



**SAMRIDDHI**  
FOUNDATION

# **BIRATNAGAR**

Metropolitan City



# **HATIYA**

A Political Economic Analysis

Roopali Bista

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A Political Economic Analysis of Biratnagar

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## Introduction

Hatiyas are open air local traditional markets that are seen on the street of Biratnagar, which have been predating the city itself. It allows traders from across the cities and villages of a region to gather and trade at designated areas. Hatiyas have both cultural and economic significance for the residents of Biratnagar. There are 19 weekly Hatiyas that operate in different parts of Biratnagar. Towns and rural municipalities of Biratnagar like Sombare, Mangalbare, Budhabare, Bihibare and Sanischare sprung up around these weekly markets and are named after these markets, thus highlighting their social and cultural significance



It is the main source of livelihood to many people, as it is popular means of self-employment requiring minimal investment and easy entry to the market. According to the survey done by Bikalpa-an alternative, it is primary source of income to 71% of the vendors. The vendors subsidizes the existence of urban poor by providing them with cheap goods, mainly food. Middle-income groups are also benefitted from them because of the goods offered in affordable prices. Considering all these positive aspect it has, it should be managed instead of trying to get rid of it and taking away jobs of thousands of people.

Taking into account the estimate of the municipality, number of vendors are approximately 3,000 and their annual average income is 1, 00,000 NPR<sup>1</sup>. It shows that Hatiya economy amounts to approximately 3 crores and is still growing rapidly.

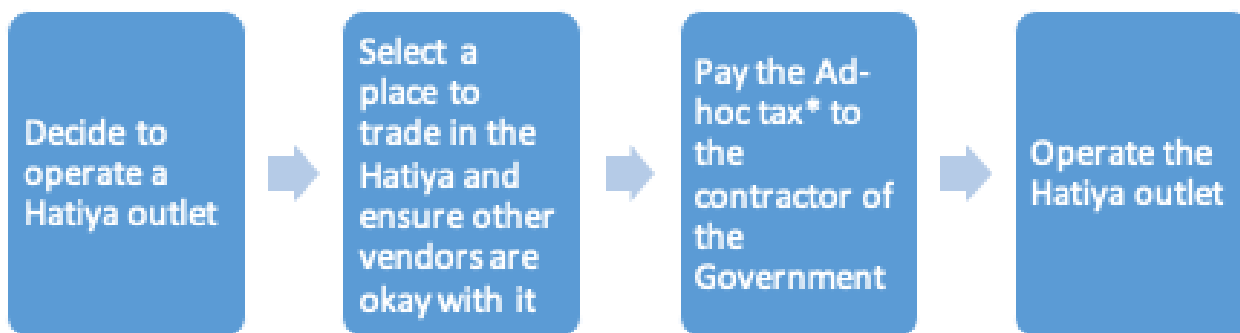
<sup>1</sup> Formalizing Informal Marketplaces: Reforming the street vending sector in Biratnagar, Bikalpa-an alternative, 2018

\*Ad hoc tax (Asthahi saptahik haat bazar bewastapan patake kar) as mentioned in Schedule 7 of Finance Act of Biratnagar Metropolitan City, 2017-2018

Despite being a major and a growing business, it is also considered informal in nature by many, even when the municipality is collecting ad-hoc tax (Asthahi saptahik haat bazar bewastapan patake kar) from the vendors. The authorities are oblivious of the exact number of vendors in the city and have largely ignored them altogether while not preparing any kind of policy framework. There has been no designated zones or spots for vending despite the city having a strong street food and street market tradition and most of the old areas of vending languish in disarray due to lack of maintenance. Apart from few arbitrary rules, no concrete laws pertaining to street vending exist as of now in Nepal. And these rules vary from area to area and generally don't hold any significance.

# HATIYA OUTLETS: PROCESS, ROLES AND INCENTIVES

## Process of operating a Hatiya outlet



The right to vend on the street has been a debatable issue in Nepal for a long time, but no major plans or policies have been developed to formalize street vendors till now, due to this vendors across the country are continued to be harassed or evicted and no vending spots have been designated to them. Now, that the local bodies have been vested with the power to manage local market, it is now their responsibility to come up with favorable laws for the vendors in order to preserve the traditional market and to combat other problems associated with street vending.

### Advantages and disadvantages of Hatiyas:

Advantages	Disadvantages
Cheaper and affordable goods offered to the consumers	Traffic congestion is one of the main drawbacks, due to unallocated vending spots and poor traffic management
Employment to semi-skilled and unskilled workforce	Poor management of waste generated by the vendors
Easy entry and exit in the market	
Availability of fresh food products in convenient location.	
Important marketers of good produced by home-based, cottage and small industries	
Important revenue source to the local government and also boost the local economy	

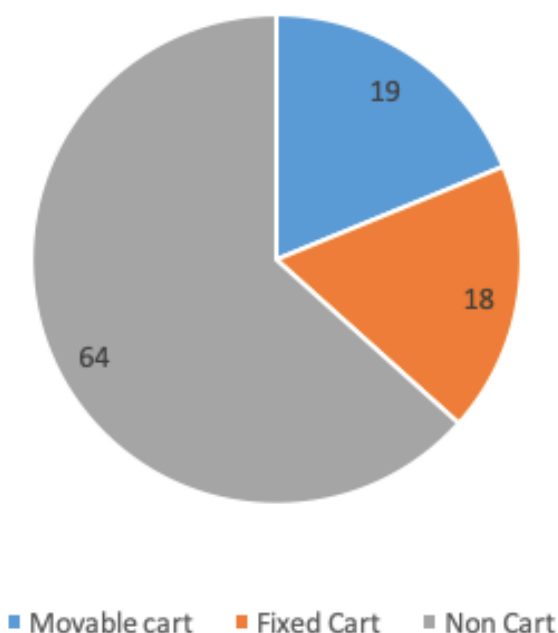
The major stakeholders in this case are the vendors, municipality, local authorities and the consumers.

Stakeholders	Roles	Level of Influence
Vendors	they provide cheap and affordable food, clothes, and utensils to a lot of people at convenient locations	High
Municipality/ local bodies	Forming plans and policies to incorporate the vendors into the formal economy and managing the local market	High
Traffic police	Management of traffic congestion in the areas occupied by the vendors	Medium
Consumers	Buyers of the goods provided by the vendors	Low

## Roles of Hatiyas

The three main types of vending done in Biratnagar is through fixed carts, moveable carts and non-cart vendors. According to the research of Bikalpa-an alternative almost 64 percent of these vendors in Biratnagar that operate are non-cart vendors that are non-registered.

Types of Vendors



- The major roles of these Hatiyas is that they provide cheap and affordable source of food, clothes, and utensils to a lot of people at convenient locations all around Biratnagar.
- It also is the source of income and employment to many unskilled and semi-skilled people in Biratnagar due to easy entry and exit in/from the market.
- They also build an important component in the chain of goods supplied. They are important marketers of good produced by home-based, cottage and small industries. These small businesses heavily rely on street vendors to market their goods and therefore these street vendors are imperative for these businesses to survive.

## Incentive to the street vendors

- Taking the street vendors as tax paying entities providing those with the security and services will help them trade without the fear or being evicted and harassed.
- Securing their rights to property and their trade would mean that they will gain legitimacy which will help them access the financial and legal services and transform themselves onto off-street traders.
- Having a permanent place to trade would give vendors ownership feeling of the place and this improves the cleanliness of the city as these vendors will keep their stalls and their surrounding area clean to attract consumers.

- Overall, it would help the street vendors earn their livelihood by being productive instead of being unemployed and resorting to criminal activities for survival.

## **Roles of regulators**

Till date the regulators have not planned nor made any policies in for the street vendors even though the local government has been collecting taxes from them. In most cases the street vendors are made to leave their vending zones by force, their goods are confiscated and destroyed. Most of the time the vendors have to pay certain fines to the authorities to be able to vend again. This highlights the magnitude of the problem of harassment suffered by the street vendors and reflect how a significant portion of their incomes are wasted in claiming their position on the public thoroughfare.

Now that the local government has been vested with the power to manage the local markets under Schedule 8 of the Constitution of Nepal, it is now their responsibility to come up with favorable laws for the vendors in order to preserve the traditional market and to combat other problems such as traffic congestion and pollution that is often associated with street vending.

## **Incentive to the regulators**

The main regulator that has a role to play is the municipal body. Even before the local government was formed the municipality was and is still responsible for the management of local roads and sidewalks. If the street vendors are legalized, the local government will benefit in the following ways:

- Proper system of management through registration and record keeping by the local bodies can be used to manage the local markets instead of having them removed.
- It will be easy to regulate the vendors if they are given a formal status and conflict between the vendors and the authority will be reduced.
- Incorporating them into the formal sector can boost the local economy of Biratnagar as their contribution to the economy can be shown.
- Designating vending zones will also reduce traffic congestion and pollution. As giving the vendors a permanent place to trade will incentivize them to keep it clean in order to attract customers.
- Peace of the city will be maintained as conflict between the local police and the vendors will be reduced.

## INTERNATIONAL EXAMPLES

### Soi Ragnam Solution

Taking Soi Ragnam of Bangkok as an example of important reform in 2004 (under the Thaksin premiership) pushed for the formalization of informal activities, including street vending and informal motorcycle taxi services.

Lawmakers' explicit objective was to favor the integration of street vending and other informal activities into the formal sector, using the pretext of protecting informal actors from thugs and gangs. The district administration of Bangkok follows parallel set of rules in Soi Ragnam that allows for street vending to be a highly profitable business, while the law is supposed to keep vendors off the streets. Under the district administration's rules, registered vendors enjoy extremely low rent and little competition. As registered vendors benefit from these rules, they help the administration enforce them, which in turn reduces the cost of their implementation. The district administration does not enforce the law strictly but also does not leave the street ungoverned; instead, it manages street vending through proper waste management, providing security while keeping implementation costs under control.

By carefully managing different tiers of informality, the district administration achieves the production of a local social order which keeps a number of constituencies happy: Vendors make money, the street is not too disorderly for neighbors, and people get access to the street food they like at a reasonable price. Managed informality is a key component of this local social order. Informality is embraced by the administration as a way to avoid having to deal with the problem. (Bonnet 2015).

### Protection of livelihood and regulation of street vending Act, 2014 (India)

"Street vendors should be allowed to exercise their economic rights, made explicit in the Universal Declaration of Human Rights and other normative frameworks at the international and national levels. Many constitutions' guarantee the right to work and/or the right to carry on a trade or business, and street vending organizations has successfully argued in courts of law that governments cannot violate that right by banning street trade." (Verdict of the Supreme Court of India, 2009)

Various Supreme Court and high court judgments and the National Policy on Urban Street Vendors seem to have shaped up the basic framework of the present legislation in India. The 2014 Street Vending Act under Clause 3 (e) of the First Schedule prohibits declaration of any area as no-vending zones or vending zones or restricted vending zones until survey as provided under the Act has been carried out and the Plan for street vending has not been formulated. This read with Section 3 of the Act mandates that no existing hawker/vendor shall be evicted or relocated until the survey as envisaged under the Act is completed and the certificate of vending is issued to all street vendors. It is clear that the language of the Act is categorical that all existing street vendors are to be provided the benefit and protection of the Act.

Therefore, any claim and the averment by the authorities that there is a 'no hawking zone' existing prior to the enactment of the Act is false and baseless. Further, the claim that vendors are "illegal" seeking their removal, is wholly false and cannot be entertained or sustained in law.

It is pertinent to independently lay out the features of the 2014 Act, which are as follows, a) concept of "natural markets" – It is a well-recognized concept that markets tend to grow around certain areas depending on factors like customer preferences, economic status of the inhabitants etc. It is pertinent that regard be given to these natural markets and that in order to regularize the street vending activities these vendors are not randomly relocated.

b) Validity of property rights under the Act – a perusal of the Act shows that the focus on property rights aspect is only minimal and the provisions in the Act qua protection of such rights are few (Narang & Goyal, 2017).

As an immediate neighbor to India and sharing an open border, Nepal has different legal realities. Neither of the local, provincial or federal authorities have identified any legal status for the street vendors or provided any concrete plans to favor them. Due to this, vendors across the country continue to be harassed or evicted and vending areas have not been designated for them even in major cities.

## POLICY RECOMMENDATION

- Future policy frameworks should consider incorporating the street vendors. To achieve this, it is imperative to carry out regular census by the statistical office of Central Bureau of Statistics on regular time interval and identify trend of street vendors and frame future policies based on the numbers. Even the municipality can maintain a simple record of vendors, while registering and collecting fees/taxes from them. Street vending needs to be identified as one of the area of focus to make Biratnagar a Smart city.
- Formation of a Vendor's Council involving concerned stakeholders— Municipality, local officials, vendors, traffic management authorities and consumers to carry out the functions related to census, taxation, space allocation, waste management and security. The secretariat can meet monthly or every three months (as per the needs of the council) at the municipality office of Biratnagar.
- Now that the government is collecting taxes from the vendors, they also need to allocate and ensure proper management of the vending space and also remain accountable for the maintenance of the vending spaces.
- Recognizing street vendor's right to livelihood can be done by allocating proper vending spaces. The data collected from the census can be used efficiently to manage these vendors and treat them as a tax paying asset rather than space consuming liability.
- Setting standards like registering their business in the municipality, compliance with the taxation and compliance with the rules set for vending spaces should be the minimum criteria required to be met by the vendors instead of introducing entry barriers in the form of quotas to limit the number of vendors.
- Providing services like proper infrastructure like toilets, sheds under which the vendors can vend during harsh weather and maintenance of vending places in terms of sanitation and cleanliness will provide an incentive to the vendors towards tax compliance.

## Reforms at a glance

Proposed Reform	Enablers	Spoilers	Common Interest
Carrying out regular census on regular time interval and maintain a simple record of vendors, while registering and collecting fees/taxes from them	Municipality of Biratnagar and statistics office, Biratnagar	Hesitant vendors and poor record keeping by the staff	Easier for both the parties to maintain record of registration and tax collection. Also the data can be used while formulating policies.
Formation of a Vendor's Council involving concerned stakeholders	Municipality, local officials, vendors, traffic management authorities and consumers	Uncooperativeness among the stakeholders like the local officials, vendors, authorities and consumers	Ease of resolving problems that arises and also for policy formation
Allocate and ensure proper management of the vending space and also remain accountable for the maintenance of the vending spaces	Municipality, local officials, vendors	Poor maintenance of the vending spaces by the authority and the vendors	Proper management and cleanliness will solve the major problem of pollution associated with the street vending and also will help to attract more customers.
Vendor's right to livelihood can be done by allocating proper vending spaces according to the footfall of the customers	Municipality and the vendors	Traffic police	This would solve the problem of vending on crowded places and the problem of traffic congestion would be solved. Doing this would also provide a proper space for the vendors which will give them ownership to keep it managed.
Setting standards like registering their business in the municipality, compliance with the taxation and with the rules set for vending spaces should be the minimum criteria required vending spaces instead of introducing entry barriers in the form of quotas to limit the number of vendors.	Municipality	Vendors by not complying with the rules and regulations set by the municipality	Easy and formal entry to the market for the vendors. Conflict between the local officials and the vendors would be reduced
Providing services such as proper infrastructure like toilets, sheds under which the vendors can vend during harsh weather and maintenance of vending places in terms of sanitation and cleanliness	Municipality, local officials, vendors	Local bodies not being able to provide basic services in time	This would encourage the vendors comply with the taxation as they benefit from the basic services provided by the municipality.