



Emergence of Shopping Malls and its Impact on The Hawkers' Market Economy: A Case Study of Kolkata City

KEYWORDS

shopping mall, hawkers, single brand retailer, economic liberalization

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ABSTRACT *Emergence of big capital intensive shopping malls is an important aspect of the current economic scenario of India. The retail sector of West Bengal is composed of both organized and unorganized segments. Now a debate has been raised that whether organized retailing has a positive impact on the economy or it will affect the livelihood of the small traders. In Kolkata the organized single brand retailers entered after economic liberalization in 1994. In this city, there are a large number of malls which compete with the small traders, vendors and hawkers who form the most vulnerable segment and possibly the first casualty of the organized retail onslaught in Kolkata. The conflict or uneven competition between organized and unorganized retail may be toned down if the Government provides some space for these unorganized segments and arrange safeguard for this vulnerable section through a regulatory body so that their co-existence becomes possible.*

Introduction

The retail journey in undivided Bengal started from ancient time when there was a concept of weekly *haat* where all the buyers and sellers gathered to fulfill their needs. As a Emergence of shopping malls is an inevitable event in Kolkata which is a metropolitan city. Mall culture has produced birth of a new dimension economy which has established a close linkage between agricultural and urban-industrial economies of this state. This type of economy initiates a business economy that has extended its long roots since colonial period. The economy of retail sector has great contribution to Gross State Domestic Product (GSDP) as well as to Gross National Product (GNP). The retail sector covers both organized and unorganized retail chains. The organized retail refers to trading activities undertaken by registered retailers like publicly traded supermarkets, corporate-backed hyper-markets, retail chains and also the privately owned large retail business. On the other hand the unorganized retail refers to the traditional formats of low-cost retailing mainly local shops, owner managed general stores, convenience stores, pavement vendors, hawkers etc. In rural areas and small towns the unorganized retailers are prevalent. In all cities of India both types of retails have spread out their markets.

Study Area

There are fourteen existing shopping malls and twenty five upcoming malls (www.marketkolkata.org.in) which compete with a large number of small traders, vendors and hawkers in Kolkata city. These unorganized retailers are the most vulnerable segment and possibly the first casualty of the organized retail onslaught in this city. This type of competition or conflict is observed in different market areas among which five major market areas have been taken up for analysis. These are – Shyambazar-Hatibagan area of Noth Kolkata, Barabazar, Sealdah and Esplanade of Central Kolkata; and Gariahat of South Kolkata. These are very renowned market areas where all necessary commodities from daily necessary items to luxurious items are available.

Objectives

This study reveals the impact of shopping malls as organized retails on hawkers' market and for proper analysis some objectives have been set up. These are:

- To identify the impact on hawkers or street vendors after emergence of big capital intensive organized retail
- To study the behaviour of customers on organized and unorganized retail
- To find out the consumers satisfaction on both types of retail business
- To evaluate the role of both retail chain and unorganized retail on local economy

Database and Methodology

The sustainability of both shopping malls and hawkers is a challenging issue of market economy. Kolkata as a metro city consists this type of competitive market economy. For proper analysis and interpretation both primary and secondary data have been collected. The primary data have been generated through the questionnaire-based survey of definite target groups –hawkers, consumers of organized and unorganized retails in different markets of Kolkata city. Random sampling technique has been followed to fulfill the sample design and size. Some valuable data and information have been extracted from books, articles, journals, government and non-government reports, newspapers and electronic media. Few quantitative techniques have been applied for the purpose of interpretation. Major emphasis has been given on the status of hawkers after emergence of shopping malls in different corners of Kolkata city and the satisfaction level of the customers on both types of retails.

Strength of Hawkers

Day to day the number of hawkers is increasing with the emergence of different items in markets. Population growth, huge demand of food and other necessary items as well as diversification of products are major reasons for increasing strength of hawkers. An estimation reveals that Mumbai has the largest number of hawkers at around 2,50,000. Kolkata has more than 1,50,000 while Ahmedabad and Patna have around 80,000 each; and Indore, Bangalore and Bhubaneswar have around 30,000. But the *Hawker Sangram Committee* said that in Kolkata there are 2,70,000 hawkers excluding hawkers of trains and buses (www.nasvinet.org). It was estimated that the total number of street vendors in the country was around 10 million (Govt. of India, 2004) and at present 50 million people earn their livelihood as street vendors.

These hawkers have great contribution to the economy of West Bengal as well as Kolkata. The primary data reveals that nearly 80 percent of hawkers are in the age group of 25 – 45 years because the job requires huge load of physical labour. The marketing places are normally away from their residence and 78 percent of them are commuters. Male vendors are dominant and cover 97 percent of the total while the rest, only three percent is occupied by female vendors. It is a very common picture of Kolkata city and also of the state.

Role of Hawkers in the Economy of West Bengal

Both types of retails have great contribution to the economy of West Bengal. It is difficult to measure the contribution of unorganized sector in economy. The annual turnover of Kolkata city hawkers in 2008 is Rs. 8,772 crore that is close to that of Mumbai with Rs. 12,000 crore and Delhi with Rs.10,000 crore (Nagarik Mancha, 2008). The existence and profit of small scale and household industries also depend on sale of hawkers because most of the hawkers collect different items from these industries and sell in trains, buses or on streets of urban areas. This community has also great contribution in employment generation. They provide additional employment to many others who assist them in their work. In West Bengal the Foreign Direct Investment (FDI) is permissible up to 51 percent only in single brand products and the State Government is against the entrance of FDI in multi brand products. The foreign investment in organized sector may weaken the sustainability of unorganized sector. The entrance of unlimited FDI in retail market not only hampers the existence of hawkers but it will also abolish the intermediaries.

Scenario of the Hawkers Marketing Style in Different Markets

The marketing status of hawkers varies from one market to another. Prior to emergence of a large number of organized retail vendors, the hawkers were the dominant communities of the market economy. But after the emergence of these types of retails in different important places of Kolkata, the rate of selling has been adversely affected during last two decades. They cannot sell same product throughout the year due to unstable demand (21%), non availability of products (7%), low profit (23%) and craze for certain products in different festivals (49%). They have in general opined that they are suffering from low rate of sale with exception of the vendors working in Barabazar. There are so many reasons behind the deterioration in rate of sale. Among these most important are: emergence of shopping malls, inadequate number of customers, high price of materials and insufficient of stock, problem in procuring branded materials, huge offers of discount and gift provided by shopping malls. They have repeatedly focused on solitary reason that is emergence of shopping malls and related problems.

Low rate of price and huge offers in big organized retails: The hawkers cannot compete with the price rate of organized retail because these retail chains purchase huge quantity of materials and according to the scale of economies when one can purchase large quantity of materials, their price level will be automatically lowered. In fact these retailers sell same quantity of materials in a lower rate. They declare different offers like ‘buy one get one’ and ‘lower price day in a week’ which attract huge customers. The hawkers cannot purchase large quantity of materials at a time due to paucity of capital at their disposal as well as low storage capacity.

Emergence of Shopping Malls and Decreasing Rate of Sale

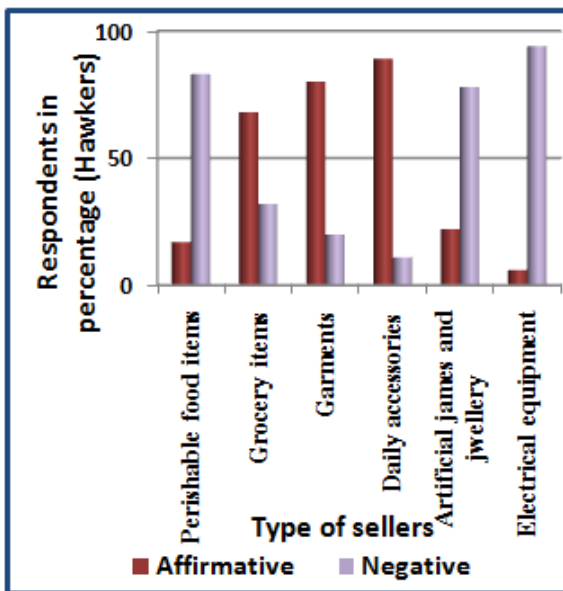


Fig. 1

Source: Primary data, 2013

Perception of Hawkers on Decreasing Rate of Sale after Emergence of Shopping Malls

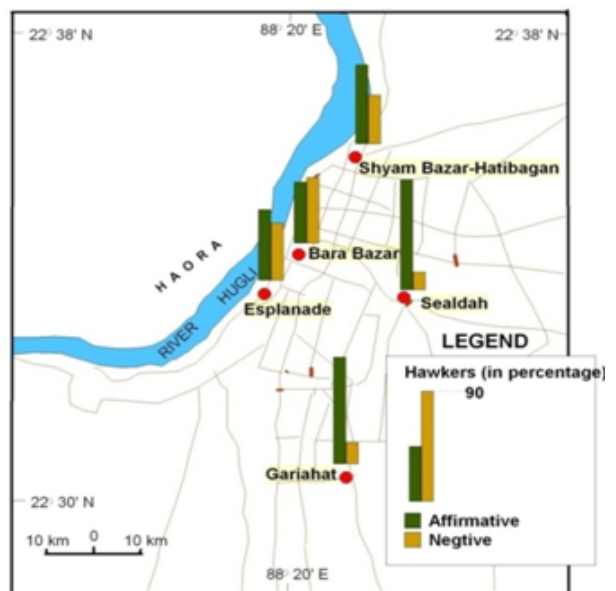


Fig. 2

Paucity of capital for procuring branded materials:

Not only the quantity of materials, quality of materials too is an important factor for attraction of a specific group of customer. Paucity of capital is a major hurdle for the hawkers to purchase the variety of branded materials. All hawkers do not face same problems. The hawkers who sell perishable food items, artificial jewelry, and electrical equipment are in good condition. The big retailers cannot grab their market. But those people who sell grocery items, garments and daily necessary items are worst sufferers because these items are readily available in organized retails with famous brands (fig. 1). The vendors of Barabazar are exception from the above mentioned unfavourable conditions because they have enough capital and moreover they sell their products in wholesale rate of price. So it is difficult to grab their market (Fig. 2).

The Customers' Preference for Organized and Unorganized Retail Shopping

Kolkata is a very populous city and demand for diversified products is also very high. The emergence of shopping malls has generated a mixed shopping culture. Some customers prefer to purchase different items from hawkers while some others like corporate sponsored modern shopping malls. A large number of customers prefer to purchase materials from both types of retail according to their requirements and convenience.

Perception study on customers of unorganized retails:

The famous organized retails alone cannot fulfill the demand of the customers. Primary data reveals that 53 percent of customers depend on hawkers or local vendors for their daily necessary items. Most of the women prefer to purchase artificial gems and jewelry from hawkers because they can find out variety of items. These customers prefer to buy items from hawkers. There are some reasons for their preferences like low price, easily accessible market area, availability of variety products, reasonable price range with scope of bargaining etc. 52 percent of the customers in Barabazar and 46 percent at Esplanade prefer to procure commodities from hawkers' market for low range of price. Other markets are also very popular for readily available variety products. These customers also occasionally access the organized big shopping retails to get the branded products and can have a glimpse of different items openly displayed on the stacks. They are interested to go to shopping malls when these malls provide 'offer prices' in food and grocery items as well as in branded garments.

Perception study on customers of unorganized retails:

Some groups of people always like to visit the shopping malls. During the phase of primary data collection they have opined that there are major two purposes of their visiting shopping malls. One is for shopping and the other one is for entertainment. They prefer to purchase from these malls for getting access to different advantages like availability of different products under one roof (13%), appreciable stock of branded materials (16%), good quality of products (14%), reasonable price and no need for bargaining (8%), availability of 'offer prices' in different occasions (24%), locational advantage (7%), preference of choice (5%), comfortable ambiance (11%) and facility for car parking (2%). The attractive pricing strategies always allure the customers and enhance their shopping aspirations. Major craze is observed for food and grocery products and branded garments. In fact the comfortable air conditioned ambiance gives a relief from exhaustion especially in hot sultry days.

A Glimpse on Purchasing Priorities of the Customers

The existence or expansion of shopping malls is a great threat to hawkers or street vendors but it is also a fact that one cannot solely depend on the products of shopping malls. A consumer is compelled to go to local shops for procurement of their daily necessary items. A group of people in Kolkata city may depend on these malls while most of the people in suburban or rural areas purchase their required items from local shops as well as from various famous municipal markets of Kolkata city. According to primary data 78 percent customers of organized retails are residents of the city core. 49 percent customers of Barabazar, Sealdah and Gariahat are coming from suburban areas and they are reluctant to visit shopping malls mainly due to apprehension of high range of price.

Major Impact of Organized Retails on the Economy of West Bengal

With march of time the cities of West Bengal are gradually being dominated by shopping malls. Kolkata has witnessed a steady rise in its mall area. Estimated mall area of the city stood at 3.9 million square feet in 2013 and it has been projected that it will rise up to 4.5 million square feet in 2014 and to 4.8 million square feet in 2016 (The Telegraph, 2014). The major expansion will be towards north and south of the city. Among these malls most remarkable are Metro Cash and Carry (operating wholesale business), Big Bazaar, Reliance, Food World, Spencer's etc. which have grabbed a major share of unorganized retail.

Shalti Research Group of Kolkata has estimated the probable impact on small retails due to emergence of big organized retail in West Bengal:

- About 500 rice mills and 400 cold storages of the state will be closed in near future. 10 lakh persons associated with these establishments may lose their job in the process.
- About 3,000 periodical and permanent markets of the state will be extinct and around 50 lakh small traders of agricultural products may lose their traditional profession.
- Along with that another 10 lakh cycle van pullers, transport workers and other associated labour force involved with retail markets may lose their livelihood.
- About 30 lakh suppliers of varying sizes may suffer from paucity of work order.
- About 12 lakh people may lose their agencies.
- It is apprehended that indigenous handicrafts will fail to access any avenue for marketing as these will be replaced by imported items.

Suggested Measures for Sustainability of Hawkers

The hawkers, a vulnerable section of economy is always receiving threats from organized retailers. Thus some measures could be taken for their betterment.

- The establishment of big organized retail in a specific market area should be restricted and a single large format retailer should not be allowed to capture a large share of market.
- The pricing strategy of big retail should be monitored and some guidelines would be implemented to prevent predatory pricing and below production cost sales by the organized retailers.
- Encroachment of big private monopolies in retail trade initiates the decay of different trade agencies. These marketing agencies can be revived and encouraged to grow and compete with private large format retailers.
- Operation of retail chains may be revived through co-

operative system and new retail co-operatives may also be promoted.

- The hawkers' corners would be preserved or set up with adequate amenities because most of the hawkers have occupied the busy pavements of Kolkata city thus providing scope of arguments against their existence.
- The huge purchasing power of the giant organized retail companies normally squeezes the purchasing power of small producers of agricultural and manufactured products. There should be some restrictions on procurement of products for big retails.

Conclusion

The competition or conflict between shopping malls and hawkers is inevitable in any metropolitan city. The competition is always welcome to any economy because by this the customers always become gainers and quality of products is assured. It appears to be pathetic when this competitive situation compels the abolition of hawkers' community as an extinct race. In Kolkata city the hawkers are still in existence but if the organized retail chains spread further with their strong grip on the economy it would be difficult for the hawkers to survive. The conflict between organized and unorganized retail may be toned down if the Government provides some space for these unorganized segments and provide safeguard for this vulnerable section through a regulatory body so that their co-existence becomes possible.

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