

Plundering the Poor and Protecting the Rich

Exactly a decade ago the Narasimharao-Manmohan Singh duo initiated the economic reform process under severe fiscal compulsions. The process has been incomplete and there have been many problems. But even the worst critics of economic liberalization would admit that there are many successes. Moderately high growth rates have been sustained for a decade. Inflation has been under control. Consumers have far greater choice now, with quality of goods improving, and prices declining. Despite these and other impressive achievements, the political constituency for reform is still largely limited to the upper middle and affluent classes. Many parties and politicians find it expedient to attack the liberalization process and such criticism attracts wide public support. Why? We need to examine in some detail. The real benefit of liberalization is the dismantling of the license-permit-quota raj. Thanks to self-defeating regulation, the productive potential of a whole nation was laid waste. With de-licensing, this productive potential has been unleashed. But the de-licensing largely benefited the formal manufacturing industry. True, manufacturing sector itself is facing a grave crisis for several reasons, but it has been largely liberated from the clutches of bureaucrats. The real problem lies in not tackling the continuing extortion of the large segment of poor, self-employed workers. Only 28 million workers in India are in the organized sector, of whom 19 million are government employees. 92 percent of all the workers are in the unorganized, unprotected, self-employed sectors. Liberalization process has not touched them at all, and they continue to be in the clutches of license-quota raj. We don't have to go far to understand the monumental human tragedy this implies. Take Delhi city. The plight of cycle rickshaw pullers and street vendors is a classic illustration of the utter insensitivity of the Indian state and the rapacious corruption and shameless extortion. There are an estimated 5 lakh street vendors and hawkers, and another 5 lakh cycle rickshaw pullers in Delhi. Most of them are poor migrant workers from rural UP and Bihar. These service-providers, eking out a precarious livelihood by the sweat of their brow in the nation's capital face endless harassment, humiliation, indignity and worse. The continuing license-quota-raid raj has

left them at the mercy of extortionary babus and brutal policemen, undermining their livelihoods and human rights. Painstaking studies by the Delhi-based Manushi indicate that the annual corruption from street vendors, hawkers and rickshaw pullers in Delhi alone is of the order of Rs. 500 crores. Despite Supreme Court judgment in 1989 in the Sodhan Singh vs NDMC case, in which the court declared hawking as a fundamental right subject only to reasonable restrictions under Article 19 of the Constitution, vendors and hawkers are subjected to regular terror tactics and brutal treatment. Out of the 5 lakh vendors, only a few thousand are licensed. Monthly mamools of Rs. 500 to Rs. 2500 are collected from these vendors and hawkers, apart from policemen picking up free from these stalls and push carts whatever goods they fancy. If hawkers resist paying bribes and 'protection money', they are routinely beaten up and abused, and their goods and push carts are seized, to be released only after collecting hefty bribes. Often there is wanton destruction and irreparable loss. At an average monthly bribe of Rs. 800 per vendor, the annual bribe collections from 5 lakh vendors are a staggering Rs. 480 crores. Much of the money is collected through local gangsters who act as touts. The result is not only brutalization and extortionary corruption, but increasing criminalization. The estimated 5 lakh rickshaw pullers' plight is somewhat similar. About 73,000 rickshaws have been licensed, each for a bribe of Rs. 300 to Rs. 600. The monthly protection money paid to MCD for licensed and unlicensed rickshaws is Rs. 50 to Rs. 100. In addition, policemen collect mamools and haftas. Frequent raids and seizures take place, allegedly to prevent unlicensed rickshaws. Each seizure involves untold misery and exchange of huge bribe. Altogether, nearly Rs. 100 crores is the annual bribe collection from poor rickshaw pullers. Manushi deserves our gratitude for unearthing these horrendous facts. Recently Lok Satta and Manushi approached the Central Vigilance Commissioner, Mr Vittal to end this extortion and he wrote to Delhi Government asking them to dismantle the license-quota raj. Let us hope the Delhi government will act quickly to end this brutal corruption, and liberate the poor from the clutches of the extortionary state machinery. There can certainly be zoning restrictions and properly marked parking places. But licensing, quotas, frequent raids, brutal treatment and corruption are a disgrace to a civilized society.

If de-licensing only liberates the educated entrepreneurs, and if the unorganized poor are at the mercy of the state even to carry out their trade or business peacefully, then economic reform has no meaning. If in Delhi the poor are subjected to such untold suffering, we can only imagine what is happening in the many other cities and towns. With the majority suffering such indignities, social harmony, political stability, and economic growth will be merely illusory. We have to recognize that the few rich cannot be protected if the many poor are plundered. Will the Indian establishment act with decency and good sense to liberate the poor from the clutches of corrupt bureaucracy? Only then can economic reform acquire real meaning and the poor and unorganized sectors who constitute a vast majority will be partners in economic growth.

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