

# Employment and Income Generation in Informal Sector: A Case of Street Vendors of Kathmandu Nepal

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# Introduction

- ✓ In general, informal economy refers to all economic activities by worker and economic units which are not covered by formal economy.
- ✓ Contributed to in employment generation, production, and income generation, for example, National Product by around 42 % in Nepal and around 50 % in India.
- ✓ Regarding the employment: around 96 % of total economically active population in Nepal, 91 % in India, 87.5 % in Bangladesh, 59.8 % in Sri lank , and 76.4% in Bhutan

# Introduction.....

- ✓ It may contribute to poverty alleviation
- ✓ However, in Nepal, 37.7 % were paid employees, 56.3 % self employed irregular job, but no any social security benefits.
- ✓ Similarly, in India, only 23 % were paid employees except self employed with paid leave and 69% workers except self employed have no any social security benefits.
- ✓ Evidence rarely available to design appropriate policy to link with poverty alleviation intervention

# Street Vendors

- ✓ It is growing urban informal economy in South Asia as increase in urbanization
- ✓ Street vending is one of the important part of informal economy of urban area
- ✓ A purely self-employed or family members handle business



# Introduction...

✓ Growing small-scale economic activity due to lack of alternative employment opportunities, poor may join such activities; particularly selling common goods such as local product, low cost jewellery, religious items among others

✓ This sector creates jobs to many people in South Asia. According to (NEST) representative, street vendors alone count about 30,000 (about 3 % of economically active population) in Kathmandu valley.

✓ 10 million street vendors in India, with Delhi accounting for 450,000, around 90,000 street vendors in the Dhaka city ,8,000 to 10,000 in Colombo



✓ Millions of people earn their living wholly or partly by selling a wide range of goods on the streets, sidewalks, and other public spaces



✓ Street vending is a simple way of income generation by investing small capital, in this study around 40 per cent vendors invest less than NRs. 10,000, (~\$100) during startups.

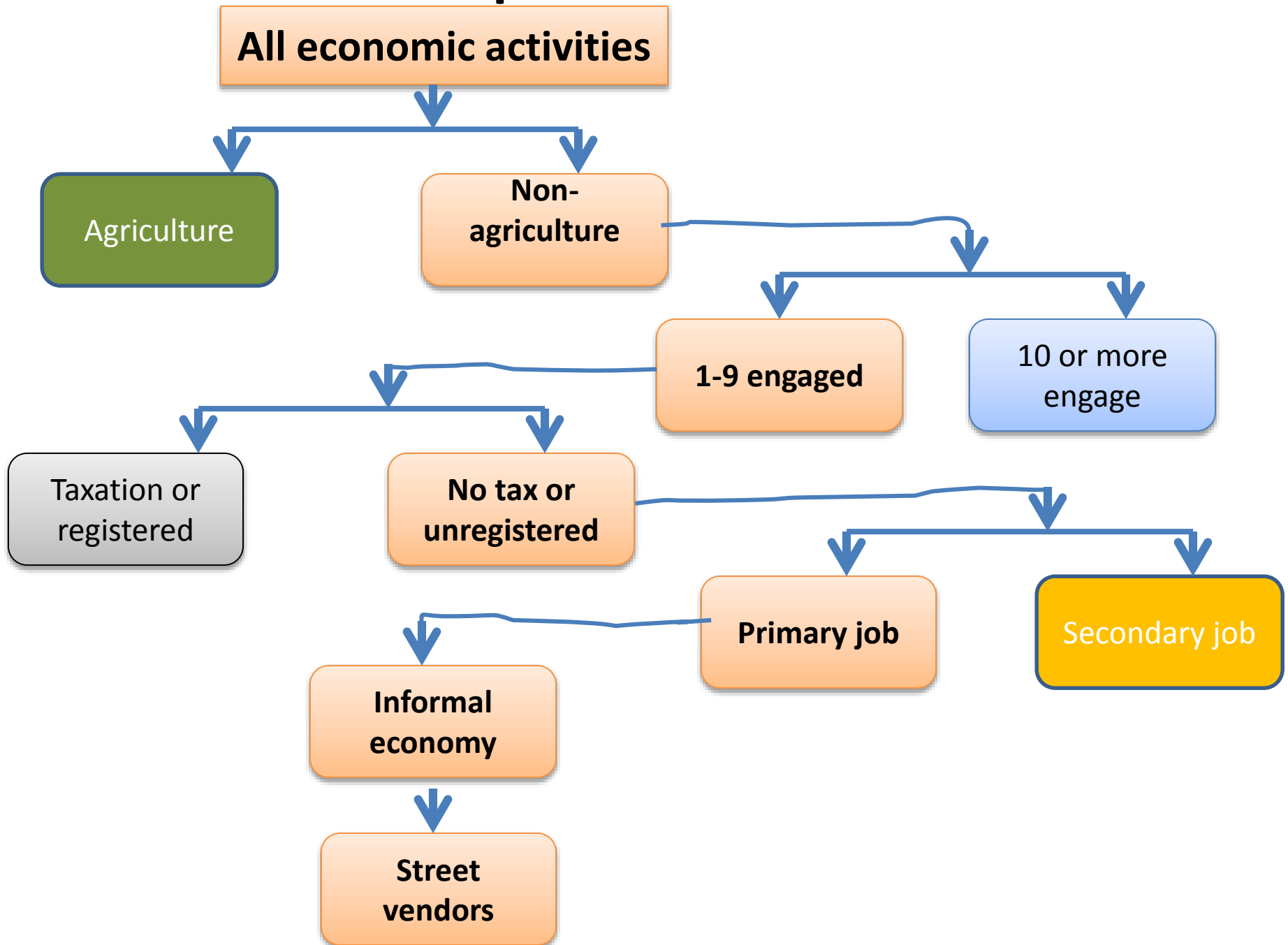


✓ Street vendors are often viewed as an irritation or obstruction to other commerce and the free flow of traffic

# Objectives

- To analyse the employment pattern of street vendors of Kathmandu city,
- To determine the impact of the street vendor's income by different variables.

# Conceptual framework





# Methodology

## Sample Design:

In Nepal, Labour Force Survey has used household survey method to collect the information of the informal sector. Kathmandu city has been selected as a study area.

<b>Data Collection Methods</b>	Primary and secondary	Structured questionnaire was used to collect primary data
<b>Sample Area</b>	Ratna Park Area	These location were selected based upon the criterion such as the representation of all the city area of Kathmandu.
	New Bus Pak Area	
<b>Universe</b>	1000	The size of population determined with the help of Nepal Street Vendors Trade Union representative.
	700	
<b>Sample Size</b>	100	10% of total population by replacement method, Most of the respondents are semi-mobile and mobile. Interview has been taken at working place.
	70	

# Methodology

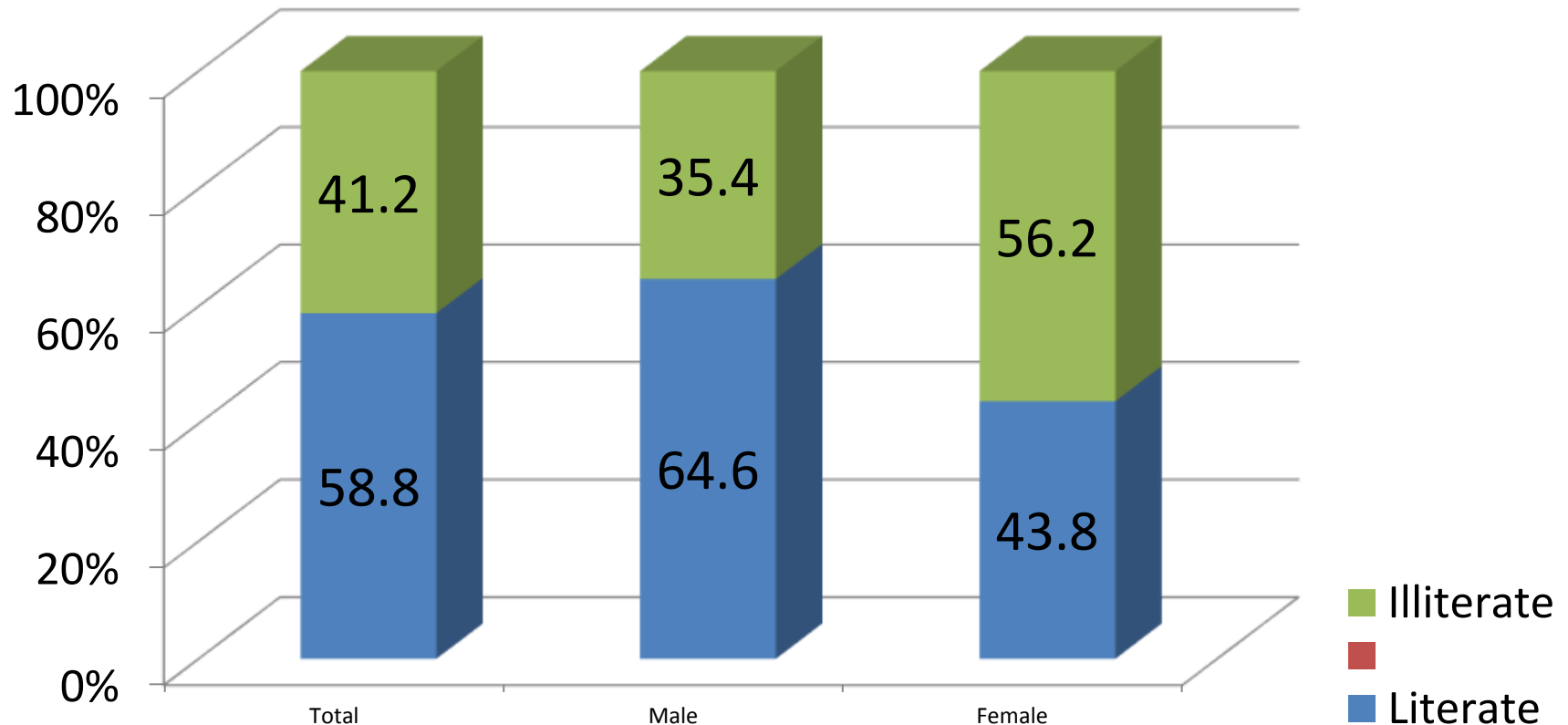
<b>Model Specification</b>	Y=f (INV, LS, AWH, AMWD, WC, WY, TOCC, ED, SEX, AGE)	Expectation and operational definition
<b>Statistical Tools</b>	STATA 10 program	Employment pattern has been analyzed by descriptive method and income analyzed by analytical method (OLS regression)
<b>Presentation Tools</b>	Descriptive and analytical	

# Data presentation and Discussion

- ✓ This section deals with the analysis of the data. It presents the characteristics of employment activities and income of street vendors.
- ✓ In total respondents, 72 percent were males and 28 percent were females.

# Employment Pattern of Street Vendors in Kathmandu

## Status of the Respondents Literacy by Sex ( in percent)

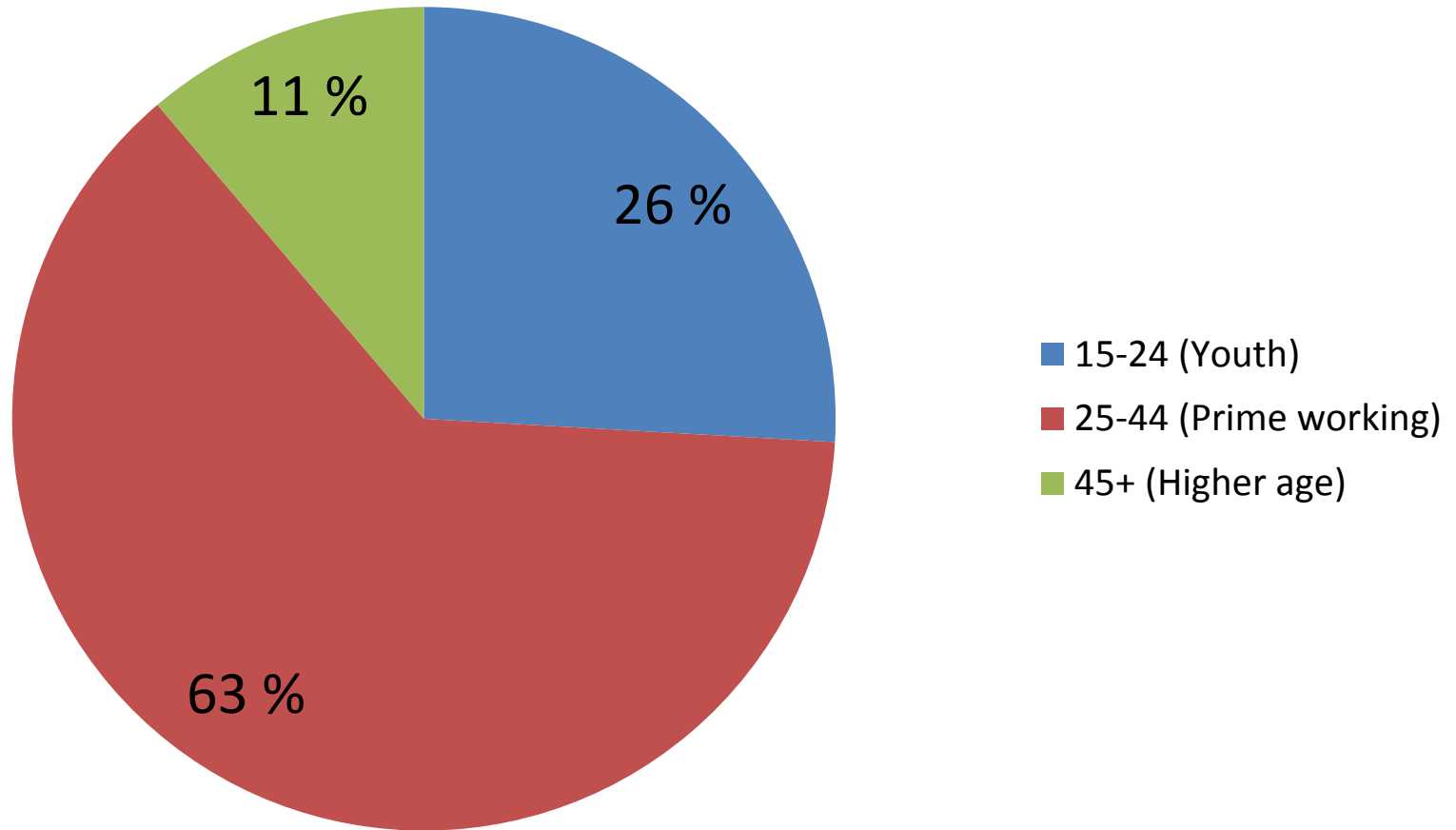


According to 2011 census, 65.9% of total population is literate in Nepal

# Distribution of Marital Status by Sex

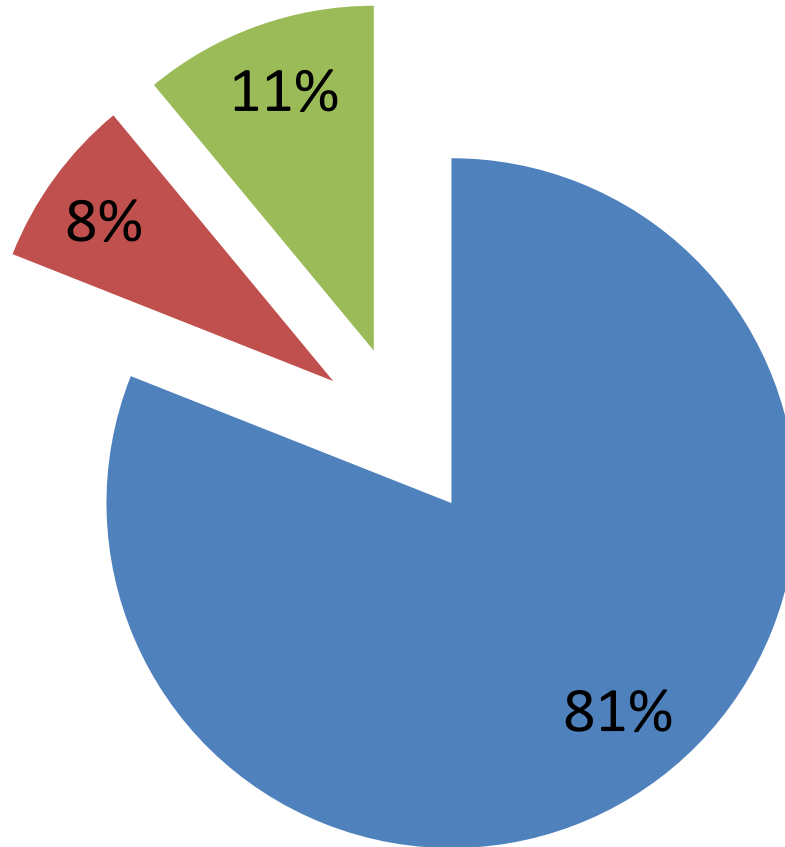
- ✓ In total 80 percent respondents were married among them 74.6 percent were males and 93.6 percent were females. In total 20 percent respondents were unmarried among them 25.4 percent males and 6.4 Percent were females.

# Distribution by Working Age

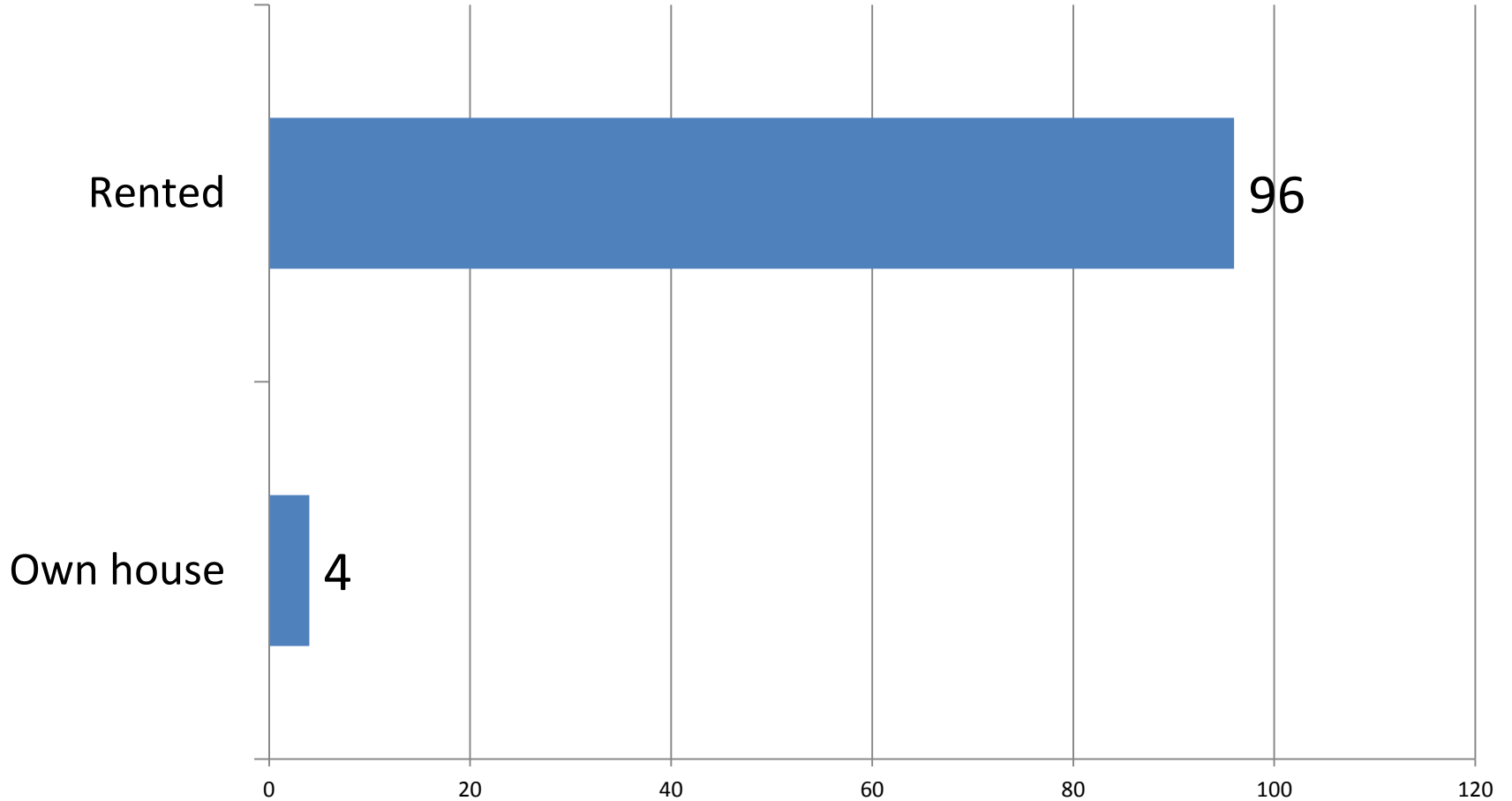


# Distribution by property

■ Own property ■ No property ■ Indian citizens



# Residential status in Kathmandu (in percent)

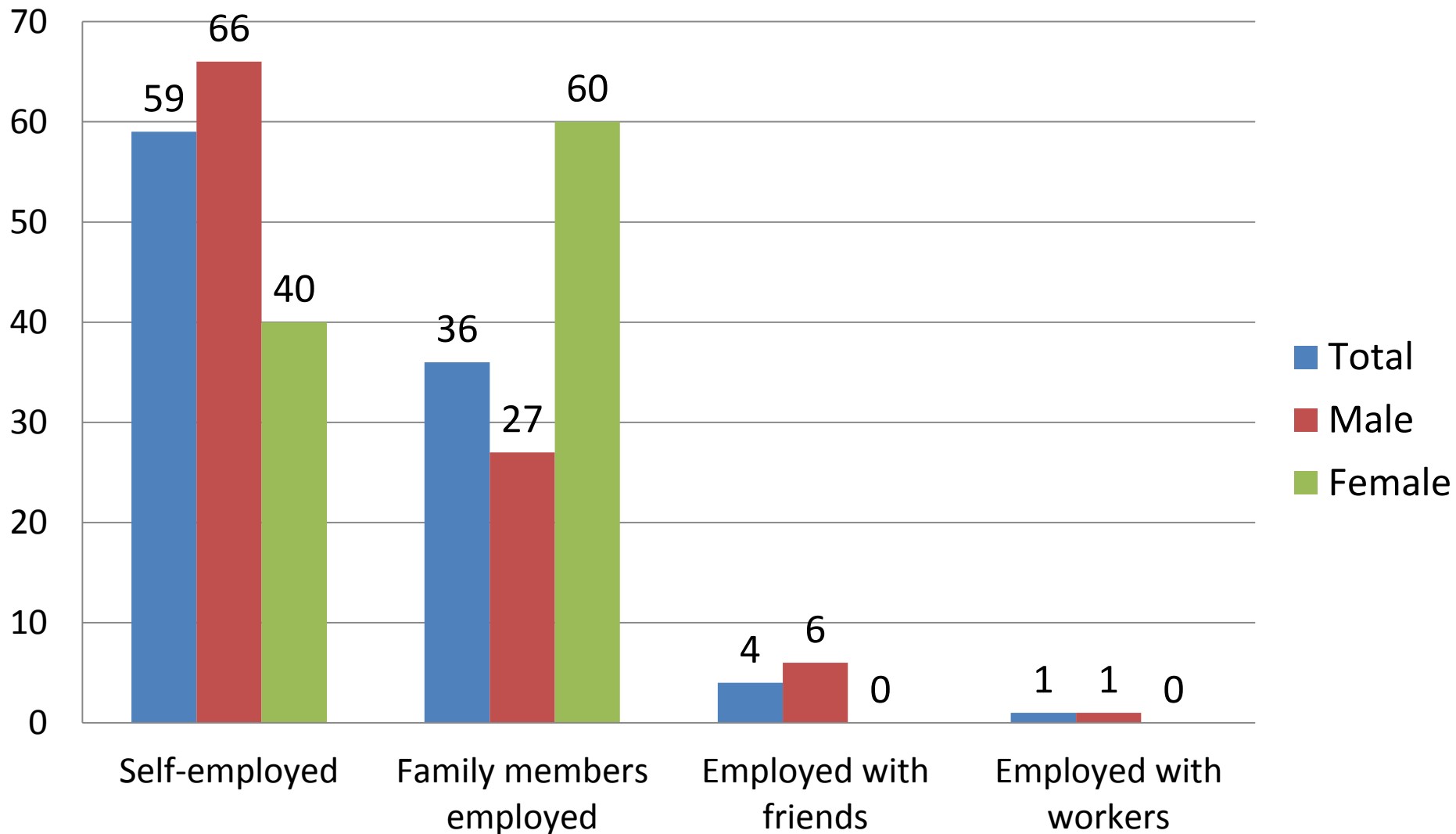




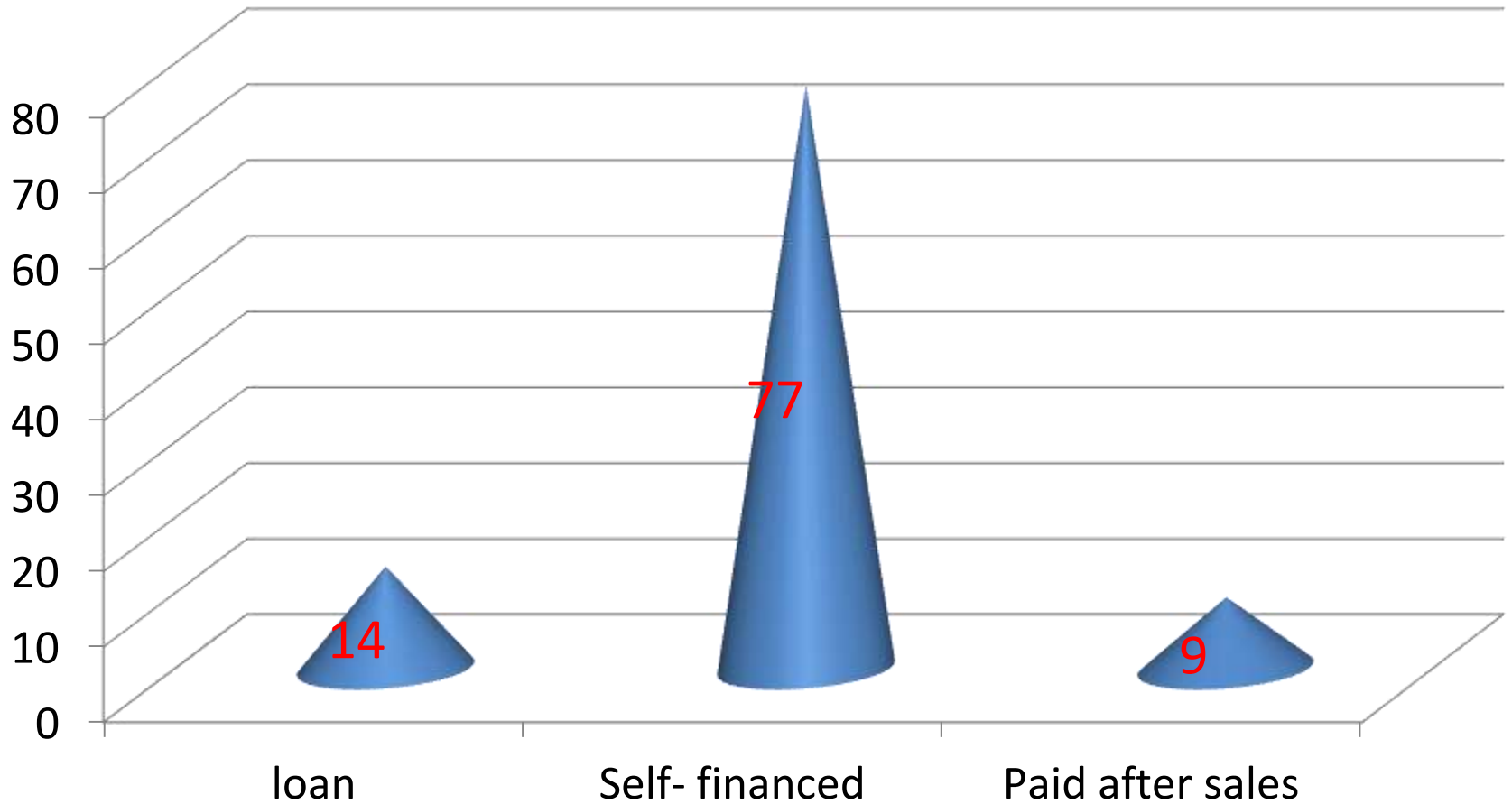
# Distribution by Religion

- ✓ Around nine-tenth respondents were from Hindu Religion, Around one-tenth were from other religions.
- ✓ According to the 2011 census, 81.3% of the Nepalese population was Hindu

# Distribution of sex by types of Employment (In percent)



# Distribution of Investment Pattern (in percent)



# Income Generation Situation of the Street Vendors

- ✓ This topic has analysed the income impact of the street vendors through different variables (education level, investment and numbers of employer etc).

# Econometric Analysis (Regression Analysis)

Variables	Description of the variables	coefficients
INV	Initial investment	0.0523*** (0.0107)
LS	supply of labour	3,971*** (960.8)
AWH	Average working hour per-day	140.0 (170.6)
AMWD	Average monthly working days	45.41 (230.1)
WC	working condition of the respondents (1 = semi-mobile 0 = mobile)	770.6 (2.016)

<b>WY</b>	<b>working years</b>	<b>192.3*</b> <b>(113.8)</b>
<b>SEX</b>	<b>sex of the respondents (1=male, 0=female)</b>	<b>3,518**</b> <b>(1,438)</b>
<b>AGE</b>	Age of the respondents	-97.71 (71.81)
<b>TOCC</b>	<b>1clothes, 2 vegetables, 3 cooked food, 4 cosmetics and 5 service</b>	
	<b>TOCC 1</b>	<b>-9,599***</b> <b>(1,928)</b>
	<b>TOCC 2</b>	<b>-5,286*</b> <b>(2,697)</b>
	<b>TOCC 4</b>	<b>-13,630***</b> <b>(2,511)</b>
	<b>TOCC 5</b>	<b>-10,369***</b> <b>(3,624)</b>

<b>ED</b>	<b>1 illiterate, 2 under SLC and 3 SLC and above</b>	
	<b>ED 1</b>	<b>-5,542*** (1,842)</b>
	<b>ED 2</b>	<b>-4,795*** (1,608)</b>
<b>Constant</b>		<b>15,970** (7,340)</b>
Observations		170
<b>R-squared</b>		<b>0.54</b>

Standard errors in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

# Perception of the Respondents

- ✓ They provided all the information which was the need for this work. They also stated their problems of their street business.

## **One respondent says:**

- ✓ *(As a vendor, I deem that livelihood in the street is our right. Most of the vendors who are staying in the street are poor. If they were not allowed to stay in the street, they would have difficulty to live and care their children. If there were right to life, there should be right to do street business. So, government should provide proper place to vend.)*
- ✓ Most of the respondents argued that they would agree to pay some amount to the government if government manages a proper place and fixed time for vending without any obstacle.



# conclusion

- ✓ Employment and income generation is the main finding of this study.
- ✓ This study shows that almost all respondents earned sufficient income for their livelihood

# Con..

- ✓ More than fifty percent respondents were found literate
- ✓ Most of the respondents were found to have their own property within the country.
- ✓ More than nine tenth respondents were self employed or family member
- ✓ Most of the respondents were found to be self-financed.
- ✓ Average monthly income of the respondents was NRs 15,757 (~\$157.57) by spending 8 hours per day

# THANK YOU

