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The rise of corporate retailing and the impacts on small-scale retailing: the survival strategies of Kirana stores and informal street vendors in Durgapur, India

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Abstract

In many developing world economies in recent years, the state has been seen to encourage neoliberal economic expansion policies. This has involved both large-scale foreign corporations and sometimes large-scale domestic corporations. Many studies have discussed the new landscapes of economic hardship and the impacts on small businesses. The aim of this paper is to argue that the impacts on small traders are in fact more complex and varied than usually appears in the literature. The research is conducted in the industrial city of Durgapur in the Bardhaman district of West Bengal, India. First it is argued that the impact has been greatest on the 'kirana' owners, operating small convenience type stores with legalized trading arrangements and fixed premises. On the other hand, the street vendors (often unlicensed and having no fixed premises) seem not to be affected in terms of customer loss and indeed could be seen to be doing well against the backcloth of neoliberal expansion. In fact we argue that the growth in the number of street vendors provides as much of a threat to future livelihoods for traditional kirana owners as the growth of large corporations itself.

Keywords: domestic neoliberalism, traditional retailing, kiranas, street vendors, resilience strategies

Introduction

Around the world, retail power is increasingly being concentrated into the hands of a small number of elite and powerful transnational corporations (TNCs). In many countries, this growth is being driven by a new set of global retailers who have rapidly expanded the scope and scale of their store networks whilst also increasing global sourcing networks (Coe & Hess 2005, Coe & Wrigley 2007: see Arora 2017 for an Indian case study). The reasons for this growth are explored in detail elsewhere (for example see Dawson et al 2003, Coe & Wrigley, 2007). Reardon et al (2003) have coined the phrase ‘supermarketization’ to signify the rapid growth of modern retail structures especially in developing countries. However, the transformations of retail landscapes should not always be associated with TNCs from overseas. In more protected markets, retail growth and power can be facilitated by large domestic firms. This is the case, for example, in many regions of India, where large domestic corporate firms offering a wider range of products at cheaper prices have had a significant impact on traditional small-scale retailing (i.e. the stand-alone formats usually run on a family basis with very limited access to capital). In contrast, the small-scale traditional domestic sector has struggled with their very limited inventories and an inadequate investment capacity.

There is now a wealth of studies examining the impact of the growth in retail power, be it global or domestic, on small, independent businesses especially in the developing world. We review that literature in more depth in the next section. Alongside a literature from retail studies, there is also an emerging literature which explains the process of corporate growth through links to debates on the growing importance of neoliberalism around the world. Neoliberalism involves capital market liberalization (including deregulation of goods/services and labour markets) combined with reductions in public expenditures (Portes, 1997; Harvey, 2007). It generally favours private sector investments over public sector. Although a detailed discussion of neoliberal policies takes us beyond the scope of this paper we should note that neoliberalism is a much contested concept and it will undoubtedly take different forms in different regions. Indeed, Peck et al (2009: 53) criticize the “one-size-fits-all model” of neoliberal policies that hypothesizes that the results will be identical upon the imposition of free-markets without considering the circumstantial context-specific institutional and policy settings. Thus, it is a context-dependent regulatory practice (Brennar et al 2010) and it is important to appreciate that the circumstances we report in our case study of West Bengal (WB) may be very different in other cities and regions.

The aim of this paper is to explore the impact of modern supermarkets owned by large domestic firms on traditional small-scale retailers and street vendors and their coping strategies in the industrial city of Durgapur, in WB, India. Retailing has maintained a crucial significance in the Indian economy, creating the second largest employment sector (after agriculture) and is dominated by small-scale businesses and family-run shops (Gooptu, 2009). However, as noted above, a recent ‘retail boom’ has been backed by investments from domestic corporations leading to a growing presence of modern outlets including supermarkets and hypermarkets, department stores and purpose-built shopping malls. Against this backdrop, we aim to understand how this has affected the livelihoods of small traditional retailers in Durgapur. The contribution of the paper is threefold. First, we argue that there has been little discussion to date on whether these impacts have been equally felt by different types of small-scale retailers. Thus, we argue that it is important to divide the small-scale sector into two major categories: first the fixed, legitimate small shops called ‘kiranas’ and second the informal street vendors. We argue that the impacts of large-scale retailers on these two forms of small-scale retailing are actually very different and this differentiation is rarely alluded to in the literature. Second, we examine how both these small-scale sectors are being affected and what coping strategies they have tended to adopt. Here we introduce ideas around resistance and resilience. By using the narratives from local interviews, we later show that many of the supposed advantages of the smaller retailers suggested in the literature should actually be challenged. Third, and again rarely discussed in the literature, we show that for the kirana owners

significant competition may actually come from below as well as above: i.e., that the street vendors actually pose as great a threat to business livelihoods as the large-scale corporate players. This research, therefore, helps to unpack debates surrounding the rudimentary weaknesses of the traditional sector and emphasizes that the rise of the large corporate retailers has not only affected the livelihoods of traditional retailers, but also has indirectly led to an internal battle among the different types of traditional small-scale retailing.

The rest of the paper is structured as follows. First we review the main literatures around the growth of large-scale corporate retail chains and the impacts that this growth has had on traditional small-scale retailers. We also review the discussions on resilience and coping strategies. Then we briefly introduce the study area and its retail structure. Following this we present, through the narratives of the shop owners, a case study which highlights the problems faced and the potential solutions being adopted by both the kirana and the street vendors in Durgapur. In the concluding section we summarize our arguments as well as offering thoughts on potential issues to consider in the construction of future urban policy.

The impact of the rise of corporate retailing in the global south

Altenburg et al (2016) note that retail change in developing countries has been rapid and local family-run stores in the global South have had little time to adapt unlike small retailers in the global North where the retail transition took “several decades” providing small-scale firms enough time to “learn and adapt” (Altenburg et al, 2016: 3). Of course the scale of retail change in both the global North and South has varied between countries. Brown (1987) has challenged the concept of the ‘predictable nature of retail change’ as the environment of such change itself is highly unpredictable, dynamic and fragmented by nature, as retail transformation can be driven by many different factors. Furthermore, the trend of North-South expansion of modern large-scale retailing is now being replaced to a degree by a South-South expansion, indicating an overwhelming drift of market capture by the locally developed retail chains (Kulke & Suwala, 2016).

There are a number of issues in the literature concerning the impacts of the growth of large-scale retail firms in the developing world. The first issue relates to the changing nature of the consumer in the global south – i.e. that the impact of large-scale retailing is greatest on the growing middle class and young aspiring shoppers within developing countries (although it is interesting to reflect on whether the rise of the middle class drives retail change or merely responds most enthusiastically when change arrives). Since the post-independence period, the Indian middle class has emerged as a powerful consumer group typically representing a group of salaried professionals that has “often hijacked the state apparatus and policies for its own benefits” (Jodhka & Prakash, 2011: 46). According to Varma (2007) the liberalization of markets post 1990 was mainly driven by the rising consumption power of this class which has increasingly offered a “viable market-base and cultural universe” for global corporations (Jodhka & Prakash, 2011: 43). In the Indian grocery sector, for example, the current retail landscape is beginning to see middle class customers shift from traditional small-scale retailers to the supermarkets and hypermarkets, placing a great strain on the finances of the former. To add to the problem, the new spaces of large-scale grocery retailing are often only part of a wider urban dynamic – a new urban policy -- which may also include new office space, professional housing and shopping centres. Whilst these so-called neoliberal entrepreneurial urban strategies ambitiously claim to improve quality of life for the local population, they often overlook the livelihood issues of those whose daily subsistence is generated in public spaces (Crossa, 2009,2016; Bromley & Mackie 2009). Raiding

'illegal' street markets and confiscating the inventories of street vendors by municipal authorities is common in India as the vision of creating 'world-class cities' often induces the authorities to restrict illegal encroachments (Roy, 2003, 2009).

The second issue is the main focus of much of the literature – how the pricing strategies of modern retailers impact on small-scale retailers (Minten 2008, Roy 2014). Fels (2009) argues that the focus of attention on the impact of modern retailing, with their advantageous economies of scale in procurement and well-organized distribution systems, has been mainly centred on the displacement of small traditional retailers. It is argued that the large powerful corporate retailers offer diverse products of higher quality at lower costs, helping them to gain competitive advantages over traditional, small-scale retailers (Reardon 2005). In addition, small traditional retailers lack the ability to take advantage of considerable volume discounts or trade allowances enjoyed by the big retail corporate chains (D'Andrea et al, 2006).

Third, the literature on the impacts of these new neoliberal markets also contains a number of papers on resilience and the coping strategies of small-scale retailers. However, as with the term neoliberalism, the term resistance is a contested one. Appel et al (2014:151) suggest that all reactions to neoliberalized economic expansion and related structural transformations have often been addressed “by using the umbrella term resistance”. Baron et al (2012) argue that resistance, resilience and reworking could all be used in different circumstances. ‘Resistance’ is “more conscious acts of opposition that confronts and tries to redress historically and geographically specific conditions of oppression and exploitation” (Katz, 2012: 239). Indeed, Indian retailing is perceived to have been “very oppositional” (as far as the local modern operators are concerned) almost blocking the channels of retail FDI (Baron et.al, 2012:98, Franz 2010). According to Baron et al (2012) resilience relates to situations where large scale retailers dominate parts of the market but small-scale retailers maintain their activities (often in locations where large retailers are not present) whilst reworking involves more conscious attempts of survival where small-retailers strategically react and find new ways to remain competitive. Baron et al (2012) found that resistance, resilience and reworking clearly overlap in the context of India. The coping strategies we discuss below seemingly fall into the category of reworking more than resistance or resilience.

In terms of survival tactics, small retailers have some advantages. First, they may benefit from instabilities in relation to cash flow for low income consumers. Smaller incomes and higher frequency of purchases do not allow high levels of expenditure to be spent at a distant supermarket in one go. Also, the supermarket chains often struggle to capture market share in low income retail sectors because of the popularity of small retailers specifically in fresh food retailing ('wet'/'street-markets') (Humphrey, 2007, Maruyama & Trung, 2007, Roy 2014). Based on her empirical studies in India, Rani (2013) also considers the personal attachment between customers and traditional retailers to be a worthwhile coping strategy. It is often remarked that the opportunity to chat and approach neighbourhood retailers allows the customer to take the opportunity to negotiate, bargain or even obtain credit (which is never entertained in the highly professional environment of a modern supermarket). In addition, some small retailers have invoked new tactics – for example, trading continuously after receiving temporary permits for festival periods and trying to avoid police raids by seeking the protection of permanent shop owners who may hide them and their products should the police arrive (Crossa 2009: see also Chatterji & Roy's (2016) study of 'resilience' in Kolkata).

A major conclusion of this broad literature review is that the impacts of the growth of large corporate retail chains (whether foreign or domestic) have been largely concentrated on small-scale retail outlets, which find it increasingly difficult to compete on price and product range. However, a central question remains: are the impacts the same on kiranas and informal vendors and to what extent do the coping

strategies vary between them? This is rarely discussed in the literature. This paper consequently subdivides the small-scale retailing sector and explores the impacts (and coping strategies) for both the kirana shop owners and the (sometimes unlicensed) street vendors in turn, highlighting very different pictures of concern and impact. Indeed, we conclude that it might be argued there is as much growing competition between the small-scale sectors as between the large corporate firms and the small-scale retail sector in general. Before we explore these issues it is necessary to briefly describe our case study location and its retail structure as well as our sample selection methodology.

Retailing in Durgapur

Durgapur is a small non-metro city functioning as a major economic space with a number of manufacturing industries, including the state's largest industrial entity -- the Durgapur Steel Plant run by Steel Authority of India Ltd (SAIL) (Bhattacharya & Sanyal, 2011). It is a planned city initiated as a series of industrial townships. Since the beginning of the 21st century, the expansion of the education and information technology sectors has opened up further job opportunities. The population is now around 600,000, according to the Census of India 2011. However, in the 1990s the Government in WB took initiatives to encourage neoliberalism to overcome economic stagnation due to slow growth in agriculture and industry (Khasnabis, 2008). These state government's initiatives in urban governance reforms involved decentralized planning experiments, quite ahead of other Indian regional states (Samanta, 2010). So now, Durgapur has a mixed retail structure consisting of large modern outlets and low-cost traditional retailing. The leading domestic multi-brand retail chains are Big Bazar and Food Bazar (run by the Future group), Spencer's (run by R.P. Goenka Ltd.), More (run by Aditya Birla Ltd.) and Arambagh's Food Mart (run by Arambagh's). The traditional small-scale retailing environment reflects a mix of certain types of outlets with their respective characteristics and investment capacities

The small-scale retailers consist of two main formats: kiranas (i.e. the largest of which are the 'Mom-and-pop' stores) and the street vendors, with semi-permanent or mobile facilities. The kiranas are usually small convenience stores and are typically family-run licensed retail businesses in fixed unit outlets with limited inventories of food and groceries. Our fieldwork found that most kiranas are less than 46.45 sq. metres and are reported to have inventories of less than INR 1 million (US\$14,600, as of June, 2018). The kiranas are generally run using family labour with perhaps a few hired employees. They are often rural migrants. In contrast, the street vendors are "necessity-based entrepreneurs" (Wongtada, 2014: 56) having only semi-permanent or mobile set-ups with very limited investments. They are found throughout the city and range from unlicensed street stalls, kiosks and mobile vans to traders operating on street corners. They tend to sell a more limited line of household and grocery products, soft drinks and, most often, street food as well as fruit and vegetables to passing customers. The stock tends to be obtained on a daily basis and unsold items are taken back home (or even sold on route to home). The average working hours for almost all categories of traditional retailers is 11-12 hours a day.

Interviews

In order to elicit the opinions of key stakeholders, comprehensive field interviews were conducted over a four-week period allowing access to 34 traditional retailers (19 kirana owners and 15 semi-permanent/mobile retailers) at different locations around Durgapur city. The study areas were selected on the basis of their locational importance; e.g. at major transportation nodes and in key residential neighbourhoods and commercial areas. These locations were intentionally selected so that the impacts

on traditional retailing can be examined in both areas of high competition (where the consumers get multiple options in terms of small and large-scale retailing) and in more residential areas where competition is less for the small-retailers.

In the following section, the outcomes of the interviews will be discussed to examine the impacts of neoliberal expansion and the defensive strategies of traditional low-cost retailers.

Kiranas and the struggle for survival

The aim of this section is to revisit the main impacts suggested in the literature and to understand the coping strategies of the owners of the kiranas in light of the threats identified in the previous section. First, it is evident that the kirana owners are struggling in the face of this new competition. Of the 19 licensed kirana owners interviewed, all of them reported reductions in revenue following the growth of the large supermarket chains. Indeed, they specified more than 50% reductions in sales over the last 5 years. The interviews confirmed the main competitive disadvantages of these licensed store owners, with size preventing favourable economies of scale, leading to higher sourcing costs along with higher operational costs. Greater costs also included rising taxes associated with running a legal establishment. The general problems were well articulated by Mira Chanda, a middle-aged lady running a small grocery store of around 10 sq. metres at Daily Market.ⁱ

“We are low-cost retailers. How can we compete with those giants like Big Bazar or More? Still we try our best to satisfy customers but maybe the appearance of my shop does not attract anyone. Renovation and restoration would need a huge amount of money. Where would I get that? We are already laden in debts to the Mahajan (private money lender) for our daily existence. Now my husband is working at a construction site to provide some extra financial aid. I do not know if this struggle has an end or not.” (January, 2015)

A number of the narratives below also explore the direct impact on employment. For example, Surya Adhikary runs a 40 sq. metres kirana with the help of a hired hand from his extended family, having removed the cost of hired labourers he used to have when times were good:

“I used to have 4 employees 10 years back when traditional retailers like us used to dominate the Durgapur retail sector.... But you can see my condition right now. Now I have only one helping hand in my store, and that is my own cousin who works for me for a nominal wage... Since this chap didn't have a job I asked him to help me rather than staying completely jobless.” (January, 2015)

The consequences of these pressures are also an increase in stress and mental health problems. The seriousness of the issue was prominent in the words of Shyamal Khatua, a licensed kirana owner with a 29sq. metres store in Chandidas Market:

“I sometimes think of opting for working somewhere else. Why not in a shopping mall? At least a guaranteed salary will be received by the end of each month. This business has become a burden with endless worries. It is unbearable to spend sleepless nights at the age of 50.” (January, 2015)

The fear over job security among traditional retailers was so severe that none of them want their children to continue the business. However, at the same time they work tirelessly to safeguard their entrepreneurial status. Traditionally, small-scale retailing has been considered to be a shelter for the numerous educated unemployed and surplus labour. Reardon (2005) and Mukherjee and Patel (2005) have argued that modern corporate retailing has the potential to create jobs to offset those lost in the independent sector (with possibly better pay and job conditions). However, the interviews here show

that these small-scale traders would not be happy losing their entrepreneurial status by becoming a hired employee of some large firm. The majority desperately want to hang on to their own businesses – we have already seen that Mira Chanda’s husband has become a construction labourer to supplement their income so that their 10 sq. metres store can be ‘saved’.

So how can the kirana owners survive these changes? Earlier we discussed ‘resilience’ and coping strategies, especially the perceived advantages of the kirana retailers in terms of retail offer and strategy. Most of the tactics we discuss below would fit the idea of ‘reworking’ in the terminology of Baron et al (2012). That is, we show how the kirana owners are reacting to the supermarkets and finding new ways of remaining competitive. We will now explore a number of these actions in more detail. First is an attempt to overcome the lack of purchasing power compared to the large corporate chains. One coping strategy involves pooling resources. Surya Adhikary for example, a college graduate with a postgraduate diploma in management studies, showed he had enough confidence to devise a strategic plan to compete with the multi-retailing giants like Big Bazar. He explained his innovative strategy:

“Big Bazar is selling an induction cooker [from the popular brand Prestige] at INR 2650 while I am selling the same item at INR 2450. This has been possible by mutual cooperation with a few retailers. Say Big Bazar is purchasing in bulk -- say 100 cookers at a time -- which is not possible for me alone. But if 10 retailers come together with the intention to compete with Big Bazar, it can be made to happen. We 10 retailers are purchasing 100 cookers with each equally paying for 10 cookers. At the end of the day I can offer my customer a competitive price, sometimes even at a cheaper rate than any big retail chain offers.” (January, 2015)

However, it would take a considerable effort to be able to do this for all products sold in the stores.

Second, our interviews revealed that some kirana retailers have responded by adopting new or innovative products – a type of drive towards niche marketing. Apurv Paswan, a migrant from Bihar, owns a comparatively well-resourced outlet of about 37 sq. metres. He has modified his sourcing strategy to offer new products from new markets:

“I travel to Delhi, Mumbai and Kolkata to upgrade my stock. The common food items like health drinks or biscuits or chocolates etc. are collected from the salespersons as these products are from big brands. If I pick the artificial jewellery of the latest design from Mumbai, I know that I will definitely get the appropriate customers from Durgapur to buy it. The taste of the younger generation is changing and so is their buying power. Today local young girls know that this retailer sells certain exclusive artificial jewels. So before the Pujas [the biggest religious festival], my store will be their first destination rather than any other store in the locality.” (March, 2015)

Another (reworking) strategy is simply to stock the very cheapest lines. Mira Chanda has started to lose interest in brand names or exclusivity as she realizes that her shop is no longer the first destination of affluent customers:

“Who doesn’t try to arrange the aisles with the best products? But budget is a constraint. Another question is the acceptability of your store to the customers. If you realize that your store is gradually losing customers of average purchasing capacity, will you consider keeping the aisles upgraded with big brands? What is the use of showcasing expensive products if your customers are not interested?” (January, 2015)

Third, new reworking strategies include the provision of certain services that are comparable to the services offered by the supermarkets. The introduction of home-delivery systems in the traditional sector is one such strategy that has been adopted by some kirana owners. The traditional stores have

now started accepting orders over the telephone (if that provision is there) or directly from customers. The ordered items are then delivered to the customer's home. However, whatever the mode of delivery (walking, bicycle or motorcycle) the extra resources have to be financed by the kirana owner somehow. No additional monies are available specifically to provide a home delivery service.

Amar Roy, a vegetable retailer with a licensed outlet of 10 sq. metres at Daily Market in the city centre, can afford a hired employee to help him in the store and also carry items to customers' houses. He says:

“Many of the customers are too busy to invest time at vegetable stores. They just place the lists of their requirements and my employee carries it to their houses usually at the end of the day. I started this service 2 years ago to better serve my regular customers.” (December, 2014)

These interviews also allow us to challenge some of the conventional ideas that have developed around certain comparative advantages of small-scale retailing in the global south. D'Andrea et al (2006) for example suggest that the small retailers usually gain loyalty from local customers as they make them feel comfortable in a casual environment through a personal touch. The services offered by such retailers might be very limited in comparison to those of modern supermarkets, but the “small-scale retailers' techniques are simple yet appropriate” (D'Andrea et al, 2006: 666). Rani (2013) also argues that the personal relationships in traditional retailing can become a potential new reworking strategy for small-scale retailers. However, kirana owners recognize that loyalty is increasingly difficult to sustain as the choice of shopping destination increases. For example, Govinda Samanta, a licensed grocer with 43 years' experience, does not believe that a customer would visit his store just because a courteous relationship has been built up. He says:

“The customer looks for opportunity. I do not think any social bonding between the customers and the traders can work in business. A familiarity of 10 years cannot work if your neighbouring store is offering the same product at a lower price.” (January, 2015)

Paresh Yadav, the owner of a small 10 sq. metres kirana, suggests that personal association might be disadvantageous for the retailer himself. He is against the specialized service of credit business which is sometimes sought customers. He explains:

“I have kept credit business restricted to only a few select customers. If I become lenient, many will come. There are some who will take advantage of the credit business even if they have money. You will find the same customer picking up products from supermarkets with cash but making delays while paying us.” (January, 2015)

Thus, the personal touch or services like credit business or bargaining are not necessarily the characteristics that have the potential to stop customers from going to modern retailers or any other competitors.

Some scholarly works such as D'Andrea et al. (2006) and Maruyama and Trung (2007) have also advocated that the simple proximity of local traditional retail stores near residential neighbourhoods adds a competitive advantage for them in comparison to the modern retail outlets (a trip to which will incur additional transport costs). However, the interviews with kirana owners reflect a different reality, especially as a proportion of these customers become more affluent (in particular the middle class). The physical proximity of grocery stores is not considered an advantage in this era of commodification as long as the customer is able to bear the transport costs. If the offers and services at supermarkets are beneficial, customers will be prepared to travel longer distances. Paresh Yadav, who has a 10 sq. metres

licensed outlet at Chandidas market and is mainly sustained by customers from the neighbourhood, is experiencing loss of “moderately affluent clients” due to the growing popularity of supermarkets:

“To take up good offers the customers do not even consider the cost of transport to the city centre to get to a supermarket which is about 15 minutes away from here by auto rickshaw. They do not even compare the costs expended on fuel to the amount they saved on the shopping bill.” (January, 2015)

Despite all the worries or anticipation of customer loss, the kirana owners foster a strong enthusiasm to continue with their entrepreneurship — no matter how small it is. However, these retailers have to face an additional competition from their counterparts engaged in street vending. In the following section, we will explore this issue in more detail.

Street vendors: less to fear from the supermarkets?

We noted above the importance of dividing the informal sector into two: kirana convenience style shops and street vendors. The kirana owners are clearly trying to rework their business models in response to the growth of corporate retailing (Baron et al 212). However, it will be argued in this section that the position of the street vendors is very different from that of the kirana owners and an argument can be made that their sales have been barely affected by the new corporate supermarkets. More importantly, they might also provide as much competition to the kiranas in the future as the corporate supermarkets do now. The main reason for this is that street vendors have always served a more transient customer. Stalls are typically located either near to workplaces or at nodal locations where passing customers are abundant (such as bus termini, railway stations). The outlets may range from small corner kiosks, mobile vans to sellers on footpaths. Baron et al (2012) argue that survival (resilience in their terminology) might be only possible where the supermarkets are not present. Interestingly, however, even the pavement stalls specifically located in close proximity to supermarkets were found not to report any significant loss of customers.

Thus it could be argued that informal street vendors have built up their own niche markets in which they serve effectively in a ‘parallel channel’ to their counterparts within the traditional sector itself. The product and services are specifically meant to support small daily purchases. The assortment of goods depends on the nature/type of the shops as retailing on footpaths incorporates the trading of a wide range of products that may include general groceries and merchandise, fast food and drinks and fresh vegetables, fish etc. In fact, a section of street retailers were found to be pleased with the changing retail environment and customer behaviour, as increased shopping visits to prime retail outlets within the city has indirectly increased the sales of these stallholders, especially for those who are involved in the sale of food and drinks.

For example, Bimal Pal runs a mobile shop, exactly opposite the supermarket outlet of Big Bazar (in the heart of the city) and sells fruit and fruit juice along with some typical street food and unbranded drinks prepared by himself. He explains:

“Believe me.... I find this Big Bazar is a boon for me. The shoppers come here to visit my stall as soon as they finish their shopping. Food Bazar can never offer you lassi [a yogurt-based drink] or orange juice at just INR 10. Moreover, the chaat [famous street food in WB] I serve has its own special taste. You can only get this taste at the street-stalls paying a nominal price.” (March, 2015)

Ratan Samanta, owner of a kiosk of less than 1 sq. metres near the bus terminus in the city centre also remarked:

“Do you think a pedestrian will enter Food Bazar just to buy a packet of cigarettes or a packet of biscuits? I just serve passing customers in a very small way. People never come to such corner shops to purchase their entire weekly groceries.” (March, 2015)

Alak Singh, another unlicensed informal retailer (owner of a corner kiosk, or gumti) has no worries over supermarket expansion:

“The city is changing fast and so is the retail environment; but I really do not see any significant impact on my business. Rather, there is no point in comparing the modern outlets and the kind of business I run... This is just a way to keep my family breathing within my limited financial capacity. Moreover, such shops [modern supermarkets] hardly have any steady regular customers... An office-goer stops for a while to buy a cake or cigarettes. It is like that only... I neither have the investment capacity to keep the stock for his monthly groceries nor would he even ask for that... Why should I bother if the big retailers come to the city. I don't figure in terms of competition....” (February, 2015)

Therefore, this sector of the traditional retailing environment does not seem to have been impacted through lower-margin items and lower purchases. For some specific items such as raw vegetables, fruit, fresh fish and meat even some affluent customers prefer to use the street vendors' services rather than buy refrigerated or frozen items from branded chains. Food and drink products and fresh raw food appear to be drawing some customers away from supermarkets. As a result, such informal retailing is found to effectively run side by side with modern retail formats and there has been no need to introduce reworking strategies. Nor have the informal retailers needed to relocate to avoid areas served by supermarkets (resistance strategies in the language of Baron et al, 2012).

The future of small-scale retailing: the importance of the legislative environment

As argued above, the kirana owners are now facing a twofold level of competition. While their struggle for social and economic existence due to competition with modern corporate retailers has presented many challenges, the continuing growth of unlicensed street vending is also significantly challenging their businesses. The major complaint against the street vendors is that many operate outside the law and have much lower operating costs as they pay no tax.

Surya Adhikary, the owner of a medium-sized licensed store of about 37 sq. metres, blames the government itself for its “insignificant” gestures in confronting the problems faced by the small traditional kiranas as a result of the activities of illegal street retailers in Durgapur. Surya perceives the “fake” retailers (this is the term he used for the street vendors) to be the “key rivals” to the kiranas rather than the modern supermarkets. He says:

“If the problem is somewhere it is within the system itself... We are tax payers, pay VAT, professional taxes and all. I understand that big supermarket chains are grabbing market share but still I would not complain about them because they are running their businesses in a legal and transparent way.... The competition is unequal but fair.... Retailers like us would compete against whom? Can you stop the non-tax payers? The roadside stalls are in the most advantageous position today”. (January, 2015)

This suggests that the licensed store owners have developed a strong sense of identity and space and there is a conflict of interest between this group of retailers and the state. The informal expansion of low-cost street retailing has become an essential feature of the urban economy as this provides a

livelihood for the urban poor. Regulation of these vendors is rarely undertaken by the local municipal authorities. Yet street vending in India is not always an illegal activity as some licenses have been issued to street vendors and hawkers as a result of national policy measures, in theory to restrict the growth of illegitimate businesses and also to protect the vendors and hawkers from unwanted harassment from police and others (Ravikumar, 2012). However, the imposed ceiling on the number of licenses in growing cities has kept the entire system “opaque” to the majority of street vendors (Mander, 2012). Licensing systems for street hawkers have become an object of abuse. Bribery of local administrations and municipalities has become a regular tactic for street vendors negotiating issues of illegal use of space (Anjaria, 2006, Mander, 2012; Chatterji & Roy, 2017). Although the Street Vendors Act, 2014 (Protection of Livelihood and Regulation of Street Vending) was introduced to help protect the rights of small-scale retailers, its successful implementation depends on the enthusiasm of the local municipal authority (Chatterji & Roy, 2016).

Thus, maintenance of material space is one of the toughest challenges facing street vendors even in Durgapur. Despite certain supportive approaches from the government the reality has changed little. Most street vendors, being unlicensed, are still vulnerable to eviction. They maintain a spatial and temporal stability through “negotiation” with local influential actors. Our interviewees preferred to avoid discussing this issue in detail, However, Amal Seal, a retailer operating with about 1.4 sq. metres, on a footpath commented:

“I spend money to retain this much space. Now [discussing] whom to pay and how much to pay might spark an argument and I might not be allowed here tomorrow to run my business”. (February, 2015)

Therefore, such “negotiations” have become a key method of resilience. Interviewee Surya Adhikary (a licensed kirana owner) accuses the local municipal authority of “silent indulgence” towards the “illegal encroachment” of other low-cost retailers on the streets. Such ‘illegal’ growth of retail business is provoking the legalized kirana store owners to sell products outside the shop so that tax can be avoided, but this causes resentment among other licensed traditional retailers. For example, Keshab Khan, the licensed owner of an ordinary traditional kirana of 9.2 sq. metres, criticizes the government’s indifference towards the growth of street vending that has made him “confused” about his legal status. He says:

“If business is possible without bothering about the legal obligations, then what is the use of issuing a license? Sometimes I think street vending could have been a better option for me. But now, neither can I expand my floor space nor can I make much profit after paying taxes, store rents etc. Don’t you think I could make more profit if I were an unlicensed street hawker as I wouldn’t have the bother of tax payments? Actually licensing and other legal obligations has made a mockery of my authorized existence.” (February, 2015)

Thus many kirana owners perceive the growing illegal activity of street vending to be as big a threat as that provided by the large supermarkets and put the blame on the ‘unfair’ competition within the traditional sector itself. This indicates the initiation of a wider socio-cultural conflict that questions the livelihood securities of the urban poor surviving on street retailing. For the kirana owners there is the need for a supportive legal infrastructure to safeguard their livelihoods.

Conclusions

The interviews have identified different levels of livelihood struggles and attempts at building resilient livelihood strategies by the traditional small-scale sector. In contrast to much of the literature, this paper has split the impact analysis into two sections: first, the legalized retail space of the established kiranas and second the street vendors. Each has been shown to have discrete operational procedures with separate niche markets (though these undoubtedly overlap at times). Interestingly, it has been the legalized kirana store-owners who have been affected most so far, with more than 60% within the study reporting as much as a 50% drop in sales over the last 5 years. The severity of customer loss was so high in this sector that many of them are now contemplating salaried jobs to complement their dwindling income from retail sales.

Despite intense livelihood struggles, these retailers continuously try to adopt certain strategies to help them survive this new and sometimes severe level of competition. In terms of the literature on resilience these coping strategies most closely fit the ideas of reworking as discussed by Baron et al (2012). These reworking strategies have involved product specialisation, new forms of customer service (such as home delivery) and pooling resources. However, due to a lack of financial, managerial and intellectual support, in many cases the reworking strategies do not solve all financial problems (despite innovative approaches relating to product selection, price and innovations of service provision such as home deliveries). In addition, many of their perceived advantages (as portrayed in the literature) do not seem to be preventing the loss of market share. Customer relationships, credit arrangements and a more personal service are not perceived by the kirana owners themselves to be advantages in the modern retail environment, especially when these are increasingly seen to be offered by the supermarkets.

In contrast, informal street vending seems not to have recorded any significant reductions in sales as their pattern of trading does not come into conflict with those of the emerging corporate retail chains. Fresh food retailing (raw vegetables, fish, etc.) has been identified as the safest segment (irrespective of its 'legalized' or 'illegal' status). For these small retailers, Baron et al (2012)'s concept of resilience (situations where large scale retailers dominate parts of the market but small-scale retailers maintain their activities in locations where large retailers are not present) does not hold true. In fact the opposite could be argued: that is, the owners of these stores suggest they can live comfortably side by side with the modern supermarkets, even locating close by to offer fresh products not so easily retailed in the supermarkets. Neither have new tactics for survival been necessary (reworking). Given their variable legal status and therefore lower costs (avoiding tax and incurring no utility charges for example), the street vendors seem better able to adjust spatially to find the optimal sites for servicing varying passing trade. The success of these stores threatens the kirana stores just as much as the supermarkets do. So what can be done to help the kirana owners in particular?

The coping strategies of the small traditional retailers challenge accepted assumptions that the sector is in a phase of total decline. Our research suggests rather that it is in a state of transition towards a complex business pattern to maintain a sustainable co-existence with corporate retailers. Sandwiched on both sides, with middle class customers increasingly using supermarkets and the lower middle classes being increasingly served by illegal street vendors, kirana owners show a growing resentment against the profession of street vending and also a growing dissatisfaction with the government for consciously overlooking the issues. In contrast to the kirana owners, street vendors seem to be more resilient to the arrival of supermarkets. They too are concerned about licensing issues and would value more legal empowerment, but as they are more reliant on small purchases from passing trade they are less affected by the rise of the supermarkets. If they do receive more legal empowerment they would indeed be as much of a threat to kirana owners as the supermarkets.

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ⁱ Please note that all names are fictional.