Illegal occupant
<25	20.18	25.00	39.80	23.60	21.6
25-55	10.62	21.66	18.60	3.60	23.40
55-75	8.49	11.66	10.16	4.10	13.50
75-100	15.27	8.33	7.60	8.18	11.71
100-250	24.03	15.00	8.47	32.27	17.11
>250	21.38	18.33	15.25	28.18	12.60
Total	59.66	4.70	9.35	17.4	8.79

#### Consumer durables:

The majority of traders showed that, given the housing condition in Calcutta, they fared reasonably well as far as housing was concerned. However their access to consumer durables seems fairly limited. 57% possess no consumer goods like cycle, portable radio, or radio-cum-tape decks, televisions or scooter. A fifth use cycles and a tenth own a cycle and a television and/or radio. Expectedly, more than 75 % of traders owning any consumer durable goods are placed in the top two expenditure classes. This is in contrast to the street traders in Santiago, where 12% possess a vehicle (Tokman 1978: 1196).

This limited access to goods is also reflected in the kind of fuel used by the trader's household. In India many different kinds of fuel may be used depending on the purchasing power. Least accessible is cooking gas while the cheapest fuel is cow-dung cakes. However, kerosene is available through "Fair Price" shops. The most widely used fuel is coal. This study shows that 68.% of the petty-traders use coal while another 22%

use coal and kerosene. Only about 3% can afford cooking gas while less than 1% use coal and gas, 1% of the households use cow-dung cakes and another 3%, all migrants, have no arrangements for cooking as they eat out at small hotels or kiosks.

**Table 6.4 Showing the percentage distribution of petty-traders by the kind of fuel used.**

Coal	Coal & kerosene	Coal, wood & kerosene	Gas	Cowdung cakes
68.00	28.70	2.08	0.81	1.05

The disparity within this sector is higher than at the city level. Most traders can afford only rooms or shared accommodation, with nearly 60% possessing no durable consumer goods at all, i.e. cycle or radio. In other words few can afford anything more than the basics. The subsequent sections examines the factors responsible for this heterogeneity.

### **6.3 Economic groups: advantages and linkage patterns.**

Having established that economic differentiation within the sector is high and since the objective, as stated earlier, is to isolate the group(s) which has been more successful, the next step is to separate the economic sub-groups and determine the conditions and factors responsible for this heterogeneity. Consequently the strategy of this analysis is to focus on the groups with higher MPCE.

When determining economic sub-groups within a sector, it is necessary to examine the various possible factors of differentiation. In other words, study the variables which influence the conditions which determine the economic status. Many conditions for differentiation may be cited, but they do not all necessarily indicate the strength of the processes within the sector. Factors like age, education and status of the worker in the household (whether a primary or a secondary worker), are generally regarded as agents of differentiation. These will be briefly examined to see if and how the purchasing power varies with them.

However, as the analysis of linkages in the previous chapter showed, the nature of backward and forward linkages is more important in a sector with predominantly low skilled worker. In the absence of skill and capital, linkages tend to determine the mobility of the worker by controlling the flow of goods.

To separate the economic sub-groups, the analysis begins by examining the first basic relationship, i.e. the correlation between the economic status and the kind of goods sold.

Then the condition and relationships, implied and expected, are picked out for the two groups and studied in detail. These include varied and multiple purchase links and the advantages some of these traders may enjoy, whether age and education cause further differentiation, all set in a complex mesh of social, economic and ethnic links.

Hence the analysis involves (A) examining at the sectoral level how the economic status of the traders is related to the type of goods he sells, and then identifying the two groups (B) investigating the purchase relations, advantages and constraints of the two groups and (C) locating the successful traders in relation to the city's functional pattern.

However, before analysing the trader's market reactions, it is essential to establish whether the trader's status in the household, i.e. primary or secondary earner, affect his/her position in MPCE stratification.

In outlining the profile of the petty-traders it was noted that nearly half were secondary earners in their household. Hence it could be argued that most traders with higher purchasing power probably belong to a household with multiple income.

### 6.31 Nature of household and MPCE:

**Table 6.5. Showing the percentage distribution of primary & secondary earners in MPCE classes.**

MPCE in Rs.	Secondary earners (%)	Primary earners (%)
<25	63.3	36.7
25-55	60.1	39.9
55-75	53.8	46.2
75-100	47.0	53.0
100-250	46.1	53.9
>250	47.3	52.7

Table 6.5 shows that more than 60% of households with MPCE less than Rs.75 have more than one earner. The proportion of households where the trader is the primary earner increases with rise in purchasing power while the reverse is true for secondary earners. This suggests that being the sole earner in the household is not a dis-advantage in the sector.

Further the concentration of households with more than one earner at the lower end of

the consumption expenditure suggests the presence of very poor households where several members go out to work for extremely low wages. This also reaffirms the earlier observation that the disparity within this group is fairly high.

### **6.32. MPCE and category of traders:**

The average monthly per capita expenditure for all sampled traders is Rs.179.52. It reaffirms that as a group they are well above the poverty line but the high standard deviation indicate a fair level of disparity. It is important to note that the standard deviations and average incomes shown in Table 6.6 have only been used to indicate the disparity and the distribution of purchasing power. Given the highly skewed nature of the data category averages have not been used in any subsequent analyses.

As seen in Table 6.6 the small group (5%) selling second hand-records, cassettes, books and stationary have the highest MPCE. It is important to note that most of the cassettes sold are pirated and are stocked together with other legally obtained goods. This implies that they have links with the powerful and well-healed network involved in pirating music.

Ranked second are the traders dealing in contraband goods. They are a rapidly growing category, comprised largely of street-wise young muslims belonging to tightly knit communities from U.P and Bihar. They are under-represented (0.5%) in this sample because of their extreme reluctance to participate in the survey. The targeted market for both these categories is the upper- middle to higher income group.

The basis for comparing and discussing the traders dealing in contraband goods with the rest of the traders is very weak because of the illegal network supporting them and should therefore be separated from the rest of the traders. Hence they are not included in the subsequent analysis.

They are followed in category III by traders selling wooden and other household goods and kitchenware. This group is in sharp contrast, because most their goods are products of small-scale manufacturing units and of household units. The disparity within this group is also the highest.

The categories ranked fourth and fifth and sixth also deal in durable consumer goods, but produced indigenously at medium scale (glass) and small scale (footwear,brassware) and in household units (ground spices). The disparity within each of these categories is higher than in the low ranking categories. However the small group of traders selling brassware and cane furniture appear to afford not only a reasonable level of expenditure but are also more equally well-off.

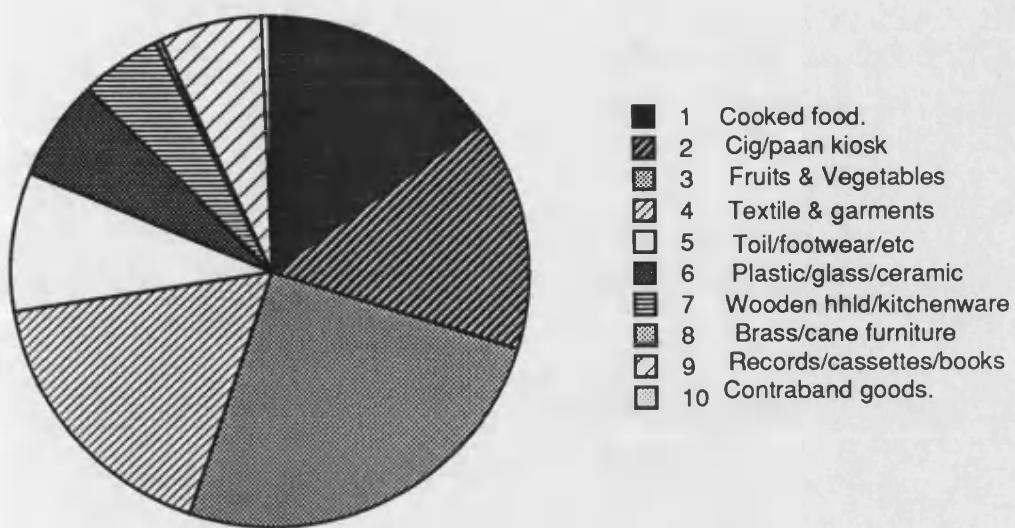


Fig.6.2 Showing distribution of traders by category of goods sold.

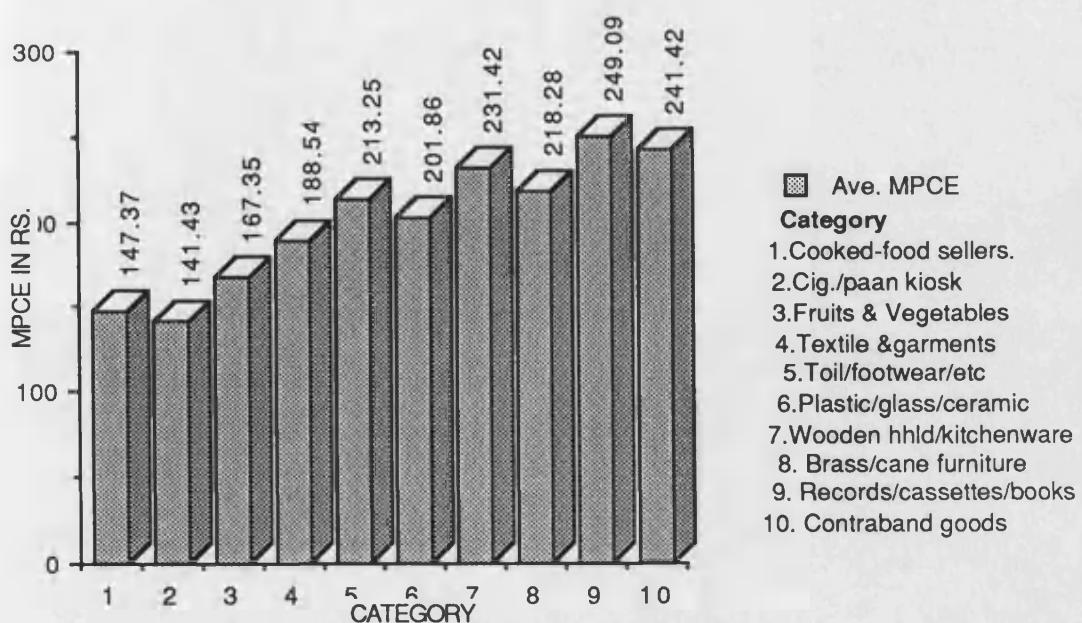


Fig. 6.3 Showing average Monthly per capita expenditure by category.

**Table 6.6 Showing the average MPCE and the standard deviation of MPCE of petty-traders by category of goods.**

Category by goods sold	Rank	Average MPCE	Standard Deviation	No of cases	Percent. of cases.
1 Cooked Food	(9)	147.37	164.49	161	11.98
2 C.drks/cig.	(10)	141.43	167.14	155	11.53
3 Fruit/veg.	(8)	167.35	181.08	268	19.94
4 Text/garment	(7)	188.54	149.04	181	13.47
5 Toil/leather /footwear	(5)	213.25	200.22	93	6.92
6 Plast/glass /ceramic	(6)	201.86	233.88	68	5.06
7 Wooden hhld /kitchware	(3)	231.42	293.25	54	4.02
8 Brass/cane	(4)	218.28	175.57	4	0.30
9 Rec/cass/bk	(1)	249.09	261.52	68	5.06
10 Contraband gd	(2)	241.42	225.62	6	0.45
Sample		179.52	192.86	1344	100.00
Missing		-	-	286	21.30

The last category of traders with purchasing power higher than average are those selling textiles and garments. Trade in textiles and garments also appear lucrative and ensures success more equally. Textiles and garments are obtained from a wide range of sources. The textile and linen are often seconds from the mills, saris from the handloom sector and mills and garments from the small tailoring units based in the city and from the wholesaling centre at Harishahat and Barabazar.

The top three categories account for 12%, while the top five groups with expenditure level (Rs.230.69) considerably higher than the sample mean (Rs.179.52) represent a fifth of the traders.

With purchasing power below average, are the bottom three categories with average MPCE of Rs.152.05 and account for 46% of the traders. However the disparity within this cluster is lower than for petty-traders as a whole.

The poorest group run stalls selling cigarettes, "paan" and cold-drinks. Only marginally better-off are the cooked food sellers. Both these groups sell a large variety of goods,

hence have a wide range of sources. With a slightly higher spending capacity, is the largest and the most ubiquitous group of traders-the fruit and vegetable sellers. Expectedly the disparity within this category is much higher than among the other two categories.

As expected the traders selling durable consumer goods are relatively better-off and have purchasing power higher than the average for the sector. The bulk of the traders dealing in perishables and consumable items are relatively poorer with purchasing power less than average . Thus the two major groups which emerge are

- (i) comprised of 46% of the traders with MPCE well below the average, selling perishables and foodstuff, referred to as (Group A) and
- (ii) the smaller group of traders selling durable consumer goods with MPCE well above the average (excluding traders in contraband goods)to be referred as Group B.

This correlation implies that (a) entry into selling durable consumer goods is difficult. A trader graduates to it, having accumulated a certain amount of capital or has the right contact because these goods have a longer turnover time and require extended periods of credit and storage facilities. That vertical mobility could also be associated with a shift from one type of goods to another.

(b) A corollary to the first implication is that entry into the market selling fruits, vegetables, cooked food, cold drinks etc. is easier because it requires little or no capital nor a high level of credibility in the market to approach a trader for goods on over-night credit.

(c) A greater heterogeneity may be introduced in the sector if within each category of goods sold, there is a spatial variation in income potential, as traders target different segments of the market.

### **6.33 MPCE, Type of goods and backward linkages:**

Since the economic status of the traders varies with the kind of goods sold, status becomes a question of access to the more lucrative categories. This access is determined by the kind of purchase relations the trader manages to establish, which is largely dependent on his/her network of contacts, how long he/she has been in business, advantages the trader may have enjoyed and loans he/she may have received.

This section attempts to narrow down the sub-groups of the more successful traders in the two groups, based on backward linkages and advantages they may have had. It is equally important to identify the more successful traders of the poorer group, as this sub-group accounts for nearly half the sector.

Before one proceeds to analyse the variation in backward linkages, it is necessary to note

that many traders specially the cooked-food sellers have multiple linkages, i.e. they obtain some of their goods in credit, buy others in cash and sell certain items for a commission. However, the degree of mutiplicity varies with the category of traders. The main linkage type derived for each category of traders was based on what was stated to be the dominant relation. Almost 11% of the traders stated that all relations were equally important and no one relation could be singled out as the dominant one.

As stated earlier traders dealing in contraband items are not included in this analysis. Though the network supporting them has evolved in response to the demand, these goods are illegally obtained and marketed. This sub-group has one of the highest MPCE. Most (70%) of them get their goods on credit while the other 30% pay cash.

Table 6.7 shows that even within the legal economy, credit purchases are the most important for both categories with high MPCE (categories VII and IX). The other two categories in Group B however pay cash for most their goods. Cash purchase would imply that the trader has greater control over the price at which he sells, as he is not under pressure to repay in time. Both this and the higher unit price of the goods could explain the higher purchasing power of this group. Further, as observed earlier, a large number of these traders have taken advantage of the demand segmentation due to the skewed income distribution. Instead of competing with the large shops selling the same items, they have extended the range of quality available. This is true for textile to trinkets to kitchenware. On an average 13% of this group operate as commissioned sellers.

**Table 6.7 Table Showing the percentage distribution of traders in each category according to their dominant linkage.**

Linkage Type	Group A: Lower income			Group B: Higher income					
	Cooked Food I	Cdrks cige II	Fruit veg III	Text IV	Toil /lth V	Plastic glass VI	Wd hh Kitch VII	Brass /cane VIII	Cassette/ rec/bks IX
Credit	35.0	33.5	32.1	31.5	39.8	38.2	42.6	00.0	70.0
Commission.	19.3	17.4	10.1	8.8	9.7	14.2	14.8	00.0	
Cash	32.9	45.2	52.2	56.4	46.2	38.2	40.1	75.0	30.0
Multiple links	13.10	3.90	5.6	3.3	4.3	9.4	2.5	25.0	0.0

Note: Category X selling contraband goods has not been included.

It is interesting to note that credit is also the main mode of purchase for the cooked-food sellers, ranked 9th and one of the poorest groups within this sector. However,

heterogeneous relations are more typical of this group. Lying at the lower end of the ladder are the cold-drinks and cigarette stall operators (category II), with cash purchases being more important than others. This is also true for the fruit and vegetable sellers and for traders in textiles. Operating on the basis of commission is unsuitable for perishable commodities, hence a smaller percentage of fruit and vegetable sellers of this type are found.

Since credit purchase is important for all groups, it appears that the type of goods which the trader gets on credit is crucial. It is not implied that all petty-traders should change to selling contraband goods. The emphasis here is on the implication that several levels and types of credit are found even among petty-traders. Staying within the bounds of the legal economy, the credibility in the market does not refer to the credit-worthiness for a bank loan, but rather, to whether the petty-trader can get the goods for overnight's or a day's credit or a longer period. This reinforces the earlier observation where MPCE was seen to vary with the category of goods sold. Credibility not only gets the petty-traders more of a particular type of good, but more important, it allows him access to the more lucrative categories. Credibility in the underworld refers to proven loyalties, contact and ethnic background being of paramount importance.

Now it is necessary to see whether within the two groups (Group A and Group B) the proportion of traders with MPCE greater than Rs.75 varies with their dominant backward linkage. Bardhan's poverty line used in this study is at Rs 60. This falls within the expenditure class of Rs 55-75. The upper limit of this class has been used to separate the well-off petty-traders from the poorer ones. This will allow us to extract the most successful traders within each group and within each category.

**Table 6.8 Table showing the percentage of traders having MPCE >Rs.75 according to the category of goods and dominant linkage.**

Linkage Type	Group A: Lower income				Group B: Higher income.				
	Cooked Food I	Cdrks cige II	Fruit veg III	Textile IV	Toil /lth V	Plastic glass VI	Wd hsh VII	Kitch VIII	Brass /cane IX
Credit	59.6	55.7	68.6	82.1	70.1	78.1	56.5	00.0	80.5
Commission	67.7	74.1	74.1	81.3	77.8	91.7	87.5	00.0	92.2
Cash	60.4	55.7	65.7	72.5	76.7	88.5	77.3	50.0	65.7

Note: Category X selling contraband goods has not been included.

The small group of commissioned traders emerge at the top in both groups, accounting for 13% of all traders. The relatively small size of this group arises largely because giving goods to the petty-trader to sell for a commission involves far greater risk for the middleman/wholesaler. He receives no payment for his goods till after the sale by the petty-trader. The large trader/wholesaler attempts to keep a greater control over the commissioned traders by locating them near his shop or by putting them in a group so that they can keep an eye on each other.

Nearly 75% of these commissioned agents have a purchasing power greater than Rs.75 per capita per month. In the second place with 66% are the traders dependent on credit. Following a close third with 64% are traders who prefer to buy their goods in cash.

Table 6.8 shows that on an average 85% of the commissioned sellers of Group B manage to achieve a monthly per capita consumption expenditure of more than Rs.75 while it is 74% for Group A. Though Group A has a smaller percentage doing well, they form a larger group in absolute numbers than the commissioned traders of Group B. It is therefore appropriate to study this group in detail as well.

Subsequent indepth analysis of the more successful traders in both the groups shows how the traders established themselves and the advantages of their socio-ethnic links. It reaffirms the utility of having the right contact in the well placed community. This is not to imply that other traders did not receive help from friends, relatives or agents. 50% of all traders were helped in some form or the other, but nearly 90% of commissioned sellers were introduced to the large trader or to the wholesaler by friends and relatives or were recruited directly by the wholesaler/large retail traders' agent.

Secondly, while 49% of all petty traders are migrants from Bihar and U.P., the percentage rises to 75% for commissioned sellers. The importance of being a migrant from these two states lies in the fact that wholesale and large scale retailing is dominated by the migrant community.

It was a two way process. The migrants needed employment and the traders could make use of and dominate this cheap labour for their own purpose. The Marwaris and Khatris from U.P. control wholesaling, while large scale retailing is divided up between Khatris of U.P. and Bihar. All large scale retailing and wholesaling operations need to dispose of their seconds and damaged goods. Assisting in the proliferation of small units free of any overheads seem to be the logical solution. Drawing on their own large and initially very poor migrant community through agents was a natural choice.

It may be recalled that investors in real estate and large scale commerce had found it lucrative to encourage small scale retailing almost two hundred years ago. It appears that a similar process continues and is now dominated by large scale retailers and wholesalers. Further, because of the need to maintain a control over the petty-traders, they were located

in close proximity to the larger retail outlet. The spatial pattern in wholesaling and large scale retailing is therefore reflected in locational concentration of petty-traders in some districts of the city. Most of these traders indicated during subsequent interviews that they enjoy very limited scope for independent decision making and would find it extremely difficult to change the existing relationships. Marx refers to the domination by capital of the labour processes of another mode/form of production as the formal submission of labour to capital. The mahajan's almost complete control of the decision making process and of the relationship with the petty-trader is case of commercial capital dominating and using petty retailing for accumulation of commercial capital.

25% of the commissioned sellers who are non-migrants have followed a very different path to success and are more widely spread over the city. They were refugees from Bangladesh, who had some skill and education. They did not start as commissioned agents. Most of them chose to deal in traditional handloom garments, a commodity they were familiar with. Interviews with these traders revealed that initially they bought their goods for cash and on credit. Once their business stabilised they diversified into other non-traditional items like kitchenware, ladies accessories, plastic goods and brassware. Though the main purchase relation is selling for a commission, they were keen to emphasise that other modes of operation were also important. This is quite different from being only a commissioned agents. Further, they enjoy a greater degree of freedom than the migrant petty-trader. They also stressed the need for a greater cohesion within the sector, that is, a powerful and vocal union.

54% of the commissioned sellers are located in Barabazar and around the Central Business district and are almost entirely migrants. They deal primarily in textile and garments produced in mills and large factories and durable household goods.

20% are based in the main commercial area of Baghbazar and Shyambazar (the older parts of the city). Migrants and the resident population are all equally represented here. They sell a wide variety of durable consumer goods produced in the large manufacturing sector and goods of the small and medium units and run cigarette and cold-drinks stalls and sell cooked food.

Another 15% are found in and around Garihat. They were all refugees from Bangladesh. The commissioned traders here have diversified into selling womens' accessories, brassware and household goods.

A few of the commissioned agents sell cooked food and confectionary in the central business district and the rest are scattered over the city.

Judged against the advantages enjoyed by these already well-established groups, the growing number of residents (discussed in Chapter 4) appear to be rather poorly placed. However a large number of residents are more educated than the migrants and probably

better able to cope with the problems of credibility and have the advantage of a permanent address. The most poorly placed are the local migrants and the unskilled and uneducated residents. It is this group which dominate the group of cooked-food sellers and trading in fruits and vegetables. Bulk of the latter commute to the city with their goods, limiting the amount they can sell. They not only incur higher transport cost, but also support/contribute to the household, which is trying to survive the spiralling urban price rise. The migrants on the other hand economise on necessities like housing and food and remit most of their earnings to the villages in Bihar and U.P. However, the fact that migrants are well represented among the successful traders show the disparity and heterogeneity that can be found even within ethnic groups.

The analysis indicated that bulk of these traders had two advantages.

- (i) They belong to, or have close links with the community dominating the wholesale and large retail trade in Calcutta.
- (ii) They were early entrants in the market and occupy prime location.
- (iii) Those without links or contacts in large scale trade had to establish and stabilise their business depending on horizontal links, their skill and initiative and subsequently diversified the product-mix and linkages.

#### **6.34 MPCE, Type of goods and spatial variation:**

As noted earlier the spatial dimension can be the basis for further differentiation and can introduce another element of heterogeneity in the sector. It is expected that within each category of goods the income potential will vary with the location of the shop.

Looking first at Group A covering the bulk of the traders (46%) selling cigarettes, cold drinks, "paan", fruits and vegetables and cooked-food, it appears that for all these commodity types there is a positive correlation between earning potential and the average income level of the local area.

The cooked-food sellers (category I) thrive in areas with a large male migrant population. While this population is dominantly industrial in the south-west corner (SCK), in the north (NP, NU) they are generally engaged in commercial and distributive activities like transportation and portage.

The cigarette, cold-drink and "paan" stall operators (Category II) also benefit from this cluster in the north-west around the central business district (CBD, CBE) and in the wholesaling centres (CBB). However those located in the more affluent areas of central and southern Calcutta have undoubtedly fared better.

The fruit and vegetable sellers (Category III) of the south and central Calcutta fare better than their counterparts in the north and in low income areas of the eastern fringe. The bar

FIG. NO.6.4 MEAN MPCE (IN RS) & STD. DEVIATION BY AREA OF CATEGORY I

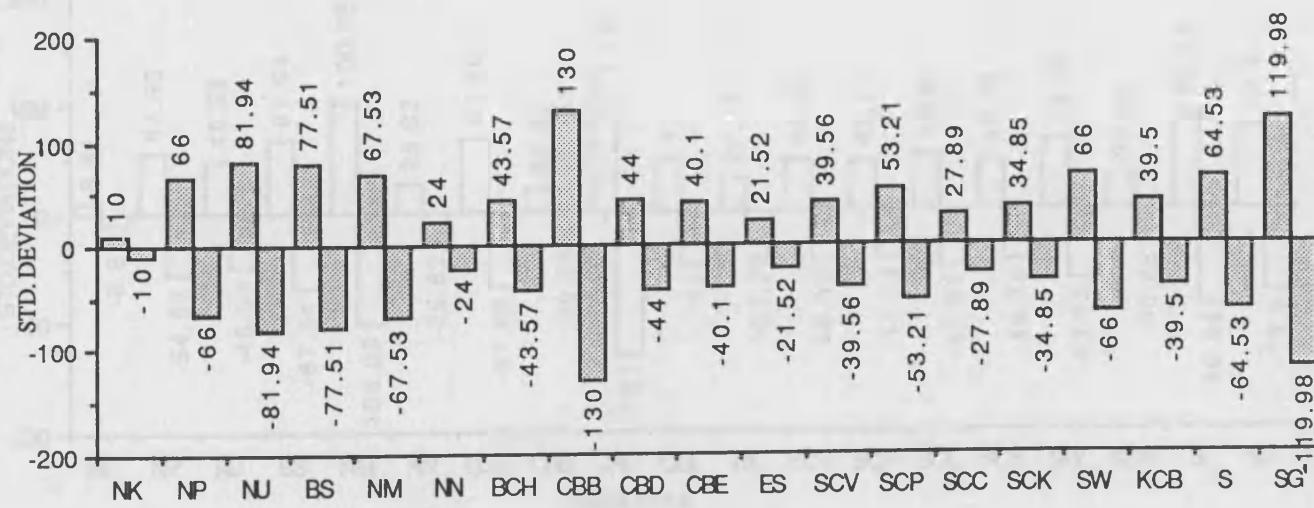
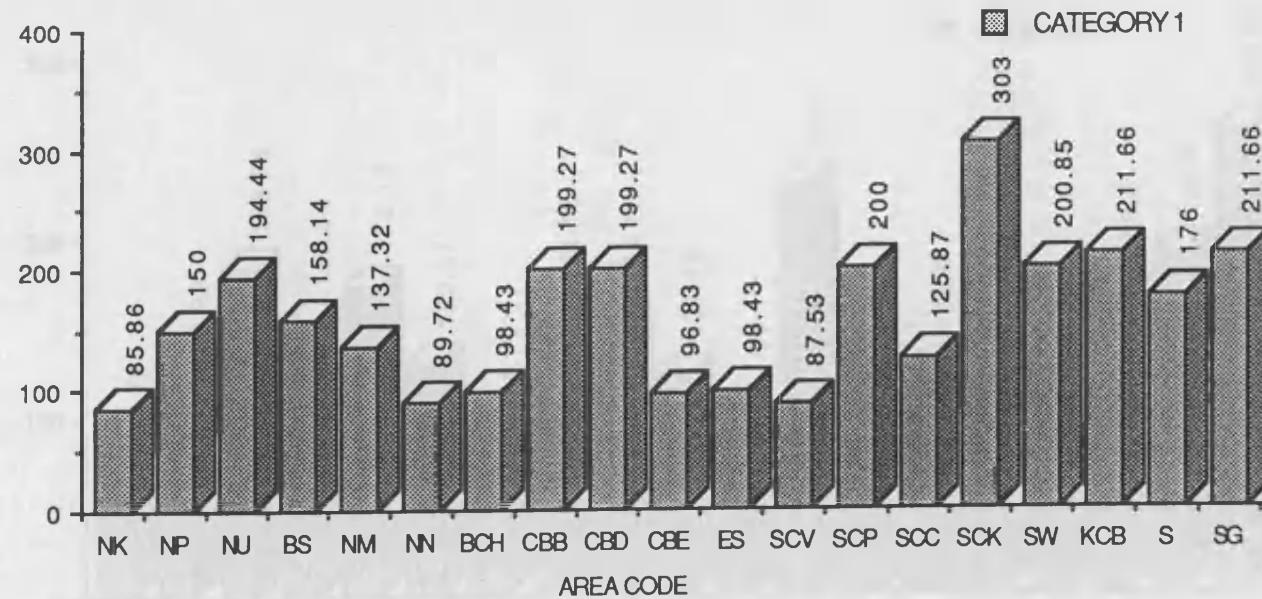


FIG.NO. 6.5 MEAN MPCE (IN RS) & STD. DEVIATION BY AREA OF CATEGORY 2

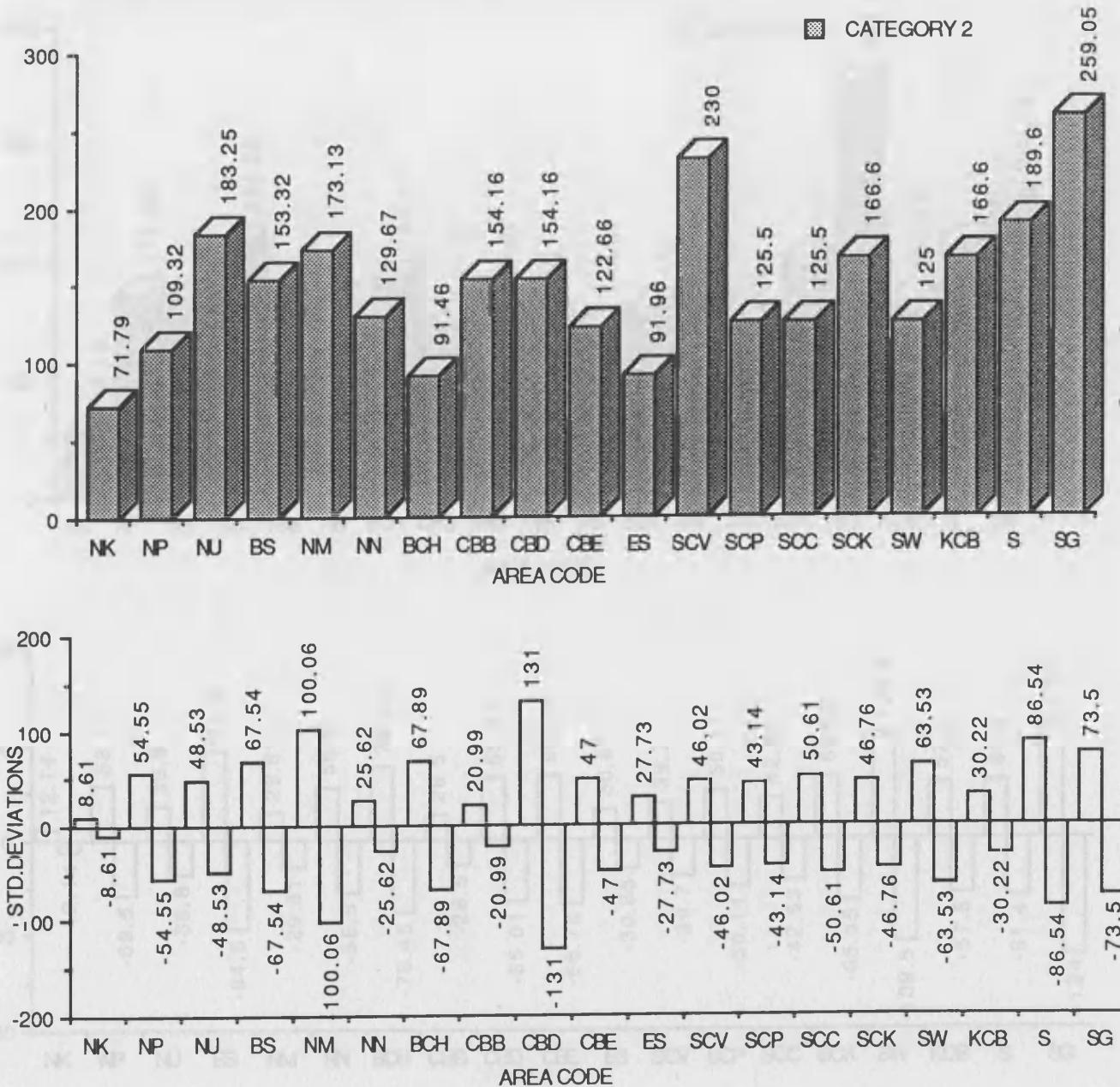


FIG. NO. 6.6 MEAN MPCE (IN RS) & STD.DEVIATIONS BY AREA OF CATEGORY 3

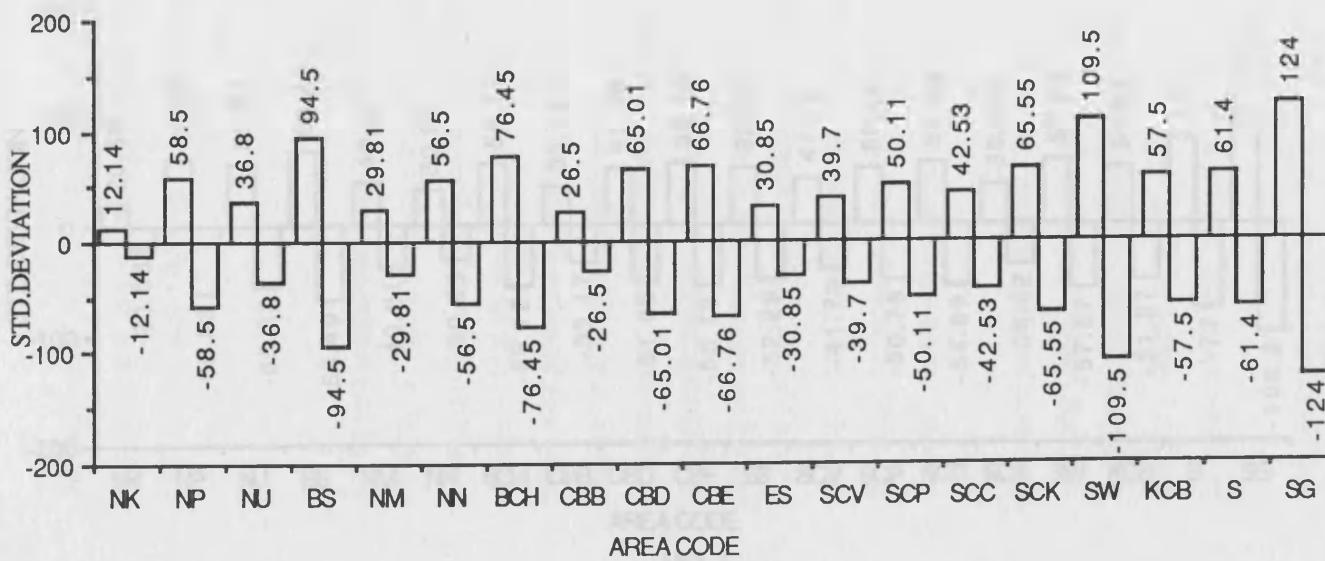
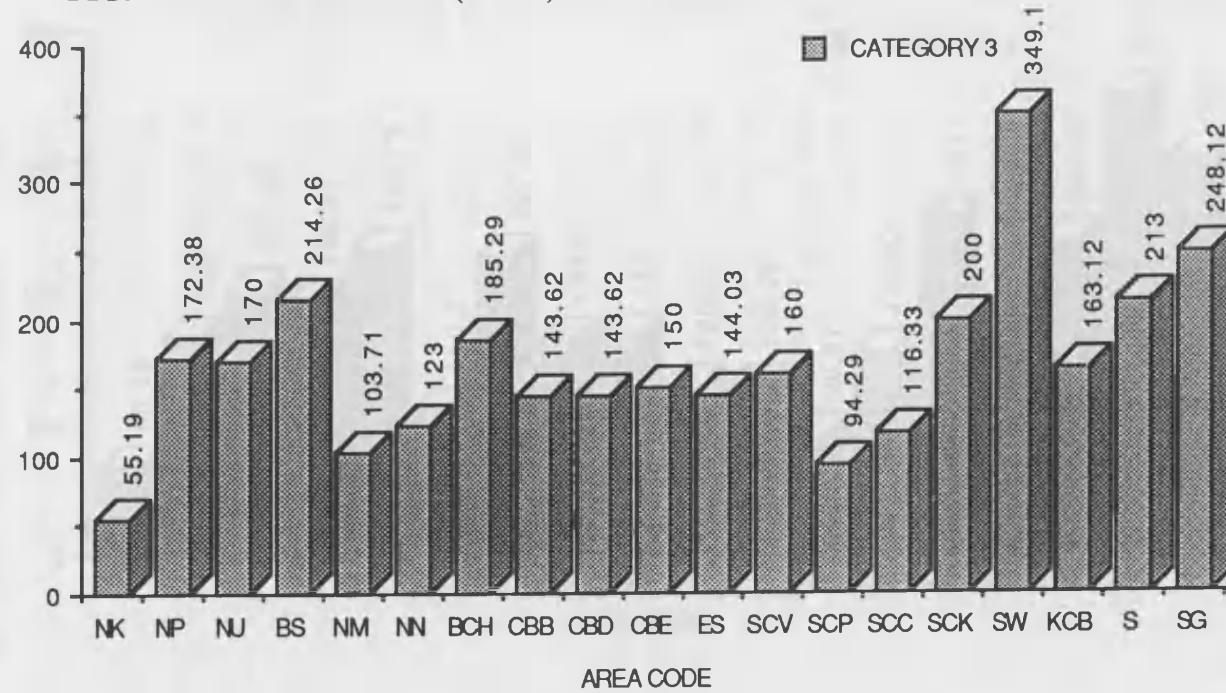
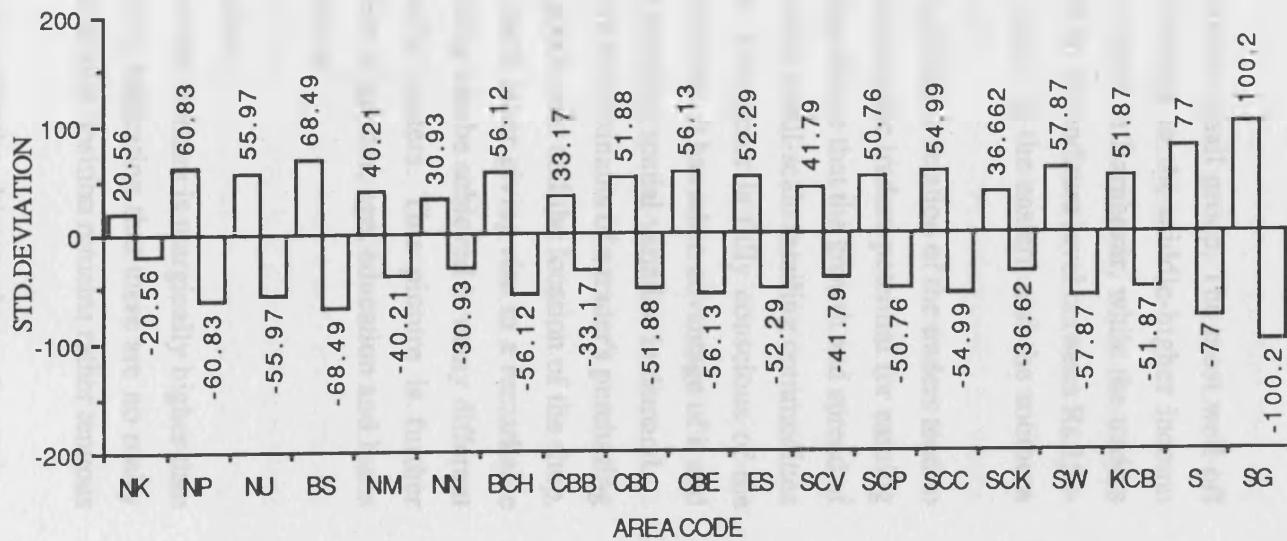
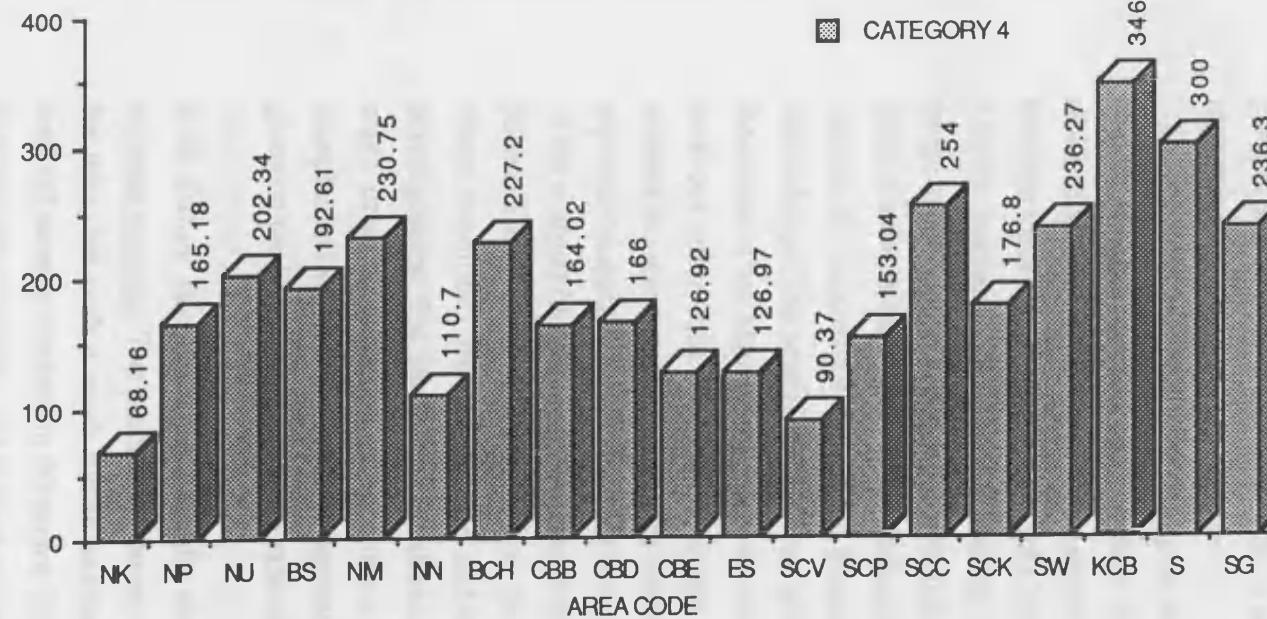


FIG. NO.6.7 MEAN MPCE (IN RS) & STD. DEVIATION BY AREA OF CATEGORY 4



graph also confirms finding from other studies that their ideal location is around the main markets. It gives them greater exposure and allows them to rapidly acquire a regular clientele.

Unlike the fruit and vegetable sellers, the traders in garments and textiles (category IV) need exposure to a large and varied number of transient population in addition to having a set of regular customers. As a group they appear better off. The most prosperous ones are adjoining the major bus and metro stations and around markets in busy cosmopolitan parts of the city. The second cluster is around the main markets and cross-roads of the higher income areas in the south.

The top four categories of Group B form a relatively small group. The most well-off traders show a concentration around the main markets in the middle-higher income residential areas of the south. The second cluster is seen in Barabazar, while the traders between these two clusters in central Calcutta enjoy an expenditure level between Rs.150-Rs.200. Interesting to note the poorest ones are found in the eastern and the southern fringe area of slums and refugee colonies.

Most studies in their emphasis to understand the exploitative relation of the traders tend to neglect the importance of forward linkages in assessing the traders potential for earning and stability. This spatial analysis has helped to demonstrate that the growth and spread of the sector is not haphazard. It shows that even within small-scale retailing commodities seek out conditions to which they are sensitive. The sector is fully conscious of the skewed income distribution and the demand segmentation. It has taken advantage of it and adjusted the quality and the product-mix to suit the resulting spatial variation in demand.

This analysis has shown that linkages are important determinants of a trader's purchasing power. That success also depends on the kind of goods sold and the location of the shop. These conditions are inter-related and influence each other giving rise to a remarkable heterogeneity. The study has also shown that stability can be achieved in many different ways creating complex sub-groups of successful traders. This picture is further complicated when one takes into account the affect of gender, age, education and loans given on the basis of some factors external to the sector.

### **6.35 Other factors of economic differentiation:**

Women workers: The purchasing power of the women workers is marginally higher than for men, but with a much lower standard deviation, indicating that there are no really well-off women workers in the sector. But their economic position remains rather tenuous and they are vulnerable and easily exploited.

These women are in the trade because for them it provides the ultimate chance to survive, while they balance between home and the need to earn. Most of them have "structured a

very rational and present-oriented economic role in order to keep from crossing the borderline between poverty and starvation" (Bunster, 1983:93). The women do not deal in goods requiring capital. Dealing in goods demanding little or no capital they are perfectly aware that they are exploited by the mahajan.

As in many other cities of the Third World (Lima Bunster, 1983, Delhi Per-lee, 1984) the women petty-traders are predominantly sellers of fruit and vegetable. They generally buy on credit, paying for the previous day's purchase each morning. In other words, their credibility in the market is very low. Women selling fruits and vegetables account for 68% of the women. The second major group runs tea stalls or kiosks selling cigarettes and cold drinks. Only one women was found to trade in consumer durables. This limited access to durable consumer goods was also noted by Moser (1975) in Bogota.

The significance of this break down is obvious when we relate it to the total sample. Only 20% of the male workers in the sector sell fruit and vegetables. It is interesting to note that women fruit and vegetable sellers get a much lower daily return (Rs.117) than their male counterparts (Rs.153.06). The women sampled had very little capital for initial investment. They buy in small quantities and sell poor quality vegetables. Some of these women had established links with the mahajan in the city, while others had their links in the rural areas, often obtaining their goods directly from the producer. The first group buys the goods which the mahajan would not be able to sell at an acceptable price to a larger trader or a customer. This naturally fetches a lower level of sale. Not only do most of these women sell poorer quality stocks, they keep smaller quantities. The credibility of these women is extremely low forcing them to deal in goods of poor quality and in even smaller quantity than their male counterparts. The mahajan generally gives them only overnight credit. Further, since they are generally given poor quality vegetables, they are forced to work longer hours, trying to sell their daily stock. The second reason for lower sales figures is that the second group commute by public transport and can only bring as much as they can carry. They are unable to participate in the arrangement that exists among groups of male traders. The practice is for groups coming from the same area to hire a van to transport their goods. The group consists of well established traders transporting a sizable stock each and therefore cheaper for them. It is an efficient system which not only reduces the cost of transportation per head, but also the time distance. The women traders do not carry sufficient stock to make it feasible to participate in the arrangement nor do they have a large established clientele to increase their stock. They are caught in a viciouscircle. However, some of these women, though they sell in small quantities they bring in fresh quality vegetables.

The small turnover is also reflected in the size and the character of their shop. Actually it can hardly be called a shop, because it generally consists of a wooden rafter raised by four

bricks. Sometimes the goods are just spread out over a piece of jute sacking. As in the rest of the sample, some of the poorest women traders were found located near the slums on the eastern fringe of the city.

Age: The average of the sector is 34. The capacity to earn seems to decline after 50. This shows that as in all other exchange activities aggressive marketing is vital to success.

Education: The earlier analysis showed that bulk of the traders in this sector are unskilled and have not even completed primary school. There is also present a small but a growing group of educated (graduate) residents. Whether education does make a difference to the purchasing power even in small scale activities is important to establish.

The proportion of illiterate workers does not show any significant decline with increase in expenditure level. There is a fall to 70% from 80% in the highest MPCE class. This pattern is also true for those who completed schooling. About 5% of the workers in this sector are graduates. Only 60% of these traders achieve a purchasing power greater than Rs.75. while it is 69% for those with only primary education, 72% for traders who completed middle school and 80% for those with schooling. Interviews with the successful traders of this sub-group showed that they were able to enter the market with a small amount of capital, which made it possible for them to target a higher income group. Most of these successful traders sell cooked-food in the evenings. It is their middle income background which appears more useful than their education.

Loans: During the survey a row of traders was found, located in Esplanade, who appeared to have done significantly better than their counterparts located in the same area. They all had permanent concrete stalls with steel shutters and were able to keep a varied and substantial stock. Detailed interviews with this group showed that loans of Rs.5000 were arranged by the local union through a bank. The loans were made primarily because the union leader was related to the bank manager.

### 6.36 Summary and implications of the analysis:

This section first delineates the relationship between capital and petty-trading, defines the socio-ethnic and demographic dimensions before detailing the structure of petty-trading. The section concludes with a discussion of the relationship between consolidation, diversification and success or reproduction.

Capital and petty-trading: It is the penetration of capitalism, the dissolution of earlier modes of production and the subsequent pattern of urbanisation which created the conditions that allowed petty-trading to evolve. As capitalism became the dominant mode of production, Calcutta became one of the enclaves of powerful foreign and weaker indigenous capital accumulation. In late 19th century the inflow of foreign industrial

capital into Bengal, while it strengthened the precapitalist relations in mines and plantations, it increased the number of wage workers in industries in Calcutta. At the level of circulation the foreign capital ensured the importation and distribution of goods for the growing urban community and the manufacturing sector, opening up a second avenue of income. The Bengali wealth was generally spent on conspicuous consumption, real estate and commerce. The ethnic capital associated with the Khatries found lucrative investment in real estate, commodity trading and in encouraging petty-trading. The capitalist mode of production in Calcutta's urban economy, dominated by the strong industrial capital offered several opportunities for income generation. This economy was further strengthened, in the 20th century when it attracted indigenous capital on a large scale from western India. This was accompanied by increase in small scale capitalist production and petty production.

However, after 1947, the relative position of industrial and commercial capital began to change as both foreign and indigenous industrial capital started moving out of Calcutta's economy. Large and small scale capitalist production first grew very slowly, then stagnated and finally declined. As opportunities for income generation got increasingly restricted, the workers looked for alternative means of livelihood. In the structure of the limited employment opportunities in Calcutta, petty-trading was a real alternative. Though manufacturing activity stagnated Calcutta remained a major centre for collecting and redistributing goods in the Eastern region. Commercial capital came to dominate Calcutta's economy. Some sections of this commercial capital find it profitable to encourage it, so that petty-trading is articulated to the urban economy. It creates the conditions which allows petty-traders to operate and ensures the persistence of the sector.

Petty-trading and socio-demographic dimensions: A continuum of relations characterise petty-traders' location in the urban economy. These relations have evolved as different dimension - socio-ethnic, political, union, gender and class - intersect and /or interact within the sector and the economy.

The dissolution of earlier modes of production in U.P. and Bihar created area of extreme poverty, surplus labour, low productivity and therefore a source region for migration. Migrants from these two states account for nearly 36% of petty-traders. Close links exist between these petty-traders and the large scale retailers as they belong to the same caste and/or state and /or religion. As discussed earlier these links could be established at different levels and at different points in time. The new entrant may establish contact with the mahajan through a friend or relative or someone from the same or neighbouring village who happens to know another petty-trader or may establish contact directly through a petty-trader or may be contacted by an agent. The links are established generally within

the same socio-ethnic sub-group. Thus the sub-group links cut across sector boundaries. Religion however, cuts across the entire sector separating them into Hindus and Muslims. While the muslims tend to cluster with others of the same region, for the Hindus both region and caste become important criteria for grouping particularly for the migrant groups. Though the sub-groups are often forced to deviate from their caste category when establishing links they rarely deviate from their religious sect.

Among the Bengali traders the study identified three sub-groups, though the lines separating them were less severe. The difference among these traders can be attributed more to differences in levels of education and to economic and social (rural-urban) background. However, the absence of common socio-ethnic links with the commercial sector and the need for greater cohesion within the sector weakens the sub-grouping. Further, since large scale retailing and wholesaling is dominated by non-Bengali groups, the traders cannot afford to be concerned about the socio-ethnic or religious background of the mahajan. Thus while migrant behaviour persistently reinforce the socio-ethnic grouping and its influence, the lines separating the Bengali traders are increasingly blurred. Religion also cuts right across this group. Religious differences are not reflected so much in linkages as in the spatial clustering of traders.

Overlying this complexity are the unions and their activities, their loyalties and political affiliations. Union membership based on type of goods sold appears to cut across socio-ethnic and religious lines and are therefore more heterogenous. Area unions tend to be more homogenous but contain traders dealing in many different types of goods. However, the differences between area unions extend beyond socio-ethnicity to levels of education and class.

While all migrants have a rural background, they are either small peasants or landless labourers, a third of the Bengali traders migrated from the other districts of West Bengal. Among the urban workers there are a substantial number of the educated middle class. Their presence in the sector is a reflection of the class realignment that is taking place due to persisting stagnation in production in the urban economy. Unable to even reproduce their existing conditions with most avenues of income closed, moving to petty-trading is an attempt to re-enter the urban economy at a lower level so as to be able to least reproduce a condition which allows access to at least the basic factors of well-being. The area unions which are dominated by the educated urban workers, try actively to improve the links established with the mahajan, by its members. These unions are also more politicised than union dominated by migrants.

The mode of entry and the location of the petty-trader in the urban economy is conditioned by the socio-economic and demographic dimensions and shaped by the particular needs and status of the mahajan or the supplier. As a result diverse links and

multiple relationships are established with the urban economy at various levels of subordination. This gives rise to a complex pattern of relations and stabilisation takes place at many different levels of earnings.

**The structure of petty-trading:** The wide variety of goods passing through, the diverse sources of the various commodities, the different modes of entry into the sector and the many locations of the petty-traders in the urban economy make the structure of petty-trading considerably complex.

The wide diversity of products has developed over the years as the traders chopped and changed and adapted themselves to greater competition, changing consumer demand and the need to relocate because of overcrowding. The goods range from fresh fruits and vegetables, to the whole range of textiles from handloom to imported man made fabric and garments, junk jewellery, second hand records and books, household goods, cooked food and goods recycled and reprocessed by the petty producer. Thus goods from large and small scale capitalist production and from the petty-commodity sector finds their way into petty-trading. These goods are routed through the city's large retailers and wholesalers who find it profitable to push some of their goods through petty retailers. The profitability is largely derived from the high degree of control the mahajan is able to exercise over the relationship with the petty-trader. For the mahajan petty-trading is an undeclared source of income, speeding up the accumulation of commercial capital. For the petty-trader it is often the only means of livelihood. It is under this generally unequal condition that the mahajan and petty-trader enter into a relationship.

The kind of relationship which evolves will in turn depend upon the credibility with which the petty-trader enters the sector. The higher the credibility, the greater the integration, the higher the level of earning and subordination. Lower credibility limits the access to credit and/or goods and location and the scope for earning. Though four major types of backward linkages were identified, a greater complexity is introduced as credibility and mode of entry are seen to vary with socio-ethnic and demographic groups. When socio-ethnic links, as in the case of migrants, improve credibility, it allows the new entrant to enter the urban economy at a higher level of integration. The traders working for a commission receive the goods the mahajan deals in and have relatively little or no control over the decision making process. In return he receives a commission and is able to sell his goods at a prime location. Bromley and Gerry (1979) describes such a worker as a disguised wage-worker because "a firm or a group of firms regularly and directly appropriates part of the product of a person's work without being an employee of the firm or group of firms" (pp6). This high level of integration fetches a higher rate of return. This shortens the process of consolidation and substantially increases the scope for income

generation and at the same time makes it difficult for others to enter.

However, even among the migrants credibility varies with the socio-ethnic links. While the closest links allows one to enter as a commissioned trader, lower credibility means facing the problem of establishing credit relations. The migrants with credit relations are better off than the non-migrants buying goods on credit, for the credibility of the latter is lower and hence their subordination greater. The bulk of non-migrants, without skill and without capital, are forced to enter into credit relations with the mahajan. But being without common non-economic links the relationship is constricting and it does not provide easy access to goods. Their credibility is built up as the petty-trader consolidates. Such a trader may turn to the unions to improve his/her credit ratings, in which case backward linkages affect union activities. For these petty-traders who are dependent on credit relations the appropriation of the surplus is not as clear and direct as for the commissioned traders. The price at which the goods are sold to them and the conditions under which they obtain the goods ensure that a part of their surplus is appropriated. The degree of subordination among these dependent workers vary with their socio-ethnic and demographic background.

Further, as a trader consolidates, he may diversify his links to acquire greater control over the processes influencing his activities and possibilities of increasing income. However, the multiple links established by the self-employed trader do not imply higher earnings. Limited resources and low credibility force him to enter into many different type of relationships, for each linkage will give him access to only small quantities of goods. However, the situation is somewhat reversed when the petty-trader obtains his goods from the petty commodity producer. Here the producer-supplier is generally poorer than the petty trader and the latter tends to dominate the relationship.

The structure of links is constantly changing as petty-traders enter into new relationships at different points in time, thereby altering their location in the urban economy. The need to change, that is add new links or drop the existing ones, arises because the economic situation is in a constant state of flux for most of the workers in the sector. If a trader manages to consolidate and diversify his product range, he establishes either different types of links or more links of the same type. He may drop some and enter into new relationships from a position of greater strength. A trader forced to diversify to remain competitive may be pushed into relationships more exploitative than the previous ones. Further, new links are being forged as the stream of city-born workers entering the sector rises.

These diverse links lead to a high level of economic heterogeneity among the petty-traders. The economic analysis showed that type of linkage and access to the lucrative category of goods and location together determined whether a petty-trader can stabilise and

accumulate or merely stabilise and reproduce his existing conditions. Though petty-traders as a group are not poor, the disparity observed within the sector is much greater than at the city level. Present in this sector are a number of secondary earners from very low income households, where members go out to work for very low wages. Most of them deal in foodstuff, basic household goods and perishables. They are generally found in the low income areas of the city. On the other hand are the commissioned traders who emerge at the top with the highest proportion above Rs.75 MPCE in the major commercial district and in the well-to-do residential areas. To bring out the basis of this differentiation it is essential to relate the process of stabilisation observed and the survival strategies adopted by the different groups.

Survival strategies: reproduction or success: The economic analysis showed that access to lucrative categories of goods and access to prime location are the important determinants of a petty-trader's earnings. It also showed that the different socio-demographic groups follow separate paths to success. This implies that there are more than one path to success and that complex relations exists between stabilisation, diversification and success. Further, since a high degree of heterogeneity is also present in the sector, it would indicate that stabilisation is possible at various levels and that stabilisation does not necessarily mean success.

Entering petty-trading without either skill or capital the different groups adopt strategies so as to minimise their disadvantages and maximise their advantages. Some of these strategies are universal and have been observed in most Third World countries while others are specific to certain communities and locations. A strategy adopted is a reflection of an individual or a group's response to the total situation. The focus here is of course on strategies used to overcome obstacles to entry, stability and enhancement within the sector. The study shows that strategies tend to vary with the economic status and socio-ethnic background. However strategies are not mutually exclusive and one observes a complex of adaptive techniques evolved by different groups.

Taking up the successful traders first, it is essential to state that despite the different routes to success, all units begin on a small scale, generally lacking even a temporary structure, and go through a process of stabilisation and diversification. A unit is started with a small stock of goods of limited variety. The successful migrant traders located in and around the major wholesaling district entered the sector using his socio-ethnic ties. The credibility of a new entrant is considerably improved as he is introduced to the mahajan by a friend or a relative or a "contact", with common socio-ethnic or socio-religious background linking them together. The new entrant is given a small stock of goods that the mahajan deals in, and is located, either in close proximity to the shop so that

the mahajan can keep an eye on him or with a group of petty-traders who also deal with the same mahajan. The initial stage involves familiarising one's self with the commodity and the new business ambience. There is of course no dearth of advice from his peers. The early days are marked by low, fluctuating sales as the petty-trader learns to assess customers and acquires a better sense of the market and becomes more aggressive in his marketing. The aim of all this is to convince the mahajan of his ability to provide a steady source of income. Though few were able to define what they implied by 'convince', it suggests that the petty-trader has to establish his credibility as a 'trader'. If a new entrant can get beyond this stage he can expect to succeed. The rate of success was more than 90%. The mahajan at this stage gives him a slightly larger stock of the same items or of a greater variety. The transition from stability to success seems assured. Though non-economic links are important to enter the sector the success of these traders ultimately depend on their enterprise, their ability to sell and how useful they are to the mahajan in providing a steady outlet for his goods. However, this does not detract from the importance of non-economic links which allow the petty-trader to enter the urban economy at a higher level of integration. Having established a 'business credibility' they maximise the advantage of their backward linkages, that is, direct access to prime location and lucrative category of goods which gives them a high a daily sale.

As stated earlier they have little say in the kinds of goods they sell while they are totally dependent on the mahajan for their goods. Their relations with the mahajan is such that it would be more apt to describe these commissioned traders as disguised wage-workers. However, these traders are certainly better off for this level of integration.

The transition to success and the relationship with the mahajan becomes more complex as we move to the second group of successful commissioned traders, the Bengali traders located in Garihat and around Baghbazar. Like the previous group these traders also deal with customers from middle to higher income strata. However, their transition has been slow and more complex. This group is dominated by the refugees. Though their level of education was higher than for the local population, they had little capital and limited skills and no links with the community dominating commerce. Their response was to deal in a commodity they were familiar with i.e. traditional handloom garments and saris, a line of trade still controlled by the Bengali traders and weavers. Secondly, since they were early entrants into the sector they were able to occupy prime locations.

They started with a very limited stock of these items, often paying in cash the first few times. These items were bought from the weekly markets where the weavers from the various districts sell their products. Cash flow was the major problem and the initial stage involved a fine balance between business needs and household needs. Any unexpected expenditure, like illness in the family, could push the trader out of business. Returns to

investments remain very low and stocks being bought in small quantities require to be replenished frequently. Unlike the previous group, these traders had no place to store their goods for the night. They often carried it back home or paid to have it stored for the night. Any surplus generated at this stage was used to strengthen the structure of the shop.

In contrast to the migrant traders, no definite stages were identifiable for these Bengali traders. Stability was acquired after a prolonged and slow process of consolidation. It involved working long hours and often over the weekend. However, once these petty-traders established their credibility with the weavers, middlemen and/or wholesalers they were able to obtain the goods on credit. Only when the petty-trader could store his goods for the night was he in position to increase his stock of goods. Thus the process of consolidation is reflected in the improved structure and in the larger stock of goods. Ability to hold a larger stock also improves the credibility and enables the petty-trader to obtain credit for a longer period. Aggressive marketing and ability to assess the customer and to keep pace with changing demand were considered qualities essential to survive and consolidate. However, the high daily sale was considered an essential element in their success, for it speeded up the process of accumulation and gave them greater leverage in their dealings with the mahajans when they were able to diversify and stock a wider range of textiles and garments manufactured in the modern factory sector. This diversification was accompanied by a change in the dominant type of relation. They procured the goods as commission agents which involved little or no investment or liability on the part of the petty-traders. However, in a situation when the trader is forced to diversify to remain competitive he may have to enter into a more exploitative relationship with the same mahajan or with any other. Today these traders close shop when the larger retailing units shut at 8pm, work six days a week and employ a 'night-watchman'. Their second mode of response was to develop strong horizontal links. Their unions are strong and vocal and have prevented several government schemes to remove them from their location. They have also succeeded in forcing the local government to rehabilitate some of them in more secure stalls.

The relationship with the middleman and/or weaver is flexible with the petty-traders participating almost as an equal. Seven to eight years ago when the demand for traditional items was declining, some of these petty-traders felt the need to change their product-mix. They were able to approach the mahajans, dealing in garments in man-made fabric, consumer durables, trinkets and household goods, within and outside the city from a stronger position. Though these traders are classified as commission agents, their position and the nature of their relationship with the mahajan(s) is less rigid and less constricting. They retain their credit relationships and the multiple backward linkages give them greater control over processes affecting their activity.

The experience of these two groups of petty-traders show that stability, combined with high daily sale lead to success. Sarin (1982) in her study of Chandigarh also noted the importance of a high daily turnover in the success of a petty-traders. While the migrants entering directly as commission traders are not only relatively free of financial worries even at an early stage their backward linkage allows direct access to goods and location. Bengali refugees being early entrants were able to occupy prime location in the residential zones of the city.

Levels of credibility in this sector refer to the period for which the petty-trader has received the goods. Since he has no collateral or as in most cases not even an address, linkages acquire great significance. The socio-economic mechanism which attracts a migrant into the city also helps him to enter the trading sector. In the absence of any collateral, resource and skills social links acquire supreme importance in helping the trader establish his vertical linkages. Once established the trader will help other new migrants. The migrants as a group are better off than the Bengali traders.

The economic advantages derived from non-economic dimensions by these groups tend to create artificial barriers to entry into the sector and lower income opportunities for other groups. Hence there is a tendency in this sector for income to parallel ethnicity. Within each group, certain sub-groups do better than others, for example the refugees from Bangladesh established in Garihat are better off as they were early entrants and were able to occupy prime location.

The success of the commissioned traders, and relative lack of success among traders purchasing their goods in cash shows that access to cash does not mean access to goods. The available capital does not go into productive activities as it is used to meet other more pressing and basic demands in the household. Therefore providing cash to the street-traders to improve or help establish is not an efficient strategy unless closely monitored.

The varied strategies, the diverse linkages and multiple relations have resulted in the complex articulation of petty-trading with the dominant mode of production. The traders with the highest level of integration are better off than most, as this relation gives access to lucrative categories of goods. At the next level of integration are the traders linked by credit relations. This relationship is extremely complex and difficult to define. These traders have relatively greater control over their backward linkages than the disguised wage-workers but have less than those who are self-employed. The relationship is binding but it creates the condition whereby the bulk of the traders can operate. However, the same exploitative links extract most of the surplus ensuring the persistence of petty-retailing and making the process of consolidation long and arduous. It is a relationship

which enables those without skill or capital to enter the urban economy.

It is the not so well-off local traders, dependent on credit relations for their goods with no socio-ethnic ties to fall back on and with higher household budgets of urban living, who find it extremely difficult to balance their household needs and business demands leaving them exposed and vulnerable. The second group of highly vulnerable petty-traders are those operating in the low income areas of the city. Though most of them are "truly self employed" their independence is not a paying commodity for it does not improve their accessibility to credit or goods. Further, because they operate in a low income area, the scope for increasing their income is extremely limited.

At a sectoral level the economic vulnerability of the petty-traders is aggravated by the illegal status of the sector. At an intra-sectoral level the vulnerability of resident urban workers is exacerbated as income tends to parallel particular certain ethnic migrant groups. However, the proportion of this group of city-born continues to increase because of continuing economic and industrial stagnation in the state, even though the total entry into the sector has been declining. This group is already disadvantaged and this arouses concern not only for those already in the sector but also for the new entrants. It is important that policy be designed to meet the needs of the sector as a whole and the special needs of the many vulnerable groups identified in this study.

## CHAPTER 7

### IMPLICATIONS FOR POLICY

#### 7.1 Assessment of the analysis:

This study is aimed at planners and politicians who continue to ignore a sector which has established its importance in the structure of limited employment opportunities in Calcutta's urban economy. It appears that despite their rhetoric, their aim is to maintain the status quo. It was therefore considered essential to incorporate their views and reactions to the findings of this study.

In this chapter, I first look at the changing relations between state and capital, and how it directly and indirectly affected the nature of petty-trading, identify the basic needs of the sector and define the policy implication. This is followed by a description of the methodology used to conduct the opinion survey and a discussion of the views and reactions of the planners, politicians, academics and a political activist. The chapter concludes with some policy suggestions based on the needs of the sector.

#### 7.11 The politics of petty-trading:

The sequence of events described in this section, show that state attitudes and policies towards petty-trading had little to do with the state's perception of the petty-traders' problem or the importance of the sector. It has been shown that industrial capital was unable to influence state politics and policy, and as it moved out of Calcutta it enhanced the importance of petty-trading in the urban economy. In this section the politics of petty-trading show certain sections of the commercial capital worked through the state administration to limit spread and growth of petty-trading.

The economic and historical analysis in chapter 3 showed how the industrial and commercial capital in Calcutta's urban economy came to be dominated by various ethnic groups. As Weiner (1962: 101-102) observed, "in West Bengal, the intellectuals have noted that while the state is populated predominantly by Bengalis, economic power is in the hands of non-Bengalis: factory workers from Bihar, U.P. and Orissa and Marwari industrialists and commercial entrepreneurs. Even many of the shops, buses and taxicabs as well as the important rice-trade, are in the hands of non-Bengalis".

The Bengali reaction to this economic incapacity is observed primarily at the political level. In the post-independence period, all political factions in the Congress successfully obstructed every attempt by non-Bengali industrialists and other hopeful politicians to enter into state politics. The state Assembly, state Government, bureaucracy and political leadership are all dominated by Bengalis. In fact ... "non-Bengali groups are not represented within the governmental framework inspite of their substantial number" (Weiner, 1962: 102). The first attempt to involve industrialists in state politics was made by B.C.Roy. However, the strong opposition from within the party forced him to abandon his plans (Sengupta, 1988). Further, the non-Bengalis were also prevented from participating in urban management. As Mitra (1963) noted, Bengalis of all classes, social backgrounds and professions were represented in the Governing body of the Corporation of Calcutta, but there were no representatives of the business community. According to Mitra, the economic needs and interest of the urban economy were never quite represented at the policy level. Further, this struggle to keep the industrial capitalist class from influencing the state politics is an expression of the constant class struggle. Bombay presented quite a contrast where policies and management strategies of the Bombay Municipal Corporation were designed to meet the needs of the industrial and commercial capital. Mitra notes that Bombay in the sixties, was efficiently managed because the business community was involved, "Bombay was their passion".

In the state Derivation debate set within the general Marxist debate on state and capital, three positions can be identified on the content, form, function and limits of the state apparatus to act in the interest of capital in general. The first position (Muiller and Neususs, 1975) states that the automised state stands above the fray. The social relations of an otherwise anarchic society are reproduced and the general interest of the total social capital is thus established. In a review of the second position, Holloway and Picciotto (1978: 23) note that, according to Flatow and Huisken, an autonomous state is necessary because relations of competitions existing between different classes of property owners makes it impossible for them to realise their common interests other than through the state". Hirsch, occupying the third position, states that within capitalism the appropriation of surplus requires the relations of force to be abstracted from the relations of production and located in an instance standing apart from the direct producers. Thus the state is a historically conditioned form of relations of exploitation.

Though these three positions differ in their analysis of the form and content of the state, common to all is the underlying theme that the function of the state relates directly and/or indirectly to the interests of capital. It is because the industrial capital was unable to influence the newly emerging political system in West Bengal, in the post

independence period, that it was unable to check the growing inefficiency and mismanagement of the urban economy and the deteriorating infrastructure and which ultimately increased the cost of reproducing capital. It was the growing inefficiency and the political instability already discussed in chapter 3, which substantially increased the cost of reproduction of capital and hastened the flight of industrial capital which had begun soon after 1947.

Capitalist production first went into a slow rate of growth, then stagnation and ultimately into decline. It affected small scale capitalist production and choked alternative avenues of income. This had two effects. First, it dragged down the growth rate of the eastern region increasing the disparity between other regions of India and the eastern region. Second, as already stated, there was a massive increase of unemployment in the state and particularly among the resident urban workers of Calcutta. This forced a realignment of the middle class, as some unable to reproduce their existing conditions, re-entered the urban economy at a lower level as petty-traders.

As this sector continued to grow at a faster rate than any other sector in the 1970's, the Congress Government, then in power, was forced to take a stand on the issue of "hawkers" in Calcutta as the state prefers to call them. The number of street traders had increased very substantially by 1972. The state government and the municipal authorities initially attempted to evict the street traders, but met with considerable opposition, particularly from those petty-traders who had come as refugees from Bangladesh and from the members of the Bengali middle class. The plan was abandoned.

By 1975 the authorities believed that Calcutta was getting too congested with "hawkers". The need to define a stand and outline a policy did not stem from a concern for this burgeoning group of low income workers. Petty-traders, the unauthorised occupiers of public space, were regarded as a growing nuisance to pedestrian and vehicular traffic and were considered visually unattractive. The policy which emerged reflected this attitude and the total lack of comprehension and/or recognition of the socio-economic processes affecting the urban economy.

Samaddar (1978: 50), the Administrator, Corporation of Calcutta, during the first half of the seventies when the Congress was in power, notes that "Operation Hawkers" in 1975 was "first thrashed out between ministers of Municipal Services and CMDA, and it was agreed that those people had come to the footpaths not at our bidding but as they pleased, depending on some other methods of arrangement (invisible as I mentioned) and we were therefore not obliged to make alternative arrangements far less full fledged rehabilitation". Backed by section 354 of the Municipal Act of 1951 the authorities undertook the operation with "great enthusiasm". It was one of those rare instances

when the state and the municipal authorities stirred themselves out of their apathy, to carry out these eviction drives. The "well planned drives to clear roads and footpaths" were "successful" in areas around the central business district, along Brabourne road skirting the wholesaling area of Barabazar and in and around Esplanade. It is important to note the stalls located along the many lanes inside Barabazar (discussed in chapter 5) were left undisturbed. The petty-traders along these lanes had been located there so that the mahajan could keep an eye on them. Further, the areas cleared of street traders were in the major retailing areas and markets, where the street traders had blocked the shop frontage. The cluster of petty-traders in and around all hospital complexes, creating extremely unhygienic conditons (most petty-traders here sell perishable, cooked-food and snacks) were however, left undisturbed. The "two hard areas of Sealdah and shyambazar-Baghbazar were left alone". These areas dominated by Bengali traders, had been most vocal in their protest in 1972, and had spearheaded opposition to the government drive to evict them. They had by 1975 organised themselves into unions affiliated to the CPI(M) and the Forward Block. These areas were to be tackled in the second phase of the operation.

The pattern of the so called road clearance and hawker eviction scheme seems to suggest that Operation Hawkers had more to do with the interests of the commercial sector, who had little to gain from the presence of the petty-traders, than a concern for the city.

Operation Hawkers was quickly abandoned as a wave of protest, backed by social welfare organisations and political parties, swept through the city. The political parties and the trade unions reorganised and regrouped the evicted traders and helped them to re-establish their stalls. Demonstrations and processions were organised by the various area and product unions forcing the government to stop the eviction. The greater politicisation of this sector following Operation Hawkers had two effects. It gave the sector a greater cohesion, as unions cut across socio-ethnic lines, but secondly, it brought the petty-traders under greater political control.

As the protests and demonstrations died down Samaddhar came up with another poorly conceived plan. He suggested constructing "meenabazars" to relocate some of the street traders. However, these "meenabazars" were to be constructed only after the traders had been evicted! Expectedly, the plan provoked a lot of protests.

The loudest protest came from the women's groups who regarded the term as pejorative and totally unsuitable, with its implications of feudal pomp. (Meenabazars were fairs held for the Mughal Emperor, where the women decked in their finery would try and entice the Emperor to buy their products). However, more important was the protest from the established retailers of the areas where the meenabazars were to be

constructed. Wine shop, boutiques, restaurant owners and all large retailers brought a High Court injunction against such a construction.

This sequence of events suggests that the state government has never quite been involved with the problems of these low income workers. Its policy had more to do with keeping certain sections of the commercial sector happy, than a concern for the city's congestion. However, this same group would turn to Law to prevent the state and municipal authorities from implementing any plan which would affect them adversely. It is ironical that while the stronger industrial capital failed to influence the politics in the state and policies affecting it, the commercial groups had the state government looking after their interests. Weiner (1962) in a discussion of the effects of the business community on politics of West Bengal noted that these businessmen were exceedingly influential at the administrative level!

In 1977, the Left-Front came to power in West Bengal. As far as their political stand on petty-traders was concerned, it was necessary for them to demonstrate that they sided with the petty-trader, the man on the street, as against the Congress who had represented the big commercial interests of Calcutta. Their stand against capital is a part of their broader ideological stand which brought them to power. Also, most of the political parties in the Left-Front Government were actively involved with the petty-traders through the unions. Thus the laissez faire policy adopted with regards to the petty-traders was politically exigent, and reflects neither a greater concern for its workers nor an understanding of the socio-economic processes. In fact the government refused to address the problem of the petty-traders and the problems of the urban poor as a whole with any comprehensive plan. As already discussed in chapter 3, the political base of the CPI(M), the largest party in the Left-Front Government, was in rural West Bengal. Thus it was politically expedient for the government to have a rural bias in its policy. While Calcutta and its problems were completely neglected, the state carried out successful land reforms (Operation Barga) and decentralisation of rural planning and decision making down to the block and panchayat level.

The economic implications of this political change and the consequent change in attitude towards the petty-traders was considerable. It allowed them to carry on their business without harassment and constant threat of eviction. Petty-trading was allowed to develop in all its complexity. The sector absorbed workers from many different non-Bengali migrant groups, the Bengali educated urban worker, the poor illiterate urban workers and the migrants and commuters from the neighbouring districts of the city. The socio-demographic pluralism and varied economic background of the workers in this sector has resulted in the complex articulation of petty-trading with the dominant

mode of production and the insertion of the petty-trader into the urban economy at many different levels. The different modes of insertion have given rise to a remarkable economic heterogeneity and a complex economic structure within the sector. Petty-trading may appear spatially haphazard and chaotic, but it is highly organised and extremely sensitive to market forces. Though the laissez faire policies enabled petty-trading to evolve into its present complex economic structure, the state keeps the sector illegal. As a result the police continue to extort protection money, with the amount varying with the kind of product sold and depending on how established the petty-trader is (see chapter 5 for a detailed discussion).

There are several political and policy implications deriving from the kind of growth that has taken place within the sector, of the nature of links that have been established and of the emergence of various groups interested in retaining the sector in its present form.

This sector grew rapidly through the seventies and early eighties. The study shows that though the growth of the sector has slowed down and the proportion of migrants entering the sector is also falling the proportion of city-born traders is still increasing. A comparison of the employment trends of the various demographic groups in the other sectors of the urban economy revealed interesting differences with the trends observed in petty-trading. The migrant groups in industrial employment, construction, in docks, municipal services, portage and transportation maintain their ratio in labour employed despite the declining rate of immigration. Given these trends and the continuing high unemployment among the Bengalis, it appears that a greater proportion of this smaller number of migrants go directly to manufacturing industry and other large scale activities where they constitute a powerful body in the trade unions.

These trends lead one to conclude that petty-trading is of growing importance to the educated unemployed youths of the city. It can be said that with the lack of alternative employment opportunities this group will continue to join petty-trading whether the state adopts a positive policy or not.

The socio-economic implications of a large migrant component in the petty-trading sector is that a large part of the very limited surplus leaves the urban economy. As in all other Asian cities, circular migration is also the norm in Calcutta. It is observed that the migrant groups in this sector are no different. The presence of a large migrant group using the city merely as an economic space indicate that any surplus generated by this group is invested neither in the sector nor in the city as most of it is extracted from the urban economy. This implies that any gains made by the non-Bengali migrant traders through state intervention would leave the urban economy.

A further implication of trade particularism of non-Bengali migrant groups is that it

tends to create artificial barriers to entry for other demographic and economic groups. The study reveals a concentration of migrant traders in those commodities where wholesaling is also dominated by the same socio-ethnic group; for example petty-trading in fruits account for a large proportion of petty-traders from Bihar and U.P. This tends to create artificial barriers to entry to some while facilitating the entry of others. The economic analysis of petty-traders showed that non-Bengali migrants as a group are better off than the Bengali workers in the sector.

The last thirteen years of non-interventionist policy has allowed some petty-traders to stabilise and diversify, enabled others to reproduce their situation while some enterprises have failed (5%). In other words, it is the complex articulation of petty-trading and the different relations of production established that gives rise to the economic heterogeneity. The illegal status of the sector and the generally low credibility of the workers, leave most traders exposed and economically vulnerable. Some have fared better than most, helped by their socio-ethnic and/or religious links to establish more lucrative economic links. The bulk of the dependent workers and the more independent, self-employed traders are among the poorest. Within this group most educated urban workers and non-Bengali migrants were able to establish credit relations with the mahajan and are only slightly better off than those purchasing their goods in cash.

Judged against the advantages enjoyed by the already well-established groups, the growing number of residents (discussed in Chapter 4) appear to be rather poorly placed. However a large number of residents are more educated than the migrants and the illiterate Bengali workers and are probably better able to cope with the problems of credibility and have the advantage of a permanent address and may utilise the horizontal links already established by the sector. The most poorly placed are the local migrants and the unskilled and uneducated residents. They attempt to scratch a living against the backdrop of rising cost of urban living. It is this group which do not earn enough to meet the basic needs of subsistence. They are unable to meet their needs for clothing and shelter indicating that they reproduce under unacceptable conditions. It is this group which dominates the group of cooked-food sellers and trading in fruits and vegetables. The migrants on the other hand economise on necessities like housing and food, live on pavements and remit most of their earnings to the villages in Bihar and U.P.

Out of this complexity of links and relations has emerged a sector of activity, which is highly organised and sensitive to changes in consumer demand. The micro-retailing which has evolved requires sharp reaction to market forces, initiative and familiarity

with product and demand pattern. It also implies that any plan for this sector must be defined at sectoral and at local levels. The state attitude towards this sector has allowed it to grow in size and complexity. It has become an important low-cost distribution system for a large number of small and medium sized units producing consumer goods. Thus besides the mahajan, there has emerged another economic group interested in retaining petty-trading in its present form. It appears that what should have been tackled by the state as a basic socio-economic urban problem has now been turned into a political issue. There will be many pressure groups to prevent the state from dropping its laissez faire policies. In case of a change in the state's attitude to petty-traders there will be a conflict between those who wish to retain the sector in its present form and those who wanted to evict them in the first place.

The fact is, that the non-interventionist approach was politically convenient. Fortunately for the state, it received intellectual support from the academics and consultants who stressed the dichotomous nature of the Third World urban economies. They strongly advocated support for the small-scale manufacturing sector, which was tied to the stagnant large scale manufacturing sector. Local academics also emphasised the transient and the unproductive nature of petty-trading. A sector which deserves no help.

Despite the change in perception over the decade, and the emphasis on the inherent character of the activity and the trends in Calcutta's economy the state's attitude remains negative. One is led to conclude that the state attitude was adopted as a political convenience, but it remains unchanged because it has failed to perceive the implications of basic socio-economic processes. Further, it has been politically expedient for the party in power to have a rural bias in its policy. This led to poor management of city problems in general and ad-hoc policies. In other words, the government refused to address the problem of the petty-traders or of the urban poor as a whole with any comprehensive plan.

Given this attitude and the urgent need to manage the growth of the sector and reduce the vulnerability of the workers involved, it was considered important to obtain the present views and the reactions to the research findings before offering policy suggestions. Hence a second round of interviews were conducted in April 1989.

## 7.21 Methodology of the opinion survey:

The aim of the second round of survey was to obtain the reactions of the various groups of people who at some stage influence or participate in the decision making process in the state. It was considered important to obtain the views and suggestions of the traders and their leaders though they are not allowed to participate in the planning process.

There are two ways in which the interviewee could be acquainted with the findings of the study: (i) through discussions or (ii) through a prepared document given well before the interview so that the interviewee could also be prepared for the discussion. The second alternative was thought to be more efficient as it would allow the interviewee time to react. Hence an outline of the findings discussed earlier in this chapter was prepared. A translation of it in Bengali was made for the union leaders. However, the traders themselves were informed of the conclusions through discussions.

Choice of interviewee: As already stated the aim is to obtain the reaction and views of those who influence or participate in the decision making process. Earlier discussions (Chapters 1 and 2) showed that academics largely influenced the state's attitude. N.Banerjee of the Centre for Studies of Social Sciences was an obvious choice as her earlier work had concluded that small scale enterprises, particularly retailing, was too unproductive to deserve any help. Jean Racine, as the Director of Alliance Francaise in Calcutta had conducted several debates and seminars on the urban management planning problems in Calcutta and subsequently published on Calcutta (1986). Not only is he familiar with the problems of the city but also with the bureaucratic attitudes. Dr. S.Banerjee Guha presently with the University of Bombay has been associated with research on small scale activities and with studies on poverty and well-being. She believes that any aid to workers in small enterprises only perpetuates the exploitative links.

Calcutta like most cities also has its whole range of political activists and opportunists. However, Jai Sen appears to stand apart from this crowd. His political activities to motivate the exploited urban groups, irrespective of their ethnic background, has been backed by extensive research and publications. His work with the 'rickshawallas' of Calcutta is well known though his movement failed to stop the government from bringing in a partial ban on their use within the city. It would be interesting to obtain his views on this sector.

Three different institutions are involved in the planning and implementation of any plans affecting the petty-traders. They are the State Town and Country Planning Advisory Board, the CMDA and Corporation of Calcutta, in that order of authority.

The Advisory Board was constituted by the West-Bengal Town and Country (Planning & Development) Act of 1979 to remedy the "disorganised and uncoordinated growth creating serious civic and environmental problems" and to provide the "powers to prepare and execute specific plans". This Board is headed by the Chief Minister of the state, with the Mayor representing the Corporation of Calcutta and other members representing the various state departments and officials from the CMDA. (For details see Appendix 2). This Board is responsible for most policy decisions. The CMDA is responsible for planning and implementation along with the Corporation of Calcutta.

Hence it was decided that members connected with each of these bodies be interviewed. It is essential to note that formal interviews with state officials have to be approved by the appropriate authority and hence would only reflect the state rhetoric. Informal interviews were therefore set up with officials of different state departments whose heads were members of the Advisory Board. Being informal, they remain anonymous.

Though several discussions were conducted with the CMDA at different levels they agreed to one formal interview with Dr A. Chakravarty, the Deputy Director. It was also possible to interview A. Halder of the CMDA who has recently completed an extensive study on the pavement dwellers of Calcutta.

In the hierarchy of officials in the Corporation of Calcutta, Members-in-Council report to the Mayor directly and are each in charge of a range of activities and operations. Dr P Jha, is the Member-in-Council who is directly involved with Small Scale Entrepreneurs Project and any eviction and clearance schemes. An interview with him was considered useful.

Interviews were also conducted with Mrs N. Satpati and Mr D. Roy of the "Bustee Cell" who help to process all loan applications under the Small Scale Entrepreneurs Project (discussed later in this chapter).

It was expected that this second round of interviews covering all institutions involved in policy decisions and plan formulations would provide an insight into the conflicts between the institutions and reflect their attitudes.

Interviews with union leaders were conducted at two levels. Interviews were conducted with unions in different areas, and within each area with unions of different political affiliations. Further, since the unions and the traders were interviewed first, it was possible to obtain the official reaction to their suggestions.

It is obvious from the above discussion that the government had acquired, almost a decade ago, all powers necessary to implement "comprehensive development" plans, yet it allowed the unplanned growth of a sector which is of increasing importance to the urban economy. This implies that (i) the sector is still considered transient (ii) that

yet it allowed the unplanned growth of a sector which is of increasing importance to the urban economy. This implies that (i) the sector is still considered transient (ii) that the state fails to realise the growing importance of this sector to the resident urban worker and (iii) that the state cannot accept that it can have a role to play in a sector which is conventionally regarded as not amenable to planning.

Given the findings of this study, the interviews allowed the assessment of the strength of these implications. Secondly, they were essential if it were to be established that the state policies were ad-hoc and primarily focused on physical planning rather than integrated comprehensive plans.

## **7.22 Reactions to research findings:**

In this section I discuss the reactions to the implications of this study, of the academics (Dr. N. Banerjee and Dr. J. Racine), of a political activist (Mr J. Sen), of politicians and government officials and of Dr Chakraborty of the CMDA. As stated earlier these interviews were conducted during the second round of survey.

Academics and political activist:

As already stated academics were against any help being given to this sector. Banerjee (1982) had declared that small scale activities were too unproductive. It was interesting to note her changed views on the issue. She now believes that not only should cash aid be given as suggested in this study but also that "the sector should be helped with money, warehousing and transport facilities". Further that, "any aid should be targeted and at effective points". Banerjee also agreed that the target group for aid should be the newest migrants and/or the women workers selling vegetables and who commute with their goods.

Racine also agreed that cash aid, closely monitored as suggested in the study, should be provided by the state government. However, he is sceptical as to whether the local government could evolve an effective strategy given the different perceptions of the planners and politicians. His main concern is that 'often developing agencies have tried to push them out or to group them in semi-pakka structures'. This implies that the gesture of help made either affects the traders adversely or has no real impact. The plans are ad-hoc and which does not really intend to alter the situation in any way.

Sen, a political activist, believes that "any form of direct intervention has very limited effect. Given the government attitude, what is basic, is organisation of struggle and politicisation of the group". That the government "will ignore the problem till pressurised by the wide spread increased perception of the mass, about the need to force the issue". Further, he believes that government action is imperative, because the "moving down of the educated city born to small scale activities is unprecedented and

unacceptable".

However, though it is important to pressurise the government and force the issue, it should be noted that petty-traders are already highly politicised. Further, there are many groups who stand to gain by retaining this sector in its present form. Any so called "group action" as advocated by Sen has to be tackled very carefully, or they might just play into the hands of these interested groups and destroy the cohesion which has evolved.

#### Planners and politicians in Calcutta:

**State reactions:** Interviews with the different government officials had to be conducted as "informal interview". The discussions revealed that most officials had a very unclear conception of the socio-economic processes and the growing importance of small scale retailing in the urban economy. Secondly, when asked in what way the state can help, there appeared a preoccupation with the number of committees and bodies to deal with the urban problems. In fact an official recited the long list of local authorities created to deal with 'urban problems'! The problem of the street traders was a physical problem and not socio-economic. In fact the state has no comprehensive plans to deal with urban poverty which has been exacerbated by poor management and continuing inefficiency.

Even in these informal interviews, any suggestion of aiding the sector was greeted with alarm. All government official and political party officials firmly believe that the petty-trading sector will attract more workers if helped in any way. The state government does not envisage any plans to help this sector. The street traders are still regarded as an element which complicates physical planning in the city. Their views reflect the government stand of no intervention. What the state fails to recognise is that the sector has been growing rapidly any way and will continue to do so. The neglect merely exacerbates the problem. Further, when the state has failed to create employment opportunities, it can be expected that workers will continue to be attracted to a sector which allows them to earn a living.

**Planner's reactions:** Talks with the CMDA was more encouraging. They accept that the negative approach and lack of policy is due to "lack of perception on the part of the government" and admit an urgent need to evolve a more positive attitude and define a policy. However, their main concern was with problems of implementation if the state government decides to take a more positive attitude.

Chakraborty of CMDA stated the planners concern as follows: if the state decides to help this sector it would imply that the state would like to improve the income earning

potential of the petty-traders. This would mean providing a permanent stall with an address. The state cannot legalise the traders on public space like the pavement. Hence relocation is the main concern.

It is necessary to state that relocation is only one of the issues. Given the constraints on space and resources, resettlement of all traders would be a time consuming process, if it is possible at all.

Reactions of the leaders of the petty-trader's unions:

The study aroused a great deal of excitement among the leaders who were interviewed. They agree with the findings of this study and are willing to be relocated if schemes devised are sensitive to their problem of easy access to the customer. However, they were extremely cynical about the state's willingness to really help this sector. The rejection by the CMDA of their proposal to extend the present markets to relocate the traders was regarded as very typical of official attitude. That is, they avoid any politically inconvenient decisions or proposals which involve any major change. They are doubtful whether the government will evolve a policy sensitive to their needs.

The starting point of plan formulation should not be the problems of implementation but rather the needs of the sector. The needs of the sector demand the integration of physical planning with economic and investment planning. This is discussed below.

### **7.31 Sectoral needs and planning issues:**

Over the last decadethe need to help low income workers has been at the centre of urban policy debates, resulting in an array of policy suggestions. As in this study the basic contention in these policies has been that government support could remove some of these constraints and allow small scale enterprises to operate under improved conditions. However, over the last ten years there has been a change in perspective and a shift in emphasis. Not only is there is a greater emphasis on the need to alleviate urban poverty directly but planning experience has shifted attention to the need for the state and development agencies to act as facilitators of economic activities rather than only as providers of capacity.

At the centre of most these discussions is the small scale manufacturing and processing units. However, some of the findings are relevant to small scale retailing units. Sanyal (1988:72) in a review of such policies groups them as (i) supply-oriented and (ii) demand-oriented and notes that the "various supply-oriented policies have received international assistance and government support, demand-oriented policies have received little attention". He attributes this bias to the fact that effects and/or benefits of such policies are difficult to assess.

It is pertinent to note that some demand-oriented policies advocate the control of the 'formal sector' to facilitate the growth of 'informal units' (Sanyal, 1988). This study has shown that bulk of the goods sold by petty-traders is produced in large and medium scale units. The heterogenous links established by petty-traders allow income increases to filter down to this sector. Restricting the growth of large scale units will also constrict the petty- trading sector. Further, the micro-retailing in this sector has evolved in response to the complex demand pattern. Changing the scale or the nature of demand for the goods of this sector might be detrimental to it. Further, planning experience has shown that attempting to control the growth is often ineffective (N. Harris, 1989).

Relevant to this study are the suggestions of the supply-oriented policies. One of these refer to the "provision of credit". This study has shown that despite the marginal amount of capital, petty-retailing can represent a way out of poverty. However, a large number remain very poor because they are constrained by lack of access to even small amounts of capital. J. Harriss (1989: 192) in a review of policy priorities concludes that " the role of credit and perhaps training for self-employed in small enterprises may have an important role to play". Sanyal, however, is very critical of schemes providing credit often below market rate as these schemes collapse due to lack of repayment. Though the CMDA scheme for small enterprises is hardly a model, it does show that schemes giving credit to small enterprises at market rate can have a reasonable rate of repayment.

The CMDA scheme for small scale enterprises started in 1983 has a repayment rate of 74% and hence the scheme has been extended up to 1991. However, credit was given at the market interest rate. In this scheme the CMDA sees itself " as a catalyst in bringing together the Bank and the potential recipient. Such a role was felt necessary because of the wide dichotomy in lending and borrowing procedures in the organised sector and the informal sector"<sup>1</sup> Though the term "informal sector" would tend to include the broad spectrum of small scale enterprises, an examination of the terms and conditions show that it is available to few. The loan application passes through a five-tier selection process. The local councillors send it to a committee for each borough. This is then sent to the chairman who recommends to the Corporation of Calcutta. It is then forwarded to the "high level Committee" consisting of the lending Bank, CMDA secretary, Directorate of Industries and Deputy Director of Small Scale Enterprises Project.

As interviews with Mrs N. Satpati and Mr Deb Ray, officers in Calcutta Corporation who process the loan applications, revealed, it is the recommendations of the local

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<sup>1</sup> Extract from an internal report of CMDA obtained during discussions with them.

MLA's and MP's which carry most weight, and most of the successful applicants turn out to be communist party cadres. Dispensing licences and loans to party members is typical in Indian politics (Weiner, 1962), and the Left-Front Government is no different. Further, 15,000 cases in 1988-89 have been kept pending without any reason.

Further, the necessary conditions for obtaining a loan are trade license, permanent address and ration card. This naturally eliminates the petty-trading sector. These conditions ensure that loans are available to traders who are fairly well established. It is also beyond the reach of the poorest who possess no ration card because, either, they cannot afford it or they are newly arrived migrants. This project is another instance of an isolated attempt and ad-hoc policy. These plans do not form a part of a consolidated effort to reduce unemployment or create employment at grass-root level. This raises doubts about the effectiveness and validity of such plans. It also reflects the government policy of no intervention in the commercial sector. The plan highlights the government's reluctance to evolve any policy to either reduce the role of commerce or to help it.

SEWA's strategy and success stand in sharp contrast and provide useful guidelines for subsequent policies. It has not only been able to reach the targeted group, the poorest women in rural and urban economies, the project is also an economic success. "The Self-employed Women's Association (SEWA), a trade union registered in 1972, in Ahmedabad, has been formed to improve the lot of poor women working in the unorganised sector" (SEWA, 1980: 1). Their aim was to improve the visibility of this group and to engage in "a struggle against the vested interests of big business, middlemen, traders, public agencies, government departments, police and municipal authorities and taking up development efforts". It was soon realised that the source of credit for these women was the cause of many of their problems. A scheme was devised to meet the special needs of the poor women - "access to credit at the right time and the right place". SEWA first acted as an intermediary between the women and the commercial banks, and the loans were arranged at market interest rate "but it was later reduced to a uniform 4% as a result of SEWA's lobbying with the government to obtain cheap credit for slum dwellers" (SEWA, 1980: 7). The share capital for the SEWA Bank was built up by contribution of Rs.10 from every borrower. By 1976 it was a cooperative bank with its own share capital and had started advancing loans from its own funds. Today it is backed by the Women's World Banking and it has set up vocational training centres to improve the skills of these women and also provides all banking services.

As Jai Sen had pointed out during the interview, that it was basic to organise a

struggle at the grass root level. The success of SEWA can be attributed to an effective strategy which has combined the "organisation of struggle" with the "development efforts". Plans were evolved to suit the needs of the group involved. Not only has it been successful in mobilising a large group of highly vulnerable women, it has forced Labour Commissioner's Office to give recognition "bringing the whole sector into the folds of labour laws and legislation" (SEWA, 1982: 2). J.Harriss (1989: 194) notes that in all successful programmes "inputs reflect the plans and desires of those they serve, and, to the greatest possible degree stay close to the level of skills and knowledge in the community". SEWA's strategy has not only reduced the pressure and exploitation of the group, it has raised the income earning potential. SEWA addressed itself to the special needs of the targeted group and created the infra-structure suited to the needs of the group.

As with SEWA's target group the main problem facing the petty-traders is the shortage of capital. The channels of access to credit are extremely limited because the trader starts with little or no capital. Credibility in the market to begin with is very low and the position is exacerbated by the illegal status. These two aspects are inseparable. To increase the trader's earning potential it is necessary to improve his/her access to credit, and to improve the credibility, the status has to be changed. This involves two issues.

- i. To what extent do the state and the financing agencies wish to encourage the petty-trader? Declare them legal and create a support network, or retain their present status and continue to have ad-hoc policies?
- ii. Which strategy will the planners support? Consider them as part of the small scale trading sector which deserves help, or continue to treat them as a specific category of illegal traders, in which case they would avoid the problem of relocation?

There are two specific ways the state can help the trader. Provide cash or improve his access to credit. Providing cash, though useful to the trader to meet other basic demands, may not be invested productively unless closely monitored. It is important that any financial aid given ultimately reduces the traders dependence on the mahajan. Cash used to meet basic household needs does not free the trader from exploitative relations. Cash help closely monitored and wisely used will allow the trader to participate in the market on a more equal footing. The traders' credit access can be altered by regarding them as an integral part of the urban economy and raising their status. This would imply relocation or regrouping within the same area along with some financial support. If the petty-traders are regarded as a part of the small-scale retailing there is the danger that aid may not reach the target group. Not only do they need to be

considered as a separate group, but any plan must recognise the sub-groups of very poor petty-traders. To reach the poorest in the sector it is necessary to distinguish between distinct levels of potential beneficiaries as in the Programme for Investment in the Small Capital Enterprises in the Philippines. PISCES sub-divided the target group of small retail businesses into three levels so that the needs of the various sub-groups could be met. The smallest units were assisted by community based development programmes and group lending while other microenterprises which were fairly established, were provided with individual loans at lower than market interest rates for a longer period (Ashe, 1985: 277-281). The Grameen Bank in Bangladesh is another example of successful group lending to the poorest. Though it deals with only the rural poor, as its name indicates, its strategies for group formation to identify the poorest, are equally applicable to the urban poor. Yunus (1989: 144-5) the Managing Director of the bank, states that "mixing the poor and the non-poor is a sure path to failure. Grameen makes entry into a group by an individual quite an elaborate process. It puts so many checks that it would be quite a tough job for a non-poor to get in". The bank deals with rural women, the poorest in the society. The process of group formation is a slow process and may stretch over several months. The members of a group of five identify other potential members, screen each other and go through a process of understanding the banking procedures and a process of mutual confidence building. "The formation of small five-member group of the members own choosing and federating the groups into centres, helps to create the right kind of peer pressure at times when a member tries wilfully to violate Grameen rules and peer support at times when a member falls into difficulty". The repayment of loans given to the members is a joint responsibility ensuring a high rate of repayment (98%). Today the Grameen Bank has more than 400,000 small borrowers (82% women), spread over 8000 villages.

The record of successful credit programmes (Banco del Pacifico's loan programme for small artisans in Ecuador, Multi-Service Centre of Bank of Baroda in Calcutta, The Grameen Bank in Bangladesh and Philippine Commercial and Industrial Bank Programme) shows that keeping the loans small and having frequent loan repayments and tight schedule supervision ensures a high repayment rate. Ashe (1985: 284) notes that these projects though "administered in different countries, share three important characteristics:

- (i) A separate unit in the bank with specially oriented, highly dedicated personnel for this type of lending activity.
- (ii) Very simple methodologies for processing and administering loans.
- (iii) Formal contractual relationships, but with formalities held to a minimum".

Relocation and settlement of some of the traders in more permanent stalls has to be a part of any plan aiming to improve the lot of the traders, though it is not the only issue. It is necessary to distinguish between those who have to be relocated and those who can be rehabilitated. The possibilities for rehabilitation should be more fully explored as this would reduce costs and settle fewer traders. However, relocation appears to be an inevitable element in any government scheme to help the petty-traders despite the evidence that the poorest do not benefit.

McGee's (1973, 1977) study of Hong Kong hawkers and Sarin's (1982) study of "unplanned employment" in Chandigarh show that the interest of the small traders find no place in the relocation schemes. As Sarin asserts, the "authorities by virtue of their responsibility towards maintaining the existing pattern of property relations must subordinate the interest of smaller enterprises to those of commercial property owners" (1982:199). Further, it is the better-off traders who benefit from the relocation schemes, while the poorer and smaller traders, operating in the interstices fail to participate in such schemes.

CMDA's effort in the early 80's to relocate the street traders from around a major railway station proved a failure and a waste of resource as the petty-traders refused to be dislodged despite notices and harassment. This would suggest that the participation of the petty-traders' union is vital to the success of any scheme. Leeming (1977:82) notes that relocating street traders in bazaars have limited success. "Customers tend to be scarce in the bazaars. The evidence is that potential customers are those who find hawkers lining the pedestrian routes which they are taking".

This study shows that the location of a unit is a crucial factor in determining the earning potential of the trader. Any relocation schemes will have to assess the cost of relocation to the trader which should ultimately decide the nature and the size of aid given to the traders of that area. Even within an area the cost of moving will vary with the nature of goods sold. Those more dependent on casual buyers will incur a higher cost when shifted from the pavements to market stalls. The trader should not be expected to take any losses. The success of the programme depends on how the unions have been involved. It requires active participation by the group leaders of the different areas and the plan cannot be imposed from the top.

There are 139 markets under the Corporation of Calcutta on privately owned land. They are sprawling structures at ground level. The petty-traders believe that another floor could be constructed and stalls built to accommodate them. The idea was rejected

by the planners<sup>2</sup> as it involves developing privately owned land which would involve prolonged litigation.

CMDA has suggested that land inefficiently used in the CBD could be used to build shopping centres. Any centres developed there will have to be low level developments, because shoppers will not climb several flights of stairs. Lifts are usually out of order or there are power cuts. Constructing single or double storey buildings where the land rent is at its highest, will replace one inefficient use of space with another. Further, such use of space would certainly not help to minimise overheads. Building shopping centres in the CBD will mean that traders might find it difficult to attract shoppers in the evenings and weekends. They would also lose a large number of casual shoppers.

Further, the CMDA suggestion of relocating sellers according to type of goods to create centres specialising in a certain category of goods appear rather unrealistic. The study has shown that there is no single consumer pattern for a particular commodity, and hence the need to define the policy at local levels as well as at level of a sector. Even for basic items there is a spatial variation in consumer choice within the city. The kind of petty-trading centres that have developed are in response to these differences. Interfering with such a process will achieve no purpose. Secondly, the traders need to be relocated along with their neighbours to dampen the effects of change. It is important to note that there is a high degree of heterogeneity within petty-trading. Hence, whether it is to provide credit or to relocate, to reach the poor it is essential to distinguish between distinct levels of potential beneficiaries. This study has already identified the different economic groups and their spatial concentration.

### 7.32 Policy suggestions:

It is firmly believed that the aim of any policy suggestions should not be to initiate a forced change in the scale of operation, but to help the traders operate under improved conditions. The objective should be to break the nexus between small scale activities and low level of living. The workers are tied in subordinate relationships for sheer survival, yet their enterprises offer a scope for income generation. As Portes et al (1989:306-7) note a positive official posture is a *sin qua non* for the development of small scale activities.

The case for a positive attitude is strengthened by Calcutta's specific economic history. While in most Third World cities the demand for labour does not match the

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<sup>2</sup>As already discussed in Chapter 2 commercial capital in Calcutta found lucrative outlet in real estates. Building markets and renting out stalls was a common practice. Most markets in Calcutta remain privately owned.

supply, there is at least scope for mobility within the dynamic urban economy. In Calcutta the demand is stagnant and labour absorption declining. Concatenation of historical events have lead to a realignment of the class structure and there has been a break-down of earlier relationships and functions. It is therefore essential for the state to accept its role in the newly emerging relationships.

The basis for any plans to help must derive from the official recognition of the sector. It is necessary for the government to drop its laissez-faire policies by which they officially ignore the existence of this sector and instead design a long term strategy to manage the growth of the sector. The petty-traders are here to stay. If policies are ad-hoc and the perspective myopic, there will only be a waste of resources.

Tackling the problems of this sector involves planning at three levels. (i) Plans to deal with stated problems immediately (ii) long term plans to manage the growth of the sector and (iii) tying up the sectoral plan with a comprehensive policy to tackle the problem of the urban poor and the urban unemployment.

Official recognition has several implications for planning. As stated by the planning body, CMDA, the government will not legalise the occupiers of public space. This makes relocation the issue. However, this diagnosis concentrates on only one of the issues and one of the alternatives.

The main problem facing the petty-traders is inadequate credit. Access to formal credit depends on the goodwill of the local bank manager and aggressiveness of the local union, both of which are unreliable. Further, this study and SEWA's experience shows that loans from commercial banks are not unsuitable for small scale enterprises.

What has been achieved by SEWA on a smaller scale among a very varied group of workers could be attempted by the state on a larger scale involving workers with the same economic activity. However, it is important to stress that while SEWA dealt with a varied group of workers, they belonged to the same economic sub-group, hence a standard lending policy was valid. As stated earlier petty-trading sector contains many economic sub-groups, this requires a lending policy which is sensitive to the repaying capacity of the different economic sub-groups. Group lending has to be considered for the very poor groups of traders, where the responsibility for repayment lies with the group. The success of such a strategy is demonstrated by PISCES in Philippines, Grameen in Bangladesh and the Differential Rate of Interest Scheme (Tinberg, 1985) in India to assist craft and cottage producers.

It is important to stress that targeted cash aid and group credit for poorer traders should receive equal weight to the programme for providing individual credit facilities, to prevent the colonisation of this sector by the urban middle class worker at the expense of the poor illiterate Bengali workers. A blanket policy for as heterogenous a

group as the petty-traders, will have disastrous effects on those who are already at the bottom. A package of cash aid and credit facilities have to be designed so that the needs of the various groups of the petty-traders are met.

The study identified three broad groups of traders at different levels of vulnerability: the well-off traders, the very heterogeneous group in the middle and the poor traders. It was observed that a large number of very vulnerable urban workers are already trying to establish links with the formal banking sector through the union. This arrangement could be formalised by setting up a institutional framework similar to that set up by SEWA. It would link the trader with the credit facilities available at the commercial banks and provide other services. The initial share capital could be raised by a nominal contribution from the traders looking for credit and wishing to join the "bank". The "bank" could process the loan applications and complete all preliminaries and recommend the applications considered suitable. It will also be responsible for monitoring the repayments, and receive a small service charge. As the bank increases its share capital it can begin to finance small loans and ultimately become a self-financing viable unit. No social barrier would prevent the educated urban worker from using this credit facility. It may be argued that this would eliminate the non-Bengali migrant workers. It is important to retain the benefits of state intervention within the urban economy. Most migrant workers remit a greater part of their surplus out of the urban and state economy. Any gains they make from improved credit facilities will not benefit the urban economy. A waste of scarce state resources.

For the poorer groups it is suggested that a strategy similar to that adopted by the Grameen Bank be developed. Given the heterogeneity even within the poor, it is essential for group credit that groups are homogenous. Grouping decided by anyone other than the members of a group will be artificial. However, it is essential to have a unit within the institutional framework which will guide the group formation. As Grameen's experience shows homogeneity is essential for intra-group relations. Only within a cohesive group can peer pressure be used effectively. The process of group formation will help to identify different groups at different levels of vulnerability. The amount lent and the frequency of repayment would vary with the paying capacity of the members of the group.

It is believed that cash aid should be provided to some of the poorest in the sector, so that they can develop the basis for subsequent loans from the formal banking network and improve their economic condition. Cash aid, closely monitored should be targeted to the poorest groups that have emerged through the process of group formation. These groups will probably be dominated by the recent migrants selling vegetables, cooked-food and the producer-sellers. Most of these are located along the southern and

eastern fringe of the city. Another important target group are the women traders specially those who are also heads of households. For the weaker households in the sector cash aid could also be used to encourage women to self-employment.

Institutional support would remove the trader's dependence on political parties as it will allow them to approach their "bank" directly. And more important it will release him partially, though not totally from the unequal relationship with the mahajan. Improved availability of credit would allow purchases to meet demand and would also help the other members of the household in mobile retailing. Further, increased availability of credit would also reduce the effects of relocation. The main opposition to this scheme will obviously come from the commercial banking sector and those who benefit from retaining the sector in its present form. However, basic to any institutional help is the state accepting that it has a role to play in the management of a sector conventionally outside the focus of planning.

The financial implications of establishing an institutional framework may be substantial, but such investments are necessary to correct the skewed access to resources. The funds have to be generated. The Bengal Chamber of Commerce had noted as early as 1970, that resource mobilisation in West-Bengal is one of the lowest. A more efficient resource mobilisation and urban management would be helpful. Further, a recent review of policy priorities for the UK Overseas Development Ministry, identified the poor self-employed worker of Third World cities as target for intervention. The cost of creating such a facility would be greatly reduced if the existing network of decentralised organisational structure of nationalised banks could house a special unit for providing credit to the target group along lines described, so that it can eventually be self-financing. As already stated the Multi-Services centre of The Bank of Baroda in Calcutta run a successful special unit, manned by dedicated personnel, to process and administer loans to microenterprises. The administrative cost is less than 10% of the lent amount and repayment 90%.

Relocation should be considered only after possibilities of rehabilitation have been fully explored. The traders should not be expected to take any losses. If they feel they will lose out they will not participate in the resettlement scheme. Their participation is vital for the success of any proposal. Earlier experiences to "remove" the traders has shown that ill-conceived plans, disregarding the characteristics and the needs of the sector merely leads to a waste of resources. Redeveloping inefficiently used land in the CBD to build low-level markets has to be combined with other uses to be cost effective. Relocation as close to their present location would be most useful.

Relocation is expensive to the state and to the trader. The traders will suffer an initial loss of business. It is this group of traders who will require a support network. The

nature of this support would involve liaison with the banks to provide loans or credit facilities for a stipulated period of time. The support needs would be met by the institution set up by the government. Rehabilitating the traders by upgrading their units is a cheaper alternative and also involves little change or loss for the trader. Though the scope for rehabilitation within the commercial area is limited, it is a positive alternative for the units located in the fringe areas of the city.

The study has also observed a growing link between the small producers of small consumer goods and the petty-traders. It is necessary to explore the possibilities of developing them to benefit both the producer and the seller. A study should trace the links between the two sectors to identify the most effective point for intervention.

These short term measures should be linked to a larger policy for the effective management of the sector. The government explanation for not helping the sector because it is dominated by migrants is no longer valid. Not only has research (Tolley & Thomas: 1987) shown that effective management of urban problems is superior to policies trying to reduce immigration but also that this sector is an important option in the limited employment structure of Calcutta. Any attempt to help the sector must combine institutional change and financial support with physical upgrading of the units. However, the effectiveness of the sectoral plan will be partly dependent on how successful the state can be in generating alternative employment opportunities.

## CHAPTER 8

### CONCLUSIONS

Calcutta's rise to the position of the largest and the most dynamic city of colonial India and its subsequent decline in the post-independence period accompanied by an increase in the rapid increase of low productivity, small scale activities led me to investigate, first, the relations between capital and the growth of small scale activites and to assess the role of the state, and two, the importance of petty-trading in an economy where production is stagnating and the conditions under which the workers in this sector operate. It was important to incorporate the study of petty-traders within a framework which allows insight into the internal movement of capital and allows an analysis of processes and links to proceede down to grassroot level.

The Marxian reconceptualisation of the notion of dependency based on the articulation of Modes of Production (MOP) was considered pertinent for the two tiered analysis that was necessary. It was essential to look, on a national and regional level, at the changing relations between the different modes of production and how these triggered movement of people and capital, and on the level of the urban economy at the nature of the articulation of petty-trading with the dominant mode. It also highlights the differences in India between the post-colonial and colonial period i.e. the imposition of capitalism and dominance of the stronger foreign capital in the colonial period and the diminished role of foreign capital at the national level in the post-colonial period, the convergence of interest within the Indian capitalist class and its influence (direct or indirect) on the articulation of non-capitalist modes and forms of production with the capitalist sector. It is important to stress that to note the very insignificant external influence in the post-colonial period on the rather insular Indian economy does not imply that the relations of domination-subordination do not exist at other levels within the country or that capitalism ceases to be the main force of change. In fact, an advantage of the concept of articulation of modes/forms of production is that it allows the analysis of domination by capital of non-capitalist modes/forms of production, at all levels and

hence an insight into changing relations. The concept of articulation of Modes of Production provides the conceptual framework to understand the processes which created the hierarchised interdependent system of urban activities and to understand how changes in such a structure affects the role and significance of most activities in the system.

The system of activities in an urban centre depends on the role and position of that urban centre in the hierarchy of the national urban system and the power structure. The national urban system is the spatial manifestation of the pattern of capital accumulation and disparity. These centres of accumulation are paralleled by the emerging or the present power structure, which in turn control subsequent movement of capital and labour. It is the direction and flow of capital and labour (initiated by internal or external changes) which are the crucial underlying factors.

Using this theoretical framework made it possible to demonstrate, within the context of the total change at the national level, how the earlier capital movement and processes in the colonial period imposed relationships which shaped the regional and urban economy, and to trace the changes of links and relations in eastern region and Calcutta since independence. It was basic to this study to analyse the pattern and nature of internal capital accumulation, its spatial transfer and concentration, and consequent disparity, vertical (class) and horizontal (spatial) which leads to the proliferation of some activities and contraction of others.

The concept of articulation of modes of production argues that in the Third World countries coexisting today within the national economies are different systems of production and production relations. The forces of change and dynamism in these economies lies in the articulation of the various modes of production. It provides a conceptual framework which allows the analysis of differential development experiences and the movement of capital at the national and international level, while taking into account the similarity of colonial history.

Within this conceptual framework there is a general consensus that the post-independence investment pattern in most Third World countries, including India, has tended to reinforce the colonial pattern of capital accumulation i.e production of urban enclaves of accumulation with no spillover, aggravating the imbalances in sectoral productivity. The urban centres dominated and expanded as they continued to attract capital and labour. Capital finds lucrative investment in the capitalist sector and excess labour moves into small scale activities.

This study argues that Calcutta, abandoned by the industrial capitalist class, failed to participate in the national reorganisation of economic space in the post-independence period and thus failed to reorient its economy. The capital controlled by the local

economy turned inefficient and weak, anomalies in factors of production emerged, it failed to tackle its internal problems and stagnation set in. Industrial capital still remains shy of West-Bengal. However, labour continues to move into Calcutta not because Calcutta is growing but because its catchment area in the eastern region continue to stagnate following the dissolution of the earlier modes of production in the colonial period. The migrant and the resident workforce both move into the petty commodity sector, particularly petty-trading, in the absence of other options. Thus analysis was conducted at two levels one, to look at the articulation of modes of production and the complex interplay of class relations at the country and regional level determining the internal movement of capital, the nature of relation between centres of accumulation and shifts in the focus of capital accumulation within the country. Two, within the urban economy it was essential to understand the articulation of the petty commodity sector at the margins of the capitalist mode of production which directly affects the role and character of petty-trading. This multi-level theoretical analysis was only possible within MOP framework.

The analysis, in chapter 3 showed that first intrusion of capitalism led to the articulation of earlier modes of production as artisans and craftsmen were forced to produce to meet colonial trade requirements. The second phase saw the dissolution of petty-commodity production with the import of manufactured goods into India. The next stage saw the growth of commercial agriculture, strengthening of the position of the ground rent and emergence of new labour regimes. The surplus from agriculture was transferred to Calcutta and invested in commerce, real estate and conspicuous consumption. The disintegration of the Moghul empire, the weakening feudal structure and the increased political instability led to a movement of capital from Delhi to Calcutta, the new enclave of accumulation. This ethnic capital of the khatries also entered the economy as commercial capital. However, through more astute investment and better management it emerged stronger than the Bengali commercial capital and along with the Marwaris, the Khatries came to dominate the commercial structure in Calcutta. Industrialisation in the nineteenth century saw the inflow of indigenous and foreign capital into Calcutta which aggravated the disparity already created in the earlier stages of capitalist expansion. In the post-independence period, Calcutta experienced a decline in industrial investment long before other states offered subsidies and incentives to attract industrial capital. The political reorganisation of India sliced off a chunk of Calcutta's hinterland and reduced its area of administrative and economic dominance. The urban economy staggered under the impact of refugees and the infrastructure was stretched well beyond its capacity. With the non-Bengali capitalist class kept firmly out of Bengali politics they could do little to stop the growing inefficiency and urban mismanagement.

its capacity. With the non-Bengali capitalist class kept firmly out of Bengali politics they could do little to stop the growing inefficiency and urban mismanagement. Calcutta, as it unsuccessfully grappled with its internal problems, failed to participate in the economic reorganisation of national space. With declining industrial production the economy turned inefficient and inadequate, and with the absence of a local industrial capitalist class it failed to influence the decision making at the national level.

The politics of petty-trading showed that while the scope of this activity increased because of absence of industrial capital, sections of commercial capital created conditions for its growth. While the mahajans who established links with petty-traders stood to gain, certain sections of commercial capital resisted its growth. In the early seventies, these latter groups were obviously powerful enough to influence state attitudes at administrative level. The Congress government's stand on the issue of hawkers and the pattern of eviction of hawkers reflected neither a concern for the workers of this sector nor an understanding of the socio-economic processes affecting the city. The state's attitude at that time and the constant threat of eviction slowed down the process of consolidation and stabilisation of the petty-trading units. This not only forced a greater politicisation of the sector, particularly of urban middle class workers, it also resulted in the next government in power (the Left-Front) adopting a stance contrary to that of the Congress. In other words, the non-interventionist policy towards the petty-traders was politically convenient. However, this allowed the sector to develop in all its complexity as seen today.

The case of Calcutta thus shows that the kind of capital which dominates, determines the path of change for the dominant mode of production, and also the nature of and form of petty-commodity activities articulated to the dominant mode. Further, it shows that within the urban economy, the role of the state and its relations with different types of capital are fundamental in shaping the activities of the petty commodity sector. The methodological implications of this conclusion is that a study of petty-commodity activities need to look at the relations between different sections of capital, for the role that the state plays in influencing petty commodity sector is conditioned by these relations.

The demographic and social analysis in Chapter 4 shows that petty-trading has absorbed the excess workforce from two different spheres: workers from an urban centre with high proportion of skilled and unskilled personnel but lacking a modern and adequate industrial structure, and workers from a region which contains unskilled labour produced by the dissolution of earlier modes of production.

of the total urban setting and dynamics, it appears to suggest that three separate, parallel movements are taking place:

1. that new migrants are moving to other small-scale activities.
2. that they are moving to other sectors of large-scale activities, namely construction.
3. that a greater proportion of the smaller number of migrants go directly to manufacturing industry and other large scale activities where they constitute a powerful body in the trade unions.

These trends support the notion that petty-trading is of growing importance to both the illiterate and educated unemployed youths of the city. With the lack of alternative employment opportunities these groups will continue to join petty-trading whether the state adopts a positive policy or not.

The study observed that two distinct groups were present: the non-Bengali migrant traders and the Bengali traders. This has had considerable implications for the nature of links established, for the mode of entry into petty-trading and the different levels of politicisation found in the sector. However, both migrants and resident urban workers regard this as long term employment. This is seen in their efforts to increase their bargaining power with the mahajan and to maximise returns within the existing demand structure. Certain groups, i.e non-Bengali migrants are able to derive advantages from their socio-ethnic links to establish economic links and so create artificial barriers to entry to other socio-ethnic groups. Such socio-ethnic links are crucial to a worker in the absence of capital and/or other resources. It not only helps him to enter the sector but also help establish his credibility.

The Bengali traders do not have any ethnic links with the commercial sector. The process of establishing their credibility with the mahajan is long and slow. This made them a very vulnerable and highly politicised group. As a result they rely on the unions to remain in the sector and to establish themselves. Most union activities are organised by them and they are more vocal than the migrant traders. They are been able to approach the commercial banks for loans for they feel that little or no cultural gap exists between them and the bankers. This also shows that workers in small scale activities are attempting to diversify their links with the urban economy. Their efforts to borrow from commercial banks is a direct reaction to the rates at which they obtain the goods and indicates an effective point for policy intervention.

The linkage (Chapter 5) and the economic analysis (Chapter 6) showed that the petty-traders of Calcutta do not form a homogeneous group and are linked to capitalist mode of production through many different types of relations. The precise nature of these links is conditioned by the socio-ethnic and demographic characteristics of the workers

in the sector and by the needs of the mahajan. The differentiation within the sector is primarily the result of the different relations of production established by the workers in this sector. The non-Bengali migrant traders entering directly as commissioned traders have little control over the decision making process affecting their activities. The mahajan gives them access to goods and often prime location but keeps a firm control over them. They are highly integrated and their relations of production are virtually the same as for the wage-workers. In other words, the mechanism of exploitation is the same. However, this higher level of integration improves their access to credit and makes them some of the most successful traders. The fact that this relation is more lucrative is reflected in some Bengali traders becoming commissioned traders after their business has stabilised. This transition from a relatively more independent worker in the case of a Bengali trader and more directly for the non-Bengali trader, to the position of a more subordinated "disguised wage-worker" has been described as a covert process of proletarianisation (LeBrun & Gerry, 1975).

This however, is not the dominant process in the sector. The bulk of the workers in petty-trading are either tied into dependent credit relations or are self employed, and they generally manage to only reproduce their situation. For them the process of consolidation and stabilisation is long and slow. The credit relations of the dependent workers ensures that a part of the surplus is appropriated. However, the process is not as direct and clearly defined as for the commissioned traders. Further differentiation is introduced among the dependent workers as vulnerability is seen to vary with the socio-demographic dimensions. The non-economic links of most of the migrants, allow them easier and quicker access to goods, for the commercial sector is also dominated by migrant groups. The Bengali trader finds it more difficult to establish their credibility with the mahajan and the process of improving the credit rating is slow. Among the Bengali petty-traders, the position of educated urban workers is rather more precarious. The process of consolidation being slow, earnings are low for a longer period. Balancing expenditure with earning, and domestic needs with business needs become extremely difficult given the price rise. Further, their greater consciousness of their exploited situation, make them politically active and more vocal than most migrant and illiterate traders.

The self employed traders are joined to the dominant mode by weak but multiple links. As Neelson (1983: 152) in an occupational-functional and class analysis of the Indian labour market noted, their independence reflects the "paucity of alternatives and better income opportunities rather than economic autarky". The illiterate, urban workers of Calcutta make up the bulk of this extremely poor group.

The nature of articulation of petty-trading with the commercial capital in Calcutta's

urban economy suggests that the latter creates the conditions for the functioning of petty-trading. The commercial capital of capitalist mode of production ensures that petty-trading can operate lucratively, under only highly exploitative relations. Weaker links means low returns. Thus the scope for stabilisation and accumulations lies in improving these links. Only a small proportion of petty-traders are highly integrated as commission agents, indicating that the bulk of the workers are tied by exploitative but less lucrative links. Yet most of these relations allow the workers to reproduce their existing situation, which they were unable to do in their earlier attempts to earn a living. Though most of the traders manage to support their household above the poverty-line, their access to other factors of well-being is extremely limited. The disparity within the sector was observed to be greater than for the city. The presence of multiple earners combined with low purchasing power suggested the presence of very poor household. Some traders earning less than necessary for basic subsistence reproduce under extremely difficult conditions, as they cannot meet their needs for clothing and shelter. It is essential that any state intervention targets aid to this group in the sector.

Exploitative relations are also found in exchanges taking place within the petty commodity sector. The small new producer using the petty-traders to support a higher level of capital accumulation or the petty-traders squeezing the petty-commodity producer in the slums are all cases of the less poor extorting the poorer.

Though the relations of production are the prime determinant of a petty-traders' economic status, variations introduced by the forward linkages increase the heterogeneity within the sector. Access to better location and higher income customers allow some income gains to filter down to the petty-traders and quickens the process of consolidation and stabilisation.

The traders initiative and response to changing consumer demand over space and time has resulted in a complex pattern of micro-retailing. This in turn has given rise to a host of trader-buyer relations. However generally, if horizontal exchange of goods predominate, as it does in low income areas, the scope for increasing the trader's income is limited. The relation is stagnant with little scope for change in-built into it. In vertical exchange of goods, when a trader sells to a customer from a higher income strata, the petty-trader-buyer relations is more dynamic and which allows an increase in income to filter down.

The economic analysis in Chapter 6 also showed that secondary factors like gender, age and education all add to the heterogeneity. This has resulted in many economic sub-groups each with different scope for capital accumulation and mobility. The economic heterogeneity and mobility within the sector imply that, though the petty-traders operate

under exploitative relations, capital accumulation, however slow, is possible. With capital accumulation the traders prefer to expand horizontally rather than vertically. This tends to give the impression that the sector is involutionary when it is not. They are fully aware that the market will not absorb many retail units operating on a larger scale. The skewed income distribution and absence of standardisation of consumption pattern make the one or two person retail unit a viable size. .

Though all the decisions taken by the petty-traders are not economically rational, the study concludes that maximising profits and minimising loss is their main objective as in any other scale of operation. Petty-traders are shrewd in the management of their enterprise, stock goods in response to the demand of their catchment area and are highly competitive. Though individualism in economic operations is the norm, they are able to cooperate at an area level in the shape of unions. It is the cohesion at this level which has forced the state government to adopt an attitude which tolerates the sector.

The evidence from economic analysis shows that commission agents selling consumer durable goods are the most well-off. While it is possible for migrants, through their links in the commercial sector to be commission agents as they enter the sector, the urban workers have to stabilise their business and establish their credibility first. The urban workers tend to start with the commodity they are familiar with and then gradually diversify. It was also observed that stability and mobility was accompanied by a gradual shift of commodity type. However, the survival strategies adopted by each sub-groups of traders is to maximise their advantages and minimise the effects of the constraints under which they are forced to operate.

The study concludes that in a situation of extremely limited choice, petty-trading has been an option. It has provided a means of livelihood where the alternative was impoverishment. Despite the harsh constraints within which they are forced to operate they run viable units. The rate of capital accumulation is slow because of low initial investment and their relations with the mahajan choke any attempt to raise the level of productivity. Institutional help which increases the petty-traders access to resources is imperative. The aim of any policy to help this sector is not to change the scale of operation but to ensure that they operate under improved conditions. This sector requires a package of aid and credit facilities designed to meet the special needs of each sub-group. A blanket policy will only increase the disparity within the sector.

The study shows that petty-trading has evolved in response to the total socio-economic situation of industrial decline, high unemployment, skewed income distribution and widespread social poverty. It is not only a reflection of the ills of the city and of the

region in crisis but a result of the shifting foci of capital accumulation within the nation. Though these units are viable, the workers are tied into subordinate relationships by sheer poverty. It has shown that it is not only necessary to evolve a policy but to put values back into policy. It is essential for the state to accept its role in the newly emerging relations. Institutional support for this sector has to be backed by cash aid and upgrading of the units. Substantial investment by the state is necessary to correct the skewed access to resources and break the nexus between small scale activities and low levels of living. It is hoped that these findings will sensitize the planning process to the needs of this sector.

## **APPENDIX 1.**

**Table 1 Showing the Parties in power in West Bengal between 1967 to 1977.**

Duration	Chief Minister and name of government	Party/Parties.
1967 2 March-21 Nov'67 (8 months approx)	A.Mukherji United Front	Bangla Congress & all Leftist Parties.
1967 21 Nov-19 Feb'68 (3 months)	P.C.Ghosh Progressive Democratic Front	Bangla Congress & Congress.
1968 20 Feb.-Feb'69 (1 year)	.....President's Rule.....  Elections.	
1969 25 Feb.-19 March'70 (1 year)	A.Mukherji United Front	Bangla Congress & Leftist Parties
1970 19 March-March 1971	.....Presidents Rule.....  Elections.	
1971 2 April-26 June'71 (2 1/2 month)	A.Mukherji Democratic Front.	Bangla Congress & Congress(R)
1971 26 June-March 1972 (10 months)	..... Presidents Rule.....  Elections.	
1972 March 1972-Jan.1977 (approx. 5 years)	S.S.Ray Congress(R)	Congress(R).
		Elections.
1977 onwards	Jyoti Basu United Front	CPI(M) & all Leftist Parties.

Source: Compiled from Sengupta (1988), The Congress Party in West Bengal; and Ghosh (1981), Peaceful Transition to Power.

**Table 2 Showing the rate of increase of the educated unemployed in West Bengal.**

Year		Increase	Rate of increase
1967	1968		
152,589	158,079	5,490	+ 3.47%
1968	1970		
158,079	226,051	67,972	+43.0%
1970	1971		
226,051	370,547	144,496	+63.92%
1971	1972		
370,547	648,474	277,927	+75.0%
1972	1973		
648,474	734,694	86,220	+13.30%
1973	1974		
734,694	767,442	32,748	+ 4.75%
1974	1975		
767,442	833,028	65,586	+ 8.5%

## QUESTIONNAIRE A.

LOCATION OF SHOP.....CODE.....

NAME OF TRADER.....

ADDRESS.....

### 1 Items of Trade.

1.	Garments	11	Wooden articles	21	Food Kiosk
2	Saris	12	Glass/ceramic	22	Tea stall
3	Hosiery	13	Hardware	23	Paan, biri ,dk
4	Cloth	14	Brassware	24	Sweetmeats
5	Toiletries	15	Utensils	25	Fruits
6	Linen & Towels	16	Furniture (cane)	26	Vegetables
7	Leather goods	17	Cassettes & records	27	Stationary
8	Footwear.	18	Imported goods	28	Books
9	Plastic goods.	19	Imported garments	29	Grocery
10	Household goods except utensils	20	Flowers		

### 2 Where do you buy these goods?

1	Haora Hat
2	Barabazar
3	Harishahat
4	Kidderpore
5	Fancy Market
6	Supplied by agent
7	Sealdah / College st.
8	Nutan Bazar
9	Other markets

### 3 Who introduced you to the wholesaler ?

WHA		Wholesaler's agent
FR		Friend
RL		Relative
OI		Own initiative

### 4 How do you purchase your goods?

BY	Buy on credit
PP	Commission.
CP	Cash purchase.

### 5 How do you travel to get these goods?

1	Cycle
2	Taxi
3	Auto-rickshaw
4	Public transport.
5	Walk

7. Type of housing.

6 How much does each trip cost?

--	--	--	--	--	--

R	<input type="checkbox"/>	Room
BT	<input type="checkbox"/>	Bustee
HT	<input type="checkbox"/>	Hutment
SH	<input type="checkbox"/>	In the shop
PD	<input type="checkbox"/>	Pavement dweller.

8 Type of occupancy.

1	<input type="checkbox"/>	Tenant
2	<input type="checkbox"/>	Sub-tenant
3	<input type="checkbox"/>	Shared accomadation
4	<input type="checkbox"/>	Owner
5	<input type="checkbox"/>	Illegal occupant.

9 Have you always lived here?

1	<input type="checkbox"/>	Yes.
2	<input type="checkbox"/>	No

10 If no, where did you live before?

11 If you share your accomadation,  
who do you share it with?

1	<input type="checkbox"/>	Relative
2	<input type="checkbox"/>	Friend
3	<input type="checkbox"/>	Someone from your village/town
4	<input type="checkbox"/>	Other.

12 What is your daily expenditure?

--	--	--	--	--

13 What fuel do you use for cooking?

Cl	<input type="checkbox"/>	Coal
WD	<input type="checkbox"/>	Wood
CD	<input type="checkbox"/>	Cow dung cakes
GS	<input type="checkbox"/>	Gas
KR	<input type="checkbox"/>	Kerosene
EO	<input type="checkbox"/>	Eats out.

14 Do you collect the full quota of ration?

1	<input type="checkbox"/>	Yes
2	<input type="checkbox"/>	Do not require it
3	<input type="checkbox"/>	Cannot afford it.
4	<input type="checkbox"/>	Do not have a card.

15 How much do you spend on food per month?

--	--	--	--	--	--

16 Do you passes any of the following?

CY	<input type="checkbox"/>	Cycle
SC	<input type="checkbox"/>	Scooter
TV	<input type="checkbox"/>	Television
RD	<input type="checkbox"/>	Radio
TIO	<input type="checkbox"/>	Two-in one

17 Was trading your first occupation?

Yes  No

18 If no, what did you do?

LB	<input type="checkbox"/>	Unskilled worker
DPT	<input type="checkbox"/>	Dependent
ELS	<input type="checkbox"/>	Employed elsewhere

19 What made you take up trading?

1	<input type="checkbox"/>	Only alternative
2	<input type="checkbox"/>	Ease of entry
3	<input type="checkbox"/>	Knew somebody in trading
4	<input type="checkbox"/>	Other.

20 When did you start?

No. of years

21 Did you get help to start the business?

Cash

1	<input type="checkbox"/>	Provided place to open shop
2	<input type="checkbox"/>	Introduced to the wholesaler
3	<input type="checkbox"/>	Taken as partner
4	<input type="checkbox"/>	Free accomadation
5	<input type="checkbox"/>	Other.

22 Did you first set up shop here?

Yes  No

24 Why was this location chosen?

1	<input type="checkbox"/>	Inherited
2	<input type="checkbox"/>	More business
3	<input type="checkbox"/>	Knew someone here.

25 Did you first decide on the items of trade or on the location?

IT	<input type="checkbox"/>	Items of trade
LO	<input type="checkbox"/>	Location.

26 Has competition increased in recent years?

Yes  No

28 How many customers do you get in a day?

27 What have you done to compensate for a lower rate of profit?

CIG	<input type="checkbox"/>	Changed to contraband good
FR	<input type="checkbox"/>	Fixed rate
MB	<input type="checkbox"/>	Aggressive bargaining.
OT	<input type="checkbox"/>	Other means.

29 What is the average daily sale?

--	--	--

31 What is your approximate sale at that time?

--	--	--

32 Do you own the shop?

Yes  No

34 If yes, how much do you pay?

--	--	--

36 Do you employ anyone?

Yes  No

37 If yes, how much do you pay?

--	--	--	--

39 Did you apply for loan from government agency or bank?

Yes  No

30 In which festive season do you have the highest sale?

BA	<input type="checkbox"/>	Baisakh
PJ	<input type="checkbox"/>	Puja
MI	<input type="checkbox"/>	Muharram & Id.
XNY	<input type="checkbox"/>	Christmas & New Year.
WS	<input type="checkbox"/>	Wedding season.

33 If no, do you pay rent?

Yes  No

35 If no to Q24 whom do you pay to allow you to trade?

U	<input type="checkbox"/>	Union
C	<input type="checkbox"/>	Corporation
PP	<input type="checkbox"/>	Political party
LS	<input type="checkbox"/>	Local strongman
PL	<input type="checkbox"/>	Police

38 Was he known to you?

RL	<input type="checkbox"/>	Relative
FD	<input type="checkbox"/>	Friend
RB	<input type="checkbox"/>	Recommended by someone.

40 If yes, how much did you get?

--	--	--	--

AGE	SEX	M.STATUS	RELIGION	RURAL/URBAN	EDUCATION
<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	S <input type="checkbox"/> Single	H <input type="checkbox"/> Hindu	R _____	A1 <input type="checkbox"/>
		M <input type="checkbox"/> Married	M <input type="checkbox"/> Muslim	U _____	A2 <input type="checkbox"/>
		SP <input type="checkbox"/> Separated	C <input type="checkbox"/> Christian		A3 <input type="checkbox"/>
		DV <input type="checkbox"/> Divorce	J <input type="checkbox"/> Jain		G2 <input type="checkbox"/>
		W <input type="checkbox"/> Widow/er	SK <input type="checkbox"/> Sikh		
			B <input type="checkbox"/> Buddhist	NO.OF NON-DEPENDENTS	
			AN <input type="checkbox"/> Any other	NO.OF DEPENDENTS	<input type="checkbox"/>

## TO MIGRANT

41 Who moved out of the native place?

1	<input type="checkbox"/>	Great grandfather
2	<input type="checkbox"/>	Grandfather
3	<input type="checkbox"/>	Father
4	<input type="checkbox"/>	Relative
5	<input type="checkbox"/>	Informant

42 How many years ago did he/you move?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

43 Did he/you come to Calcutta directly?

Yes  No

45 Why did he come to Calcutta?

LOD	<input type="checkbox"/>	Loss of land
LOJ	<input type="checkbox"/>	Loss of job
EPI	<input type="checkbox"/>	Epidemic
PHC	<input type="checkbox"/>	Physical calamities
CTY	<input type="checkbox"/>	Lure of city
POV	<input type="checkbox"/>	Poverty
OPP	<input type="checkbox"/>	Lack of opportunities
POL	<input type="checkbox"/>	Political
OTH	<input type="checkbox"/>	Other

44 If no, where did he go first?

46 What was the family livelihood?

LDP	<input type="checkbox"/>	Landed peasant
LLP	<input type="checkbox"/>	Landless peasant
LLL	<input type="checkbox"/>	Landless labourer
MW	<input type="checkbox"/>	Metal worker
PT	<input type="checkbox"/>	Potter
WH	<input type="checkbox"/>	Washerman
CLM	<input type="checkbox"/>	Clay modeller
PRT	<input type="checkbox"/>	Priest
COB	<input type="checkbox"/>	Cobbler
GDS	<input type="checkbox"/>	Goldsmith
BKS	<input type="checkbox"/>	Blacksmith
TRD	<input type="checkbox"/>	Trader
TAL	<input type="checkbox"/>	Tailor
AO	<input type="checkbox"/>	Any other

## QUESTIONNAIRE B

LOCATION OF TRADER.....CODE.....

NAME OF TRADER.....

ADDRESS.....

AGE	SEX	M.STATUS	RELIGION	RURAL/URBAN	EDUCATION
<input type="text"/> <input type="text"/>	<input type="checkbox"/>	S <input type="checkbox"/> Single M <input type="checkbox"/> Married SP <input type="checkbox"/> Separated DV <input type="checkbox"/> Divorce W <input type="checkbox"/> Widow(er)	H <input type="checkbox"/> Hindu M <input type="checkbox"/> Muslim C <input type="checkbox"/> Christian J <input type="checkbox"/> Jain SK <input type="checkbox"/> Sikh B <input type="checkbox"/> Buddhist AN <input type="checkbox"/> Any other	R _____ U _____	A1 <input type="checkbox"/> A2 <input type="checkbox"/> A3 <input type="checkbox"/> G2 <input type="checkbox"/>
NO.OF NON-DEPENDENTS <input type="checkbox"/>					
NO.OF DEPENDENTS <input type="checkbox"/>					

### TO MIGRANT.

1 Who moved out of the native place?

1  Great grandfather  
2  Grandfather  
3  Father  
4  Relative  
5  Informant

2 How many years ago did he/you move?

4 If no, where did he go first?

---

5 What was the family livelihood?

3 Did he/you come to Calcutta directly?

Yes  No

LDP  Landed peasant  
LLP  Landless peasant  
LLL  Landless labourer  
MW  Metal worker  
PT  Potter  
WH  Washerman  
CLM  Clay modeller  
PRT  Priest  
COB  Cobbler  
GDS  Goldsmith  
BKS  Blacksmith  
TRD  Trader  
TAL  Tailor  
AO  Any other

5 Why did he come to Calcutta?

LOD  Loss of land  
LOJ  Loss of job  
EPI  Epidemic  
PHC  Physical calamities  
CTY  Lure of city  
POV  Poverty  
OPP  Lack of opportunities  
POL  Political  
OTH  Other

7 What was your father's occupation?

---

9 If no, what did you do?

LB  Unskilled worker  
DPT  Dependent  
ELS  Employed elsewhere

11 When did you start?

No. of years

12 Did you get help to start the business?

Cash

1  Provided place to open shop  
2  Introduced to the wholesaler  
3  Taken as partner  
4  Free accomadation  
5  Other.

15 Why was this location chosen?

1  Inherited  
2  More business  
3  Knew someone here.

17 Has competition increased in recent years?

Yes  No

19 How many customers do you get in a day?

8 Was trading your first occupation?

Yes  No

10 What made you take up trading?

1  Only alternative  
2  Ease of entry  
3  Knew somebody in trading  
4  Other.

13 Did you first set up shop here?

Yes  No

14 If no, where were you located before?

---

16 Did you first decide on the items of trade or on the location?

IT  Items of trade  
LO  Location.

18 What have you done to compensate for a lower rate of profit?

CIG  Changed to contraband good  
FR  Fixed rate  
MB  Aggressive bargaining.  
OT  Other means.

20 What is the average daily sale?

--	--	--

22 What is your approximate sale at that time?

--	--	--

21 In which festive season do you have the highest sale?

BA	<input type="checkbox"/>	Baisakh
PJ	<input type="checkbox"/>	Puja
MI	<input type="checkbox"/>	Muharram & Id.
XNY	<input type="checkbox"/>	Christmas & New Year.
WS	<input type="checkbox"/>	Wedding season.

23 Do you own the shop?

Yes  No

24 If no, do you pay rent?

Yes  No

25 If yes, how much do you pay?

--	--	--

26 If no to Q24 whom do you pay to allow you to trade?

U	<input type="checkbox"/>	Union
C	<input type="checkbox"/>	Corporation
PP	<input type="checkbox"/>	Political party
LS	<input type="checkbox"/>	Local strongman
PL	<input type="checkbox"/>	Police

27 Do you employ anyone?

Yes  No

28 If yes, how much do you pay?

--	--	--	--

29 Was he known to you?

RL	<input type="checkbox"/>	Relative
FD	<input type="checkbox"/>	Friend
RB	<input type="checkbox"/>	Recommended by someone.

30 Did you apply for loan from government agency or bank?

Yes  No

31 If yes, how much did you get?

--	--	--	--

32 Items of trade:

1.	<input type="checkbox"/> Garments	11	<input type="checkbox"/> Wooden articles	21	<input type="checkbox"/> Food Kiosk
2	<input type="checkbox"/> Saris	12	<input type="checkbox"/> Glass/ceramic	22	<input type="checkbox"/> Tea stall
3	<input type="checkbox"/> Hosiery	13	<input type="checkbox"/> Hardware	23	<input type="checkbox"/> Paan, biri ,drinks
4	<input type="checkbox"/> Cloth	14	<input type="checkbox"/> Brassware	24	<input type="checkbox"/> Sweetmeats
5	<input type="checkbox"/> Toiletries	15	<input type="checkbox"/> Utensils	25	<input type="checkbox"/> Fruits
6	<input type="checkbox"/> Linen & Towels	16	<input type="checkbox"/> Furniture (cane)	26	<input type="checkbox"/> Vegetables
7	<input type="checkbox"/> Leather goods	17	<input type="checkbox"/> Cassettes & records	27	<input type="checkbox"/> Stationary
8	<input type="checkbox"/> Footwear.	18	<input type="checkbox"/> Imported goods	28	<input type="checkbox"/> Books
9	<input type="checkbox"/> Plastic goods.	19	<input type="checkbox"/> Imported garments	29	<input type="checkbox"/> Grocery
10	<input type="checkbox"/> Household goods except utensils	20	<input type="checkbox"/> Flowers		

33 Where do you buy these goods?

1	<input type="checkbox"/> Haora Hat
2	<input type="checkbox"/> Barabazar
3	<input type="checkbox"/> Harishahat
4	<input type="checkbox"/> Kidderpore
5	<input type="checkbox"/> Fancy Market
6	<input type="checkbox"/> Supplied by agent
7	<input type="checkbox"/> Sealdah / College st.
8	<input type="checkbox"/> Nutan Bazar
9	<input type="checkbox"/> Other markets

34 Who introduced you to the wholesaler ?

WHA	<input type="checkbox"/>	Wholesaler's agent
FR	<input type="checkbox"/>	Friend
RL	<input type="checkbox"/>	Relative
OI	<input type="checkbox"/>	Own initiative

35 How do you purchase your goods?

BY	<input type="checkbox"/>	Buy on credit
PP	<input type="checkbox"/>	Commission.
CP	<input type="checkbox"/>	Cash purchase.

36 How do you travel to get these goods

1	<input type="checkbox"/> Cycle
2	<input type="checkbox"/> Taxi
3	<input type="checkbox"/> Auto-rickshaw
4	<input type="checkbox"/> Public transport.
5	<input type="checkbox"/> Walk

37 How much does each trup cost?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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38 Type of housing.

R	<input type="checkbox"/> Room
BT	<input type="checkbox"/> Bustee
HT	<input type="checkbox"/> Hutment
SH	<input type="checkbox"/> In the shop
PD	<input type="checkbox"/> Pavement dweller.

39 Type of occupancy.

1	<input type="checkbox"/> Tenant
2	<input type="checkbox"/> Sub-tenant
3	<input type="checkbox"/> Shared accomadation
4	<input type="checkbox"/> Owner
5	<input type="checkbox"/> Illegal occupant.

40 Have you always lived in this place?

Yes  No

41 If no. where did you live before?

---

42 If you share your accomadation,  
who do you share it with?

1	<input type="checkbox"/>	Relative
2	<input type="checkbox"/>	Friend
3	<input type="checkbox"/>	Someone from your village/town
4	<input type="checkbox"/>	Other.

44 What fuel do you use for cooking?

Cl	<input type="checkbox"/>	Coal
WD	<input type="checkbox"/>	Wood
CD	<input type="checkbox"/>	Cow dung cakes
GS	<input type="checkbox"/>	Gas
KR	<input type="checkbox"/>	Kerosene
EO	<input type="checkbox"/>	Eats out.

46 How much do you spend on food  
each month?

43 What is your daily transdport expenditure?

45 Do you collect the full quota of ration?

1	<input type="checkbox"/>	Yes
2	<input type="checkbox"/>	Do not require it
3	<input type="checkbox"/>	Cannot afford it.
4	<input type="checkbox"/>	Do not have a card.

47 Do you posses any of the following?

CY	<input type="checkbox"/>	Cycle
SC	<input type="checkbox"/>	Scooter
TV	<input type="checkbox"/>	Television
RD	<input type="checkbox"/>	Radio
TIO	<input type="checkbox"/>	Two-in one

## QUESTIONNAIRE C.

LOCATION OF TRADER.....CODE.....

NAME OF TRADER.....

ADDRESS.....

1 Was trading your first occupation?

Yes  No

2 If no, what did you do?

LB	<input type="checkbox"/>	Unskilled worker
DPT	<input type="checkbox"/>	Dependent
ELS	<input type="checkbox"/>	Employed elsewhere

3 What made you take up trading?

1	<input type="checkbox"/>	Only alternative
2	<input type="checkbox"/>	Ease of entry
3	<input type="checkbox"/>	Knew somebody in trading
4	<input type="checkbox"/>	Other.

4 When did you start?

No. of years

5 Did you get help to start the business?

Cash

1	<input type="checkbox"/>	Provided place to open shop
2	<input type="checkbox"/>	Introduced to the wholesaler
3	<input type="checkbox"/>	Taken as partner
4	<input type="checkbox"/>	Free accomadation
5	<input type="checkbox"/>	Other.

6 Did you first set up shop here?

Yes  No

7 If no, where were you located before?

\_\_\_\_\_

8 Why was this location chosen?

1	<input type="checkbox"/>	Inherited
2	<input type="checkbox"/>	More business
3	<input type="checkbox"/>	Knew someone here.

9 Did you first decide on the items of trade or on the location?

IT	<input type="checkbox"/>	Items of trade
LO	<input type="checkbox"/>	Location.

10 Has competition increased in recent years?

Yes  No

11 What have you done to compensate for a lower rate of profit?

CIG	<input type="checkbox"/>	Changed to contraband good
FR	<input type="checkbox"/>	Fixed rate
MB	<input type="checkbox"/>	Aggressive bargaining.
OT	<input type="checkbox"/>	Other means.

12 How many customers do you get in a day?

13 What is the average daily sale?

<input type="text"/>	<input type="text"/>	<input type="text"/>
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15 What is your approximate sale at that time?

<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------

16 Do you own the shop?

Yes  No

18 If yes, how much do you pay?

<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------

20 Do you employ anyone?

Yes  No

21 If yes, how much do you pay?

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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23 Did you apply for loan from government agency or bank?

Yes  No

14 In which festive season do you have the highest sale?

BA	<input type="checkbox"/>	Baisakh
PJ	<input type="checkbox"/>	Puja
MI	<input type="checkbox"/>	Muharram & Id.
XNY	<input type="checkbox"/>	Christmas & New Year.
WS	<input type="checkbox"/>	Wedding season.

17 If no, do you pay rent?

Yes  No

19 If no to Q24 whom do you pay to allow you to trade?

U	<input type="checkbox"/>	Union
C	<input type="checkbox"/>	Corporation
PP	<input type="checkbox"/>	Political party
LS	<input type="checkbox"/>	Local strongman
PL	<input type="checkbox"/>	Police

22 Was he known to you?

RL	<input type="checkbox"/>	Relative
FD	<input type="checkbox"/>	Friend
RB	<input type="checkbox"/>	Recommended by someone.

24 If yes, how much did you get?

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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AGE	SEX	M.STATUS	RELIGION	RURAL/URBAN	EDUCATION
<input type="text"/>	<input type="text"/>	S <input type="checkbox"/>	H <input type="checkbox"/>	R <input type="text"/>	A1 <input type="checkbox"/>
		M <input type="checkbox"/>	M <input type="checkbox"/>	U <input type="text"/>	A2 <input type="checkbox"/>
		SP <input type="checkbox"/>	C <input type="checkbox"/>		A3 <input type="checkbox"/>
		DV <input type="checkbox"/>	J <input type="checkbox"/>		G2 <input type="checkbox"/>
		W <input type="checkbox"/>	SK <input type="checkbox"/>		
			B <input type="checkbox"/>	NO.OF NON-DEPENDENTS <input type="text"/>	
			AN <input type="checkbox"/>	NO.OF DEPENDENTS <input type="text"/>	

## TO MIGRANT

25 Who moved out of the native place?

1	Great grandfather
2	Grandfather
3	Father
4	Relative
5	Informant

27 Did he/you come to Calcutta directly?

Yes  No

26 How many years ago did he/you move?

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28 If no, where did he go first?

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30 What was the family livelihood?

LDL	Loss of land
LOJ	Loss of job
EPI	Epidemic
PHC	Physical calamities
CTY	Lure of city
POV	Poverty
OPP	Lack of opportunities
POL	Political
OTH	Other

LDP	Landed peasant
LLP	Landless peasant
LLL	Landless labourer
MW	Metal worker
PT	Potter
WH	Washerman
CLM	Clay modeller
PRT	Priest
COB	Cobler
GDS	Goldsmith
BKS	Blacksmith
TRD	Trader
TAL	Tailor
AO	Any other

31 What was your father's occupation?

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32 Items of trade:

1.	Garments	11	<input type="checkbox"/>	Wooden articals	21	<input type="checkbox"/>	Food Kiosk
2	Saries	12	<input type="checkbox"/>	Glass/ceramic	22	<input type="checkbox"/>	Tea stall
3	Hosiery	13	<input type="checkbox"/>	Hardware	23	<input type="checkbox"/>	Pan, biri ,drinks
4	Cloth	14	<input type="checkbox"/>	Brassware	24	<input type="checkbox"/>	Sweetmeats
5	Toiletries	15	<input type="checkbox"/>	Utensils	25	<input type="checkbox"/>	Fruits
6	Linen & Towels	16	<input type="checkbox"/>	Furniture (cane)	26	<input type="checkbox"/>	Vegetables
7	Leather goods	17	<input type="checkbox"/>	Cassettes & records	27	<input type="checkbox"/>	Stiontionaly
8	Footwear.	18	<input type="checkbox"/>	Imported goods	28	<input type="checkbox"/>	Books
9	Plastic goods.	19	<input type="checkbox"/>	Imported garments	29	<input type="checkbox"/>	Grocery
10	Household goods except utensils	20	<input type="checkbox"/>	Flowers			

33 Where do you buy these goods?

1	Haora Hat
2	Barabazar
3	Harishahat
4	Kidderpore
5	Fancy Market
6	Supplied by agent
7	Sealdah / College st.
8	Nutan Bazar
9	Other markets

34 Who introduced you to the wholesaler ?

WHA	<input type="checkbox"/>	Wholesaler's agent
FR	<input type="checkbox"/>	Friend
RL	<input type="checkbox"/>	Relative
OI	<input type="checkbox"/>	Own initiative

36 How do you travel to get these goods

1	Cycle
2	Taxi
3	Auto-rickshaw
4	Public transport.
5	Walk

35 How do you purchase your goods?

BY	<input type="checkbox"/>	Buy on credit
PP	<input type="checkbox"/>	Commission.
CP	<input type="checkbox"/>	Cash purchase.

37 How much does each trip cost?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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38 Type of housing.

R	<input type="checkbox"/>	Room
BT	<input type="checkbox"/>	Bustee
HT	<input type="checkbox"/>	Hutment
SH	<input type="checkbox"/>	In the shop
PD	<input type="checkbox"/>	Pavement dweller.

39 Type of occupancy.

1	<input type="checkbox"/>	Tenant
2	<input type="checkbox"/>	Sub-tenant
3	<input type="checkbox"/>	Shared accomadation
4	<input type="checkbox"/>	Owner
5	<input type="checkbox"/>	Illegal occupant.

40 Have you always lived in this place?

Yes  No

41 If no. where did you live before?

---

42 If you share your accomadation,

who do you share it with?

1	<input type="checkbox"/>	Relative
2	<input type="checkbox"/>	Friend
3	<input type="checkbox"/>	Someone from your village/town
4	<input type="checkbox"/>	Other.

43 What is your daily transport expenditure?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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44 What fuel do you use for cooking?

Cl	<input type="checkbox"/>	Coal
WD	<input type="checkbox"/>	Wood
CD	<input type="checkbox"/>	Cow dung cakes
GS	<input type="checkbox"/>	Gas
KR	<input type="checkbox"/>	Kerosene
EO	<input type="checkbox"/>	Eats out.

45 Do you collect the full quota of ration?

1	<input type="checkbox"/>	Yes
2	<input type="checkbox"/>	Do not require it
3	<input type="checkbox"/>	Cannot afford it.
4	<input type="checkbox"/>	Do not have a card.

46 How much do you spend on food each month?

<input type="checkbox"/>				
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47 Do you posses any of the following?

CY	<input type="checkbox"/>	Cycle
SC	<input type="checkbox"/>	Scooter
TV	<input type="checkbox"/>	Television
RD	<input type="checkbox"/>	Radio
TIO	<input type="checkbox"/>	Two-in one

TABLE 3 MATRIX SHOWING TRADING UNITS PETTY TRADERS BY WARD.

WARD NO.	TOTAL NO. OF UNITS		TOTAL WRKS IN IN TRADING		% TO TOTAL WRKS		TOT. NO. OF UNITS WITH 2<2 WRKS		% TO TOTAL NO. OF UNITS	
	IN TRADING		WRKS		WRKS		2<2 WKRS		UNITS	
1	857	1669	864	51.77	677	79				
2	582	1621	388	23.94	274	47.08				
3	860	1874	839	44.77	636	73.95				
4	801	1527	794	52.00	647	80.77				
5	425	1067	376	35.24	292	68.71				
6	1015	2261	977	43.21	740	72.91				
7	350	378	313	82.80	216	61.71				
8	429	1126	377	33.48	277	64.57				
9	515	1327	484	36.47	346	67.18				
10	833	2449	694	28.34	522	62.67				
11	852	2423	699	28.85	514	60.33				
12	774	2448	644	26.31	441	56.98				
13	568	1211	598	49.38	417	73.42				
14	673	1277	706	55.29	532	79.05				
15	433	1242	394	31.72	287	66.28				
16	464	1468	348	23.71	254	54.74				
17	388	987	372	37.69	246	63.4				
18	724	2228	583	26.17	417	57.6				
19	311	812	291	35.84	206	66.24				
20	472	1127	423	37.53	313	66.31				
21	891	3810	528	13.86	360	40.4				
22	2343	9056	1600	17.67	1026	43.79				
23	815	3439	653	18.99	432	53.01				
24	682	1708	599	35.07	429	62.9				
25	783	2339	681	29.12	458	58.49				
26	639	1603	582	36.31	421	65.88				
27	869	2505	735	29.34	514	59.15				
28	889	2972	682	22.95	491	55.23				
29	749	1984	612	31.16	501	66.89				
30	319	635	334	52.60	248	77.74				
31	391	907	386	42.56	278	71.1				
32	420	966	405	41.93	294	70				
33	263	1688	195	11.55	146	55.51				
34	489	1003	500	49.85	376	76.89				
35	558	1049	548	52.24	429	76.88				
36	629	2284	484	21.19	342	54.37				
37	414	1491	303	20.32	207	50				
38	798	3548	538	15.16	358	44.86				
39	932	6078	483	7.95	323	34.66				
40	982	3880	748	19.28	503	51.22				
41	833	4190	489	11.67	323	38.78				
42	5827	26441	2528	9.56	1494	25.64				
43	928	5008	517	10.32	330	35.56				
44	977	3713	711	19.15	503	51.48				
45	2559	16637	1034	6.22	641	25.05				
46	2811	22269	1296	5.82	863	30.7				
47	852	4505	492	10.92	326	38.26				
48	842	3126	645	20.63	421	50				
49	702	3446	436	12.65	300	42.74				
50	595	3133	324	10.34	214	35.97				
51	326	1524	230	15.09	155	47.55				
52	734	3690	446	12.09	312	42.51				
53	425	1804	287	15.91	189	44.47				
54	417	2194	275	12.53	181	43.41				
55	254	1468	174	11.85	121	47.64				
56	640	1672	570	34.09	425	66.41				
57	861	1699	918	54.03	711	82.58				
58	750	1405	793	56.44	597	79.6				
59	824	2183	722	33.07	546	66.26				
60	522	1606	443	27.58	320	61.3				
61	1143	3984	937	23.52	612	53.54				

TABLE 3 MATRIX SHOWING TRADING UNITS PETTY TRADERS BY WARD.

62	682	2388	533	22.32	356	52.2
63	717	6326	323	5.11	218	30.4
64	512	1870	417	22.30	277	54.1
65	1102	2083	1067	51.22	917	83.21
66	568	1241	575	46.33	421	74.12
67	598	1085	580	53.46	450	75.25
68	1038	3059	1108	36.22	735	70.81
69	535	1866	423	22.67	294	54.95
70	721	3025	560	18.51	370	51.32
71	533	1740	425	24.43	302	56.66
72	504	1491	428	28.71	309	61.31
73	428	1240	366	29.52	243	56.78
74	354	1801	211	11.72	146	41.24
75	308	1282	210	16.38	133	43.18
76	444	1517	368	24.26	240	54.05
77	763	2753	626	22.74	421	55.18
78	451	1333	433	32.48	285	63.19
79	592	1756	548	31.21	377	63.68
80	312	1505	256	17.01	186	59.62
81	386	823	413	50.18	296	76.68
82	435	1146	426	37.17	314	72.18
83	1206	3213	1115	34.70	785	65.09
84	532	1688	455	26.95	309	58.08
85	349	1108	270	24.37	195	55.87
86	385	1622	274	16.89	178	46.23
87	590	1795	475	26.46	322	54.58
88	514	1192	504	42.28	373	72.57
89	289	773	232	30.01	175	60.55
90	265	672	223	33.18	190	71.7
91	434	797	452	56.71	351	80.88
92	411	1278	409	32.00	312	75.91
93	495	1105	452	40.90	357	72.12
94	160	351	159	45.30	117	73.13
95	224	451	238	52.77	178	79.46
96	356	820	352	42.93	256	71.91
97	271	624	257	41.19	194	71.59
98	442	891	424	47.59	335	75.79
99	296	779	304	39.02	228	77.03
100	321	1099	262	23.84	187	58.26
TOTAL	70526	260732	54180	38306		

TABLE 4 SPATIAL DISTRIBUTION OF PETTY-TRADERS BY THEIR PLACE OF ORIGIN.

## **APPENDIX 2**

## APPENDIX 2

### CALCULATING THE MONTHLY PER CAPITA EXPENDITURE OF A TRADER'S HOUSEHOLD.

Calculating the monthly per capita expenditure of a trader's household (MPCE) involved three steps.

#### Step I

The monthly per capita expenditure on food for the trader's household was derived from the total household expenditure on food and the household size, obtained through the survey.

#### Step II

As already stated, NSSO provides a detailed break-up of per capita expenditure under the heads of food, shelter and other expenses for the 14 expenditure groups it uses. This was used to derive two sets of values.

First, the amount spent on food for each class interval was derived for the NSSO classification. This would allow to group the trader's per capita expenditure on food using the NSSO classification.

Secondly, The ratio of other expenses to total expenditure was also obtained for each NSSO group. This was used to calculate the total per capita expenditure of each trader.

#### Step III

Using the per capita expenditure on food of the NSSO class intervals, the traders were grouped and their expenditure on food was multiplied by the appropriate ratio to derive the monthly per capita expenditure for each petty-trader.

**Table 1. showing the values derived from NSSO 28th Round Survey.**

Monthly per capita expenditure (Rs.)	% expenditure on food.	Amt. spend on food for class intervals	Ratio of other expenses to total
0-13	82.7	0-10.75	1.21
13-15	84.3	10.75-12.65	1.19
15-18	75.83	12.65-13.65	1.32
18-21	80	13.65-16.80	1.25
21-24	81	16.80-19.44	1.23
24-28	79.68	19.44-22.31	1.25
28-34	73.25	22.31-24.91	1.37
34-43	70.04	24.91-30.12	1.43
43-55	73.67	30.12-40.52	1.35
55-75	70.88	40.52-53.16	1.43
75-100	72.2	53.16-72.20	1.4
100-150	65.74	72.20-98.61	1.52
150-200	60.22	98.61-120.44	1.66
>200	49.54	>120.44	2.02

TABLE 2. AREA-WISE BREAK-UP OF DAILY SALE FOR CATEGORIES OF GOODS.

LOCATION	COOKED FOOD- SELLERS	CIGARETTE/ "PAAN" ETC	FRUITS & VEGETABLES	TEXTILE & GARMENTS	CONSUMER DURABLES.
	Rs.	Rs.	Rs.	Rs.	Rs.
NORTH	119.21	105.56	101	142.83	118.11
E.CENTRAL	105.04	107.61	156.25	326.9	232.04
GARIHAT/KALI	363.62	362.82	211.3	226.75	270
W.CENTRAL	124.44	151.25	173.13	264.36	169.73
SOUTH	74.2	116.54	188.28	217.5	317.11

**THE WEST BENGAL TOWN AND COUNTRY (PLANNING AND  
DEVELOPMENT) BILL.  
1978**

**STATEMENT OF OBJECTS AND REASONS.**

(The Bill with Statement of Objects and Reasons published in the Calcutta Gazette Extraordinary issue dated November 16, 1978).

1. At present there is no comprehensive law in the State of West Bengal to control use of land and provide for its planned development in rural and urban areas. The situation has often resulted in disorganised and uncoordinated growth creating serious civic and environmental problems. To remedy this situation, it is imperative to prepare comprehensive development plans to control the use of land in, and provide the basic frame-work for development of any area. It is also necessary that such development plans should have adequate legislative sanction so that they can be properly enforced and implemented. The West Bengal Town and Country (Planning and Development) Bill, 1978 provides for the above measures in the following manners.
2. The Bill provides for setting up of Planning Authorities or Planning-cum-Development Authorities (called Development Authorities) in different "Planning Areas" that may be notified in different parts of the State. Such Authorities will be required to prepare Development Plans indicating the frame-work of future land use and development in their respective areas. In addition Planning-cum-Development Authorities (called Development Authorities) are being invested with powers to prepare and execute specific development schemes in accordance with the Development Plans.
3. These Authorities are being invested with adequate powers required for plan preparation as well as plan enforcement, including the power to levy development charges for initial use of land for residential, industrial or commercial purposes or change of use of land from one purpose to another and for any erection or re-erection of buildings.
4. The provisions of the CMDA Act are being incorporated in this comprehensive legislation.

Calcutta,  
The 1st November, 1978.

sd/- ASHC  
Member

**The West Bengal Town and Country (Planning and Development) Act, 1979.**

(Chapter I.—Preliminary.—Section 2.)  
 (Chapter II.—State Town and Country Planning  
 Advisory Board.—Section 3, 4.)

account or on account of, or on behalf of, or for the benefit of, any other person or as an agent, trustee, guardian or receiver for any other person or for any religious or charitable institution or who would so receive the rent or premium or be entitled to receive the rent or premium if the land were let to a tenant ; and also includes the Head of a Department or an Undertaking of the Central or a State Government, the General Manager of a Railway, the Secretary or other principal officer of a local authority, statutory authority or company in respect of properties under their respective control ;

- (19) "Planning Area" means any area declared to be a Planning Area under this Act and includes Calcutta Metropolitan Area ;
- (20) "Planning Authority" means any Planning Authority constituted under this Act ;
- (21) "prescribed" means prescribed by rules made under this Act ;
- (22) "public place" means any place or building which is open to the use or enjoyment of the public whether it is actually used or enjoyed by the public or not and whether the entry is regulated by any charge or not ;
- (23) "regulation" means a regulation made under this Act ;
- (24) "residence" means the use for human habitation of any land or building or part thereof including gardens, grounds, garages, stables and out-houses, if any, appertaining to such building ; and the expression "residential" shall be construed accordingly.

## CHAPTER II

### State Town and Country Planning Advisory Board.

- 3. (1) The State Government, after the commencement of this Act, shall, for the purpose of carrying out the functions assigned to it under this Act, constitute by notification an Advisory Board to be called the West Bengal Town and Country Planning Advisory Board (hereinafter referred to as the Board).
- (2) The Board shall consist of a Chairman, two Vice-Chairmen and not more than 45 other members.
- 4. (1) The Chief Minister of the State of West Bengal shall be the Chairman of the Board and he shall nominate two persons to be the Vice-Chairmen.
- (2) The other members shall be—
  - (i) the Mayor of the Corporation of Calcutta ;
  - (ii) one Member of Parliament to be nominated by the Chairman of the Board from amongst those elected from the State of West Bengal ;

**The West Bengal Town and Country (Planning and Development) Act, 1979.**

**(Chapter II.—State Town and Country Planning  
Advisory Board.—Sections 4—6.)**

- (iii) three Members of the West Bengal Legislative Assembly to be nominated by the Speaker of that Assembly;
- (iv) the Chairman of three municipalities to be nominated by the State Government;
- (v) the **Sabhadhipatis** of three **Zilla Parishads** to be nominated by the State Government;
- (vi) the Chief Secretary to the Government of West Bengal;
- (vii) not more than seven officers of the rank of Secretary to the State Government Departments dealing with metropolitan development, local Government, planning, health, industry, housing, finance, agriculture, community development, transport, education, power, public works, irrigation, panchayat and land and land reforms;
- (viii) the Chairman of the West Bengal Housing Board;
- (ix) the Engineer-in-Chief, Public Works Department, Government of West Bengal;
- (x) the Chief Conservator of Forests and Wild Life, Government of West Bengal;
- (xi) the Chief Executive Officer, Calcutta Metropolitan Development Authority;
- (xii) the Chairman of the West Bengal State Electricity Board;
- (xiii) the Chairman of the West Bengal Industrial Development Corporation;
- (xiv) representatives of the Central Government dealing with railways, steel and mines, civil aviation and transport and communications;
- (xv) non-officials to be nominated by the State Government who, in its opinion, have special knowledge or practical experience in matters relating to town and country planning, engineering, transport, industry, environmental engineering, geography, geology, sociology, municipal engineering, agriculture and economics;
- (xvi) the Secretary, Town and Country Planning Department, Government of West Bengal, who shall be designated as the Member-Secretary of the Board.

5. The Board shall, in accordance with the provisions of this Act and the rules made thereunder, advise the State Government in matters relating to planning, development, co-ordination and use of rural and urban land and such other connected functions as the State Government may, from time to time, assign to it.

6. (1) The term of office and allowances of the nominated members of the Board shall be such as may be prescribed:

Provided that the State Government may, if it thinks fit, terminate the appointment of any nominated member before the expiry of his term of office.

**The West Bengal Town and Country (Planning and Development) Act, 1979.****( Chapter II.—State Town and Country Planning  
Advisory Board.—Sections 6—9.)**

(2) A nominated member of the Board may resign his membership by giving notice in writing to the State Government. He shall cease to be a member on acceptance of such resignation.

(3) Any vacancy by resignation, death or otherwise of a nominated member shall be filled by fresh nomination by the State Government.

**7.** (1) The Board shall meet at least four times in a year at such time and place as it thinks fit and the meeting shall be held according to such procedure as may be prescribed.

(2) The Chairman or in his absence a Vice-Chairman shall preside at a meeting of the Board. In case both the Vice-Chairmen present the members shall elect one of the Vice-Chairmen to preside at the meeting. In the absence of Chairman and the Vice-Chairmen the members present shall elect one of them present for presiding at the meeting.

**Meeting of the Board.**

**8.** Thirty percent of the members of the Board shall form a quorum for a meeting:

Provided that no quorum shall be necessary for a meeting.

**CHAPTER III****Declaration of Planning Areas and Constitution of Planning and Development Authorities.**

**Declaration of Planning Areas, their amalgamation, subdivision and inclusion of any area in Planning Area.**

**\* 9.** (1) The State Government may, by notification, declare any area in West Bengal to which the provisions of this Act shall apply into force under sub-section (3) of section 1 to constitute a Planning Area for the purposes of this Act.

(2) Every such notification shall define the limits within which it relates.

(3) The State Government may amalgamate two or more Planning Areas into one Planning Area, sub-divide a Planning Area into two or more different Planning Areas and include such sub-area in any other Planning Area.

(4) The State Government may, by notification, direct the modification of the rules, regulations, orders, directions and powers issued, or conferred under this Act or deemed to be issued, or conferred under this Act and in force in any Planning Area at the time, with such exceptions, adaptations and modifications as may be considered necessary by the State Government, shall apply to the area amalgamated or included in, the other Planning Area under this section such rules, regulations, orders, directions and powers with such exceptions, adaptations and modifications, if any, as may be necessary.

\* By Notification No. 212-MD/A-14/80 dated 16-1-1982 the Calcutta Metropolitan area has been declared the Planning Area for the purposes of this Act. The limits of the said area have been defined in the said Notification.

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