

A Prelude

On 20 November 2012, Kapoorchand Gupta, General Secretary of Shahid Bhagat Singh Hawkers' Union in Mumbai's suburb Kandivali (West), had just finished a meeting with his union members. He had asked them to participate as volunteers for the 40th annual conference of All India Trade Union Congress (AITUC) which was being held in a week. His union was affiliated to AITUC. He had made his rounds by 10:10 pm and he rode pillion on the bike of Yogesh Gaud, an activist who would pick him up every night and drop him home. As Gaud slowed down at a corner, two men sprang from behind and pounced on them. Gaud tried to pick up speed but one of them stabbed him and he had to slow down. The other pulled Kapoorchand from the motorcycle and started to stab him. Gaud managed to escape and he informed the police. By the time police reached the lonely spot, the men had vanished and Kapoorchand lay in a pool of blood, dead.

Kapoorchand was stabbed 23 times! His assailants had kept stabbing him even after he was dead. They were apprehended from Nasik the next day, their names were Shiv Prasad Kesari and Shiv Bharadwaj. Both confessed to their crime and they stated that they killed him because he had caused a lot of loss to their business. Both were hawkers who had their vegetable stalls near Kandivali station. Their main income however was from moneylending. They told the police that they had plotted to kill him because he has caused losses to their profitable business of moneylending of around Rs. 4 million. They had been to a bar to get drunk before they could stage the ghastly murder.¹

Kapoorchand's case brings to light the ways in which innocent street vendors with little or no education get cheated by moneylenders who loan them money at high rates of interest. The normal rate of interest is 10 % per month. The interest exceeds the capital long before the year is over. This is not all. The moneylender charges 10 % as processing fees. He invariably manages to convince the hawkers that it would be prudent to pay back daily. He fixes a certain amount as daily

¹ The facts in this paragraph are based on reports in *Indian Express* (Mumbai Edition) dated 22 and 23 November 2012.

payment to cover the interest and loan. This amount, if calculated by the month, amounts to 38 % interest per month. The hawker is naïve enough not to understand these calculations and he believes the moneylender. As a result he can never repay the loan as the amount is too high and it keeps mounting.

We can take the example of one hawker who had borrowed Rs. 10,000 from a moneylender. He was given Rs. 9,000 after deducting the processing fee. The moneylender told him that he was his friend and he would help the hawker whenever he needed help. Saying this he said that to mark their friendship they should drink. They went to a bar and the hawker had to pay a bill of Rs. 1,200. He thus had Rs. 7,200 from his loan but he had to repay the moneylender Rs. 10,000 at Rs. 1,000 a month. The moneylender had convinced him that paying Rs. 1,000 every month would be a burden so he should pay Rs. 103 per day which could in fact be the same as the monthly charge. The hawker was unable to pay the entire daily amount and his indebtedness increases. Finally the moneylender told him that his debts were very high and the only way he could settle the matter was by giving up his hawking space which the moneylender would sell to another hawker. When Kapoorchand got to know about this, he intervened and challenged the moneylender. He told him that the hawker had repaid his debt quite a while ago. The moneylender had to accept his.

In another case the moneylender asked the hawker to transfer his house to him as his debts were very high. When the hawker refused, the moneylender invited him over for a drink. He got the hawker drunk and made him sign on a blank stamp paper. Kapoorchand took the hawker to the police station and filed a case of extortion against the moneylender.

There were several such cases where Kapoorchand had intervened and got justice. He had initiated microfinance institutions (MFIs) among his members so that they do not fall into the trap of moneylenders. He had got them enrolled in insurance schemes which protected them during illnesses and hospitalisation. These activities became major problems for moneylenders in the area as they capitalised on the financial weaknesses of hawkers.

Kapoorchand's murder exposes the stakes involved. We don't know the actual turnover from usury, but what we see through the confessions of the two murderers is only the tip of the iceberg. The two claimed that their turnover was Rs. 4,000,000 and they were also hawkers. What is the turnover in exploiting 250,000 hawkers by usurers in Mumbai is anybody's guess. This underscores the need for the banking sector to include street vendors. Both would gain, the street vendors through higher incomes because of lower interest rates and the banks through increase in business. This monograph highlights these issues through the research undertaken.

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