

**A SOCIOLOGICAL EXPLORATION OF LOCAL WEEKLY  
MARKETS IN URBAN AREAS**

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of the requirements for the award of the Degree of*

**MASTER OF PHILOSOPHY**

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CERTIFICATE

I hereby declare that the dissertation entitled "A Sociological Exploration of Local Weekly Markets in Urban Areas" submitted by me at the Centre for the Study of Social Systems, Jawaharlal Nehru University, New Delhi-110067, India, in partial fulfillment of the requirements for the award of the Degree of Master of Philosophy is my original work and has not been previously submitted for any other Degree of this or any other University.

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*Suvrata*  
Suvrata

## ABBREVIATIONS

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CD	Compact Disc
CSO	Central Statistical Organisation
DE	Directory Establishment
GDP	Gross Domestic Product
ILO	International Labour Organisation
MCD	Municipal Corporation of Delhi
NDE	Non Directory Establishment
NGO	Non Governmental Organisation
NSSO	National Sample Survey Organisation
OAE	Own Account Enterprises
SAAT	South Asia Multidisciplinary Advisory Team
SEWA	Self Employed Womens' Association

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## CHAPTER ONE

### INTRODUCTION

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The word 'market' is a derivative of the Latin word 'marcatus', meaning thereby merchandise or trade, or a place where business transaction is conducted. According to B. W. Hodder "markets in a sense of public gathering of buyers and sellers meeting at appointed place at regular intervals have been found to be important elements of the social and economic landscape."<sup>1</sup>

Local weekly markets or 'haat' or 'tehbazaari' is a traditional style of retailing where on a particular day of a week petty traders display their commodities on a makeshift arrangement in places authorized by the state municipal authorities against the payment of Rs. 10 per table. Usually these markets are organised on pavements of the roads. Commodities sold in these markets range from small objects of daily use to vegetables, garments, toys, and small electrical gadgets and cost of most of these goods are cheaper when compared to the price of similar articles sold in established outlets or malls.

To quote Tamaskar in this respect, "As against 'fixed' locations of trading firms (shops), with their openings on everyday of the week, except on the declared holidays, periodic marketing places meet once, twice, thrice or four times in a Market 'week'. Periodic market places may be defined as spots or sites at which buyers and sellers converge periodically to acquire and or dispose of locally produced and exotic goods and service exchange information with friends, relatives, and strangers and engage in recreational activities"<sup>2</sup>

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<sup>1</sup> Dixit, R. S. 1984. *Market Centres and their Spatial Development in Upland of Kanpur*, Kitab Mahal, Allahabad, pp. 2-10.

<sup>2</sup> Tamaskar, B. G. 1993. *Fundamentals of Periodic Market Places and Networks*, Inter India Publications, New Delhi, p. 46.

Local Weekly Markets can be treated synonymously as Periodic Market Places. A Local Weekly Market in fact is a counterpart of Periodic Market place in the urban context.



One of the features of the local weekly markets is that it provides easy employment opportunity to migrants and working poor. The logic of survival and livelihood overrides the logic of profit and competition in these markets. As opposed to the organised and formal markets (by organised and formal means the one which is recognised in the official documents and which is covered by government regulatory structure, examples of such markets would be retail stores, supermarkets, malls etc.) these markets fall under the informal or unorganised sector of the economy. Informal activity in the developing world consists primarily of unregulated but productive activity generally seen as the survival activity of the very poor. Many social scientists who have done research on the informal sector of the economy have a common view regarding the nature of this sector i.e. they consider this sector to be residual, peripheral and often invisible.

This provides an easy entry point for an exploration of these local weekly markets in the context of it being considered to be informal and unorganised though it contributes significantly to the national economy both directly and indirectly. Barbara Harriss-White<sup>3</sup> has written a great deal on the significance of the informal sector and about the reasons as to why it is so vital for developing economies. She says in this respect that the India of 88 percent is sometimes called 'local', as opposed to national, or state-provincial; but local is often used to refer to the detail of activity carried on in cities. It has been called 'real', actually existing and even authentic, to distinguish it from the imagined economy that is so often inferred from official data in a selective way to support orthodox economic theories. Its market has been called 'mud floored' and indeed many are, but this does not mean that none are marble floored. Its economy is sometimes called 'unorganised' to distinguish it from the 'organised' and registered economy; and this is useful so long as it is clear that 'unorganised' does not mean 'unregulated'. By this the author brings in a critical perspective to the way in which the informal sector is analysed and the argument that unorganised does not necessarily mean unregulated holds quite true if one looks at the local weekly markets which are very much regulated by state policies even though

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<sup>3</sup> Harriss-White, Barbara. 2003. *India Working Essays on Society and Economy*, Cambridge University Press, UK, pp. 2-4.

they are informal in the wider sense of the term. In the subsequent chapters this aspect would be analysed in detail.

The presence of local weekly markets in the heart of the urban metropolitan cities like Delhi, Mumbai, Kolkata in itself drives a lot of attention to the fact that how this traditional mode of marketing which are so peculiar to the rural settings has replicated itself in the urban domain. A large number of urban poor residing in these cities enter into the local weekly markets as vendors and traders on a regular basis. According to some studies this section of urban poor tries to solve their problems through their own meagre resources. Bhowmik states that “Unlike other sections of the urban population they do not demand that government create jobs for them, nor do they engage in begging, stealing or extortion. They try to live their life with dignity and self-respect through hard work”.<sup>4</sup> Broadly defined, a street vendor is a person who offers goods or services for sale to the public without having a permanent built-up structure but with a temporary static structure or mobile stall (or head-load). Street vendors could be stationary and occupy space on the pavements or other public/private areas, or could be mobile, and move from place to place carrying their wares on push carts or in cycles or baskets on their heads, or could sell their wares in moving buses. The Government of India has used the term ‘urban vendor’ as inclusive of both traders and service providers, stationary as well as mobile, and incorporates all other local/region specific terms used to describe them, such as, hawker, pheriwalla, rehri-patri walla, footpath dukandars, sidewalk traders, and more.<sup>5</sup> The total number of street vendors in the country is estimated at around 10 million. Some studies estimate that street vendors constitute approximately 2 per cent of the population of a metropolis. Mumbai has roughly 2,50,000 street vendors and Kolkata has nearly 2,00,000. The street vendors market many goods, such as clothes and hosiery, household goods and food items, manufactured by home based workers, who have no other means of marketing the products that they produce.

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<sup>4</sup> Bhowmik, Sharit. 2006. ‘Social Security for Street Vendors’, *Seminar*, Vol. 568 (accessed online so unable to cite page number)

<sup>5</sup> *ibid.* Definition as included in the National Policy on Urban Street Vendors, 2004, Department of Urban Employment and Poverty Alleviation, MUPA, GoI.

This brief overview is given to highlight the fact that local weekly markets is home to vendors and traders who do not have any fixed location to carry on their business. And the nature of the local weekly markets would be explored through a thorough analysis of such vendors who form these markets.

In the light of the view that there are a number of players in the informal sector each of whom are embedded in a range of institutional networks and they gather information to generate knowledge about the market place in the course of their actions. It has been argued by Seemanthini Niranjana et.al that such knowledge which is acquired by the actors/players who are part of a particular market is usually unsystematised and do not help much in understanding the specificity of a particular kind of market hence there exists a disjunctions between what market practitioners actually do and the strategic principles that form the basis of marketing theory. They further insists that micro level knowledge can aid in understanding such macro issues as the nature, or form, of markets for specific products, the evolution of such markets, market booms and their failure if that knowledge is consolidated into middle level knowledge base. Extraction of knowledge from everyday marketing practices and processes is important as it also provides a glimpse of how marketers innovate and deal with the set of factors often characterized as 'non market' but which strongly impact factors and actors in 'markets'.<sup>6</sup>

The fact that the weekly markets don't exist in a vacuum and that they have a visible presence in the physical space in both rural and urban areas and have their own social and economic characteristic makes it imperative to study it carefully. An attempt has been made in this dissertation to explore the sociological significance and nature of the local weekly markets within the broader context of the informal sector. The present chapter locates the distinction between the formal and the informal sector of the economy briefly and locates the local weekly markets therein. This chapter also outlines the research objectives, theoretical framework, methodology adopted for the study and the review of the available literature.

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<sup>6</sup> Niranjana, Seemanthini et.al. 2006. 'Marketing Handlooms', *Economic and Political Weekly*, p. 3361.

Chapter two explores the theoretical background of the concept of market in the social science literature in order to arrive at a comprehensive and cohesive understanding of the same. The chapter has been divided into three main sub sections which are (i) Markets as a price making mechanism wherein purely economic view has been looked at which understands market as price making mechanism (ii) markets in sociological literature has been examined which tries to look at market as something beyond as price determining factor and brings into the social elements which are inherent in any market structure (iii) markets is looked at from the 'embeddedness' perspective. Thereafter the chapter looks at the phenomena of local weekly markets and draws its distinctiveness. In the last section of the chapter reference has been made to the statistical data on the informal sector which highlights the significance of this sector.

In Chapter three we have delineated the social, economic and political nature of the local weekly markets. Caste, class and regional dynamics have been interrogated in the context of local weekly markets. It is believed that any actor who enters the market becomes devoid of his/her social character and assumes the role of an atomistic being that make rational choices in the market. But empirical studies prove this thesis wrong and it has been revealed through many studies that how one's primordial identities shape the very nature of an economic activity in which he/she participates. The second part looks at the presence and absence of women in the local weekly markets and in the informal market activities in general. Women's role in these markets cannot be ignored as they play an equally productive role as men. The last part of the chapter is devoted to the analysis of the relationship that exists between markets and the state.

In Conclusion an attempt has been made to recapitulate all the major findings of this study and also an effort is made in the direction of locating local weekly markets in much wider context of globalization.

## **1.1 RESEARCH OBJECTIVES**

In order to arrive at a comprehensive sociological understanding of the local weekly markets our main objective is to explore the available literature that addresses the following questions:

1. What are the sources of procuring materials?
2. What are the financial networks i.e. sources of capital of those involved in such markets?
3. How have marketing sites been established in different parts of the city and what are the criteria for the choice of the space in which these markets operate?
4. What are the internal networks among the vendors?
5. Are gender differences played out in these markets and what is its nature?
6. What is the relationship between the state and the local weekly markets?

Besides these questions which are dealt with in this dissertation the other main objective of the study is to analyse these markets in the context of the changes that are taking place at the macro level, which is leading to the influx of newer structures of markets in the metropolitan cities and the reasons why local weekly markets persists amidst such changes.

## **1.2 THEORETICAL FRAMEWORK**

Theoretical framework provides an easy route for the exploration of any research topic. No social fact is devoid of its theory therefore it becomes imperative to delineate the framework within which the proposed study needs to be analysed.

Markets have long been an arena of study by economists and most of the studies done on markets reveal their mode of operation by analysing it in the context of demand and supply forces. It was sociology which adopted a multi-disciplinary approach towards markets and brought the significance of social elements which determine the exact nature

of the markets. Though at this juncture it would be interesting to see that the social science study of markets have not been done on an extensive and in exhaustive manner and the studies which have been conducted have remained within the strict confines of the particular discipline. For example, Heiko Schrader points out how economic approaches investigate the flow of commodities between nations or regions ignoring the actors who handle these flows. Similarly classical anthropologists like Mauss and Malinowski just focused on the interpretation of the social function of exchange in or between social institutions, such as kinship systems or communities and economic functions of exchange and trade were left to political economy.<sup>7</sup> The concept of 'embeddedness' comes handy for the understanding of these markets. This concept followed from the work of Polanyi revisited and reworked by Mark Granovetter has ever since been at the centre of the theoretical and methodological debates within the so called 'new economic sociology'. At the core of this approach a number of important contributions illustrate the importance of social networks, social capital, diversity in cultural and cognitive elements and social constructions of the markets. Within the 'embeddedness' approaches it becomes essential to fix the link that explains the process through which networks and social relations turn into institutions and macro social regulations of behaviour. A significant work that can be cited here to substantiate the theory of 'embeddedness' is that of Barbara Harriss White. In her study on the agricultural markets in south India she states that markets are steeped in non-market institutions without which they could not function and with which the system is reproduced. This set of institutions has a local character shaped by their histories and at the same time they are continually being changed by the action of people who have been socialized by their means.

Fligstein has developed a conceptual framework with regard to the propositions about the dynamics of the formation, stability and transformation of markets.<sup>8</sup> He opines that most key insights of the sociology of markets have been framed as reactions to neo classical

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<sup>7</sup> Evers, Hans-Dieter and Heiko Schrader ed. 1994. *The Moral Economy of Trade Ethnicity and Developing Markets*. Routledge, London , p- 27.

<sup>8</sup> Fligstein, Neil. 2001. *The Architecture of Markets An Economic Sociology of Twenty-First-Century Capitalist Societies*. Princeton University Press, UK. pp. 2-23.

economic views of the functioning of markets. Neo classical economic view stresses the anonymity of actors and this view has been shattered by economic sociologists like White and Granovetter who argued that all forms of economic interaction were centered in social relations what came to be called as ‘embeddedness’ of markets. Fligstein also talks about the political cultural approach applied in the sociology of markets, ‘the key insight of the approach is to consider that social action takes place in arenas, what may be called fields, domains, sectors or organised social space’. Bourdieu is the founder of this concept of ‘field’ or ‘domain’. Fields contain collective actors who try to produce a system of domination in that space. To do so requires production of a local culture that defines local social relations between actors. The local cultures contain cognitive elements (i.e. they interpretive frameworks for actors), define social relationships and help people interpret their own position in a set of social relationships. Interpretive frameworks allow actors to render meaningful the actions of others with whom they have a social relationship on a period to period basis. Thus in the present study of the local weekly markets the aforementioned concepts and theories have been adopted to derive the sociality of these markets.

### **1.3 METHODOLOGY**

This study entails a thorough analysis of the secondary literature available on the work done on different kinds of markets. Analysis of various theories and concepts which are relevant to the study of local weekly markets is undertaken herein. This becomes important also in view of the limited literature on the local weekly markets per se. There is no direct sociological work done on these markets. Hence the study has gained insights from various other social sciences disciplines such as economic geography, economic anthropology and economic sociology.

## 1.4 LITERATURE REVIEW

Since local weekly markets come under the wider rubric of the informal sector it became imperative to analyse the literature on the informal sector and understand how it come to be differentiated from the formal and organised sector.

In the past couple of decades there has been a considerable proliferation in the number of studies conducted in the area of the informal sector. It is interesting to note moreover that such studies particularly have been directed in the so called developing or the third world countries. An analysis of the available literature brings forth the fact that where on the one hand there has been a certain level of consistency with regard to the characteristics of the informal sector on the other hand there are several gaps not only with respect to the concept and definition of informal sector but also its contribution to the national economy and the areas for policy/programme interventions. It can be said that a comprehensive understanding of this sector is still eluding one and all. Herein we have tried to provide a literature review of the works which have dealt with the conceptual framework of the informal sector.

According to Jan Breman<sup>9</sup> urban living is usually considered to be associated with an industrial way of life, but this assumption became a matter of debate and many scholars including Breman have contested it. Breman, for instance, says that only half and sometimes less of the urban population usually finds employment in factories and other establishments in the so called modern sector. For a long time little if any attention was given to the economic activities and the incomes derived there from with which the other part often the majority of the urban population has to try to make ends meet. This limbo continued until the concept 'informal sector' appeared on the scene a few years ago, since when it has steadily gained in popularity.<sup>10</sup>

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<sup>9</sup> His work on the informal sector and that too in the India is very significant and it marks a clear breakthrough in the way informal sector has been conceptualized in the academic discourse.

<sup>10</sup> Breman, Jan. 1994. *Wage Hunters and Gatherers Search for Work in Urban and Rural Economy of South of Gujarat*, OUP, Delhi, pp. 3-4.



Keith Hart in the year 1971 was one of the first to use the term 'formal' and 'informal' with regard to employment and he was also the first one to use the terms 'organised' and 'unorganised' sectors to refer to kinds of enterprises in which formal and informal jobs holders were employed. Keith Hart drew these distinctions on the basis of his observations during his anthropological field work study in Accra, Ghana and it is interesting to note that during his field work he found the presence of large number of street vendors and hawkers who did not fall under the category of formal sector. Thus he described informal sector as that part of the urban labour force which falls outside the organised labour market.<sup>11</sup>

Most discussions of the informal sector take as their point of departure the dualistic character that is ascribed to the urban economy of the non socialist countries of the third world. This implies that the term informal sector refers to a dichotomy in which the characteristics of the two parts form each others' contrasts. The formal sector is taken to mean wage labour in a permanent employment such as that which is characteristic of industrial enterprises, government offices and other large scale establishments. This implies:

- (a) A set number of inter related jobs which are part of a composite internally well organised labour sector.
- (b) Work situations which are officially registered in economic statistics.
- (c) Working conditions which are protected by law.<sup>12</sup>

Thus economic activities which do not meet these criteria are then bundled under the term informal sector, a catchword covering a considerable range of economic activities which are frequently marshaled under the all inclusive term of 'self employment'. In other words this term includes the extensive collection of small tradesmen, the loose and unskilled workers and other categories with low and irregular incomes who lead a

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<sup>11</sup> For brief description see K. Hart, 'Informal Income Opportunities and Urban Employment in Ghana' in R. Jolly, E. de Kadt, H. Singer and P. Wilson (eds.) *Third World Employment: Problems and Strategies*. Harmondsworth, 1973. *Ibid.* p. 40.

<sup>12</sup> *ibid.* p. 4

laborious semi-criminal existence on the margins of the urban economy. Breman has tried to look into the origin of the concept of the informal sector and in this respect he says that in *Boeke's classical explanation the phenomena of dualism refers on the one hand to an urban market economy unusually of a capitalistic nature and on the other hand to a rural subsistence economy mainly characterized by a static agricultural system of production*. Boeke reasoned that this type of segmented society which originated in a colonial situation can be explained by fundamental and permanent differences in economic behavior that has long been dismissed as untenable by many critics. Arthur Lewis and later Fei Renis have used the concept of dualism in a sense to investigate how surplus labour can be transferred from the rural subsistence sector in order to help increase non agricultural production. During last few decades we have seen that the expansion of industrial employment opportunities lags far behind the growth of the urban labour force. The urban dualism that is nowadays apparent in many developing countries is not due to any gradually disappearing contrast between modern dynamic growth pole and a traditional static sector which has been tenaciously survived in an urban environment but rather to structural disturbances within the entire economy and society. The low rate of industrialisation and the presence of surplus labour are listed as principal reasons why a dualistic system has sprung up in the cities of the third world.<sup>13</sup>

Regarding the social background of informal sector Breman is of the opinion that the tendency to consider the informal sector as a residue primarily of rural migrants helps to strengthen the image of marginal labour. This emphasis on the rural background is hardly surprising when this fact is taken into account that the origins of the informal sector are attributed to a continuing process of urbanization i.e. the massive outflow of surplus labour from the countryside.

With reference to the size of the informal sector he says that the specific character of the informal sector typified by fluctuating and discontinuous employment and a gradual transition from employment to unemployment makes any categorization of labour relations according to current terminology a dubious endeavour whether our margins are

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<sup>13</sup> *ibid*, p. 5.

broad or narrow we must accept that a very large part of the urban multitudes are dependent for their very existence on employment in the informal sector. Breman points out the lacunae which is inherent in most of the studies done on the informal sector. He says that such issues like seasonal migration to and fro between town and country and within the rural areas has not been looked at in detail.<sup>14</sup>

Breman also criticizes the view that informal economy strictly pertains to the urban setting. By definition most economic activities in the rural areas fall under the informal sector. The concepts are usually applied solely to the urban system ignoring the rural labour and production relations. There is much to be said for including certain agricultural activities under the formal sector and not only the large estates in tropical countries which have long grown commercial crops for the world market. It can be posited that the new agricultural strategy which formed the basis of the so called green revolution has strengthened the dualistic tendencies within peasant economy in various Asian countries. The almost exclusive linkage of the informal sector to an urban environment entails that the considerable seasonal migration from rural areas to the major cities is underestimated. In discussions of the informal sector the significance of the phenomena of circulating labour is neglected and it will only be understood properly in its right if emphasis is transferred to the *interchangeability* of rather than the *division* between town and country and the concomitant modes of production.

One opinion which is given fairly general credence holds that the informal sector is a collection of petty trades and services which although provides a meagre existence for poverty stricken people, are of doubtful economic benefit in terms of actual production. This is typically an interpretation that is based on the formal sector and the activities which are almost automatically listed such as those of the **street hawkers, food sellers, shoeshine boys, household servants, beggars, porters etc.** are also recognizable as those which seen from the vantage point of the formal sector are to be found in city streets.

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<sup>14</sup> *ibid*, pp. 8-9.

If the formal-informal division is accepted as valid then it has to be applied not only to top personal services but also to building, trade, manufacture and transport. In other words if the distinction is at all tenable it cannot logically be confined to certain sectors of the economy or to certain activities. It is concerned much more with the context in which these economic activities originate with the manner in which they are carried out.

The informal sector is seen alternately as a form of economic activity or as a reservoir of labour. In both cases the discrimination from the formal sector is emphasized in the first case the mode of production is stressed and in the second the characteristic of labour per se. Breman draws attention towards the relationship between the formal and informal sector and he says that the development process which is in vogue in the third world countries has put in place simultaneously the existence and continued expansion of the informal sector alongside the growth of the formal sector. It is accepted in some circles as an inevitable phase in the development process. Emphasis is then placed on the function of the informal sector as a buffer zone. Marginal productivity perpetuates the poverty of the urban masses in the third world countries but economic activities in the formal sector provide at least some income and employment however meagre and irregular to people for whom even a subsistence level would otherwise be hardly conceivable.<sup>15</sup>

The ILO (International Labour Organization) and the World Bank sees the relationship between the formal and informal sector as one of **structural inequality**. According to this view the much praised flexibility viability and adapted technology of productive activities in the informal sector are hamstrung by the much more favourable market conditions which are available to the modern economic sector advantages which are reinforced by political patronage and government protection.

One school of thought emphasizes upon the need of repealing the discriminatory regulations and various other restrictive and obstructive measures apart from this it is also suggested that the government should adopt a policy of active stimulation by providing facilities such as credits, managerial know how, upgrading of skills, marketing

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<sup>15</sup> *ibid.* p. 14.

promotions, supplies of raw materials etc. in order to improve the competitiveness of labour intensive small scale activities. Support for entrepreneurial capabilities is justified by the fact that the informal sectors' contribution to the national product is much greater *than* had originally been envisaged and it moreover indicates possibilities for accumulation of capital that will allow small enterprises to expand. Such recommendations form a part of a policy that attempts to replace the present hypothetical distinction between formal and informal sectors by a strong linkage intended to bring about harmonious co-operation on the basis of mutual advantage.

The ILO report on Kenya in particular is written in this spirit and has been strongly and extensively criticized by many authors. The points of departure and policy lines of the ILO report are intended to encourage an autonomous local capitalism, divested of the most extreme contrasts but still based on cheap and exploited labour. This report essentially looks at the positive side of the informal sector and it encourages the developing and underdeveloped nations to boost this sector through various policies and programs. Though research has shown that official programs and plans which aim at stimulating industry in the informal sector are of little practical use. Neither can increased aid by the state be expected as long as the political system is dominated by interests, which are linked to the formal sector. The paradox of the situation is that the recommended policy change will inevitably be detrimental to elites who are responsible for its execution. This view which postulates that different sectors have their independent structures, institutional facilities is also a point of criticism among many.<sup>16</sup>

Breman says that he belongs to those who are skeptical of an urban dualism in which emphasis is placed on the nature of activities in each individual sector rather than on the relations between the components of the system. According to critics the backwardness and impotence of the informal sector is preconditioned for the development and progress of the formal sector while the relationship between the two sectors is expressed in the dependence and subordination of the former to the latter. According to Bose who studied

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<sup>16</sup> Jan Breman has pointed out these criticisms through his study of some reports of ILO for details refer, C, Gerry. 1974. *Petty Producers and the Urban Economy: A Case Study of Dakar*, ILO, Geneva. & A. N. Bose. 1974. *The Informal Sector in the Calcutta Metropolitan, Economy*, ILO, Geneva.

the small scale industries in Calcutta the smallness of scale or inefficient management is not the principle cause of the poverty of those who are employed in the workshops but rather the appropriation of surplus from above. So it can be seen that informal sector's status is indirectly dependent upon the formal sector and the two of them are linked to one another.

Breman's view is that the thesis of an urban dualism is untenable. Instead of applying the concepts of formal and informal we should distinguish in terms of the different articulated production relations, which can be found within the economic system of third world countries in varying degrees and gradations. He argues that the persistence of primordial sentiments is principally due to the situation of scarcity of work and not due to force of tradition constancy and margins of accommodation of a social system that is involved in a process of modernization.

Breman is of the opinion that the discussion of the informal sector seems to give rise to more questions than it has solved. This is due primarily to the lack of a precise definition. The concept is taken to cover everything that does not belong to the formal sector and it has rightly been pointed out that this gives the distinction a tautological character. The notion of dualism refers sometimes to distinctive employment situation sometimes to separate economic circuits and frequently to a combination of the two. To illustrate the latter alternative he cites E. Oteiza<sup>17</sup> who finds it conceivable that 'the end of the century will see, to an even more pronounced degree, the existence of two labour markets with two very different occupational structures and levels of income, corresponding to two clearly distinctive sectors of the economy-the modern and the traditional sector.' At the same time Breman says that Oteiza's hypothesis cannot be taken as a point of departure for empirical analysis. On the basis of his research into labour relations in a small town in western India he has come to the conclusion that the concept is analytically inadequate. In his opinion the informal sector cannot be demarcated as a separate economic compartment and/or labour situation.

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<sup>17</sup> E. Oteiza has done a study of labour market in Latin America.

Breman attempts to define the working population by classifying them into four broad social classes: the labour elite, the petit bourgeoisie, the sub proletariat and the paupers. The petit bourgeoisie includes the owners of small scale enterprises certain categories of one man firms such as self employed craftsmen, retail traders, shopkeepers and those who earn their daily bread by economic brokerage, such as money lenders, labour recruiters contractors of piece work or house industry, rent collectors etc. And it is this class which represents the informal sector in abundance. Their incomes are often quite high when compared to those of people in protected employment and they are given pride of place in those reports which praise the informal sector as a nursery and training ground for entrepreneurs.

In one of the articles, Kantor Paola<sup>18</sup> has outlined the importance of the informal sector or the unorganised sector and he expresses his concern to the fact that how this sector despite being so large receives a less favourable treatment by the systems of national accounting. Ela Bhatt of SEWA (Self Employed Women's Association) used the image of a shroud to describe the manner in which the informal sector acquires an unwanted invisibility. This article also highlights the fact that policy environment serves to constrain the ability of unorganised sector workers to contribute fully to the economy. Constraints in access to markets, credit, capital and technology are common across activities in unorganised sector.

Stuart Henry<sup>19</sup> has discussed about the political economy of informal economies. He says that the political economy of informal economies conceives of the face to face informal economic activities that go on in households and in informal social networks in relation to the broad macro features of the political and economic system of capitalism. It is important to recognise, however, that this interconnectedness between informal economies and the wider capitalist structure is not one way. He argues that not only do informal economies emerge from the contradictions of capitalism, but they are

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<sup>18</sup> Kantor, Paola. 'Informal Sector: Lifting the Shroud' *Economic and Political Weekly*, Vol. 32, No. 40 (Oct. 4-10, 1997), pp. 2512-2515.

<sup>19</sup>Henry, Stuart. 1987. 'The Political Economy of Informal Economies', *Annals of the American Academy of Political and Social Science*, Vol. 493. pp.137-153.

simultaneously supportive and undermining of capitalism, as that system is of them. In relation to the problem of the definition of informal economy or sector he says that defining and classifying what counts as informal economies is complicated because those who define and construct taxonomies are themselves selecting criteria based on their own structural position and interests. He says that any all encompassing description of the activity is bound to fail to convince because it will clash with ethnographic and participant accounts steeped in their own unique experience.

He also points out how informal sector comes to be associated with illegality. He says that it is important to recognise, then that informal economies can be transformed by redefinition from activity that was previously no more than innocent trading into a criminal enterprise. Although some of the original substance of the activity may remain- in the case of the hidden economy the original substance is that of an intimate and associational network of exchange- this interpretation is publicly suppressed, and the illegality and corresponding avaricious motives are drawn out as the significant dimension. As Ditton defines it, the hidden economy is seen as the sub commercial movement of materials and finance, together with the systematic concealment of that process for illegal gain a microscopic wry reflection on the visible economic structure upon which it parasitically feeds.<sup>20</sup>

Regarding the emergence of informal economies Ferman and Ferman have presented an argument saying that the very structure of capitalism is such that it generates its own historically specific types of informal economies. In their article, "*The Structural Underpinning of the Irregular Economy*" they claim that the very origins of irregular economies "lie in structural conditions and processes in the larger society and cannot be divorced from them".<sup>21</sup> They argue that modern capitalist industrial society encourages such economies by creating structural inequalities based on class, ethnic, and cultural segregations. In addition, economic specialization, protectionist trade unions and professional associations coalesce so that some goods and services are too expensive for

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<sup>20</sup> *ibid.*, p. 142.

<sup>21</sup> Patricia R. Ferman and Louis A. Ferman. 1973. 'The Structural Underpinning of the Irregular Economy', *Poverty and Human Resources Abstracts*, pp. 3-17.



those with low or nonexistent incomes. The direct result is that a market is created outside of the formal regular economy for cheap goods and services, and, to quote Ferman and Ferman, “once regular patterns are established they provide training and opportunity for those members of the community who choose to earn their livelihood this way and (the patterns) are supported by a population that has few viable alternatives for the purchase of goods and services.”<sup>22</sup>

Thus Stuart Henry says that in its attempt to develop, define, and protect itself from that which it is not, capitalist economic structure simultaneously creates and generates the contradictory possibilities of internal sub economies.

In contrast to the view that the informal sector is a residual form of commodity production operating independently of capitalism many authors argue that informal sector is relied upon in times of crisis as a means of labour absorption for the wider capitalist society, serving to disguise unemployment and stimulate new employment.

Another set of argument with regard to the informal sector is presented by Shankland.<sup>23</sup> He says that “in a healthy society” formal and informal economies “sustain each other and their relationship should be a symbiotic one of mutual support.” He further says the formal sector effectively controls the commanding heights of the economy and the political system, but the informal sector is essential, not parasitic or residual...it operates rather at the interstices of the formal institutions of modern urban society; it cannot offer an alternative society but a complementary economic activity to the formal with a different, informal and more personal life style.

With regard to the regulation and legislation of the informal economies it is said that the capitalist interests play a significant role in controlling, undermining, or destroying informal economies. The judicial element in the regulation of human conduct enters where the isolation and opposition of interests begins’ and where legitimation breaks

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<sup>22</sup> *ibid.*, p. 17.

<sup>23</sup> Graeme, Shankland. 1977. ‘Towards Dual Economy’, *Guardian*, p.18.

down. Another way of undermining informal economies is through the politics of labeling. Labels such as “black,” “hidden,” “underground,” and “subterranean,”<sup>24</sup>

T S Papola<sup>25</sup> presents a different dimension to the way the informal sector has been analysed by the social scientists. Agreeing with the view that this sector makes a greater use of abundantly available human labour due to the lower capital intensity of production; with no rigid bars on entry, the employment in this sector is more accessible to those lacking economic and social endowment; and, the informal structure and small size of the production organizations render a humane character to the social relations of production in these organizations he takes the concept of the informal sector as an analytical category within the widely used dichotomous frame for describing the economic structures of the urban areas of developing countries and the implications of the informal sector based strategy of development.

Amitabh Kundu and Alakh N. Sharma<sup>26</sup> have provided a wide range of diversity in the informal sector and important characteristic of their work is that they tried to bring into focus the dimensions which have been missing in other literature on the same subject. For instance the role and participation of women in this sector has been one of most neglected areas of studies and both these authors have included the papers written by Unni Krishnan and Ella Bhatt to bring in this forgotten element. With regard to the difficulty in defining the informal sector at the global level the authors recommend a standard definition across different countries and in this context they endorse the recommendations of the Delhi Group on Informal Sector Statistics according to which:

(1) All countries should use the criteria of legal organization (un-incorporated enterprise) of types of accounts (no complete set of accounts) and a product destination (at least market output) for identifying the informal units.

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<sup>24</sup> Stuart, Henry. 1987. ‘The Political Economy of Informal Economies’, *Annals of the American Academy of Political and Social Sciences*, Vol. 493, Sage Publications, p. 148.

<sup>25</sup> Papola, T. S. 1980. ‘Informal Sector: Concept and Policy’, *Economic and Political Weekly*, Vol. 15, No. 18, pp. 817-824.

<sup>26</sup> Kundu, Amitabh & Alakh N. Sharma (eds.). 2000. *Informal Sector in India Perspectives and Policy Issues*, Institute of Human Development & Institute of Applied Manpower Research, New Delhi, pp. 9-28.

- (2) The employment size restriction of the enterprise in the definition should be left to the countries “discretion” though for international comparison enterprises with less than five employees should be reported separately.
- (3) The countries should include rural as well as urban areas, agricultural activities and non agricultural activities, persons engaged in professional and technical activities, paid domestic services.

Thus their work becomes important with regard to understanding informal sector as many papers edited herein are based on the empirical studies conducted by their respective authors.

Barbara Harriss White<sup>27</sup> has tried to make sense of the economy in India in a slightly different fashion. She has looked at the various ways in which Indians are engaged in the economy in her book *India Working*. At the core of her analysis lie the wider social structures of accumulation. She is of the opinion that economic rationality is only one of several social rationalities at work in the economy. Accumulation is not only organised through labour, capital and the state, but also through gender, religion and caste.

“The Indian State is a large scale economic actor, providing infrastructure and organizing finance, production and trade. However much of the economy is beyond its direct control, either because its units (small firms) are under the size threshold for regulation, or because the State neglects to regulate it (or is actively prevented from regulating it). Just as the informalized markets in which intermediate classes operate create their own institutions to regulate and protect them-their ‘informal State’- so the state by its interventions creates many informal markets.”

She says that a new wave of small capital, based on primary accumulation, is reinforcing and expanding the informal and black economy, intensifying the casualisation of labour

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<sup>27</sup> Harriss-White, Barbara. 2003. *India Working Essays on Society and Economy*, Cambridge University Press, UK. pp 1-40.

and transferring the risks of unstable livelihoods to the workforce. The informal economy accounts for two thirds of GDP with at least half of the informal economy being 'black'. Finally, accumulation is increasingly specialised and spatially clustered and is driving regional as well as social differentiation. The leaching of taxable resources to the rapidly expanding black economy deprives the state of resources. She concedes that the relations between the formal state, the informal economy, the shadow state and the informal economy are the outcomes of political struggles.

She provides an interesting dimension regarding the characteristics of the informal and formal sectors. She says that it is difficult to classify households neatly as formal and informal on the basis of occupations as one may work in both sectors in different seasons or times of the day.

Apart from the statistical way of categorising formal and informal sector another meaning of the 'informal economy' is a particular type of behaviour within the 'formal economy', a kind of activity whose significance has been seriously neglected in social and economic theory. It refers to economic activity practiced by firms in the formal economy, and even in the interstices of the State itself, which is itself not covered by state regulation or record keeping. The informal practices and the informal rules that govern them are accepted as legitimate. But they also commonly create rents- rents extracted from corruption which are typically devoted to unproductive purposes, but also rents essential for productive accumulation; for instance, rents obtained from the exclusive informal links that exist between state banks and industrial companies.

She has outlined some causes behind the ballooning black economy, increasingly illegal and criminalized political processes in the service of private accumulation: a nexus in which politicians, officials, criminals, businessmen and their runners and fixers are bound together in mutually protective embrace. These are the real forms of 'collective action' that dominate much of the economy, a development catalysed by the liberalising economic reforms of 1990s.

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She acknowledges the contribution made by the informal sector to the GDP of the country which stood at around 60% according to the National Sample Survey Organization (NSSO) data for the year 1999. With regard to the composition of the unorganised workforce she says that its biggest component consists of the catch all category of the 'self employed'. Although 'self-employed' may cover small family businesses, for the most part people classified this way are semi-independent peasants with small assets, petty commodity producers and traders. They exploit their own household members and often both hire in and hire out labour according to seasonal peaks; their 'independence' conceals 'sundry forms of wage labour'.<sup>28</sup> Barbara Harriss-White like Stuart Henry and Breman has placed the discourse on the informal sector in the wider context of the political economy of the society.

It can be argued on the basis of the above analysis of the literature on the informal sector that it's a cumbersome task to delineate a neat distinction between formal and informal sector. The two sectors work sometimes in tandem and sometimes they are in contradictory position with each other. There is an urgent need to study this sector empirically in different fields as one can see that most of the studies are conducted in the manufacturing sector only. One needs to explore other fields wherein the informality as defined and analysed is operationalised. Local weekly markets are one of the spheres wherein informality as defined above can be seen. Thus it becomes a crucial entry point to analyse informal sector from a different point of view.

A number of studies have been done by economic geographers around the world on periodic markets, daily markets and fairs. These studies highlight the various perspectives of marketing studies and focus primarily on location, periodicity, trade areas, hierarchy, rank size relationships, marketing circuits and synchronization. Though very little attention has been paid to the origin and early development of market places, the relationship between the evolution of markets and that of the shops, the reasons why certain goods are habitually traded in the market places while other goods are normally traded elsewhere, the distribution and spatial characteristics of the societies without any

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<sup>28</sup> *ibid*, p. 19.

market place system, the importance of marketing activity in the process of economic development and social change and role of market in the diffusion of innovation.

Most of the studies which relate to the periodic markets have been done in the third world or developing countries of Asia, South East Asia, Latin America and Africa. The available literature shows that the study of such markets has been conducted with a view to arrive at the rationale of why such markets have evolved in a particular locale. Studies reveal common fact that periodic markets are relevant feature in the rural areas where they occupy a central stage for collection of and distribution of various surplus agricultural products and cottage industrial products. It has been contented by many development theorists that as the society would make a transition from feudalism to capitalism it would simultaneously lead to the erosion of traditional mode of production and distribution. Contrarily it is being observed that instead of being completely driven out from the social and economic landscape the traditional mode have thrived alongside the capitalist structures. The presence of the local weekly markets in urban metropolis thus hint towards the paradox of capitalist development in most of the developing countries. The existence and persistence of local weekly markets especially in the urban context has not been studied as such by the sociologists or economists.

There have been some studies which were done on specific markets of certain products. For example, a series of studies have been undertaken to study the market of agricultural products, markets of textile and handloom industry, fish trading etc. The significance of these studies cannot be undermined as they explain in great detail the entire process right from the production till the final distribution of the respective commodities. The only limitation of these studies is that the focus is more on the product rather than on the market as an instituted process. Market comes to assume only one node in the entire network which leads towards the final consumption of the product.

Provided some of the limitations of the studies done on the markets this study entails to understand the phenomenon of markets from a sociological standpoint which has laid the foundation of inter-disciplinary research.

## CHAPTER TWO

### THEORETICAL ORIENTATION OF THE CONCEPT OF 'MARKET' & SITUATING LOCAL WEEKLY MARKETS IN PRACTICE

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*"Marketing systems are vital to the poorest of the poor, to women, to the landless and the uneducated. Markets offer them everyday a chance to acquire the minimum means they need for survival. The market should be efficient not merely as economic dimensions but also in an ecological and logistical dimension acquiring decentralisation, democratisation, participation and to some extent a redistribution of power."<sup>1</sup>*

The above quote highlights the significance of marketing systems in the society and hence it becomes imperative to study markets from a sociological point of view. Markets have remained an area of interrogation in social science disciplines such as economics, sociology and anthropology. The nature of markets and its conception in the academic discourse have undergone profound changes from time to time. The Industrial Revolution according to Karl Polanyi in *The Great Transformation* set off a kind of development that meant that the traditional economy was replaced by a radically new type. Before the Industrial Revolution markets were typically defined in terms of a specific place, a market took place in a clearly delineated area- say in a special city square or on a designated piece of land belonging to a lord. Now, however, markets were no longer confined to distinct areas but spread out geographically, a change that is also reflected in the definitions of markets that we find in the nineteenth century and later. Thus an attempt has been made in this chapter to look at theories which delineate the concept of 'market'.

The second part of the chapter situates the case of 'local weekly markets' within the broader framework of informal sector and tries to show how these local weekly markets are a part of the wider network of the economy and society at large.

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<sup>1</sup> Cammann, L. (ed.), 1992. *Traditional Marketing Systems*, D.E.S., Munich. pp. 1-7.

The third part of the chapter deals with the statistical data and its nature on the informal sector which is essential from the point of view of its importance in the developing economies.

## 2.1 THEORETICAL DEBATE

According to Mark Blaug, “The history of economic thought is nothing but the history of our efforts to understand the workings of an economy based on market transactions.”<sup>2</sup>

In the subsequent sections an effort has been made to delineate the theory that is built around the critical concept of ‘market’. The concept of ‘market’ has traversed a long path in the social science literature from being abstract entity in the economic analysis to being a social entity in economic anthropology and sociological theories.

### 2.1.1 MARKETS AS A PRICE MAKING MECHANISM

For a very long time economists have been interested in the determination of market prices and very little or no attention has been paid to study “the market” as an institution in its own right. If one goes back to trace the emergence of theory built around the concept of market one can start off with the difference that persists between two schools of thoughts that is between classical economists and classical political economists. Classical economists saw the market as synonymous with either a market place or a distinct geographical area. They saw market as something concrete as opposed to the abstract market of later day economists. On the other hand classical political economists were concerned with production rather than exchange that took place in concrete geographical area where buyers and sellers met. The classical economists felt that prices were determined in the market and classical political economists held that price was decided essentially by the amount of labour that it took to produce a commodity.<sup>3</sup> Here we can see that whatever be the difference between the two, both approaches were

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<sup>2</sup> Blaug, Mark. 1986. *Economic History and the History of Economics*, New York University Press, New York.

<sup>3</sup> Swedberg, Richard. 2003. *Principles of Economic Sociology*. Princeton University Press, Princeton, p. 105.



interested in the determining factors which decided the price of a commodity rather than the concept of 'market' itself.

It was Adam Smith<sup>4</sup> according to Swedberg who combined the two views mentioned above and came with a distinct analysis of markets. Though he considered market mechanism as peripheral but he was also fascinated by the capacity of human beings to enter into exchange with one another. The propensity to truck, barter and exchange he said was something that human beings were endowed with by nature and that could not be found in animals.

His interest in the price led him to come up with his thesis of two types of prices: a 'natural price' and a 'market price'. It is here we can see that he combined the views of classical economists and classical political economists. The 'natural price' is determined by the amount of labour invested in producing something and the 'market price' is determined by market forces. Swedberg criticizes Adam Smith's view that evolution of the market throughout history took place as the result of a natural inclination among human beings to exchange things that one did not possess. Swedberg says that markets have very different structures and that markets are anything but natural. Yet another criticism which comes against Adam Smith is that it is not clear in Smith's work in what sense he uses the word market. The market it turns out is the hollow core at the heart of economics.<sup>5</sup>

Critics of the neo-classical economic model of markets say that it is shorn of social relations such as power norms and networks. Hodgson and Bloch are of the opinion that the social landscape of the economic approach is like a desert far from sociological concern with actual towns and cities. Externalities and institutions the very areas of sociological research are neglected.

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<sup>4</sup> Adam Smith is considered to be the Father of neo-classical economics. In his work, according to Swedberg the word 'market' appears twice and he makes an interesting analysis of the concept though it is not much different from what other economists of his time have to say about markets. For details see, *The Wealth of Nations*.

<sup>5</sup> *ibid.* p.106.

Another prominent classical political economist whose work can be cited here is Karl Marx. He also gave primacy to production than to market when it came to deciding the price of a commodity. For Marx, market is synonymous with “the sphere of circulation” as he preferred to call it. He emphasized that the market essentially consists of social relationships. According to Marx the importance of market cannot be ignored. In his seminal work *Capital*<sup>6</sup> he notes that commodities cannot go to market and make exchanges on their own account and that value is not inherent in a commodity but rather constitutes ‘a relation between people expressed as a relation between things’. By this Marx meant that market is a sphere of exchange of the final goods and services and the value at which the exchange takes place is not the actual value of it; instead it is the value of the labour that has been put into its production. With regard to this statement it can be argued that Marx was among those few who saw in the market an element of social relationships.

Towards the end of the nineteenth century some modifications came to be observed something in the way that economists defined markets. It acquired tremendous analytical interest as a price making and resource allocating mechanism. In and around twentieth century economists thought that the term “market” should be extended from simply meaning a market place to any area where buyers and sellers of a particular commodity are located. Though the abstract nature of market remained intact but new ways of analysing it became popular in the economic circle. During this period economist Alfred Marshall gave importance to the concept of market as an empirical phenomenon in its own right. He also emphasized upon the social dimension of markets which got reflected in his work called *Industry and Trade* wherein he defined the market in the following manner: “In all its various significations, a ‘market’ refers to a group or groups of people, some of whom desire to obtain certain things, and some of whom are in a position to supply what the others want”.<sup>7</sup>

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<sup>6</sup> Marx, Karl. 1867. *Capital: A Critique of Political Economy*, International Publishers, New York, p. 96.

<sup>7</sup> Swedberg, *ibid.* p. 110.

Other school of thought which emerged during the twentieth century was the Austrian school which saw market as a process. This school of thought also emerged in response to the neo-classical model of market. According to this school, prices come to be determined by local knowledge about things by the people and all the necessary information which an actor needs to take a decision is thereby transmitted through the prices of various items. One just needs to know if prices are going up or down and not how does it happens. Ludvig von Mises and his student Friedrich von Hayek were main figures of this school; according to them, the market is not a place, a thing or a collective entity, it is a process actuated by the interplay of the actions of various individuals cooperating under the division of labor. Careful analysis of this school of thought would reveal that an abstract notion of market is inherent in it and it does not go very far in breaking away from the neo classical concept of market.

### 2.1.2 MARKETS IN SOCIOLOGY

When sociologists took up the task of analysing the markets a great difficulty came in their way due to the lack of communication between theirs' and the economists viewpoint. Nonetheless in the economics literature on markets that evolved in the twentieth century there were traces of attempts made on their behalf to look at the social dimension of markets. Many sociologists took off from there and came up with socio-economic analysis of markets. Smelser, Parsons, Weber, Harrison, White, Bourdieu, Karl Polanyi were few among those who paved the path for the sociological understanding of markets.

Swedberg writes that Weber was one who was by far most interested in markets and especially during his last years he tried to develop what he termed a "sociology of 'the market'". He analysed market from the viewpoint of 'social action'.<sup>8</sup> A systematic expression of his attempt to develop a sociological approach to markets is found in *Economy and Society*, where one of the key passages on the market reads as follows:

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<sup>8</sup> Social action is a concept developed by Weber that explores interaction between humans in society.

“A market may be said to exist wherever there is competition, even if only unilateral, for opportunities of exchange among a plurality of potential parties. Their physical assemblage in one place, as in the local market square, the fair (the “long distance market”), or the exchange (the merchant’s market), only constitutes the most consistent kind of market formation. It is, however, only this physical assemblage which allows the full emergence of the market’s most distinctive feature”.

Swedberg notes that Weber had emphasized the element of struggle or conflict in his sociology of markets. Weber used such terms as “market struggle” and he spoke of “the battle of man against man in the market”. Weber’s understanding of competition has a positive connotation in the sense that he viewed competition as “a peaceful conflict...insofar as it consists in a formally peaceful attempt to attain control over opportunities and advantages which are also desired by others.” He was also interested in the interaction between the market and the rest of the society. This comes out from his analysis of the role that regulation which includes legal regulation plays in the market. In his book *Economy and Society* he mentions that a market can be free or regulated. In a capitalist society he said the highest degree of “market freedom” or “market rationality” is reached.<sup>9</sup>

Pierre Bourdieu’s concept of ‘field’ helps in the understanding of markets and how it operates. He states that the idea of economic life is largely the result of the encounter between actors with special dispositions (habitus) in the economic field; and that the market is deeply influenced by the field of which it is an integral part. According to Bourdieu when economy is seen as field it implies that it has structure of real and potential relations with logic and interest which is peculiar to it. He has elaborated different types of capital such as social, cultural and symbolic which form the structure of the field. The economic field can be an industry, a country, the whole world and so on. Bourdieu sees the dynamics of power playing a crucial role in any economic field. This power in the economic field comes from the strategic location of the firm or industry in

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<sup>9</sup> Swedberg. *ibid.* pp120-121. For more details see Max Weber. 1922. *Economy and Society an Outline of Interpretive Sociology Vol.2.* University of California Press, Berkeley.

the overall economic structure. There are dominant ones as well as dominated firms and a constant struggle goes on between them. According to Bourdieu, prices are determined by the structure of the field and not the other way round. "The whole is not the result of the prices; it is the whole that decides the prices". Bourdieu is also critical of Mark Granovetter's and Harrison White's theories for ignoring the impact of the structure of the field on the market. Bourdieu's own understanding of the market is well explained in his book *Principles of Economic Anthropology* wherein he says that 'what one calls the market is therefore the totality of exchange relations between actors who compete with one another. These interactions depend, as Simmel says, on an "indirect conflict," that is, on the structure (of the field) that has been socially constructed through power relations. The actors in the field contribute in different degrees to these power relations, through the modification of these that they can muster, especially by controlling and directing the power of the state.'<sup>10</sup>

### 2.1.3 MARKETS AS AN EMBEDDED ENTITY

The concept of 'embeddedness' became a common term used in the analysis of markets by many sociologists and economists of contemporary times. Polanyi is considered to be the founding father of this concept which has become a handy tool for a social scientist to explore the ever intriguing realm of 'market'. What Polanyi meant by 'embeddedness' was a clear breakthrough from what the economists have been saying about markets. His thesis which holds that all economic activities are enmeshed in social relations and institutions offers a sound theoretical basis for economic sociology. Polanyi was critical of the neo-classical economic postulate which held firm the universality of utility maximizing actions while analyzing markets.

The bedrock assumption of the 'embeddedness' approach is that social networks built on kinship or friendship, trust or goodwill sustains economic relations and institutions. The basic idea is as old as sociology itself, such as in Durkheim's critique of Spencer- the existence and necessity of pre-contractual elements in contracts. In *Industry and Trade*,

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<sup>10</sup> *ibid.*, p. 48.

one of the few texts in which the word market has been discussed, Alfred Marshall wrote 'everyone buys and nearly everyone sells in a general market. But nearly everyone has also some 'particular markets'; that is, some people or groups of people with whom he is in somewhat close touch; mutual knowledge and trust lead him to approach them in preference to strangers.<sup>11</sup> Though the element of embeddedness was visible in the earliest literature but it became a centre of analysis only after the seminal work of Polanyi. John Lie has summarized the typology of exchange as envisaged by Polanyi which he termed as forms or patterns of integration. They are reciprocity, redistribution and market exchange. These forms pertain to the institutionalised movements through which the elements of the economic process from material resources and labour to the transportation storage and the distribution of goods are connected. These forms are more an empirical rather than logical categories. Of this reciprocity and redistribution are intricately linked with the social relations. A criticism is put against the third pattern of integration which is market exchange; it is argued that this particular form remains disembedded from social relations because Polanyi follows the distinction between production for use and production for gain. He contends that market exchange is undertaken purely for gains and not for non-economic reasons. In his notion of market society this disembedded form of interaction becomes the organising principle.<sup>12</sup> Polanyi says that instead of economy being embedded in social relations, social relations are embedded in economic systems.<sup>13</sup> By this he meant that in order for a particular form of economic system to exist efficiently the society adapts itself into that system. This notion of embeddedness came under critical scrutiny by many social scientists, their studies revealed how market exchange is deeply rooted in non economic motivations and institutions.

Barbara Harriss White for example points out that spending a half day spent exploring any Indian *mandi* <sup>14</sup> would reveal the contradictory role of an economic market. Its system

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<sup>11</sup> Lie, John. 1991. 'Embedding Polanyi's Market Society', *Sociological Perspectives*, Vol. 34. No. 2, pp. 219-235.

<sup>12</sup> *ibid.* pp. 222-223.

<sup>13</sup> Polanyi, Karl. 1944. *The Great Transformation*, Beacon Press, Boston. p. 57.

<sup>14</sup> *Mandi* is a word which is often used in the Indian context and it is a wholesale market of vegetables, fruits or grains.

of prices is the mechanism by which resources are allocated. At the same time it is through these prices, through the system of prices of other goods and through the organization and rewards of labour, that resources are extracted and shifted between sectors of the economy, between the countryside and the town and between classes. Even reducing markets to these roles is a gross simplification. Markets are steeped in non economic institutions without which they could not function and with which the system is reproduced. This set of institutions has a local character shaped by their histories. At the same time they are continually being changed by the action of people who have been socialized by their means.

According to Mark Granovetter non-economic institutions are those institutions which lie outside the economic logic of profit and which are based on personal ties of friendship, kinship, group solidarity, ethnicity etc. Determination of these institutions in which the market is nested is a difficult task and the only economist whose work has become an inspiration in this respect is Marx. Because it was he who said, “exchange and distribution are logically and historically dependent upon production...a definite form of production logically determines the forms of consumption, distribution and exchange, and also the mutual relations between these elements”. Though Marx gave primacy to production nonetheless he argued that changes in modes of distribution are capable of impacting a change in production in a process of “mutual interaction”. A number of attempts have been made to analyze exchange as being determined by the conditions of production. Barbara Harriss White cites the work of Krishna Bharadwaj in this regard who tried to locate the generation of the agricultural marketed surplus in material conditions and motivational logics which varied with class position. She viewed the agrarian structure as being stratified in terms of ownership occupancy. Through her research she came to find out that large farmers produce for subsistence but they dominate the supply of the marketed surplus and create prices. Middle peasants are self sufficient and engage in market exchange as and when a marketed surplus is generated. Small peasants and landless producers are both compulsively involved in the markets. Bharadwaj used the concept of distress commerce to provide an explanation for the above behaviour. She says that indebtedness of the landless and small peasants forced the

household into having a negative net marketed surplus because it was compelled to sell grain at harvest time in order to redeem debt and to purchase grain preharvest. Barbara Harriss white says that though scholars like Bharadwaj, Suman Sarkar, Wendy Olsen and many others theorised exchange by locating it in actual conditions markets still themselves remained abstractions. Another important observation which she makes is that all the scholars used the term structure instead of institution which determines the nature of exchange. According to her the key market structure is the concentration of commercial or mercantile assets. It denotes the degree of unchallenged control over both markets and production. She says that her own fieldwork in Tamil Nadu on the markets of five basic crops revealed a broad regional correspondence between the degree of concentration of land holdings in production and that of assets in the markets. Her following work on three food staples in West Bengal showed how changes in land relations due to land reforms have resulted in corresponding changes in the structure of assets distribution in the markets and simultaneously these markets revealed their own crop specific character and institutional autonomy as well as great non market institutional richness.

A very significant statement made by Hodgson clearly reflects what Harriss-White has been trying to demonstrate and this insight can be taken as a starting point for our specific case of local weekly markets. She says, "each particular market is entwined with other institutions and a particular social culture. Accordingly there is not just one type of market but many different markets, each depending on its inherent routines, cultural norms and institutional make up".<sup>15</sup> Her work on the grain market<sup>16</sup> confirms the impossibility of reducing the function of trade to a simple intermediary stage between production and consumption. In the entire sample of merchant firms that she studied, none limited its activities to buying and selling. All of them were involved to varying degrees in other activities which ran along the economic chain from agricultural production until the delivery of products to the final selling point. The pattern of their involvement was so diverse that she considered it impossible to classify them according

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<sup>15</sup> Harriss-White. 2005. p. 23.

<sup>16</sup> Harriss-White. 1996. *A Political Economy of Agricultural Markets in South India: Masters of the Countryside*, Sage, New Delhi.



to functions and had to devise new ways of analyzing them in a plurality of functional perspective. Her example demonstrates the impossibility of reducing the market to a simple encounter between buyers and sellers or at a more abstract level between demand and supply.<sup>17</sup>

## 2.2 LOCAL WEEKLY MARKETS AS INFORMAL MARKETS

Periodic marketing system or local weekly markets form an integral and interlinking part of the general exchange systems of ever widening dimensions, operating in modern times. Informal markets are those markets wherein no fixed shops are owned by the actors involved in the market. The market is considered to be informal on the basis of the products that come for sale in these markets and are produced by small scale industrial units which in turn are also categorized under the informal sector.

Traditional and modern forms of markets are very different from each other and it is observed that despite the differences both coexist in a single space. The appearance of a shopping mall does not necessarily result in the demise of older, less profitable perhaps less alienated types of exchange outlets. On the contrary these outlets are typically drawn into competition with the newer venues and are thereby incorporated within the market ecology of the newer forms.<sup>18</sup> Traditional forms of market practices come under the purview of the informal economy whereas modern forms are considered to fall under formal economy. Former provides an avenue for employment to the poor whereas the latter belongs to those classes who have access to capital and assets. Barbara Harriss White says that when markets are socially segmented<sup>19</sup>, competitive conditions may vary within a single market place. Economic assets speak volumes about the exercise of power through behavior such as stock holding, bargaining advantage, capacities to bear risk, press decisions, control information, constrain the choices of others and link and/or segment markets through interlocked contracts. This explains how not only production process is segmented but also the distributive channels. Markets where the actors have

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<sup>17</sup> Das, Veena. 2006. *Oxford Handbook of Indian Sociology*, OUP, New Delhi. pp. 388-401.

<sup>18</sup> Carrier, James. G. 2005. *A Handbook of Economic Anthropology*, Edward Elgar Publishing Ltd., USA.

<sup>19</sup> Harriss-White, Barbara. 2005. *India's Market Society*, Three Essays Collective, pp.12 &51.

full control over the information of the flow of goods and services and have more risk bearing capacity they have greater control over the market. In such a system where control over assets, information and access to the state are polarized and where a small elite is able to restrict the growth of petty trade, this small group of elite tends to form a different class on the basis of its relationship to the relations of distribution such as organizational network, contractual behavior and internal social relations and means of distribution such as transport sites, capital, stock, information etc. In relation to this class petty trade is a form of disguised wage labour as the players are able to earn only as much is essential for sustenance. Local weekly markets are also in this regard a form of petty trading where traders do not care much about profit but for their survival.

These markets are a regular feature in developing and underdeveloped countries. Though the developed countries have a regular feature of flea or swap markets, it is a type of bazaar where inexpensive and secondhand goods are sold or bartered. But it would be a gross exaggeration to equate the two types of markets as the context of the local weekly markets and that of the flea markets are different and the extent to which they affect the economy also differs. An analytical comparison between them is desirable to arrive at some consensus considering the both.

Local weekly markets provide an easy employment option for the poor who come to the city in search of work. If one looks at the history of these markets one can find that its roots lie in the villages where *haats* and *fairs* use to be a medium of exchange of goods and services. Sudhir Wanmali<sup>20</sup> defines such a system as comprising all periodic markets which the consumers and the traders visit during a market week, in which the full time traders predominantly operate from one base, and which has at least one point of contact with other systems in the adjoining areas. He found evidence to the fact such markets have been in existence at least since the late nineteenth century. His study also revealed that all agricultural produce is traded through these markets in the informal sector.

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<sup>20</sup> Wanmali, Sudhir. 1980. 'The Regulated and Periodic Markets and Rural Development in India', *Transactions of the Institute of British Geographers*, New Series, Vol. 5, No. 4. pp. 466-486.

Periodic market places are the first tier of marketing system in general. These are mostly but not exclusively rural-based primary market places. According to Tamaskar approximately more than 10 percent of active population finds employment in this category of marketing activities. He also says that these markets are a source of supplementary earnings to a large number of part time vendors and spring board for prospective alternative employment. Self employment in these local weekly markets or periodic markets does not require any formal education or training. He also gave a background history with regard to the development of these markets. He says that with division of labour and regional specialisation in production market place exchange system came into existence. The periodic marketing system has undergone changes in the post- independence period in India. The agricultural production in the service area of the periodic market places was geared to feed factories in England and foodgrains were exported in the pre-independence period. The items included for export to England were bulked at periodic market places and directed towards ports from where they found outlets to England's ports.

E. H. Stine made a first attempt to explicate the economic rationale of the periodic marketing exchange in 1962. He argued that the "consumer (buyer), by submitting himself to the discipline of time is able to free himself from the discipline of space". His argument is criticised for being too buyer centric and it is added to the fact that these marketing systems are particularly agglomeration of sellers. And apart from these two characteristics of the periodic/local weekly markets it has been observed that they are embedded in the wider social structure of the socio-economic landscape. The existence of the local weekly markets in the urban setting and that too in metropolitan cities like Delhi, Mumbai, and Calcutta speaks volumes about its significance. Its presence along side the formal organised established markets weave a tale of survival and subsistence. It consists of market transactions by units or firms that fall below the size threshold of direct taxation or licensing –generally where the revenue collectable would be less than the administrative costs of collecting it. This form of market usually consists of people who are called as 'self employed' in the academic discourse. In this respect Jan Breman says that the biggest component of the unorganised workforce (363 million strong) consists of

the catch all category of the 'self employed'. Although 'self employed' may cover small businesses, for the most part people classified this way are semi-independent peasants with small assets, petty commodity producers and traders. They exploit their own household members, and often hire in and hire out labour according to seasonal peaks; their "independence conceals sundry forms of wage labour".

Barbara Harriss White argues that though informal market practices are considered to be of 'illegal' in nature "the poorest firms in the municipal markets, platform traders, doing business at the entrance of established shops or from mobile stalls, or those with wares displayed on gunny bags and sacking beside the roads (with typical gross outputs per firm well under 0.5 percent of those of the 15 top firms), contributed 4.5 times more in absolute terms by the end of the period than they did at the start. Their share in the municipality's total revenue doubled." There has been a steady growth in the unorganised trade if one looks at the data provided by the Central Statistical Organisation (CSO) and National Sample Survey Organization (NSSO) during the time period from 1979-80 to 1997 in both rural and urban areas (Table 2.1).

**Significance of the Table:** Going by the definitions of the acronyms OAE, NDE and DE mentioned above and the characteristics of the informal sector we can clearly make out that Own Account Enterprises and Non Directory Establishments fall in the category of the informal sector. Over the years not only there has been steady increase in the number of OAEs and NDEs but also the number of people finding employment in these establishments has increased whereas the Directory Establishments have not grown in that proportion.

**Table 2.1: Number of Units and Persons Employed in Unorganized Trade**

Establishments					Employment			
Urban	OAEs	NDEs	DEs	All	OAEs	NDEs	DEs	All
1979-80	2145.6	226.9	329.7	2703.2	3242.5	588.5	1815.8	5549.5
1985-86	3199.5	683.8	174.6	4057.9	4925.0	2025.8	1443.2	8394.0
1990-91	3738.0	708.6	153.3	4599.9	5756.5	2111.6	1213.2	9081.3
1997	5175.5	915.5			7386.5	2638.4		

**OAE:** Own Account Enterprises are owned and operated without the help of any regularly employed, hired workers. These enterprises, run by family workers constitute the vast majority of the unorganised sector.

**NDE:** The Non Directory Establishments are defined as enterprises which employ five workers or fewer (including family worker) of which at least one is a regularly employed hired worker.

**DE:** Directory Establishments are those employing six or more workers of which at least one is hired.

Source: Table taken from the book *Informal Sector in India*<sup>21</sup>

Henceforth, an attempt has been made through this piece of work to locate the local weekly market practices within the wider domain of the informal sector and study what kind of organisational network and structure does it have which is responsible for its survival in an urban space.

### 2.3 INFORMAL SECTOR IN STATISTICS

The literature on the informal sector shows that almost all developing economies are dualistic in nature in the sense that a modern capitalist sector exists side by side with a traditional sector. They are called 'formal' and 'informal' sectors respectively. A dichotomy prevails between the two which is particularly sharp in urban areas. There are few widely accepted perceptions regarding the informal sector such as that it comprises of very small scale units producing and distributing goods and services, and consists

<sup>21</sup> Kundu, Amitabh and Alakh N. Sharma. 2000. *Informal sector in India*, IHD & Institute of Applied Manpower Research, New Delhi, p. 79.

largely of independent, self employed producers in urban areas. Most of them employ family labour and operate with very little capital. They utilise a low level of technology skills and end up with low level of productivity which, in turn, provides very low and irregular incomes and highly unstable employment. Their informality is derived from not being registered. They also lack access to organised markets, credit institutions, formal education and training institutions and many public services and amenities. They are often compelled to operate outside the framework of the law, and even where they are registered and respect certain aspects of law, they are almost invariably beyond the pale of social protection, labour legislation and protective measures at the work place.

The very nature of informal sector is that it is heterogeneous and vulnerable. It is highly heterogeneous from within. At one end there exists the group of relatively thriving small scale modern manufacturing and service enterprises, while, at the other end, are street vendors, shoe shiners, junk collectors and domestic servants. In between there are primary service activities such as informal transport services, small trading and commercial establishments. The number of persons employed varies from a single worker self employing household enterprises to a total of 5 or 6 workers. Vulnerability of the informal sector arises largely due to the fact that they have rely on self supporting and 'informal institutional' arrangement. Having negligible access to the modern capital market, informal sector enterprises have to garner credit from informal sources, usually friends and relatives and non banking financial agencies often on highly unfavourable terms. Operating outside the law they receive little or no legal protection. Their existence on the fringes of the law has often led public authorities to interpret them as unauthorised activities which often invite harassment and repression to the people engaged in them.

The importance of the urban informal sector has been emphasised more in the literature probably because the urban informal sector has proved to be a refuge for a majority of job seekers who don't get absorbed elsewhere. Since there are no barriers to entry, and capital required to start an enterprise is highly flexible, and usually within the affordable limits of the prospective 'entrepreneurs', and, more importantly, since alternative sources of employment are not around, growth of employment in India's urban informal sector

has simply been phenomenal. In fact, most of the recent employment accretion approximately 97 percent has been in this sector alone; the available data suggest that the organised sector of the Indian economy has not been able to generate employment on a very large scale. For example, during the five year period 1972-73/1977-78, employment in the organised sector grew annually by 2.45 percent against 2.75 percent for the economy as a whole; over the next five years by 2.48 percent against 2.36 percent, by 1.38 percent against 1.77 percent during 1983/1987-88, over the next five years (1987-88/1993-94) by only 1.05 percent against 2.37 percent (Govt. of India, 1999A:147), and by 0.87 percent against 1.53 percent during 1993-97 (Govt. of India, 2000:326). The overwhelming weight of the unorganised sector can be estimated from the following figures about 92 percent in the mid nineties; **Table 2.1**) and it shows that employment growth in the unorganised sector has been of much higher order. The consistently declining pace of labour absorption in the organised sector seems to have reached its nadir during the early nineties, when it is estimated that 98 percent of the incremental employment accrued in the Indian economy has been in the unorganised sector, **Table 2.2**.

It is not that there is one common view regarding the nature of the informal/unorganised sector, according to one analysis of the International Labour Organization this sector displays contrasting strength and weaknesses. On the positive side, the sector is variously described, it is seen as a sector which provides employment and incomes to millions of people who would otherwise lack the means of survival or is romanticised as breeding ground of entrepreneurship which could flourish if only it were not encumbered with a network of unnecessary regulation and bureaucracy On the negative side, it is interpreted as that segment of society that escapes regulation and is “condemned as a vast sea of backwardness, poverty, crime and insanitary condition”.<sup>22</sup>

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<sup>22</sup> Oberoi, A. S. & G. K. Chadha (eds.).2001. *Job Creation in the Informal Sector Some Macro Economic Policy Issues*, SAAT and ILO, New Delhi, pp. 19-20.

**Table 2.2: Share of Unorganised Sector in Employment and Value Added: All India**  
(Percent)

Year	Employment	Value Added
1977-78	92.2	68.1
1982-83	92.1	66.4
1987-88	92.0	63.0
1990-91	92.2	63.8
1993-94	92.6	63.1
1997-98	--	60.0

Source: Taken from *Job Creation in Urban Informal Sector in India: Issues and Policy Options*<sup>23</sup>

**Table 2.3: Share of Unorganised Sector in Incremental Net Domestic Product (at Current Prices) and Employment in India: 1972-73/1995-96**

(Percent)

Period	Net Domestic Product	Employment
1972-73/77-78	64.5	93.0
1977-78/82-83	65.0	91.0
1982-83/87-88	71.0	91.0
1987-88/90-91	58.0	95.0
1990-91/93-94	59.0	98.0
1993-94/97-98	57.0	-

Source: Source: *Job Creation in Urban Informal Sector in India: Issues and Policy Options*<sup>24</sup>

One of the important roles played by the urban informal sector and micro enterprises in India has been to absorb surplus labour from rural areas, through the promotion of self employment. During 1990-98, the number of own account enterprises grew by 1.5

<sup>23</sup> *ibid.*, p. 19.

<sup>24</sup> *ibid.*, p. 19



percent per annum in rural areas, compared with a rate as high as 2.4 percent per annum in the urban areas.

Significance of Table 2.2 and Table 2.3- The above two tables show the scale of informal sector in India and provide an overview of their growing importance in terms of value added and employment creation.

**Table 2.4: Proliferation of Informal Economic Enterprises in India during the 1990s: Economic Census Data**

Nature of Enterprises	Year	No. of Non Agricultural Economic Enterprises(00')		
		Rural	Urban	Total
Own Account Enterprises	1990	94735 (60.52)	61791 (39.48)	156526 (100.00)
	1998	106364 (58.71)	74807 (41.29)	181171 (100.00)
Other Enterprises	1990	31517 (44.91)	38657 (39.48)	70714 (100.00)
	1998	37616 (44.3)	47816 (55.97)	85432 (100.00)
All enterprises	1990	126252 (55.69)	100448 (44.31)	226700 (100.00)
	1998	143980 (54.01)	122623 (45.99)	266603 (100.00)

*Note:* 1. Figures exclude Jammu and Kashmir. Figures in parentheses are percentages shares of rural and urban areas respectively.

2. Own Account Enterprises are defined as enterprises run without any hired worker employed on a fairly regular basis.

Source: Taken from, *Job Creation in the Informal Sector*<sup>25</sup>

With regard to the growth of the informal sector both in rural and urban areas (as visible in Table 2.3) two lines of arguments are presented one view sees such growth as manifestation of an involutory process and other see it as evolutionary. According to

<sup>25</sup> *ibid.*, p. 28.

the involutory view, the growth of the informal sector is seen essentially pathological, fuelled by the influx of migrants pushed out of the rural areas by lack of employment and income opportunities, highly unequal agrarian structures and labour saving technical change in agricultural production. This process is exacerbated by barriers to entry into the modern sector arising from the oligopolistic industrial structures, capital market distortions, labour market segmentations, and unfair employment practices. The evolutionary view focuses on the economic virtues of the informal sector itself which is able to sustain surplus labour.

The issue of migration from rural to urban centers plays a crucial role in accelerating the growth of unorganised economy. Therefore it is observed that a sizeable proportion of the workers engaged in the urban informal sector are rural migrants. Because of their poor educational training and skill background, they land up in low paying, semi-skilled or unskilled jobs and lend themselves to a high degree of exploitation. Another observation made in relation to this sector is that in almost all the developing economies a bias persists against the informal sector in the macro economic policy. Some of the common reasons attributed to the restricted growth of employment in the formal sector are stringent labour laws, rigidities in the labour market and increasing international competition this in turn has forced the informal sector to absorb most of the additional job aspirants. Many policy oriented studies of the economy now lay emphasis on the fact that a healthy growth of the informal sector could provide an impetus to growth of the urban and the overall economy. Many authors are also of the opinion that informal sector cannot grow in isolation as it has linkages with the formal sector for example the formal sector is dependent upon the informal sector for economical inputs and a variety of wage goods for its workers and similarly informal sector is depends to a large extent on the growth of the formal sector for its market and income and it also obtains raw materials for sustaining its own production. Despite the importance of the informal sector it is found that none of the states in India has a specific strategy for the informal sector per se instead each aims to address poverty and unemployment as part of the general development problem.

Amitabh Kundu and Alakh N. Sharma present a critical view with regard to the research and studies which are being done on the informal sector using primary as well as secondary data. They say that the conclusions of most of the studies are often self evident and repetitive. They are quantitative without being analytical and have failed to help in understanding the pattern or nature of interdependence or the dynamics of this sector. In the absence of a standardised definition and framework for data collection studies have been undertaken with widely different concepts and categories. Thus it happens that though scholars who seem to belong to the same school of thought do not realize that empirically they are articulating quite different things. Though considerable changes have taken place in the way the informal sector has been conceptualised in the late seventies and since then the scholars have come to understand the importance of local specificities in determining the informal sector therefore they are increasingly using secondary data in their analysis of the trend and pattern and are trying to place the micro level data within a macro perspective. Use of data generated by Population Census, National Sample Survey, Employment Market Information, Programme Special Surveys by Central Statistical Organization have enabled a comparative analysis across region and cities and industries possible. One of the problems as outlined by the authors that come in the way of such research and studies is that there is a strong bias in favour of the organised sector in the present statistical systems which present a rather skewed picture of the informal sector. The surveys organised for gathering information on unorganised activities have often lacked temporal comparability due to non standardisation of concepts and changes in the formal tabulation etc . It has been argued that the unorganised sector employs more than 90 percent of the total workforce in India and contributes over 50 percent of GDP. Large sections of planners and policy makers however seem to converge on the view that the informal sector is transitory and would gradually disappear with the development of the economy. This possibly explains the neglect of this sector in current research and policy debate. The proposition has however been proved wrong empirically and the sector has continued to grow over the years most certainly in terms of its share in employment. The process of globalisation seems to have accelerated the trend towards informalisation and there is a realisation that this sector will be a major contributor to the growth of employment in the future.

With regard to the collection of data on the informal sector it is to be found that in the late fifties initiative was taken to collect data on the organised sector of the economy which paved the way for arriving at indirect estimate relating to the informal sector at regular intervals. Annual Survey of Industries covered the factory sector or the registered sector was initiated in 1960 and the other, the Employment Market Information program covering non-agricultural establishments in the private sector employing at least 25 persons and all public sector establishments was initiated in 1961, on the basis of the statutory returns prescribed under the Employment Exchanges Act 1959.

Collection of data specifically on the informal sector gathered momentum in the seventies when the first census of Small Scale Industries was conducted in 1972-73 by the Small Scale Industries Development Organization which generated detailed benchmark data on the size and structure of output and employment productivity and efficiency in this segment of the informal sector.

The NSSO carried out a sample survey of self-employed households in non-agricultural enterprises in the 29th round (1974-75) and of the socio-economic conditions of slums in the major cities. This was followed by a major initiative to build up data on the informal sector, namely, the Economic Census conducted in 1977 a census of non-agricultural enterprises employing at least one hired worker on a fairly regular basis. The coverage of the second Economic Census carried out in 1980 included Own Account Enterprises as well; and further the Establishments and enterprises in the agricultural sector outside the crop and plantation sub sectors. The census classified the entrepreneur units into three groups: Directory Establishments, that is, those employing at least six persons. Non Directory Establishments consisting of establishments employing at least one but not more than five employees and third one is Own Account Enterprises. The third such census followed in 1990 and the fourth in 1998. S. S. Suryanarayanan<sup>26</sup> has outlined some of the problems that are inherent in these statistical data. He says that the

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<sup>26</sup> Suryanarayanan, S. S. 2000. 'Information Base for the Informal Sector', in Amitabh Kundu & Alakh N. Sharma (eds.) *Informal Sector in India Perspectives and Policy Issues*, IHD & Institute of Applied Manpower Research, New Delhi, pp. 31-45.

underremuneration of the female workforce in the census and NSSO employment surveys lead to underestimations of the informal sector female workforce derived from these and the estimates of organised sector employment. The size of the informal sector employment is thus underestimated when data sources relating to the total employment and organised sector employment sector are made use for the purpose

The National Sample Survey Organisation (NSSO) conducted a sample survey of the small trading units in India in its Fifty-third round during January - December 1997. The survey used the list of enterprises and establishments in the unorganised trade sector obtained from the Economics Census 1990 as the basic frame for selection of samples. The 53rd round of NSS covered own account trading enterprises and non-directory trading establishments which were earlier taken up for survey by NSSO in its 41st (1985-86) & 46th (1990-91) rounds. Some of the findings of this survey states that the total number of small trading enterprises in the country during 1997 was estimated to be 145 lakh. Of these units 92% were own-account enterprises and the remaining 8% were non-directory establishments. About 84 lakh enterprises were located in rural areas and 61 lakh in urban areas. About 6% of the enterprises were wholesale trading units and 82% were retail trading units. The remaining 12% enterprises comprised the other trading units (commission agents, auctioneers and free collection categories).

About 94% of the rural enterprises and 86% of the urban enterprises had not maintained any accounts. Among the wholesale trading units, 18% in the rural sector and 34% in the urban sector maintained accounts. At the all-India level, 7.6% of the household enterprises were owned by Scheduled Tribes, 10.7% by Scheduled Castes and 21.4% by Other Backward Castes. The remaining 60.2% of the trading units were owned by Others. About 30 lakh female workers and 6 lakh child workers were engaged in the small trading units during 1997. Participation of female or child workers in unorganised trade was more prevalent in the rural areas. Kulshreshtha and Gulab Singh<sup>27</sup> are of the opinion

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<sup>27</sup> Kulshreshtha, A. C. & Gulab Singh. 2000. 'Informal Sector in India: Its Coverage and Contributions', in Amitabh Kundu & Alakh N. Sharma (eds.) *Informal Sector in India Perspectives and Policy Issues*, IHD & Institute of Applied Manpower Research, New Delhi, pp. 48-59.

that own account trading enterprises are very large in number and have a significant impact on the economy but a problem comes in estimating their contribution to national income because most of the data is gathered on the basis of personal enquiry by asking questions on commodities purchased and sold. There seems to be a tendency among the respondents not to provide information truthfully for a number of reasons which include fear of attracting taxation, lack of comprehension, not attaching importance to the survey etc. They draw attention to the fact that four rounds of follow up surveys conducted on trading activity did not yield reliable results. They also contend that though informal trading has its own peculiarity but data surveys have been unable to capture it adequately.

It is significant from the above that the informal sector is more significant in its scale and function than assumed. Local weekly markets as part of the informal markets shares all the characteristics listed above. The point is that the informal/local markets are a function of labour and capital flows in the formal sector and can be seen neither as isolated nor as negligible part of the economy. The aim of the ongoing discussion is to highlight the importance of the informal sector and local weekly markets. The following chapter will address the social characteristics of the local weekly markets.

## CHAPTER THREE

### THE SOCIAL TEXTURE OF LOCAL WEEKLY MARKETS

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Our endeavour in this chapter is to highlight how social variables are intricately interwoven into trading activities, in other words, to focus on how local weekly market is 'embedded' in the wider spectrum of society.<sup>1</sup> The idea of market invokes ideas of economic exchange when studied in abstraction, but exchanges are mediated through social identities and networks which need to be explored extensively. Some of these elements which would be elaborated in this chapter are gender relations which are played out in the market, caste, class and regional dimensions and networks that operate in the market. Some of these factors probably go into the making of the informal sector of its economy. A local weekly market is essentially seen as an 'informal' market<sup>2</sup> and therefore it is imperative to find out what are the elements that garb it in the fabric of informality. Local weekly markets exist and operate under the purview of government and municipal agencies and public policy plays an important role in their dynamics. Another important facet which would be elaborated here is the relationship of the state with local weekly markets and thereby the political habitus of the local markets

#### 3.1 LOCAL WEEKLY MARKETS

In this section we have tried to bring out peculiar character of the local weekly markets. Our concern is to understand the dynamism of these markets.

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<sup>1</sup> Don Slater and Fran Tonkiss in their book *Market Society* present a systemic account of the major disagreements that exists between economists versus sociological and anthropological understanding of the markets. According to them within the social approaches to the study of economic life an argument has developed which economists tend to disregard or do not give much importance to. They have referred to the work of Polanyi who proposed that economic action is enmeshed in 'non economic' networks, institutions and relations. Market relations are not based simply on off exchanges and impersonal interactions, but harden into more stable social forms as 'economic institutions are constructed by mobilization of resources through social networks, this proposition has been explored in detail by Granovetter, M and R. Swedberg. 1992. *The Sociology of Economic Life*, CO: Westview Press, Boulder, p. 93.

<sup>2</sup> See chapter two

Local weekly markets as described earlier are a traditional mode of marketing origins of which can be traced in the rural hinterland. Their presence in the urban centres demands an analysis because it is observed that not in all urban areas they can be found, local weekly markets are seen to flourish essentially in the urban metropolis. As described that urban metropolis receives maximum number of migrants who form the reserve army of surplus labour. Many of them turn to find occupation by way of petty trading in such local weekly markets. Many authors have pointed out that these markets have become regular phenomena in the third world countries. In most developing countries in Africa, Asia and Latin America periodic marketing systems are a vital part of the economy. These markets not only exhibit the locational pattern of timing, size, nature and scale of economic functions but the performance of markets as development nodes undoubtedly is related to their degree of articulation with their local hinterlands and with the urban centers, transportation networks and organisational framework.<sup>3</sup>

Petty producers supply cheap consumer goods to the traders. Lewins supports this argument and says that a whole range of consumer goods which are not conducive to capital intensive production for example footwear, ready made clothing are made by the petty producers which come to be sold in the local weekly markets. He also adds that many hardware and other household goods are produced out of waste materials or a mixture of waste and imported semi-processed materials. John Harris<sup>4</sup> has analyzed the presence of some small plastic moulding shops which use recycled plastic scrap. Many consumer goods that are sold in these local weekly markets are produced locally by small scale enterprises and traders in the market are able to sell it cheap because they are able to minimize the cost as they do not have to pay for storage of the commodities and they even don't have to pay to the middlemen to procure the goods. Many traders have connections with the producers and they procure the goods directly from the factory workshop. It also shows that mode of production in these small scale industries is pre-capitalist in nature i.e. application of less advanced or traditional technology and they are

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<sup>3</sup> Dixit, R. S. 1984. *Market Centres and their Spatial Development in Upland of Kanpur*. Kitab Mahal, Allahabad.

<sup>4</sup> Harris, John. 1982. Character of an Urban Economy: 'Small Scale production and Labour Markets in Coimbatore. *Economic and Political Weekly*, Vol. 17, No. 24, pp. 993-1002.



labour intensive as well, low capital investment, low wages etc. Thus the products manufactured in these industries tend to be of sub standard quality, which are sold to the final consumers at a much lower price.

It is found out that local weekly markets provide a breeding ground for the products that are manufactured by the small units of informal sector hence it can be argued that it makes the local weekly markets a form of informal markets. It is worth noting that there is a growing demand for a complete range of intermediate and final products that are manufactured by the small units and this demand often comes from the side of the poor residing in the cities because the products sold in these markets are of low quality and are sold at cheap rates. This, Emmanuel Romatet argues, fills the gaps of the organised sector.

The vendors of fruits and vegetables buy in bulk from the nearby wholesale market or *mandi* as it is locally called. In these the cost of vegetables and fruits are lower than the price at which it is sold on other days of the week.

There is this category of *truly self employed* workers described by Bromley and Gerry.<sup>5</sup> They are those who work independently and are the owners of their own means of production and have considerable and relatively free choice of supplies and outlets. They are not dependent upon specific firms for their livelihoods but upon general economic and social conditions. Purveyors of various kinds of cheap eatables and street food fall into this category.

Local weekly markets are a common feature of the spatial economy, structure and organization in almost all developing countries of the world. B. G. Tamaskar<sup>6</sup> has outlined some of the characteristics of local weekly markets which can be useful in understanding its counterpart in the urban setting i.e. in Delhi the case in point, he says, "Periodicity is evidently a function of low levels of disposal income in less developed

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<sup>5</sup> See Bromley, R. and Gerry, C (eds) 1979. *Casual Work and Poverty in Third World Cities*, Chichester, etc, John Wiley.

<sup>6</sup> Tamaskar, B. G. 1993. *Fundamentals of Periodic Market Places and Networks*, Inter India Publications, New Delhi, pp. 78-90, 143-172.

economies, which call for sellers to concentrate sales in a relatively short time span. The decision making on mobility/immobility of sellers for agglomeration of goods and services and their perceived profitability threshold depends largely on the availability of developed transport technology. The choice of sellers to be part time or full time stems from the density of profit, transport cost, overheads, and ability to snatch leisure from normal productive or creative activities, particularly in case of peasants and artisans”.

Some of the sellers are full time and others are part time on account of their principal callings, commodity service specialization, the scale of their operations and their home bases (urban/rural) and other variables. There are such sellers also who move around a selected sub-set of periodic market places in an orderly sequence, returning to their home base on some day in the week to replenish their stocks for sale or rest or to attend to domestic or other affairs. The movement along the sub-set of market places in this manner generates a number of market rings or cycles. A market cycle has been defined as a group of market places serving a specified area and unified by a known order of shifts of mobile sellers. This enables them to bring conspicuously large groups of population and extensive area within the range of their operations, as compared to those whose marketing activities are confined to a single weekly market.

It has been observed that vendors of non-perishable commodities like metal utensils, clothes and garments, grocery, spices, cutlery, miscellaneous factory made goods are able to travel in different local weekly markets held in different locations in the city. The movement cost is also crucial in determining whether a trader is in a position to move from one location to another or not. In a metropolitan city like Delhi efficient public transport system assists in the movement of traders.

Local weekly markets are the growing bed of many counterfeit products of popular brands and pirated CDs. Here in these markets one can easily get the products which are cheap imitation of brands which are produced by multi-national corporations. The popularity of such brands often pushes the lower middle clientele to purchase such products in these markets.

With regard to the assets and capital owned and accumulated in the local weekly markets the argument which comes across is that the traders do not have anything like fixed capital at their disposal, they do not own the space where these markets are organised so they do not own land for conducting their business. As regards the accumulation of capital by way of exchange of goods and services we find that most traders earn only as much is sufficient for the subsistence and survival of the family. Thus the economic logic of profit comes to fail in the case of the local weekly markets. Traders in these markets might be operating with what Barbara Harriss White calls i.e. with a notion of minimum profit net of cash costs. She says that collectively held notions of this sort tend to provoke collusive rather than speculative, competitive activity because many traders have a similar concept of the order of magnitude of this minimum profit.<sup>7</sup> These arguments still need to be explored and a detailed socio-anthropological study of the local weekly markets is necessary for insights into the working of these markets. The following sections highlight some aspects that need to be further explored.

### 3.1.1 CASTE, CLASS & REGIONAL DYNAMICS

The relation of caste background of traders to their trading activities and the social dynamics of local market is not a direct one. Social networks become means to heighten economic interests and it is difficult to delineate a cause and effect relationship. The role of social background seems to perform positive functions for the small traders in consolidating their means and providing support, but at another level, may be found to limit options for those in the lowest rungs. Jan Breman's argument in this respect is significant and worth noting, he says, "the frequently heard view, that small scale and non-institutionalized activities are capable of almost unlimited expansion and that newcomers can set themselves up as self-employed with almost no money or without too much trouble and few tools, because those already present obligingly make room for

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<sup>7</sup> Harriss-White, Barbara. 1996. *A Political Economy of Agricultural Markets in South India*. Sage Publications, New Delhi, p. 172.

them, is a gross misrepresentation of the battle for survival at the bottom of the urban economy.”<sup>8</sup>In this respect it is significant to quote Veena Das who states:

*“Gender, caste, regional origin and economic power are all significant factors of the identity of traders but their particular relevance varies according to specific markets, localities professions. It is possible to find a group of traders all of the same caste even when this caste is not conventionally associated with trading activities.”*<sup>9</sup>

In the discourse over the embeddedness of economic actions contrasting views have emerged. On the one hand some scholars argue that embeddedness of economic action in non-economic obligations inhibits economic expansion and there are other scholars who put emphasis on embeddedness of economic action in social relations. Regardless of the debate it is evident that social ties built on trust, friendship, kinship and ethnicity do provide impetus to an economic pursuit undertaken by an individual.

The significance of the elements which help in building vertical and horizontal ties lies in the way that each element is able to build networks on the basis of the respective identity for increasing the business opportunities and social connections. For example, in the grain market of Delhi, it is not only the traders who have a specific identity but also accountants, peons, and coolies. In the case of the coolies in the grain market of Delhi it is regional origin rather than caste identity which forms the most important basis on which networks are established. The author argues that it is a mistake to consider that networks based on different aspects of social identity like caste, religion, locality and kinship are necessarily obstacles to the smooth functioning of the market as economists from Adam Smith onwards have tended to assume.<sup>10</sup> Tarlo and Lachiaier say that one can easily demonstrate that it is often by the mobilisation of such networks that Indian markets are constituted and maintained. In a similar vein Barbara Harriss White’s work on the grain market confirms the impossibility of reducing the function of trade to a simple intermediary stage between production and consumption. In the entire sample of

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<sup>8</sup> Breman. 1994. p. 24.

<sup>9</sup> Das, Veena. 2006. *Oxford Handbook of Indian Sociology*, Oxford, New Delhi, pp. 388-401.

<sup>10</sup> *ibid.*

merchant firms that she studied none limited its activities to buying and selling. All of them were involved in varying degrees in other activities which ran along the economic chain from agricultural production until delivery of products to the final selling point. The pattern of their involvement was so diverse that she considered it impossible to classify according to functions and had to devise new ways of analysing them in a pluri-functional perspective.

Caste however is not absent in the dynamics of the market but becomes an intermediary factor in the strategies to maximise profits or minimise losses. Barbara Harriss White says that in the urban economy the role of caste has transformed in at least two ways: first, castes are organised into formal associations and then they are de-linked by being re-labelled in terms of occupations and second, while the change of the first kind is happening unsystematically the system of castes, economic interests come to play a dominant role within the caste/occupation associations.

Viewed from a macro-level, caste background is associated with lower educational and economic capabilities and hence restricts the range of trading options. Harris-White's study points out that the casualisation of labour in the workshops and mills force the most backward castes and scheduled castes to enter in the lowest rungs of the production process. According to one estimate most backward castes and Scheduled Castes (SCs) make up around 80 percent of the casual labour force. Among the self-employed, she points out that the SCs carry on with occupations like butchery, leather work and cobbling. In addition SCs form part of the labour in rice mills, particularly carrying of bags of hot steamed and/ or soggy par boiled paddy (which is grueling for men) and the female gendered work of turning paddy under the relentless sunshine on drying yards, where scheduled caste women touch the grain with their feet; the harijans or SCs are considered to be expert at this work. The edible kernel is protected from ritual contamination by its husk. Scheduled Castes have entered petty service in occupations with socially defiling connotations. They can be located in business where accumulation beckons in products such as fruit and vegetables which either have skins or which would

be cooked and thereby transformed.<sup>11</sup> It can be easily gauged from this analysis the likelihood of the presence of Scheduled Castes and backward castes in traders of vegetables and fruits or locally manufactured products in the local weekly markets.

A similar trait is observable in the West where race becomes the defining criterion of allocating specific kind of jobs to particular races. For instance, a study done on the street traders of Johannesburg shows that since at least the early twentieth century Blacks or Indians rather than Whites have been the major race groups engaged in street trading.<sup>12</sup> Educational level, access to capital and the kind of products traded are associated with social hierarchies reinforcing each other. In the context of the local weekly markets these factors operate conjointly on producing social networks.

Philippe and Denis Vidal<sup>13</sup> have paid special attention to three network systems which they consider particularly characteristic of functioning of business communities. The first of these is the kinship system which often plays an essential role in regulating the internal working of business circles. The second is the circulation of credit which determines the relations between members of different social milieus and different branches of activity in the production and marketing process. This is an essential aspect, the influence of which extends throughout the entire society. The third network system concerns territorial links amongst and between the mercantile groups. It relates to the ways in which business networks move in and out of different territories sometimes spreading their influence over a well defined geographic location.

The authors say that the importance of kinship in the structural organisation of business operations in India is not a new discovery, and they stress the point that difficulty lies not in establishing such connection but in determining the 'nature' of such ties and networks without exaggeration. This point has been explored in the case of gunny bag market in Pune, the study of this specific market has been done by Pierre Lachaier. This market is

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<sup>11</sup> Harriss White, Barbara. 2005. *India's Market Society Three Essays in Political Economy*, Three Essays Collective, New Delhi. pp. 81-89.

<sup>12</sup> Rogerson, C. M. and K. S. O, Beavon. 1985. *A Tradition of Repression : Street Traders of Johannesburg* in *Planning for Small Enterprises in Third World Cities* edited by Ray Bromley, Pergamon Press, UK.

<sup>13</sup> Philippe and Denis, Vidal. 1997. *Webs of Trade: Dynamics of Business Communities in Western India*, Manohar, New Delhi.

important in the sense that it is dominated by a particular community called *Kuchi Lohanas* and their kinship organisation structures the market in a peculiar manner. Through this study he shows why it is impossible to understand the structure of the traders' activities by merely focusing on the existence of firms and their apparent competition in the market place. The firms owe their existence to the two factors one which is purely economic in nature i.e. the tax consideration and the other which purely social i.e. the way in which the kinship ties are organised among the *Kuchi Lohanas*. He states that 'the distinct structure of the market "cannot be reduced either to the notion of purely competitive market or to the notion of an absolute monopoly."' This is so he argues because "the social organisation of the Kuchi Lohanas itself cannot be reduced either to a homogeneous whole or to a set of isolated families. The logic which pervades in this group is more segmentary in nature."<sup>14</sup> He also adds that that the two domains one of gunny bag markets and the other of the Lohanas' kinship structure have their respective internal logic and hence an individual's position in either the economic or the familial sphere does not guarantee him the equivalent in the parallel domain. His study shows that how the social organisation that persists within a traditional community can help in the set up of a market where they can monopolise the operation. But he also says that this example of a particular market is a rare case and the conclusions drawn can be useful in analysing other markets only in a limited sense and should not be generalised as there exist more variable markets which have greater openness to businessmen and women of a more diverse social origin.

Jan Breman though provides a critical view with regard to the relationship between caste, region, ethnic group, tribal unit or religious community and the employment opportunities that people have in the informal sector. Instead of just accepting the generalised view that traditional systems aid in easy entry into any occupation in the informal sector he says that "the persistence of primordial sentiments is principally due to the situation of scarcity of work and not due to 'force of tradition', and margins for accommodation of a social system that is involved in a process of modernization. The durability of tested loyalties is linked to the advantages offered by such ties under highly

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<sup>14</sup> *Ibid*

unfavourable economic conditions. If unemployment opportunities are slow to expand and population growth is rapid, the sources of existence will be under pressure, and people are likely to fall back on familiar social mechanisms and make use of them to exert influence and to promote their interests."<sup>15</sup> Thus he provides a rationale as to why primordial identities become a source of gaining employment.

### 3.1.2 INFORMAL MARKETS AND WOMEN: LOCATING THEIR PRESENCE AND ABSENCE

*"The economic position of women is institutionalized in many different ways: in the type of firms they mainly work for (petty, undercapitalized, illegal/domestic), in the sectors of the economy where they are concentrated (notably agriculture), in the types of tasks they are assigned (particularly tasks with limited or no upward mobility, and those that require skills achieved with little or no formal education) and the types of contract they are given (casual)"<sup>16</sup>*

The above quote adequately encapsulates the various ways in which women's work is seen and understood. Though women's labour participation is high, a major chunk of it is informal and not gainful from the point of economic analysis. Gender and its association with the informal sector therefore needs adequate research attention. Any discussion on the role of women in any social, economic and political space is incomplete without locating it in the context of patriarchal relations which govern the position of women in the society.<sup>17</sup> In this section the focus would be to locate women in the specific context of the informal sector and thereby see their presence or absence in this sphere. Don Slater and Fran Tonkiss<sup>18</sup> say that "mainstream economics has taken the maximising market

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<sup>15</sup> Breman. 1994. *Wage Hunters and Gatherers*, OUP, New Delhi, pp. 21-22.

<sup>16</sup> Harriss-White, Barbara. 2003. *India Working Essays on Society and Economy*, Cambridge University Press, UK.

<sup>17</sup> Walby, S. (ed.) 1990. *Theorizing Patriarchy*, Blackwell, Oxford.

Walby identifies six arenas through which patriarchal relations are construed and maintained: household production, wage work, the State, male violence, sexuality and cultural institutions.

<sup>18</sup> Slater, Don and Fran Tonkiss. 2001. *Market Society*, Blackwell, USA, p. 112.



actor to be a male individual whose economic interests both include and obviate those of women”.

A number of studies have been undertaken in order to understand why women have remained at the receiving end of the economy and society as a whole despite their significant contribution both in and outside the household.<sup>19</sup> U Kalpagam explains that how the neo-classical paradigm which has an inbuilt tone of philosophical renderings in its attempt to conceptualise a neutral economic man i.e. ‘Homo Economicus’ (the economic man, postulates a single notion of rationality) has filtered out the concept of gender<sup>20</sup>. According to Swedberg, any discussion of gender and economy has to be related to the concept of household which is indispensable to economic sociology for a number of reasons; one of these is that it helps to break with the common tendency to equate to the concept of economy with that of the market and points in the direction of much wider and more useful concept of economy. He suggests that this concept should not only include the market and the household but also the informal economy which is of much importance to issues of economy and gender.

Having enumerated the background to rather terse relationship which exists between gender and economy we now shift to explain the presence or absence of women from the vast expanse of the informal sector. The background would assist in understanding as to why women have remained out of any kind of analysis which pertains to the development

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<sup>19</sup> The household represents a universal social group and the neighborhood. In sociological terms the household can be characterised as the closed social relationship where the interactional pattern is centered around the sexual relationship between children and parents. Social structure of the household adds Weber can be described in terms of authority and loyalty. Authority gives power to male over the female, to the parents over the children and to the old over the young. The primary purpose of the household is to enable human beings to survive and it is described by Weber as “unit of economic maintenance”. Inside the household one finds for example a “division of labour between the sexes”, which constitutes “the oldest typical division of labour” (in history). Women are the oldest agent of the basic economy, that is, the continuous provision of food through land cultivation and food processing. Weber says that domestic authority and household are relatively independent of economic conditions, of the latter’s great importance, and appear irrational from an economic point of view; in fact they often shape economic relationships because of their historic structure. Household developed in a market direction first in the form of the family firm and later as the modern firm. The family everywhere is the oldest unit supporting a continuous trading activity in China and Babylonia, in India and in the early middle ages (Weber, 1922). Excerpt taken from, Swedberg, Rischard. 2003. *Principles of Economic Sociology*. Princeton University Press. Princeton, New Jersey. (Chapter XI, Gender and the Economy, pp. 265-268)

<sup>20</sup> Ivan Illich (1983) notes, “the institutional ‘identity’ of Homo Oeconomicus excludes gender. He charges that the individualism of neo classical economics is one of genderless individualism.

of economy. It has been observed that it is in the informal sector that women contribute significantly in terms of their labour. They are very often employed in labour intensive small scale enterprises. Recognition of the work which directly affects the status of the economy starts from its enumeration in the standard statistical data prepared by national agencies deployed for it. In the Indian context Census of India, National Sample Survey Organization prepares such data base.

Jayati Ghosh<sup>21</sup> in one of her studies says that “because of the definition that is attributed to the informal sector as being residual it becomes very difficult to piece together any estimates of aggregate employment and in the case of women workers in this sector the problem gets complicated by the fact that much of their informal work is unrecognised and unpaid and therefore does not enter many standard labour force and employment indicators”. Also many others including her argue that the data collecting agencies suffer from some serious lacunae when it comes to include women workers.

The concept of work itself came under scrutiny which invariably affected the estimation of labour force participation rate among women. During the early years of the Census, economists generally considered only that as work that generated cash incomes i.e. ‘marketed work’<sup>22</sup>, but then it was felt later in the Indian context where subsistence agriculture on own family farms were prevalent as well as dominant hence work defined only as ‘marketed work’ would lead to gross underestimation of workers. Thus unpaid family labour or activities that either help families to earn incomes or helps to subsist came to be considered as work. Invisibility of women's work in census reports is predominant especially when it comes to informal sector in urban areas.<sup>23</sup> Women’s

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<sup>21</sup> Ghosh, Jayati. 2000. ‘Urban Indian Women in Informal Employment: Macro Trends in the Nineties’, in Amitabh Kundu and Alakh N. Sharma (eds.). *Informal Sector in India*, IHD and Institute of Applied Manpower Research, New Delhi, pp. 301-309.

<sup>22</sup> Macro data systems are attuned to treating only remuneration aspects of work as work deriving the concept from advanced economies that have wage work as the dominant form. Transposed to insufficiently industrialized agrarian economies of the third world where subsistence production or production for survival needs by the household are met by own production and hence do not enter the exchange network in Maithreyi, Krishnaraj. ‘Women’s Work in Indian Census: Beginnings of change’, *Economic and Political Weekly*, Vol. 25, No. 48/49, pp. 2663-2672.

<sup>23</sup> Mukhopadhyay Swapna. 1997. ‘Locating Women within Informal Sector Hierarchies’, *The Indian Journal of Economics*, Vol. 40, No. 3, pp. 483-492. She says that the estimate of the informal sector is

employment in the informal sector is based largely on three types of activities according to Pushpa Sundar<sup>24</sup>: (1) home based activities which are either an extension of their household activities like dairying, poultry keeping, food processing (papads, idlis, masala making etc.) or which use traditional craft skills for market production, for example embroidery, zari work, lace making and doll making etc. (2) home based production using non-traditional and acquired skills to meet the market demand generated as a result of ancillarisation of big industries. Women are engaged in only a part of the production process which is farmed out by bigger production units, as in beedi rolling, match stick making, ceramics, manufacture of electronics and machine parts etc. And (3) retail trading activities e.g. flower and vegetable selling, old garment selling, laundering catering of meals etc. In the first and the third kinds of employment women or their families own and control the productive assets, make the production decisions including pricing and profit margin and generally handle all the stages of production and distribution of the final product.<sup>25</sup>

Some of the major hurdles that women face in order to get self-employed are, lack of mobility, lack of working space, lack of capital, lack of skills, and lack of access to training along with socio-cultural taboos and constraints. Along with these they have to suffer restrictions, regulations and harassment by local authorities and with lack of material and supplies. Another observation with regard to the employment of women is that they are mostly engaged in the home based production activities. It is argued that such activities are in fact extensions of household tasks which is marginally relevant to local markets as it includes production in female appropriate areas such as tailoring, masala making and food processing etc. which have little marketability, yield low income and perpetuate sex segregated occupational structures.<sup>26</sup> If one looks at the nature

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inadequate because of the relative invisibility of women working in this sector and second the fuzziness of the concept itself poses many problems in the estimation.

One of the objectives of Self Employed Women's Association (SEWA) is to make women's work visible. At the level of analytical scholarship invisibility per se has not been the issue, but one of marginalization and integration

<sup>24</sup> Sundar, Pushpa. 1983. 'Women's Employment and Organisation Mode', *Economic and Political Weekly*, Vol. 18, No. 48, pp. M171-M176.

<sup>25</sup> *ibid.* p. 172.

<sup>26</sup> *ibid.* p. 173.

and characteristics of the informal sector one can easily identify that women in large numbers are engaged in this sector and their labour is invariably used in the manufacturing and production activities which is largely home based and characterise subsistence production.<sup>27</sup> It is interesting to know that subsistence production in Asia takes the form of household and kin based production but not all household based production is necessarily subsistence production, there are cases where it may take the form of domestic outwork in which case it is linked to the market economy. It includes various activities that are covered under the rubric of 'informal sector'.

Thus various kinds of research show the likelihood of the trends that have been explored above in the context of gender. When we come to analyse the phenomena of local weekly markets it is being observed that in this arena of economic activity also women are disproportionately present as compared to men. Informal markets afford flexible options for women with little capital assets to enhance their income within given limitations.

Lorenz Nunez says that attempts to develop a comprehensive view of the informal sector often yield generalisations which do not necessarily comply with the heterogeneity and dynamism exhibited by this sector. Many studies describe the sector from the point of view of the labour market as not having entrance barriers, educational or skill requirements with predominance of self employment.

The absence of women from the markets i.e. direct exchange process finds its due explanation in the background that has been described above. Where NGOs and women's organisations like the SEWA are active such as in Gujarat the number of women vendors have consistently increased overtime and they have successfully employed themselves in

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<sup>27</sup> Many third world countries today crucial elements of pre-capitalist modes of production have been incorporated into the emerging or dominant capitalist mode. Subsistence production, far from disappearing has become articulated within the capitalist economy and the state in ways that sometimes alter production relations to the detriment of the poor (Meillassoux, 1972) in Krishnaraj.....  
Krishnaraj describes what she means by subsistence production. She says that if by subsistence production we mean the fulfillment of basic needs such as food, clothing, and shelter, there is no economy without subsistence production. What is significant is the change in the context and quality of subsistence production. Also see Wilk and Neting et al. 1984.  
The connection between subsistence production, women and development has been brought by others notably Mies (1986) and Young (1980)

productive work. But here also women have been able to find employment within the informal sector, but through skill upgradation.

The female participation both as buyers and sellers varies in magnitude from region to region as well as with respect to the kind of kinship organisation i.e. matrilineal or patrilineal. A pertinent study in this regard is done by Tiplut Nongbri, in her book *Gender, Matriliney and Entrepreneurship the Khasis of North East India*. She has examined the entrepreneurial activities of Khasi women group who are primarily engaged in agriculture but due to the impact of modernisation and urbanisation the pressure on land has forced them to engage in trade and other non-agricultural activities. Her study is significant as it shows that how the principle of matrilineal descent is an important factor that contributes to Khasi women's economic activities. Her study strengthens the view that social and cultural background plays a determinant role in any economic phenomena.

It has been discovered that in coastal Tamil Nadu the proportion of female sellers in Periodic Market Places is higher in the smaller group than in larger size group of traders attending more active market places. It is also being observed that women engage in the selling of only particular commodities like bangles, brooms, vegetables, fruits etc. Detailed study of women's agencies in the context of local weekly markets is necessary to see how the asymmetries are negotiated at various levels and how they are linked to other social variables.

### 3.1.3 INFORMAL NETWORKS OPERATING IN THE LOCAL WEEKLY MARKETS

Going by the above criteria of the networks it is being observed in the case of local weekly markets of Delhi that a similar kind of connections plays an important role in the functioning and stability of these markets. Significant proportion of the markets comprises of the migrants<sup>28</sup> from the neighbouring states of Uttar Pradesh, Rajasthan,

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<sup>28</sup> Santhapparaj, A. Solucis. 1996. 'Job Search and Earnings of Migrants in Urban Labour Market: A Study of Mddurai Metropolis', *The Indian Journal of Labour Economics*, Vol. 39, No. 2, pp. 269- 286.

Bihar, Haryana. Delhi being a metropolitan city is one of the few cities which attract the maximum number of people from all over the country. The dismal state of agriculture in the rural areas has been one of the major push factors for the increasing rate of migration and the growing importance of the non farm employment according to Dipankar Gupta.<sup>29</sup> He states that “ the Indian village is not what it used to be, and is even further from what it has been for long imagined to be. There are unambiguous statistics that point to the falling rates of growth in agriculture, and the increasing exodus from country to town. On top of this we have the phenomenon of non-farm employment whose scale has increased tremendously over the years. It is estimated today that about 24 percent of the villagers are engaged on non agricultural occupations.” Rise of employment in the informal sector in the urban areas has essentially been perpetuated by the exceeding rate of migration.

One can easily find in the local weekly markets a kind of kin group feeling that operates as people already engaged in these markets often help those new entrants who happen to come from their village.<sup>30</sup> This is also in a way responsible for the restriction of a new trader into the market. It is found that entry into these markets is not easy for a new person for a number of reasons like lack of available space in the market, lack of resources, lack of connections with the traders already operating in the market etc. so it

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He says that decision which by an individual to migrate is not a simple phenomenon instead it has its own complexity depending upon not only economic motivation and conditions, but also social, institutional and psychological factors.

<sup>29</sup> Gupta, Dipankar. 2005. 'Wither The Indian Village Culture and Agriculture in 'Rural India', *Economic and Political Weekly*.

For a detailed analysis of the changing agrarian situation and its implication see (1) Jodhka, Surinder. 2003. 'Agrarian Structures and their Transformations'. In Veena Das (ed.). *The Oxford India Companion to Sociology and Social Anthropology*. OUP, New Delhi, pp. 1213-1242.

(2) Parthasarthy, G et al. 1998. 'Determinants of Rural Non- Agricultural Employment: The Indian Case', *Indian Journal of Agricultural Economics*, Vol. 53, pp 139-54.

<sup>30</sup> Many authors who have worked on the issue of migration like, 1. Banerjee, Biswaji. 1986. *Rural Urban Migration and the Urban Labour Market*, Himalaya Publishing House, Bombay. 2. Kannappan, Subbiah. 1985. Urban Unemployment and Labour Market in Developing Nations. *Economic Development and Cultural Change*, Vol. 33, No. 4, pp. 699-730.

3. Khan, Najma. 1986. *Pattern of Rural Out Migration*, B. R. Publishing Corporation, Delhi.

4. Tiwari. R. S. 1991. 'Migration and Informal Sector Workers in Kanpur Metropolis: An Empirical Analysis', *The Indian Journal of Labour Economics*, Vol. 34, No. 4, pp. 352-356. He argues that in the case of job search by the migrants previous migrants i. e. friends and relatives in the places of destination play an important role in supplying labour market information. The unorganized nature of the labour market and informal sector makes it difficult for the migrants to gather information. This makes them depend upon their friends and relatives for information.

tends to defy that logic which is often made with regard to the informal sector that there is easy entry and exit in this sector. Ease of entry and exit is relative to the kind of occupation that one takes and it varies from one kind of employment to other.

In the local weekly markets also one can find that kin group network is established. There are many traders who have a joint stall and conduct their business together with the help of their extended family members or friends. Barbara Harriss White's work on the agricultural markets in Coimbatore reveals that such partnerships are most unstable form of organisation because they are useful during the most risky phase i.e. the initial entry into trade. Partnerships are dissolved as and when partners accumulate resources. In the local weekly markets since the traders do not have a fixed shop maintaining such partnerships might be difficult for the traders. Although it is being observed family labour is utilised in the case of street food stalls where the help of female members of the household is readily taken for the preparation of eatables.

From a sociological point of view, it is important to include not only those business communities whose collective identity is formally recognised as such, but also those to whom an identity of this kind has never really been attributed. The above argument possibly holds true in the case of the local weekly markets as many of the traders involved in the market do not necessarily belong to the traditional classification of the business communities in India. A large number of people involved here in this market as traders are generally those small and medium peasants<sup>31</sup> who also belong to the lower castes in the social hierarchy and migrate to urban areas either due to loss of their agricultural occupation or in times of lean patch in agricultural season. So we see that most of them hardly ever have engaged themselves in any kind of trading or business activity before entering into these local markets. Where on the one hand the ties among the traders can be traced to their place of residence before migration on the other hand the similar kind of challenges that life chances pose before them helps in loosening the strict

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<sup>31</sup> This term has been defined variously by different authors and is much contested. Small and medium peasants are generally those peasants who have very small landholding for cultivation and sometimes this category also includes those landless labourers who work for work lands of other big tenants.

caste hierarchies that bound them to their caste occupations and markets indeed become a space which is free from harsh caste restrictions. The hierarchy in the markets depends more upon the experience of the traders and their understanding of the market mechanism. A successful trader is one who is capable of moving from one location of the market to the other i.e. one who is engaged in the market on all seven days of the week at different places in the city.

Barbara Harriss-White argues that the relationship between traders and local society is far more complex than we are apt to recognise. She intends to say the society in which traders operate their interaction and relationship with that space is not easy to comprehend. She further says that the society adapted itself to the evolution of the exchange system starting from barter to the modern way of exchange that takes place in the confines of the super markets or malls. So she says that it would be a mistake to think that the socio-cultural order existing in local society which seems to be traditional in appearance was incompatible with the monetarisation of the exchanges from which the business communities profited, and similarly it would equally be a mistake to think that monetarisation of the business activities necessarily tended to weaken existing traditional hierarchies. The presence of the local weekly markets in close proximity to the modern day super bazaars represents the conflict between the Harriss White has tried to conceptualize.<sup>32</sup>

Recep Varcin<sup>33</sup> argues that in the marketing branch of the informal sector people work in close proximity to others selling similar products. He says that it is not advisable to apply mainstream economic models to the market traders in the informal sector for a number of reasons. First of all he says that an enterprise in the informal sector is smaller than in the formal sector, hence, it would be problematic to apply an economic model of competition used to examine the economic behaviour of formal firms to much smaller operations. The economist model of demand and supply curve which are used to determine the prices

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<sup>32</sup> Harriss-White, Barbara. 2005. *India's Market Society*, Three Essays Collective, New Delhi, pp. 69-135.

<sup>33</sup> Varcin, Recep. 2000. Competition in the Informal Sector of the Economy: The case of Market Traders in Turkey. *The Journal of Sociology and Social Policy*. Vol. 20, No. 3/4, pp. 6-7.



may not be useful and cannot be applied to the informal sector and it is problematic to take it as a universal indicator of price making. Because it might be a case that a market trader may consider the maintenance of a stable set of buyers and long term relationships with other traders in setting prices and also there can be an institutionalised price setting mechanism forced by local authorities.

Beals<sup>34</sup> in his study of the Oaxaca market system in Mexico notes that since it is necessary to maintain social relations with competitors over long periods of time, competition is moderated. He notes that “both profit maximization and competition are influenced by long range market considerations and by the restraints of continuing social relationships.” In this regard Weberian concept of “social closure” is very relevant, Weber defines “social closure” as a process by which a collectivity of people attempt to maximise rewards and opportunities by limiting access to rewards and opportunities only to their own group. He argues that when a number of competitors increase in relation to profit span, the participants become interested in curbing competition. Usually one group of competitors take some externally identifiable characteristic of another group of actual or potential competitors – race, language, religion, local or social origin, descent, residence etc. as a pretext for attempting their exclusion. Weber argues that there are instances where monopolistic social and economic opportunities may also be ‘closed’ to insiders. In other words there can be differentiation within the group itself, some members of the group either exclude the other members or differentially distribute economic and social resources among members.

Not all the traders in the market have same kind of opportunities there is a kind of internal hierarchy within a particular market, but it does not mean that those who are better placed try to eliminate the chances of the others. Recep Varcin has developed a typology of market traders; there are three kinds of traders according to him they are

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<sup>34</sup> Beals, R. L. 1975. *The Peasant Marketing System of Oaxaca, Mexico*, University of California Press, Berkeley. (Taken from Varcin, Recep. 2000. ‘Competition in the Informal Sector of the Economy: The case of Market Traders in Turkey’, *International Journal of Sociology and Social Policy*. Vol. 20, No. 3/4, pp. 6-7.

profit maximisers, risk minimisers and marginal traders. Of these profit maximisers are those group of traders that can be also be called small capitalists. This group of market traders acts 'rationally' in terms of maximising profits. They are in the marketing business for a long time and hence have at their disposal an extensive network of employees and marketing networks. Some of the common strategies that they developed are changing the mode of access to produce, attracting more customers to the market place and selling high volume at a competitive price.

The second group of traders is risk minimisers. Since the profit maximisers are in a position to change the traditional mode of access to supply and are able to sell their produce at lower prices the other market traders who obtain their supply from wholesale market are generally not in a position to compete with these traders. So they develop their own strategy to survive in the market. The first strategy is to remain outside the product domain of profit maximisers and the second strategy is to focus on social aspect of transactions and third is bargaining.

The third group consists of marginal traders. This group neither falls in to the category of profit maximisers nor into the category of risk minimisers. They are in the market basically to earn so much as to sustain themselves. They don't have any specific strategies either.

In local weekly markets some of the characteristics of the traders as envisaged by Recep Varcin are visible but it is rather difficult to point in strict terms as to which trader belongs to which category as many traders tend to have one or more of the characteristics which might match with any of the three categories. For instance, traders who have been in the market place for a quite long time and who are able to reap in maximum benefits on the basis of their experience often help other traders in the market.

It is evident from the above discussion that 'informality' becomes an aspect of local weekly markets both in terms of how it is perceived in the wider context of the economy with respect to its position *vis a vis* formal sector and in terms of it's social texture though it provides a main livelihood options to the bulk of population because the profit

margins are not very high, multiple products are traded, involves less barriers and small and intermittent traders could find some opportunities to supplement their income and the market caters to the lower and lower middle classes of society.

### 3.2 STATE VERSUS MARKETS

*“Perspectives on state-market relations tend to polarize between those which holds that market operate best when freed from wider forms of regulations (as in liberal political economy and neo liberalism) and those which hold that economic well being depends on public measures to correct the effects of market failure and to curtail the inequalities produced by economic competition (as in welfare economics).”<sup>35</sup>*

Since local weekly markets operate within the city and they are organised at places not of their own choice but which are designated by the state regulating authorities therefore it can be said that state plays a crucial role in the organisation and running of these markets in many ways. The very nature of these markets makes it very vulnerable and they are always at the mercy of the state regulating agencies for their survival. The restructuring of the urban space in order to accommodate big malls, super-markets and chain stores often takes place to the detriment of small and marginal traders and street vendors. In this regard we can easily seek some explanation in the theory of Marx, who opines that the state does not represent the general interest of society but rather the general interests of the bourgeoisie. In *The Communist Manifesto* he has clearly stated, “The executive of the modern State is but a committee for managing the affairs of the whole bourgeoisie”.

It is being observed that the location of the local weekly markets is not fixed. Rather it keeps changing within the city from one place to another. If one maps these changes over a period of time one will easily find that how these markets have been shifted to give space to big multi-national companies to build modern structures of marketing.

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<sup>35</sup> Slater, Don and Fran, Tonkiss. 2001. *Market Society*, Polity Press, UK. p.117.

An analysis of the use and distribution of public urban spaces such as streets, parks, and subway helps to understand the role social institutions play in the functioning of informal commerce.<sup>36</sup>

When it comes to the regulation of any such phenomena it is being observed that there are two models of regulation, one which relies on the intervention and regulation of the state and the second which is based entirely on pure market forces. However cases exists where the state is weak as an institution or presents a low level of integration between state agents, state enforcement agencies and state policy objectives creating conditions for the emergence of alternate forms of regulation that some authors refer to as extra legal.<sup>37</sup> There appears to be a lot of contradictions in the functioning and laws of different state agencies, such as the police and the municipal corporations in matters relating to this aspect of the informal sector in general and street vendors in particular.<sup>38</sup>

With regard to the factors that play an important role in the set up and the survival of any kind of market there are differing views. For instance, in the literature of economic sociology and institutional economics some authors point out that the social ties through friends and family assist in market activities.<sup>39</sup> Others argue that markets are not something separate from society. Both these lines of argument regarding markets ignore the role played by the institutions and organisations and herein comes the analysis of the institutional economics in providing the dynamics of such institutions.

Broadly categorised there are four regulatory models which are described by Sergio Pena. From mainstream economics come the laissez faire model where in the vendors compete

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<sup>36</sup> Pena, Sergio, 2000. 'Regulating Informal markets: Informal Commerce in Mexico City', *International Journal of Sociology and Social Policy*, Vol. 20, No. 9/10, p. 43.

<sup>37</sup> De Soto, H, 1989, *The Other Path*, Harper and Row Publishers, New York. Excerpt taken from, Pena, Sergio. 2000. 'Regulating Informal markets: Informal Commerce in Mexico City', *International Journal of Sociology and Social Policy*, Vol. 20, No. 9/10.

<sup>38</sup> Bhowmik, Sharit, K. 2003. 'National Policy for Street Vendors', *Economic and Political Weekly*, Vol. 38, No. 16, pp. 1544-1555.

<sup>39</sup> For more details refer, BenPorath, Y, 1980, *The F Connection: Families, Friends and Firms and the Organization of Exchange*. *Population and Development Review*, pp. 1-30.

Coleman, J. S. 1988. Social Capital in the Creation of Human Capital. *American Journal of Sociology*, 94, pp. S95-S120.

for urban space, second is the government regulatory model wherein public sector regulates location. In the government regulatory model the government is the agent that regulates the use and allocation of urban space. By means of licenses and permits it controls the entry of players in the market, regulates the standard of products and establishes health standards etc. It controls vendors' entry into the market and their location to deal with externalities such as pollution crowding and public health that street vendor activities may generate. Third is the mafia regulatory model where mafia assigns property rights and lastly there is the socio-institutional model.

For example, in the case of the local weekly markets in Delhi the second model i.e. the government regulatory model operates. The governing agency is the Municipal Corporation of Delhi. It is the function of the MCD to look into the matters related to the local weekly markets or tehbazaari which is the more common term used for it. MCD has designated spaces where these markets are organised on different days of the week. MCD is the regulatory body which provides the vendors or traders licenses to set up their stalls in a particular weekly market. It also provides the tables to the traders and charges a fee for the same. The Municipal Corporation of Delhi also takes up the charge of cleaning the area in which the local weekly market takes place. It is entrusted with a number of duties to conduct like inspections of weights and measures, inspection of coinage, tax collection which includes ground rent, cess transit duty, sanitation and hygiene etc. The problem that comes to light is that the number of people seeking an alternate form of employment through the local weekly markets far exceeds the number of those who actually wield the licence provided by the MCD to conduct business. In the absence of an adequate regulatory framework by the state authorities the people engaged into such informal activity are at the receiving end. This problem is linked to the broader issue of migration and urban planning and the idea of an inclusive city plan to accommodate the interest of the formally unemployed and the underprivileged segment of the society that needs an elaborate and methodical sociological study.

In some cases the local market authorities bear the responsibility of general layout of the different categories of commodities, such as perishables, grains, grocery, textiles and garments.

The local weekly markets have their distinct form of association which negotiates with the local authorities like police, municipalities and mafias. These markets very often face the danger of displacement and harassment and therefore the traders involved in the market have unionised themselves through these associations which are quite different from the trade union organisation. Within the local weekly market in a specific space there is a 'pradhan' of that market who is vested with the power and authority to administer the internal regulation of the market. It is at his discretion that any new entrant is allowed to set up his business in that market. Often the pradhan assists a new entrant in getting a license from the municipal authority and it also happens that pradhan himself gives the permission to a new person for which he charges some money. The disputes arising in the market are also settled by the pradhan to avoid the undue intervention of police into such matters. A more comprehensive understanding of such a kind of associations comes from the study of Barbara Harriss White. She has analysed the working and significance of the Fruit Merchant's Association in Arni district of Tamil Nadu; this association was set up in the year 1982. The organisation contributes to the physical security of the traders without which markets cannot function. It defends stallholders from physical eviction by the police and defusing tension between Scheduled Caste traders and Vanniar labourers. It organises the annual collective gifts to the police, the local MLA, the municipal commissioner and other political leaders. As traders in perishables are excluded from eligibility for bank loans and as private financiers refuse to lend to SCs or lends at exorbitant rate of interest and terms and conditions, the organisation runs a daily chit fund which both insures traders and supplies for funds.<sup>40</sup>

It can be argued in this regard that where on the one hand there is increased regulation on the part of the state sponsored authorities, on the other hand these markets have devised

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<sup>40</sup> Harriss-white, Barbara. 2005. p. 94.

their own internal mode of protection and regulation to combat the harsh policies of the state.

In the era of free market and liberalisation which has given free hand to the formal and organised mode of exchange and distribution the fate of local weekly markets still depends upon license and permit Raj of pre-liberalisation period. In fact most of the informal sector enterprises are governed by such regulations and if such enterprises fail to comply by such rules they are easily labeled as “illegal”.

It seems that the local weekly market is deeply embedded in the socio-economic fabric of class in the industrially growing metropolis though it is often associated with pre-industrial forms of market. It is necessary to examine the function of the local weekly markets for different strata of people and the networks that are part of its social dynamics for the local weekly markets seem to have a distinct ‘field’ and ‘habitus’ of its own. This chapter highlights the significance of the study of social parameters like gender, caste and class apart from regional identities and kin groupings in the dynamics of the local weekly market. These aspects need to be studied in greater details in order to understand the social dynamics of ‘informal’ markets that cater to the subaltern sections of society.

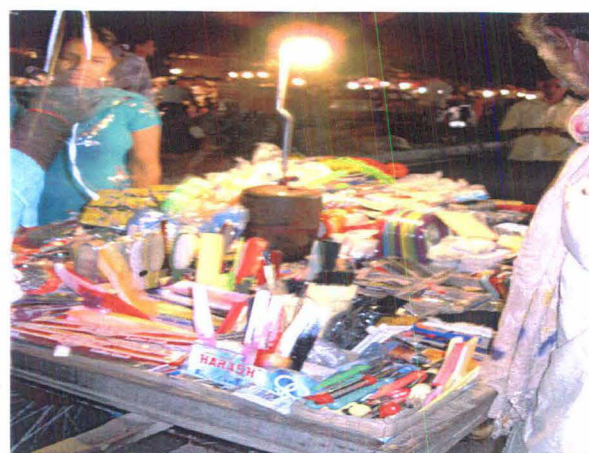
**PHOTOGRAPHS TAKEN AT THE FRIDAY MARKET,  
MOHAMMADPUR, NEW DELHI**







**PHOTOGRAPHS TAKEN AT THE SUNDAY MARKET,  
R.K. PURAM, NEW DELHI**







## CONCLUSION

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*“Market places exhibit a concrete and public sociality in which exchange is embedded in localized culture, social and political relationships.”<sup>1</sup>*

The primary motive behind analysing the local weekly markets has been to understand the embedded nature of markets in general. The study has established and reinforced the theoretical foundation of the sociology of markets, which insists that markets do not function without social relations. Markets emerge in particular contexts and their form and structure undergoes changes according to the political and economic atmosphere prevailing in and around it. Local weekly market which is essentially a mode of petty trading in urban areas is an offshoot of periodic market places which are a common feature in rural areas.

Local weekly market has been placed in the broader domain of the informal sector in order to find out the reasons why these markets have been categorised as informal markets. It provides an easy mode of self-employment to the migrants who come to the cities in search of employment and better earning opportunities. Local weekly markets are considered to be informal markets because they exhibit the characteristics which are attributed to the informal sector at large. The informal sector is understood to be signifying very small units producing and distributing goods and services comprising a large number of independent and self-employed producers or providers of services in urban areas of developing countries. These activities are generally unregistered, unrecognised and unregulated. Other features of informal sector can be associated with local weekly markets except the one which says that it is unregulated. This signifies a clear break from the overarching belief among social scientists regarding the unregulated nature of the informal sector. Local weekly market is constantly under the watchful eyes of the municipal bodies. The vendors and traders have to get licenses to set up their stalls

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<sup>1</sup> Slater, Don and Fran Tonkiss. 2001. *Market Society Markets and Modern Social Theory*, Polity Press, UK. pp. 13.

at the designated spaces allotted for the local weekly markets by the municipal corporations. Vendors and traders have to pay a certain amount as rent on a regular basis against the space that they get. This poses a serious limitation on the way the informal sector is conceived and it also shows why there is no consensus regarding the definitions that are used for the purposes of conducting empirical studies in the said field.

Therefore, the National Commission of the International Labour Organization attempted to describe the broad characteristics of the informal activity. They are a combination of factors such as ease of entry, reliance on indigenous resources, family ownership, small scale operation, working in temporary or semi-permanent structures, work in variable locations, deployment of skills acquired in non-formal education systems, operations in unregulated but highly competitive markets etc.<sup>2</sup> Thus any kind of activity which exhibits all or some of the above mentioned factors they are clubbed in the informal sector. It is for the same reason that we see that local weekly markets are seen as an informal market despite its major contribution to the national economy and scale of operation. Local weekly markets provide an easy employment opportunity to the urban poor as it does not require any technical qualification and also that it requires very low amount of capital investment.

This study has revealed another important dimension of the local weekly markets which is that it is a thriving market for commodities that are produced by small scale indigenous industries. These manufacturing enterprises are also regarded as informal units as they use low level of technologies, low skilled workforce, and these units are also prone to sickness and have low entrepreneurial capability and income. The commodities produced by these units serve low income group. A. N. Bose who had studied the informal sector in the Calcutta metropolitan has tried to link the existence of separate market of locally produced commodities with the wider economy which is dominated by the multinational capitalist enterprises. He says , “the dominating large scale oligopolistic sector compels

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<sup>2</sup> Subramaniam, V. ‘Trends in Job Creation in Urban Informal Sector in West Bengal’ in A. S. Oberoi and G. K. Chadha ( ed.) 2001. *Job Creation in Urban Informal Sector in India: Issues and Policy Options*, SAAT, ILO Study, New Delhi, pp. 395-409.

the small units in the informal sector to operate in a different market where the input price is higher and output price is lower, and the main benefit of the price differential is reaped by the large scale sector.”<sup>3</sup>

One of the important findings of the study is that it negates the view that is so attached with the nature of the informal sector that this sector provides an easy entry for those who are unemployed. It has been observed that entry into the informal sector activities and especially in the local weekly markets is not that easy as it is made out to be. There are a number of entry barriers which are created in the way of prospective entrants into the sector. Often the entrants need to have prior connections with those who are already employed in the sector; they also need to have enough money to bribe the musclemen and other stake holders who operate from the backyard of the informal sector. Entry of a new person especially in local weekly markets is dependent upon his or her connections in the market. This also hints towards the basic hypothesis on which this study is undertaken that any form of market is embedded in the social relations and institutions. A certain level of collective trust is attained through the social ties that the actors have amongst themselves in the local weekly markets. The persistence of local weekly markets in the heart of the city tend to limit the neo-classical economic theory which ignores the role that is played by social ties that goes a step ahead of the instrumental exchange that takes place in the market.

If one looks at the case of developed countries which already have modern capitalist structures in place and where super markets, malls and hyper markets have taken place of the traditional sense of the market place, it is being observed that in these nations as well informal markets do exist though its not on such a wide scale as in developing nations. Flea markets and garage sale/marketing of personal goods but the informal market in this situation performs the function of disposing surplus possessions whereas in the developing and less developed countries the informal markets function as sources of livelihood and are connected to rural-urban labour flows. Besides the scale, scope and

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<sup>3</sup> Bose, A. N. 1974. *The Informal Sector in the Calcutta Metropolitan Economy*, ILO, Geneva, pp. 3.33-3.35.

magnitude of the informal sector is of far greater importance in developing countries. Therefore it would be unwise to compare the significance of the informal markets of developing countries with that of developed nations as the context differs in both the cases to a great extent. Hence the need in the Indian situation is to study the informal markets not as an exception to the formal market as done by classical economic themes stemming from the experience of a limited number of countries.

The study also highlights the gender differences that are visible in the analysis of the market. It shows that sexual division of labour is not merely restricted into the production activities only. Lack of resources, social ties and networks are necessary impediments in their entry into the market activities in the lower rung of the urban economy.

This study does provide gainful insight into different ways in which the market is embedded in the wider social network and also reveals that it does have an internal logic of its own. The limitation of the study is that it is unable to divulge the internal mechanisms through which these markets function. Limited literature on the local weekly markets in urban areas has posed problems in the in depth analysis of these markets. Even though the statistics prepared by the national statistical organizations like CSO, NSSO and economic surveys cover a great deal of data on the informal sector and within it retail and wholesale trade finds a mention as an important factor wherein large number of people are engaged yet no particular study has been done on it taking it as a sole category in its own right.

Another important limitation of this study is that it lacks primary insights; only secondary literature has been used to arrive at the understanding of the local weekly markets. The impact of the changing caste relations has not been interrogated by the social scientists working on the informal sector. Hence it was difficult to make assertions on how the market opportunities have changed over the years due to the changing perceptions on caste and ethnic identities.



Future of local weekly markets is under constant threat of eviction and their presence has not been devoid of struggles for survival. The retail revolution has already started showing changes in the mode of retail trade in many cities of India. V. Sridhar<sup>4</sup> says that the retail revolution is an attempt to overturn the traditional way of selling goods. It is speculated that this revolution would prove detrimental to the survival and livelihood of millions who are part of the supply chain that exists between the producers to the final consumers. Big private players intend to control the supply chains. They want to dismantle the regulatory controls of the state which protects the interests of the producers of the primary products such as agricultural produce. Sridhar notes that the agricultural markets have already started to see the impact of this retail revolution. Reliance had established its wholesale 'cash and carry' operations through Ranger farms, which sells fruits and vegetables in bulk. Reliance has taken advantage of the loopholes that exist in the policy regimes of the government. In Maharashtra due to the amendments in the Agricultural Produce Marketing Committee Act (it controls the terms on which agricultural produce is procured in the markets across the country now enable large industrial houses to build their own supply chains) several large retailers like Reliance have applied for licenses to make direct purchases from farmers. Sridhar gives the example of how the Azadpur mandi in Delhi is invaded by large retail chains and how they flood the 'rejects' back into the mandis which results in lowering the prices. It is also being observed how these large retail players easily bypass the laws and make their way into the market. Similarly Reliance has entered into the wholesale vegetable markets in Chennai as a consequence many traders and vendors have experienced drop in their sales turnover. Thus macro level changes have direct implications over those who are involved in the economic activities at the micro level. But there is a need to critically analyse these changes as there is a vital link between the formal and the informal sector and two are not strictly separate domains. Since it has been argued at the outset that the local weekly markets are in fact informal markets and they share the characteristics of the informal sector at large so it can be postulated that these markets won't cease to exist as the informal sector is not actually a residual category of the economy but an important segment of it. According to A. C. Lewin informal sector represents a subordinate mode of

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<sup>4</sup> Sridhar, V. 2007. Retail Invasion, *Frontline*, Chennai, pp. 4-11.

production and it should be analysed and studied in the larger framework of capitalist relations of production, extraction and surplus appropriation. In fact it is being observed that though subcontracting the formal sector ensures its success and dominance in the market. Jan Breman in this regard says that the success of the formal sector depends on the proliferation of the informal sector.<sup>5</sup> The debate on the informal sector has revealed thereby that the dualist perspective that sees the informal sector as autonomous sphere is untenable as it blurs the linkages between the formal and the informal sector. The analysis of the local weekly markets in this respect also shows that this dualist perspective is not appropriate enough to arrive at a comprehensive understanding of the economy. Petty commodity production model reveals the fact that the informal sector is not a transitory sector that would progressively evolve and would get integrated with the formal sector as the economy gets more developed. Local weekly markets provide a separate market sphere for the goods that are produced by small units of the informal sector as well as it provides a ready market for the rejected products that are manufactured by big capitalist industries. Petty production is one of the factors which needs to be explored in detail in this respect to understand more comprehensively the reason why informal markets emerge and sustain themselves in urban areas and more so in urban metropolises.

The trend towards privatisation of the market indeed paves the way to interrogate the question as to what would be the situation of local weekly markets in the light of such developments. In view of the rapid changes taking place in the socio-political and economic sphere globally and the lack of substantial sociological work done on this issue, this dissertation is an attempt to explore a relatively untouched landscape i.e. the local weekly markets and through it a chain of significant issues of sociological relevance.

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<sup>5</sup> See Chapter one.

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