Embedded livelihoods: Understanding the structure of street vending markets in Patna, India

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- India's Street Vendors Act of 2014 treats vendors as mobile agents who can be individually licensed and relocated. Survey evidence from 2,922 vendors in Patna shows this model is inconsistent with how the sector actually operates: vendors are deeply embedded in mutually reinforcing social, spatial, and economic structures that make individual relocation costly.
- Eighty per cent of vendors cite co-location with other vendors as a key benefit, 99% have never changed marketplace, and over half buy from fixed suppliers. Disrupting any one of these layers risks unravelling the others.
- Awareness of the Act is near-zero (1.3%), 90% of vendors face regular eviction drives and over 40% report moderate-to-high psychological distress. The regulatory environment undermines the livelihoods that the Act was designed to protect.
- These findings suggest that effective formalisation will need to work with the structure of vendor markets rather than against it. This includes accounting for coordination challenges in relocation, preserving agglomeration benefits, and situating vending zones where demand already exists.

This brief summarises findings from a comprehensive survey of street vendors in Patna, Bihar. It documents the structural features of vending markets that help explain why India's flagship vending legislation has not reached the population it was designed to protect, and identifies considerations for future policy design.

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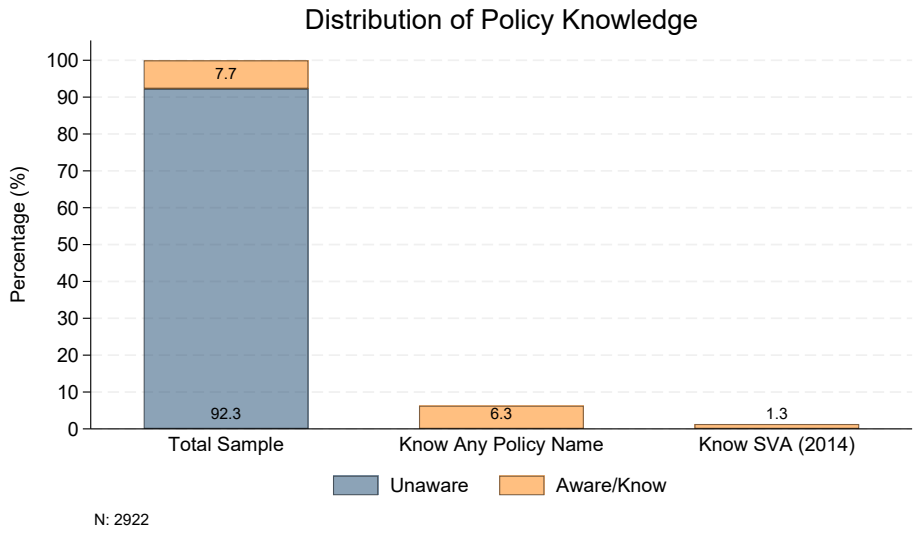
The policy issue

The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014, is India's principal legislation governing street vending. It mandates city governments to survey all street vendors, issue certificates of vending, and designate formal vending zones. Vendors accommodated in these zones receive legal recognition and protection from eviction.

A decade since it was passed, implementation in Patna has largely stalled. Fewer than 2% of vendors are aware that the Act exists, only 20% hold a vending certificate, and one in three lost goods or were forcibly displaced in the six months before our survey. Nearly 90% operate in marketplaces that face regular eviction drives.

Figure 1: Policy Awareness



The Act is implicitly built on the assumption that vendors are mobile, atomistic agents who can be reassigned to designated zones with manageable disruption to their livelihoods. Our evidence suggests this assumption is inconsistent with the structure of the sector.

Research approach

We surveyed 2,922 stationary street vendors selling produce and street food across 206 marketplaces in 40 wards of Patna between June and October 2025 (Figure 2). The survey covered demographics, entry pathways, location choices, procurement, pricing, labour, earnings, health, and regulatory exposure. We supplemented this with vendors' geo-location data from the Patna Municipal Corporation's vendor registry, the World Bank's Enterprise Surveys of the Informal Sector, and Google Places amenity data.

Figure 2: Geo-location of street vendors in survey sample

Key findings: Three layers of embeddedness

Our data document three overlapping dimensions of what we term "embeddedness" in vendor livelihoods. Each is grounded in directly observable survey responses.

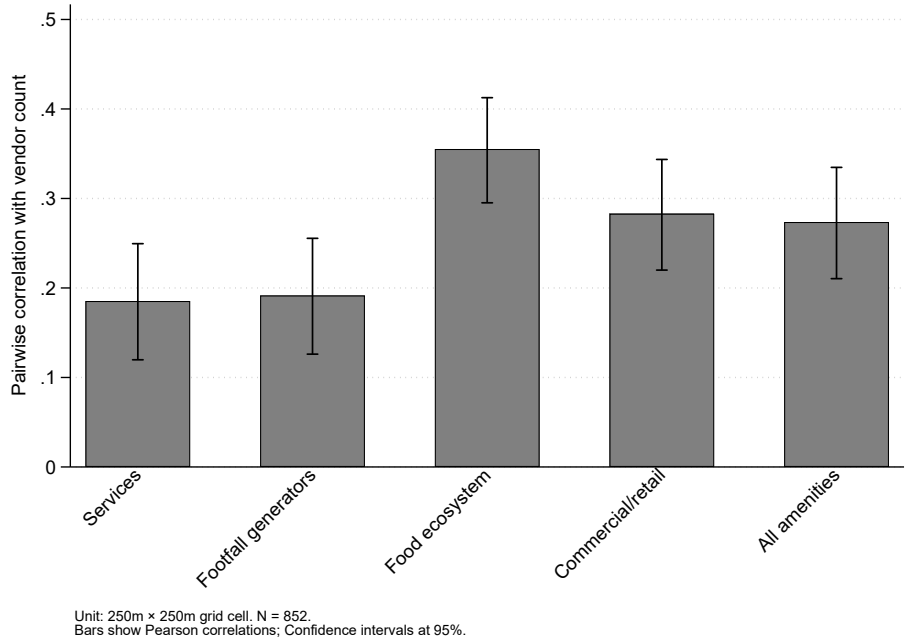
Social embeddedness

Entry into vending is not an individual economic decision. About two-thirds of vendors entered through family channels: joining an established family business or following a family trade. Among vendors with helpers, 90.5% rely exclusively on family members. The household, rather than the individual, is the operative unit of this sector. The sector is concentrated among historically disadvantaged communities: 97% of vendors in the sample belong to Backward Castes or Scheduled Castes/Tribes, consistent with the role of caste in channelling those with the fewest alternatives into informal work.

Spatial embeddedness

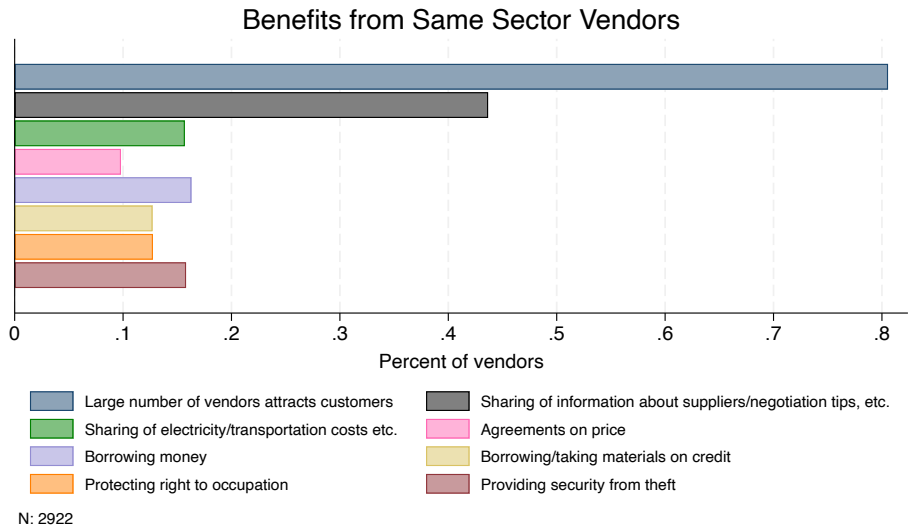
99% of vendors have always vended in their current marketplace, and 53% have been in business for over ten years. Vendors cluster where demand is concentrated: their spatial distribution closely mirrors commercial amenity density across the city (Figure 3), and they derive substantial benefits from clustering. Within markets, vendors cluster close to other vendors, with the median distance to neighbours just three metres.

Figure 3: Pairwise Correlations of Vendor Counts and Different Types of Amenities in 250 m grids



80% cite the fact that a large number of vendors attracts customers as a key benefit of their location (Figure 4). Vendors also report sharing supplier information, coordinating informally on pricing, borrowing money and materials from neighbours, and providing collective security against eviction. A vendor's location is not simply a spot on a pavement; it is a node in a web of relationships that generates economic value.

Figure 4: Self-reported benefits from clustering with same-sector vendors



Economic embeddedness

Over half of vendors buy consistently from the same supplier or set of suppliers. These are ongoing relational ties built on trust, credit, and repeated interaction, which provide vendors with reliable quality, preferential pricing, and access to informal credit. These supplier relationships were built around a specific location, through years of operating in the same wholesale market corridor.

Why do the three layers matter together

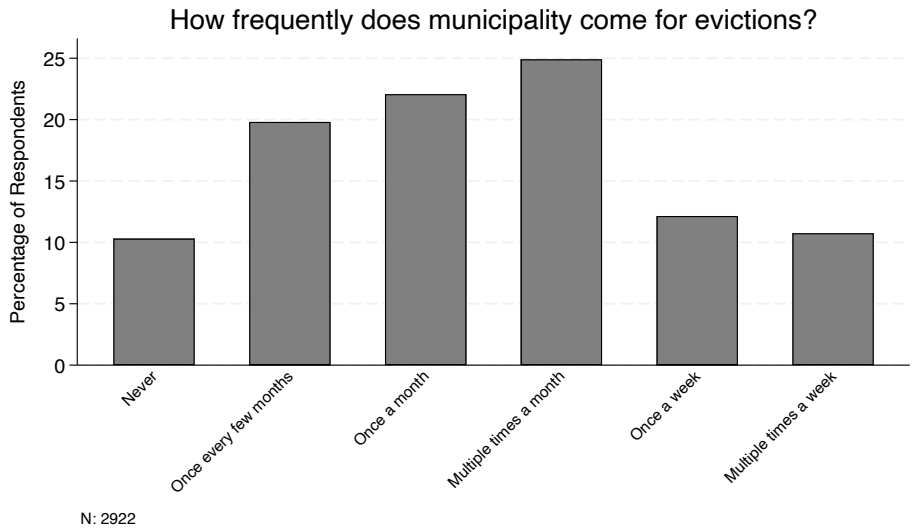
Each of these dimensions has been studied in isolation in the economics literature. What our data reveal is that in street vending, all three operate simultaneously and are mutually reinforcing. A vendor's location is valuable partly because of the supplier relationships built around it. Those relationships are stable partly because the family labour arrangements that sustain them are tied to that location. The agglomeration benefits that attract customers depend on the co-presence of specific neighbouring vendors, built up over years of operating in the same market.

This interdependence helps explain why relocation policies targeting individual vendors have not succeeded. A vendor who relocates alone loses the agglomeration benefits that sustain their livelihood. A vendor who waits for neighbours to move first faces a coordination problem that individual licensing offers no mechanism to resolve. The result is an equilibrium in which few vendors move, not because they are irrational or uninformed, but because unilateral relocation is individually costly even when collective relocation might be jointly beneficial.

The regulatory environment

The regulatory environment compounds the problem. Rather than providing the protections envisaged by the Act, it functions primarily as a source of coercive pressure. In the six months before our survey, 33% of vendors faced eviction or confiscation of goods and 43% experienced harassment by local authorities. Over half believe the local government does not care about their welfare.

Figure 5: Frequency of evictions reported by vendors



Over 40% of vendors score in the moderate-to-high psychological distress range on the Kessler 6 scale. While we cannot establish causality from cross-sectional data, these elevated rates are consistent with the chronic stress associated with income volatility, eviction exposure, and long working hours without social protection studied in the literature.

Considerations for policy design

This research does not identify what the optimal formalisation policy is. Doing so requires causal evidence on how vendors respond to specific interventions, how agglomeration benefits are valued, and how coordination problems can be resolved. However, the findings identify structural features of vending markets that any effective policy will need to account for.

- *Information provision:* With only 1.3% of vendors aware of the Act, any formalisation effort will need to begin with sustained information dissemination. The finding that 70% of vendors own smartphones and 88% use digital payments suggests that mobile-based outreach is feasible.

- *Coordination in relocation:* Because vendor livelihoods depend on the co-presence of other vendors, individual licensing is unlikely to overcome the coordination problem documented here. Policy design should consider group-based approaches, such as phased, marketplace-by-marketplace relocation, that preserve existing market structures.

- *Location of vending zones:* Vendors cluster along main roads and near commercial establishments because that is where customer demand is concentrated. Designated vending zones situated in peripheral

locations with low foot traffic are unlikely to attract voluntary participation.

- *Infrastructure provision:* Storage facilities, weather protection, and sanitation are largely absent at current vending sites. Providing these in formalised zones could address sources of income volatility and health burden and may serve as a tangible incentive for participation.
- *Enforcement conditionality:* The current regime of regular eviction drives in the absence of viable alternative spaces harms vendor welfare without advancing formalisation objectives. The evidence suggests enforcement should be linked to the actual availability of suitable alternative vending locations.

References

Jain, M. & Singh, L. (2026). *Embedded Livelihoods: The Structure of Street Vending Markets in India.* IGC Working Paper.