



Entrepreneurial Impacts of Informal Fast Food sector in Bangalore, India

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Dedication

To my mother Dhanabhagam, to my siblings Dhandapani, Shanthi, Selvi, Nalini, Prathap, Kannan, Kavitha, Lokesh, Veeramani and to my sponsor Mr. Dick Eykle and Miss. Frauke Smit and to all the food vendors who made this research possible with by sharing stories and experiences and inspiring me.

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List of Acronyms

BDS	Business Development Services
BA	Business Associations
DGE	Delhi Groups of Expertise
DA	Donor Agencies
IDO	International Development Organizations
ILO	International Labour Organization
OECD	Organization for Economic Co-operation and Development
MSME	Ministry of Small Medium Enterprises
NAS	National Accounts Statistics
NASVI	National Alliance of Street Vendors in India
NCEUS	National Commission for Enterprises in the Unorganized Sector
NPUSV	National Policy on Urban Street Vendors
NSSO	National Sample Survey Office
SEWA	Self Employed Women's Association
SGSY	Swarnajayanti Gram Swarozgar Yojana
SJSRY	Swarna Jayanti Shahari Rozgar Yojana
SNA	System of National Accounts
SSUW	Social Security for Unorganized workers
SUGQSF	Scheme of Up-gradation of the Quality Street Food

Abstract

This research paper is an attempt (as part of M.A degree) to understand the impacts of informal fast food sector in India, focusing on creating entrepreneurship opportunities for low/uneducated, unemployed and rural migrant workers, who would otherwise contribute nothing much to the local economic development. As personally experienced while having lunch at one of the roadside fast food in pushcart and hearing the entrepreneur's story of how he engaged in this business, stimulated me to carry on the this research work, and to showcase their impacts to the mainstream academia, which can further explore this sector deep. This exploratory study result shows that even though the majority of them in this sector are survivalists but yet reveals that they are engaged in this entrepreneurial activity with the motivation to be self-employed, also with the hope that this will increase their income and improve quality of life; while not being able to find jobs in formal sector. And the growth-oriented entrepreneurs are able to create job opportunities for local as well as for urban migrant workers including women. This research paper concludes that informal fast food sector have been main sources of income for the entrepreneurs involved in the business, and this sector have provided livelihood entrepreneurship opportunities for many in developing countries as well as contributing to local economic development. However there are no proper definition informal fast food sectors, therefore this research also suggest a typological definition which helps in collecting data and has relevant policy implications. In due course of the research there were also many interesting findings have appeared, such as the challenges of these entrepreneurs, Gender distribution, sustainability issues, support system, motivational aspects, etc. these have been discussed more in the following chapters.

Relevance to Development Studies

Micro and small enterprises are major features of economic development in developing countries. They contribute to employment generation, income generation and poverty reduction. Lack of employment opportunities, illiteracy, poverty, etc. pushes motivated people to find alternative options; different people chose different options based on expertise and experiences either to meet their basic needs or to improve their income quality of life. Therefore, this study entrepreneurial impacts of informal fast food sector is to understand more about 'to what an extent they have affected the local economic development', considering poverty reduction, job creation and income generation.

Keywords

Informal fast food, entrepreneurship, quality of life, income generation, job creation, poverty reduction, Bangalore

Chapter 1

Introduction

1.1 Background

Informal sector have become an important element of entrepreneurial opportunity in both developing and developed countries. It contributes to create employment, income generation and poverty reduction by providing entrepreneurial opportunities for many in urban cities who are disadvantaged with the skilled work. For many people across the world while the formal fast food sector (such as McDonalds, Pizza Hut, Burger King and etc.) have been short term or part time jobs providers, but the informal fast food sector have been a livelihood and long term entrepreneurial activity; providing the individuals self-employment and means to poverty reduction, thus, improving quality of life in developing countries serving as inherited skill. For example, according to the *Report of the Committee on Unorganised Sector statistics for the year 2012*, in India more than 90% of workforce and about 50% of the national product are accounted for by the informal economy (National Statistical Commission: Govt of India 2012). Around 40 years ago ILO first used the concept of 'informal sector' to describe the activities of the working poor and according to ILO the informal economy creates more employment opportunities in developing and transition counties. Taking from Fass (1995), the distinguishing characteristics of formal or informality includes a combination of relative entry requirements, appearance, technology, education back or work experiences, institutional organization etc. (Fass; 1995). There are number of reasons for people getting into informal sector Bhowmik (2005), says that mainly lack of employment opportunities in relation with poverty in rural areas has pushed the people to cities in search of jobs, but these migrants do not have education or skills to find work in the formal sector (Bhowmik 2005) Since the migrants are not educated and unskilled workers along with the localities, most of them choose to do daily labour work such as helpers in the construction work, house painting, plumbing, carpenting, cleaners or cooks at restaurants and etc.

1.2 Relevance and Justification

It is important to know that even though there are a number of researches on informal entrepreneurship, but yet most of the researches on informal entrepreneurships have been a larger study. This research is an attempt to study specifically the informal fast food sector to deepen the knowledge on informal fast food sector in a group of informal enterprises. There are authors who have been focusing separately on street food vendors, health related issues of street food, and etc. But this sector is very much fascinating in all different aspects and can provides interesting ideas to understand more. Authors in most of the cases have ignored to see the impact of the informal fast food sector. Therefore, it is worth to deepen the knowledge and explore the impacts of this sector more, over to understand why there is a growing trend in informal

fast food sector and see what kind of policies would bring them to mainstream/formal sector, which enable them to compete with the other formal fast food providers. In doing so, it is important to observe the motivations of the entrepreneurs, risk factor involved, sustainable plans, impacts on personal growth, interlink between the sectors and other actors involved.

Accordingly, this paper tries defining the term informal fast food sector as a whole instead of studying them separately and also suggests to have a business association for these entrepreneurs as they are not aware of it.

1.3 Objectives and Research Questions

Objectives: to Understand Entrepreneurial impacts of informal fast food sector in Bengaluru-India.

The following research questions are made to achieve the objective.

Main Question: To what extents have the informal fast food sector provided entrepreneurial opportunities in India?

Sub-questions

1. What are the significant differences among enterprises involved in the fast food sector?
2. What kinds of people operate these enterprises and what is their motive to engage in this sector?
3. How this sector has impacted the operators in terms of employment and change in income?
4. Who are the major actors involved and what are their contributions in this fast food sector?
5. What are their main downstream challenges and what are the new policy could help them to assist these enterprises?

1.4 Research Method and Limitations

Keeping the objective in mind, the study applies an exploratory approach and aims to describe the entrepreneurial impacts of informal fast food sector in Bangalore, therefore the research relies on both quantitative and qualitative method.

To have an understanding of the current research on fast food sector this study focuses on a wide range of books, research papers, journals, organization's reports, to build the theoretical framework.

In order to collect the secondary data few sources had been used, such as International Labour Organization (ILO), World Bank, National Alliance of Street Vendors in India (NASVI), Seminar reports such as Report of the Asian Regional Workshop on Street Vending India (2002), Regional Seminar on Street Food Development, Bangkok (1999).

For primary, data collection semi structured questionnaire was used to allow the respondents to give the detailed information on the impacts of their business, motivation to start the enterprise, risks, competition strategies and sustainable strategies. The questionnaire also explores improved quality of life in relation with the increased income level. Observation method also been used to see the customers' relations with the entrepreneurs.

This study was conducted in different parts of Bangalore city, namely Koramangala, Madiwala, Adugeodi, Hosur Main Road, Tavare Kere, and S.G. Palya. The reasons to select these localities are mainly; a) a happening places whole day long; b) lots of informal enterprise activities, number of fast food sold in spite of heavy competition on the same street, many migrant and daily wage workers and migrant students based area including the mixed group of middle class local residents. Collections of primary data were on spot in these entire places with a semi-structured questionnaire for information gathering. Also few personal open ended interviews were conducted to understand the growth of the entrepreneurs.

In total 34 entrepreneurs answered the questionnaire, all of them located in Bangalore city, of which 11 from Koramangala, 5 from Adugeodi, 4 from Hosur Main road area, 7 from S.G. Palya, 4 from Madiwala and 3 from Tavare Kere. Entrepreneurs from Koramangala operate in context where their targeted customers are mixed like local residents (both poor and middle income group), bar customers. In Adugeodi area but there are migrant workers who be main customers, in Hosur main road and S.G palya the targeted customers are mainly students and auto drivers as they function nearby university and semi market areas; in Madiwala and Tavare Kere the targeted customers are mainly daily labours and auto drivers.

1.5 Limitations

This research has been done in Bangalore city, met with 34 entrepreneurs, out of this only 2 are women entrepreneurs. Therefore, this numbers may not represent the whole sector and this sector could function with different features in rural area.

As an attempt to specialize in informal fast food sector this research includes four groups of entrepreneurs, such as street food vendors, mobile food vendors, semi-established as well as established informal entrepreneurs, it could be different stories focused only either on street vendors or semi or established entrepreneurs.

The methodology is limited to quantitative data collection and to some extent to qualitative methods. The sector could be understood even more in-depth used the interviews or ethnography study.

There was also another limitation especially about the 'Tax' and 'actors' involvement due to sensitivity issues. However to an extent this paper was successful in gather information from tax paying entrepreneurs. It was not possible meet other actor's involvement in this sector, due to time constraints. However the secondary data will be used to address this issue.

1.6 Organization of the paper

Followed by Chapter 1 about background information of research topic, relevance, objectives and research methods and limitation; this research paper contains 5 more chapters which are as follows:

Chapter 2 is a discussion about theoretical background on informal enterprises as whole, discussion on literatures, theoretical definitions of concepts of entrepreneurs, enterprises and entrepreneurship, classification of enterprises, importance of informal fast food sector and theorizing an analytical framework for further research.

Chapter 3 explores the current status of informal economy and informal fast food sector in India. In continuation the policy examination related to informal fast food sector and further defines the informal fast food sector into street food vendors, mobile food vendors, semi-established food vendors and established food vendors.

Chapter 4 analyses the general features of informal fast food sector, and based on the features it further categorizes the enterprises (street food vendors, mobile food vendors, semi-established food vendors and established food vendors) into survivalists and growth-oriented enterprises.

Chapter 5 examines the impacts of the informal fast food sector, future of the sector and challenges.

Chapter 6 is conclusion of the whole research based on previous chapters and field research data. Further based on the findings it argues the gaps primarily the definition problem and the unavailable data on the sector. Thus it suggests for further research on the gender distribution in the sector, proper definition as well as proper policy implication for related enterprises.

Chapter 2

Theoretical Framework

2.1 Entrepreneurship in the Informal Sector- Literature review

Number of authors expressed that for many decades informal sector was not considered as a main economic activity. For example, an ignored phenomenon of informal economic activity was first used by Keith Hart in 1970 (Gerxhani; 2004); Webb said that ‘Only a little is known theoretically about how the entrepreneurial process work in the informal economy’ (Webb et al.; 2009: p1).

However in the current ear, the existence of formal and informal sectors, particularly in developing countries has led to much research on defining their differences (Gerxhani 2004, Sahoo and ten Raa 2009). Various studies define the basic characteristics of informal sector based on number of aspects. For example; while Lewis (1954) viewed it as just an ‘unlimited supply of labour’, (Lewis 2008); Mazumdar (1976), in his concluding points on *The Urban Informal Sector* notes that this sector have a pronounced selectivity of workers ((Mazumdar 1976). It is interesting to note the Maneul’s point as he says that ‘the informal economy is not a set of survival activities performed by destitute people on the margins of society’ (Castells and Portes 1989). According to C. Williams and J. Nadin (2012) ‘there are many research study showing there have been increased informal workers who are self-employed, yet the outcomes is that many have been re-read as displaying entrepreneurial attributes, traits and qualities and a hidden enterprise culture’ (Williams and Nadin 2012). Using these arguments of entrepreneurial process in informal sector, this chapter focuses to understand the theoretical background around informal entrepreneurship, to analyse the research objective and to set an analytical framework on impact of informal fast food sector in India.

2.2 Theoretical Definitions

In both developed as well as developing countries the increased number of enterprises led scholars from different department (economic, researchers, development practitioners) to study on the trends of entrepreneurs, entrepreneurship and enterprise. The debate on entrepreneurship and entrepreneurs dates back to as early as 18th century when authors led by Richard Cantillon and later Jeans Baptiste Say attempted to offer economic definition for an entrepreneur (Kanothi; 2009). According to Stevenson (1983), among the scholars from different school of thoughts to define entrepreneurship are mainly divided into that those who define the term in an economic function and those who see as entrepreneurship with individual traits (Stevenson 1983). Figure 2.1 below summarizes the important and general definitions of entrepreneurship, entrepreneur and enterprise.

Entrepreneurship

As there are many researches on entrepreneurship kept growing, there were number of authors attempted defining entrepreneurship adding different aspects of entrepreneurs as well as enterprises, starting from nature of enterprises, entrepreneur's characteristics and factor influencing entrepreneurships and etc.. Many researches have contributed to the definition of entrepreneurship; among them Richard Cantillon, Jean Baptiste Say, and Schumpeter prominent authors to give base definition. Accordingly to them entrepreneurship is about '*risk-taking*' in terms of price variation during the course of buying and selling, bringing the *factors of production* together, *innovation* at all stage' (Stevenson; 1983). Stevenson, continues to define 'Entrepreneurship is an approach to management: it is pursuit of opportunity... can be examined by six critical dimensions, such as: strategic orientation, the commitment to opportunity, the resource commitment process, control over resources, management and compensation policy' (ibid). Building on Stevenson's definition Kao (1991), defines entrepreneurship as it is process of doing something new and different for creation of wealth and adding value to life/society (Kao; 1993). Reading through perspectives from different authors and from field research experiences, this paper considers the aspect of '*Passion*' and define entrepreneurship also about being passionate to establish a new enterprise or carrying out the existing enterprise. There is difference between motivation and passion, if the motivation is to create wealth and adding value to the processes, being passionate about the business makes an entrepreneur to be committed to the opportunity and be innovative during the process of entrepreneurial growth.

Entrepreneurs

Many individuals for various reasons and on different level of motivations become entrepreneurs. Baumol (1968), says that on the one end entrepreneur is one of the fascinating character and on the other end it is one of the vague character around the subject of economic analysis (Baumol 1968). Although there are many different authors have shared their view on defining an Entrepreneur, as far as this research paper concern Gartner, Kao, Schumpeter, Stevenson are important. Entrepreneurs are individuals with unique personality characteristics and abilities around the concept of Entrepreneurship (Gartner; 1990); entrepreneur is a person who undertakes a wealth-creating and value adding process and he makes things happen (Kao 1993); the individuals who carry out the actions of innovation through enterprises are entrepreneurs (Schumpeter 1939); and for Stevenson an entrepreneur is a *promoter*, with confident on his/her ability to seize opportunity regardless of the resource under control and he/she can also be a *trustee* who uses the existing resources to start enterprise (Stevenson 1983). A *passionate* oriented entrepreneur is an individual, can only do something new and different, undertake a wealth creating and value adding process; can be innovative in order to be competitive, promote the business as well as can make use of available resource and thus creates opportunities than expecting an opportunity to run enterprise.

Enterprise

'the term "enterprise" applies to the carrying on any business'
[said in Article 3, OECD (06.10.2012)]

There are different forms of enterprises, such as private, public owned enterprise and a recent trend in social-enterprises. As far this paper concern, we will only discuss about private enterprise. In general enterprise means carrying out a business by an individual or group individuals. Nelson (1981), describes with the view from Adam Smith that of an enterprise is a firm started by an individual for only his or her own gain, in many cases led by invisible hands to promote (Nelson; 1981). Continuing to define the enterprise Nelson says that a private enterprise is shorthand for system of organizing production of goods and services privately owned, presumed to be motivated by profit, connected to the input supplies and product demand through market-like arrangements, with very little monitoring and constraining from higher authorities (*Ibid*).

Figure 2.1 Definitions on Entrepreneurship, Entrepreneur and Enterprise

Entrepreneurship	There are many researchers have attempted define entrepreneurship
<ul style="list-style-type: none">• Richard Cantillon- is risk taking in terms of price variations during the course of buying and selling products• Jeans Baptise- is bringing the factors of production together• Schumpeter- is innovation at all stage• Stevenson H.H (1983)- Entrepreneurship is an approach to management: it is pursuit of opportunity• Koa, R.W.Y (1993)- doing something new and different for wealth creation	
Entrepreneur	Many individuals for various reasons and on different level of motivations become entrepreneurs.
<ul style="list-style-type: none">• Baumol (1968): is one of the fascinating character and one of the vague character around the subject of economic analysis• Gartner (1990): is with unique personality characteristics and abilities around the concept of entrepreneurship• Kao (1993): a person who undertakes a wealth-creating and value adding process• Schumpeter (1939): an individual carry out the actions of innovation• Stevenson (1983): entrepreneur is a promoter and trustee• An entrepreneurs is individual should be passionate about enterprise that they are running or want to run	
Enterprise	among different forms of enterprises, this paper focus on private enterprise
<ul style="list-style-type: none">• OECD: enterprise applies to the carrying on any business• Adam Smith: enterprise is a firm started by an individual for only his or her own gain, in many cases led by invisible hands to promote the business• Nelson (1981): enterprise is shorthand for systems of organizing production of good and services, privately owned, motivated by profit , connected to the input supplies and product demand through market-like arrangements, little monitoring and constraints from higher authorities	

2.3 Informal Enterprises

There is a close link between informal economy and informal entrepreneurship. Rapidly growing self-employment than salaried employment is already proven by many researchers. It has been considered that self-employment has been growing in informal sector/informal entrepreneurship as it is voluntary informal employment and 'easy entry' (KUCERA et al. 2008). As we discussed the most recognized aspects of informal economy, we move on to defining informal entrepreneurship, which is in general known as unregistered, unorganized, enterprise run by deprived populations, illegal, with either one or few employed workers led firm, less than 3 years old business, in OCED and ILO understands a vulnerable employment sector, unprotected job security and etc.

There have been considerable debates among research to frame an agreed definition on informal enterprise. However in this research context we concern Gurshuny and Renooy, view on informal enterprise is more important. Gurshuny (1979), distinguishes the informal activities in three types, such as (1) *household production*: linking informal activities in the same model of formal economy but without any written documents; (2) *underground*: playing intermediate role for formal economy or formal enterprises; (3) *communal activity*: is an autonomous informal enterprises involved in final production of goods and services directly for consumers (Gershuny; 1979). Other end Renooy (1990) puts informal activities is about producing positive income for both the person who executes the activity as well as the ones who receive the result for which the legislation and regulations applicable but not being met by the entrepreneur (Renooy 1990). These two views, especially Gershuny's third categories of informal enterprise as well as Renooy's definition of informal enterprise are used in this research to build on to set the framework definition for this research paper. Starting from 1970 and till date researchers attempting to define the informal enterprises adding different aspects/features, which we try to put into a Table: 2.2 Characteristics of informal activities/enterprises

Figure 2.2
Features or Characteristics of informal sector

- Formal regulations and rules are absent
- Higher degree of Flexibility
- There is no complete information
- Highly fragmentary
- Combination of various informal activities
- Easy entry
- Low capital intensity
- Low productivity
- Relies on social/family networks
- Sometime, an absence of channels of access to the formal activities
- Off book work
- Vulnerable sector
- Survival oriented
- Seasonable Work

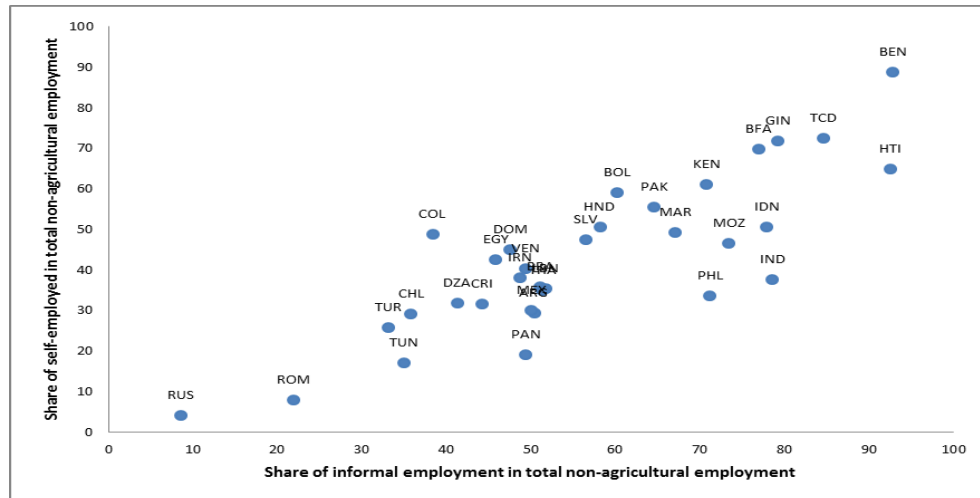
Sources: (Gerxhani 2004, Mazumdar 1976, Renooy 1990, Bromley 1978, Stark 1982, Portes 1983, Chaudhuri 1989a, Sethuraman 1976, Tokman 1978)).

2.4 Importance of Informal Enterprise

A recent research by OECD (2009) has stated that informality increasingly becoming normal, not only in developing countries also in middle and even high income countries (Jütting; 2009). For many reasons people involvement informality has been increasing, especially in developing countries. To put in general term the growth of informal sector is connected with unemployment, poverty and increased level of rural migration to urban area, another important aspect is that low education background, which is related to unskilled employment/work. Taking from OECD's report notes that informality increases due to two main reasons, one is the people who are excluded from formal jobs and people who choose this sector voluntarily (*Ibid*).

Recognizing the fact what Gershuny (1979), says that informal economy contains a diverse collection of activities and his third type of informal activity regarding autonomous informal activity (Gershuny; 1979); and also building on Renooy's (1990), definition that is informal activities are aimed at producing a positive effect on income, and for which the terms of legislation and regulations applicable to the activities but not being met (Renooy; 1990), this research paper explores one of the informal activities focusing on informal fast food sector and to see how this activity have affected the entrepreneurs in terms of income generation, job creation and local development. There has been a considerable job number created in informal sector, as there was lack of job opportunities in formal sector. The Figure 2.3 has been take from OCED (2009) report on informal employment, gives an idea how important this sector have been in terms of job creation.

Figure 2.3 Self-Employment and Informal Employment



Source: OECD: dx.doi.org/10.1787/533140181104 (downloaded on 8 October 2012)

If see the above Figure: 2.3 from OECD tell us how the sector informal activities have provided employment for people in developing as well as developed countries. However it has been difficult to have a clear understanding and definition between informal sectors as a whole as well as informal employment. A study by Charmes (2012), explains to what extent the employment growth increased over a period starting from 1970 till

2010 in informal sector across the world, e.g. in North Africa it increased from 39.6% to 58.4% in 2010, accordingly Sub-Saharan Africa has been seeing a little fluctuations starting from 67.3% during 1980s and now it is 65.9%, in Latin America during 1985s it was 52.3% and it increased to 57.7%, Southern & South East Asia it increased from 52.9% to 69.5% (Charmes 2012). Observing these data, there is no doubt that informal enterprises have been an integral part of job creation, income generation and reduction of poverty.

“Poverty rates have increased in half of developed economies and in one third of developing economies” [Said in ILO, 9th October 2012] the poor can’t afford to buy the products from formal sector production with little extra price compare to the informal sector’s goods and services. This is one of the other importance of informal sector.

However there has been criticism from researchers, economists including ILO and World Bank saying that even though there is a growing trend in informal economy, this sector does not contribute to economic growth. OECD (2008) reports points that informal employment is about low-paid jobs without any social protection, low productivity, and ultimately only limited chance to grow up in the social ladder, the employees involved in face the problem of indecent work and many other health related issue (International Labor Organization. 2012). So there is more increased attention to bring the informal entrepreneurship into formal sector framework.

2.5 Classification of Enterprises

Whether it is formal or informal, both encompass varieties of enterprises namely micro, small, and medium and macro (MNCs). And a single policy or intervention doesn’t fit to all kinds of enterprises and in all the countries. There need to be a clear understanding about each group of enterprises in order to implement a specific policy accordingly. Therefore there were attempts to classify these enterprises within the small, medium and micro enterprises. Researchers have contributed to classify these enterprises into three different categories, such as *Survival*, *Growth-oriented*, *Graduated enterprises*. This research is more focused on the first two categories Survival and Growth Oriented, than Graduated enterprises.

2.5.1 *Survival group: Literature Review*

In general survivalist entrepreneurs are poor, having irregular jobs or irregular income, which constraints them to meet their basic needs. Therefore, according to Berner et al. (2012), survival entrepreneurs enter into business activities by no choice of regular waged employment (Berner et al. 2012); a set of activities undertaken by people unable to secure a wage employment, poverty and desperate attempt to survive are the prime features of the these survivalists entrepreneurs (Rogerson; 1996). Further Berner says that the survivalists’ business activities are more diversified as an attempt to increase security and it is most of the time *zero opportunity costs*(P.2). As they are poor by nature, their capital investment into business activities are limited thus low productivity; normally they are unable to take risk in terms of expansion of business and hire no paid

staffs. *The growth of survivalist is an exception, not the rule* (p.1); because they are trapped into *moral economy and cultural values* (p.2) as well as most of the survivalists simply are not willing to take risks of expansion of business and are far from following the competitiveness strategies as they are not driven by entrepreneurial goals (Berner et al. 2012).

Acknowledging Berner's (2012) and Rogerson's (1996) ideas, and to keep it simple the survival entrepreneurs come into entrepreneurial picture/framework for being vulnerable and disadvantaged with regular waged employment; doing unskilled informal businesses, and as most of the researcher [for example: (Bhowmik 2005, Berner et al. 2012, Liedholm and Mead 1999, Mead and Liedholm 1998)] says dominated women entrepreneurs. One end poverty and unemployment being important reason for emerging survival entrepreneurs, on the other end ease of entry, low capital investment. However within the survival group there are two sub-groups of entrepreneurs: First sub-group entrepreneurs who can generate enough income to sustain their day to day business and the Second sub-group who are unable to generate enough income from their business thus diversify their activities time to time or sometimes simply shut down (Kanothi 2009).

2.5.2 Growth-Oriented Group: Literature Review

The prime difference between survivalist and growth-oriented is that '*reason*' and '*motivation and passion*'. For survivalist it is lack of option to survive thus start the enterprises, for growth-oriented it is motivation either with previous work experiences or wanting to be self-employed (in order to generate or accumulate income or wealth) are the stepping stone to entrepreneurial agenda.

According to Rogerson (1996), growth-oriented enterprises are that businesses run by a single owner, sometimes employed family members, and at most cases employing one to four external employees, and usually trapped into informality (Rogerson 1996). Adding on Berner (2008), says that a few regular waged employees accumulate skills and capital start the business in specializing and willing to take risks, however with the constraint to entry (Berner et al. 2012).

In the informal sector as there are high numbers of small enterprises, this research doesn't focus much into graduate enterprise; however it just touch upon the main characteristics of graduate under the table given below.

Table 1
Classification and Characteristics of enterprises

Classification	Characteristics/ Engaged in enterprise activities	Literatures
<i>Survivalists</i>	<ul style="list-style-type: none"> • Poor Entrepreneurs • Unemployed, without any other choice • Means of survival • Migrants • Single owned/ sometimes supported by unpaid family members • Excluded by formal works • Considerable women participation • Easy entry • Low investment • Low/No social security • Off books • Copying 	(Berner et al. 2012, Berner 2008) (Farbman and Lessik 1989) (Liedholm and Mead 1999) (Rogerson 1996)
<i>Growth oriented and middle missing</i>	<ul style="list-style-type: none"> • Profit oriented • Wishes to expand business/reinvestment the profit • Capable of hiring part/fulltime employee • Specialized • Minimal technology • In transition towards graduation • Competition Strategies used 	(Berner 2008) (Kappel and Ishengoma 2006) Gomez. G.M., 2008
<i>Graduates</i>	<ul style="list-style-type: none"> • Highly profit orientated • Established • Innovation • High Sustainable and competition strategies • Mostly male dominated 	

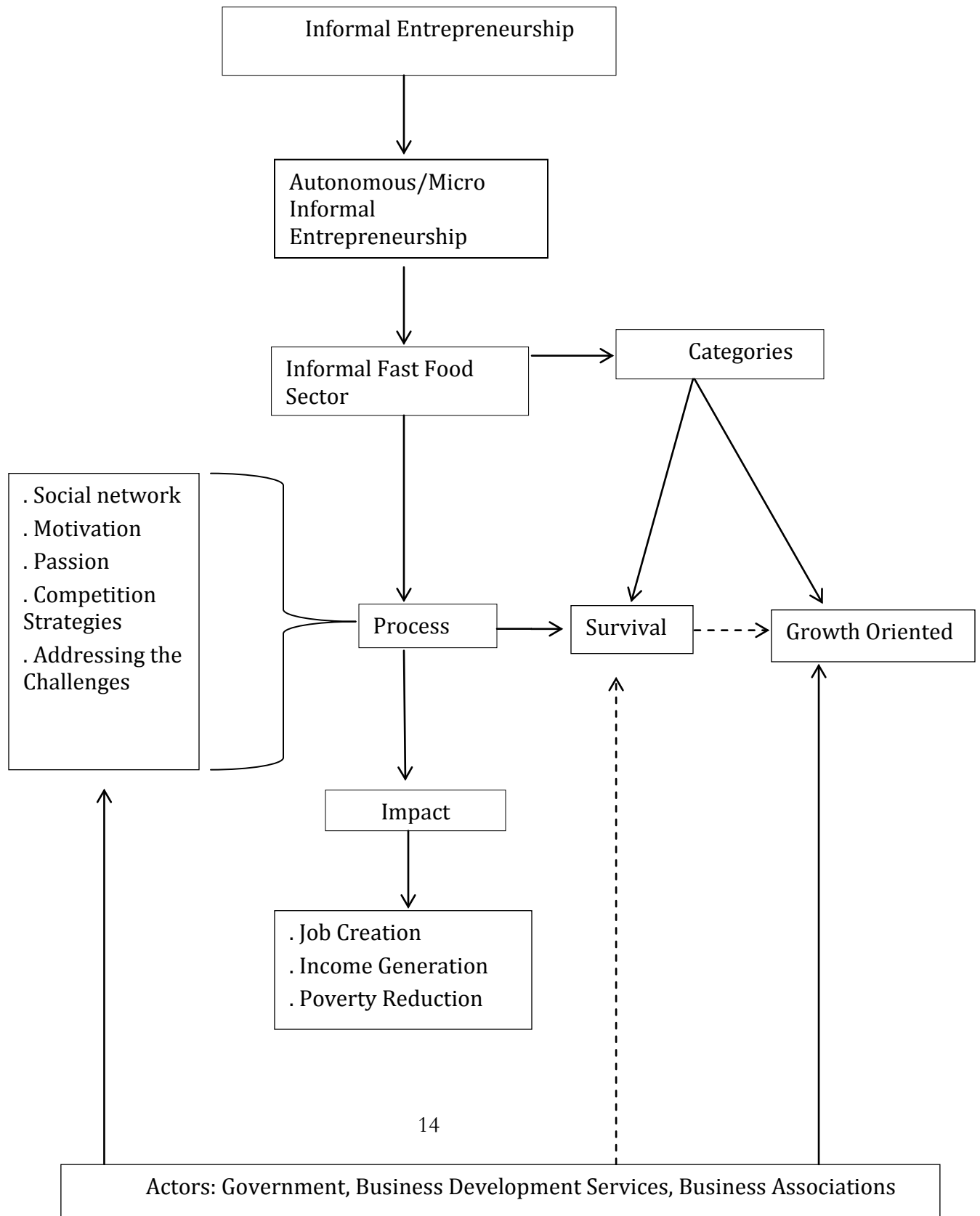
2.6 Analytical Framework

This research paper is based on the analytical framework presented in Figure: 2.5 below to describe and analyse the research topic. It describes the informal entrepreneurship, specifically focused on impact of informal fast food enterprises within the encompassing/overwhelming informal sector as whole, and analyses the findings.

In the process of description and analysis of data collected from research site, the study explores different aspects of entrepreneurship such general features, the reason/motivation of entrepreneurs involved, management of the enterprise, sustainable/competitive strategies used, gender distribution, challenges faced. Based on these factors the enterprises will classified into three different groups. Finally the study also focuses on the different actor's role in creating a support service system to encourage/ to address these challenges of these different categories of enterprises.

This analytical framework is built mainly using two authors' definition and typology of informal activities. This research paper stands on Renooy's (1990), definition that he describes as informal activities are aimed at producing a positive effect on income, and for which the terms of legislation and regulations applicable to the activities but not being met (Renooy 1990) and Gershuny's third type of informal activities as autonomous one, which is informal enterprises involved in final production of goods and services directly for consumers (Gershuny 1979). However even though these two views are given much importance through-out the study, it also recognize to an extant Williams & Nadin (2012), definition of informal entrepreneurship as they build on number of other authors (Harding et al 2005; Reynolds et al 2002, European Commission 2007; Renooy et al 2004 & Williams 2006) views and put it together as 'Informal entrepreneurship refers to those starting a business or are the owner of a business less than 36 months old who engage in monetary transactions not declared to the state for tax and/or benefit purposes when they should be declared but which are legal in all other respects' (Williams and Nadin 2012).

Figure 2.4
Analytical Frameworks



Chapter 3

Contextual Background

3.1 Informal Sector in India- A glimpse

In **Indian context** the formal and informal sector are categorized as '*Organized*' and '*Unorganized*' sector. Organized sector includes that of formal sector characteristics (legally registered, restrict to entry, available statistics budget document reports, annual reports, tax payment and etc.) and the Unorganized sector comprises of informal sector characteristics such as enterprises whose collection of data is not regulated under any legal provision, not maintaining any regular accounts, no regular information about the enterprise and etc. (National Sample Survey Organization 2001).

India's high level of economic growth has been accompanied by unorganized or informal sector and plays an important role in the Indian economy. More than 90% of workforce and about 50% of the national product are accounted for by informal economy; high proposition of socially and economically underprivileged population of the society are concentrated in the informal economic activities (National Statistical Commission: Govt of India 2012). In India it had been a complex debate on defining the informal sector; For statistical or data collection purposes on the informal sector different departments (such as The National Commission for Enterprises in the Unorganized sector (NCEUS), National Statistical Commission (NSC), System of National Accounts (SNA), National Accounts Statistics (NAS), National Sample Survey Office (NSSO) and Delhi Groups of Experts) within India have defined informal sector according to their research objectives. However overall, India has built up an elaborate and competent statistical system both in terms of institutions as well as professional manpower, also within the ILO and beyond it; India's 'Delhi Group' is recognized as a leader in setting standards for informal economy statistics (*ibid*). Table 3.1 briefly explores the definition of informal or unorganized sector in the Indian context.

Table 2

Definition of informal/unorganized sector in Indian Context

Departments	Definitions and recommendations
International Conference of Labour Statisticians (ICLS)	Evolving different aspect of in-formalization in gradual conferences, ICLS says that: Informal sector is a group of production units as household enterprises unincorporated enterprises owned by households engaged in non-agricultural businesses
System of National Accounts (SNA)	Enterprises do not constitute separate legal entities independently of the household members who own them and a fixed capital is used in the production of good and services either for own use for market
National Commission for Enterprises in Unorganized Sector (NCEUC)	Differentiating the informal enterprises and informal employment, NCEUC says that the unorganized sector consists of all unincorporated private enterprises owned by individuals or households, engaged in the sale and production of a goods and services operated on a proprietary or partnership and with less than ten total workers
Delhi Group Expertise	Unorganized Sector consists or should consist: Unincorporated Enterprises, no complete set of accounts maintained, not specification of workers/should consider, enterprises less than 5 employees, differentiation between agriculture and non-agriculture should be made, as well as to include paid domestic services
National Sample Survey Office (NSSO)	Focusing on the Socio-Economic aspect, it captures two dimension of unorganized sector basically on The context of enterprises and Nature of employment thus try to organize a definition as non-agriculture activities, Manufacturing, services and trade areas are covered with branded as well as partnership owned enterprises which are unincorporated.
Ministry for Small Medium Enterprises (MSMEs)	Puts into simple terms as: those are unregistered enterprises come under unorganized sector.

Source: (National Statistical Commission: Govt of India 2012).

On one end the OCED's report says that informal becoming increasingly normal on the other end there is still no clear agreement with authors and institutions on a single definition of informal sector, however in general building on Gerxhani informal sector can be defined as what Sahoo and Ten Raa (2009), say that informal sector is the unregistered sector with the self-employed micro enterprises and family-owned activities, which is marked by less or no tax payment, less capital endowment, lower technology, less capital, lower wages and producing wage-goods compared to that of the formal sector (Sahoo and ten Raa 2009). Adding to that, it helps include Chaudhuri (1989), recognizing the Fields (1975) and Starks (1982) views the city migration plays a crucial role as it is the entry point to the city migrants who leave their village in search of job, with the hope earning more than what the agriculture pays them (Chaudhuri 1989b). A wide range of distinct characteristics have been used by different researchers, was pointed in the previous chapter 2; having said that there is a clear distinction made in informal sector as

concern, which is enterprises informal by nature at the starting point and enterprises of informal employer.

3.2 Informal Fast Food: - A review

Before understanding informal fast food sector, it is important to know what is meant by fast food. In general the foods which are ready to eat are considered as fast food. In entrepreneurial perspective Gabriel (1988), defines fast food enterprises are companies that supply catering services on a fast turnover basis (Gabriel 1988). Fast food comprises list of menu such as hamburger, chicken, hot dogs, pizza, coffee, pastry and ice cream and etc. (Gabriel, 1988; Kwate, 2008). The increasing growth of fast food sector has different reason as Gabriel points to the main reason is social change, in simple term urbanization influenced by globalization and industrialization have increased women participation in workforce, weakening of housework, change in family structure, hectic lifestyle and the children as consumers, different taste of food, advertising for consumer all influenced greatly for growth of fast food sector (Gabriel, 1988). Levitt (1972), says that the possibilities of the manufacturing mode of thinking and technological use in the sector have given the chance to growth of fast food sector (Levitt, 1972).

In fact there are not much literature/researches on informal fast food sector; however there are researches on street food and mobile food vending as part of informal perspective. Generally researchers have referred informal fast food sector as street food vendors or mobile food vendor. Bhowmik (2005), in a review on street food vending in Asia says that 2.5% of the urban population in India have involved in this occupation (Bhowmik, 2005).

The trend in informal fast food sector can be categorized into four different forms (see Table 3.2). Even though these categories of entrepreneur may have chosen the this business as a mean to survive without employment opportunities they have different working style, working hours, working place, motivation level as well as challenges faced and impact created in terms of income generation, job creation and improved quality of life.

Building on the analytical framework we define informal fast food sector as an autonomous entrepreneurial activity carried out by an individual/group of individuals aimed at producing a positive effect on income, in four different forms known as *street food vendors*, *mobile food vendors*, *semi-established food vendors* and *established food vendors* classified into *survivalist* entrepreneurs and *growth-oriented* entrepreneurs and for which the terms of legislation and regulations applicable to the activities but not being met as well as monetary transaction not been declared to the state. Here the Street Vendors and Mobile food vendors share common entrepreneurial characteristics.

Table 3
Different form of Informal Fast Food Sector

Form among informal fast food sector	General definition	General Characteristics
Street and Mobile food Vendors	<p>Pre-cooked food at home been offered for sale to the public without having a permanent built-up structure/building from which to sell the food.</p> <p>Unlike the street vendors, the mobile food vendors constantly move from one place to another place to sell their food.</p>	<ul style="list-style-type: none"> . Mean of survival . Easy entry . Low productivity . Low capital investment . Sell food once in a day . Seasonal . No sustainable or competitive strategies
Semi Established food Vendors	Entrepreneurs sell the Pre-cooked food (at home) from a permanent own/rented building without a kitchen and water connection, sometimes with few eating tables outside the building, where the customers have to stand and eat.	<ul style="list-style-type: none"> . To be self-employed with previous work experience . Carrying the as the traditional/ family occupation . Increase income level . Motivated to expand the business/sustainable strategies . Sell food twice or three times a day
Established food Vendors	An enterprise established with kitchen, water and electricity connection, food pre- and on site cooked, also with standing eating table arranged.	<ul style="list-style-type: none"> . Highly profit motive . Having a license . Capital intensive . Having a name for Enterprise . Motivated to expand the business/sustainable strategies . Sell food three times a day . Attracting a wide range of customers . Division of labor and etc.

3.3 Policies history and Changes related to informal fast food sector

In general as a whole, 1991/92's liberalization of Indian economy has had serious impact on informal sector (Siggel 2010). The economic reforms of India-1991 included trade liberalization, currency realignment, an alleviation of industrial licensing and regulation, as well as changed in fiscal and monetary policies (*Ibid*). In a conference paper Indrajit (2010), post-liberalization economic reform of India; has not only seen the increased annual grow rate of labor absorption (pre-liberalization 1.38% and post-liberalization 2.76%) in informal sector but also its contribution to total industrial output and total exports (Indrajit Bairagya 2010).

As there are not proper definitions on informal fast food sector, thus there are no policies concerning this topic yet. However there are policies around unorganized micro enterprises as whole and on street food. Among these policies; National Commission for Enterprises in the Unorganized Sector (NCEUS) 2005, Scheme of Up gradation of Quality of Street Food (SUQSF) some of important contribution from government relating to informal fast food sector.

3.3.1 Scheme of Up-gradation of the Quality Street Food

Recognizing the fact that street food is a large source of employment generation and a treasure house of local cooking traditions, The Government of India: Ministry of Food Processing Industries sponsored a study of SUQSF carried out with the objectives of a) provide identity for street food vendors and bring them into national mainstream; b) provide economic sustainability; c) upgrade safety and hygiene; d) ensure waste management system and other focus is to that of **Food Streets**: which targeted on i) promoting clean, safe and good quality traditional food service at affordable price at tourist places and ii) promoting Indian Cuisine (Govt of India:Ministry of Food Processing Industries. 15-10-2012).

And the study completion proposed a guideline for achieving the objectives and the guideline included: 1) selecting one Food-Street of the selected cities with the support of State governments and Urban Local Bodies; 2) provide adequate infrastructural facilities to those streets; 3) support local authorities in establishing food-streets. The proposed main stakeholders are (for implementation) include State and Unitary Territory governments, Urban Local Bodies, Local Police Administration, Banks and Financial Institutions, Insurance companies, Certification and Accreditation Authorities, Vendors' and Hawkers' Associations, and Consumer Groups and Monitored by Ministry of Food Processing Industries with the Project Management Agencies (*Ibid*).

3.3.2 National Commission for Enterprises in the Unorganized Sector (NCEUS)

Government of India established NCEUS in 2004, to examine the problems faced by the unorganized enterprises and recommend appropriate policy guidelines to provide technical, marketing and credit support to informal/unorganized enterprises. Based on the commission's terms of references such as a) review the status of unorganized sector in India concerning the nature, size, scope and magnitude of employment; b) Identify constraints of small enterprises regards to freedom of carrying out the enterprise; c) suggest the legal and policy environment that should govern the sector for the growth; and NCEUS submitted number of reports on relating to unorganized sector, however we are highlighting aspects from, Social Security for Unorganized Workers (SSUW) 2006, National Policy on Urban Street Vendors (NPUSV) 2006, Financing of Enterprises in the Unorganized Sector (FEUS) 2007, and Creation of a National Fund for the Unorganized Sector (CNFUS) 2007. However we in this research paper focus only on Social Security for Unorganized worker and National Policy for Street Vendors.

Social Security for Unorganized workers (SSUW) 2006

- Acknowledging the fact that 94% (NSSO Report) of Indian workforce are involved in the unorganized or informal sector, the Government has enacted the Unorganized Workers' Social Security Act 2008. The Act includes for constitution of Nation Social Security Board to recommend social security schemes viz. life and disability cover, health maternity benefits, old age protection and any other benefit as may be determined by the Government for unorganized workers (India Development Gateway. 2012). Further there are other schemes in relation to social security of unorganized sector such as
- **Swarnajayanti Gram Swarozgar Yojana (SGSY):** The objective of the scheme is to bring the self-employed persons above the poverty line by providing them income-generating assets through bank credit and Government subsidy (Planning Commission, Government of India. 2010).
- **Swarna Jayanti Shahari Rozgar Yojana (SJSRY):** The Urban Self-Employment Programme (USEP) and the Urban Wage Employment Programme (UWEP) are the two special components of the SJSRY (*Ibid*).

National Policy on Urban Street Vendors (NPUSV) 2006

- The draft of the policies comments from different stakeholders such as National Association for Street Vendors in India (NASVI), Self Employed Women's Association (SEWA) and Manushi
- Considering the suggestion from stakeholders the policy constituted Town Vending Committees ward-wise under concern municipalities to take up the in charge of Registration process of street vending, providing monitoring facilities to the street vendors, identifying areas for hawking with no restrictions with time and days, set terms and conditions, take action against defaulters, collect revenues
- The registered and licensed vendors will have the opportunity to set-up a new shop
- The citizen men and women equally have right to adequate a means of livelihood
- Simple registration process: Name of the vendor, One nominees from family, Nature of business and category (stationary or mobile)
- Children under 14 are not allowed for conduct of business(Government of India 2006)

3.4 Conclusion

There are no proper definitions for informal fast food sector, there are not much data available on this sector, and there are not many actors involved in supporting or addressing the challenges faced by the sector except government. However there are NASVI and SEWA associations working for street vendors as whole and self-employed workers. But understanding the fact that informal fast food sector is huge and can be a separate as a sub-sector of informal sector, therefore there need a more attention on this

sector. The increasing importance of the informal fast food sector can be explained through a quote by Tinker (1999), *"I believe that street food vending will increase through-out the world in the next century... [...] vendors will improve their food handling standards because customers expect it... [...] the profitability of the enterprises will increase as government harassment declines but also as a result of benefits secured by organizing"* (Tinker, 1999: p.332).

Informal fast food sector is one of the embedded traditional businesses in Indian society as well as across the world. There are ample of opportunities to support this sector by different actors such Business Associations, Development Organizations, Non-Governmental Organizations and etc.

Chapter 4

Features and Trends of the Enterprises in informal fast food sector

4.1 Introduction

This Chapter presents the actual and the analysis of the findings to connect to the theories of informal entrepreneurship. It gives an overview of nature of enterprises; continuing the analysis, this chapter also focuses on reason to engage in the entrepreneurial activity, business function, period of operation, gender distribution, competition strategies adapted by the entrepreneurs, last but not least also the challenges faced by these entrepreneurs. Based on these findings, we could examine the reality and the impacts of the sector.

4.2 Nature of the Enterprises

In order to examine the impacts of informal fast food sector, it is important to have an overview about the nature of the enterprises.

4.2.1 Business Function

Business function/working hours in this sector varies a lot, not all enterprises or entrepreneurs work all day long. Within the informal fast food sector we can see that entrepreneurs engaged in three types functioning based on time and number of times meals served. A) One time food served in a day; B) Two times in a day and finally C) three times meal served.

Entrepreneurs engaged in serving one time meal:

There are entrepreneurs who work only during the morning or afternoon or in the evening serving only serving one time meal every day. Their business is limited to few hours in a day; however they reason mainly the preparation of the food, which takes time and they are also most of the time mobile street food vendors, they are not established or they do not have a premise from where they could serve to people and they always depend on the public pavements, mostly selling food on street in a pushcart. Among 34 interviewed entrepreneurs 8 entrepreneurs serve the food only once in a day and mostly only during the evening dinner and out of 8 street food vendors 1 is serving lunch. These entrepreneurs are called **Street and Mobile food** vendors as per the definition (Please refer the Table. 3.2 in chapter three for their characteristics). It is not surprising to know that out of 8 entrepreneurs, 6 entrepreneurs do not possess an operating licence from the municipality and they do not have any sustainable or competitive strategies and 2 enterprises are exceptional in this category having licence for operation of their business as they are

selling specialized traditional food with inclusion of Chinese food as on demand and they have been working in the business for more than 10years and having fixed spot on the street.

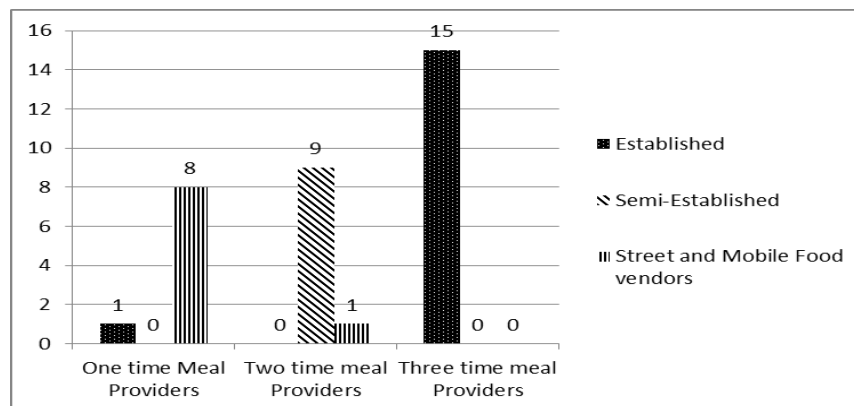
Entrepreneurs engaged in serving two time meals:

There is a second category of enterprises that function two times in a day such as either only breakfast and lunch or only lunch and dinner or breakfast and dinner. Out of 34 respondent entrepreneurs, 11 entrepreneurs functioning/serving meal two time in a day. Among these 11 enterprises, 3 are engaged in serving only breakfast and lunch (morning-afternoon) and rest of 8 are engaged in function of serving lunch and dinner (afternoon-night). Most of the enterprises in this category have semi-structured building, even though they sell food by road side, they have a permanent rented/owned place, with few seating arrangements or standing tables; these entrepreneurs do not have a kitchen in the premise, just a four side wall and a table to keep the prepared meal and serve to the customers. However there is only one entrepreneur run her business on the street in this category (two times). Therefore we can categories these entrepreneurs under **Semi-Established** food vendor (See the table: 3.2). It is mixed group, where 5 entrepreneurs do not have business operating licence and 6 entrepreneurs having licence to operate their businesses.

Entrepreneurs engaged in serving three time meals

The third category of enterprises are working the whole day, performing their business three times in a day selling breakfast, lunch and dinner. In total they are 15 enterprises, from different area within the research sight. These entrepreneurs function their business in an **Established premises** with kitchen attached where they can prepare the food at spot and sell to the customer. No wonder out of 15 enterprises 13 possess operating licence from local municipality and health department. Figure: 4.1 chart captures the distribution of total number of respondents engaged in different time of business functions.

Figure 4.1 Business Function



4.2.2 Varieties of food sold

While the street and mobile food vendors sell few varieties (1 to 10) of food, the semi-established and established sell more than 10 varieties of food; some even sell more than 100 varieties of food. Street and Mobile food vendors are limited to prepare few varieties of food due to practical as well as logistic constraints. The established enterprises seem to diversify the food, according to the demand. The established enterprises are much advanced in using skilled/experienced workers to cook varieties of food. Among 34 interviewed 16 entrepreneurs are selling 1 to 10 varieties of food, within the 16, 8 entrepreneurs from semi established with specialized food and 18 entrepreneurs are selling more than 15 varieties of food.

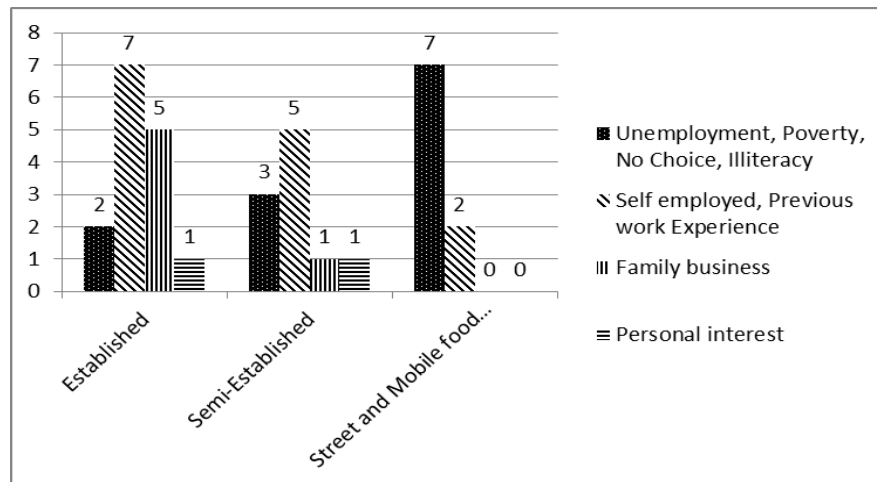
4.2.3 Main Customers

The street and mobile food vendors' most often have local residents and daily wage workers; the semi and established food vendors are capable of attracting a wide range of customers including daily wage labours to auto drivers, bar customers, students and employees from formal enterprises, and sometimes it is difficult to recognize the customers' background. Most of the time these semi and established enterprises are located near the college or university, middle of the happening places, markets and etc... as there is a growing trend in migration for further studies, employment, shopping and daily labour work in housing renovation and etc.

4.2.4 Reasons to be engaged in the business

There were number of reasons why entrepreneurs started their business; everyone started give multiple answer and based on that about 74% of them started the business as a means of survival as it was difficult to find a skilled job because of low/illiteracy, unemployed, poverty, had no other choice to survive and they started the business as a survival option. Among the 74%, some wanted to increase or generate income to live the normal life, pay for children education, house rent and etc. And rest of the 50% involved with entrepreneurial activity to be self-employed with previous work experiences, personal interest and running the business as it was family/traditional business. Figure: 4.2 present the motivation level of entrepreneurs below.

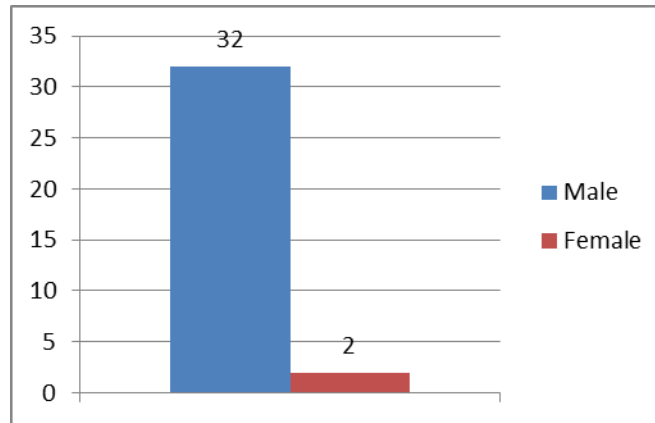
Figure: 4.2 Motivation to start the enterprise in numbers



4.2.5 Sex Distribution

There are no clear data on women entrepreneurs in the informal fast food sector, many times they work behind the scene helping the men in preparation of food and shopping the materials needed. Researches by Bhowmik (2005) and report from NASVI says that it is one of main source of income and employment opportunity for women (Bhowmik 2005), but provides no data. There could be many reasons why women entrepreneurs are not visible in this sector, because of cultural restrictions (such as women can't work on the street, not more free). Women in this business are often considered as can be victims of harassment thus they do the business on household based. Bhowmik notes that the unionization among male vendors is higher than women. As per this research findings and analysis the informal fast food sector have not affected the women very much in Bangalore city. There are more men who are engaged in the fast food activities than women. 94% of the interviewed entrepreneurs are men, and only 6% are women. Out of 34 entrepreneurs only 2 are women, who involved in the business, one of the two is selling breakfast and lunch just by her house on the main street and another women specialized in selling fried fish with little rice at the bar and theatre area during the evening. Rest of the 32 entrepreneurs are men and for some of the survivalist entrepreneurs women are supporting from home by helping preparing the food. Below is the chart Figure: 4.7 showing the gender distribution among the entrepreneurs in the informal fast food sector. There arises a question while research on informal sector .

Figure: 4.3 Gender Distributions

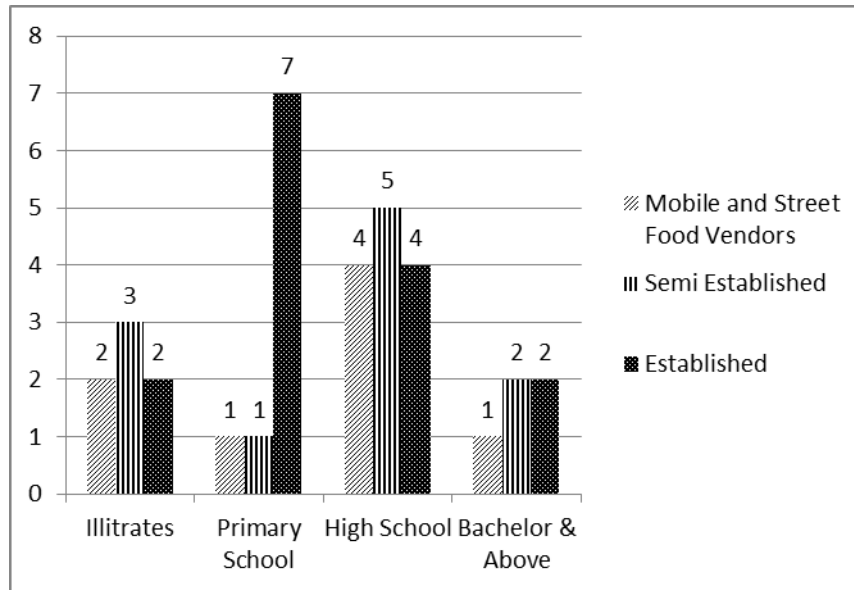


4.2.6 Age Distribution, Place of Origin

The age range of these entrepreneurs are between 20-50; where this sector have been dominated the age group of 20 to 40 and there is considerable number of entrepreneurs belong to middle age that 40 to 50. This gives an understanding that the young entrepreneurs finding that they can make use of the entrepreneurial opportunity offered by this sector. This also reflects that there are no many job opportunities for youths as ILO says those 75 million youths seeking jobs, it is not case only in developing country also in developed countries.

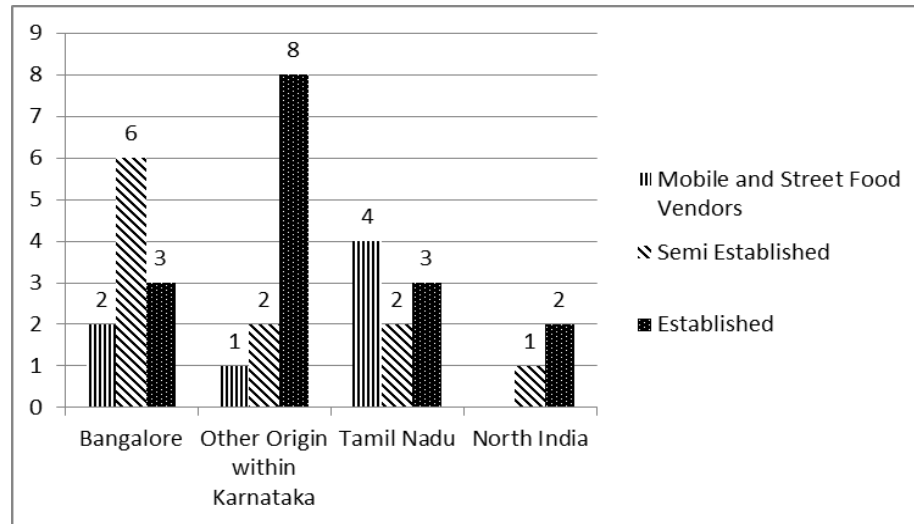
Rather than Education, it is the work experiences influences the sector greatly. Not more educated entrepreneurs are in the informal fast food sector, there could be reasons such as they are skilled/educated have the advantages to find the regular waged work, however during the felid work we have encountered that 5 entrepreneurs are indeed well educated of them 4 entrepreneurs running the business full time with the motivation to be self-employed and one as part time business in evening while studying during the day. The other 29 entrepreneurs are illiterates (5 numbers), primary school graduates (9 numbers) and high school graduates (13) are taking advantage of the sector to start the business.

Figure: 4.4 Education backgrounds of Entrepreneurs in Numbers



This sector seems welcoming to many of rural migrants and semi urban background. According the research findings that not all the entrepreneurs are from Bangalore, the migrants are equally exploiting the opportunity and becoming effective competitor for local entrepreneurs. The interviewed entrepreneurs are coming from local areas, different district with the state, as well as from outside of the states. Within the states, the entrepreneurs come from Udupi (known for food and there are number of formal restraurants run by entrepreneurs from udupi but the ones who can't make big investment choose the informal fast food sector), Mystore, Shrungeri, Badhravati, Kanakpura and Kundhapura. The entrepreneurs from outside the state come from Tamil Nadu, Hariyana, Orisa, Patna and etc. The Figure: 4.9 describes the entrepreneurs place of origin and confirms that migrants can also enjoy the freedom to start the informal fast food enterprises, but they gradually face the discrimination challenge as they become recognized by local customers. About 67% of the entrepreneurs who run the enterprises are come from outside Bangalore city.

Figure: 4.5 Place of Origin of entrepreneurs in numbers



4.2.7 Competition Strategies

Competition strategies are directly linked to the entrepreneurs' motivation and passion about the business growth and sustainable strategies. Usually the competition strategies are depend on the structures and nature (street and mobile food vendors, semi-established and established) of the enterprises, however in the field research it was interesting to observe that even some of the established and semi-established entrepreneurs having no competition strategies and on the other end street food vendors are specialized in their food.

i) No Competition Strategies/Regular Customers:

It would not have been surprised if street and mobile food vendors saying that they do not have any competition strategies; but even established and semi-established entrepreneurs were saying that they have no competition strategies. 18 (5 street and mobile food vendors, 7 semi-established and 6 established) entrepreneurs were not having competition strategies, of these entrepreneurs the street and mobile food vendors don't even think of competition and the semi-established and established entrepreneurs strongly believe on their social network or customer relations.

ii) Specialized and Varieties of food; iii) Quality and Tasty food; iv) Good Service and Cleanliness; v) Stable Price: are the strategies used by semi and established entrepreneurs.

4.3 Conclusion

Based on these features we can classify the enterprise into two broad categories One *Survivalist*: the street and mobile food vendors; *Second Growth-Oriented*: Semi and Established Enterprises. As discussed in Chapter 2, the characteristics of survivalists' enterprises/entrepreneurs are: poor entrepreneurs, unemployed, easy entry, copying, single owned/supported by unpaid family members; low productivity, low investments, no social security and etc... as means of survival are reflected with these street and mobile food vendors. However it doesn't reflect much on the women participation, thus it is not the same case in the entire informal survival group; at least in informal fast food sector that women participation is high in the survival entrepreneurship.

The growth-oriented entrepreneurs/enterprises represent characteristics of: profit oriented, specialized, expansion of existing business by reinvestment of profit, risk taking, innovative, competitive and sustainable plans, job creation and etc... are reflected in semi and established enterprises.

To summarise the Chapter 4, there is table created to general understanding of the categories of enterprises/entrepreneurs within the informal fast food sector and classifying them into two broad categories of Survivalist and Growth-Oriented

Table: 4.1 Summary of the Chapter

Categories of Informal Fast Food Entrepreneurs/Enterprises			
Features	Street and Mobile	Semi-Established	Established
Business function	Few hours of work, working once in a day, Without business operating License, Low productivity as they are depending on street pavements or keep moving one place to another place	At least 10 hours of work every day, serving two times meal as they have a permanent own/rented premise also with few tables and chairs, most cases having operating licenses	Work more than 10 hours, selling three times meal, with operating licenses, having experienced cooks,
Varieties of food sold	Few varieties of food, Less than 10 varieties	More than 15 Varieties and some cases less than 15 varieties, with specialized food	More than 15 varieties with more quantity, or high production
Main Customers	Mostly Daily wage workers and neighbors	Daily labors, Auto Drivers, Students and etc.	All kinds of customers, very mixed group like workers from the formal sector, Student, mostly migrant workers and migrant students and etc.
Reasons to Engage in the Business	Unemployment, Poverty, as a mean of survival, Un education and etc...	To be self-employed with work experience, to increase income	Follow up of traditional/family business, with interest to be involved in business/to become a business person
Sex Distribution	Men and women	Men	Men
Competition	No competition Strategies or plans of expanding business	Quality and tasty food with affordable/stable price	Quality, Tasty, Mixed/Varieties of food; Cleanliness Maintenance, Quick and Friendly Services to customers
Classification	Survivalists	Growth Oriented	

Chapter 5

The Impacts

5.1 Introduction

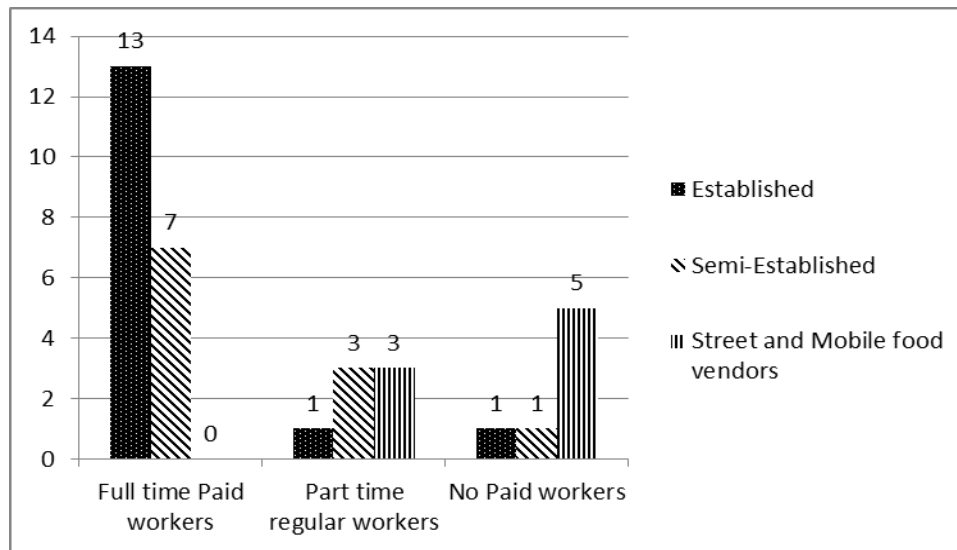
This Chapter presents the analysed primary data from the field to understand what kind of impacts the informal fast food sector have on local development. The impact analysis basically examines to what an extent this informal fast food sector have influenced on entrepreneurship development, employment opportunities created, change in income, and change in quality of life, poverty reduction and sustainable strategies, challenges, support services available and etc. This helps to conclude the research by looking at which are the actors can support this sector, and to see if the sector could be formalized provided support or new policy intervention by different actors, mainly from the government, business associations, NGOs supporting informal enterprises.

5.2 Employment Creation

In both developing and developed countries it is not difficult to imagine that governments can't create jobs for everyone and the private sector can't hire the unskilled workers. However poverty and unemployment puts more pressure on individual to survive by themselves, there appears the role of informal enterprises; especially in this research regard the informal fast food enterprises. Informal Enterprise Development has been an important livelihood opportunity for those who can't find job opportunities or income to survive in a meaningful way; either to be self-employed through doing businesses (using their inherited skills) or finding jobs in existing informal enterprises. Likewise this sector has created employment opportunities for many.

As we saw in the previous Chapter 4 Figure: 4.2 the reason to be engaged in the informal fast food businesses that among the respondents 71% have started the business without any other choices of employment opportunities; unemployment, illiteracy, poverty has been one of the biggest reason to be engaged in the informal businesses, thus this sector have influenced to create employment opportunities and income generation sector for many who have no other means of survival. Entering as survivalist entrepreneurs doesn't mean that they will continue to be survivalists; the motivated and passionate entrepreneurs gradually grow and create employment opportunities. The growth oriented entrepreneurs naturally generate employment. Rest of the 29% of the entrepreneurs were successful in creating new job opportunities and income for themselves as well as for employees. Figure: 5.1 shows us the number of employment opportunities have been created by different entrepreneurs.

Figure: 5.1 Employment Creation in Numbers



Primary data analysis show that among the respondent of 34, 20 semi and established entrepreneurs creating full time paid employment opportunities and fall under growth-oriented category. There are also 3 mobile food vendor having part time paid staffs, who helping in cleaning the plates, filling the water bottles and etc. Having no paid workers doesn't mean that the entrepreneur alone run the business, they are supported by their family member. Both entrepreneurs having part time workers and no paid workers are also supported by unpaid family members, like wives and children of the entrepreneurs. Some cases sisters and mothers.

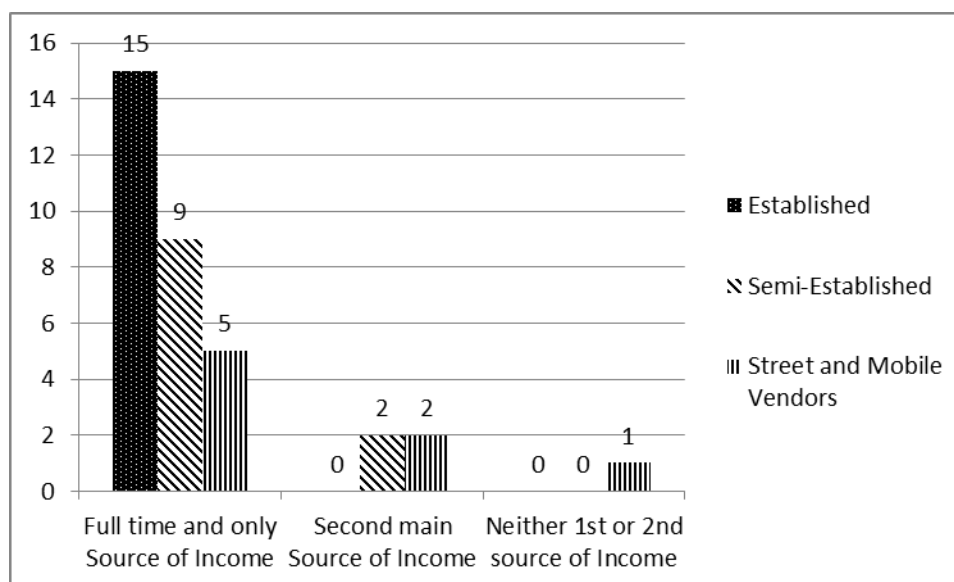
5.3 Main Source of income

“What to do, we are poor and my husband is not having a regular job and we have a daughter as well, we have to do something.... [].... I buy fishes in the market, prepare them with the masala and bring it here (Madiwal- theatre and bar located area), fry it and sell... []...what else I can do, this is easy but difficult” [Res. 15 (street food vendor)].

“this is our family and traditional business, carrying on the business since three generation.. [] ... even though we have our land back in village, we pay more attention to this business” [Res 17 (Established)].

The survivalist find it as main source to generate income for their day to day life, with the hope of saving little money; the growth-oriented mainly start the business to be self-employed, gradually focus on high profit, expansion of business. Figure: 5.2 reflect the entrepreneurs responses involved in the informal fast food. For 29 respondents this business has been main source of income; for 3 entrepreneurs it is second source of income. In this regard the informal fast food sector in have impacted as an option to start the business either to survive or to grow.

Figure: 5.2 Main Source of Income in Numbers



5.4 Change in income and Profit over cost

As it is main source of income for 84% of entrepreneurs involved in informal fast food business, they have seen a positive change in income after starting their business. 3 entrepreneurs are earning significant profit above 40% over their cost and their income level have increased significantly, and 25 entrepreneurs feel that their level have income have increased to some extent, and 6 entrepreneurs have not had positive income increase level. This can interpreted as the growth-oriented see the change in income level increase is their change in quality of living. For the survivalists the earning from this business is helping to meet at least their basic needs. Survivalist As this group of entrepreneurs had no other choice to make out their living, it helps them to earn and thus there is a little change in income compare to the before as unemployed and felt poor. Also the semi-established entrepreneurs reacted that instead of working hard as a painter, or carpenter or plumber under pressure by the supervision of contractor and abused by them, it is more convenient to be self-employed even if it pays less or equal to what we could earn a as daily labour, after staring our own business we don't have to tie our hands and getting abused by the higher authorities to earn what they pay.

Here below the figure: 5.3 and 5.4 shows the number of entrepreneur's level of change in income and profit earned by doing this business of these 34 respondents.

Figure: 5.3 Change in income in Numbers

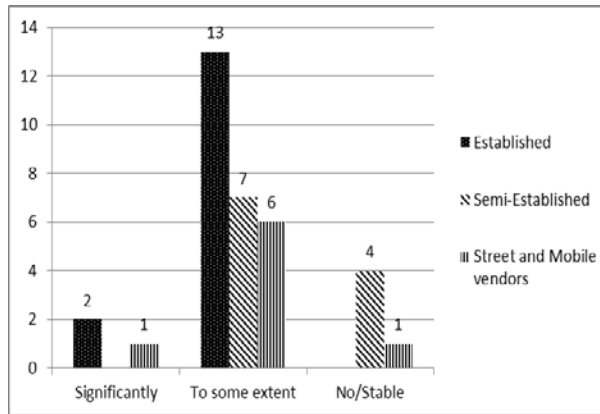
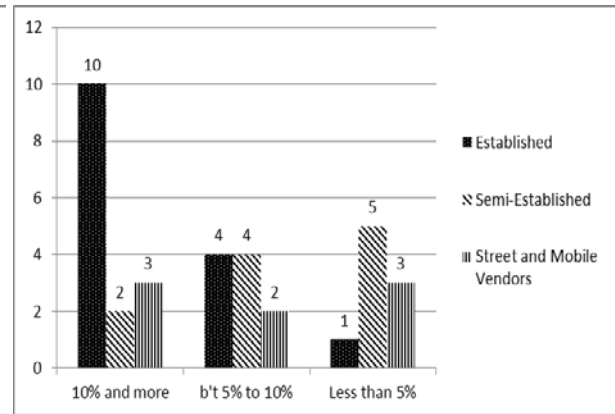


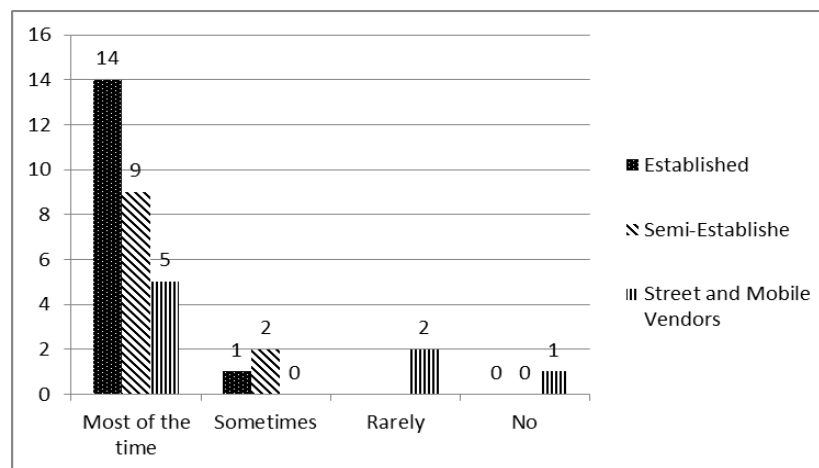
Figure: 5.4 Profit earned in Numbers



All the respondents feel that they can't carry on the business if they can't make any profit, the survivalist make less than 5% profit over their investment equalling to the what they would earn otherwise as a unskilled worker even if they would find daily wage employment, which is always (by experiences) depends on job opportunities available.

Asked the question whether the business allow the entrepreneurs to finance all the costs of running the business, 29 entrepreneurs said that *yes most of the time*, otherwise there is no meaning we have been running this business, for 3 entrepreneurs the business allow sometimes to finance the cost and the rest of 2 entrepreneurs it allows *rarely* and 1 that it *doesn't allow* them to finance all the cost of the business, however there is a nothing else that we could do so we have to carry on as long as we find some permanent job. Figure:

Figure: 5.5 Cost recoveries to run the business in Numbers

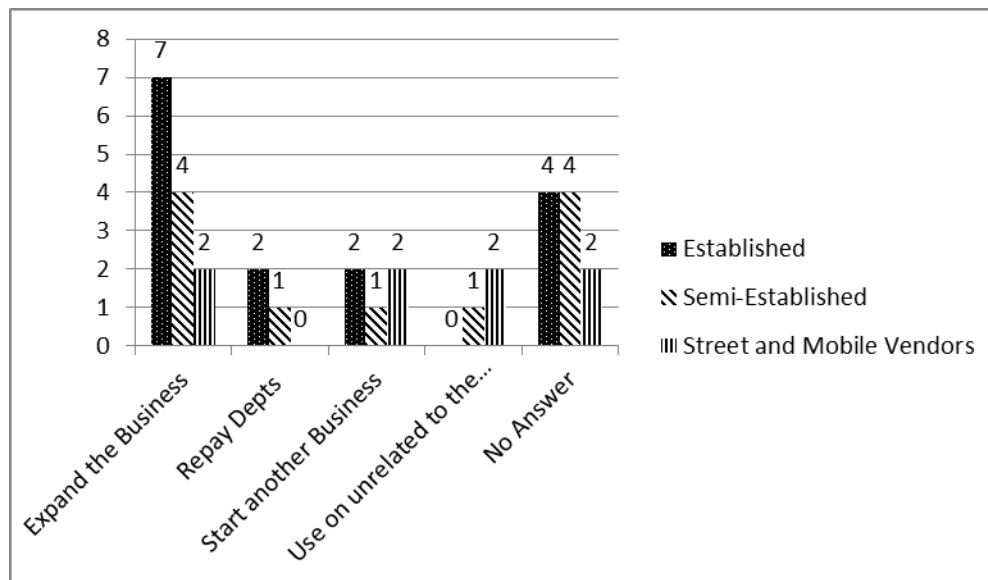


5.5 Sustainable strategies or future of this informal fast food sector

Asked the question that what would they do if they win a lottery prize of Rs. 5,00,000/- (\$ 10000) 13 entrepreneurs said that they would *expand the business*, 3 responded as *repay the debt and change the business location*, 10 are *not expecting to win the lottery prize or they will donate the winning money to homeless or orphan children's organizations*; meaning that these 26 respondents are semi and established entrepreneurs acknowledge the profit side of the business and motivated are wanting to grow, further development-advancing the enterprise and ready to take risk and sustain the business. They are also interested in hiring more paid staff to run the business. The rest of the 8 entrepreneurs said that *either they would start another business or use it on other expenses unrelated to existing business*. This category belongs to survivalist as their interest to run the business seems very weak, not willing to take risk in terms of expanding the business.

It observed and data tells that the growth-oriented entrepreneurs are interested in sustaining their business, while the survivalist entrepreneurs most likely to sustain their business. However the argument is that what kind of new interventions can bring the growth oriented from informal business to formal or mainstream sector to keep their motivation alive and grow as the other sector is not providing them the employment opportunities. Figure: 5.6 the actual findings about the sustainable interest from the entrepreneurs.

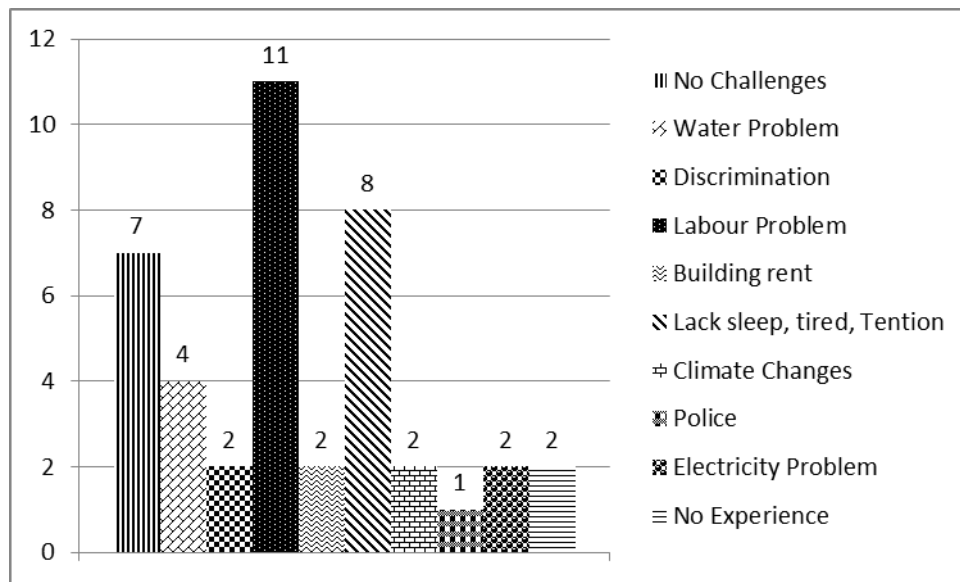
Figure: 5.6 sustainable strategies



5.6 Challenge faced by informal fast food entrepreneurs

Challenges differ from entrepreneurs to entrepreneurs depending on the categories they belong to. Overall the survivalists feel that there are no challenges or it is not difficult run this business as they consider this is normal in business such as getting harassed by police and paying them a little money every day or free meal is common. However within the same group of survivalist, some feel it is difficult to manage the job, it is stressful and it let us sleepless as we will have to work during the night and place of running this business is also become a serious challenge. For growth-oriented entrepreneurs the main challenges have been labour, in a way that they can't run their business without labours, water problem, electricity problem, and etc. Among the growth oriented, the migrant entrepreneurs face discrimination problem. Figure: 6.1 explain the many different challenges faced by entrepreneurs operating these enterprises.

Figure: 6.1 Challenges faced in this sector by entrepreneurs



5.7 Conclusion

Overall informal fast food sector shows a positive impact, regardless of survivalists (street and mobile food vendors) and growth-oriented (semi and established) enterprises. However what makes them to be informal is what important, they are still under informal or unorganized sector because of few main reasons such as not legally registered, not providing decent work environment for employees (especially in established informal enterprises), not having a record of investment and profit turn over which is important in terms of paying tax and low productivity.

Chapter 6

Conclusion

The research purpose is '*to Understand Entrepreneurial impacts of informal fast food sector in Bangalore-India*'. In exploration of the entrepreneurial impacts of the sector, there were many interesting finds and opened a new thoughts to dig deep in informal fast food sector within the framework of informal economy. This concluding Chapter highlights findings together to answer the research questions thus to realize the objectives of the research purpose using the previous chapters. And to suggest for further studies on this sector, and some possible new intervention to assist the informal fast food sector. Recapping the research questions, it explores the answers one by one.

Researchers have found it complex to collect the data on informal sector and have been using different definition to have a track on the sector for policy implementations. The gap here is that the researches have been focused more on informal sector as a whole, but it is not. There are different types of enterprises; forms within, which make it more complex and one single policy for the whole set of informal enterprises can't address the problem of varieties of informal micro enterprises. Therefore there is a need to study these informal micro enterprises, which would make it easy to understand the sector more deep as well as to collect appropriate data on the same.

Having a typological definitions helps for proper and deep understanding of informal sector and effective and efficient data collection, this is otherwise always been difficult as putting all the informal enterprises in a single definition that often make difficult to collect the data or most of the time misinterpret the data and the reality. This will also help for new intervention of policies according to their challenges, which are different for different types of entrepreneurs within the informal sector, not same for everyone.

There exist four different types of informal fast food enterprises, namely street food vendors, mobile food vendors, semi-established food vendors and established food vendors. Their impact level depends on the features and their challenges and strategies to address the challenges, which again depends on the entrepreneurs' motivation and passion about the business. Following up on the impact level the enterprises can be constructed into two categories as survivalists and growth-oriented entrepreneurs/enterprises. This research paper concludes that the street food vendors and mobile food vendors reflect the survivalists' nature and the semi established and established enterprises reflect the growth-oriented characteristic. Below table summarizes the whole research by describing the different enterprises meaning or definitions, their characteristics, their challenges and their impacts.

Different forms of Informal Fast Food Sector

Form among in-formal fast food sector	General definition	General Characteristics	Challenges	Impact
Street and Mobile Food Vendors	<p>Pre-cooked food at home been offered for sale to the public without having a permanent built-up structure/building from which to sell the food.</p> <p>Unlike the street vendors, the mobile food vendors constantly move from one place to another place to sell their food.</p>	<ul style="list-style-type: none"> . Mean of survival . Easy entry . Low productivity . Low capital investment . Sell food once in a day . Seasonal . No sustainable or competitive strategies 	<ul style="list-style-type: none"> . Stress and Health related issues, . Police Harassment . Problem of place . Weather 	<ul style="list-style-type: none"> . Stable impact on income generation as well as job creation . They create job for entrepreneurs themselves and generate income for every day livelihood
Semi Established food Vendors	<p>Entrepreneurs sell the Pre-cooked food (at home) from a permanent own/rented building without a kitchen and water connection, sometimes with few eating tables outside the building, where the customers have to stand and eat.</p>	<ul style="list-style-type: none"> . To be self-employed with previous work experience . Carrying the as the traditional/ family occupation . Increase income level . Motivated to expand the business/sustainable strategies . Sell food twice or three times a day 	<ul style="list-style-type: none"> . Labor issues, in terms of can't afford to hire extra employees while there is more work to be done. . Water and Electricity Problem . Sometimes increased price of raw goods 	<ul style="list-style-type: none"> . Can make positive change in income to an extent . Employee family members and sometimes low paid part-time/full time employees
Established food Vendors	<p>An enterprise established with kitchen, water and electricity connection, food pre- and on site cooked, also with standing eating table arranged.</p>	<ul style="list-style-type: none"> . Highly profit motive . Having a license . Capital intensive . Having a name for Enterprise . Motivated to expand the business/sustainable strategies . Sell food three times a day . Attracting a wide range of customers . Division of labor and etc. 	<ul style="list-style-type: none"> . Labor issues as when the labors take off or leave the job, it is difficult to serve the people 	<ul style="list-style-type: none"> . This category can increases considerable income and profit . Hire external full paid staffs

Generally informal fast food sector have been had positive impact on the operators to different extent depending on the categories they belong to. In specific, it serves as an open sector for all kinds of people. The unemployed, unskilled, low/uneducated individuals choose this business to survive; individuals with previous works experiences and with motivation to be self-employed or to generate or accumulate income come into the entrepreneurial picture and the individuals with the profit oriented motivation are involved in the business to be successful and accumulate more. Employment creation by this sector is considerable, there is no doubt it had created employment opportunities for many, either individually to owner of the enterprise, or for other unskilled workers by growth-oriented enterprises.

There is not much statistic on women entrepreneurs' involvement in the informal fast food sector. Therefore there is a need for deep study on the sector in order to find whether this sector is open for women entrepreneurs or not, also to understand the constraints and opportunities. Current researches are not providing the details on the same.

There are many actors in enterprise development such as Local and National Government, NGOs, Donor Agencies, International Development Organizations, Business Development Service agencies; Business Association and etc. but as far as this informal sector concern only government is being as a supportive actor for street vendors through few policies and schemes for whole unorganized sector, and not in specific though. Considering the challenges of the entrepreneurs there is a need for new actor to be involved in addressing their challenges. For example, according to this research finding 99% of the entrepreneurs are not part of any business associations, and not keeping record of their investment and profit. Therefore there is an opportunity for business associations to take lead and provide training at least for semi and established entrepreneurs who have the potential to create job opportunities and contribute to local economic development. Development organization as well as NGOs could also pitch in and understand the decent work condition for employees who work in the informal fast food sector.

Overall this research paper has presented an analytical approach to informal fast food sector, regarding the entrepreneurial impacts. The process of the research finds showed the growth-oriented (semi-established and established food vendors) have potential to contribute to local economic development through increasing income and creating job opportunities. There need a deep study on gender distribution in this sector and support system to further growth of these enterprises.

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Annex I

Questionnaire on Entrepreneurial impacts of Downstream Fast-Food sector

1. How many varieties of fast food do you sell?
 - 1 to 5
 - 6 to 10
 - 11 to 15
 - 15 to 20
2. How many meals do prepare per day?
 - 1 (only breakfast, only lunch, or only dinner)
 - 2 (breakfast & lunch, lunch & dinner, or breakfast & dinner)
 - 3 (breakfast, lunch and dinner)
3. Other than Indian, do you sell any other food?
 - Yes, please specify _____
 - No, Why? Please explain _____
4. For how long have you been operating the business?
 - More than 3 years
 - 3 year
 - 2 years
 - 1 years
5. How many people in your family does this business support?
 - Only one
 - Two
 - More than two
 - Others: Please specify _____
6. What reasons made you engage in this business?

7. Has your income increased since starting the business?
 - Yes, significantly
 - To some extent
 - No
8. Is this business your main source of income?
 - Full time and only source of income
 - Main but not the only source of income
 - Second main source of income
 - Neither first nor second source of income
9. Do you keep written business records (e.g. revenue, costs)?
 - Yes
 - Not regularly updated
 - Partially (e.g. only sales)
 - No
10. What was the estimated profit rate over cost in the last one year?
 - 10% and more
 - Between 5% and 10%
 - Less than 5%
11. Did you leave a paid job to open your business?
 - Yes
 - First job after school and first choice of employment
 - Left another business
 - Had no other choice
12. Did you have regular paid staff in the last one year?
 - Full-time paid worker(s)
 - Part-time regular worker(s)
 - Occasional or irregular worker(s)
 - No paid worker(s)
13. If you win lottery money today of Rs. 5, 00,000/- Lakh, what would you do?
 - Expand the business
 - Repay debts or change the business location

- Start another business
- Use on expenses unrelated to the business

14. How many days a year do you run/open this business?

- More than 300 days
- Between 100 – 299 days
- Between 10 – 99 days
- Less than 9

15. Have you taken a loan in the last one year?

- More than once
- Once
- No
- Cannot remember

16. Can you normally predict your revenue at the beginning of the day?

- Yes, fairly accurately
- Sometimes
- Rarely
- No

17. Do the revenues of this business allow you to finance all the costs of running the business?

- Yes, most of the time
- Sometimes
- Rarely
- No

18. In periods when your revenues are higher, do you invest more in this business?

- Yes, most of the times
- Sometimes
- Rarely
- No

19. If your other businesses do badly for a while, can you expect this one to do better?

- Yes
- Sometimes

- Most likely not

20. Has any organization or person provided you with support (e.g. finance, training) in running the business?

- Yes: Please specify _____
- No, but have applied: please specify _____
- Not available

21. Are you an active member of any business association?

- Yes
- No

22. If yes, what services did you get from the association during the last one year?

23. Who are your main customers?

24. What strategies/tactics do you use to compete with your neighboring businesses?

25. Does your business have a permit from the Municipal (Govt.)?

- Yes
- No: If no, how do you operate _____

26. Other than the regular cost of running the business, do you incur any unofficial costs?

27. What are the main Challenges do you face with in this business?

Entrepreneurs Background

- Age _____
- Education _____
- Male/Female _____

Origin	Bangalore	Other city/town	Village
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