Contribution of Petty Trade on Household Income and Poverty Reduction

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Abstract

The study aims to explore the contribution of petty trade on household income and poverty reduction. For this purpose, forty respondents engaged in petty trade were selected in Dharan city in different petty markets like Chhata Chowk, Vanu Chowk and Purano Bazar in Dharan city. The required information was collected through the interview by using a structured interview schedule, observation, and focused group discussion. This study employed both judgmental sampling to obtain the sample. The program used in data analysis is the Statistical Package for Social Science (SPSS) program to obtain frequencies in table and figure and ANOVA and correlation for the hypothetical test. Descriptive statistics is carried out to analyze the contribution of petty trade on household income and poverty reduction. The researcher has analyzed age, gender, religion, came from education level, marital status, types of commodity, types of consumer, attitude of consumer, attitude of society, sources of commodity, amount of investment, improvement in economic condition, payment of tax, amount of tax, office to be paid tax, fulfillment of needs, reduction of poverty and portion of household income of respondents. According to respondents, petty trade is their main source of income. Hence, it has brought a qualitative change in household income and poverty reduction of respondents.

Keywords: income, poverty, petty trades, employment.

Introduction

Petty trade is to be known as an economic activity that involves buying and selling goods and services on a small scale, ranging from agricultural produce to imported consumer goods. In the same way, petty trading constitutes a collection of individual sellers with small capital and buyers operating in a group of small spaces. Petty trading has increasing day to day and got attention as one of the important activities in the urban development process. In the early 1990s, for example, integrating petty trading in the urban economy was among the prioritized issues in implementing Environmental Planning Management (EPM) (Kombe,2002). Of course, the activity is often linked to the informal sector economy, that operates outside the formal income-generating sphere. The informal sector encompasses occupational and small scale enterprises involving simple organizational and production structures, low-level

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technology and small capital per worker (Kazi Moto, 2007). Anyway, petty trading activity and the space it may occupy, such as a market place, may not be necessarily informal. Petty trading is a product of unprecedented urbanization, especially the failure by the formal employment and income-generating sector to cater to the low- income households (UN-Habital, 2009). Petty trade plays an important role in developing countries like Nepal because it provides more employment opportunities for a growing population.

Petty trading spaces are probably the most widely accessible points of distribution of food in the urban areas and therefore, can be seen as a node in the urban food security chain. In this way, petty trading spaces as not merely. Thoroughfares, but also functioning as services providers, social spaces and life defines. It is defined that spaces occupied by petty trading are satellite economic hubs constituting a prime space in the economic and socio-spatial form of the city, although often perceived as not being integrated with the formal economic system (UN-Habital, 2009). Thus, the trade is conducted on a small scale and plays an important role to raise income is known as petty trade.

Before the 1975 revolution, women dominated petty trading targeting urban markets, market operations, home storefront handicraft enterprises and small business shops. The 2000 World Bank Living Standards Measurement Survey estimated that approximately 4.5 percent of children between the ages of 10 and 14 are engaged in some form of employment mostly in agriculture, household work and petty trade. Women also formed a greater part of the population involved in a small-scale transaction, small scale inexpensive items is to petty trade. Likewise, women are particular to prepare or sell food, sew and dye clothing, and create other handicrafts. They have no access to financial resources, information technology or markets.

In the course of globalization and liberalization, major cities in both North and South have envolved increasingly bimodal labor markets. In the North, across the OECD, part-time jobs and self-employment have increased, particularly; the share of self-employment for women has increased (ILO, 2002). Similarly, in developing regions, the accelerated concentration of the population in dominant cities has a contribution to a rapid in the informal economy. It has been cleared that petty trade is a blessing in developing countries. Petty trading is a prevailing socio-economic activity serving a multitude of the low-income population in rapidly urbanizing developing countries. In spite of the more contributions that small business makes to national development, they lack access to finance, thereby impeding their growth and development. According to Ladder (1996), one important problem that small businesses often face is access to capital. This lack of adequate financial resources places significant constraints on the growth and development of small businesses. According to Mensah (2004), many believe that the single most important factor constraining the growth of

small businesses is lack of finance. Petty trading has in the past, been viewed as an underground activity that undermines the healthy function of the formal economy. This perception has resulted in conflicts with authorities over licensing, taxation, site of operation, sanitation and working conditions. Likewise, according to the study of Parker, Ripelle, and Steel (1995), indicates that credit constraints of working capital and raw materials are major concerns for small businesses. Therefore, it needs to conduct empirical research to look into the factors the constrain small business access to credit, the innovative measure they initiate to acquire credit in spite of difficulties and the impact that accesses to these credits has on the growth of their business.

Statement of the problem

Nepal is a developing country. Most of the Nepalese people are suffering from the problem of unemployment and poverty In order to earn money, they engaged in petty trade. They earn some money in the home country. That's why they able to solve the problem of poverty and able to fulfill basic requirements. One of the main objectives of the Nepalese government is to reduce the problem of poverty, which is being a success by the petty trade to some extent. Among different sources of employment and income petty trade is a vital one. It has directly affected even poverty reduction. Hence, this study tries to explore the ideas related to the following questions and facts.

    a) How does petty trade help to poverty reduction?

    b) How household income increase by petty trade?

Objectives of the study

The objectives of the study are as follows:

    a) To find out the impact of petty trade to increase household income.

    b) To find out the impact of petty trade to reduce poverty.

Hypothesis

    H^0:   There is no significant relationship between household income of petty trades and poverty reduction.

    H^1:   There is a significant relationship between household income of petty trades and poverty reduction.

Research methodology

This study is conducted at the Dharan sub-municipality, in different petty markets, which are lies in Chhata chowk, Purano bazar and Vanu chowk targeting petty traders. It involved a cross-sectional survey design where data are collected using various methods to obtain relevant information that helps to answer the research questions. This method is chosen because of its suitability for descriptive study as wells for the determination of the relationship between variables. Data are collected from both primary sources. Primary data are collected by using interviews, observation and Focused Group Discussion (FGD). The interview was guided by the use of questionnaires prepared by the researcher to petty traders, reports and other documents available at the organizations, government offices as well as visiting the internet and other materials related to the study. Apart from interviews, physical observation method is used to examine the way petty traders are doing their activities physically and how the customers do respond to the traders.

Only suitable size alone does not ensure representativeness thus a sample, but a well-selected sample may be superior to a large but badly selected sample. Hence, the same size should neither be too small nor too large. It should be optimum. The optimum size is the one that fulfills the requirements of efficiency representative, reliability and flexibility. Therefore, this study includes about 40 respondents. All respondents are traders running their activities in different markets and 3 are key informants involving leaders of petty traders. This study employed both judgmental sampling to obtain the sample. The judgmental sampling technique is used to obtain petty traders over other business person at the old market of Dharan 2.

The program used in data analysis is the Statistical Package for Social Science (SPSS) program to obtain frequencies in table and figure and ANOVA and correlation for the hypothetical test. This study will use descriptive statistics on data analysis.

Result and discussion

The data collected from field are analyzed in the following tables and texts.

Table 1: Income level of respondents

Income	Frequencies
0-500	12
500-1000	21
1000-1500	5
Above 1500	2
Total	40

Source: Field survey, 2019

Table 1 shows that the daily income earned by respondents by their petty trade. Numbers of respondents earn the highest amount of income i.e. equal to 500 to 1000 rupees per day. About 12 of respondents earned 0 to 500 rupees per day. Similarly, 1000 to 1500 rupees per day earned by 5 respondents. Only 2 respondents earned more than 1500 rupees per day. Hence, it is clear that petty trade is a good source of income in the research area.

Table 2: The age group of respondents

Age	Frequencies
10-20	4
20-30	1
30-40	10
40-50	13
50-60	7
60-70	4
Above 70	1
Total	40

Source: Field survey, 2019

The table 2 shows that the large numbers of respondents are the age of between 40 to 50 years. The second highest number of respondents is the age of 30 to 40 years. Similarly, the age of 50 to 60 is 7, the age of 60 to 70 is 4, the age of 10 to 20 is 4, the age of 20 to 30 is 1 and the age of above 70 years is also 1. From this table, it has been clear that the peoples' age of 30 to 60 is more active. Because in this age group about 30 respondents are lying out of total respondents. The number of respondents between the age of 102 to 0 and 60 to 70 are same i.e. 4 and 4 respectively. Likewise, the number of respondents age of between 20 to 30 and above 70 years also same i.e.1 and 1 respectively.

Table 3: Came from

Came from	Frequencies
Taplejung	1
India	3
Ithari	1
Dharan	23
Biratnagar	3
Jhumka	1
Khotang	4
Sankhusava	1
Inaruwa	1
Saptari	1
Dhankuta	1
Total	40

Table 7 shows that, the permanent address of respondents. In this table, twenty-three respondents are from Dharan. Similarly, four respondents are from Khotang, three are from India, three are from Biratnagar and one by one from Taplejung, Ithari, Jhumka, Sankhusava, Inaruwa, Saptari and Dhankuta respectively. From this data, it has been cleared that, more respondents are from Dharan then remaining are from outside the Dharan. Three respondents are from India also.

Table 4: The education level of respondents

Education	Frequencies
Literate	17
Illiterate	14
Under SLC	4
SLC	4
Above SLC	1
Total	40

Source: Field survey, 2019

Table 4 shows that the highest number of respondents are literate i.e.17. Illiterate respondents are 14. Similarly, respondents with under SLC and above SLC schooling are 4 and 4 respectively.

Table 5: Marital status of respondents

Marital status	Frequencies
Married	27
Unmarried	5
Divorced	1
Separate	2
Widow/Widower	5
Total	40

Source: Field survey, 2019

Table 5 shows that the number of married respondents is more i.e. equal to 27. Similarly, widow/widower and unmarried are the same i.e. 5 and 5 respectively. And, separation and divorced are 2 and 1 respectively. Hence, it has been clear that large number respondents are married.

Table 6: Religion of respondents

Religion status	Frequencies
Hindu	27
Muslim	8
Cristian	2
Kirat	2
Buddhist	1
Total	40

Source: Field survey, 2019

Table 6 represents that, among the respondents, Hindu is more i.e.equal to 27. Muslims, Kirat, Cristian, and Buddhists are 8, 2, 2 and 1 respectively.

Table 7: Types of commodity

Types of commodity	Frequencies
Vegetable	6
Cloth	-
Cosmetic	1
Food	4
Fruits	13
Others (footwear, toys, watch, tailoring, pot, chhurpi)	16
Total	40

Source: Field survey, 2019

Table 7 shows that the largest number of respondents are engaged in fruits i.e equal to 13 then vegetables equal to 6, food equal to 4, cosmetics is in 1 and in others including (footwear, toys, watch, tailoring, pot, chhurpi) equal to 16. From this figure, it has been clear that most of the petty trader is engaged in the sale of fruits.

Table 8: Types of consumer

Types of consumer	Frequencies
Low income	3
Middle income	20
High income	-
All	17
Total	40

Source: Field survey, 2019

Table 8 shows that the main customer of petty trade is the middle-income group of people i.e. equal to 20.17 respondents replied all income groups of people are their customers. Only 3 respondents replied low-income groups of people are their customers. From this data, it has been clear that the middle-income group is the main customer of petty trade.

Table 9: Attitude of consumer

Attitude of consumer	Frequencies
More Good	-
Good	33
Neutral	7
Bad	-
Worse	-
Total	40

Table 9 shows that the attitude of the consumer and represent about 33 consumer attitude is good. Remaining 7 consumer's attitude is neutral. From this table, it has been clear that most of the consumer's attitude is good for petty trade.

Table 10: Attitude of society

Attitude of society	Frequencies
More respect	1
Respect	31
Neutral	8
Un prestigious	-
Very-un prestigious	-
Total	40

Source: Field survey, 2019

Table 10 defines the attitude of society and shows that about 31 respondents said society's perspective is prestigious for their work. One respondent said societies are more respect and the remaining 8 respondents said society's perspective is neutral for their work. Hence, from this table, it has been clear that society's perspective is prestigious for such business also.

Table 11: Sources of commodity

Sources of commodity	Frequencies
Within Dharan	22
Outside Dharan	18
Total	40

Source: Field survey, 2019

Table 11 defines that the 22 respondents said their sources of output are within Dharan. Remaining 18 respondents said their sources of the commodity is from outside the Dharan. So, it has been cleared that a large number of trader receives output within Dharan.

Table 12: Amount of investment

Amount of investment	Frequencies
5000 to 50000	38
50000 to 100000	2
100000 to 150000	-
Above 150000	-
Total	40

Source: Field survey, 2019

Table 12 shows that the amount of investment in their business and cleared about 38 respondents said their investment about 5000 to 50000. Likewise, about 2 respondents said their investment is 50000 to 100000 in their business. From this table, it has been clear that most petty traders invest about 5000 to 50000.

Table 13: Improvement in economic condition

Economic Condition	Frequencies
Possible to improve in economic condition	27
Not possible to improve in economic condition	13
Total	40

Source: Field survey, 2019

Table 13 shows that the improvement in the economic condition of a petty trader. In this table, about 27 respondents said there is possible to improve in the economic condition through this trade. Similarly, about 13 respondents said not possible to improve economic conditions through this trade. From this table, it has been cleared that it is possible to improve economic conditions through this trade.

Table 14: Payment of tax

Payment of tax	Frequencies
Yes	27
No	13
Total	40

Source: Field survey, 2019

The above table shows that about 27 respondents said they make a payment tax but 13 respondents said they did not make a payment tax.

Table 15: Amount of tax

Amount of tax (per month)	Frequencies
0-500	10
500-1000	15
1000-1500	1
1500-2000	1
2000-2500	-
2500-3000	-
3000-3500	-
Above 3500	-
Total	27

Source: Field survey, 2019

Table 15 shows that the amount of tax payment, about 15 respondents paid tax Rs. 500 to 1000 per month. Similarly, about 10 respondents paid tax Rs. 0 to 500 per month, one and one paid Rs. 1000 to 1500, and 1500 to 2000 per month respectively. From this table, it has been clear that petty trade is one of the important sources of tax revenue for the government.

Table 16: Office to be paid tax

Office	Frequencies
Dharan Sub-Metropolitan City	24
Ward office	1
Inland revenue office	1
Other	1
Total	27

Source: Field survey, 2019

Table 16 shows that the office to be paid tax by the petty trader, about 24 respondents paid tax in Dharan Sub-Metropolitan City. Similarly, about 1 and 1 respondent paid tax in the ward office, Inland Revenue Office and other respectively.

Table 17: Fulfillment of needs

Fulfillment of needs	Frequencies
More satisfied	5
Satisfied	26
Neutral	7
Dissatisfied	2
More-dissatisfied	-
Total	40

Source: Field survey, 2019

Table 17 shows that the fulfillment of the needs of respondents, about 26 respondents said, they are satisfied with their work. Similarly, about 7 respondents are more satisfied, 7 are neutral and 2 respondents are dissatisfied. From this table, it has been clear that most of the petty traders are satisfied with their business.

Table 18: Reduction of poverty

Reduction of poverty	Frequencies
More helpful	3
Helpful	21
Neutral	9
Unhelpful	7
More-unhelpful	-
Total	40

Source: Field survey, 2019

Table 18 shows that the helpful of petty trade to reduce the problem of poverty and shows about 21 respondents said this trade is helpful to reduce the problem of poverty. About 9 respondents said neutral, 7 are said unhelpful and 3 are said more helpful. Hence, it has been clear that in the Nepalese context this trade is helpful to reduce the problem of poverty.

Table 19: Part of household income (in percent)

Part of household income (in percent)	Frequencies
0-20	2
20-40	12
40-60	5
60-80	1
80-100	20
Total	40

Source: Field survey, 2019

Table 19 shows that a percentage of household income out of total. According to this table, about 20 respondents said it is 80-100 percent of their household income. Similarly, 12 respondents said, it is 20 to 40 percent of their household income, 40 to 60 percent said by 5 respondents, 0 to 20 percent by 2 respondents and 60 to 80 percent of their household income by 1 respondent. Hence, it has been clear that petty trade considers one of the most important sources of income in the study area.

Table 20: Gender of respondents

Gender	Frequencies
Male	14
Female	26
Total	40

Source: Field survey, 2019

Table 20 shows that a large number of respondents are female equal to 26 and male respondents are 14. Hence, it has been cleared that under petty trade more females are engaged than male and it indicates petty trade is one of the most important sources of employment.

Relationship between the household income of petty trader and poverty alleviation

Table 21: Alleviation of poverty

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.044	10	.604	.802	.628
Within Groups	21.856	29	.754		
Total	27.900	39			

Table 21 defines that the sum of squares between groups= 6.044 and within groups is =21.856, degree of freedom between groups=10, within groups=29, F-value=.802 and P-value (Sig. value)=0.628. Here p-value is greater than 0.05. Hence, there is the null hypothesis is retained. Poverty alleviation is independent of the household income of petty traders.

Table 22: Correlations

		Alleviation of poverty	Amount of income
Alleviation of poverty	Pearson Correlation	1	-.283
	Sig. (2-tailed)		.077
	N	40	40
Amount of income	Pearson Correlation	-.283	1
	Sig. (2-tailed)	.077	
	N	40	40

Table 22 shows that the correlation between the amount of income and alleviation of poverty is negative at a moderate level(r=-0.283). The relationship between these two subjects is not significant as p=.077 is more than the level of significance of 5% (0=0.05). Hence, there is the

null hypothesis is retained. Poverty alleviation is independent of the household income of petty traders.

Finding, Conclusions, and Recommendations

This study shows that the petty trade is a good source of income in the research area. In this study respondent, age 30 to 60 is more. Most of the respondents are from Dharan and they are most literate, married and from the Hindu religion. Most respondents are engaged in the sale of fruits, their main customer is the middle-income group. Consumer's attitude is good for petty trade, prestigious from society's perspective. Mostly, they invest about 5000 to 50000, receive output from agro-market Dharan and it is helpful to improve economic conditions. The researcher found that the majority of petty traders pay tax to Sub-metropolitan city Dharan about Rs. 500 to 1000 per month.

From this above finding of this study, it can be concluded that the contribution of petty trade on household income and poverty reduction. According to the result of the F-test p-value is 0.628, which is greater than 0.05. Hence, there is the null hypothesis is retained. Poverty alleviation is independent of the household income of petty traders. Similarly, according to correlation, r. value is -0.283 means r is negative. It indicates there is an inverse relationship between the amount of income of households and poverty alleviation.

The study help to conclude that petty trade help to remove the problem of unemployment, increase in household income, poverty alleviation and help to increase in tax revenue of the local government. Hence, policymakers should make such a policy, which motivate more citizens towards such business and for this formulate the suitable monetary policy which provides adequate loan at a nominal rate of interest with easy process.
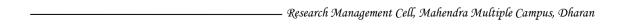
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Appendix

Questionnaire:
1. General information:
Name…………………………………………..Age:…………Sex:…………
Address:………………Religion:………………….. Education:………………
Marital status: a. Married b. unmarried c. Divorced d.Separated e. Widow/widower
2. What kinds of goods do you sell?
a. Vegetable b. Cloth c. Cosmetic d. Food e. Fruits f. Others
3. What kinds of customers do you normally get?
a. Low-level of income b. The middle level of income c. High-level of income
4. Where do you get your goods from?
a. Within Dharan b. Outside Dharan
5. How much capital is invested in the current business?
a. 5000 to 50000 b. 50000 to 100000 c. 100000 to 150000 d. 150000 and above
6. Do you pay any fee/ tax?
a. Yes, b. No
6 a. If yes, how and where do you pay the tax?
a. Dharan sub-metropolis b. Ward committee c. other   Amount Rs. …………….
7. What is your daily income from this trade? Rs. …………
8. Does this trade help to upgrade your economic condition?
a. Yes, b. No
9. In which sector do you expense the income of this business?
a. Foods b. Education c. Health d. Clothing e. Rent d. Others
10. What types of the attitude of customers you have to face?
a. Very good b. Good c. Neutral d. Bad and e. Very bad
11. Do you satisfied with this trading?
a. Very satisfied b. Satisfied c. Neutral d. Dissatisfied e. Very dissatisfied
12. How do you feel society's perspective on your business?
a. Very prestigious b. Prestigious c. Neutral d. Unprestigious e. Very unprestigious
13. Do you think your business is supporting to the alleviation of poverty?
a. Very supportive b. Supportive e. Neutral d. Unsupportive e. Very unsupportive
14. How much percent of your family income shares by the income of your business? ....