

Street Vendors: Exploitation by the State

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Street vendors are those millions of people who come to cities as economic refugees hoping to provide basic necessities for their families. The term “street vending” brings to mind two definite activities: that of the trader who walks around the city offering goods and services without a fixed place from which to operate, and that of the trader who sells merchandise or provides services from a fixed point on the public thoroughfare.

This is not a recent distinction; as early as colonial times, the former were called “peddlers” because of their retail functions and skill in negotiating their contracts, and the latter “stallholders” because they set up wooden stalls on the public thoroughfare. We can thus talk of two types of street vending: itinerant vending or mobile vending and vending from a fixed point on the public thoroughfare also known as stationary vending.

They are the main distribution channels for a large variety of products of daily consumption such as fruits and vegetables amongst many. Sometimes their prices on the incredible variety of products are far lower than those prevailing in the established markets.

People who walk around the streets trying to sell small quantities of articles to passers-by are called mobile vendors. They have no fixed location and operate on a fairly small scale. Their income depends entirely on the skill with which they move about in search of customers, since it is unlikely that customers will go in search of them. They are not organised, have no fixed location to defend, and must finance themselves. When they start to work, these street vendors are not only providing a service but also investing in human capital. They observe goods being sold and see other apparently more prosperous vendors working in the same location each day. They learn from experienced friends and swap ideas with others who are also just starting out. In doing so, they discover that the street is the school where one learns what goods should be provided and what value ought to be attached to them.

As time passes, they acquire more know-how and by repeating the same sale circuit over and over again, they begin to identify their customers and gradually generate a reputation which earns the vendor not only the trust of the customer but also the credit of suppliers. At this point a new process begins as repeated trading in the street helps

to identify locations that are commercially attractive. Vendors begin to aspire to set up a fixed location. The advantages of operating in a known and specific place where merchandise can be stored and displayed and where a reputation can be established become clear. The street vendor aspires to stability.

When the street vendor gives up itinerant trading, identifies a location, and conducts business there, an invasion of the street occurs. The first thing a vendor does when trying to invade a fixed place on the public thoroughfare is assess the value of the location, determine whether the location is economically feasible, assess the potential customers’ worth, and determine net income. The vendor evaluates the possibility of an agreement with other people also operating on that street and the government authorities.

Usually with time a special relationship is formed between the vendor and the location occupied. He may start to exercise certain rights over it. However, this relationship does not correspond to an equivalent right in the formal legal sense because it governs a piece of street, which is open to public use. Instead, it constitutes an informal relationship, which Hernando de Soto¹ coined as the “special right of ownership.” This permits the economic use of public thoroughfare, helps increase the scale of the operation and enables the vendor to specialise. The vendor can establish a commercial reputation among the buyer and the supplier far more easily than by remaining itinerant.

The Two Myths

So why is the populace against the idea of too many vendors on the roads? One popular myth is that all the existing vendors, and those coming into business, will cause a lot of space problem trying to accommodate within the space limits. Nevertheless a group in IIT, Delhi has studied and found that all vendors can be accommodated provided the city authority is efficient and rational. So whose predicament is that, the poor vendors or the authorities?

Also, many deem that vendors are a source of leakage to any neighbourhood news such as a vacant house etc., but according to road safety expert Dinesh Mohan, street vendors bring safety and security to the neighbourhoods. Wherever clusters of open shops on pavements are settled, the crime rate is low.

India has such a large unemployed population and this sector actually helps in providing employment to those millions.

What a Plight? What a Sight?

In the scorching heat of May, a poor man sets out to earn his living. His two children, father, mother and wife, have not had much to eat for the last two days. This is the plight of Ramu, a *paanwallah*, who sets out at 7 am and returns at midnight. Today in the heat of 44 degrees, he is still out at 3 pm merely because the month's end is near and it is time for the bribe again. If he does not earn enough he will not be able to pay the corrupt visitor coming regularly every month.

This man has a license of 1992, the year the government had taken out its license plan for the vendors. Since then no plan has been formulated, ten years have passed by. Even in 1992 he had to pay Rs 2,500 as bribe to the officials just to attain the license that would have been given off to someone else if not him. Every year, as he renews his license he pays an amount of Rs 500 to please the officials.

Why only Ramu, I am quite sure that with five lac vendors on the road this is the story for many. Why, with the MCD (Municipal Corporation of Delhi) officials personally telling us that almost 90% of the vendors do not have a license, I wonder what is keeping them still on the roads, well, no marks for getting that one right!

The municipal and police laws are heavily loaded against people working in the informal sector. On the face of it, these laws appear to bestow powers on the police and municipal authorities to promote civic order. But in fact, arbitrary powers vested in the hands of municipal officials, police and other related departments have enabled them to establish a vast extortion racket. In the NDMC (New Delhi Municipal Corporation) area, only 778 persons have been granted this legal status while in the MCD zones, till date, this precious document has not been bestowed even on all of the 4,128 persons who,

¹ Hernando de Soto, an economist and founder of the Institute for Liberty and Democracy (ILD) in Lima, Peru, in his 1986 book, *The Other Path*, argued that the best way to help "Peru's poor out of poverty was not through violence but a market economy geared to the poor themselves." The book became the number one best-seller in Peru and the rest of Latin America.

according to an absurd yet stringent criteria used by the government, were supposed to have qualified for getting a *tehbazari*, which is a legal permit for stationary vending. Thus, lacs of vendors are doomed to remain illegal encroachers.

The authorities know that these vendors play a very important part in our society and thus cannot be simply displaced. Many of the hawkers have no other means of livelihood. They have no option but to suffer, even if it means police beatings and harassment by municipal staff. Since many of the vendors do not have the license, they are forced to pay the bribe. If any one of them defy paying, he is routed out of the market. In order to keep them timorous, municipal authorities and the police carry out frequent raids in the informal "natural" markets created by these hawkers and vendors. In the guise of removing illegal encroachments, they seize their goods and *rehdis* (pushcarts) and lock up all the confiscated property in municipal yards.

Even those who have licensed stalls are not spared. Their stalls and wares are likewise destroyed or confiscated. They are made to pay fines (apart from the bribe) to get their pushcarts and goods released. The "going" rate of penalty is Rs 1,450 plus Rs 300 as "removal charges" and Rs 100 per day as store charges for the number of days their *rehdis* stay in municipal yards. Thus a vendor has to spend a minimum of Rs 1,900 to get his *rehdi* released from the municipality, that is if it is released the very next day, it makes you wonder if a poor vendor can give up Rs 1,900 the next day itself. Often the vendors can not pay the exorbitant fines and bribes demanded of them for releasing their goods. So they have to start from scratch again.

The War on Hawkers

Instead of creating an enabling environment, government policies are wrecking the livelihoods of these people, depressing their incomes and thwarting their entrepreneurial potential. Street vendors are routinely beaten and driven out of public spaces. No one can vend on the streets without a valid *tehbazari*. But, getting a *tehbazari* from the municipality without strong political patronage and massive bribes is near to impossible.

Stealing from the Poor

Extortion rackets find easy prey among street vendors. A majority of the small vendors pay between Rs 500 and Rs 800 per month to the MCD police and local gangs as "protection money." Those with regular *tehbazari* pay a little less, but are not spared the humiliation. In addition, the police often take away their goods without payment, whenever they so desire. This results in a major loss of income for them. Thus, if we calculate at a modest average of Rs 500 per person per month by way of cash bribes and Rs 300 per month for loss of income due to open robbery of their goods by government servants, the five lac vendors of Delhi are being fleeced of Rs 40 crore a month, which tantamounts to Rs 480 crore a year by the government functionaries.

Many of them, especially the fruit-vegetable vendors lose a lot more by way of forced offerings in kind demanded by the police and MCD staff. Add to it the loss of income when they are uprooted and prevented from carrying on their trade for days or weeks on end. If an average of 20 working days is lost every year at Rs 100 a day, the vendors of Delhi alone are likely to be losing another Rs 100 crore per year due to frequent disruptions in their work. They also suffer additional losses when their goods and *rehdis* are seized. Calculated at a modest Rs 2,000 per person per year loss on this account, even if we assume that only two lac vendors bear this loss, it totals to another Rs 40 crore (Rs 40,00,00,000) per year.² In this context it is noteworthy that though *Manushi* has released these figures to the press, no one from the government has contradicted or denied their validity.

² Kishwar, Madhu, "Blackmail, Bribes and Beatings," *Manushi*, Number 124, p 7.
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The new entrants into this occupation, are beaten, humiliated and abused. These constant economic and physical assaults destroy their dignity and conviction. This growing violence and insecurity is an important reason why very few women take to vending and hawking in cities like Delhi. The few who dare are either widows or older married women whose husbands can not earn enough. Young girls and women are not approved to join this trade because they are far more vulnerable to abuse and violence than men. Thus these women lose out on this source of livelihood.

Livelihood: Their Right

Hawkers and vendors of various cities have fought long drawn battles, both in the streets as well as through the courts to assert their right to a dignified livelihood. The Supreme Court itself has upheld this right numerous times, but the administration continues to flout it with impunity. In 1985, the Supreme Court, in the Bombay Hawkers Union vs Bombay Municipal Corporation case, directed that each city should formulate clear-cut schemes, which earmark special Hawking Zones after which they could declare certain areas as No-Hawking Zones.

This was followed by a landmark judgement in 1989: the Sodhan Singh vs NDMC case. It held that "Street trading is an age old vocation adopted by human beings to earn a living...[and] comes within the protection guaranteed under the Article 19(1)(g) of the Indian Constitution which guarantees the right to earn a living as a fundamental right." Therefore, city administrations were directed to facilitate hawkers in acquiring a legal status. Unfortunately, the Supreme Court orders have been flouted with contempt, not just by municipal authorities in Delhi, but in other states as well.³

Case Studies: Delhi

Mobile Street Vendors

1) Juice Rehdi Vendors

Many of these vendors had applied for their *Tehbazari* in the year 1998. Even after four years, a specified place has not been allocated. Only a *Tehbazari* slip has been given. Nevertheless rent is being paid for their unallocated space since 1992. MCD is paid Rs 150 per month. (Five rupees per day). A *Tehbazari* slip is obtained against all required papers, including the papers concerning all previous dues paid between 1992-1998. Incidentally the *challan* slip does not mention the amount fined. It just says to report to the Magistrate who will decide the amount to be paid. The fine ranges between Rs 1,500-1,600.

2) Mango Cart Vendor (Commercial area)

Location: Tagore Garden

Name of the vendor: Joginder Gupta

Work duration: Four years

This vendor had no license but was working in the area for the last four years by paying a bribe of Rs 50 to the local police officials. This of course was not paid to allow him to operate but paid so that the police would inform him before the MCD van came for its check up. Those days when the information reached late, a fine of Rs 1,500-1,700 was to be paid. The *Rehdi* costs about Rs 1,000 and during a check up the fine along with the *Rehdi* is taken but with the price of the *Rehdi* being less than the fine to be paid, (in order to get it back) it does seem logical that the vendors do not come back for the old *Rehdi* and go buy themselves a new one. What a waste of resource?

³ Kishwar, Madhu, "Blackmail, Bribes and Beatings," *Manushi*, Number 124, p 8.

3) *Vegetable Vendor*

Location: Safdarjung Development Area

Name of the vendor: Devendar

Work duration: Three years

He holds a license for his rickshaw.

Cost of the license is Rs 350.

He paid Rs 175 to acquire the license, Rs 125 as bribe and a receipt for Rs 50 from Lajpat Nagar MCD which is the actual renewal fee. If he does not sell his product in the area that comes under Lajpat Nagar MCD, and sells it in some other location, his rickshaw would be taken away. To get his rickshaw back he has to pay Rs 350 to the MCD who also take away his rickshaw even when he has his license (they take away the license or tear the license). Ultimately he gets his license made again for Rs 350. Devendar got his license made three times and was *challaned* for his rickshaw 6-7 times within the last three years.

4) *Water Cart Vendors*

Location: ITO

Name of the Vendor: Mithikesh Yadav

Work duration: Two years

This 15-year old vendor possesses a license given to him by Bhagwan Das, the actual owner of the water trolley. Mithikesh gives to Bhagwan Das his entire day's earnings and in return receives a salary of Rs 1,700. Though his license has been inspected occasionally, the purity of the water in these trolleys has never been checked. The inspector did not even care to bring the relevant instruments with him.

Stationary Street Vendors

1) *Sugarcane Juice*

Location: Paharganj

Name of the Vendor: Raju Singh

Work duration: Ten years

He acquired his license in 1992 from MCD. Even then, he was forced to pay a bribe of Rs 2,500.

Requirements for license:

- i. House tax receipt
- ii. Electricity bill receipt
- iii. Water bill receipt
- iv. Ration card

Cost of license renewal: Rs 1,900.

Government renewal fees: Rs 240

Actual amount taken by MCD: Rs 400

In addition, Rs 1,500 was taken as bribe.

Fine for unlicensed carts (*Rehds*) amounts to Rs 1,500-1,700

2) *Florists*

So, when was the last time you bought flowers? It could be for anyone. Did you pluck them from the tree or go to the florist around the curb and get it from him? What would you do if one bright morning you did not find the florist anymore? Though this may surprise you but florists are totally illegal vendors who try to earn a livelihood just like us. Yet under the law this form of earning is illegal and how the MCD benefits from this is not a new story. All florists have to pay a monthly bribe that can range from Rs 150–550 for the MCD and Rs 200–800 to the local police. But does this not so clearly show how corrupt the officials are! If selling flowers is illegal, how can we see so many florists still operating? On those days when a senior official accompanies the inspectors on their regular checks, the flowers are

taken away and the florists are fined a penalty of Rs 600 to get the flowers back—withered and spoilt—so naturally the poor florists never come back for them and the flowers nicely decorate the MCD

store room. It really makes you think and perhaps say “Thank god for corrupt officials, thank you bribes!” for otherwise we would have been plucking flowers from gardens.

3) *Paanwallahs*

The most common stationary street vendors are the *paanwallahs*, who are found mostly in all corners of the city. These vendors earn their living by not only selling “*paan*” better known as “Betel leaf” but also other small things like sweets and chocolates.

These *paanwallahs* face a lot of problems mainly because they cannot run away as soon as they see the MCD van like the other helpless mobile vendors. These vendors face a big problem as to where they have to sit. Many of them have the license to sell but they are not allocated an area of operation and hence are forced to set up their stall wherever they can. They have to keep shifting themselves from one place to another, with all their bulk and are at the mercy of the local police and MCD. The bribe ranges from Rs 500 to even Rs 2,500 at places like Connaught Circus. What exactly are these poor people supposed to do?

Ram Khukhreja a *paan* vendor in South Delhi faces harassment from the police within the first week of the month and from the MCD within the second week. He earns Rs 200 in the first week but pays the police Rs 500 i.e., all his first week’s earning and another Rs 300 from his last month’s savings. His second week earning amounted to about Rs 150 and he pays the MCD around Rs 300-450, depending on how his luck favors him.

Leave Them Alone!

We appeal to the citizens of Delhi, whether policy-makers or administrators, to help make Delhi a bribe-free, terror-free city. The following demands are made on behalf of vendors:

- In no other functioning democracy is the police allowed to wield *lathis* (batons) on innocent citizens, the way it is in India, thus the policemen should be disarmed of their *dandas*.
- Free the Vendors: Street vending should also be delicensed. If industries can be delicensed then why not vending business too?
- Services of vendors should be given due recognition. Why not demarcate Hawking and No-Hawking Zones, based on every city’s population rather than based on arbitrary, bureaucratic whims.
- Better still, privatise the roads, auction the space already being used for vending and let the free market work.

Presently the situation is indeed sad. Why not help these poor vendors who have not been allowed to resume their trade for weeks or months? Why not help them resist this continuous routine of paying bribes? Many such families are facing destitution and are sinking under debt. Your open solidarity will certainly help curb the extortion rackets we are trapped in.