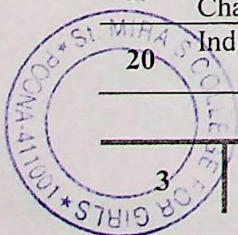




INDEX

No.	Title of the Paper	Author's Name	Page No.
Thoughts			
1	'Meeting Grounds' and 'Points of Departure': Exploring the Idea of 'Imaginary Dialogue' between Marx and Gandhi in the Light of Challenges to Human Society	Ms. Ishwari Kale	05
2	A Marxist Approach to Arundhati Roy's ' <i>The God of Small Things</i> '	Dr. Anagha Baldota	10
3	Gandhi's Economic Thought and Economic Globalization : An Analysis	Dr. Shikha Jyoti Deka	14
4	Relevance of Marxist Ideas in Contemporary Socio Political and Economic System in India	Sushant Kamble & Ms. Assunta Mendonca Sandhir	19
5	Marxian Concept of Religion- Its Critique	Tushar Jadhav	24
6	A Comparative Study of Gandhian Ideas: Historical and Contemporary Perspective	Shubham Jain	28
Ideologies			
7	Ideology of Mahatma Gandhi: Implications in Today's Modern World with Specific Reference to Youth Demography	Priyal Kasera & Rimjhim Agarwal	35
8	Analysing the Relevance of Mahatma Gandhi's Ideas for India's Rural Development in a Globalized World	Dr. Amita Yadwadkar	41
9	Gandhian Ideology: Modern interpretations and the Indian National Movement	Pratik Korde	48
10	Mahatma Gandhi: The Sage of our Time	Somnath B. Mahale	52
11	RBI Autonomy and Monetary Policy since Liberalization	Nandita Malini Barua & Dr. Arwah Madan	56
12	Gandhi's Perspective on Education	Dr Anuja Saluja	69
Public Policies			
13	Gandhi's Perspective on Women's Participation in the freedom Struggle: A Review	Dr. Rachana Singh	73
14	British Policies during Transition: A Study of the Social Policies in 19 th Century Western India	Dr. Sandhya Pandit	77
15	Historical Legacies—Principles of Public Administration	Dr. Hemam Karuna Devi	84
16	Early Rays of 'Western' Medicine in Bengal: Colonial Policies and Indigenous Involvement	Dr. Aishwaryarupa Majumdar	89
17	National Policy on Domestic Work: The Way Forward	Dr. Manisha Pimpalkhare	95
18	Public Policy, Governance and Development Performance with Special Reference to the Vidarbha Region in Maharashtra	Arundhati Agte & Dr. Kapil Chandrayan	99
19	Towards Building a Resilient, Sustainable and Inclusive Development Model: Challenges & Opportunities	Nishant Upadhyay & Dr Arwah Madan	105
20	India's R&D Expenditure: Analysis and Implications for Future	Kalyani Honrao	110





21	Policy of Solid Waste Management & Resource Sustainability: A Case of Thane Municipal Corporation (TMC) Dr. Karbhari Bhalchandra K & Dr Arwah Madan	116
22	RCH in Meghalaya: Policy Perspectives Khushbu B. Thadani & Dr. (Mrs) Arwah Madan	122
23	Universalizing of Education in India: Issues and Challenges Ninawari Ware & Shailesh Bharati	129
24	Policy for Micro Enterprises: 'Paanwala' as a budding Micro Enterprise Jyoti Chintan	34
25	The Policy of Financial Liberalization and Sustainable Economy: A Case Study of India Dr. Meenal Sumant	138
26	Policy for Agriculture in India-Steps for Future Growth Dr. Malati Roy	148
27	Financial Inclusion: Macroeconomic Implications Atreyee Sinha Chakraborty	153
28	Maximum Governance, Minimum Performance: Analysis of the Impact of Demonetization Aparna Kulkarni	163
29	Payment System in India : An Engine for Growth Suchismita Mohanty	168
30	Is Non-Violence Relevant in the Age of Violent Politics? Veena Kenchi	175

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- Chief & Executive Editor

RESEARCH JOURNEY





Policy for Micro Enterprises : 'Paanwala' as a Budding Micro Enterprise

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Abstract:

The 'paanwala' vendor is undergoing a change with the times. The retail industry boom in India has turned the paanwala into a 'mini supermarket'. Besides the tobacco-laced products, the paanwala displays an array of products- from confectionary to lemonades, from stationary to mobile recharge vouchers. The paanwala has shown a great deal of diversification in his business.

The paper aims at understanding the socio-economic conditions of the 'paanwala'; the paper highlights how the nature of business has undergone a change and the economic adaptation of the paanwala to a competitive environment. The paper highlights the need for the government, the corporate sector to play a complementary role in creating a conducive environment for the paanwala. The paanwala can prove to be a very good medium to extend and expand business at a micro level. The paanwala is a popular business enterprise; however, with supportive policies from different stakeholders, it can emerge as a profitable micro enterprise.

Keywords: Paan, Paanwala, Retail Sector, Diversification, Micro Enterprise

Introduction

There are a lot of traditional occupations and businesses. Among these traditional businesses, one old business occupation prevalent in India is the selling of the 'Paan'- the betel leaf. The person, who sells paan, called as 'Paanwala' and the shop where they sell it called as 'Paan-shop'.

The Paanwala would sell paan in varieties and flavours. However, the changing lifestyle & needs of the consumer have sort of complicated the situation of the 'paan-seller' in the last decade or so. Increased competition, changing Government policies and the entry of a variety of new products in competition to the 'paan' all have cascading effect on the paan seller business performance. There is a gradual shift seen towards the consumption of chewing gum or other such products, especially with the new younger generation. The traditional 'paan' has been sidelined and will soon become a rare commodity due to little demand.

The paanshop is usually found at very convenient locations. It is a low initial investment set up. These conditions are very suitable to poor people, low skilled or unskilled labours, and jobless people of the society. This occupation is the much sought after among migrants. This business is very flexible, because any time a person can start this business. It requires no inventory nor an expensive set-up and structure.

Post Liberalization in 1991, the retail sector is growing at a fast pace; the market has undergone a change in terms of the products as well as the consumer's choice. The paanwala has shown a great deal of diversification in his business. One can find besides the paan, a lot of other necessities and tit-bits at this small convenient destination. Besides selling cigarettes or tobacco in other form, there are other products that are now available at the paanshop- biscuits, snacks, chocolates, soft drink, mobile recharge vouchers. The selling of the paan is gradually



getting to be 'secondary'; reason being the declining popularity of the paan. The paanwala finds it difficult to survive merely on the selling of paan. However, one can say that the retail sector in India has helped the paanwala to become a 'mini-supermarket'. The changing nature of this business and the adaptation to the paanwala to the changing environment makes the subject a matter of analysis.

Literature Review

A study by K Ramachandran (1989), analyzed the social, economic and entrepreneurial background of the paanwalas, the status of the business and the competition in the sector in the two cities of Gujarat- Ahmedabad and Anand. The study came to the conclusion that the paan-shop business was quite attractive and despite certain taboos associated, is the most sought after occupation. The study also observed that the business is showing great amount of diversification. However, the business was not significant enough to make a difference to the lives of paanwalas. An interesting finding was that the paanwalas was not affected with competition in this business. Anjaria (2006) discusses the problems of hawkers in cities taking into account the hawkers in the city of Mumbai. The study concludes that the street hawkers fear the constant demands of bribes and threatens demolitions from authorities instead of support in the form of a license or other formal procedures that would provide assurance and security.

A study by Abodh Kumar et al (2012) examines the earnings and savings of an important segment of the urban informal sector- the paanwalas covering over 100 paanwalas from six areas in the city of Mumbai. The study concludes the access to space and property rights over the space for longer periods of time has a direct relation to the earnings and savings of the paanwalas. In other words, the age of the shop matters and older shops have a better chance to earn more. The reason that can be cited is social capital accumulation. Access to social capital and better legal property rights can make a significant impact on poverty is the broad conclusion made by the study.

Objectives & Methodology

The objectives of the study are (i) to understand the challenges faced by the paanwala in the fast growing retail sector and to examine the status of paanwala in the city of Pune

The research study was carried out with the help of primary data. A questionnaire was designed to collect the relevant information for the study. A survey was carried out within Pune City limits and forty paanwalas were interviewed. Data collected covered basic information about the paanwalas, the main business activities of paanwalas and the diversification in this business. The study covered the paanwalas from different areas of Pune city at locations like bus depot, railway station, hotel, restaurants, residential areas, market place and shops standing alone. There is no data available on the number of paanwalas in Pune city. A total of 40 paanwalas were surveyed in and around the city of Pune.

Findings & Observations

Basic Profile

Age of Paanwala. In our sample 25 percent paanwalas were below the age of 25 year while 50 percent of respondent were between the ages of 26 to 50 year. Majority of the respondents were middle aged, married and responsible for their family. Twenty percent respondent were between the age of 46 to 60 and 5 percent were above the age of 60 years. One



of the paanwala, above the age of 60 years was a retired state transport worker, but no pension or family support compelled him to set up a paanshop. Out of sample of forty paanwalas, 52.5 percent were migrants. All respondents were male, there were no minors reported.

Place of Origin. The respondents were from other states like Karnataka, Uttar Pradesh, Madhya Pradesh and Andhra Pradesh; some were from the Vidarbha region of Maharashtra. The local paanwalas either were from the Pune city itself or from the rural area of the Pune district.

Self-employment. 60 percent of the paanwala has started this business on their own, 35 percent paanwalas were running their family business and 5 percent respondent were found to be working at the paanshop.

Family Size. It was observed that 30 percent of the respondent has family size less than four, 45 percent paanwalas has family size between 5 to 8, and 22 percent of paanwalas has family size more than 8 and most of them are joint family, who live together and do business together. Three percent paanwalas did not give information about the family size.

Earning Family member. It was observed that 52.5 percent of the respondents were the sole earning member of their family. Twenty five percent of the paanwalas family has two earning people, 12.5 percent paanwalas family has three earning people, five percent paanwalas family has four earning people, 2.5 percent paanwalas family has five earning people and 2.5 percent family has 8 earning people.

Business Profile

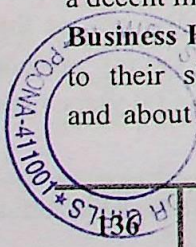
Age of Business. There were young, recently opened paanshops, while some were very old. One such shop was just one month old while one was 90 year old; it is the third generation running this business. 15 percent of paanshop were less than five year old, 22.5 percent were between the ages of 6 to 10, 30 percent were more than 20 year old but less than 40 years and five percent were between the age of 41 to 60 year and five percent old more than 60years.

Location of Paanwala. 45 percent of the paanwalas was stand-alone shopkeeper, 35 percent paanwalas were located near bus depot/stand and railway station and 20 percent are running their shop beside hotel or restaurants.

Space on Rent. It was observed that 70 percent of the paanwalas are paying rent for the space they use for accommodating the kiosk of their paanshop. If they hire space on rent, they have to sacrifice a comparatively considerable amount on paying rent. However, ownership gives freedom to entrepreneur, assurance to the entrepreneur and saves from any harassment made by civic bodies or anti-encroachment issues.

Sale of Paan. With regard to the income through the sale of paan, it was found that 20 percent of paanwalas that is one fifth of the sample sell less than 20 paan a day, which is very less. 22.5 percent paanwalas sells paan between 21 to 50; again 22.5 percent of paanwala sells paan between 51 to 100. This data shows in case of about 65 percent of the paanwalas, the sale of paan is less than 100 per day, which cannot be stated to be good sale in order to generate a decent income. This shows the decline in the sale of paan.

Business Hours. It was found that, only five percent paanwalas gives less than 10 hour to their shop, about 57 percent paanwalas give time to their shop between 11 to 15 hour and about 38 percent paanwalas give more than 15 hours, about double the time as





prescribed in the labour law of India which is 8 hour for any normal working day and if the worker works for more than 8 hours then the employer has to pay extra wages for extra hour of working. However, in case of paanwalas, they have to give more than 10 hours each day to earn enough in order to survive.

Future Plans. Further, it was observed that 47 percent of the paanwalas just want to expand their business but have no idea what they want to do; about 40 percent paanwalas simply do not want any expansion, however they did not disclose the reasons as to why while 13 percent respondent explained the problems they have in way of expansion, such as space problem, finance problem, time problem or want to quit the business in the future.

Conclusion

A challenge to the paanwala enterprise is the Government ban on the sale on tobacco-laced products. The business depends largely on these tobacco-laced products, the very survival is threatened. A proper implementation of the ban on tobacco products in the larger interest of the society can threaten the livelihoods of thousands of paanwalas. As a street vendor and the right to livelihood, there is a need to provide alternatives to the business of the paanwalas. The urban local bodies can make efforts to minimize the trade-off between the livelihood of paanwalas and health of public.

An initiative by tobacco giant ITC for the paanwalas is the offer as one of the channels in its distribution strategy of an array of products, besides cigarettes for deeper penetration into markets. In the last few years, ITC has shifted from the tobacco to snacks segment and the paanwalas is one option considered to stock and sell candies, potato chips and finger snacks. The 'hole in the wall pan-beedi shops' or the paanwalas was the setup used for promoting its 'Sunfeast' biscuit brand from ITC (Kasturi Rangan, 2007).

The small retailers-the 'kiranawalas' business model focuses on livelihood for owners rather than profits for an organization. These small retailers or micro enterprises have the ability to respond in a flexible way to consumer needs, make efficient utilization of space in hand and operate at low costs. Paanwalas can usher a new business model similar to the well-known 'mom and pop stores'. The paper highlights the gradual diversification evident in the business of the paanwalas. Though tobacco-laced products are main-stay, the paanwalas has undergone a transition.

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