



**Original Article**

**A STUDY OF ECONOMIC SIGNIFICANCE AND OPERATIONAL CHALLENGES  
OF STREET VENDORS IN URBAN MARKETS**

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**Abstract:**

*Street vendors constitute an integral part of the urban informal economy, contributing significantly to employment generation, income creation, and the supply of affordable goods and services to urban populations. They play a crucial role in meeting the daily consumption needs of low- and middle-income groups while also supporting local production and distribution networks. Street vending serves as an important source of livelihood for individuals with limited access to formal employment, thereby reducing urban unemployment and poverty. Despite their substantial economic contribution, street vendors face several operational and institutional challenges that restrict their growth and stability. The absence of formal recognition and legal protection exposes vendors to frequent evictions, harassment, and insecurity of business locations. Complex regulatory frameworks, lack of proper licensing systems, and weak policy implementation further aggravate their vulnerabilities. In addition, limited access to formal financial services such as bank credit and insurance forces many vendors to depend on informal lenders at high interest rates. Inadequate infrastructure facilities, including lack of storage, sanitation, and shelter, adversely affect their working conditions and productivity.*

**Keywords:** *Street Vendors, Urban Economy, Informal Entrepreneurship, Challenges, Economic Contribution*

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**Introduction:**

Street vendors form an essential part of the informal economy in urban areas, providing goods and services that are affordable and accessible to a wide range of consumers. They contribute

significantly to local economic development by generating employment, supporting household incomes, and stimulating trade in urban markets. Despite their important role, street vendors often operate under challenging conditions, including lack



of formal recognition, limited access to finance, inadequate infrastructure, and strict regulatory frameworks.

Understanding both the economic significance and the operational challenges of street vendors is crucial for policymakers, urban planners, and researchers. This study aims to explore how street vendors drive urban economic growth while facing various constraints, using primary data collected through surveys and interviews, along with secondary data from reports, research articles, and government publications. By examining these aspects, the study seeks to provide insights into supporting and empowering street vendors to enhance their contribution to the urban economy.

This study examines the economic significance of street vendors in urban markets and identifies the key problems affecting their operations. The research is based on both primary data collected through structured questionnaires and interviews with street vendors, and secondary data obtained from government reports, research articles, and published literature. The findings aim to highlight the need for inclusive urban policies, improved regulatory support, financial inclusion, and infrastructure development to empower street vendors and enhance their contribution to sustainable urban economic development.

#### **Objectives of the Study:**

1. To assess the economic contribution of street vendors in urban markets.
2. To identify the operational challenges faced by street vendors.
3. To examine the role of informal entrepreneurship in urban economy.
4. To suggest measures to improve the work and business of street vendors.

#### **Scope of study:**

1. **Geographical Coverage** – The study is limited to Pandharpur City focusing on major vending clusters/ markets and surrounding urban areas where vending activities are concentrated.
2. **Respondent Profile** – The analysis primarily considers active street vendors (both stationary and mobile), with attention to gender, age, and occupational diversity.
3. **Dimension of problems** - Issues such as lack of legal recognition, inadequate infrastructure, financial insecurity, policing and harassment, occupational health and safety, and gender- based vulnerabilities are explored.
4. **Dimension of Prospectus** - The study investigates coping strategies, resilience mechanisms, collective organisation, potential policy support, financial inclusion opportunities, and skill or technology adoption that may enhance vendors livelihoods.
5. **Time Frame** - The study examines the present scenario of vending, with references to recent policy changes, economic shifts, and Crises (e.g., COVID-19), without attempting a full historical analysis.

#### **Limitation of the study:**

##### **1. Geographical Scope:**

The study may be limited to a specific city, town, or locality, so the findings may not fully represent street vending conditions in other regions.

##### **2. Sample Size:**

A small or non-random sample of street vendors may not capture the diversity of experiences across different types of vendors (e.g., food sellers, clothing, daily goods).



### 3. Time Constraints:

The research may have been conducted over a short period, which may not account for seasonal variations in vending activities and challenges.

### Review of Literature:

1. **Bhowmik (2005):** Bhowmik's paper is widely cited for mapping street vending across major Indian cities. He found that vendors provide essential services to low-income consumers and contribute to city economies. However, they face eviction, harassment, and lack of licensing. The study argued for comprehensive legal protection and municipal reforms.
2. **Mitullah (2003):** This comparative study across Kenya, Zimbabwe, and South Africa highlighted poor working conditions, lack of sanitation, and insecure work spaces. The research concluded that vending is a crucial livelihood system for the poor and recommended participatory urban planning that includes vendors' voices.
3. **Bromley (2000):** Bromley analysed the historical and cultural importance of street vending. He noted that local governments often treat vendors as obstacles to modern urban development. The paper advocated for flexible urban management rather than punitive policies.
4. **Roever & Skinner (2016):** This global comparative study found that vendors worldwide face similar issues: police harassment, confiscation of goods, unclear regulations, and insecure public spaces. The study emphasized that cities with vendor-inclusive policies saw better economic outcomes and fewer conflicts.

### Research Methodology:

**Research Design:** This study uses a descriptive research design to analyse the economic significance

and operational challenges of street vendors in urban markets.

**Sources of Data:** The study is based on both **primary and secondary data**.

- **Primary Data:** Collected through structured questionnaires with street vendors.
- **Secondary Data:** Collected from books, journals, government reports, and research articles related to informal entrepreneurship and urban markets.

**Sampling:** Convenience sampling is used to select a 40 of street vendors from different urban areas.

### Street Vendors:

Street vendors are individuals who sell goods or services in public spaces such as streets, sidewalks, markets, and other urban areas without a permanent shop. They are part of the **informal sector**, often operating with limited capital, minimal infrastructure, and little or no formal registration. Street vendors provide essential goods and services, including food, clothing, household items, and daily necessities, to local communities at affordable prices.

### Economic Significance of Street Vendors:

Street vendors are a vital component of the informal economy, particularly in urban areas, and they contribute significantly to economic development in multiple ways:

#### 1. Employment Generation:

Street vending provides livelihoods to millions of people, especially those who may not have formal education or access to salaried jobs. It supports self-employment, reduces unemployment, and helps urban populations, including women and marginalized communities, to earn a living. Many street vendors also employ assistants or family members, further increasing employment opportunities.



## 2. Income Opportunities and Poverty Alleviation:

Street vending offers a source of steady income for low-income individuals and families. It allows them to meet basic needs, support their households, and improve their standard of living. By providing entrepreneurial opportunities, it also helps in poverty reduction.

## 3. Support to Local Trade and Small Producers:

Street vendors often purchase goods from local manufacturers, farmers, and small-scale producers, creating a link in the supply chain that supports local production. This circulation of money within the local economy strengthens small businesses and stimulates market activity.

## 4. Provision of Affordable Goods and Services:

Street vendors provide essential products, such as food, clothing, and household items, at prices lower than formal retail stores. This ensures that low- and middle-income urban residents have access to affordable goods, contributing to economic inclusivity.

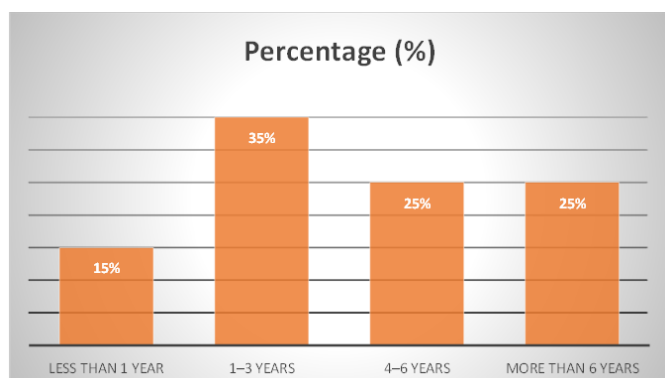
## 5. Promotion of Informal Entrepreneurship:

Street vending acts as a training ground for entrepreneurship, allowing individuals to develop business skills, financial management capabilities, and customer relations experience. Many successful smallscale entrepreneurs start as street vendors.

## Data analysis and interpretation:

**Table No. 1: Distribution of Street Vendors by Duration of Vending**

Duration of Street Vending	Frequency (Number of Vendors)	Percentage (%)
Less than 1 year	6	15%
1–3 years	14	35%
4–6 years	10	25%
More than 6 years	10	25%
<b>Total</b>	<b>40</b>	<b>100%</b>



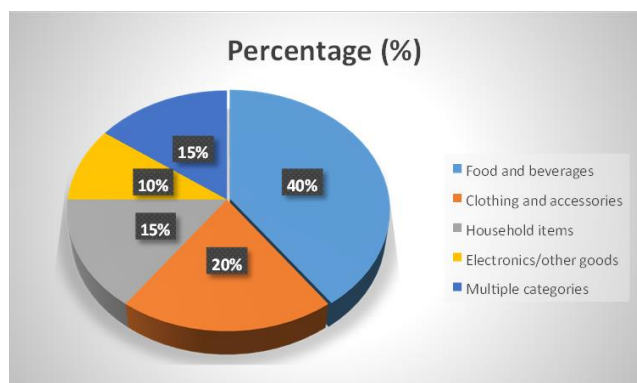
- The majority of street vendors (35%) have been engaged in vending for **1–3 years**,

indicating that new entrants are frequent in the urban vending market.

- Around **25%** of vendors have more than 6 years or 4–6 years of experience, showing that a significant number maintain long-term involvement in street vending.
- Only **15%** are newcomers (less than 1 year), suggesting that starting a vending business requires initial effort and adaptation.

**Table No. 2- Types of Goods and Services Offered by Street Vendors**

Type of Goods/Services Sold	Frequency (Number of Vendors)	Percentage (%)
Food and beverages	16	40%
Clothing and accessories	8	20%
Household items	6	15%
Electronics/other goods	4	10%
Multiple categories	6	15%
<b>Total</b>	<b>40</b>	<b>100%</b>

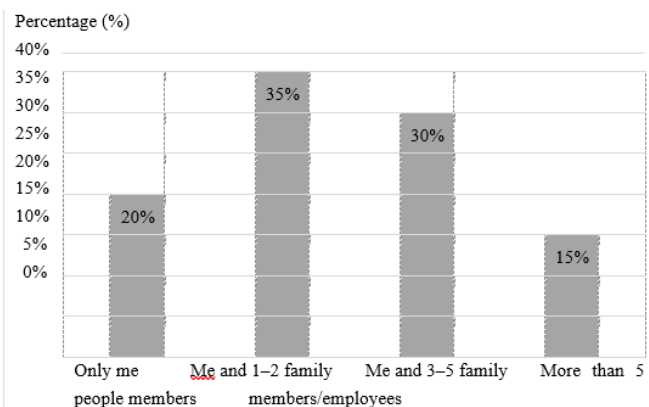


- **Clothing and accessories** account for 20%, reflecting fashion and apparel needs.
- **Household items** and **multiple categories** each contribute 15%, showing diversity in products sold.
- Only 10% sell **electronics or other goods**, which may require higher investment or specialization

- The majority of vendors (40%) sell **food and beverages**, indicating high demand for daily consumables in urban areas.

**Table 3: Number of People Dependent on Street Vendors' Business**

Number of People Dependent on Business	Frequency (Number of Vendors)	Percentage (%)
Only me	8	20%
Me and 1–2 family members	14	35%
Me and 3–5 family members/employees	12	30%
More than 5 people	6	15%
<b>Total</b>	<b>40</b>	<b>100%</b>



- The majority of street vendors (35%) support **1–2 family members**, showing that vending often sustains small households.
- About 30% support **3–5 family members or employees**, indicating that street vending can create multiple livelihoods.
- Only 15% support **more than 5 people**, which suggests limited scalability for most small vendors.



- 20% depend solely on their own income, independently, showing that some vendors operate

**Table No. 4 Main Challenges Faced by Street Vendors in Urban Markets**

Challenges Faced by Vendors	Frequency (Number of Vendors)	Percentage (%)
Lack of legal permits or licenses	12	30%
Limited space for vending	9	22.5%
Competition from other vendors or shops	8	20%
Financial constraints / lack of capital	6	15%
Safety and security issues	3	7.5%
Other (e.g., weather, lack of customers)	2	5%

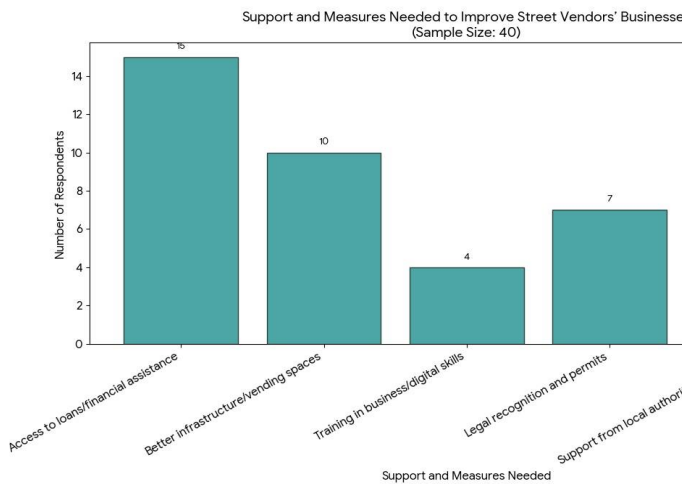


- **Lack of legal permits or licenses** is the most significant challenge (30%), highlighting regulatory barriers faced by street vendors.

- **Competition from other vendors or shops** (15%) and **financial constraints** (22.5%) are also major issues affecting business sustainability.
- **Limited space** affects 20% of vendors, indicating the need for better infrastructure and designated vending zones.
- **Safety and security issues** impact 7.5% of vendors, reflecting concerns over personal safety and theft.
- A smaller portion (5%) reported **other challenges** like adverse weather, low customer footfall, or lack of storage facilities.

**Table 5: Support and Measures Needed to Improve Street Vendors' Businesses**

Support/Measures Needed	Frequency (Number of Vendors)	Percentage (%)
Access to loans or financial assistance	15	37.5%
Better infrastructure and vending spaces	18	25%
Training in business and digital skills	14	17.5%
Support/Measures Needed	Frequency (Number of Vendors)	Percentage (%)
Legal recognition and permits	16	10%
Support from local authorities / community programs	12	10%



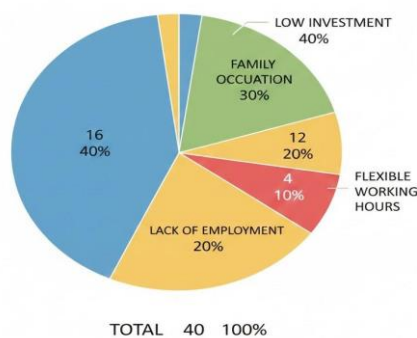
- **Access to loans or financial assistance** is the most requested support (37.5%), showing that financial constraints are a major barrier for street vendors.

- **Better infrastructure and vending spaces** (25%) are also a priority, indicating the need for designated areas and improved working conditions.
- **Legal recognition and permits** (17.5%) highlight the need for formal acknowledgment of street vendors to reduce regulatory hurdles.
- **Training in business and digital skills** (10%) shows that vendors want to enhance their entrepreneurial abilities and use digital platforms effectively.
- **Support from local authorities or community programs** (10%) suggests that institutional support can help vendors sustain and grow their business.

Table No.6: Reason for street vending

Particulars	No. Of Respondent	% Of Respondent
Low Investment	16	40%
Family Occupation	12	30%
Lack Of Employment	8	20%
Flexible Working Hours	4	10%
Total	40	100%

REASONS FOR STARTING A BUSINESS  
 Diverse factors drive entrepreneurship



- **Lack of Employment (40%)**: Often the strongest driver, indicating that street vending

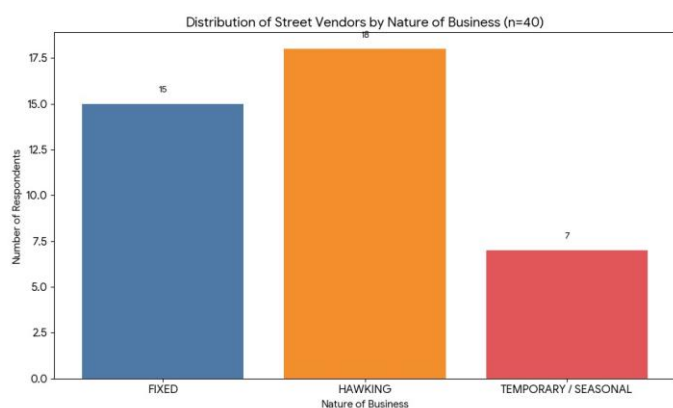
serves as a critical **social safety net** for those excluded from the formal job market.

- **Low Investment (30%)**: Highlighting the **low entry barriers** of urban markets, allowing individuals with minimal capital to generate immediate cash flow.
- **Family Occupation (20%)**: Shows the **intergenerational nature** of vending, where social capital and "prime spots" are passed down through families.
- **Flexible Hours (10%)**: While less common, this appeals to those balancing **domestic responsibilities** or secondary income needs.



Table No. 7: Nature of business

Particular	No. Of Respondent	% Of Respondent
Fixed	15	37.5%
Hawking	18	45%
Temporary / Seasonal	7	17.5%
Total	40	100%



The data shows that the majority of the street vendors are engaged in **HAWKING** (45%), followed by those with a **FIXED** location (37.5%), while **TEMPORARY / SEASONAL** vendors make up the smallest portion (17.5%) of the surveyed group.

### Findings:

- High Economic Contribution:** Street vendors provide livelihoods for themselves and their families, generate employment, and support local trade, showing their crucial role in the urban economy.
- Predominance of Food and Daily Necessities:** The majority of vendors (40%) sell food and beverages, highlighting strong demand for essential goods in urban areas.
- Experience Distribution:** Most vendors (35%) have been operating for 1–3 years, while 50% have medium- to long-term experience (4–6 years and more than 6 years),

indicating both a constant influx of new entrants and retention of experienced vendors.

- Operational Challenges:** Major challenges include lack of legal permits (30%), competition (15%), and financial constraints (22.5%), which limit business growth and sustainability.
- Need for Support Measures:** Vendors strongly need financial assistance (37.5%), better infrastructure (25%), legal recognition (10%), and skill development (17.5%) to improve operations and business outcomes.
- The study finds that street vending in Pandharpur is mainly **necessity-driven**, with low investment requirements, family occupation, and lack of employment being the major reasons for entry into this occupation.
- A large proportion of vendors operate as **hawkers or temporary vendors**, indicating high instability, risk of eviction, and dependence on seasonal demand.

### Suggestions:

- Financial Support Programs:** Governments and NGOs should provide low-interest loans, microfinance, or grants to help vendors expand and stabilize their businesses.
- Legal Recognition and Licensing:** Simplifying the permit process and providing formal recognition can reduce harassment, improve security, and encourage business growth.



3. **Infrastructure Development:** Designated vending zones with adequate space, sanitation, and storage facilities can enhance operational efficiency and safety.
4. **Skill Development and Training:** Conduct workshops on business management, digital tools, and customer service to empower vendors and improve profitability.
5. **Institutional and Community Support:** Local authorities and community programs should support street vendors through advisory services, awareness campaigns, and market integration initiatives to strengthen their economic contribution.
6. Government authorities should create **alternative employment opportunities, skill development programmes, and training schemes** to reduce forced dependence on street vending.
7. **Designated vending zones and permanent spaces** should be developed to ensure stability and reduce harassment of mobile and temporary vendors.

#### **Conclusion:**

Street vendors play a vital role in sustaining urban economies by providing affordable goods, generating employment, and supporting local trade. Despite their significant economic contributions, they face numerous operational challenges, including lack of legal recognition, financial constraints, limited infrastructure, and intense competition. This study highlights that street vending not only offers livelihoods to individuals

and families but also promotes informal entrepreneurship and economic inclusivity. To enhance their impact and ensure sustainability, it is essential to provide financial support, legal recognition, skill development, and improved infrastructure. With appropriate support from authorities and communities, street vendors can continue to drive local economic growth while overcoming the challenges inherent in the informal sector.

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