

## **Informal Economic Activities in Residential Areas of Dhaka City: Empirical Evidence from Mirpur Area**

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**Abstract:** Informal activities are regular companion of rapid urban growth in the Global South. The informal economy represents a major share of the GDP in many countries. The main purpose of this paper is to discuss about informal economic activities in the residential area of a megacity and analyze their spatial characteristics and socio-economic dimensions. A case study was conducted in Mirpur Area of Dhaka City. The number and types of existing neighborhood retailing and their spatial location and size were identified by observation survey. There are 139 immobile neighborhood retailers or street vendors and hourly average 87 mobile street vendors observed. Fifty of those different neighborhood retailers or street vendors were randomly selected using stratified sampling technique for detailed questionnaire survey for socio-economic analysis. The existing neighborhood retailing activities in the study area are of diverse nature and type with different size, employ many people and regularly serving a large number of people in the study location. Based on the results, some suggestions - policy guidelines and measures related to informal economic activities within the residential areas in Dhaka city – are provided. Findings of this paper would be helpful for similar areas of the city or similar other cities.

**Keywords:** Informal, economy, eviction, megacity, urban, retail, street vendor.

### **1. Introduction**

Much of the urban growth in the twentieth-century is taking place in the Global South (Sandoval, et al. 2019). However, the rapid urbanization is not supported by economic growth in many countries (Changqing, et al. 2007). Therefore, ‘informality’ - once associated with poor squatter settlements - is now seen as a generalized mode of urbanization in the Global South (Roy, 2005). Often, the informal activities are very common across different sectors in the major urban areas. “The history of modern urbanisation illustrates that informality was and is a regular companion of rapid urban growth” (Changqing, et al. 2007, p. 23).

The term ‘informal’ usually refers to the activity which is not organized or without having any formal registration or legal basis. For instance, the informal sector is described as “all economic activities by workers and economic units that are –in law or in practice– not covered or insufficiently covered by formal arrangements” (ILO, 2002,

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p.5). The term 'informal sector' - a sector which provides a wide range of low-cost, labour-intensive, competitive goods and services – was first defined by Kith Hart in 1973 (Alam, 2012). Roy defines 'urban informality' as "a state of exception from the formal order of urbanization" (Sandoval, et al. 2019). The term 'informal' is not new in the field of development study as well as planning. Generally, urban development that comes within the purview of a state land administration system and complies with its legal and regulatory requirements is labeled 'formal' and all development that does not comply with one or another requirement is considered 'informal' (UN-Habitat, 2009). There are also some other factors that largely characterize informality; for instance, lack of state-provided safety net, competitive pressure arising from economic crisis, privatization, economic liberalization and global competition (UN-Habitat, 2009). Perhaps the most studied dimension of informality is the informal economy or informal sector, which includes all forms of informal employment (Sandoval, et al. 2019).

'Informality' is one of the major issues the present world is facing in the process of its development. Though informality in the development process exists in every part of the world, it is evident that it mostly exists in the developing countries and where there is transitional economy (UN-Habitat, 2009). The surplus urban population in the Global South are usually engaged in informal economy because neo-liberalization is occurring (Hussain, 2013). 'Informality' in the stagnant economies of a megacity is no longer a residual category, rather the dominant mode of access to urban shelter or mobility or other service delivery (Changqing, et al. 2007). Thus, informal activities and solutions seem to be a new element of a flexible urban production-consumption system, thereby contributing substantially to the functioning of the socioeconomic system of a megacity. Recent studies show that intensive linkages and diversified networks exist between both formal and informal arenas (Hossain, 2012). Even in the present world, the proportion of 'informal sector' is so significant that this cannot be ignored anymore. Therefore, a new concept of 'informal economy' was used instead of 'informal sector' in the 90<sup>th</sup> Session of the International Labour Conference held in 2002 (Chowdhury, 2005).

The informal sector has grown and expanded rapidly, and now the majority of the world's population produces and trades in this sector (ILO, 2013). The informal economy represents more than a third of global output of developing countries (Schneider, et al. 2010). For instance, informal economy accounts for 50 to 80 percent of GDP in Africa, 40 percent in the Latin American and Caribbean (LAC) region, and 34 percent in Asia (Benjamin, et al. 2014; Sandoval, et al. 2019). Considering the significance, several recent studies argue that 'demolition' of informal sector is the least deserved solution, rather legalization of these kind through new and flexible planning and design guidelines proved as more sustainable solution (UN-Habitat, 2010). Many authors (e.g. Changqing, et al. 2007; Hossain, 2012; Halder, 2019; Hussain, 2013; Nahrin, 2017; Pramanik and Rahman, 2019; Roy, 2005; Rahman and Ley, 2020; Rahman, 2013; Rahman, et al. 2013; Rahman, 2007) argue that informal sector need to be integrated with formal sector and need to be accommodated in urban system or planning. Roy (2005) further argues that the informal sector should not be excluded while planning for the city and this would be useful not only for "Third World" cities but also more generally for urban planning concerned with distributive justice.

In Bangladesh, a significant portion of the economy (estimated as 38%) is said to be 'informal' or shadow economy (Hasan, 2011). The informal sector of the country is dominant and employs a large number of people which is difficult to ignore in the development process. For example, 51.7 million (85.1%) people of the country and if considered only the urban areas it is 13.1 million (77.3%) whilst in Dhaka city 78.2% are engaged in informal employment (BBS, 2018). Therefore, similar to other developing countries, Bangladesh also recognizes the significance of informal sector as an expanding source of employment (ILO, 1994). Political and administrative services in Bangladesh are very complex and highly saturated with informal/unlawful monetary dealing, which is commonly defined as corruption (Khan, 2001). Urban informal sector provides several significant urban services in Bangladesh and the sector is playing an important role in the economic growth of the country (Halder, 2019).

Dhaka, the capital city of Bangladesh, is now the 11<sup>th</sup> largest megacities of the planet. Dhaka is one of the most densely populated cities where there are many informal sectors, services and activities. This paper is to explain the physical and spatial characteristics of the informal economic activities in the residential area and the influencing socio-economic factors related to the informal activities. The main purpose of this paper is to assess the existing situation of neighborhood retailing, particularly the street vending activities, and their spatial pattern in the residential area of Dhaka city. This paper also tried to explore the socio-economic factors affiliated with the street vending in the residential area for understanding their importance and dynamics in urban society.

Section 2 provides the summary of relevant literature; Methodology of the research are discussed in Section 3 and the profile of case study are is given in Section 4; Section 5 reports the results derived from the case study area; and Section 6 provides a discussion and the conclusions.

## **2. Review of Relevant Literature**

The informal sector plays an important role in the economy, employment generation, and in providing utility services in cities of the Global South. More than 61% of the workers globally employed in informal economy; if considered only the developing countries it is 90% whilst in the South Asia it is 88% (WIEGO, 2020). Among the South-Asian countries, Bangladesh has the highest percentages of employment engaged in informal sector (ILO, 2017). However, informal urban sectors often do not receive due attention or acknowledgement from typical or conventional city planning and policy makers. Moreover, in many cities the regulatory authorities have placed a variety of restrictions and barriers on informal sector (Rahman, 2013). Roy (2005) argued that often the formal and so-called mainstream thinkers of city planning do not count the very important and significant informal sector in their thinking and planning process. They usually act as if the informal sector does not exist, and the policies pretend that excluding this sector is normal. However, the issue of informality is very relevant to the developing country cities where informal part is very significant or almost equal (or more) to the formal part.

The informal sector is getting more and more significance in South Asian countries. For example, as in many other developing countries, almost 80 percent of urban workers in India are employed informally and the economy of the country is 'hybrid' of 'modern-traditional' and 'formal-informal' activities. Similar situation also for the employment sector of Dhaka City. More than 60 percent of all employment in metropolitan Dhaka is in the informal sector (Chowdhury, 2005). However, the existing planning policies such as

National Urban Sector Policy of Bangladesh do not have any insight on this issue, though it discusses on facilitation of the small and medium entrepreneurship's but so far nothing is mentioned in particular to informal sector (National Urban Sector Policy, 2011).

There is a good number of scholarly research publications available in existing literature on the topic informal economy or informal sector. For example, several to mention are: Hart (1973), Roy (2005), Potsiou (2010), Sandoval et al. (2019), Schindler (2013), Changqing, et al. 2007; Chowdhury (2005), Rahman and Ley (2020), Hossain (2012), Halder (2019), Hussain (2013), Nahrin (2017), Rahman (2013), Rahman et al (2013), Rahman (2007). A large portion of the existing literature are on housing or related to slums; for example, Changqing et al. (2007), Nahrin (2017), Potsiou (2010), Rahman and Ley (2020). However, a diverse area of informal sector are also found in existing literature, such as, economy or employment (e.g. Hart, 1973; Halder, 2019); neighborhood or traditional retailing and trading (e.g. Schindler, 2013, Hussain, 2013); urban water supply (e.g. Hossain, 2012); urban solid waste management (e.g. Halder, 2019); and urban transport (e.g. Pramanik and Rahman, 2019; Rahman, 2013; Rahman et al. 2013; Rahman, 2007). Nahrin (2017) claimed that formalization of informal housing could improve the overall environment in fast growing cities. Hossain (2012) reveals an informal sphere of regulations that considers a careful calculation of inhabitants' individual locations in the prevailing power relations matrix and thus continuously (re)defines their differential access to urban utilities. Rahman and Ley (2000) argue that community-based organizations in poor settlements in Bangladesh represent informal networks of the urban poor and emphasized on bridging formal and informal processes through institutionalization under a wider urban governance framework. Informal waste sector has positive contribution in the environment and economy of the city and therefore need for interlinking the formal and informal sectors of waste management (Halder, 2019). The residents of the informal housing and street vendors are constant fear of eviction due to illegal possession (Nahrin, 2017; Hussain, 2013). Hussain (2013) claims that without finding any other sources of subsistence, street vendors have to go through the process of vulnerabilities and sometimes they have to negotiate with the problem creator by providing speed money. Hussain (2013) found that 80% of the respondents (street vendors) in Dhaka wish to have the security of their business – a fixed place for business so that no more harassment or eviction - and capital support from the government.

Existing literature show that there are two different school of thoughts regarding the urban informal activities: (i) the negative thoughts or factors (therefore, advocate to restrict or prohibit and eviction); and (ii) the positive thoughts or factors (therefore, advocate to support and integrate with formal sector) of informal economic activities. Figure 1 shows the major factors of two different thoughts. However, a very few authors argue for restricting or abolishing informal sectors. Schindler (2013) suggested for regulating and negotiating the informal sector. Street vendors and hawkers illegally occupy space of footpaths and/or roads in Dhaka and thus causing obstructions for pedestrians' movement and unpleasant urban landscape (Dool, 2005). Therefore, there is a conflict between street vendors and the city authority or law enforcing agency (Bhowmik, 2010). Considering the pedestrians' problems due to street, Ahmed (2009) suggested to evict the informal activities from footpaths in Dhaka to improve continuity and accessibility for walking. Recently, eviction of street vendors in Dhaka happened numerous times (Etzold, 2013).

In developing country cities the major portion of city dwellers now-a-days lives in informal dwellings and employed in the informal economy. Replacing these settlements and economic activities may trigger economic disorder and social unrest, therefore, planners usually prefer to ignore such areas and leave them to remain inside the city. However, this tendency can neither ensure the security of informal economic activities nor the control on shadow economy of the country, which leaves a dangerous grey area where corruption and crime can thrive in an alarming rate (Changqing, et al. 2007). Hossain (2008) revealed that in the Global South the informal dwellers as well as the poor migrants are often used as the component of the political development procedure, however, they are literally excluded from the urban policy.

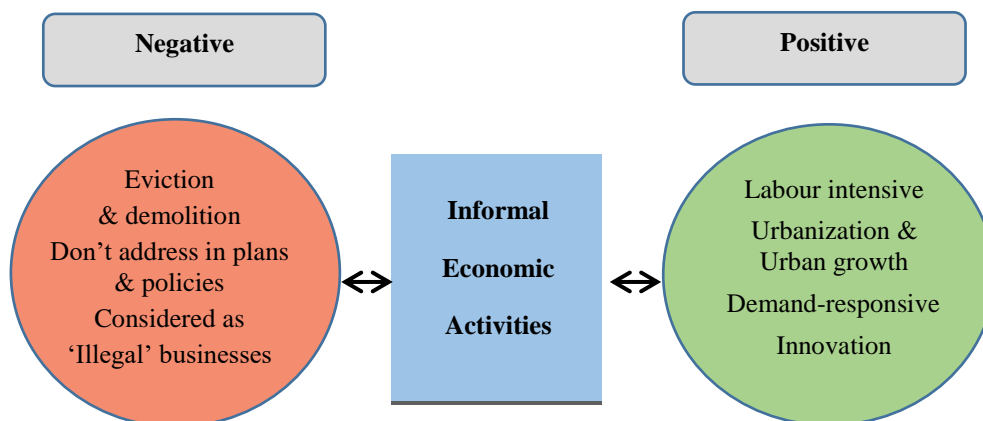


Figure 1: Conceptual framework of informal sector – neighborhood retailing  
Source: Developed by authors.

Considering the role and contribution of informal sector in urban economy and in urban structure, it is necessary to plan for the informal economic activities by incorporating them with the formal sector or with the structure of city to mainstream in planning process. Potsiou (2010) noted that the Albanian government used to deal with the informal development as a problem, however, later a law was enacted and passed by the parliament to support the legalization process of informal (illegal settlements and construction) developments. This was done to come up with a solution, which is similar to the suggestions of the report ‘Urban Planning for City Leaders’ by UN-Habitat (2013), suggested to facilitate the urban informal sector. Similarly, several other research (e.g. Nahrin, 2017; Rahman and Ley, 2020; Halder, 2019; Hussain, 2013; Hossain, 2012; Rahman, 2013; Rahman et al. 2013; Rahman, 2007) suggested for integrating informal sector with the formal sector and the city system or structure. In short, the importance of informal economy is clearly mentioned and the innovation for the sector is suggested.

### 3. Methodology

A case study approach and qualitative methods were followed for this research. A detailed case study was done in the Ward 7 of Dhaka North City Corporation (DNCC), located in the Mirpur Section 2 area. As the main focus of this research is to study the informal economic activities and particularly the neighborhood trading (or street vending) within a residential area, the Ward 7 which is a highly populated residential area with a variety of urban informal activities is an ideal location for this study.

Required data were collected from both the primary and secondary sources. Relevant books, published journal papers and online resources as well as unpublished documents were studied and reviewed. However, secondary data and resources on this topic for Dhaka city are very limited. Moreover, most of the published documents discuss only about the informal economy or informal housing such as slums and squatters whilst street vending is very few.

For the primary data collection, both the observation and detailed interview of the persons who are engaged in informal economic activities (e.g. neighborhood retailing or street vending) were conducted. The neighborhood retailers (street vendors) both mobile and immobile were considered. Observation of the street vendors was done with a specific checklist to identify their types or category, location and seating place (e.g. on road or footpath or in vacant plot) and pattern. Whilst observing, a sketch or map of the neighborhood retailing was drawn and also their GPS coordinates have been recorded. Then the base map of the neighborhood retailing activities for the study area location was prepared superimposing the coordinates with the map from Google Earth.

For questionnaire survey, stratified sampling method was followed to identify the sample respondents. All the neighborhood retailers were grouped under different types or categories and the proportionate sample was drawn randomly from each group. A total 50 street vendor so neighborhood retailers were identified, proportionate from each of the category, as shown in Table 1. A questionnaire was prepared and followed during the interview to facilitate/guide the discussion. The questionnaire interview was mainly to collect information related to the socio-economic conditions such as income and expenditure, establishment cost and age of the business, respondent's migration details (e.g. living place, birth place, migration year, reason of migration), overall number of people served by the business, monthly income-expenditure-profit from the business, eviction history and the reasons of eviction.

Table 1: Sample size from different categories of neighborhood economic activities

Categories of Informal Economic Activities (Street Vending)	Sample Size
Meat Shop	3
Fish Shop	3
Vegetable	8
Tea Stall	8
Saloon	1
Cobbler	2
Street Food	8
Chotpati	5
Fruit	5
Flexiload and Bkash	1
Toys & Cosmetics	2
Home Appliances	2
Papers & Broken Accessories	2
Total	50

The primary data were collected in January 2019. Both the week-days and weekends were considered, two slots of one hour (e.g. morning 10 am to 11 am and evening 6 pm to 7 pm) in each day, for observation and interview surveys. Data were collected during the normal sunny days. Collected numerical data were analyzed using MS Excel to understand the income and expenditure etc. Content analysis was done for analyzing qualitative data derived from the respondents. ArcGIS was applied to prepare the spatial pattern and locational map of roadside informal commercial activities.

#### 4. Profile of the Case Study Area

The study area is located in Ward 7 of DNCC. The Ward 7 is situated partly in Pallabithana and Mirpurthana. Total area of the Ward 7 is around 1.88 sq. km where about 113,750 people (or 26,844 households) live in a total 2,981 holdings (BBS, 2011; DNCC, 2014; RAJUK, 2016). Thus, the population density of the area is 60,666 persons per sq. km. Existing land use pattern of the area is dominated by residential development; almost 63% of the area is for residential use (DNCC, 2014; RAJUK, 2016) whilst the remaining are for roads, shopping, institutions and open spaces. Important landmark features in this area are: National Cricket Stadium, Commerce College, Directorate of Primary Education, Prashika, Gramen Bank, etc.



Figure 2: Ward 7 of DNCC (left) and the location of case study area in Ward 7 (right)

Source: Prepared by Authors, 2019.

The survey for case study was done in Ward 7, the Block G, Block G1 and H in Mirpur Section 2 (as shown in Figure 2). The total area of surveyed or case study location is a portion of the Ward 7, only about 0.20 sq. km area.



Figure 3: Hierarchy of the roads in the study area

Source: Prepared by Authors, 2019.

Informal commercial activities are often performed on or beside roads. Therefore, a clear idea about the types of roads and their width and characteristics is needed. Three different types of roads are available in the study area. As shown in Figure 3, these are: primary roads, secondary roads, and tertiary roads. Primary roads are very wide where public buses are operating, tertiary roads are the narrow alley streets that connects the

residential buildings, and secondary roads are between primary and tertiary roads which divides between two housing blocks.

## 5. Results from the Case Study

This section reports on the results derived from the case study; particularly on the category or types of informal economic activities (e.g. neighborhood retailing or street vending) and their spatial distribution pattern as well as the number of people served by those activities.

### 5.1 Categories of Neighborhood Informal Retail Activities

The informal economic activities or neighborhood retailing found from the observation survey can be categorized in two broader groups: mobile retailing activities and immobile retailing activities. Immobile retailing activities have a specified or fixed place for the vendors to sit, usually on footpaths or carriage way of road and beside the roads, every day and perform their business. On the other hand, the mobile retailing activities do not have any fixed place for the vendors to sit; the hawkers' huckster on roads from here to there using the rickshaw-vans.

Table 2 shows the existing number of immobile and mobile neighborhood retailing activities of different types. For the mobile retailing activities, the numbers are the hourly average of traders observed. A total 87 mobile retailers of nine different types were found in a given hour and the majority of them are for selling vegetables, fruits, street foods, toys and cosmetics. On the other hand, there are a total 139 immobile neighborhood retailers of 12 different types; of which the majority (40) are tea-stalls and 34 are selling street foods. Selling vegetables or fruits are also significant in numbers, 11 and 17 respectively, of immobile retailing activities. Figure 4 shows the location of different immobile informal retailing activities and Figure 5 shows the photographs of their current situation.

Table 2: Types and numbers of immobile and mobile neighborhood retailing

Category or Types of Activities	Immobile Retailers (Total Number)	Mobile Retailers (Avg. per hour observed)
Selling vegetables	11	28
Meat selling	4	2
Fish selling	7	5
Fruits selling	17	11
Street food	34	19
Chotpati	9	00
Tea-stall	40	00
Home appliances	4	6
Toys & cosmetics	3	11
Saloon	2	00
Cobbler	5	00
Flexiload and Bkash	3	00
Papers & broken accessories	00	5
<b>Total</b>	<b>139</b>	<b>87</b>



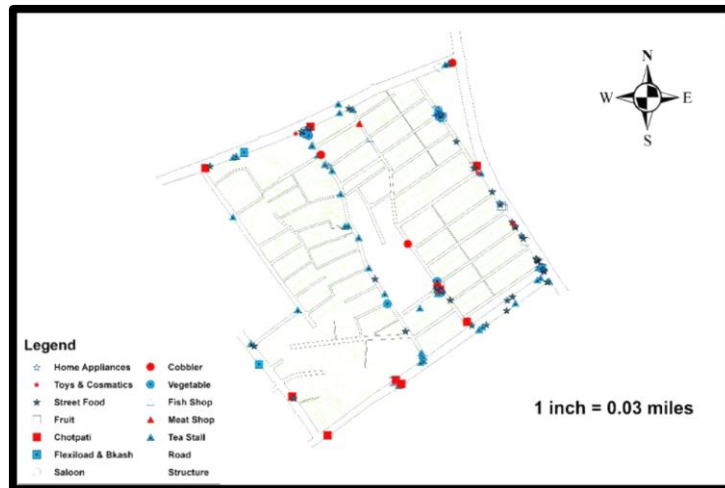
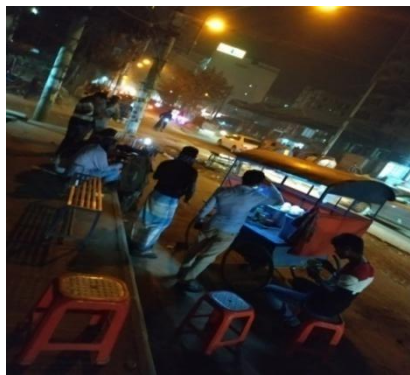


Figure 4: Location of different immobile neighborhood retailing



Chotpati



Tea-stall



Fruit shop



Cobbler

Figure 5: Photographs of immobile neighborhood retailing activities

### 5.2 The Number of Years in Neighborhood Retailing and People Served

Of the 50 sample respondents of street vendors, 25 of them (50%) mentioned that they are in the respective business (neighborhood retailing or street vending activities) for a period of 1 to 5 years. About 17 respondents (34%) are involved in the respective businesses for 6 to 10 years whilst only 8 respondents (16%) are for more than 10 years.

The total number of people usually served by a neighborhood retailer in a day actually vary on the nature or type of the businesses and the size (investment or land area). A total 18 respondents (36%) mentioned that in a typical day each of them serves on average around less than 50 people. Whatever, almost 45 respondents (90%) reported that each of them usually serves around 1 to 200 people every day. Nevertheless, the street vendors selling street-food mentioned that they usually serve comparatively a larger amount of people.

### 5.3 Seating Place and Spatial Pattern of Immobile Neighborhood Retailing Activities

The location or seating place for the immobile neighborhood retailing activities are: on roads, on footpaths, empty place beside the roads or footpaths, vacant plot or space adjacent to the roads. Of the 139 immobile neighborhood retailers in the study area, almost 49% are seating on the roads whilst 43% are on footpaths and the remaining 8% are in the vacant places (as shown in Figure 6).

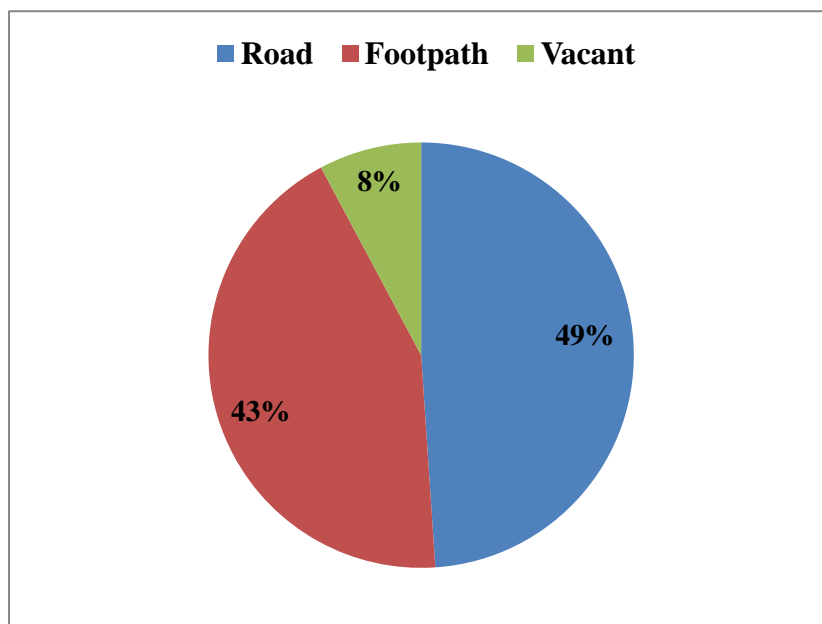


Figure 6: Seating place of the immobile neighborhood retailing activities

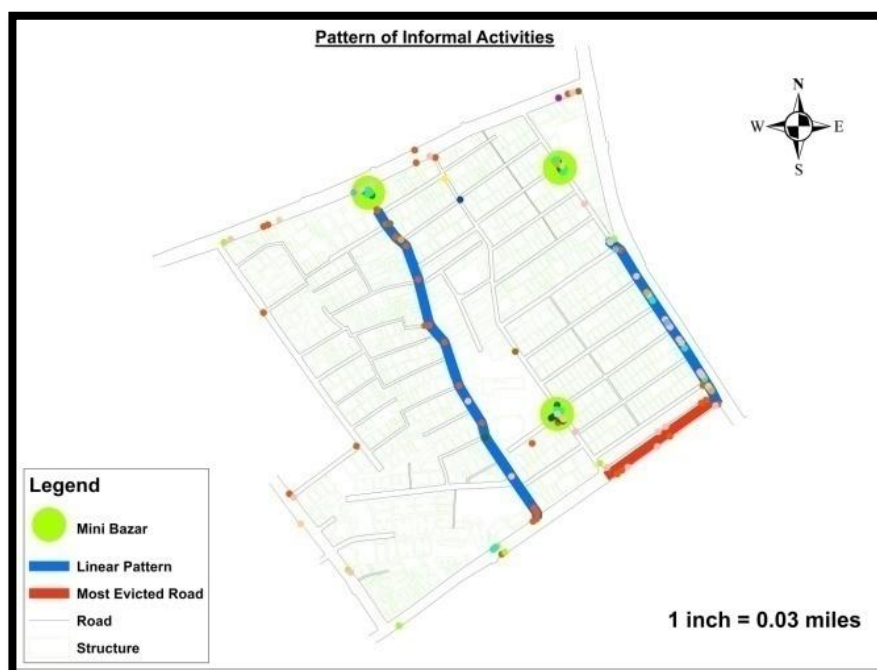


Figure 7: Spatial pattern of the immobile neighborhood retailing activities

Figure 7 shows the spatial pattern of the immobile neighborhood retailing activities. Two linear patterns of the immobile neighborhood retailing activities or street vendors are found; in the left blue line there are a large number of tea-stalls whilst in the right blue line there are a large number of shops for street-foods. Three different mini-bazar (or small market like) are formed whilst the red line depicts the road or zone where street-vendors experienced highest number of evictions.

#### 5.4. Socio-economic Condition of Neighborhood Informal Retailers

This section reports the social aspects of neighborhood retailers; particularly the migration history of retailers or street vendors, the amount of money they invested in retail business and their income/expenditure, and their eviction history.

The respondents are migrated from 18 different districts; mainly from Brahmanbaria, Kishorgonj, Barishal, Sirajgonj, and Kurigram. Of the 50 respondents, the highest 7 of them (14%) were born in Brahmanbaria district. The respondents were asked when or how many years ago they moved in Dhaka. Figure 8 shows that the majority, 17 (34%) of them, mentioned between 2006 and 2010 whilst 14 (28%) are between 2001 and 2005, and only 3 (6%) of them migrated very recently (between 2016 and 2018). The main reasons for their migration in Dhaka and involving in neighborhood retailing activities are shown in Figure 9. The majority of them (41%) mainly migrated due to poverty in the village.

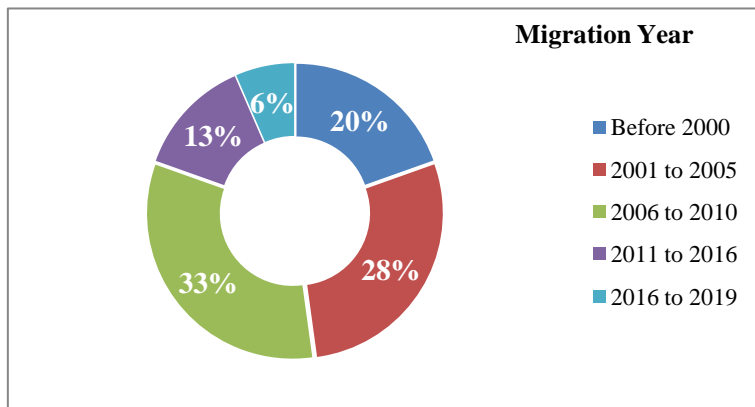


Figure 8: Proportion of the respondents and the year when they migrated in Dhaka

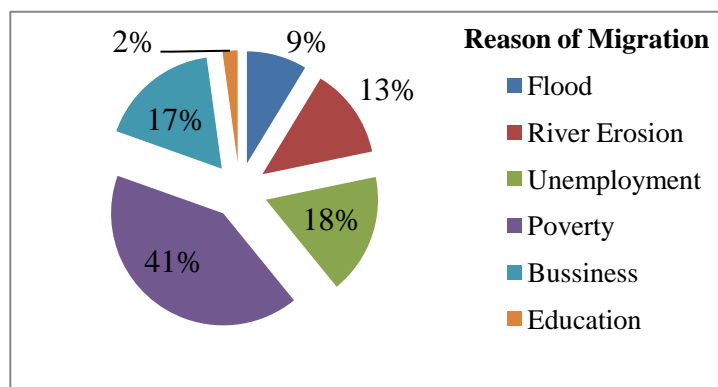


Figure 9: Major causes of migration in Dhaka for neighborhood retailers

The types of dwelling units or living places of the neighborhood retailers (business-owners and workers) were analyzed. of the 50 sample, as see in Figure 10, only 2 (4%) of them live in buildings whilst 27 (54%) of them live in tin-shed house, only 4 (8%) of them live in slums and the remaining 17 (34%) of them live in a shared home as a sub-let tenant.

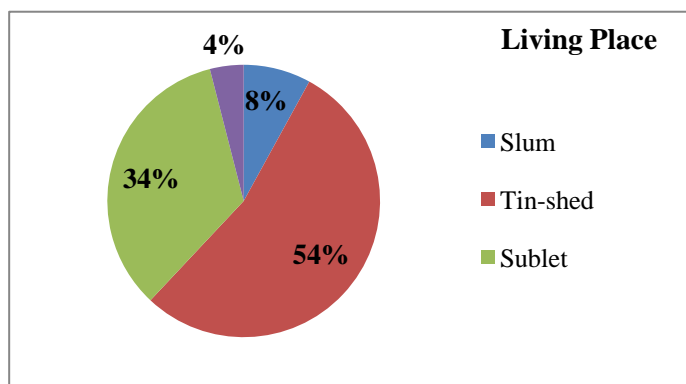


Figure 10: Living places of people engaged in neighborhood retailing

The average establishment cost of different neighborhood informal retailers and their monthly average income, expenditure and savings are shown in Table 3. The highest investment cost is for the tea-stalls (average BDT 33,512) and the lowest is for Cobbler (average BDT 4,000).

Table 3: Average establishment cost of neighborhood retailers and their monthly average income, expenditure and savings (BD Tk)

Categories of Neighborhood Retailing Activities	Establishment Cost (Tk)	Income (Tk/month)	Expenditure (Tk/month)	Savings(Tk/month)
Meat shop	12,200	37,800	31,500	6,300
Fish shop	9,733	23,000	20,000	3,000
Vegetable	21,175	24,700	22,100	2,600
Tea-stall	33,512	40,100	37,400	2,700
Saloon	4,900	7,800	7,000	800
Cobbler	4,000	17,500	16,800	700
Street food	24,900	37,800	35,000	2,800
Chotpati	28,080	42,000	41,000	1,000
Fruits	24,680	24,200	22,100	2,100
Flexiload and Bkash	16,000	25,900	19,500	6,400
Toys & cosmetics	12,300	16,700	16,000	700
Home appliances	28,450	23,600	22,500	1,100
Papers & broken accessories	20,650	17,300	16,600	700

### 5.5. Evictions of the Neighborhood Informal Retail Activities

Of the 50 respondents, only 9 of them (18%) mentioned that they have not yet experienced or faced any eviction. A total 22 (44%) of the respondents have experienced eviction for 4 to 6 times whilst 2 (4%) of them faced more than 10 times (as seen in Figure 11).

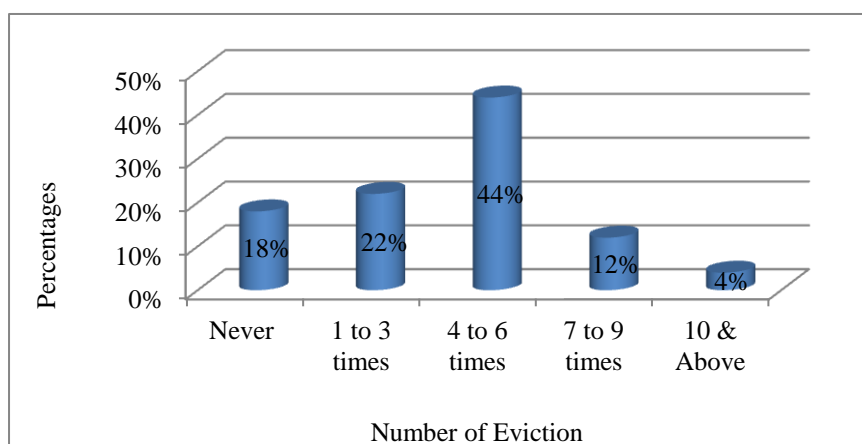


Figure 11: Number of evictions experienced by the neighborhood informal retailers

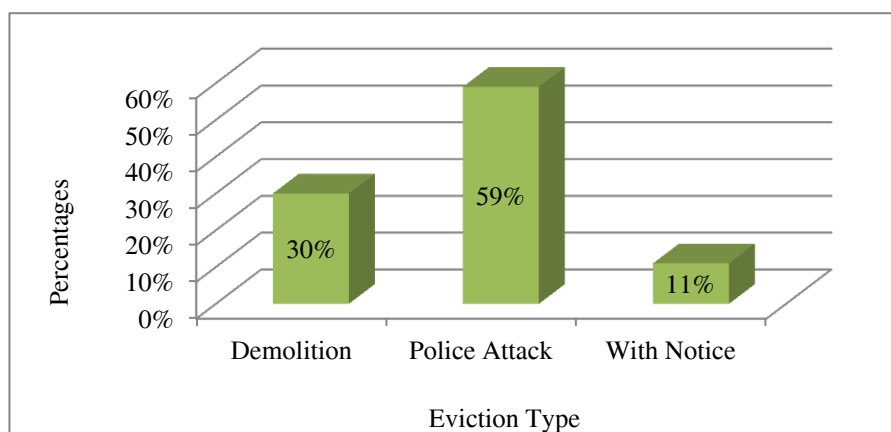


Figure 12: Types of the evictions

The evictions faced by the neighborhood informal retailers or street vendors can be categorized in following three groups: getting notice from the relevant agency, police attack<sup>1</sup> without prior informing, and complete demolition of the retail shop. Figure 12 shows the percentage of the respondents have experienced different types of evictions; almost 30 (60%) had police attack and only 5 (11%) of them had evicition with a prior notice or information whilst 15 (30%) had a complete demolition. The respondents were asked the main reasons for the evictions. The major causes of the evictions were reported by the respondents are:

- Extortion from political or local goons and police;
- Reconstruction or widening of the roads or footpaths;
- Regular or periodic actions of relevant law enforcing authority;
- Pressure from the local residents; and
- Sports or matches in Sher-E-Bangla National Cricket Stadium.

Whatever, the respondents seem to have two different views regarding legalizing of informal retail activities. The main reason why they think some sort of legalizing or permitting of informal retail activities are: they already become quasi-formal and thus security in business (no more fear of eviction) is required and thus possible higher profits. In contrast, those who consider not having legalized or permitted (continue as informal) is good for them mainly because: they are poor and would not able to pay additional taxes (they perceive that having a legal entity may impose them burden of additional fees or taxes), and potentially a higher cost of initial investment or higher rent for shops or additional increase of utility or maintenance costs.

## 6. Discussion and Conclusions

A variety of diverse informal economic activities or neighborhood retailing activities are available in the residential areas and neighborhoods of Dhaka city. The retailing or street vending activities in the residential areas or neighborhood of Dhaka is not new.

<sup>1</sup> As the informal retail activities are performed on roads or footpaths and they do not have permission for doing so, police try to evict them.

However, recently this become one of the very common features of this city. The neighborhood retailing or street-vending activities in the residential areas are two different types: mobile retailing and immobile retailing. Among the immobile retailing activities, the tea-stalls and selling street foods are the dominant. In contrasts, selling vegetables and fruits or street food are the dominant among the mobile retailing activities. The street vendors are found both on the footpaths and in the carriage ways of roads. A linear pattern is formed by the neighborhood retailers along the major roads but few concentrations, similar to a small bazar, are found beside the school and mosque. These neighborhood retailing activities are regularly serving a significant portion of people.

The majority of the neighborhood retailers are migrated from other districts and they are engaged in the irrespective business for a longer period, for instance, for the last 10 years. The majority of them migrated between 2001 and 2010 and mostly due to their poverty in respective village. However, they reported that yet their income or economic condition is not good enough for living a decent urban life. Therefore, the majority of them live in a tin-shed house or in a sub-let similar to slum or squatter situation.

The initial investment cost is not same for different types or size of neighborhood informal retailing activities. Usually the immobile retailing requires more investment than the mobile retailing. The tea-stalls and selling chotpoti or street foods require comparatively higher investment cost as well as generate more profits compared with others. Whatever, the city authority often seems very hostile towards these neighborhood retailing. With a few exceptions, almost all the neighborhood retailers have experienced the evictions. Attack by police or different law enforcement agencies are very common and many of the respondents mentioned that they were evicted for almost to 6 times. However, since there is an effective demand of neighborhood retailing, particularly among the low-income people of the city, eviction seems to be a wrong strategy. Moreover, the neighborhood retailing activities are now become an important and integral part of socio-economic and cultural aspects of the city. This sector provides employment and earnings for many unemployed poor migrants from rural areas and also serving many people of the society. The economy of neighborhood retailing is also large. Therefore, it might be better if neighborhood retailing activities are incorporated in urban planning practice and also in urban sector policy. The linear pattern of neighborhood retailing along the major roads is probably because of the demand, therefore, allocating dedicated space for retailing along those roads in a systematic way could have better results.

Recently, India provided a policy that specifically addresses street vendors and provided guidelines for managing them. Other country, such as Peru, Kenya, China, Albania also had similar issue related to street vendors and they have come up with their own innovative solutions. Renowned economist Hernando De Soto suggested that instead of condemning the onslaught of informality, the government should recognize informality, by loosening restrictions and cutting bureaucracy, informal trade and informal markets will expand, and their incorporation into the formal economy will benefit both sectors of the economy (Marquez, 1990). Therefore, the similar initiative could be taken for the neighborhood retailing or street vending activities within the residential areas in urban Bangladesh.

The street vendors could be allocated a designed space (beside the road or on public land) for performing their business and the city authority could collect a minimal token money from vendors for the possession. This may also help creating a good public space with shops and cultural-festive mode. A policy concerning informal activities, particularly neighborhood retailing or street vendor activities should be initiated. The local government authority such as Dhaka North City Corporation (DNCC) or Dhaka South City Corporation (DSCC) could have a dedicated wing for managing the informal sector and particularly the neighborhood retailing or street vending. A financial scheme under the social safety-net program could be introduced for a specific time frame with a view to assist the street vendors who are below the poverty line. Such scheme should allow the borrowers to repay the loan in several installments.

The results of this paper will be helpful for the policy makers and for the city authority to deal with informal activities. The findings would be helpful for similar other areas of Dhaka city or for other cities similar to Dhaka. This paper provides an avenue for further research on: analyzing how the socioeconomic conditions of the informal sector activities influence the city or city environment; providing specific solutions for informal retail activities to incorporate in planning/developing practice; detailed layout plan and urban design along the roads incorporating informal activities; detailed financial analysis of such plan; how the urban and the local political bodies interact with the informal activities such as street vending, and extortion or power relation (political dynamics) related to the informal activities or neighborhood retailing.

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