

**INFORMAL MARKETS AND COMPETITION: AN
ANALYSIS OF BARRIERS TO ENTRY OF LEGAL
FRAMEWORK AND BEHAVIORAL ATTITUDE
TOWARDS KHOKHA MARKETS IN PAKISTAN**

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ABSTRACT

Khokhas are one of the key segments of informal economy in Pakistan. Khokhas provide jobs to many people and provide easy access to consumers for doing various types of transactions. However, on average one observes a very unorganized and shabby structure of the Khokhas across Pakistan. This creates a question in mind of everyone that why this is the case. Is everyone allowed to start khokhas in any market of Pakistan or there exist some legal framework? We aim to provide answer of this question. The analysis of legal framework is important for understanding the barriers to entry and thus competition in the khokha markets of Pakistan. In addition, we examine the behavioural side of the people associated in some capacity with the khokha markets. We aim to test whether legal side is more deterring than behavioural side of the associated people for entering to khokha market. For this purpose, we review the available legal framework and collect primary data from the owners of Khokhas in 5 cities of Pakistan. We find that the barriers to entry aspects of legal framework are more dominant than the barriers to entry aspects of behavior of people towards khokhas. There exists no legal framework to obtain a license for establishing khokha in our sample cities. People enter the khoka market with the constant risk and fear of demolition, fines, confiscations and arrest. We find that the absence of legal framework is one of the major cause of constant harassment of current vendors by public authorities. Hence, is a major behavioral barrier for prospective entrants. Based on regional comparison of laws related to khokhas, we propose a detailed set of policy that could be adopted for creating a formal legal framework for Khokhas across Pakistan.

Keywords:

PREFACE

We would like to thank Pakistan Institute of Development Economics (PIDE) for initiating the RASTA competitive research grants program (CGP). This program has incentivized quality research in Pakistan through extensive funding. The idea for this research began when one of our students planned to established a small business in his hometown. He later informed about the multiple sorts of harassment and difficulties he had to face during the establishment of the business. This triggered the idea of finding the barriers attached towards entering in the informal market of Pakistan. I am thankful to my co-PI, Dr. Tehseen Ahmed Qureshi who worked extensively on this report and went to the field along with numerous enumerators for collecting the data. I am also grateful to our mentors i.e., Dr. Ahmed Pirzada and Dr. David Orden for mentoring us throughout the project. Lastly, I would like to pass on gratitude and thanks to RASTA Advisory Committee (RAC) for providing valuable inputs throughout the project in general and during mid-term review workshop, in particular.

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INTRODUCTION

Economic prosperity requires the creation of new wealth, which is possible if there are efficient markets. One of the prerequisites of efficient markets is low barriers to entries. A market with high level of restrictions discourages new entries and thus keep the competitive level limited, leading to efficiency loss (Labaj et al. 2017). The debate that how to keep market competitive dates back to 14th century when Ibn-e-Khaldoon wrote down the principles of competitive markets in his book '*Al-Muqaddimmah*'. Ibn-e-Khaldoon was a proponent of free markets and he discouraged governments to indulge as a trader in markets. He was of the view that as doing so will drop competition in markets. He suggested that government should provide secure and accessible markets for trade.

New entries to markets are possible with differentiated as well as homogenous products. Some enters markets with the introduction of diversified and differentiated products. While other enters markets with products that are similar and identical to the existing ones. In both cases, businesses may face various entry barriers and multiple risks including financial risk, depreciation risk and damage risks. In a seminal book, Shepherd (1979) discusses that entry barriers decrease the scope and speed of new entrants into the markets. While the entry of new firms is a source of competition and functional markets (You,1995). Per the literature of industrial organization, the presence of entry barriers gives the incumbent firms an inherent advantage over the potential new entrants, thus enabling the incumbent firms to generate above the-normal profits. (Yip, 1982). Therefore, it is important to know the barriers to entry for brining efficiency and optimal allocation of resources.

It is pertinent to mention that markets are of two types, one is formal and other is informal. By formal we mean the markets, where starting a business needs to fulfil strict legal conditions apart from the requirements such as funds and willingness to take risk. While informal markets are those, where an entrant, on average does need to pass-through such stringent conditions of the formal markets. Informal markets are a major source of growth and employment in developing countries including Pakistan. It provides employment opportunities for the less privileged as well as affordable goods and services for the low-income segment of society.

Khokhas (temporary stalls and street vendors) are major part of the informal markets in every country, including Pakistan. Khokhas enhance the shopping experiences of the city dwellers as well as tourists. The vibrant tourist markets around the world, especially in Thailand, Malaysia, Vietnam and Singapore mostly consist of temporary stalls. These temporary stalls provide opportunities to poor entrepreneurs, students, and small craftsman to sell their goods. Khokas are set up on various street corners across all cities in Pakistan, but the shabby look and structure of such khokha create a question about the regulatory framework. Due to weak legal framework owners of such stalls work under the risk of expulsion (Haque, 2019).

This research work aims to examine whether any regulatory framework prevails for establishing khokhas in Pakistan and to what extent such regulatory framework, if any, is hostile or conducive for entry into Khokha markets Apart from the legal framework, this work also examine the behavioral barriers for new entrants in to the khokhas markets.

We want to know, whether the barriers to entry aspects of legal framework are more dominant than the barriers to entry aspects of behaviour of people towards *khokhas*. That is whether legal barriers dominate behavioral behavior for entry to *khokhas* market. The level of both types of barriers will determine the nature of competition of *khokhas* market.

1.1 Research Questions

The major research questions for this study is whether, the barriers to entry aspects of legal framework are more dominant than the barriers to entry aspects of behavior of people towards *khokhas*? On this basis, we have drafted the following sub-research questions.

1. Whether legal framework in Pakistan is a source of barriers to entry than a source of facilitation for the informal *Khokhas* market of Pakistan.
2. Whether behavioral of people motivate or discourage entry to *Khokhas* market of Pakistan

1.2 Significance of the Study

The issue of market accessibility holds significance for the policymakers as entry of new small firms indicate economic growth and market efficiency. Literature provides support about the positive relationship between entrepreneurial activities and macroeconomic growth (Van Stel et al. 2005; Acs and Storey 2004). On the other hand, entry barriers are a sign of economic disadvantages for many (Barrett, 2008; Bloom et al. 2003) and such economic disadvantage may lead to poverty trap (Barbier, 2010).

Labors with similar skills and better market access earn a higher return as compared to similar labor with poor access (Hering and Poncet, 2010). Market accessibility is affected by legal and regulatory framework, hence is relevant to policy makers (Labaj et al. 2017). Without removing such hurdles, markets cannot grow, and the much-sought GDP growth may be hampered. Identification of entry barriers to marker are of significance as policy decisions are built upon them. The research helps in the identification of such hurdles. The identifications of such barriers will be for small entrepreneurs as big industrialists have the potential and resources for lobbying with the policymakers to achieve desired policy decisions.

LITERATURE REVIEW

Informal economy is recognized both in the developing and developed world as a source of employment creation and a cheap market for urban poor. Informal markets provide economical food to the urban population in their residential zones. The role of informal markets is appreciated and acknowledged, but their right to spaces has not been formally integrated into the urban planning.

Street vending is an interdisciplinary subject and has been studied not only from the lens of Economics (Bhowmik & Saha, 2013), but also from the perspectives of Anthropology (Barthelmes, 2015), Sociology (Vargas, 2016), urban planning (Sung, 2011), geography (Turner & Oswin, 2015), development studies (Nirathron, 2006) and gender studies (Cohen, 2010). The primary reason is the importance of street vending in terms of providing earnings opportunities for urban poor and cheap food for the lower middle class.

As per FAO (2007), more than 2.5 billion people across the world eat street food every day. Street food is a source of affordable calorie intake for many individuals in low-income strata of the developing countries. In Thailand, street food is very famous. A study shows that (between 1990 to 1998) household's expenditure on monthly food items decreased from 76 percent to 50 percent and expenditure on outside food taking has increased significantly. (Nirathron, 2006). Nirathorn also conducted a survey and found that half of the consumers purchase street food once a day. While, dinner was the most frequently bought meal and 70 percent of respondents quoted timesaving and convenience as the main reason behind eating street food.

2.1 Legal and Behavioral Barriers towards Entry

The literature distinguishes two kinds of entry barriers to a market i.e. structural (exogenous) and strategic barriers (endogenous) (Shepherd, 1979). The structural barriers are known as exogenous barriers because firms do not have control over them. The cost advantages enjoyed by the incumbents is a major exogenous barrier. It forces the new firms to achieve low costs for survival in the market (Han et al., 2001). The product differentiation by the incumbent firms is also found to be a major entry barrier (Pehrsson, 2004; Schlegelmilch and Ambos, 2004). Similarly, switching costs are found to be another major barrier that arises from the costs borne by customers when trying to switch from one supplier to another (Simon, 2005).

Strategic barriers are the behavioral barriers created by the incumbent firms. As a result, it decreases the competition in the market and benefit the incumbent firms (Dollinger, 2003). Strategic barriers may include predatory pricing and high scale of advertising (Schaumans and Verboven, 2015).

Various formal rules, regulations and informal norms could act as hindrance towards entry into the market. A small vendor that envisages to enter a market formally, has to go through multiple barriers even though the firm remains operating in an informal market (Aguirregabiria and Suzuki, 2015). In an informal market, a business does not necessarily have to go through the processes of company registration and income tax and other tax registration, but this is not the case in formal markets

Literature has identified various barriers of entry in to the formal market including recurrent visits by the government authorities. Such as, food authorities for unnecessary checks regarding quality standards and hygienic regulations, rent seeking, in the form of demand of bribes by the officials and threats of closure of business and imposition of heavy fines in case of non-compliance (Carree and Dejardin, 2007). Similarly, there is resistance from incumbents: The nearby incumbent sellers who remain in the business for a long period. Due to their strong unity and collaboration, they might create nuisance and difficulties for the new firm. This might include non-cooperative behavior or dishonoring the seller in the market (Cambell, 2005). Likewise, new firms face hurdles in getting space on affordable prices in a centrally located shops and offices. Generally, the market rents remain significantly high for centrally located shops and offices. New businesses may not be able to afford such rents, and this may limit their entry (Schaumans and Verboven, 2015).

Sunk costs for new entrants is also a barrier. It includes costs such as furnishing the shop or office, partition of the shop for different segments, installation of new counters and cupboards and others. When the shop is vacated after some time, such investments cannot be recovered and are treated as sunk (Zang and Scott, 2016). Further, the new entrants may face difficulty in finding reliable and affordable distribution channels. This may happen either because distributors are already engaged with incumbent sellers and do not have surplus for supplying to new entrants. Or it may occur because new entrants are unaware of the distributors because of information asymmetry (Aguirregabiria and Suzuki, 2015). This is a barrier if the product is such that it requires procurement in large quantity and the small vendor cannot afford to purchase such large quantities from the supplier. Another potential barrier is that the incumbents may enjoy customer loyalty because of long presence in the market. The new entrants may feel that they would not be able to capture the market share from the incumbents as diverting the existing customers may remain a difficult task (Dollinger, 2003).

2.2 Typology of Street Vendors

Wakefield et al., (2007) categorized street vendors into four main groups, a). sideline, b). nomadic, c). opportunistic and d). traditional. The first group i.e. sideline street vendors are the ones who travel to some prominent events such as rallies, state fairs, or farmers' market to earn some money for supplementing their major source of income. The next group, nomadic vendors are those who rely on this activity as their major source of income and travel to various temporary markets all around the year. The opportunistic vendors, on the other hand are temporary businesses that only open up to cater a short-run increase in demand in a specific circumstance. For instance, a trade fair, a religious congregation etc. Lastly, the traditional street vendors operate throughout the year with none or very little mobility. The traditional vendors are further classified as mobile vendors and non-mobile vendors (Hiemstra et al., 2006; Nirathron, 2006; Wakefield and Castilo, 2007). Mobile vendors do not operate at a fixed location and carry their stuff on a cart, truck, foot or by boat. Whereas, non-mobile (permanent) vendors operate at a fixed location such as a street corner, marketplace of a bus station. Studies show that permanent or static vendors tend to remain in business longer than the mobile vendors (Nirathron, 2006).

2.3 Legal and Behavioral Issues Faced by Street Vendors after Entry

The following section provide reviews of some of legal and behavioral issues faced by street vendors in South Asia, East Asia, South America, and Africa.

Social Capital

Babb (1998) suggests that social capital is sometime more important than human capital for the street vendors as there are many hurdles that are difficult to be managed by the street vendors alone. Social capital provide support to street vendors in various forms for solving such issues when arises. Literature suggests that social capital even helps in starting the venture and maintain the venture throughout the life of the business (Agadjanian, 2002; Bhowmik & Saha, 2012; Peña, 1999; Reid et al., 2010).

For instance, Street vendors in Patna, India, rely on their family members to assist them in activities relating to procurement and product preparation for sale (Bhowmik & Saha, 2012). Street hawkers in Manhattan alert one another at the time of expected police raid (Greenburg et al., 1980). Immigrant vendors in Spain get support from close friends in the form of housing and sharing general expenses (L'Hote & Gasta, 2007). In Mexico, street vendors get access to stalls through their family contacts (Pena, 1999) and women vendors in Botswana even leave their business for the sake of neighbor vendors (Lekoko & Garegae, 2006). If a street vendor has a friend or family member running up an informal business, the new entrant can set up his business with much ease (Agnello & Moller, 2006).

Financial Capital

Informal businesses face greater difficulties in obtaining credit from formal financial markets (Khawaja & Iqbal, 2019). Credit from formal markets is available, generally, through microfinancing schemes but in many cases, such small loans are tied to business plans that street vendors are not in the capacity to develop (Martinez, 2018). Goldmark (2009) argues that lack of collateral or biasness against small and micro firms impede the access to finance for the small ventures. A common method by street vendors to obtain capital is through rotating credit scheme. In these schemes, a trusted person performs the role of manager and collect money from a group of individuals and loan it out to each individual on rotation basis (Agadjanian, 2002; Tinker, 1997). This shows that formal banks are not facilitating the small and micro businesses of street vendors. Rather, they are left out on their own.

Khawaja and Iqbal (2019) also found that 63 percent of the informal establishments in Rawalpindi, Pakistan obtained credit through rotating credit scheme, general known as 'committee' in Pakistan. Khawaja and Iqbal (2019) also found that 88 percent of the informal entrepreneurs in their survey never applied for a formal loan. However, the problem with rotating credit scheme is that the manager could disappear with the money, or a group member may not pay back the loan. In some South and Latin America, borrowing from informal moneylenders is also prevalent, although it comes with relatively higher cost than the market interest rates to compensate the lender for the higher risk of default (Jaffe et al., 2007).

Competition with Established Retailors

Competition with established business operating in the formal sector is also a hurdle for street vendors (Cohen et al, 2000). Retailers think that street vendors enjoy unfair competition with the established stores because vendors do not have to pay for the very expensive commercial spaces, or they pay very little. Street vendors also create nuisance by blocking the entrance of retail stores and create noise to attract the customers (Wongtada, 2014). Due to these factors, retail stores

owners want the street vendors to be evicted. Likewise, the small store owners consider street vendors to be their direct competitors. Whereas, the large store owners only see vendors as a cause of annoyance and unattractive surroundings (Wongtada, 2014).

Economic Downturns

Economic recessions can also cause a new lot of vendors to emerge. Bhowmik and Saha (2012) noted that after the closure of factories in Ahmedabad, India, the factory workers began working as hawkers. Walsh (2010) observed the same in Thailand after the 1997 economic crisis that resulted in massive layoffs.

Recessions hit the vendors as much as they hit corporations. Economic downturns result in higher competition combined with decreased consumer demand (Cohen, 2010). In recessionary times, consumers just browse the goods and do not buy at the same level. On the other hand, recession force more people to look out for subsistence income, hence number of vendors increase. The purchasing power of the consumers is not sufficient to support all the vendors and thus, profits of street vendors squeeze to a large extent (Asiedu & Agyei-Mensah, 2008).

Harassment and Rent-Seeking by Public Authorities

Harassment from public authorities such as police and municipal officials is rampant across Asia. As street vendors are perceived to be illegally occupying the public space, they suffer from police harassment as well as from racketeers, who charge fees for providing protection against officials (Hiemstra et al. 2006). Harassment and rent seeking diminish the profits of street vendors, leading to exit from the business.

Agnello and Moller (2004) found that in Cambodia, harassment from police and market security was the major complaint by the street vendors. The harassment ranges from confiscation of items, prohibition of vending or collection of uncertain taxes. The street vendors were paying various taxes such as sanitation fee, umbrella rent, space rent, security fees and many other taxes, collected by the people of local authorities in Municipality, Police and district administration. Although, the payable tax for street vendors is specified in Cambodian Tax book, the fees are not specified anywhere. Thus, officials find a loophole and indulge in fuzzy tax collection, stemming from the unclear legal status of street vendors.

Agnello and Moller (2004) further argues that street vendors try to protect themselves from the harassment by obtaining licenses. In Cambodia, the requirements for obtaining street vending license includes land permission, registration with the tax office, hygiene department certificate, certificate of meeting criteria for trading outlets, permits from the fire department, permit to use electricity and few other utilities. However, due to complicated and cumbersome procedures to obtain the license, small vendors do not apply for the license while large vendors such as those working in containers get permits for sanitation, fire protection and electricity and also register with the tax office.

Street vendors in Thailand also face harassment from various tiers of authorities. Wongtada (2014) explains that vendors are allowed to operate at particular times and in specific zones. The law also directs the vendors to have a visible identification and appropriate dressing. Vendors are responsible for cleaning their area of work. The officials under the command of Governor as well as local officials are authorized to determine the status of vending activities and amend rules and

regulations. The Traffic department can also prohibit the vendors if they deem vendors to be obstructing the road traffic. Thus, the street vendors can become subject of punishment by Governor officials, local officials, and police officials.

Corruption and bribery are also widespread across global street markets. Cohen et al. (2000) states that bribes to public officials are so prevalent that there is a global vocabulary for bribes. In Nepal, this bribery is known as “private fees for public space”. In other countries, some call it “speed money”, some refer to this as “routine offerings” or “dog feed” and even “friendship fund”.

Regardless of the form that bribery and harassment takes, it reduces the vendors’ livelihood and dignity. Bribery takes away a portion of vendors’ daily income and ranges from as low as 3-4 percent in Chennai, India and Yokohama, Japan, While it ranges from 6 to 8 percent in Colombo, Sri Lanka, and Bangkok, Thailand (Cohen, 2010).

In Pakistan, a PIDE (2020) brief shows that hawkers in Karachi pay between PKR 700 to 1000 in the form of bribes to the government officials. It includes police, people of municipality, and local development authorities. In Saddar market of Karachi, only, the hawkers in total pay PKR 67 million per annum to the officials in the form of bribery. In Indian research, it was found that 12,000 hawkers at Mumbai railway stations pay up to USD 2400 per month in bribes to the railway officials (Cohen et al., 2000). Hence, this rent-seeking takes a form of informal tax on the informal economy.

Vendors Association

When street vendors operate in a distinct location for a very long time, they sometime form an association to enhance their bargaining power (Bhowmik and Saha, 2012; Pena, 1999; Tinker, 1997). In India, such associations collect money from all the vendors to be passed on as bribes to the officials (Bhowmik and Saha, 2012). In Bolivia, the vendor’s associations provide protection to the members’ when they get in confrontation with the authorities. They also bar other vendors to enter in the trading areas of existing vendors (Agadjanian, 2002). However, few studies such as Tinker (1997) and (Agadjanian, 2002) report that associations are not very effecting to deal with the public authorities and are also infested with corruption issues among the leaders of the associations. Thus, the question of who will monitor the monitors prevails in these associations? In some countries such as Mexico, vendors associations increase their bargaining power through political connections such as giving gifts to the high-ups and holding political rallies in support of political candidates. Street vendors have to pay regular fees and participate in the associations’ activities in return of the protection services. Therefore, this further increases their cost of doing business.

Research Gap

The current literature on street economy has focused on the barriers faced by the incumbent street vendors across various countries. However, there exists a major gap in the literature regarding barriers to entry in the informal markets of Pakistan. A few studies have worked on barriers related to growth of small firms in Pakistan. For example, Aftab and Rahim (1989) initiated the discussion on barriers to SMEs growth and identified the socio-economic background of firm’s owners as the largest hurdle in acquiring market skills. Afraz et al. (2013) found that lack of credit facilities, human resource and raw materials is a major barrier towards SMEs growth. Similarly, Hussain et al. (2012) found corruption and rent-seeking to be the major

impediment in growth for small firms in Punjab province. The authors pointed out that the most common rent-seeking behavior is the inconsistent interpretation and application of laws and policies across various government departments relevant to licensing, labor and taxes. Moreover, World Bank Enterprise Analysis Unit and the Investment Climate Assessment (ICA) survey (2007) found that the shortage of electricity and gas are the biggest impediment faced by the existing firms in the market. William, Shahid and Martinez (2014) explore the factors which determine the decision of entrepreneurs related to switching from formal markets to informal status. Similarly, Khawaja and Iqbal (2019) studied the factors which led towards expansion of small and micro firms in Pakistan. Their study focused both formal and informal firms and explored various factors that contribute towards expansion of the business.

To the best of our knowledge, there has been little research on investigating barriers to entry in the informal market, especially street economy. This study aims to identify legal and behavioral barriers that restrict the entry of potential entrants as street vendors. The reason to investigate barriers to entry in the informal markets is that firms entering into formal markets usually have little issues about the availability of finance, human resource. Usually, formal markets have detailed set of rules and regulations to be followed by entering firms. Such firms know how to manage and overcome the barriers. However, people who want to enter informal markets lack resources and information. They usually enter as a single entrepreneur and have to manage all the business and the cost of knowing and fulfilling legal requirements, if any. This makes our study worth doing which will help new entrants to know the legal and behavioural issues of the informal markets.

RESEARCH METHODOLOGY

This study is a qualitative study. We have first reviewed the legal framework for doing business of khokhas markets in Pakistan. For this, we have studied documents about legal framework and met people in relevant regulatory departments such as food authorities Development Authorities, municipal authorities, local administration, police departments, lawyers, local bodies representatives, political representative of khokha organizations etc. Furthermore, we collect primary data through in-dept interviews with the individuals currently running khokhas. We also met some people who were running khokhas but have left the market. The research design of in-depth interview is useful for open-end discussions and allows to obtain insights about the hurdles to new entrants from legal framework and behavioral attitudes (Allen, 2017).

Primary data was collected in five cities of Pakistan i.e., Islamabad, Rawalpindi, Peshawar, Lahore, and Mingora Swat. We conducted detailed interviews with Khokha owners in each of these five cities. Figure 1 shows the list of cities where we conducted in-depth interviews The markets in each city were selected on the basis of population of khokhas and to ensure heterogeneity across city. Figure 2 shows the list of the markets covered in each city.

The respondents included vendors on footpath, parks, streets, outside the shops, parking lots and food trucks parked at the corners of the road. We have tried to include as much as possible diversity of khokhas in our survey.

Figure 1: Data Collection Map

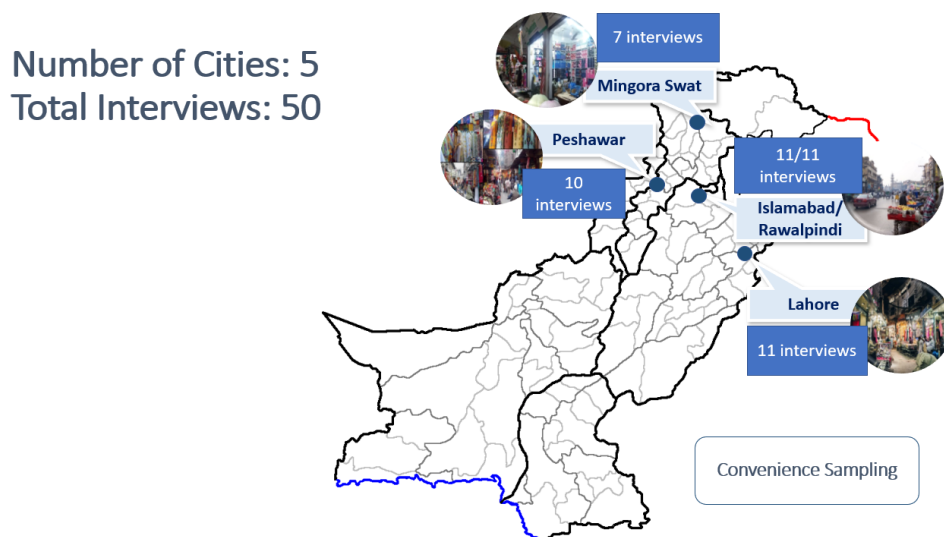


Figure 2: Markets Covered in Each City

City	Markets Covered
Islamabad	<ol style="list-style-type: none"> 1. F6 2. F7 3. G8 4. G9 5. F10 6. Bhara Kahu
Rawalpindi	<ol style="list-style-type: none"> 1. Raja Bazaar 2. Commercial Market 3. Scheme 3 4. Gulzar-e-Quaid 5. Airport Road 6. High court Road
Lahore	<ol style="list-style-type: none"> 1. Liberty Market 2. Gulberg Main Boulevard 3. Johar Town 4. Township 5. Wapda Town 6. Mughalpura 7. Thokar Niaz Baig 8. Mall Road. (No Khokhas in Defence and Cantt)
Peshawar	<ol style="list-style-type: none"> 1. Saddar Market 2. China Market
Mingora, Swat	<ol style="list-style-type: none"> 1. Cheena Market

3.1 Data Collection

We collect data from current khokha owners by visiting them while those who have left the khokha business were interviewed on telephone. We tracked such Khokha owners while conducting interviews from the incumbents. The process of convenient sampling was used. The reason is that legal issues are on average the same and given for all khokha owners and does not change with the change of khokha owners. While behavioural issues due to legal framework such as harassment, raid of authorities, bribe etc. remain the same for everyone and is independent of the choice of sampling. However, other behavioural issues such as harassment from current incumbent, depends on the location of khokhas owners for which we have tried to include khokha owners from different location and different categories. All interviews were recorded in order to be transcribed with ease latter. We have interviewed fixed khokhas owners with the exception of khokha on food truck. Fixed vendors generally operate at a fixed location, and they face legal and behavioural issues more than mobile vendors such as confiscation, fines at the time of eviction drives. On the other hand, mobile vendors can leave the location when such drives occur. Hence, fixed vendors are at a higher risk of facing behavioral issues such as harassment, arrest, confiscation etc.

Next, we provide analysis. However, before presenting analysis of the primary data, first, we would like to provide a detailed description of the legal framework of Khokhas in Pakistan.

LEGAL FRAMEWORK OF KHOKHA IN PAKISTAN

4.1 Defining Khokhas

Pakistan does not have any legislation (act of Parliament) on street vending (khokhas). Therefore, we have no legal definition of Khokha in Pakistan. In November 2020, The Poverty Alleviation and Social Security Division has drafted a bill in collaboration with Pakistan Institute of Development Economics (PIDE) to bring street vending legislation. The purpose of the bill is to protect the right of street vendors in Pakistan. However, due to COVID-19 pandemic, the bill has still not been tabled in the parliament.

On the contrary, India has a drafted legislation for the street vendors. A street vendors act 2014 (Protection of Livelihood and Regulation of Street Vending) has passed in and came into force from 1 May 2014. This Street Vendors act define street vendors or khokhas as “ *a person engaged in vending of articles, goods, wares, food items or merchandise of everyday use or offering services to the general public, in a street, lane, side walk, footpath, pavement, public park or any other public place or private area, from a temporary built up structure or by moving from place to place and includes hawker, peddler, squatter and all other synonymous terms which may be local or region specific*”¹.

Neither Indian law nor any Pakistani regulations define the size or measurement for classification of khokhas. Hence, a khokha could be only a cart (rerhi) or a temporary stall that could have an area of 5 ft or 100 ft. Khokhas have a temporary built-up structure and mostly operating on a street, sidewalk, public park, parking lot or a public place. It could operate on state land for free or a private land on rent.

4.2 Legal Framework of Khokha in Cities of Research

In this section, we provide legal framework of Khokhas in the cities where we conducted our research. In this regard, we met relevant authorities. For example, we met Tehsil Municipal Officer in Mingora Swat and his staff. We submitted request for the provision of copy that regulate khokhas. We were told that there is no proper documentation for the regulations of khokha in Mingora swat. In addition, there is no proper procedure of licensing and all temporary stall in various parts of the city is not per law. However, due to political repercussion, they avoid to take legal actions against all such set ups. The staff in the municipality directed us to local government act available on website for more details. However, there is no discussion related to khokhas in this act.² Per our knowledge, there is also no proper legislation for the operation of Khokha in Peshawar, Rawalpindi and Lahore. However, we find some legal documents related to Khokhas in Islamabad. Apart from Islamabad, none of the city development authorities/local governments has formulated any policy/laws regarding legal structure of khokhas. Hence, we present below a detailed description of the legal framework of Khokha in Islamabad.

¹ The Street Vendors (Protection Of Livelihood and Regulation Of Street Vending) Act, 2014, available at <https://legislative.gov.in/sites/default/files/A2014-7.pdf>

² The act is available online on this address: <https://lgkp.gov.pk/wp-content/uploads/2019/06/The-KP-Local-Government-Amendmen-Act-2019.pdf>

Historical Perspective of legal framework of Khokhas in Islamabad

Islamabad is the only city in Pakistan that has issued licenses to temporary structures on green belts/sidewalks, generally known as khokhas/dhabas/rair-walas. Per documents. In 1979, the then President of Pakistan, General Zia ul-Haq directed Capital Development Authority (CDA) to issue licenses to small businesses like “Rairywalas/Khokhas”. At that time, the capital city was developing and there was shortage of proper markets and stores.

On the Presidential directives dated 31.10.1979, the then Federal Secretary of Housing and Works started the process of issuing licenses to khokha-walas (kiosks owners) to support the development of Islamabad through provision of cheap food to the working labor. Considering the directions of President of Pakistan, Planning Wing CDA framed the policy for allotment of Tea Stall/ Kiosks in 1986. Planning Wing of CDA earmarked the site of kiosk and Works Directorate constructed the site and then handed over to Municipal Administration for further action. The Municipal Administration then used to hand over the Khokhas to private individuals at a nominal rent of around PKR 100.

CDA further streamlined the policy on khokhas by introducing “Policy Regarding Location of Cabin Shops, Kiosks, Tea Stalls and Temporary Structures in Islamabad” in 1986. Under this policy, CDA rationalized the process of issuing licenses to three main khokha categories:

- a. In developing sectors, as development of markets take time, temporary khokhas were allowed to set up as an interim arrangement for the residents of that area.
- b. Alongside the highways and service roads of sectors, there were no markets left for the shoppers. Thus, small khokhas were allowed to facilitate the travelers and shoppers.
- c. In parks and recreational places, small khokhas were allowed to be constructed for providing drinks and snacks to the visitors. ³

The earmarking of location was being done by CDA. As per the rules, the Director of Municipal Administration (DMA) was in charge for issuing the licenses after getting approval from the Planning Wing of the CDA.

Issuance of Licenses and Imposition of Ban

During 1986 to 1992, CDA issued 646 licenses for running the temporary khokhas at different locations of Islamabad against nominal fee. In 1994, CDA stopped receiving the fee and demolished the khokhas especially in Embassy’s area and sensitive locations by citing them as security risk. In 2009, the Khokha Association met with Chairman CDA, for restoration of 646 khokhas. Due to this effort, a survey was carried out by CDA along with representative of Khokha Association and found 250 khokhas owners having proper old permissions at different locations of Islamabad. Thus in 2009, by the directions of the then Chairman CDA, these 250 khokhas were

³ Lodhi, A. (2019). One Khokha, One Thousand Lives, Soch Writing, available at <https://www.sochwriting.com/one-khokha-one-thousand-lives/>

restored out of 646.⁴ CDA also collaborated with some khokha owners in beautification of their khokhas so that they represent development of the city.

In the same year CDA issued new licenses of khokhas taking the total number to 485. As per the statistics presented in the Islamabad High Court by the Mayor of Islamabad, 235 new licenses were allotted in 2009. Thus, CDA recognizes the existence of 250 old khokhas with licenses from 1986-1992 and 235 new khokhas with licenses issued in i 2009. However, Mayor of Islamabad stated in the Islamabad High Court that there are more than 2,000 khokhas operating illegally in Islamabad. Yet, he was unable to provide any evidence for his claim.⁵

Next, the federal government perceived khokhas as a security risk and banned further allotment of khokhas. Therefore, the Chairman CDA imposed a ban on new allotment of khokhas in 06-02-2010. This decision of Chairman CDA was also given final approval by the CDA Board on 27.12.2011. This decision of ban is still intact. Per CDA, even the 485 licensed Khokhas present ugly and shabby structures, thus decimating the beauty of Islamabad and are no longer needed. CDA believes that khokhas were only allowed to operate during the time when Islamabad was developing and now that all Markaz/Markets of the city are properly function, there is no need of temporary stalls and be eliminated⁶. Thus in 2013, CDA decided to cancel all 485 licenses. Directorate of Municipal Administration issued cancellation notices to all type of licenses holders on 01-11-2013. Thereafter, (in 2015) Enforcement Directorate started a grand operation against the kiosks and demolished more than 315 khokhas. As a results Khokha Association lunched city-wide protest, held press conferences, and meet with the Members of National Assembly and Senate in favor of their demands.

The anti-encroachment operation against khokhas started in 2015 and continues from time to time. In 2015, CDA demolished around 200 khokhas in which 120 were licensed holders (out of 485).

Restoration Process of Khokhas in Islamabad

The National Assembly of Pakistan in 2015 took up the matter of khokhas demolishing drive and instructed CDA to reinstate the demolished khokhas in three days. National Assembly through order Vide O.M F12(3)/2015-Com-I dated 30th December 2015 of National Assembly Secretariat (Committee Wing), some recommendations were made in context of meeting of Senate Standing Committee on 9th November 2015 that CDA may restore the 485 licenses within 03 days.⁷

On the directions of National Assembly of Pakistan, a resolution passed by the House of Mayor Metropolitan Corporation Islamabad dated 28-08-2017 & 28-09-2017 in the 14th & 15th meeting of Metropolitan Corporation Islamabad regarding restoration of cancelled Kiosks which was principally approved by Mayor Metropolitan Corporation Islamabad. Thereafter, follow up meetings was held on 25-05-2018, and Mayor Islamabad decided that in-first instance to issue

⁴ Official Documents retrieved from CDA by the authors of this study

⁵ Lodhi, A. (2019). One Khokha, One Thousand Lives, Soch Writing, available at <https://www.sochwriting.com/one-khokha-one-thousand-lives/>

⁶ Ibid

⁷ The News. (2015). CDA asked to restore licensed kiosks within three days, available at <https://www.thenews.com.pk/print/82842-CDA-asked-to-restore-licensed-kiosks-within-three-days>

the Offers letters to 235 licensed khokha owners subject to condition with standard size and design, and formal licenses will be issued after vetting by Planning Wing CDA.⁸

Some offerees started their business in the demolished locations of kiosks on the basis of offer letter issued to them but without the site being vetted by Planning Wing of CDA. Therefore, CDA again demolished such khokha constructed on green belts.⁹ Between 2015 to 2019, few of the khokhas kept operating in the city even without any legal status.

In 2019, around 120 licensed khokha owners filed writ petition in the Islamabad High Court for their legal right to operate the khokhas per licenses. A single member bench of the Court passed the judgement against the khokhas. The Court observed that CDA or MCI had no right to issue such licenses at first place and all such licenses were illegal. The Court stated that Federal Government is the custodian of Islamabad Master Plan and allotment of land for khokhas fall under the 'Zoning Regulation & Developing Sector' tier of Master Plan¹⁰. The excerpt from the High Court order is *"The concept of license can only be considered as personal/ gratuitous, which is revocable in nature and there is no compulsion upon grantor to inform the other party before seeking its cancellation and even the person who's license has been revoked cannot call himself as aggrieved party within the meaning of article 199 of the constitution, because the concern authority can revoke / terminate the license at any time. Whereas no declaration in shape of writ petition could be given against the cancellation of license, therefore, all the captioned write petitions are hereby DISMISSED for being meritless"*.¹¹

Current Status of Khokhas in Islamabad

After the dismissal from High Court, the khokha Association approach to the Minister for Interior regarding appropriate action for Kiosk/ Khokha affectees. On 10-06-2019 Minister for Interior, Govt. of Pakistan issued directions to MCI/CDA to provide the brief history on the subject matter to resolve the issues of Kiosk/ khokha affectees. After several follow up meetings, the Standing Committee on Interior forwarded the recommendations to CDA regarding the restoration of kiosk/ khokha in Islamabad.

In this regard, Planning Wing CDA prepared a summary on 18.02.2020 for CDA Board regarding Regulations for Earmarking of Temporary Kiosks/Khokha Sites in the Layout Plans, 2020. In repose of Summary, the decision of the CDA Board is narrated as *"After due deliberation, the CDA Board decided that in the first instance draft "Regulations for Earmarking of Temporary Kiosk/ Khokha sites in the Layout Plan, 2020" attempted by the CDA be referred to metropolitan Corporation Islamabad (MCI) for their examination, evaluation and input before submission for evaluation and approval to CDA Board under the Planning parameter/ domain of those area which belongs to CDA"*.¹²

⁸ The Nation. (2019). New kiosks allotment plan shelved after CDA, MCI resistance, available at <https://nation.com.pk/05-Sep-2019/new-kiosks-allotment-plan-shelved-after-cda-mci-resistance>

⁹ Interview with Inspector, Directorate Municipal Administration, CDA

¹⁰ Express Tribune. (2019). IHC permits CDA to demolish licensed kiosks in Islamabad, available at <https://tribune.com.pk/story/2005561/ihc-permits-cda-demolish-licensed-kiosks-islamabad>

¹¹ Official Documents retrieved from CDA by the authors of this study

¹² Ibid

On 09-10-2020 Planning Wing, CDA once again presented the Summary to CDA Board regarding “Regulation for earmarking of Temporary Kiosks/ Khokha sites in the Layout Plan 2020”. The policy of CDA is narrated as “After due deliberation, Board observed that a policy regarding allotment of temporary kiosk/ khoka is a preview of DMA, MCI, while earmarking of Temporary Kiosk/ Khoka sites/ area in accordance with Planning Parameter is purely domain of the CDA, being custodian of Islamabad Master Plan. The ownership of Temporary Kiosk/ khokha sites will remain with CDA and these kiosks/ khokha/ sites are nontransferable. Board further directed that the Directorate of Municipal Administration MCI would forward each case for earmarking of sites for Temporary kiosks/ khokha to Planning Wing, CDA on case to case basis. After considering and examining of each case, the Planning Wing CDA would earmark Temporary Kiosk/ khokha/ sites, in accordance with Planning Parameter and existing Rule and Regulation”.¹³

Thus, as of now, no new licenses of khokhas are being issued and alle previously licensed khokhas are deemed as cancelled. Any khokha operating even after cancellation of license is deemed as an illegal way under the CDA rules. The decision of CDA Board was to review restoration of khokhas on case to case basis. However, as of May 2021, not even a single case has been referred by the CDA

The Uncertain Future of Khokhas

CDA claims that licensing of khokhas is a function conferred to Metropolitan Corporation Islamabad as per Islamabad Local Government Act 2015¹⁴. CDA believes that the issuance of license to khokhas is further backed by Section 15A of CDA Ordinance, Article 140A of the constitution of Pakistan, ICT Local Government Act, Section 15A of CDA Ordinance, 1960 read with ICT Municipal Bye-Laws 1979, President of Pakistan's order dated 21st October, 1979, ; Secretary of Housing's decision dated 15th July, 1978, National Assembly's Direction dated 30th December, 2015, CDA's 1986 Policy and MCI's Resolution dated 28th August, 2017¹⁵.

After the involvement of Ministry of Interior and National Assembly, CDA started to layout new regulations for khokhas in 2020. In the CDA board meeting of February 2021, new regulations for earmarking the sites for khokhas were presented. However, CDA board did not approve the new regulations rather forwarded them to MCI for their input. CDA considers itself as the custodian of the state's land, hence, it believes it has the mandate of earmarking khokha sites while MCI has the mandate of issuing licenses to individuals on the basis of Local Government Act 2015.¹⁶

As per the proposed regulations, all old licenses will be deemed as cancelled after the enforcement of new regulations. CDA plans to earmark sites and sizes. CDA will not allow the licensees to encroach from the approved size. The licensees would get the design approved by the Directorate of Architecture CDA and no gas and electricity connection will be allowed to the

¹³ Ibid

¹⁴ Islamabad Local Government Act 2015, available at https://na.gov.pk/uploads/documents/1448345650_900.pdf

¹⁵ Business Recorder. (2019). SC urged to allow licensed kiosk to continue business, available at <https://www.brecorder.com/news/amp/4724783>

¹⁶ The Nation. (2020). Formulation of kiosks' regulation delayed due to non-cooperation of MCI, available at <https://nation.com.pk/14-May-2020/formulation-of-kiosks-regulation-delayed-due-to-non-cooperation-of-mci>

khokhas and the owners will be responsible to install solar energy, gas cylinders or generator for their energy use. The khokha owners would also have to manage the cleaning of the sites and will not indulge in any activity resulting in environmental hazard. The land of the khokha will remain the property of CDA and sub-leasing will be strictly prohibited. The maximum size of the khokha will be 12 by 12 feet and Member Planning CDA will approve the earmarking of such sites. The preferred sites for new khokhas will be underdeveloped commercial zones, metro-bus stations, unutilized land along highways and major city roads. ¹⁷

Islamabad remains the only city with few regulations, yet the demolition of licensed khokhas periodically has shattered the confidence of Khokha owners on the law. Lack of policy in governing thousands of khokhas is a major hurdle for new entrepreneurs in setting up the business. There has been no defined set of rules for issuance of licenses in the past, thus leading towards nepotism in rewarding the licenses¹⁸. Well defined rules and transparency in the implementations of such rules is the only way forward for promoting a vibrant street vending economy in Pakistan.

4.3 Comparison of Legal Framework Across Regional Countries:

Countries around the world have introduced laws enabling a vibrant street economy that creates job and provide cheaper goods to the local community as well as tourists. In this section, we compare the laws related to establishment and running of kiosks in India, Philippines and Thailand, three countries with huge street economy.

Legal Framework	Rules and Regulations in Other Countries	Rules and Regulations in Pakistan
Vending Authority	<p>India</p> <ul style="list-style-type: none"> Indian Street Vendors Act 2014 approves establishment of a Town Vending Committees in each ward or zones to regulate the street vendors. The Town Vending Committee of each zone shall constitute bye-laws for regulating Traffic in the vending zones Regulation of civic services in the vending zones Determinization of periodic maintenance charges Collection of taxes and fees from the vendors Determination of penalty Regulation of quality, hygiene and safety standards. 	<p>Only Islamabad: The licenses issued by the CDA to the 485 Khokha in Islamabad are backed the following law and executive orders:</p> <ul style="list-style-type: none"> Article 140A ICT Local Government Act Section 15A of CDA Ordinance Municipal Administration Ordinance, 1960 read with ICT Municipal Bye-Laws 1979 Secretary of Housing’s decision dated 15th July 1978 President of Pakistan’s order dated 21st October 1979 CDA’s 1986 Policy. National Assembly’s Direction 30th December 2015 and MCI’s Resolution dated 28th August, 2017 <p>However, there is no mandate for a separate authority for overseeing and regulating khokhas.</p>
	<p>Philippines¹⁹</p> <ul style="list-style-type: none"> Establishment of Public Market Board under the leadership of Municipal Mayor Power to conduct draws for lots and opening of bids for vacant or newly 	

¹⁷ Ibid

¹⁸ Ibid

¹⁹ THE TRINIDAD MARKET CODE OF 2007

Legal Framework	Rules and Regulations in Other Countries	Rules and Regulations in Pakistan
Vending Zones	<p>constructed stalls and award of licenses to qualified applicants.</p> <ul style="list-style-type: none"> • Formulate policies to regulate market administrations and determine the fees <p>India</p> <ul style="list-style-type: none"> • Vending zones to be designed through a survey and vendors to be accommodated within them. Each zone should have vendors no more than 2.5% of the population. • Survey shall be conducted at least once in 5 years • No street vending allowed on no vending zones. <p>Thailand²⁰</p> <ul style="list-style-type: none"> • Vendors must seek vending permission and obtain a license to operate in a vending zone. License to be renewed annually. • Any vendor operating outside the vending zone is considered illegal. • Illegal vendors to be fined no more than 2000 Baht • A designated vending area can be revoked at any time for reasonable reasons. • No vending in the following zones or areas <ul style="list-style-type: none"> ○ Within 10 meters of bus stops and entrances of subways ○ Within 2 meters of pedestrian bridges ○ A pedestrian crossing ○ Entrances of buildings ○ Entrances of public toilets and phone booths 	<p>Only Islamabad: As per CDA 1986 policy, following zones were created for setting up khokhas,</p> <ul style="list-style-type: none"> i. In developing sectors: Due to the time it takes for the development of proper markets in a developing sector, temporary kiosks be set up as an interim arrangement for residents of the area. ii. Along peripheral service road of sectors and Highways in the urban area: due to community-oriented nature of bazaars and markaz in the planning of Islamabad, peripheral roads are left with no markets. So small kiosks be made for travelers for their petty shopping. iii. In the Parks and recreational areas: for remote interesting points, small kiosks be made for shopping, drinks and snacks.”
	Licensing	<p>India</p> <ul style="list-style-type: none"> • Vending certificates to be issued by Town Vending Committee. • Minimum age 14 years • Three types of certificates <ul style="list-style-type: none"> ○ Mobile Vendors ○ Stationary Vendors ○ Any other type • When number of applicants are more than the allowed capacity, a draw shall be held. Remaining applicants can be adjusted in the adjoining zones

²⁰ The BMA Ordinance on Selling in Public Places and Footpaths

Legal Framework	Rules and Regulations in Other Countries	Rules and Regulations in Pakistan
Ownership of Site	<p><u>Thailand</u></p> <ul style="list-style-type: none"> • A city law approved by the council members. • Law states that street vending is illegal unless permission is sought from authorized local officers • Law gives extensive powers to local offices on issuing and revoking the licenses. (local officers include metropolitan police, metropolitan administration, city inspectors and city administration). <p><u>Philippines</u></p> <ul style="list-style-type: none"> • No ownership, only lease. • Any vacant stall will be made available for bid through a notice pasted on the stall. • The vacancy will be filled in no more than 10 days. • Anyone over the age of 21 can apply. • Local businessmen and residents shall be given priority to bid • The highest bidder shall automatically be the winning bidder in a particular stall/space. • The lease will be for 2 years but renewable for another two years without bidding subject to the approval of market board. • Stall occupant will be provided with electricity meter. • A complete schedule of fees prescribed for each kind of business and locality of the stall. 	<ul style="list-style-type: none"> • This was only because of the lack of transparency in the mechanism of their allotment • Before a new policy could be tabled, however, a Single Bench of the Islamabad High Court constituted a Judicial Commission in 2012 for this matter. • Recommendation No. 9 of this Judicial Commission’s report was as follows: <ul style="list-style-type: none"> ○ <i>“Temporary permission for leases/license regard use of CDA land should be banned.”</i> • Nowhere does Recommendation 9 specifically mention “kiosks”. • Taking the recommendation by judicial commission as an excuse, on 1st November, 2013, CDA cancelled the all khokha licenses in a single day.
	<p><u>India</u></p> <ul style="list-style-type: none"> • No ownership. • A licensed vendor cannot transfer the certificate to another person • License can be transferred to the spouse or dependent child in case of death/permanent injury. • Each vendor will pay a specified fees and certificates will be renewable on payment of fees. <p><u>Thailand</u></p> <ul style="list-style-type: none"> • No ownership, only lease. • License can be transferred to the spouse or dependent child in case of death/permanent injury. • Annual fees of 300 Baht to be paid by vendors in the official vending zones • If vending is done on a time-sharing basis, each vendor will remove his 	<ul style="list-style-type: none"> • Only Islamabad: As per CDA policy, the land is given on lease for 3 years and license holder cannot claim ownership on that land.

Legal Framework	Rules and Regulations in Other Countries	Rules and Regulations in Pakistan
Duties and Rights	<p>goods and wares every day at the end of the time.</p> <ul style="list-style-type: none"> • Every street vendor shall maintain cleanliness and public hygiene in the vending zone • Every vendor will pay maintenance charges for civic amenities. • Vendor cannot be evicted unless given a 30 days' notice period. • If vendor doesn't vacate the place till the notice period, local authority shall have the right to forcibly evict him and seize his goods. • Street vendor may reclaim his goods after payment of fine. • Authority shall return non-perishable goods in 2 days and perishable items on the same day after payment of fine, • Street vendor operating with a certificate in his zone cannot be harassed by police or any other authority. 	
	<u>Thailand</u>	
	<ul style="list-style-type: none"> • Display must not exceed 2 sq. meters in width or 1.5 m. in height • 01 meter of space should be left for pedestrians to walk. • Times are allocated for day and night shift. • A vendor can place 2 dining set (one table and 4 chairs in each set) • Cancellation of license if some unauthorized person operates the stall • Local officers can determine the fine rates as per the zone rules. • Half of the fine will go to the city inspectors 	
	<u>Philippines</u>	
	<ul style="list-style-type: none"> • All street vendors to secure a sanitary permit and health certificate. • Food handlers to obtain health certificate every 6 months and failure to do so will result in closure of business. • Prohibition of transferring the lease to another person or business. • Have his/her picture framed and hung up in the stall. • Hanging of permit on the stall. • To keep the stall in good sanitary conditions. • Violators to be fined between PhP 1,000 to PhP 2,000 • There shall be no extension of stall spaces 	

Legal Framework	Rules and Regulations in Other Countries	Rules and Regulations in Pakistan
Entitlements	<ul style="list-style-type: none"> <li data-bbox="459 264 807 320">• Third violation to result in termination of license. <p data-bbox="408 327 475 356"><u>India</u></p> <ul style="list-style-type: none"> <li data-bbox="459 360 916 450">• Licensed vendors will be entitled to soft loans and credit scheme from time to time. <p data-bbox="408 483 520 512"><u>Thailand</u></p> <ul style="list-style-type: none"> <li data-bbox="459 517 916 607">• Licensed vendors will be entitled to soft loans and credit scheme from time to time. <li data-bbox="459 611 895 665">• Subsidized rates for annual health checkups. 	

IDENTIFICATION OF BEHAVIORAL AND LEGAL BARRIERS BASED ON EMPIRICAL RESULTS

In this section we provide analysis of the behavioural issues based on our in-depth interviews. First, we provide overall analysis and then we provide detailed analysis of each of the behavioural issue faced by Khokha owners.

5.1 Overall Descriptive Analysis

The descriptive analysis of our respondents is shown in Table 1. In our survey, 48 Khokha owners were male while two were females. In Pakistan, street economy is mainly run by males and finding a female owner of khokha is very rare. In our data, 32 respondents were married while 18 were single. We find that most of respondents has 12 years of education followed by individuals with no education. However, 11 respondents were graduates and two even had master's degree. Our findings are in line with the findings of Khawaja and Iqbal (2019) who show that in Lahore, about 46 percent of the informal entrepreneurs have 10 years of education. The same is the case in our study where majority vendors have above than 10 years of education. Our findings are also consistent with Kemal and Mahmood, (1998) and Burki and Khan (1990). They found that informal entrepreneurs are better educated than formal workers.

The age of respondents falls between 25 to 35 years. About 25 respondents were in the range of 18 to 25 years while 6 were in the range between 35 to 50 years. This shows that overwhelming majority of the khokha owners in Pakistan have started entrepreneurship in a relatively young age. The findings match with that of FBR (2008) and Gennari (2004) who found similar results for Pakistan. Informal vendors are also found to be young in other countries as mentioned by ADB (2012) and Williams & Martinez (2014). The reason is often cited to be lack of jobs and alternate means of living for younger people with little or no job experience and education (Ahmed, 2008).

A Moreover, 22 vendors have a household size more than seven people, followed by those with three to five family members. As per Household Integrated Economic Survey (HIES) 2018-19, the average household size in Pakistan is 6.24²¹. This shows that individuals setting up khokha businesses are generally from households which have higher than average size. This can be because the household income may be insufficient (Kusakbe, 2006) and/or they may need another source of income, or it could be that poorer households have higher household size²².

Almost half (23) of the khokha owners were running food business i.e., burgers, shawarmas, bar-b-que etc. The second most common business was of clothing and hosiery (14 respondents). Whereas 10 people were selling various accessories such as make up, mobile chargers, caps etc. Few participants were from selling juices and milk shakes.

Half of the khokhas owners in our survey were doing business Infront of a shop. Around one third of the khokhas surveyed were located on the footpaths while few were running khokha in park,

²¹ HIES, 2018-19. Pakistan Bureau of Statistics, available at https://www.pndajk.gov.pk/uploadfiles/downloads/hies_2018-19_writeup.pdf

²² As per HIES 2018-19, the average household size in 1st quintile is 8.11, higher than the national average of 6.25. Similarly, PIDE (2020) paper titled 'Urban Pakistan and the Street Vendor Economy', Webinar Brief No. 01 argues that an average street vendor in Pakistan earns between PKR 500 to 2500 per day, putting them in the 1st or 2nd quintile.

parking lots or streets. Generally, khokhas work in areas where flow of the buyers is high and frequent.

With regard ownership, 42 were sole owners. Moreover, 32 khokhas were relatively new and started by the current owners while 18 were inherited from father/brother. This is in contrary to the findings of (Zahra, 2005) who observed that in developing countries, a major share in small informal firms is held by inherited businesses.

The owners who have entered market 3 years ago are 17 while 10 owners have entered khokhas market one to two years ago.²³

In our sample, 5 respondents are those who have exited from the Khokha business. in the past and are now either running a formal business or have started a job.

Table 1: Descriptive Statistics

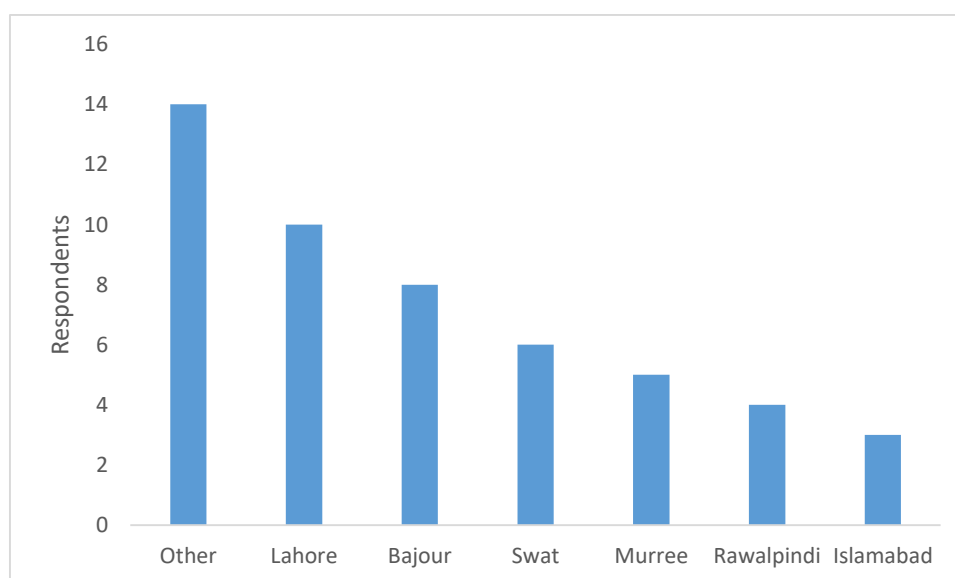
Variable	Number of Respondents
Gender	
Male	48
Female	2
Marital Status	
Single	18
Married	32
Education	
Illiterate	9
Primary	6
Matric	9
Inter	13
BA 14 years	3
Bachelors 16 years	8
Masters 18 years	2
Age	
18-25	20
25-35	24
35-50	6
Household Size	
1-3 People	1
3-5 People	17
5-7 people	10
More than 7 People	22
Type of Business	
Food	23
Juice Corners	3

²³ We tried to include only new entrants in the khokha business so that the current legal barriers could rightly be highlighted. For this purpose, we have interviewed khokha owners who have opened the khokha at the existing location in the last six years. Although we wanted to include only those who are very recent i.e., opened within two years, we were unable to find them in good number. Therefore, we expanded the eligibility criteria.

Clothing and Hosiery	14
Accessories	10
Site of Khokha	
In front of Shop	24
Footpath	15
Parking lot	6
Park	3
Street	2
Ownership of Business	
Sole Proprietor	42
Partnership	8
Years Since Entry	
6 Years	5
5 Years	4
3 Years	17
2 Years	10
1 Year	4
Less than 1 year	10
Exited from Khokha Business	
Yes	10
No	40

Figure 1 shows background in terms of local vs non-local. Peshawar has highest number of migrant vendors, mainly from Bajour Agency (a former tribal district). Whereas, in Lahore, other than 2, all the respondents were from Lahore. In Islamabad, almost half of the respondents belonged to Murree. While in Swat, 6 out of 7 respondents were local. The findings suggest that Peshawar and Islamabad hold large number of migrant vendors from small cities while in Lahore, mostly the local people are running khokha businesses.

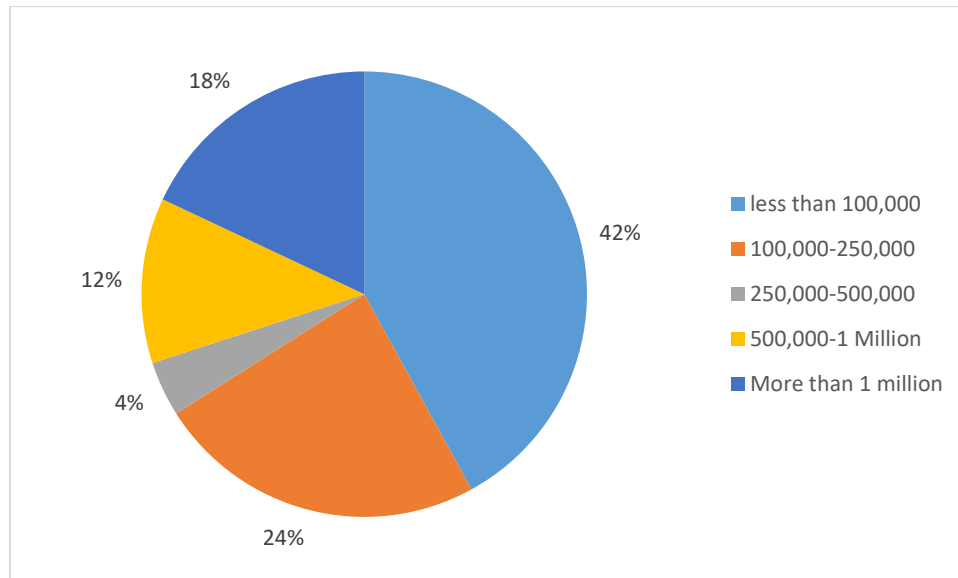
Figure 3: Background of Respondents



5.2 Financial Conditions and Constraints of Khokha Owners

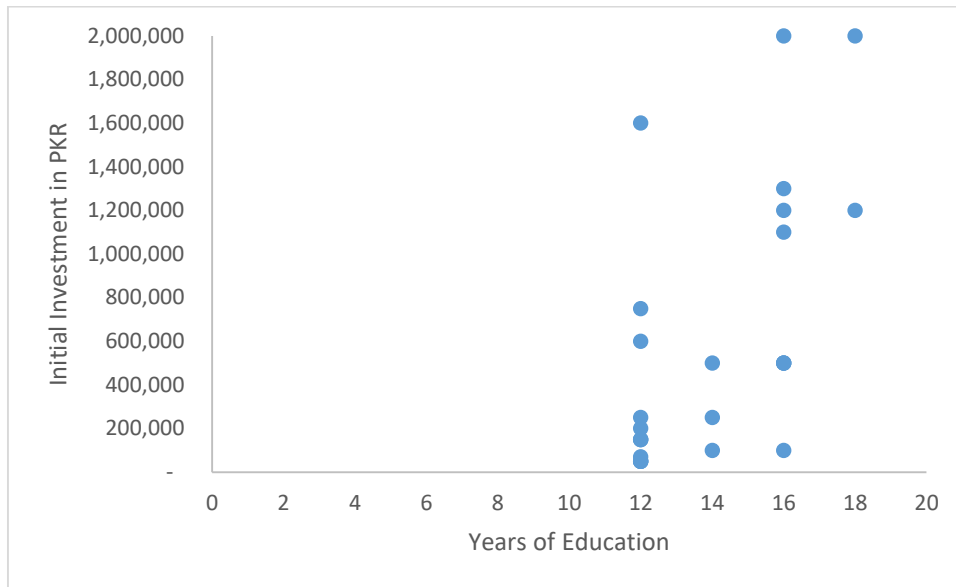
In this study, we found that the total initial capital for the establishment of khokha ranged from PKR 20,000 to PKR 2 million. About 42 percent of the respondents started setup with less than PKR 100,000. While 24 percent of the respondents started the set-up from PKR 100,000 to 250,000. The initial investment of 12 percent respondents ranged between PKR 500,000 to PKR 1 million while that of 18 percent invested more than PKR 1 million. This shows that about 30 percent started business with relatively high capital.

Figure 4: Initial Investment Made to Start the Khokha in PKR



We found some relationship between the level of education and investment. Relatively more educated vendors have capital-intensive setup as compared to illiterate vendors. Figure 5 shows that vendors with 12 and 14 years of education have almost the same level of investment amount. However, vendors with 16 years and above education invest more. Such investment amount has reached to PKR 2 million. Two respondents reported that their total investment for setting up the business was around PKR 2 million. However, both were from Islamabad. One of them was running a food truck while other was running a khokha inside a park with variety of food items.

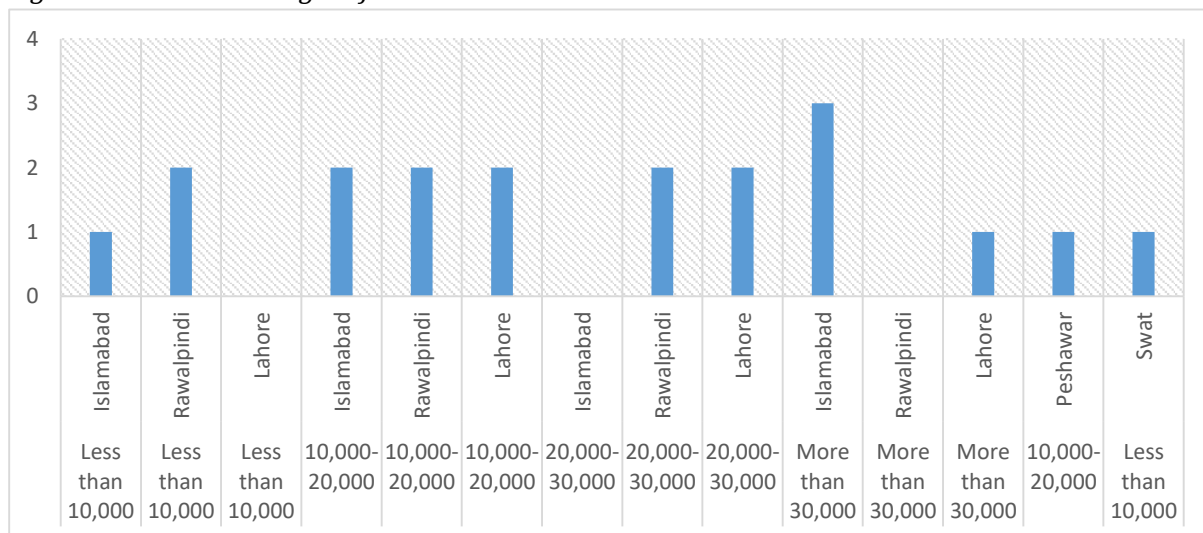
Figure 5: Amount Invested to Start Khokha by Vendors with Intermediate & Above Education



Our findings revealed that khokha vendors in Islamabad and Rawalpindi employ some workers. However, in other cities this trend is weak. Most of the khokha owners in Peshawar and Swat do not employ extra Worker. But in Islamabad and Rawalpindi some owners have even employed more than four workers. This shows that khokha business is more profitable in Islamabad and Rawalpindi, thus generating more employment opportunities for common man. The findings match with Ajem (2014) who found that in Zimbabwe, 45 percent of the vendors have employed between one to eight workers.

This is pertinent to mention that most of these khokhas owners provide salaries to workers per minimum wage law. Only three khokhas were paying wage less than PKR 10,000 per month but others were paying about PKR 15,000 per month, a figure close to the minimum wage. The highest wage was PKR35,000, being paid by the food truck owners.

Figure 6: Per Month Wages of Workers



5.3 Behavioral Support and Barriers from Friends and Family

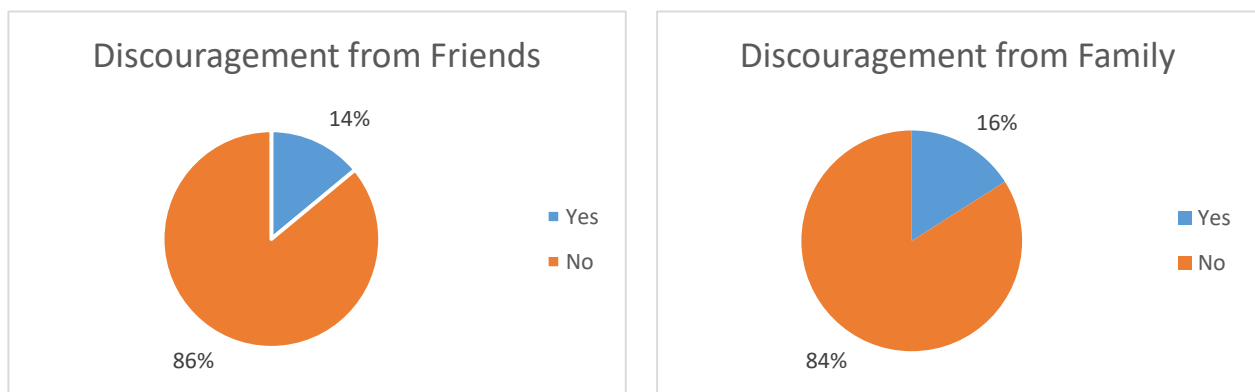
Entering and running a business also requires moral, physical and financial support from family and friends. In this study, we find that in few cases, family and friends help the khokha owners without taking any reward. Mostly in Peshawar and Swat, but even in Rawalpindi and Islamabad, a few khokha owners reported that unpaid family and friends support for cooking food and washing dishes was a big help in their operations. A food truck located in Scheme 3 of Rawalpindi, with owner from Skardu stated that *“my friends supported me a lot morally. Also, they helped me with kitchen work as well for free. One of my cousins also helped me through kitchen work for full time, for free”*.

In this study, we did not find behavioural issues from family side on khokha owners. Rather majority mentioned that they received great moral and physical support and encouragement from friends and family members. However, few faced discouragement from friends and family members. A few of the respondents even reported that they kept their family uninformed about their khokha due to fear of discouragement. Support from friends and family is a major behavioral tool in encouraging and motivating entrepreneurs to establish such small setups and influences the career choice (Henderson and Robertson, 2000). While a small number of respondents stated that they had support from local authorities or local influential people that was an incentive enter this market.

A female food khokha owner in Islamabad mentioned that *“my friends and community were quite helpful. My mentor, too, did an excellent job. Apart from relatives and family, a large number of volunteers show up and assisted me since people were aware that I was running this cart for social welfare”*.

A burger stall owner in Islamabad argued that *“My friends supported me a lot. I have a very huge social circle. 70 percent of the success is gained through my social circle and social media post regarding my kiosk. My friend who was doing the same business helped me through establishment of this kiosk. He made the whole strategy and then he asked me to run my kiosk on my own so that I could learn the business strategy better way”*.

Figure 7: Discouragement from Friends and Family-Total Sample



Around 70 percent of the respondents claimed that they opened khokha to increase household income. However, mentioned that they are doing it due to passion or for sense the of achievement. Literature suggests that major reasons for setting up khokhas are unemployment, economic

recession, and absence of alternative opportunity for earning money [Kusakbe, 2006; Walsh, 2010]. Our work support such findings as most are doing it full time and consider it as a good opportunity of earnings livelihood than other available options with relatively low investments

When asked about reason for setting up the khokha, a khokha owner in Islamabad replied *“It was my lifelong dream to do some creative type of thing and I am not a 9-5 kind of person. Secondly, if I would have opted the job field, I could not have been able to earn good money, do savings and to make something big like property”*.

A food truck business owner who has employed all deaf and dumb staff commented that *“I did not open it for myself; the goal was to provide job opportunities for deaf individuals. I don't take money from my business. I intended to make a social impact with this strategy by giving possibilities to deaf persons who are frequently exploited”*.

Another food cart owner from Lahore stated that *“We wanted to create a street food brand that do not compromise on hygiene and provides clean food at a slightly higher rate than other khokhas”*.

A few khokha owners believe that setting up a khokha is a relatively low risk business and lessons learnt are helpful for future expansions into formal setup. A burger cart owner in Islamabad stated that *“Food cart is a low-risk work. You can start with small investment and once you get good experience you can move to a better model, so by taking low risk (in terms of small food cart) you can learn and plan better for your future business growth. Also, that in food cart business if you go in loss you can cover this loss by doing various jobs for two or three months whereas on the other hand if you invest large amount for restaurants or cafes you would have to bear huge loss if your business does not go well”*.

Figure 8: Reasons for setting up the khokha- Total Sample

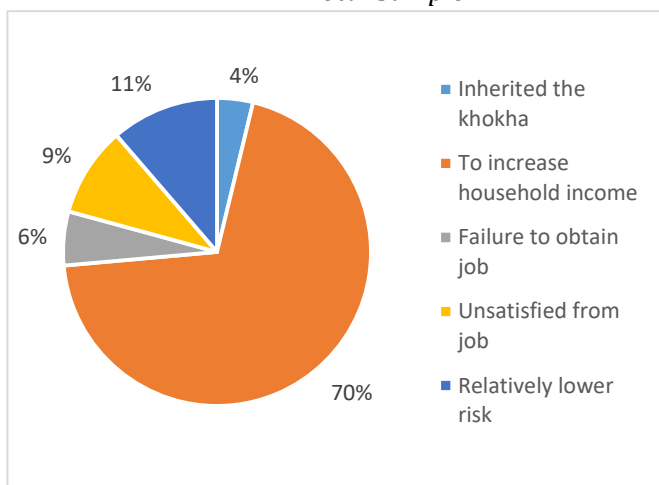


Figure 9: Nature of Khokha Owner-Total Sample

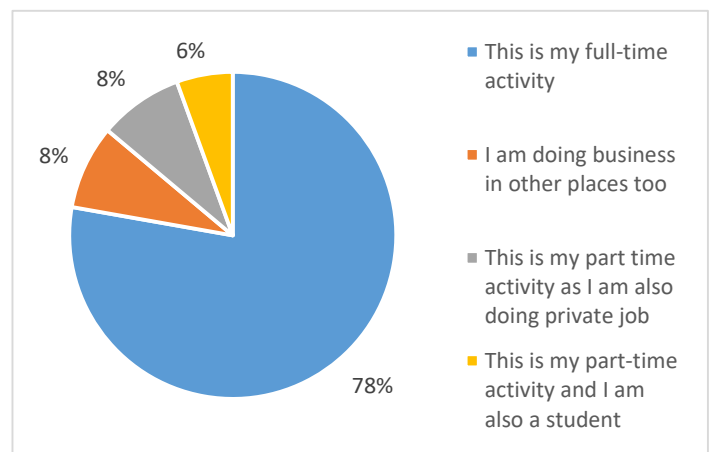
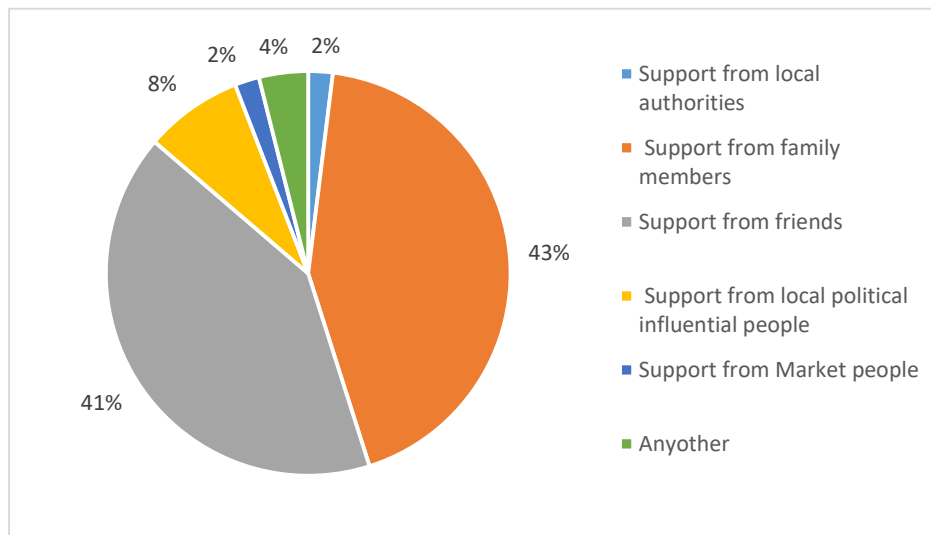


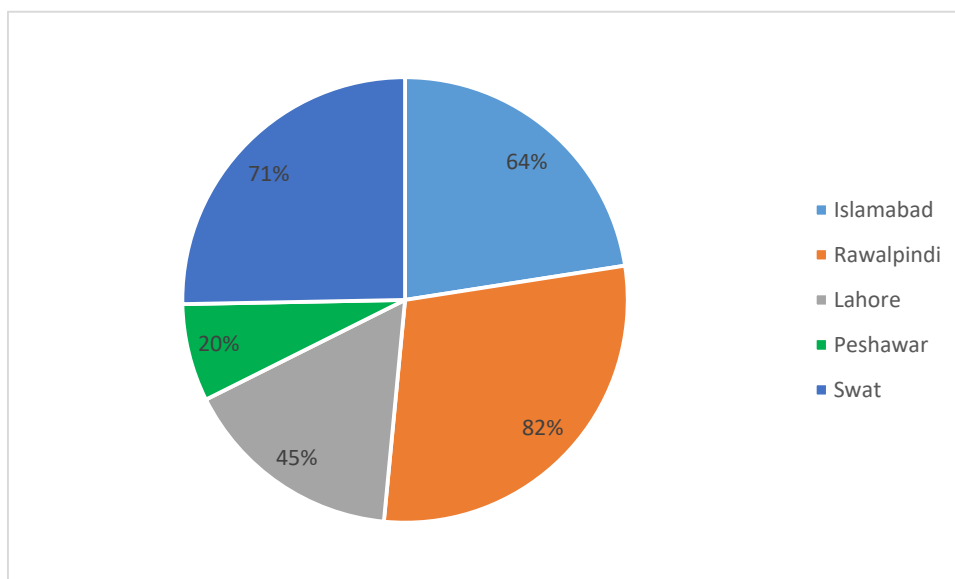
Figure 10: Main Support in Starting the Khokha



5.4 Land and Rental Barriers for Khokha Owners

An insightful information that came up during our interviews was that khokhas owner have to pay rents to the owners of the shops if they are operating in front of their shops. About 82 percent of the khokhas in Rawalpindi pay rent to the shop owners compared with 20 percent khokhas in Peshawar mainly due to empathy and brotherhood from shop owners. Likewise, khokhas in Lahore and Swat also pay rent. We found that about 55 percent of the respondents in Lahore and 36 percent in Islamabad do not pay any rent as they were operating on footpaths, streets, or parking lots.

Figure 11: Percentage of Khokha Owners Paying Rent



We found that 80 percent of khokhas in Peshawar do not pay rent, However, those who do, they pay on average PKR 40,000 i.e., almost PKR, 6000 higher than Islamabad and Lahore. Whereas khokhas in Swat pay relatively less rents on average. Further, as shown in Table 2, khokhas operate almost all round the week with mostly working 10 hours a day.

On average, khokhas across Pakistan generate PKR116,000 in monthly revenue, while Khokhas in Islamabad generate relatively highest revenue (not profit). We found that a couple of khokha earn PKR 500,000 per month. However, they are the ones with relatively very high capital expenditures. Moreover, Khokhas in Peshawar make least revenue followed by Swat.

Table 2 Average Khokha Operations Analysis

	Islamabad			Rawalpindi			Lahore			Peshawar			Swat		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Monthly Rent	2,500	80,000	33,300	5,000	50,000	24,500	18,000	70,000	34,000	30,000	50,000	40,000	5,000	24,000	15,000
Daily Working Hours	8	12	10	8	12	10	8	12	10	8	12	10	8	12	10
Working Days	6	7	6	6	7	6	6	7	6	6	7	7	6	7	:6
Monthly Revenue	100,000	500,000	128,000	6,000	20,000	125,000	60,000	300,000	137,000	60,000	200,000	92,000	80,000	150,000	100,000

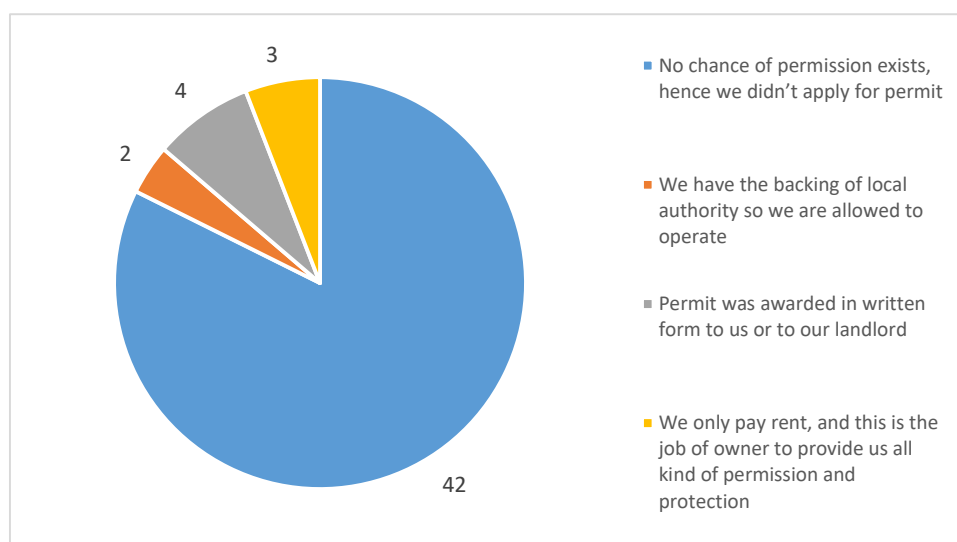
We found that 42 khokhas owners never applied for a permit as visible in Figure 12. Only eight percent of khokha owners stated that they have obtained a permit of some sort from the administration. Whereas, four percent claimed that due to backing of local authorities, they do not require any licensing. Those who pay rent, were of the view that they are only responsible to pay rent and the owner of the land is liable for the legal status of the khokha.

One of the licensees from Islamabad who is a disabled person, narrated his story of obtaining permit as *“CDA allotted me permit on humanitarian basis. CDA has a clause for special children. It was easy for us to get permit with the help of references and clause thing. Back when PML-N was in power, Sheikh Arshad Aziz was the Mayer who made running khokha easier for us, but when government shifted to PTI, we had to apply for license, and we got it through references and links from CDA. I paid 15K to CDA for two months after getting this permit. But as soon as I got to know that we have benefit at the hand of special children clause, we stopped paying rent”*.

A female food truck owner in Islamabad even approached the First Lady of Pakistan but was still unable to get a permit. She narrates the process in these words *“Lately, someone connected me to President House, and I met with first lady and she gave me approval to operate the cart. Now I am fighting my case with CDA with the help of President House but still they are not helping me. I have applied for license, but there is delay at the end of CDA officials. They kept on coming up with various reasons regarding not granting license. One day, the SHO of our area visited me and gave me his number so that I could complain him about police visits. Its better since then”*.

Another female entrepreneur from Lahore who just started the food truck a week before our interview, claimed about her connection in these words *“My food truck is parked on the premises of a public park. I also collaborate with my uncle online (who is building a Cancer care hospital). Therefore, I have a lot of PR and connections with Police Chief. I contacted my uncle and told him about the event; he promised to do something the next day. He addressed my matter with the Police Chief, who then called me and sent me to the Parks and Horticulture Authority (PHA), so we could stand comfortably there without being disturbed. The PHA issued me a formal permit. However, they did not charge me any fees because I got a reference from. After that no one came to me from administration.”*

Figure 12: Legal Status of Khokha

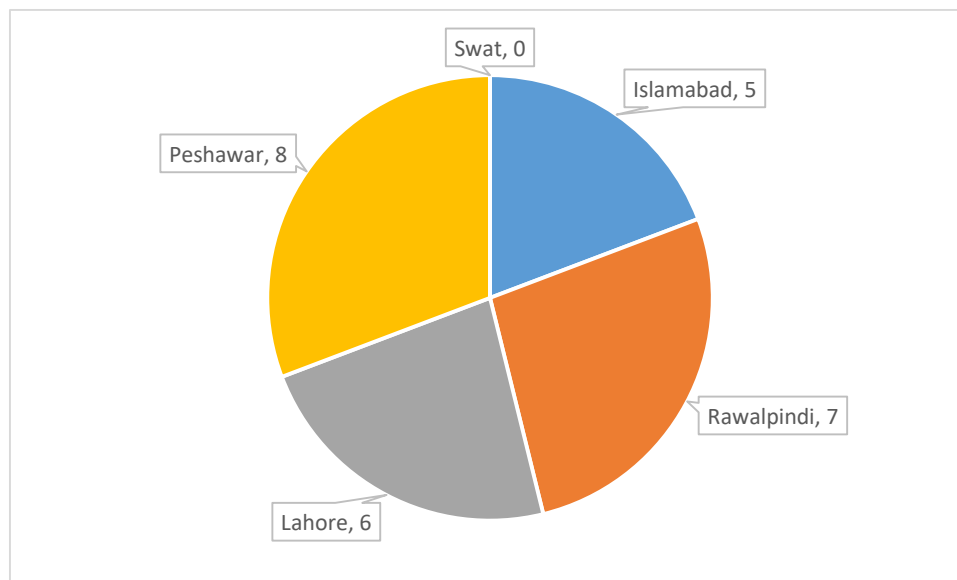


5.5 Harassment Issues Faced by Khokha Owners

Harassment from public authorities remain a major barrier towards entry in Khokhas across Pakistan. Our study also finds extensive level of harassment from the officials of various agencies in almost every surveyed city. We found that Khokhas owners in Peshawar face more harassment from administration followed by Rawalpindi. Figure 13 shows that eight out of 10 khokhas in Peshawar report that they are regularly harassed by the Cantonment Board officials (Saddar market in Peshawar comes under the jurisdiction of Peshawar Cantonment Board), Similarly, seven out of 11 khokhas interviewed in Rawalpindi stated that they were harassed by the Municipal Committee and Cantonment Board. Whereas, five khokha owners in Islamabad faced regular harassment. In Swat, none of the khokha owner reported any kind of harassment.

In Islamabad, we noted that khokhas that are run in posh sectors such as F6 and F7 complained more about the harassment. Whereas the khokhas running G8, G9 and Bara Kahu reported less harassment. A major reason behind this stated by the respondents and CDA official was that the CDA is more concerned about aesthetics of posh sectors because most of the government officials reside in those areas.

Figure 13: Facing Harassment from Local Administration



Types of Harassment

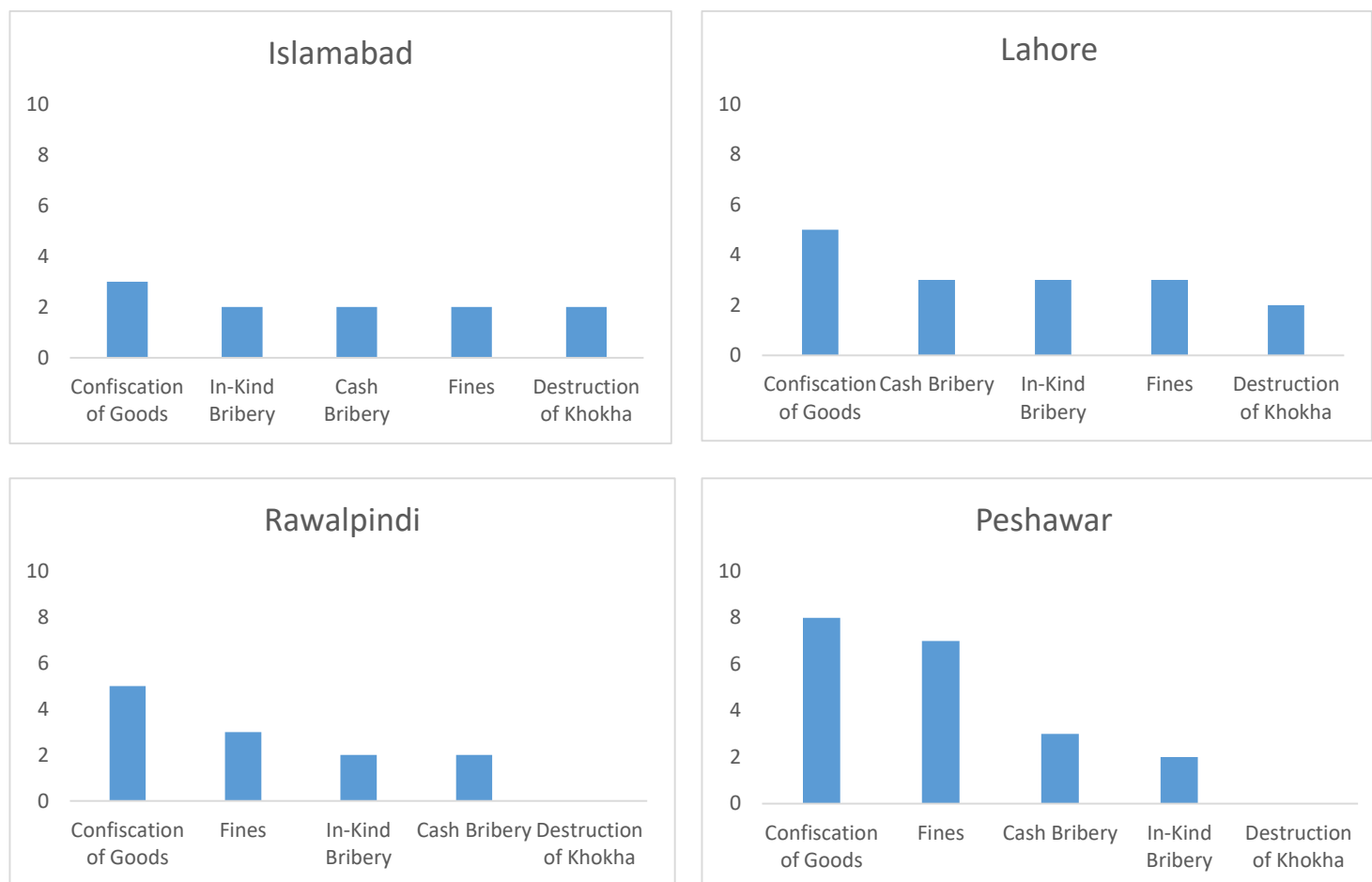
Confiscation of goods and fines by the city administration are the most common types of harassment faced by khokha owners across all the four cities. In every city except Swat (whose khokha owners do not face any kind of harassment) confiscation of the goods was the most reported harassment. The municipal administration and cantonment boards raid and confiscate the cart as well as the goods of vendors. While during the returning process, carts are damaged, and a lot of goods is usually not returned. Moreover, to take back the cart and the stuff, vendors have to pay fines ranging between PKR 1,000 to 2,000.

In all four cities, some khokha owners pay cash bribes to the official authorities on regular basis. Most of the respondents claimed that they do not get any receipt for the fines they pay in cash to the authorities—hence it takes a form of cash bribery. Figure 14 shows that owners of khokha in Rawalpindi and Islamabad pay in-kind bribery. This includes free food or free stuff to the traffic police, city police and/or municipal authorities.

Harassment of small vendors is not limited to Enforcement Inspectors but can go to the level of Assistance Commissioners. A food cart owner from Lahore stated his misery of confiscation by the local administration in these words *“One year ago, when I was new in this business, I saw that Assistant Commissioner’s personal assistance came into the area where I parked my cart and demolish the carts in the vicinity. He grabbed their belongings and scattered their meals and belongings on the road. Later, I messaged AC on WhatsApp to express my dissatisfaction with his PA. After this, the Assistant Commissioner became personal with me. One day, he dispatched a few individuals from his side to capture my cart, as well as they captured one of my employees. They thrashed him and threw him in jail. The employee was released after a day or two on bail, but my cart was not returned for another two months. I kept going to AC’s office, but he insisted on not returning my cart. Apart from that, they ate all the food I had on my cart, destroyed my cart’s entire setup and crockery, which costed me PKR12,000. Since the Assistant Commissioner refused to return my cart, I went to Deputy Commissioner, he made me give an application but even then, AC did not release my cart. I went back to the Deputy Commissioner and then he called the AC again after that he released my cart (after 15 days) with an apology letter written from my side”*.

Another food cart owner from Lahore discussed various kinds of harassment from multiple agencies in these words *“People from municipal committee and LDA had been a source of trouble. They used to come and complain that our food cart is on the roadside. For which we used to offer them free food so that they might go away and stop bugging around. Apart from these officials, traffic cops have been a nuisance when we were stopped on the side of the road, but they never demanded money or food. Municipal Administration used to demand that we pay rent for the food cart board advertising. After that, we asked the landowner to resolve the situation. Then, once I came across an imposter, who came in an official car to harass me and threatened me to remove my cart without revealing his identification”*.

Figure 14: Nature of Harassment Faced



Cash Bribery is most prevalent in Peshawar, where 7 out of 10 khokhas pay monthly bribe of around PKR 5000, whereas monthly bribes in Islamabad could go as high as PKR 50,000. Though, cash bribery is less in Islamabad but those who pay, usually pay a higher bribe. In Rawalpindi, we found that no khokha owner pay more than PKR 5000 in monthly bribes. In Lahore, majority do not pay any cash bribe but four of them pay between PKR 2000-5000 per month. In Swat, none of the khokha owner was paying any sort of cash bribe.

A small ice cream seller in Lahore stated that “People from *Lahore Development Authority (LDA)* comes every week and ask for money. If we give them money, they don’t take away our cart, we have to give PKR 500-1000 every week, so they don’t take it away”.

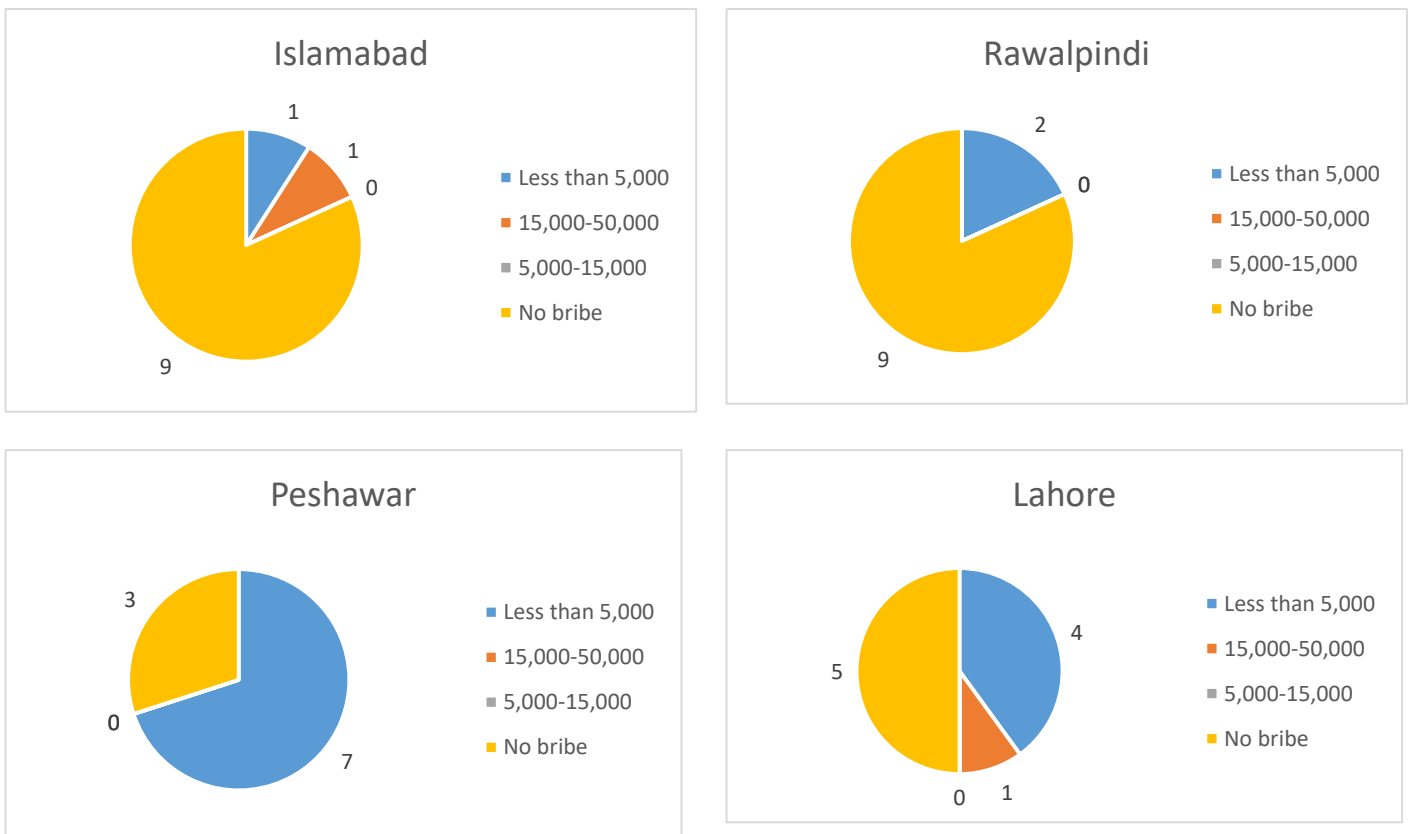
Few khokha owners reported that they were not being harassed, because they either operate after working hours or have a setup at locations not frequently visited by the authorities. In case of Islamabad, few respondents reported that officials from CDA do not generally raid after office hours. Similarly, some were of the view that they do not bother about non-posh sectors and rarely raid there.

Not paying any bribe does not imply no-harassment—officials harass through other means if their demands are not meant. For instance, a food truck owner from Islamabad reported her woes in these words “CDA caused me a lot of problems; they used to come in and complain about various

things, and they frequently confiscated my cart. I applied for a license, but they kept delaying me with the excuse that they were working on their policies and would grant me once the policies get finalized. A lot of people from CDA department offered me to get my license on bribe, but I never paid any single penny as I am a very resilient person in terms of not giving bribe as it's against my principals. They used to come seeking free food, which my team members typically refused to provide”.

Another respondent who had ran a khokha in a prime location of Islamabad narrated “we faced a lot of problems at the hand of CDA. Although, they had no logical reason to demolish our khokha as we had the legally subleased land, even then they used to take our furniture and destroy our outdoor setup made up of wooden bars and shields. Also, we never paid any kind of bribe, however, in order to secure our food setup, we applied for legal backing. Still our khokha was being demolished two times, for which we bore a huge loss. They didn't demolish the solid structure as it was legal and built by CDA; however, they demolished the temporary shades, tents and chairs, which collectively resulted in the loss around PKR 2.5 to 3 lacs. In addition, there were other factors which added up to the loss i.e., the whole business was stalled for 2 months as we were busy in reconstructing the demolished area, but the expenses included the salaries of employees and cost of reconstruction. The total loss crossed PKR 5.5-6 lacs. We didn't settle this thing under the table instead we applied for legal backing, which is why we had to face problems more often”.

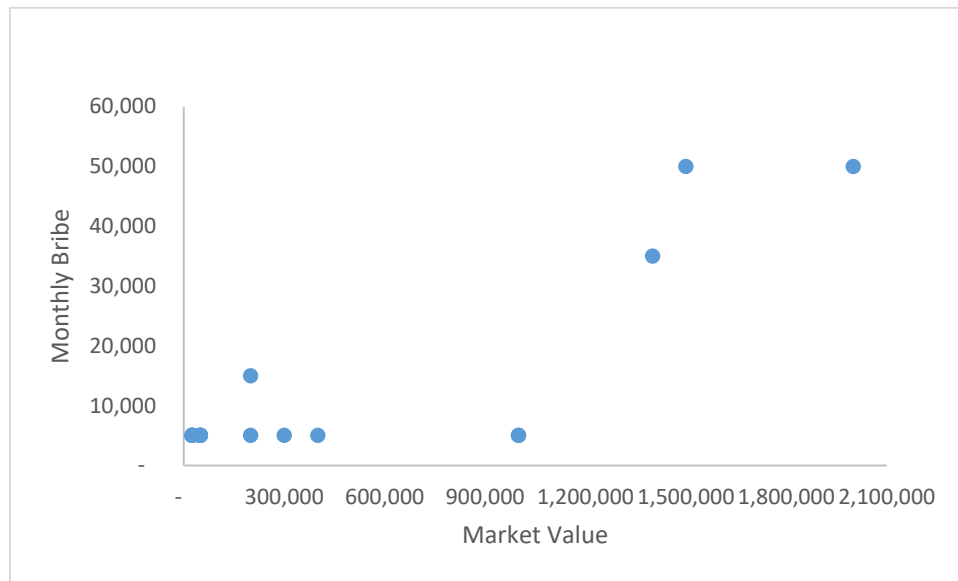
Figure 15: Monthly Cash Bribes Across 4 cities



Monthly cash bribes are directly proportional to the market value of the khokha. We found that the market value of a khokha, as stated by the owner is directly proportion with the monthly bribes they have to pay as shown in Figure 16. This is true for all cities except Swat. In general,

when a khokha has invested a significant amount on the setup or is located at commercially attractive place, the city administration officials tend to demand higher bribe from them.

Figure 16: Market Value of Khokha and Monthly Bribes



On average carts remained confiscated for two days per month. Owners bear an average loss of PKR 1,000 to PKR 10,000 for each confiscation. Confiscation of cart results in various kinds of losses such as

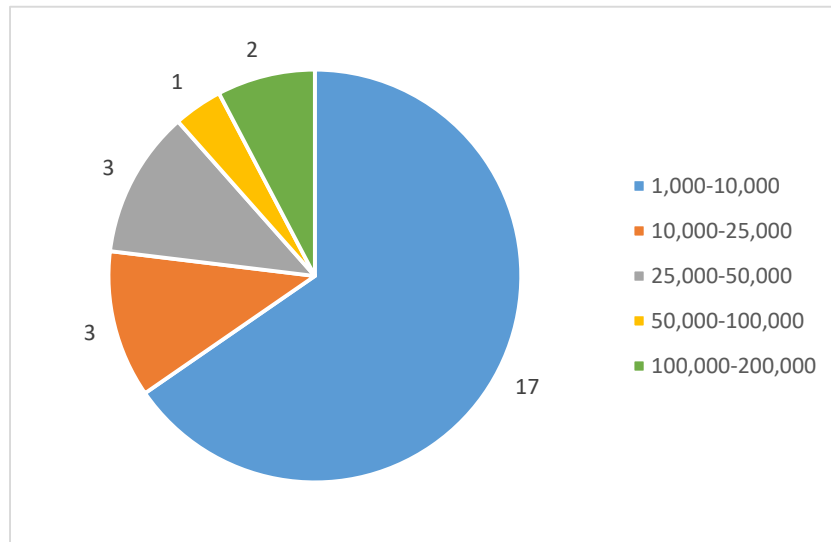
- a. Damage to cart
- b. Goods lost or stolen
- c. No sales during the confiscated period
- d. Legal expenditures on bail (as many vendors get arrested during raids)

Khokhas with large setup have to face loss reaching to PKR 100,000-200,00 as the confiscation or sealing of khokha can be prolonged to a month. Three of the khokha owners estimates that the loss in each confiscation ranges between PKR 25,000 to PKR 50,000 (See figure 17).

A clothing khokha stall owner in one of the markets of Islamabad mentioned his fear of confiscation by the CDA officials in these words “CDA officials have been very strict on all of us at times, making it impossible for us to set up our stalls. No one is able to open the stall. We have to sit and wait for them to go. For one month, I had to suffer a daily loss of PKR 1500-2000 in sales. We could only set up our stalls for an hour in a day after they leave”.

Peshawar was the city where Khokha owners are mostly arrested along with confiscation of cart—while in other cities, only the cart is confiscated or thrashed. Khokha owners of Peshawar have to face an additional kind of harassment in the form of arrest. More importantly, they are usually arrested by the Traffic Police on the violation of traffic rules and not by the city police. Vendors are then released usually after a day when they submit a fine of around PKR 1000 to PKR 2,000.

Figure 17: Average Monetary Loss in Each Confiscation-Total Sample



Khokhas owners in Peshawar pay relatively highest bribes (PKR 9200/month) while khokhas in Islamabad pay about 9400 for the release of carts confiscation. In Islamabad, large khokhas have to pay as much as PKR 50,000 in monthly bribes while average bribes was PKR 5,000. While in Peshawar, a khokha owner has to pay on average PKR, 9200 in bribes plus PKR, 6750 in confiscation losses. In estimating confiscation losses, we added the fine payments, legal expenses on bail, damage incurred on cart, goods stolen during confiscation and the loss of sales during the period the cart was confiscated. Moreover, as shown in Table 3, the cart remains confiscated for average two days every month for almost every khokha.

On average, about 16 percent of the monthly revenue generated by the Khokhas in Peshawar goes into bribes and confiscation fines/losses—highest across five cities. As shown in Table 3, khokhas in Peshawar have to bear the highest in economic losses due to absence of any legal status. Moreover, khokhas in Islamabad also on average bear 12 percent of their monthly revenue in economic leakages i.e., bribes and confiscation losses. The lowest share of revenue going into leakages is for Rawalpindi i.e., four percent followed by Lahore at eight percent.

Table 3: Average Monthly Economic Leakages

	Islamabad			Rawalpindi			Lahore			Peshawar		
	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg	Min	Max	Avg
Bribe	1,000	50,000	5,500	300	3,000	1,300	1,000	6,000	3,200	2,000	33,000	9,200
Confiscation Loss	10,000	25,000	9,400	3,000	8,000	5,000	4,000	15,000	8,700	1,000	20,000	6,750
Days Cart Remain Confiscated	2	5	3	1	3	2	1	3	2	1	3	2
Monthly Proportion of Revenue Going into Bribe/Losses	1%	13%	12%	2%	8%	4%	10%	32%	8%	1%	25%	16%

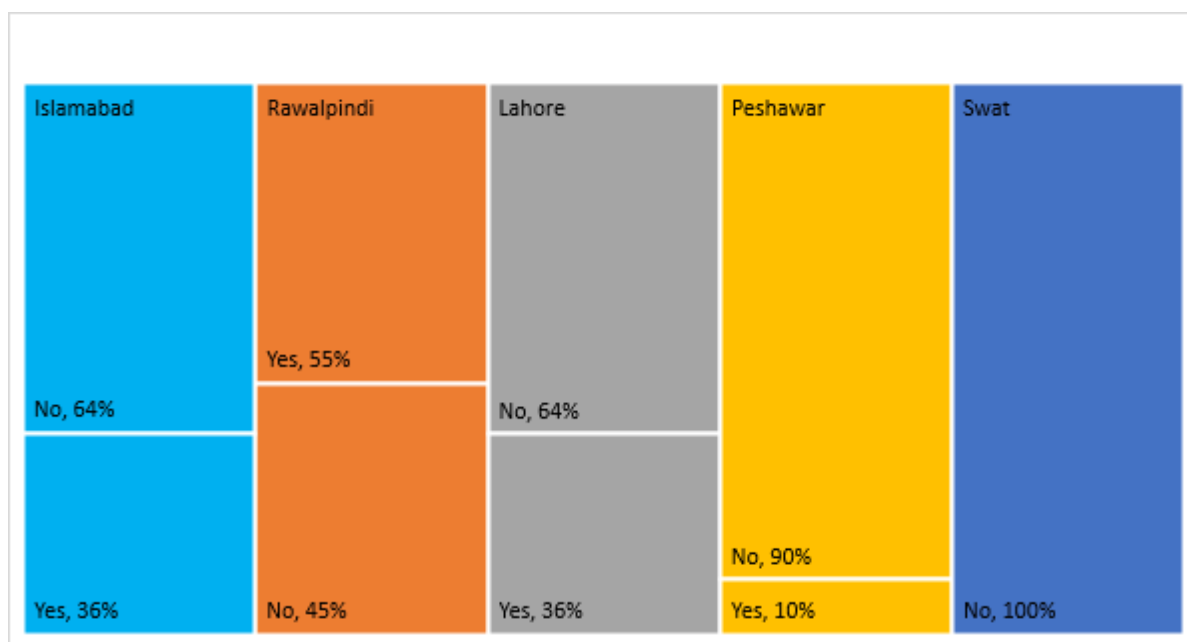
5.6 Behavioral Barriers Caused by large Retailers:

Retailers generally do not create much hassle in Peshawar and Swat, yet retailers do harass the khokhas in the cities of Punjab. We found that retailers in Islamabad, Lahore and Rawalpindi sometimes create hurdles for the khokhas. Normally, their harassment includes threats to evict the land, put pressure from the market union for eviction, collaborating with the city administration on eviction or complaining to police/authorities on blockage of road.

In Islamabad, even multinational fast-food chains have been involved in harassing the food carts as they consider carts as competitors and cheap alternative for consumers. One of the respondents reported his story of harassment from a fast-food chain in these words *“In the beginning, when we started testing, we placed my food cart in I8 sector and faced trouble at the hand of nearby retailers. One day, a person from KFC came to our cart to test our food, later he complained to the market chairman about us. The market chairman then instructed us to move our cart out of the way. Later, when we moved to F7, the local union head here was courteous to us and did not trouble us at all”*.

Another food truck owner in Rawalpindi Cantonment area complained about the behavior of restaurants by narrating *“Market restaurants bothered me a lot, as my food rates were lower than theirs. Hence, they used to ask me to increase my food rates as most of their customers were coming to me because of cheap rates. Also, that many restaurants complained about me to Cantonment board, due to which they used to come and ask me to remove my cart”*.

Figure 18: Percentage of Retailers Creating Hurdles for Khokhas across 5 cities



5.7 Khokha Owners Planning to Exist from the Market

We found that 21 khokha owners are planning to exit from the market and one-third of them quote uncertainty of their legal status as the major reason. We found that the mental stress and agony caused by uncertainty of legal framework and continuous harassment of authorities as a

reason behind vendors thinking to exit. In the total sample, 20 respondents mentioned uncertainty of any legal framework for khokhas as the prime reason to exit. While seven respondents out of total sample stated that bribes consume a considerable share of their income. Therefore, it doesn't remain profitable to continue operating. The findings are true for all the cities except Swat where vendors are generally happy with the status quo and do not feel any need to exit.

Majority of vendors planning to quit have cited legal barriers while few quoted discouraging behavior of customers and market people as the primary factor. Here, we assume that a vendor who is planning to exit due to legal barriers will be a discouragement for another entrepreneur who is planning to enter the market. Thus, this chain effect will result in entrepreneurs abstaining from setting up a khokha.

A food cart vendor stated the reason as *“The absence of a legal framework, harassment of official authorities, and the weather uncertainty are all serious problems that can prevent one from continuing their khokha business”*.

Another bar-b-que khokha owner in a low-income neighborhood of Lahore stated his reason for possible exit in these words *“LDA visits once and sometimes twice a month and we’ve to appear before magistrate, apologize and pay fine every time to get it back. Officers do not care about anything; they take the cart every time and we don't have any other option except to pay fine. We suffer loss in business and additional fine and truck costs to bring the cart back. We are very disturbed mentally due to all this”*.

A hosiery cart seller at Mall Road Lahore states his misery as *“LDA don't ask for money because some time ago they came but someone complaint against them. So now they don't ask for money, but they have become even stricter. Now, one relaxation is that they do not take the stock but only take stand. If you want to save your stand you need to run fast so that you don't get caught by LDA officials. Now I plan to sell all my stuff and end this business.”*

Figure 20: Thinking to Exit -Total Sample

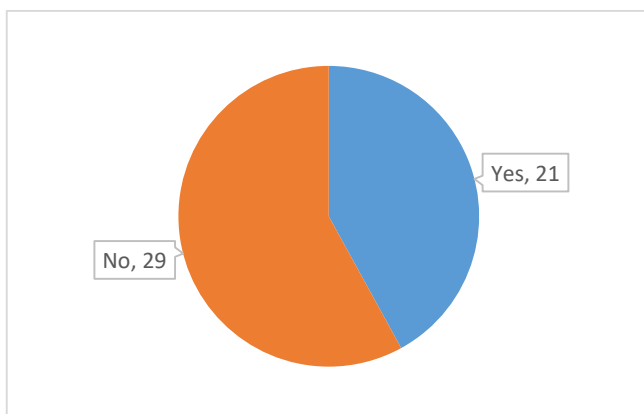
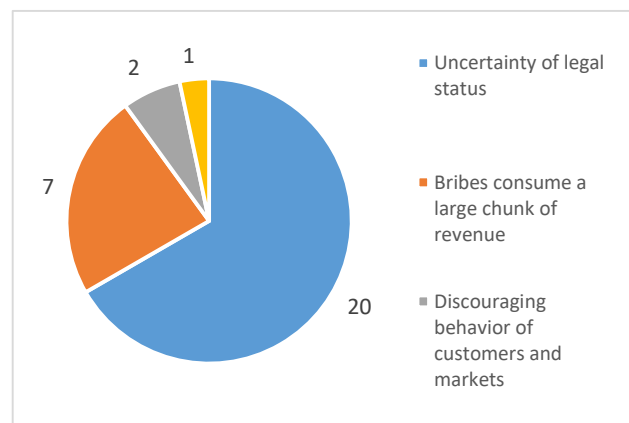


Figure 21: Reasons for Possible Exit-Total Sample



5.8 Khokha Owners Planning to Expand

Half of the khokha owners are willing and planning to expand their business and 19 of them are waiting for a clear policy of government regarding khokhas. Expanding the business can be taken

as a proxy for entering the market. This is because expansion refers to setting up a new khokha. We found that although majority are willing to expand, the major hurdle is the unavailability of a legal framework that can give them a legal status. Moreover, 10 respondents stated that they plan to open a formal business, but unavailability of capital is the major hurdle in expansion. Also, about eight percent were of the view that expansion is risky, and they are risk averse people.

Figure 19: Thinking to Expand -Total Sample

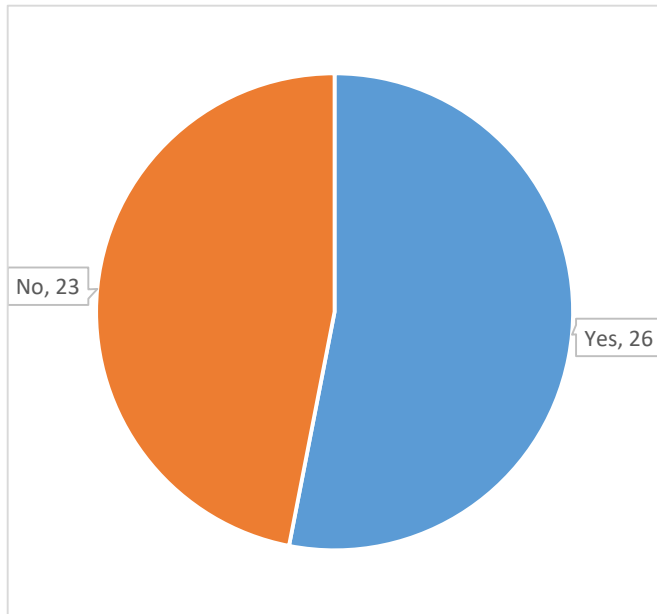
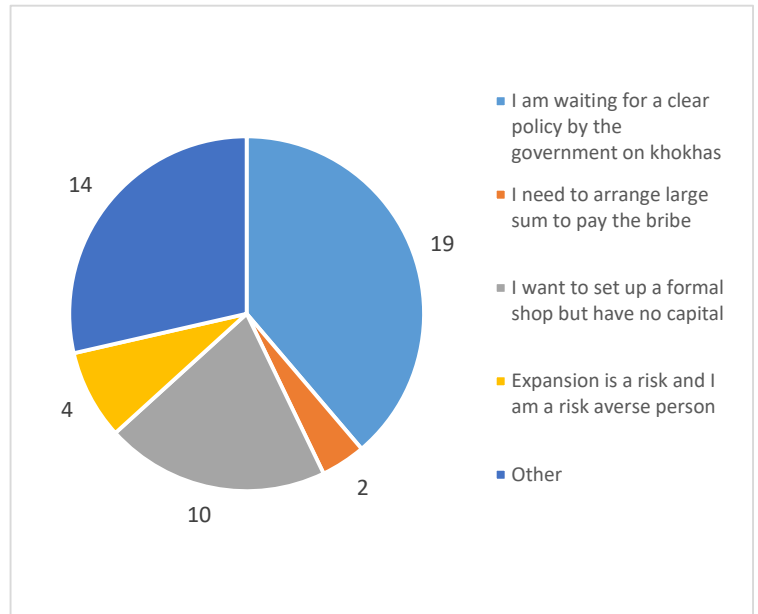


Figure 20: Challenges Faced in Expansion -Total Sample



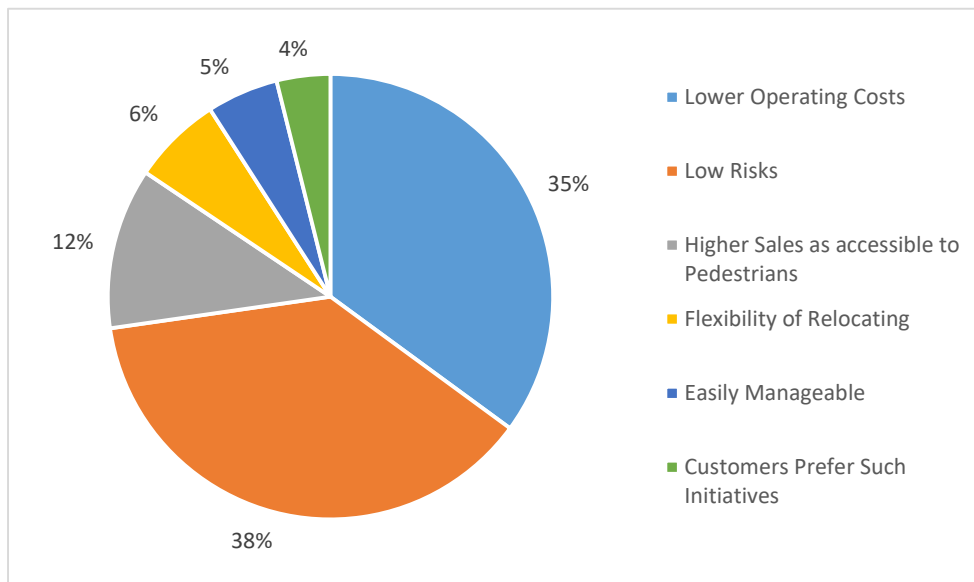
5.9 Advantages of Khokha Over a Shop

More than one-third of the khokha owners perceive Khokha to be a business with relatively lower risk and another one-third perceived lower operating costs as the major benefit of khokhas over shops. When we asked the respondents about what the perceived benefits are of continuing operating in the informal setup, many were of the view that the operating costs such as rents and utilities are very low or non-existent for khokhas.

A few of the respondents also stated that flexibility of khokha is a major benefit as the cart can be relocated to other areas if business shrinks in one locality. Similarly, about 12 percent of the respondents claimed that they have relatively higher sales than the shops because pedestrians purchase from them while walking even when they come without any intention of purchase (See Figure 21).

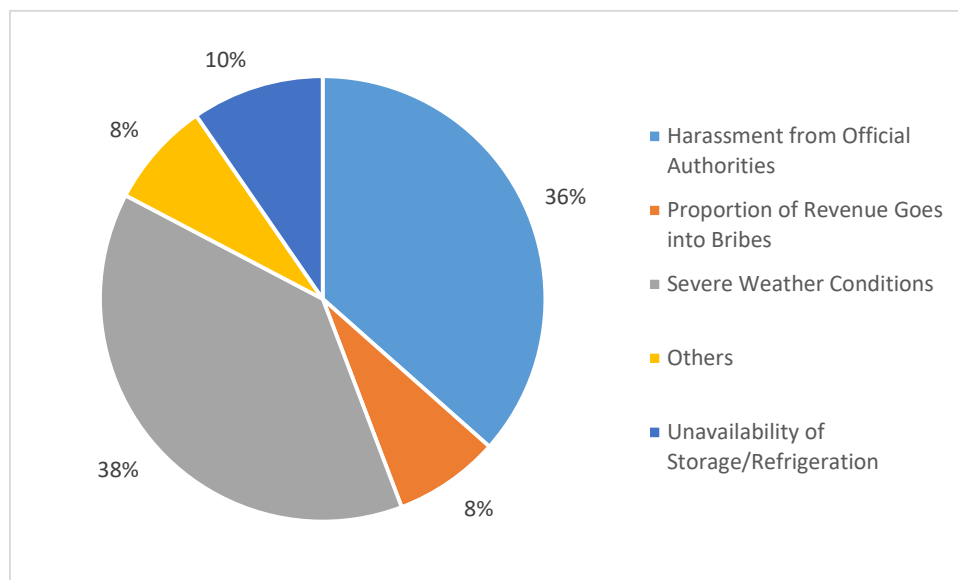
A khokha owner from Lahore shared his view on this as *“I believe, people with limited purchasing power, are the target market to set up this business. Rents and operational cost for khokhas (non-permanent establishments) are not as large as those for stores. Also, I’ve noticed that, due to its proximity to people, it can easily attract buyers in comparison to shops. In addition, unlike shops, khokha is mobile and can be relocated to any location depending on the situation. In my opinion, khokha can easily attract customers due to its proximity to customers, as most people do not stop by shops to buy food because they are in a rush. However, they do stop at khokha because it is convenient to buy food while still in the automobile”*.

Figure 21: Benefits of Khokha over Shops-Total Sample



Harassment from official authorities and proportion of revenue going into bribes is the major disadvantage of running khokha against operating a formal business. Respondents were tired of continuous harassment and wanted to leave the market mainly due to harassment and bribery issues. While around 38 percent of the khokha owners stated that their major trouble was operating in severe weather conditions, as most of them operate in direct sunlight without any shade. Moreover, around 10 percent of the khokha owners cited unavailability of storage and

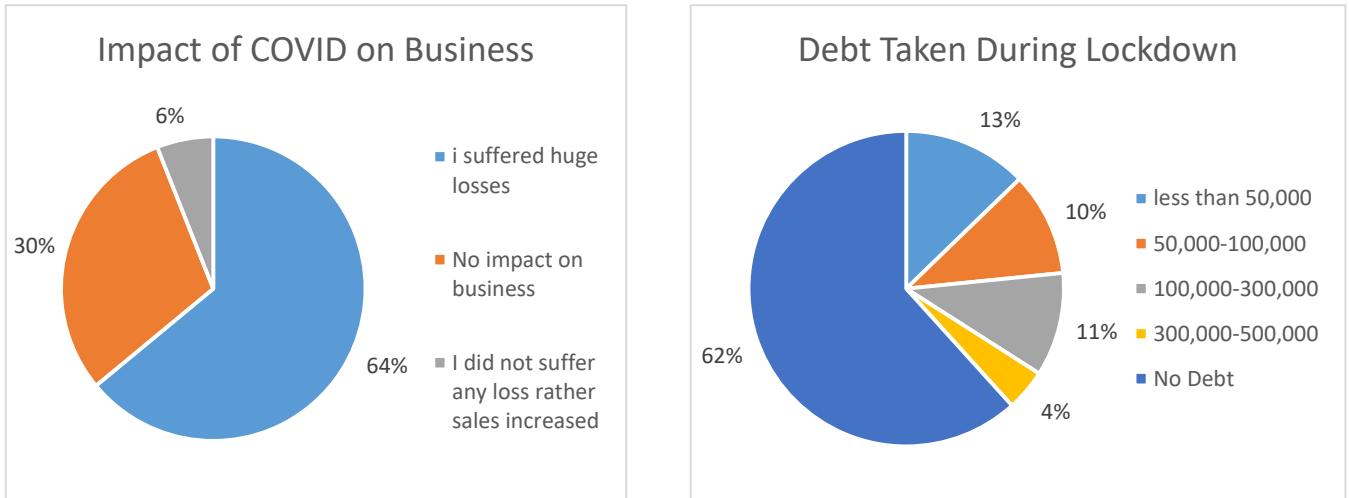
Figure 22: Disadvantages of Khokha over Shops-Total Sample



COVID-19 also adversely hit the khokhas as 64 percent of them suffered huge losses and few took debt near PKR 50,000 during lockdown. Informal economy is a highly vulnerable economy and lockdown during COVID-19 negatively impacted the sales of majority of the khokhas. However, about 30 percent still reported that their business was not closed, and they kept operating. Food trucks and food carts did not fall under the list of closed businesses during lockdown. Moreover,

a small minority of respondents even claimed that their sales during lockdown increased as markets were closed, and customers started purchasing from them. Overall, khokhas were found to be an alternative of the markets and more accessible during such epidemics and pandemics.

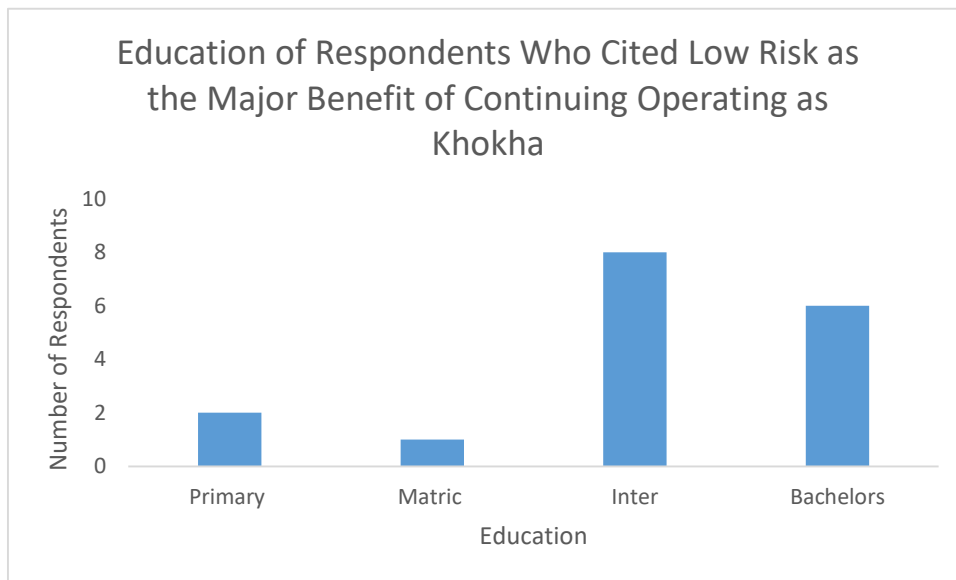
Figure 23: Impact of COVID-19 on Khokha Business



5.10: Education of Khokha Owners and Risk Appetite

Higher education may make an entrepreneur more risk averse. The respondents who stated that they deem low risks in business as the major benefit of khokha are generally the ones with high years of schooling. As shown in Figure 24, the highest number of respondents who mentioned this reason had intermediate (12 years of schooling) while second highest are the ones with a Bachelors (16 years degree). On the contrary, very few respondents with Primary (5 years of schooling) and Matric (10 years of schooling) cited low risk as a benefit of khokha. Our sample only included those who have established a khokha, hence, excluding those who have never entered this market. This relation may also be true for those who never entered the market. Thus, we may assume that education makes a person risk averse, hence, higher education may also serve as a behavioral barrier towards entry to khokha market.

Figure 24: Education and Risk Aversion



CONCLUSION

Street vending or khokha's business is a part of a vibrant city economy. Across the globe, in general and regional economies, in particular, street economy is regularized, taxed and allowed to operate in a competitive manner. Contrary to this, street economy in Pakistan is discouraged due to absence of any legal framework. Most of the khokhas owners work illegally thus face harassment from city's civil administration in the form of regular raids, forced closures, bribery and confiscation of carts/goods. There is no legislation at federal or provincial level for street economy, due to which there exists no mechanism for issuing and trading of licenses of khokhas. This makes the whole street economy unorganized leading to various issues for the local and city administration like congestions, traffic jams, obstruction of roads sides and pathways etc. All entrepreneurs who desire to establish khokhas enter to the street economy at the risk of losses in the form of confiscation, bribes, threats etc. Islamabad is the only city in Pakistan that framed some policy for khokha owners, however, instead of making such policy a role model for the rest of the country, there is a ban on issuing new licenses since 2011 and even the old licenses have been canceled. There is a dire need for making regulations related to street economy so that the ambiguity and uncertainty regarding khokhas may be brought to an end.

Formalization of khokhas would mean having a safe and secure location for vending in the city. It would mean a registered business. The city government will earn fees and taxes while entrepreneurs would enjoy basic rights such as right to work, right to earn without harassment and discrimination. Currently, a vendor finds open and free space and establishes a Khokha on such location without any need of proper permission. This creates a threat for general people as well as for vendors. Moreover, such informal setting facilitates people of underground mafias to grab free spaces and run khokhas on it. A common citizen may hardly bear the cost of confrontation with underground mafias. Thus, such places are generally not secure and safe. In order to provide a secure place for vending, city planners need to identify public spaces for vendors.

There have been examples of formalization in the world where focus is given to imposing costs on street vendors, If the vendors do not benefit from formalization, such formalization cannot be sustainable over time. It is important to note that

- ❖ When formalization implies "moving off the streets" vendors would not earn good income to rent for the stall.
- ❖ When formalization implies "registering the business" or "pay the taxes" vendors would have no reason to become formal.

An initiative to formalize khokhas should consider that support mechanisms which will help the vendors to sustain income over a long period. This may include legal and secure access to good locations, better infrastructure at the vending locations and effective protection from abuse of authority and harassment.

POLICY RECOMMENDATIONS

After review of laws pertaining to street vending in India, Philippines and Thailand, we further investigate the legal frameworks of selected South and North American countries. After a careful review, the following set of policy recommendations from various street vending laws can be drawn for designing a comprehensive legal framework of khokhas in Pakistan.

Vending Site Selection Authority: Before setting up a khokha, the foremost issue is the selection of vending site. A few countries such as Peru, India and Philippines have established authorities at market, ward or zone level for identifying such sites. In Peru, the law defines vending-encouraged, vending-permissible, and no-vending sites. There can also be some flexibility in this regard. Such as in Quito, Ecuador, the law identified nine locations for vending but allowed the Municipal Allocation Committee to allow vending in other sites when it deems feasible²⁴. The Allocation Committee also include three members of vending association. In this way, inclusivity was ensued for such decisions. Per our findings, CDA Islamabad believes that khokhas are damaging the natural beauty of Islamabad in some places, it can preserve such places by earmarking them as no-vending zones. The site selection committee should have some representation from khokha association, so a middle ground is reached efficiently.

Identity Verification and Background Check: Almost every country with a legal framework for khokhas require the applicant to be at least 18 years of age. In Philippines, it is 21 years. In South Africa, licensing authorities are authorized to obtain record of any conviction for the applicants of license from the South African Police²⁵. In Pakistan, the eligibility criteria for licenses should include background check as identity verification is essential for anyone who desires to set up a khokha in any city. A major reason behind demolition of Khokhas in Islamabad was the accusation that criminals had entered in to the khokha business.

Fixed vs Mobile Vending: Islamabad and Lahore are observing the concept of food trucks. Such food trucks are very common in New York, Singapore, Bangkok and other cities of the world. In Buenos Aires, separate permits are issued for mobile and fixed vendors and each vendor is allowed to hold only one type of permit²⁶. In Sao Palo Brazil, there is a separate fee structure for mobile and fixed vendors²⁷. It is important to legislate whether mobile vendors can operate at any location or should their mobility be restricted to a specific zone. Restrictions on mobile vendors can adversely affect them as they would like to cater the needs of customers of different areas. However, restricted zones would benefit consumers as they will know where to find their favorite vendor every day. In any case, separate licenses for mobile and fixed vending can become a suitable approach.

Open vs Restricted Licensing: A major question that evolves in any street vending framework is the upper limit on the issuance of licenses. Should there be an unlimited number of vending licenses, or should it be restricted? Even if restricted, should the restriction be at city level or at neighborhood level? For instance, in New York, the City Administrative Code restricted the total

²⁴ Reglamento de Quito, *supra* note 65, Art. 7 & 9.

²⁵ Businesses Act, *supra* note 53, at (2)(5)(a)-(b).

²⁶ Buenos Aires Ley 1166, *supra* note 94, 11.1.9

²⁷ São Paulo Decreto 33.924, *supra* note 94, at Art. 11, 14.

number of food vendor licenses to 2900²⁸. This resulted in a waiting list of thousands and chances of obtaining a license for a new entrant remains bleak. Whereas, in Philadelphia, each business neighborhood has its own limit of vendors, ranging from three to 100²⁹. Similarly, states of Hong Kong and Singapore also have a licensing cap. An unlimited number of licenses can create overcrowding in the cities, occupying the public space and leaving little for pedestrians. Therefore, the legal framework in Pakistan should come up with a reasonable cap on khokha licenses at the start, however, it should be revised at least once in three years as per the market needs and the number of applicants.

Registration with Health and Tax Departments: Many jurisdictions in Europe and North America require multiple licenses before authorization of work to street vendors. In New York, a vendor requires two licenses from the Department of Health, a food vendor license and a mobile cart license³⁰. Further, all vendors in New York are required to be registered with the sales tax registration authority. This ensures that the health and safety practices are being followed as well as the government is not deprived from the warranted revenue. As Federal Board of Revenue (FBR) Pakistan has also launched a drive to register small businesses with sales tax, registration of street vendors can also be a beneficial step. However, government can devise a discounted sales tax for the street vendors because of the nature of their customers, who are mostly from lower segments of society.

Transparency and Accountability: There should be minimum discretion at the hands of licensing authority to grant the licenses. As seen in CDA 1986 policy, a 20 percent quota was set under discretion of CDA board. Discretion is against the rules of transparency and fairness. In South Africa, the business laws states that a license must be granted to the applicant unless he fails to fulfill the requirement³¹. However, even in such cases, the authority can deny licenses by changing the requirements from time to time. In some cases, higher discretion can allow flexibility in rules that may result in greater number of licenses. Therefore, to safeguards the rights of vendors, the applicants and license holders should be given the right to challenge the verdict of the authority as is the case in South Africa.

Resale and Subletting: In most of the reviewed laws such as that of Philippines, India, Thailand, resale and subletting of licenses is strictly prohibited. This prohibition stems from the concept of fairness. Vending space is a scarce resource and should be distributed on the basis of equity. In Islamabad, we found that few licensed khokha's owners have subleased the khokha at very high rents, compared to the rent they used to pay to the CDA. In this way, the deserving poor people are exploited the licenses are obtained through bidding and if someone undeserving obtains the license, he would sublease it at higher price. This leads towards market inefficiencies. There are generally two exemptions allowed in this case. First, in case of death or permanent illness of the licensee, the license is transferred to the spouse or child. Second, the licensee can employ few assistants for help without obtaining any additional license. This will also generate employment.

²⁸ Street Vending, available at http://www.nyc.gov/html/sbs/nycbiz/downloads/pdf/educational/sector_guides/street_vending.pdf

²⁹ Philadelphia Code, 9-206(10).

³⁰ *Sidewalk Standoff: Street Vendor Regulations are Costly, Confusing, and Leave Many Disgruntled*, (2010), p. 2.

³¹ *Businesses Act*, *supra* note 53, at (2)(4) and (2)(6)(a).

However, such as in Ireland, the licensee will be responsible for any violation even if it is committed by the assistant.

Prevention of Monopolization: Sometimes suppliers use the vending license to extend their sales. For this purpose, the applicant may not be employed by his supplier or should not be a registered small business. In Peru, the law prohibits individuals employed by suppliers or small businesses to apply for street vending license³². In New York, the 1995 city council voted for 'one person-one permit'³³. Such rules ensure that corporations do not exploit the vending licenses by operating hundreds of stalls across major locations and paying very minimal to their employees. One-person one-license rule can be practiced in Pakistan as well, to cater the most deserving individuals.

Provision of Services: The vendors require various services such as (i) solid waste disposal, (ii) toilets for maintaining cleanliness, (iii) electricity, (iv) warehouse and storage, (v) drinking water and (vi) signages and other facilities as required by the vendors and local community. In the Indian Street Vendor Act, all these services are supposed to be provided by the Town Vending Committee. It is important to note that if such services are self-financed from the fees paid by the vendors, vendors would have to pay higher percentage of their income in fees and taxes. Moreover, it is also essential to understand that provision of services by a national authority may bring uniformity across all areas but services by local authority can cater to the local needs. However, availability of funds with the local authorities have remained a major bottleneck in Pakistan. In this scenario, case of study of Peru, Lima can be good example. In Peru, part of the fees paid by vendors is invested in a fund and the income is distributed amongst vendors as social security assistance. Further, decision to use the fees collected from vendors for the provision of services is with a Municipal Board that has members from vendor's associations. This way, the voice of local vendors is also heard in provision of services and use of funds.

³² Lima Ordenanza 002; Reglamento de Quito, *supra* note 65, art. 12

³³ Urban Justice, *Street Vendors Unite!*

Recommendations for Improving the Regulations on Street Vending in New York City, at 4, available at <http://www.urbanjustice.org/pdf/publications/VendorsUnite.pdf>.

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APPENDIX: QUESTIONNAIRE FOR THE KHOKHA OWNERS

RASTA PROJECT 01-037: This questionnaire aims to examine the role of legal framework and Behavioral attitude in facilitating business under Informal sector of Khokhas

Personal Information

1. Gender (M/F)
2. Age
3. Education in years
4. Marital status (Married/Unmarried)
5. Background (Rural/Urban)
6. Overall experience of entrepreneurship in years
7. Experience of entrepreneurship in this place ((in years)
8. Total number of family members
9. Nature of family type: Nucleus /Joint family system
10. Average household expenditure per month:
11. What apply to you out of the below regarding the time you give to this business?
 - a) This is my full-time activity
 - b) This is one section of my business as I am doing business in other places too
 - c) This is my part time activity as I am also doing job in government
 - d) This is my part time activity as I am also doing private job
 - e) This is my full-time activity but I am also doing other earnings activity along with it such as selling & buying of land/goods/etc.
 - f) Other

Information about the khoka

12. Year of starting this setup.
13. Location of the cart:
14. Spot of the cart:
 - a) Sidewalk
 - b) Footpath
 - c) parking lot
 - d) roadside
 - e) park
 - f) outside a shop
15. The type of services you offer under this entrepreneurship:
 - a) Food only
 - b) Food and tea only
 - c) Fruits and vegetables
 - d) General grocery
 - e) Beverages/Juice
 - f) Non-food services/ other
16. Nature of this setup:
 - a) Family setup
 - b) Sole proprietor
 - c) Partnership
 - d) Set up under a registered company name

17. Total number of workers
18. Start of khokha:
 - a) Purchased
 - b) Self-constructed
 - c) inherited
19. Per month wages of worker:
20. The size of this setup relative to other same set up here: small/large/average
21. What is the market value of such set up now a day?
22. What is the average range of minimum to maximum cost for establishing such setup now a days excluding the value of land?
23. What percentage of household expenditure depends on the earnings of this set up
24. What is the average number of customers per day in a normal season?
25. How much it surges in peak season?
26. How much it drops in off season?
27. What are your working hours?
28. What are your working days?
29. What is the minimum level of revenue that is required for covering at least per day cost of this set up?
30. Do you pay any rent? Y/N
31. If yes, what is your per month rent?
32. Who do you pay the rent to?
33. Do you have electricity connection? Y/N
34. If yes, what is your average electricity bill per month?
35. Electricity meter: Shared/Independent.
36. In case of shared electricity meter, did you apply for independent electricity meter Y/N
37. Water connection: Shared/Independent.
38. In case of shared water connection did you apply for independent water connection Y/N

Start of this Khokha

39. What was the total investment for setting up this setup in PKR?
 - a) 50,000-100,000
 - b) 100,000-200,000
 - c) 200,000-500,000
 - d) 500,000-1,000,000
 - e) 1,000,000-2,000,000
 - f) More than 2,000,000
40. How much financing (in %) was arranged for starting this set up out of below? (0 to 100%)
 - a) Loan from bank
 - b) Loan from family
 - c) Loan from friends
 - d) Loan on interest from someone
 - e) Own savings

- f) Funds via Ballot committee
- g) Any other

41. What was the role of the following people in starting up this set up?

- a) Parents:
- b) Family
- c) Friends:
- d) Business partner
- e) Others

42. What applies to this set up out of the following regarding permit/license

- a. Proper application for acquiring permission/permit/ from local authorities for starting this setup was made and the permit was awarded in written form after due process within due time. Yes/no
- b. Proper application for acquiring permission/permit/ from local authorities for starting this set up was made and the permit was awarded in written form after due process but along waiting time. Yes/no
- c. Proper application for acquiring permission/permit/ from local authorities for starting this set up was made but no permit has been granted till now. Yes/no
- d. We tried to get permission and submit the application but we were informed that no chance of permission exists, hence we gave up to take any permit. Yes/no
- e. There is no concept of proper application and we only have the backing of local authority and pay them some money as and when it is required. So money is the permit. Yes/no
- f. There is no concept of proper application and we first started this set up and now keep officials people happy directly or indirectly through money. Yes/no
- g. We only pay rent, and this is the job of owner to provide us all kind of permission and protection Yes/no
- h. Any other-----please specify

43. If you haven't been granted a license, what did you do to enter in an otherwise illegal business

- a) I don't have a license, but I regularly bribe the government officials
- b) I don't have a license, but I have connections with government officials/police, so I am not harassed
- c) I don't have a license and I will remain here till I am evicted, then I will start at some new place

- d) I don't have a license, but I have connections with local market union, and they protect me
 - e) I don't have a license, but I operate at those times/locations when/where officials do not visit regularly
 - f) I have obtained a written permission through my connections with higher-ups
44. Did you pay or were asked for any money (bribe) for seeking the permission to start the setup? Y/N
45. If yes, how much in PKR?
- a. Less than 5,000
 - b. 5,000-15,000
 - c. 15,000-50,000
 - d. 50,000-100,000
 - e. More than 100,000
46. To what extent the following play a significant role in starting this set up
- a) Proper investment plan and deliberation
 - b) A sudden chance
 - c) Motivation from family
 - d) Motivation from friends
 - e) As a last resort after trying for jobs but could not get any
 - f) Motivation from colleagues in office
 - g) Extension of already existing set up
 - h) Good business opportunity
 - i) Earnings from job were not sufficient
 - j) Knowing someone who has operated khokha in the past
 - k) Supporting the local community
 - l) Other
47. Which of the following proved to be a major hurdle for starting this setup?
- a. The behaviour of local authorities
 - b. Uncertainty in legal framework
 - c. Repeated visits to the office of local authorities
 - d. Asking of bribe by local authorities
 - e. The behaviour of family members
 - f. Discouraging remarks from family
 - g. The behaviour of local people/neighbors was not favorable/facilitating for starting this setup
 - h. Behaviour of traffic police
 - i. Behaviour of general Police
 - j. People already doing business here/Market unions
 - k. The behaviour of some unknown people who did not come to front directly.

l. Any other

48. Which of the following proved to be a major support for establishing this setup?

- a) The behaviour of unknown people who did not come to front
- b) Support from local authorities
- c) Support from family members
- d) Support from friends
- e) Support from local political influential people
- f) Any other

Running the business

49. Which of the following issues you have faced while running this set up?

- a) Number of written notice for clearing/leaving this place
- b) Number of times your set up was bulldozed in an operation of local
- c) Number of verbal notice for leaving/clearing this place
- d) Number of capturing the cart/machinery/food
- e) Number of times you have given money (bribe) to local authority/police etc.
- f) Number of times of giving free food/goods/gifts to local authority/police etc.
- g) Number of threats by officials from District Administration/AC/DC
- h) Number of rumors regarding possible eviction
- i) none
- j) Any other

50. Give us the name of 1-3 major challenge for running this setup smoothly?

1-----2-----3-----

51. Apart from the challenges you are facing, do you have to do any of the following for running a smooth business here

- a) I have to pay regular monthly/free food to government official/Police etc.
- b) I have to pay regular money to influential people here
- c) I have to pay regular payment to police
- d) I have to give free food/bribe to local market union here
- e) I have to pay monthly bribe even then I get continuously harassed
- f) The behavior of customers is an issue who are not supportive
- g) I have connections with influential people so I don't pay anything to anyone
- h) I have connections with local people/union so I don't pay anything to anyone
- i) None
- j) Any other

52. What is the average monthly amount, if any, that you have to pay/asked to pay for keeping local authority happy (bribe)?

- a) 1,000-5,000

- b) 5,000-15,000
- c) 15,000-25,000
- d) 25,000-50,000
- e) More than 50,000

53. If your cart has been confiscated ever, for how much time did it remain in the custody?

- a) 1-2 days
- b) 2-5 days
- c) 5-15 days
- d) 15-30 days
- e) 30-60 days
- f) More than 60 days

54. What kind of loss was inflicted to you if your cart was confiscated?

- a. Cart was damaged
- b. Food was destroyed/eaten
- c. Sales were zero as business remained close
- d. Had to pay bribe to get back the cart
- e. Legal fees for bail of workers/fines

55. How much loss was occurred in monetary terms during the time your cart was confiscated by officials, if it ever happened?

- a) 1,000-10,000
- b) 10,000-25,000
- c) 25,000-50,000
- d) 50,000-100,000
- e) 100,000-200,000
- f) 200,000-350,000
- g) More than 350,000

56. If you have exited from the khokha business in the past, which of the following factors could explain such exit?

- a) The inconsistency of the government policy on khokhas
- b) The losses that I born due to demolishment/eviction/confiscation of goods
- c) I declined to pay any bribe and was forced to leave
- d) I paid the bribes, but I could not afford to pay it regularly
- e) Due to ambiguity in legal status, this could not become a source of sustainable income
- f) The mental stress that was caused due to continuous threats
- g) Friends and family never accepted this profession for me
- h) Owner of the land asked to evict
- i) Any other

57. Are you thinking to quit/leave this set up in near future? Y/N

58. If Yes, what might be the major reasons

- a. Uncertainty of legal status causing mental stress
 - b. Cannot afford to pay regular bribes as they consume a large chunk of revenue
 - c. I do not want to pay bribes as it is a sin
 - d. I want to move towards some respectable work as here I am always harassed
 - e. Attitude of consumers is discouraging, and sales are not good
 - f. I am unable to run my home expenditure with the income from this setup
59. Are you willing to transform this set up into a formal/legal setup (Y/N)
60. Do you think of selling this setup in near future? Y/N
61. How much will you ask if someone is interested to purchase this set up
62. Are you planning to expand this set up? Y/N
63. In case of yes which of the following challenges applied to you
- a) I want to expand but due to legal issues cannot do
 - b) I am waiting for a clear policy by the government on khokhas
 - c) I am waiting to get a license/permission before expanding
 - d) I need to arrange large sum to pay the bribe for establishing a new setup
 - e) I was paying bribes still I was not being protected
 - f) I want to set up a formal shop and have to save a lot.
 - g) I am looking for renting a place where authority officials cannot intervene
 - h) Any other
64. In case of NO, which applies to you?
- a) The lack of consistency of policy
 - b) The fear of loss due to possible demolishment
 - c) I won't expand till I get connections with influential people
 - d) I don't have the money to expand
 - e) I cannot expand because my business is running due to the specific location only and opening khokha on some other place will not attract the customers
 - f) Any other
65. What are the costs of running a khokha as compared to running a shop/restaurant?
- a) Absence of legal framework leading towards harassment from official authorities
 - b) Proportion of revenue goes into bribes
 - c) Severe weather conditions have negative impact
 - d) Difficult to find investors for expansion
 - e) Uncertainty of income
 - f) Can only be expanded to a limited extent due to unavailability of storage/refrigeration etc.
 - g) Maintaining the hygiene is difficult
 - h) Maintenance of the cart/khokha is difficult
 - i) Any other

66. What are the benefits of running a khokha as compared to running a shop/restaurant?

- a) Can be started with relatively lower cost
- b) Very low operating costs
- c) People on the go can stop and purchase from us, hence higher sales
- d) Flexibility of relocating to markets/areas with better opportunities
- e) Easily Manageable
- f) Customers prefer such initiatives
- g) Any other

The impact of COVID-19

67. What has been the impact of COVID related lockdown on your business? Tick the one that apply on you?

- a) I suffered losses (Y/N):
- b) In case of Yes, the total amount of loss is
- c) I accumulated debt (Y/N).
- d) In case of yes what is the total amount of debt
- e) I did not suffer any loss, however, my sale dropped: Y/N in case of yes, how much sale dropped as compared to normal days
- f) I tried to sell the setup but did not find anyone to buy (Y/N) In case of Yes, how much price you were willing to sell:
- g) I just closed the set up and was waiting for normal days: Y/N
- h) I sold out the set up during this time Y/N in case of Yes, sale price:
- i) I did not suffer any loss, rather my sale increased: Y/N
- j) Any other

68. I got financial support during lock down: Y/N

In case of Yes from whom (Govt/NGO/Family/Friends/etc.) and how much

69. I will recover the loss soon: Y/N

In case of Yes in how much time