



# FINANCIAL INCLUSION AND LIVELIHOOD PROMOTION OF RICKSHAW PULLERS IN INDIA





## AUTHOR'S NOTE

Many believe that the world is moving very fast because of development in service, industry and IT sectors as well as other scientific innovations narrowing the gap of information and communication. The globalization of market economy, products and services marketing helped many developing countries to enhance sectoral growth and emerge their national economy. India is a large democratic country in the world with spacious diversity of language, caste, culture and habits of the people. The country is large in many accounts and currently it has about 1.25 billion population, out of which over one-thirds are living below the poverty line. These economically and socially poor people are mostly resourceless people and wage labourers involved in various informal and unorganized sectors for their livelihood. Most of the socio-economically poor do not have adequate access to financial and social amenities due to various reasons. The country urged to move fast for social and human development of its all citizens. It is important for the country to manage socioeconomic vulnerability of economically poor people and inequalities of livelihoods capitals which are unparalleled with ups and down in the era of economic development and want to improve livelihoods of all.

The UNDP has a long partnership with the Indian Government formulating common vision to help achieving socioeconomic growth and enable millions of impoverished and marginalized people through creating opportunities and to give benefit of economic growth. India is an emerging economic development country sustaining its GDP growth over 8% per annum during the last decade. The main objective of National Millennium Development Goals (NMDGs) of the country is to reduce vulnerability of economically and socially poor and their poverty. The economically poor people are living in different pockets and scattered all over the country with small groups in rural and urban areas. The present study has mainly investigated the situation of Cycle Rickshaw Pullers (RPs) belong to unorganized sector for livelihood and most of them are rural-urban migrants living in poor housing and unhygienic environment with their family and children. Their accesses to various financial and non-financial products and services are very limited due to lack of permanent settlement, permanent identity, assets, resources, knowledge and financial capacity. The vulnerability of women and children of RPs are also more acute and need intense support from the government and development organisations to improve their food intake, housing, health, education and social security.

Presently, a large number of economically and socially poor men and women are untapped in the trend of socioeconomic growth and therefore the overall growth of the country is interrupted in many ways. In the case of RPs, they acutely lack productive livelihood capitals. It is imperative to count them in financial sectors through financial inclusion for inclusive economic growth and human development of the country. The nation need to bridge the gap of inequalities between the economically 'rich and poor' and 'men and women' for greater benefit of social and economic development through various means and methods with sound Policies and Programmes. I believe the government and other development organisations will keep step forward commitment by transforming – obstacles to equal opportunities with enabling environment and vulnerability to resilient for improving livelihoods of its all types of poor people. I presume this report will help the nation to initiate Policy and Strategy for Development Programmes to improve livelihoods conditions of economically and socially poor RPs living in urban area as well as its implications of findings would be also useful for the rural Programmes.

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## ABBREVIATIONS AND ACRONYMS

AIFT	American India Foundation Trust
ALW	A Little World
ATOM	Payment Gateway in India
BCs	Business / Banking Correspondents
BMC	Bhartiya Micro Credit
BPL	Below Poverty Line
CBO	Community Based Organisation
CICs	Common Information Centres
CREATE	Centre for Rural Entrepreneurship & Technical Education
CRPs	Cycle Rickshaw Pullers
EMDC	Emerging Market Development Country
EME	Emerging Market Economy
FGDs	Focus Group Discussions
FI	Financial Inclusion / Financial Institution
FICCI	Federation of Indian Chambers of Commerce and Industry
FORPI	Federation of Rickshaw Pullers of India
GoI	Government of India
ID	Identity of a person
IDBI	Industrial Development Bank of India
IGAs	Income Generating Activities
IIMPS	Invest India Micro Pension Services
ISMW	Indian School of Microfinance for Women
JKK	Jeevan Jyoti Kala Kendra
JLG	Joint Liability Group
JRS	Janmitra Rickshaw Scheme
JSY	Janani Suraksha Yojana
KT	Kuhad Trust
KYC	Know Your Customer / Client
LIG	Low Income Group
MCMs	Microfinance Community Members (of Solution Exchange-UNDP India)
MDGs	Millennium Development Goals
MF	Micro Finance
MFIs	Micro Finance Institutions
MSA	Mandatory Savings Account
NABARD	National Bank for Agriculture and Rural Development

NBFC	Non Banking Finance Company
NGOs	Non Government Organisations
NMDGs	National Millennium Development Goals
NPS	National Pension Scheme / New Pension Scheme
NUHM	National Urban Health Mission
OBC	Other Backward Caste
PFRDA	Pension Funds Regulatory and Development Authority
PNB	Punjab National Bank
PROs	Private Rickshaw Owners
RAMBO	Rickshaw-pullers' Association for Mobile Business Opportunity
RBI	Reserve Bank of India
RBP	Rickshaw Bank Project
RGVN	Rashtriya Gramin Vikas Nidhi
RP	Rickshaw Pullers
RSBY	Rashtriya Swasthya Bima Yojana
RTE	Rickshaw Transport Enterprise
RTS	Rickshaw Transport System
SC	Scheduled Caste
SEWA	Self Employed Women's Association
SHGs	Self Help Groups
SIDBI	Small Industries Development Bank of India
SIFE-SRCC	Students in Free Enterprise - Shri Ram College of Commerce
SMV	Slow Moving Vehicles
ST	Scheduled Tribe
THP	The Hunger Project
UDHR	Universal Declaration of Human Rights
UID	Unique Identification Authority
UN	United Nations
UNACCO	United Aroma Commercial Company
UNDP	United Nations Development Programme
UP	Uttar Pradesh
USD	United States of America's Dollar
VDPA	Vienna Declaration and Programme of Action
VRPs	Van Rickshaw Pullers

## ABSTRACT

*Study on poor and poverty related issues is an important international, multi-disciplinary and national goal to reduce poverty and hunger through identifying opportunities and take advantage of it to improve livelihoods and social and human development. The poverty is such an issue that its causes and consequences have considerable extraordinary impact on national development and to form a civilized society. In this regard, this study has been conducted for a section of people of the country involved in Cycle Rickshaw pulling in urban area. The cycle rickshaw pullers (RPs) in India are in general poor and migrants. The main objective of this research study was on 'Financial Inclusion Related Aspects of Rickshaw Pullers' to identify and examine FI needs of the RPs at one end and various service providers of microfinance services on the other side. In 2012, UNDP under its financial inclusion project supported a research study of the 'financial inclusion' (FI) needs of the 'cycle rickshaw pullers' (RPs). At the same time, UN-India started 'E-Discussion through Microfinance Community Solution Exchange' on strategies, products and services for the FI of RPs. The study was conducted for in-depth analysis in three focused States of UN-India and it covered review of various studies which is referred as at the national level study. In the study, FI includes needs of safe savings (mandatory and voluntary), credit, micro-leasing, insurance (life, health and general insurance) and transfer of money / remittance and payments services required by the RPs and for social security. The FI needs of the RPs are not limited to credit but also savings, micro-leasing, insurance and remittances. The study findings shows that their first and foremost needs are to access service sectors, improve asset base, employment of their women, increase income through income generating activities (IGAs), adequately attain the basic needs and means of overall sustainable food security. In relation to FI issue, RPs needs rights of access to loans and insurances, saving and pension schemes, and transfer or receive remittances. It also highlighted micro-leasing (micro-finance) for the RPs which is beyond the exiting regular financial system and require special arrangement of a flexible system knowing residual risk of investment.*

**Key words:** Microfinance, Financial Inclusions, Financial Products and Services, Savings, Rickshaw Pullers, Urbanization, Rural Urban Migration, Unorganized Sector, Poor and Poverty, Livelihood, Socioeconomic, Social and Human Development, Population, Policy, UNDP, India

# INTRODUCTION



It is believed that the first Rickshaws in India appeared circa 1880 in Simla and around 1900 in Calcutta (presently Kolkata). These were the hand-pulled rickshaws. As time evolved, Cycle Rickshaws with three wheels came into vogue, leading to the famous Indian Auto Rickshaws (Tuk Tuks) and much later the motorized cycle rickshaws (in Chennai).

Cycle Rickshaws, are economical and environmental-friendly and hence, should be able to play an important role in today's chaotic transportation system in the country.

As plying a Cycle Rickshaw does not require any educational qualification but sheer physical ability, it becomes the first choice of employment for the poor and migrants from rural areas to urban areas. One immediate attraction is that it does not call for financial capital for the Rickshaws as they are available on rent. However, due to this, a significant chunk of the daily earnings also go away towards rent and perennially.

In addition to this, continuous exposure to all natural vagaries, lack of awareness on health and hygienic issues, alcoholism etc., take a toll on the health of the Rickshaw-puller which has an effect on the family rendering the families to be eternally below the poverty line.

To understand the needs of the Cycle Rickshaw Pullers (CRPs), UNDP initiated a national level research study, in 2012, on the 'Financial Inclusion' (FI) needs of the 'Rickshaw Pullers' (RPs) in India as also simultaneously initiated an e-discussion through the Microfinance Community of Practice-Solution Exchange, on products & services for the financial inclusion of Rickshaw Pullers (RPs represents CRPs), in support of the study on the financial inclusion of RPs.

Several studies show that there are about 10 million of rickshaws and RPs variously located and situated in urban areas of all states in India. The available studies and documents argued that the RPs are seriously deprived from various initiatives of the government and facing difficulties socially and organisationally. Though they are providing cheaper and eco-friendly transport services to the people, they themselves are paying a high cost with their lives, by being highly vulnerable and not getting appropriate institutional support.

It is known that the RPs are poverty-driven and mostly migrants and considered as belonging to the unorganised sector of employment and economic activity in the country. They are resource-poor, living seasonally, semi-permanently and permanently with or without their family in towns and cities. Their living conditions are very unfavourable and vulnerable and many a time deplorable.

Mostly illiterate and knowledge-poor, they face multi-faceted challenges and difficulties in accessing financial and / or non-financial institutional support, which is very critical for their livelihood improvement and social security.

The RPs have been contributing, to employment, product / consumer market and to the national economy, with billions of operational turnover every year, but remains excluded from the benefits of various government initiatives. After the Construction Sector, it is the Rickshaw Transport System (RTS) that plays a vital role in providing immediate employment to the poor and 'rural to urban' migrants in urban environment.

Financial inclusion and their socio-economic development is a major challenge of the Government of India (GoI). These are also decisive agendas of Millennium Development Goals (MDGs) and a major commitment of United Nations (UN) member countries to work together with respective government of developing countries under the leadership of United Nations Development Programme (UNDP). It has been noticed that this objective is considered as the main driving force to change policy and programmes in many developing countries for immediate need of improvement in social and human rights, food security, social security, health for all, education for all, shelter for all, etc.

The field study has tried to collect information from a number of stakeholders who are involved in RTS sector such as RPs, rickshaw owners (*Thekedars*), rickshaw unions, rickshaw users, municipalities and financial institutions or micro-lease organisations, using various methods of research and tools of data collection such as structured questionnaires, checklist formats etc. Focus group discussions (FGDs) of RPs were conducted to get in-depth information on their various financial and non-financial needs.

The study has considered it necessary to;

- investigate, assess needs and deeply analyze the present socio-economic status of RPs and situation of their transport enterprises by different settings (individual, collective, own, hire, etc.);

- assess their position in relation with dealing (practice) and concern (demand, barriers, constraints) about access to and utilisation of available financial products and services;
- identify their awareness of and knowledge about microfinance (micro-leasing) products and services with regards to improving their sustainable livelihoods.

Based on the above investigation and assessment, an attempt has been made to consolidate the suggestions and recommendations emerging out of the study on innovative microfinance products and services as well as non-financial livelihood aspects that can fulfil the needs of the RPs in bettering their lives.

Besides the field study, the output of the E-Discussion was also found to be very useful for an in-depth analysis on deprivation of financial inclusion and other livelihood related aspects of the rickshaw puller households. There were various issues highlighted by the members of Microfinance Community on the status, needs and potential of providing various microfinance products and services such as savings, credit, micro-leasing, insurance as well as transfer of remittances and payments of RPs.

The findings of field study and outputs of the E-Discussion are integrated to write this report **“Financial inclusion and Livelihood Promotion of Rickshaw Pullers in India”**. This report tries to identify and put forward the findings and possible solutions towards the alleviation of the problems faced by the community of CRPs across several states of India.

It is expected to be an appeal to the policy makers, planners, various ministries and departments of the government, and useful for business, development and financial organisations, researchers, academicians, students and those who are interested to study on poor, poverty, RPs and the informal & unorganised sectors.

The report has four parts, PART-I denotes Executive Summary, Findings and Policy Recommendation for Financial Inclusion of Rickshaw Pullers, which includes all major important issues highlighted throughout the report, PART-II investigates The Field Research Study on Rickshaw Pullers and Stakeholders which includes findings based on primary data analysis, PART-III underscores Outputs of the E-Discussion on Microfinance and Financial Inclusion of Rickshaw Pullers which includes the summary response of Microfinance Community Members, UNDP-India, and PART-IV delineates the Report Summary and Conclusions which includes overall research findings and discussions about the status of financial and non-financial aspects of rickshaw pullers in India and their development needs.

# PART-I

## EXECUTIVE SUMMARY, FINDINGS AND POLICY RECOMMENDATION FOR FINANCIAL INCLUSION OF CYCLE RICKSHAW PULLERS





## KEY FINDINGS, STRATEGIES AND POLICY RECOMMENDATIONS FOR RICKSHAW PULLERS

Major findings, strategies and policy recommendations of the study and E-Discussion are mentioned below –

### Issues and Programmes

**Eco-friendly urban transport system:** Rickshaw is an eco-friendly transport system provides transportation employment to the millions of the unskilled poor (mainly migrants) with huge cash transaction in the market everyday without any significant capital investment from the financial institutions.

**Rickshaw pullers are disadvantaged people:** Rickshaw-pulling community is one of the most unorganized, marginalized and financially excluded sections of society. They usually migrate from rural labour market to urban labour market to ensure regular income for food security; they are not eligible to enjoy urban amenities due to lack of urban identity or an official residential address and documents of income statements.

**Homogeneity and heterogeneity of rickshaw pullers:** All RPs are characterized as socially and economically poor to very poor. Their social, cultural, institutional, operational, financial and economic conditions are not significantly different except a very few high income extended families having more than one earner. However, their above characteristics are animatedly dissimilar considering type of migration, own local culture and personal habit, shelter in urban areas, etc.

**Over 70 to 90 % rickshaw pullers households have single bread earner:** This indicates that the households are dependent only on rickshaw pulling income variably located to different towns/cities. Their families are vulnerable to cope up with any shocks or crisis and become worst when the RPs fall sick or death of earner. On an average one rickshaw puller earns between Rs. 5,000 and 7,000 per month, however they cannot count it monthly basis as they earn and spend daily to buy necessities. By and large, women in their family are not doing any good job due to their weak knowledge empowerment and adjustment with urban society.

**Rickshaw Pullers deal with small money:** In general all RPs can hardly save small amount of money which is very difficult to deposit directly in any financial institution. Informal savings and transfer of money are their regular practice which needs special Programme for their social security.

**Considering rickshaw pulling as an important economic activity:** The rickshaw transport sector (RTS) is required to be recognized and regulated as an important economic activity in the country through municipality/ local self-governments as well as central and state governments.

**Adopting multi-dimensional approach:** There is a need of adopting multi-dimensional approach to cover RPs and their family members, financial and non-financial institutions,



market, etc of improving livelihood of RP households.

**Developing small programmes:** Developing affordable and accessible small Programmes aligned with one another for RPs as they have limited capacity to absorb with large Programme.

**Starting an umbrella project for rickshaw pullers:** Opening up an umbrella (integrated) financial and livelihood project for the self-help groups of RPs (SHG-RP) and their families through financial consortium and linkage models in urban area.

### Infrastructure and Operations

**Issuing identity cards to rickshaw pullers mandatory:** Most of the RPs highlighted about the importance of recognizing and regulating the sector as an important economic activity in the country through municipality and special arrangement by the government. It has been found that lack of official Identity (ID), migration certificate, relocation and daily consumption of earnings of RPs are the key obstructing factors to remain financially and socially excluded. The Government of India (GoI) to establish an institutional mechanism of issuing official ID specifically for RPs which can be accepted as an important Know Your Customer / Client (KYC) document.

**Fare chart at the rickshaw stands:** The municipalities and city police including traffic control departments need to work on assigning appropriate rickshaw stands and providing fare charts.

**Shelters for the migrants:** Both central and state governments need to work out the possibilities of shelters for temporary migrants to reduce their vulnerability of social issues and uphold human rights. The permanent migrants take refuge at road/canal side, in slums or floating need low-cost land and housing.

**Programme for health, education and housing:** A continuous Programme needs to be developed to support RPs and families with respect to their rights to education, health, housing and other social securities. This issue is a serious concern to manage mental peace of RPs and their future generation.

### Collectivisation, Research and Information

**Facilitate rickshaw pullers union systems:** The union /cooperative system of RPs needs to be organised and facilitated to empower them to deal with their own issues and interests in adjustment with the urban society.

**Information centers:** Creating 'Common Information Centres' (CICs) to provide information about the government sponsored insurance and other financial assistance Programmes to the RPs could help all the RPs and their families. The CICs would extend help for other RTS and RPs regular aspects too.

**Collectivisation:** Developing strong linkages among various unions of RPs for collective actions and exploring possibilities of **creating cooperatives** on the role model of SEWA's

initiatives is required. This issue would also require for conventional private rickshaw owners (PROs) regularly renting their rickshaw to RPs and also arrange shelter for migrant RPs.

**National study on demand side perspectives of financial and livelihood aspects:** A nation-wide demand side study is required so as to get inputs for designing appropriate financial products and services delivery models including livelihood aspects. The diversity of State-wise regulations, variability of transport services across towns/cities, movement in and out of RPs, etc are important factors to develop sustainable development Programme of RPs.

### Financial Inclusion Related Issues

**Policy and Programmes for establishing reliable financing intermediaries:** Policy and Programmes need to be developed to establish reliable intermediaries for arranging loans, money collection to deposit into the bank accounts, insurance premium as and when necessary, sending money to home without any risk.

**Microfinance products and services for rickshaw pullers:** Besides savings, credit and remittances, RPs also need **insurance and pension** products to safeguard themselves from the unforeseen events as well as old age problems. Majority of RPs also need **financial services for starting other income generating activities** (IGAs) so that they can develop their own economic capacities for sustainable financial inclusion.

**Developing wide range of financial products and services:** This issue is important to include social security needs as per the lifecycle needs of the RPs.

**Community ownership:** Establishing community ownership of rickshaws and financial service system considering their equity perspective instead of targeting to improve individual rickshaw puller's condition is required.

**Savings services:** RPs have the capacity to engage in micro-savings and would need flexible withdrawal options. They want formal and safe arrangements for collecting small savings of RPs. A mechanism needs to be in place for mandatory and voluntary savings.

**Credit services:** In the present context, RPs need financial services to meet their life cycle needs and they rely mostly on informal channels as they do not have adequate collaterals to provide to the financial institutions. Arrangements are required to provide loans to the RPs without collaterals at appropriate interest rates.

**Housing finance for the rickshaw pullers:** Introducing special schemes of housing, providing land at subsidized rates or free of cost; providing housing loans to RPs on the guarantee basis as RPs do not have collaterals to give to financial institutions; and exploring possibilities of group housing and establishment of specialized housing cooperatives are required.

**Money transfer / remittance services:** The microfinance needs of the seasonal / temporal migrant RPs are slightly different from other semi-permanent and permanent migrant

RPs. Various organisations like Zero Mass Foundation, ATOM Technologies, EKO Technologies, A Little World (ALW), FINO, Oxigen and Easy Bill have successfully introduced technology based solutions. These types of organisations are need to be assessed for developing a global model and should be regulated in favour to RPs. Introduction of technology based options of remittance services are required especially for the seasonal migrant RPs.

**Awareness generation of social security schemes and customization of schemes:** There is limited awareness about Government schemes like Rashtriya Swasthya Bima Yojana (RSBY), Janani Suraksha Yojana (JSY), National Urban Health Mission, Delhi Ladli Scheme, Ladli Laxmi Yojana etc. RPs also need health insurance so that they get free health services at the time of any illness.

**Customization of social security schemes:** As per the needs of RPs and their families customisation of social security schemes is required. Linking deposits schemes with insurance of the RPs and developing a special mechanism to ensure that no rickshaw puller is deprived of social security.

**Utilisation of networks for insurance products:** Networks of Community Based Organisations (CBOs), Non-Government Organisations (NGOs), Micro Finance Institutions (MFIs), Business / Banking Correspondents (BCs) can be used to offer insurance products to the informal workers and entrepreneurs.

**Leveraging existing banking and financial institutions:** All banking and financial institutions should leverage their services for financial inclusion needs of the urban poor to cover the geographical differences of institutional activities to support the National Millennium Development Goals (NMDGs) and its commitment to human rights and social security.

**Developing financial education tools:** Most of the RPs are illiterate and knowledge poor. It has an appeal to organize mass-scale awareness Programme for RPs as well as other urban poor. Providing financial literacy to RPs through specialized institution like Indian School of Microfinance for Women (ISMW) and other such institutions can be explored.

**Developing cost-effective mechanism of microfinance:** The MFIs need to design low-cost financial products and services targeting the low income and poor group. The MFIs are working in urban areas should offer microfinance (MF) products at a low cost which is affordable to the various sections of urban poor.

**Exploring and promoting micro-leasing concept:** There are number of MFIs and NGOs were become involved in micro-leasing activities to provide ownership of rickshaw to RPs through various arrangements which found very effective to enhance asset base and cost-saving income of RPs. The activities of those organisations need to be reviewed and find collectivization of them for developing a unique national level micro-lease Programme.

## RECOMMENDATIONS FOR DEVELOPING RICKSHAW PULLERS AND RICKSHAW TRANSPORT SECTORS

### Recommendations

- Recognising the Rickshaw Transport Sector (RTS) as an important part of the Country's economic growth
- Accepting that the RPs are regularly providing low-cost multipurpose services to the urban dwellers from door step to the stations, markets, hospital, school, etc which cannot provide by other means of transports and playing very important role in urban society
- Admitting with due recognition to the RTS as environment friendly and awarding the relevant carbon related accolades
- Recognising and respecting the Rickshaw Pullers as fellow human beings and ensuring their Identity with Identity Cards, Migration Certificates, Ration Cards as required for fulfilling the KYC norms
- Ensuring improvement of cultural, economic, financial, social inclusion of RPs
- Supporting literacy, financial education and alternative livelihood skills and opportunities of RPs to bring them out of the Below Poverty Line (BPL) stage
- Ensuring the RPs accessing of a spectrum of financial products and services and non-financial aspects
- Ensuring safety and security of the RPs by way of Rickshaw Stands, Housing, Access to Safe Drinking Water and Sanitation
- Collectivise not only the RPs but also the PROs to make them always part of the RTS mainstream
- Ensuring the awareness, education and health conditions of the RPs and their family members towards a better society

## STUDIES RECOMMENDED FOR MAKING / CHANGING POLICY GUIDELINES, DECISION SUPPORT TOOLS AND DEVELOPING INVESTMENT PLANS FOR RICKSHAW PULLERS

### Recommendations

- A policy review study is also important to review government policy, urban development policy, human development policy etc., rules and regulation for RTS and RPs in India from national level to municipal level.
- A national level study is important for demand and supply side analysis of financial aspects of poor so as to get inputs for designing appropriate financial products and service delivery models.
- A market research covering Bank, MFI, NGOs, etc is important to develop financial products and features as per the needs and preference of the RPs within their reach and affordable limit.
- A pilot project and action research Programme is needed to develop for collectivisation of RPs and PROs, evaluating institutional options and mechanism for meeting the financial need, social security and capacity building needs of the RPs.
- Institutional options and policy studies on financial aspects are required to develop a composite operational, financial and banking system (one-stop service) only for the urban poor including RPs.

## PART-II

### THE FIELD RESEARCH STUDY ON RICKSHAW PULLERS AND STAKEHOLDERS





# CHAPTER I

## BACKGROUND, OBJECTIVES AND METHODOLOGY



### BACKGROUND AND SCOPE OF THE STUDY

#### **Situation of poverty and migration from rural to urban areas**

All over the world, various development appraisals are highlighting for “Equal Rights, Equal Opportunities, Progress for All” which are the main goals of developing countries to reduce poverty and hunger and empower people in their respective area of livelihood activities (THP 2010). All these issues are decisive agendas of the global MDGs and a major commitment of the UN member countries to work together with respective government of developing countries through achieving NMDGs under the leadership of the UNDP.

It has been noticed that this objective is considered as the main driving force to change policy and Programmes in many developing countries for immediate need of improvement in social and human rights, food security (food for all), social security, equity & empowerment, gender balance, health for all, education for all, shelter for all, etc.

India is a country of diversity and large democracy in the world, in terms of its castes and cultures, distribution of geographical and climatic environment, socioeconomic situation of people and socio-political situation. It is the second largest country in the world after China with respect to population size. The country needs to look after a large population size for every specific aspect of development, which cannot be understood just in percentage terms.

During the last 50 years residential change of population indicate that rural population has decreased from 82% to 69%, a decline of 13 percentage points (Kurukshetra 2012). The total

population of the country has increased from 361 million of people to that of 1.21 billion (nearly a three and half times increase) from 1951 to 2011 population census periods respectively.

The size of the present urban population (i.e. 377 million in 2011) is more than the national population that was in 1951 (Planning Commission and Population Census 2011). During the same period, the urban population has added from 18 to 91 million. The migration of male population has increased from 50 million to about 100 million from 1971 to 2011 respectively. This clearly shows that rural-urban migration of population and expansion of urban areas has been increased over time.

Distributed over thousands of cities, towns & rural areas in the country, there are almost 10 million RPs with a dependency of millions and thousands of people in each city and town respectively for the transportation of passengers and goods on a daily basis. Almost all these RPs are past and recent migrants and they are doing heavy work to provide food security support of their family members which would be about 50 million in the country (about 4% of national population!).

This study is presenting the situation of the RPs including cause and effect of their rural–urban migration, poor–poverty, unemployment–underemployment–employment, economic activities and access to financial institutions. It also argues about livelihood of women and development of children in their families.

Since the early 1950s, the Government of India laid emphasis on eradication of poverty which has been evident from all its 5-years planning documents. Numerous literatures on the context argued that despite the average per capita income-expenditure has increased over time, the middle class has grown and number of rich families with corporate business also increased contributing to widespread resource distribution and economic inequality.

During the last decade, programmes such as ‘Financial Inclusion of / for all, Progress of / for all, Development of / for all and in general ‘Socio-economic Development of all’, etc., were considered priority areas, where poverty and hunger have been the key issue of economic / political agendas of Central and State Governments. In addition, special emphasis has been given on inclusive improvement of women and children by satisfying their basic needs, social security and human rights.

Nevertheless it should be remembered that there is no space of empowerment without independence-cultural / financial / social, where financial solvency and knowledge together generate source of power on one hand, and socio-political linkages and valid participation in socio-economic activities setting off influence of empowerment on the other, and then together of these could lead to inclusive empowerment of a person by honouring social and human values. The main research question is how the RPs could be assessed on considering the above indicators.



In spite of various development initiatives of the Central and State Governments, thousands of non-government organisations (NGOs) are working on the ground to reduce poverty and inequality, where so far the Social Responsibility of the Corporate Sector has been relatively and significantly low.

The main problem of the Government of India (Gol) and other organisations is to deal with population living in Below Poverty Line (BPL) but economically active, considering the national goals of improving livelihoods of the poor people that is important for both rural and urban areas and inclusive economic growth of the country.

The poor are neither able to live in confined / demarcated places, neither static in their occupations nor could live homogenously. The poor migrate frequently-temporarily or permanently, in search of income and for their survival, and as a result, many of them reach nearby / far away towns / cities to meet their immediate demand for daily necessities or better livelihoods. To catch up them by any other characteristic other than 'poor' is very difficult until they are organized and institutionalized. Presently the poor are more spatially dispersed in various locations and economic activities and also not static in it which can be revealed by rural-rural, rural-urban and urban-urban migration. Availability of mobile phone technology and large number of newspaper and TV channels are also contributing to the movement of these poor people.

At the same time, the Gol's grants and subsidized Programmes are invariably not properly implemented for the target group due to prolong bureaucratic process of project approval and local political influences. In much literature, it has been found that the problems are few to solve but many barriers to implement effectively. This increases cost of investment without much achievement of the Programmes.

Needless to mention specially that there are two key intermediaries –

- (i) responsible authority of Gol or State Government, and
- (ii) local socio-political leaders

who must be motivated for playing positive roles to implement project and steps forward.

In urban areas, it is the corporation and municipal authorities which are responsible to work for the poor including the RPs.

The many Programmes and projects of the Gol and State Governments are to be the safety net for the poor and the agencies are supposed to play the role of shifting / moving the poor out to better-off conditions.

In some cases, the involvement of Gol and State Governments in various Programmes and projects are not unique and not time bound which lead to deteriorating and compromising quality of services and life. For example, BPL support and quota system (minority, SC, ST, etc)

in facilities, services and education practices could be gearing conflicts of interest and creating imbalances in the society instead of improving socio-economic conditions of the poor. The 'poor' should have only one identity and that is 'poor' without any other differentiation, where differentiation means discrimination. In many cases, Programmes are selective to target a section of poor people while others perceived to be deprived, just watch and feel frustrated. This is more evident by the exclusion from FI and livelihood support to RPs in urban development.

In many cases, the phrase "grassroots people" is used without a clear understanding on how and where those people are living. Grassroots people do not necessarily mean those who are living in fragile, remote and inaccessible areas and declared labour class people. This is an old thought which is totally unacceptable in this modern world. Simple definition of the grassroots people is "those who are often deprived of economic, social and human dignity, and not empowered to access available amenities to meet their needs and establish their rights for peaceful living, such as people living in slums. More specifically, grassroots people are those living at the bottom of the society and constantly struggling to lift themselves out of hunger, vulnerability, chronic poverty and growth of their new generation". Are the people living in slums, floating, road/canal sides, etc not to be considered as 'grassroots people' in the development perspectives?



***RPs and other poor living in slum and taking bath in urban drain full of polluted waste***

The RPs may not be of this class of people but as they too struggle constantly without access to financial and other facilities, they should not to be ignored as outcaste unorganized migrant people in the country's socioeconomic development Programmes but should be organized and empowered for better livelihoods.

## **Importance of financial inclusion for rickshaw pullers**

Mr. Kofi Annan the former Secretary General of United Nations said that "Sustainable access to microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs..... Together, we can and must build inclusive financial sectors that help people improve their lives" (UN 2005). He also said, "Microfinance recognizes that poor people are remarkable reservoirs of energy and knowledge. And while the lack of financial services is a sign of poverty, today it is also understood as an untapped opportunity to create markets, bring people in from the margins and give them the tools with which to help themselves" (UN 2005).

The debate on financial inclusion came to the forefront because a wide range of international bodies accepted a hypothesis that “access to sustainable and secure financial services contributes directly to increasing income and reducing vulnerability for the poor” by which, people can help themselves to exercise their freedom of choice for better and secured life (UN 2005, Sahrawat 2010).

The reasons behind the issue of financial exclusion and inclusion (for who, why and how) are deeply associated with combinations of human needs, human decisions and practices, human rights, control of livelihood capital, political and economic state of affairs, geo-ecological circumstances and virtually their effect in relation to time and space (Sahrawat 2010).

Definition of ‘financial inclusion’ is still an on-going debatable issue which is often argued based on the financial exclusion that is claimed as an important barrier to the objective of socio-economic development of the poor who do not have adequate or no access to financial system all over the world (FICCI undated, UN 2012). Literally, the question of financial inclusion is transpired due to differential choice of people is considered for financial exclusion in an environment when all agreed upon to honour human rights (UN 2000, 2005, 2012).

During the past decade, the meaning of financial inclusion is widely discussed and debated (by a number of national and international institutions, organisations, researchers and academicians) as financial inclusion is to access easy and affordable credit and other financial products and services at a reasonably low cost without discrimination of people which is socially acceptable and economically viable (Khan 2012, FICCI undated). However, in India, a large number of earners remained “unbanked” and most of the formal banks did not appear to be serious about the “no frills” account for the daily small earners besides the poor in general (Sahrawat 2010).

It is very important, if not obligatory, for the impoverished groups and helpless sectors for reducing income disparities, basic and social poverty for accelerating inclusive growth of the country and most importantly to acknowledge fundamental human rights of all citizens. It has been recognized that access to finance is a crucial poverty alleviation tool and the poor can actively contribute to development through access to efficient financial and service systems for their economic activity (RBI 2008, UN 2000 and Sahrawat 2010).

However, it requires enabling environment of financial institutions providing equal rights and opportunities to the resource-less and other pro-poor groups for integrating effectively into the economy and protecting them against persistent socio-economic distress. It is one of the Millennium Development Goals (MDGs) of eradicating poverty which can also improve progress of other MDGs such as health, education and gender equality (UN 2000, 2005, 2012).

Adequate access to finance of the poor and vulnerable groups for mitigating their risk can improve their livelihoods through strengthening asset base and capital to support existing and new income generating activities (IGAs) and other shortfall associated with production and income (UN 2012). In fact, it urges for an efficient financial system, so that a certain segment of people would not face difficulties to obtain reasonable access to financial products and services for their socio-economic development as well as to contribute to the national economy.

It should be acknowledged that 'all people do matter' for both financial and economic development by their supply and demand for money. For, a financial institution (eg. bank or investor) and its user (individual, trader, investor or industrialist) create an enabling environment of supply and demand for money. The depositors (users) among the population are money suppliers to the bank / financial institution where demand is created by the bank. Similarly, the bank gives loans to the people (users) as a supplier where demand is created by the people. In this process, the financial institution creates product and services for the people that are used by the people and in return helps develop economy of the people and country and both are equally important.

The issue of financial inclusion is simply nothing but highlighting that the process of financial institutions should function efficiently without discriminating people to obtain their products and services.

Considering all the above contexts for inclusive development goals, many of the national and international Programmes have undermined and bypassed the RP community involved in so called unorganized economic sector and their poverty and hunger. At the same time, the RPs are playing a significant role in economic development of the country and providing last-mile critical transport services to the urban and in times rural people as well, where public and private transports are not readily available.

They are not receiving the required recognition and facilitation from the government facilities and development organisations. While arguments are in place that the RPs are the poorest of the poor but there is no reliable information / data on;

- how many RPs are in the country
- how many of them are getting any support
- what kind of support from which institution / organisation

to reduce their poverty and hunger.

## **Scope of the study**

The Scope of this study includes;

- RPs, Rickshaw users, Rickshaw Owners, formal or informal Rickshaw Unions (wherever they existed), Municipalities, studying literature on various activities, development support Programmes of various Agencies, Governments, Banks, MFIS, NGOs and other related agencies, institutions and organisations.
- identifying and examining vulnerability and FI needs of the RPs at one end and various service providers of microfinance services on the other through an in-depth analysis covering the review of various earlier studies at the national and regional levels
- the Financial Inclusive needs of safe savings (mandatory and voluntary), credit, micro-leasing, insurance (life, health and general), transfer of money / remittances and payments services and other social security required by the RPs.

***With this background overview, the study has tried to investigate and explain various issues of livelihoods through analysing primary data and secondary information with special emphasis on 'financial inclusion' of 'cycle RPs' and highlighting facts and figures that would be concerned about to reduce their economic and social poverty through economic and social empowerment and transforming their livelihood vulnerability to social and human development.***

## OBJECTIVES OF THE STUDY

The main objective of the field study can be articulated as assessing the status and finding a mechanism to improve livelihood capacities of urban RPs through financial inclusion of their enterprise and social security aspects, and thereby increase income and other socioeconomic empowerment to reduce their vulnerability and multidimensional poverty in a sustainable manner. The more specific objectives are as follows:

- Investigate and review present status of Rickshaw Transport Enterprise (RTE) and socio-economic conditions of RPs
- Investigate and review present status of financial inclusion particularly through microfinance to improve rickshaw transport enterprise and socio-economic conditions of RPs
- Document and assess all available Programmes and strategies of FI of RPs with respect to safe savings, credit, micro-leasing, social security, insurance, etc.
- Assess demand and supply sides of financial products and services through performance appraisal of activities and Programmes of financial institutions, MFIs and NGOs in comparison with the needs of RPs
- Examine constraints and barriers of all service providers and RPs for an efficient financial inclusion method of win-win-win situation

- Identify information and knowledge gaps in this sectors and further initiatives required to improve performance of this sector
- Suggest workable innovative microfinance products and services keeping in view the needs of RPs for their short-term and long-term benefit and that could be introduced for financial inclusion.

The report has given major emphasis to identify and examine thoroughly about microfinance and financial inclusion of RPs, and the minor emphasis given to cover whole sets of livelihoods, poverty, social security and human development requirement of RPs.

## CONCEPTUAL FRAMEWORK AND RESEARCH METHODOLOGY

In this study, only three wheelers cycle Rickshaw Pullers (CRPs referred as RPs) in urban areas are considered for the survey and discussion. In addition, the study has covered MFIs, NGOs and other institutions working for and has responsibility of managing RPs and RTS in urban areas. The RPs normally driving for passenger transport (including luggage) and those who carry goods in the local markets, railway station, bus stop, household supplies, etc., are considered.

The overall situation of RPs and the sector as a whole in many urban areas in India is exceptionally vulnerable due to inefficient governance and inadequate attention of various service providers to support their fundamental human rights. Thus, this research study acknowledges that FI of urban RPs and making a well organized RTS have dual benefits of the country –

- it would largely help to improve socio-economic conditions of RPs to move out from orbits of poverty by increasing their income, access to financial and non-financial products and services, building their knowledge and capacity, support for shelter & housing and familiarizing to move forward within a organized sector through collectivisation; and
- It would greatly help to build a civilized society of RPs, their next generation, persistent multipurpose eco-friendly services to the urban dwellers where there is no public or private transport facilities available (short-distance movement of people and tourism, etc), which consecutively will extend business of these sectors and support to the national economic and human development goals.

### Coverage of the study

The field study on ‘Financial Inclusion Related Aspects of RPs’ has conceived the main assignment as ‘studying financial inclusion needs of the RPs at one end and various service providers of microfinance services on the other in at least three UNDP-India focused states,

which are Assam, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Uttar Pradesh.

Both financially included and non-included RP samples were selected from the states of Assam, Jharkhand and Rajasthan for this study, to find their present situation according to the study objectives.



***Financially included***



***Financially non-included***

The first and foremost needs of the RPs are to access service sectors, improve asset base, increase income through IGAs, adequately attain the basic needs and means of overall sustainable food security. In relation to financial issue, RPs need rights of access to loans and insurances, saving and pension schemes, and transfer or receive remittances.

The study also assumed that micro-leasing (micro-finance) for the RPs are beyond the existing regular financial system of public institutions and require special arrangement of a flexible system knowing residual risk of investment. The above assumptions of the study were examined by identifying various stakeholders of the RTS and collection of quantitative and qualitative data from them.

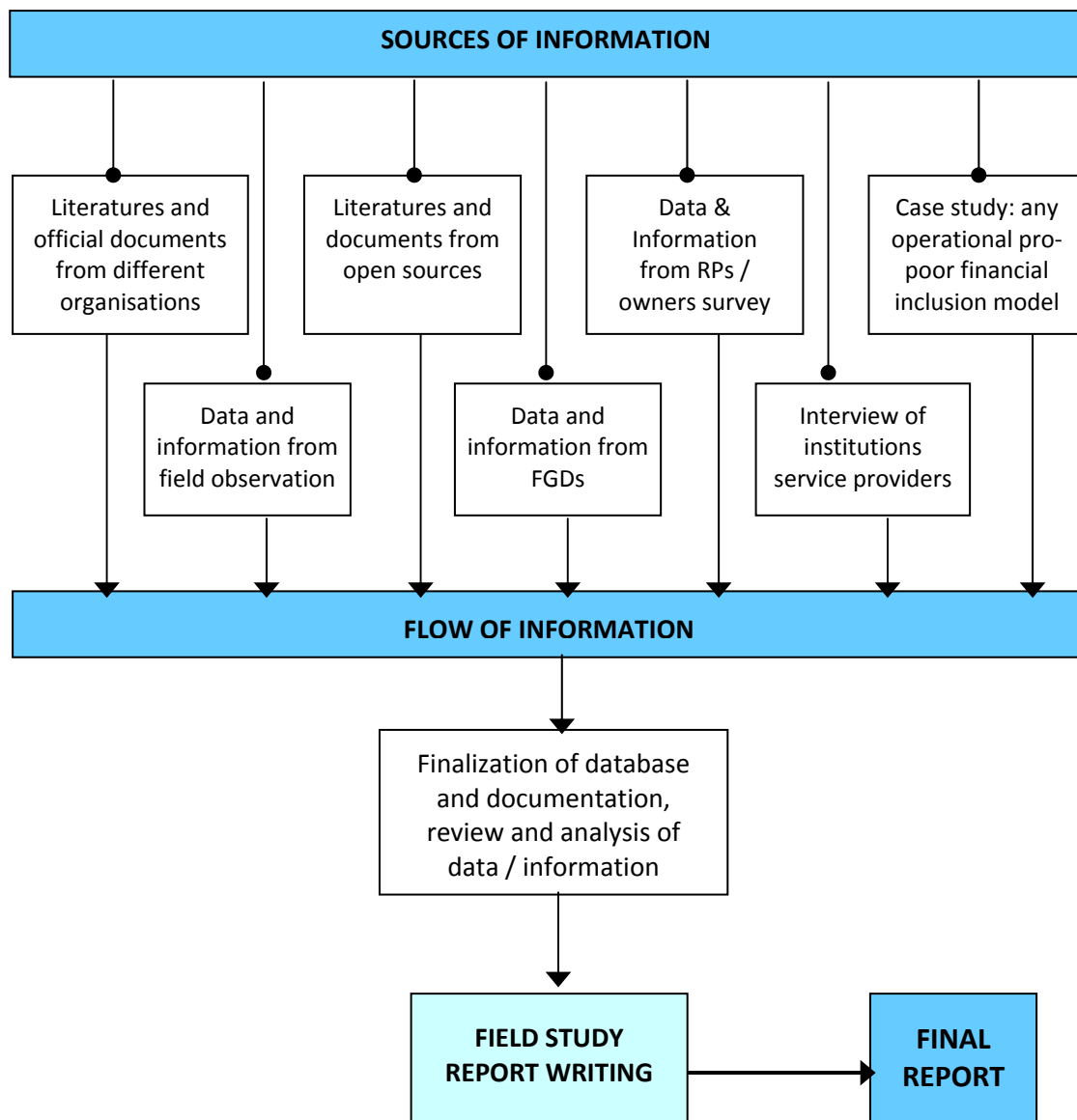
The study has considered necessary to (but assuming not limited to capturing additional imperative issues);

- investigate, assess needs and deeply analyze the present socio-economic status of RPs and the situation of the RTEs by different settings (individual, collective, own, hire, etc);
- to assess their position in relation with dealing (practice) and concern (demand, barriers, constraints) about access to and utilisation of available financial products and services;
- to identify their awareness of and knowledge about microfinance (micro-leasing) products and services in particular with regards to improve sustainable livelihoods of RPs;

and based on the above investigation and assessment, the study is expected to suggest innovative microfinance products and services that can fulfil the needs of the RPs.

**Figure 1** shows a schematic view of conceptual framework of the field study including sample survey categories (stakeholders).

**Figure 1: A conceptual framework of the study**





## Research Methodology

The following aspects in research methodology have been considered to identify, investigate, assess and examine the overall situation of RPs at present and improving their impoverishment through financial inclusion and other Programmatic supports over time:

1. Review of literatures and official documents
2. Survey of RPs, rickshaw owners, rickshaw users and rickshaw unions
3. Focus group discussions (FGDs) of RPs
4. Field observations (conducting field visit and in-depth discussion with stakeholders)
5. Case study of (any) operational pro-poor financial inclusion model
6. Interview of service providers (institutional and non-institutional)
7. Analysis and interpretation of data and information collected by above methods
  - a. Prioritize important issues of immediate and sequential intervention
  - b. Develop innovative approach to deal with the major influencing factors

This study has collected and collated information from various sources and analyzed that aid in –

- a) to investigate, examine and assess the status of rickshaw enterprise, RPs and their financial and livelihood needs for food and social security and human rights;
- b) preparation of development project and intervention planning for financial inclusion of RPs considering their needs and demand perspectives, and
- c) Programme development and implementation strategies for financial inclusion of RPs considering supply perspectives based on present and change scopes of different financial institutions, MFIs, NGOs, urban authorities and other service providers.

**Table 1** presents sample size (respondents and participants) by category of three different States and collected all necessary information from the respondents. Research questions, sources of information and means of verification are shown in **Table 2**.

**Table 1: Proposed State-wise sample size by categories**

Categories	Assam	Jharkhand	Rajasthan	Total
Survey of Rickshaw Pullers	70	70	70	<b>210</b>
Survey of Rickshaw Owners	10	10	10	<b>30</b>
Survey of Rickshaw Users	10	10	10	<b>30</b>
Key Informants – Institutional	6	6	6	<b>18</b>
Case Study – Union /cooperative	2	2	2	<b>6</b>
Case Study – MFI /NGO	2	2	2	<b>6</b>
FGD – RPs (two in each State)*	2	2	2	<b>6</b>

\* At least 10 or more participants attended each FGD.

**Table 2: Major research questions of this study, sources of information and means of verification (variables)**

Research questions	Means of verification (variables)	Sources of information
Who are the RPs and what are their profiles?	Urban poor, rural-urban migrants, seasonal migrants, etc.	RPs, rickshaw owners, literature, municipalities
Why they choose this urban occupation?	Easily available, low or no investment, cannot get into other occupation, etc	RPs, literature
How is their socio-economic condition?	Demographic, social, livelihood, assets and capital base, health, education, shelters, recreation, etc.	RPs, rickshaw owners
What is their income and financial condition?	Earning, savings, expenditures, Etc	RPs, rickshaw owners
How this sector is organized, interacts with others and practices?	Membership in union, leadership, comparatives, dealings, etc	RPs, union/ cooperatives, MFIs, NGOs, urban authorities
How do the RPs handle their money matters?	Saving, payments, credit and in remitting, family expenditure	RPs
What is their source of capitals and how they mitigate their crisis and emergencies?	Formal and informal sources, own, sale of assets, etc.	RPs, literatures, available financial sources
How are the financial institutions and other service providers looking at the sector? What are the facilities and services available for RPs?	Financing, improving capacity, contribution to poverty reduction, improving livelihood and human rights.	Documents, literatures, municipal corporation, financial institutions, MFIs, NGOs
What are the existing assistance and types of help receiving by the RPs?	Programme, schemes, special project, community participation, etc	RPs, literatures, municipal corporation, NGOs, financial institutions, MFIs,
What are their constraints and barriers of RPs and their enterprises?	Social, financial, institutional, operational, etc	RPs, literatures, municipal corporation, NGOs, financial institutions, MFIs
How can their needs, livelihood and socio economic capacity be improved?	Status of rickshaw enterprise, financial inclusion, capacity building, institutional recognition, etc	RPs, literatures, municipal corporation, NGOs, financial institutions, MFIs
What are the opinion and suggestions to improve this sector? (self-statement)	Improving this enterprise, financial assistance, social security, etc	RPs, literatures, municipal corporation, NGOs, financial institutions, MFIs

Besides, available published and unpublished literature, brochures, and official documents that are useful for this study have been collected for review from different public and private financial institutions, organisations and service providers, local MFIs, NGOs and urban authorities in the study area. In addition to this, various literatures on RPs and FIs in India were also collected for review available at open access sources (e.g. accessing from internet). All necessary information, remarks and examples that are important and related to the objective of the study has been reviewed and useful inferences have been incorporated in this report.

## **Analysis and report writing**

All together the study has developed a comprehensive approach of report writing to find the support needs of economically and socially poor RPs working and living in urban areas. The report contained a range of descriptive analyses, cross-tabulations and findings of important information that has been collected through administering various survey instruments. In addition to the field study findings, the qualitative findings of FGD analysis, field observation notes, case studies and from other available literatures have been included in this report.

## **Limitations of the study**

The information provided by the rickshaw users is real and indicative of thinking over the issues with mixed feelings. It is noted that none of the users of rickshaw service at the field were asked for any prompted questions to prove their rationales behind different degrees of responses. The timeline of the field study was quite short and the time of survey period also coincided with the festival season of India resulting in only a small sample size to be interviewed randomly which the researchers consider as a weakness of the study, however, this short-comings were largely substantiated by the qualitative information.

Besides, other problems faced during the field data collection included the inability to produce required information for this study by the Municipalities and the organisations working for RPs. They either did not want to share the information or their recording and accounting is rendered inefficient and weak. There is no reliable source and / or government statistics about the exact number of RPs in India, and the numbers of RPs mentioned in available literatures varied one from another, but most of the recent literatures have mentioned about 10 million RPs in the country.

## CHAPTER II

### DISCUSSIONS AND SURVEY FINDINGS



It is noted that the poverty reduction is the main MDG goal to achieve during the first two decades of 21st century. The national level data on poverty reduction shows an appreciable achievement over the decades considering the share of the poor people out of a total population and change in rural-urban poverty and its migration. But the absolute size of poor people did not reduce substantially over the period due to population growth (Planning Commission of India). There is much literature indicating that people become economically poor due to (i) loss of productive resources, (ii) reduction of resources due to fragmentation of joint family, (iii) loss of family earners, and (iv) from other shocks such as unforeseen natural / man-made calamities. In India, an outsized investment of human and financial resources diverted to tackle this issue through institutional and infrastructure development as well as initiating development projects and Programmes all over the country.

There are three types of subjective poor and poverty;

- 'bottom poor' (poorest of the poor face chronic food poverty),
- 'poor' (the poor cannot meet their unmet demand for basic needs), and the
- 'near poor' (who often move-in and move-out of basic need poverty).

The objective poverty could be assorted and conditional according to value of necessities. The economic thresholds of these poverty levels differ from village-to-village, city-to-city and country-to-country according to the needs and pre-requisites to live in a particular environment and location. In general, the objective poverty of 'poor' is first measured on considering the balanced diet which is 'food poverty' and those who cannot meet their daily requirement of calorie and protein intake are referred to as 'poorest of the poor'. The next is the 'economically poor' people who cannot adequately meet their cost of basic needs (food, housing, clothing, health and education).

These categories of food and economic poor always have different choices and preferences to meet their immediate needs. Thus the people's poverty is multifaceted ranging from food intake and meets the basic needs to social and human development, which can get better through economic and social empowerment for sustainable livelihoods.

## POVERTY AND ITS RELATIONSHIP WITH THE RICKSHAW PULLERS

The poor RPs suffer from various types of vulnerability and face deprivation from available opportunities. They remain as 'distance population' and financially excluded. Movement-in the poverty trap is very easy for anyone, but movement-out is very hard (without exception).

There is no poverty estimate in India without a subsidy component / support provided by various *Yojana* Programmes, 100 days working support to the labourers, food for school and pregnant women, rationing, BPL support, etc. Without these supports, the real poverty rate would be much higher than the reported information in the government statistics. The earning Rs. 200 (wage rate) per day of single earner family having  $\geq 4$  four members will fall below USD 1 per day.

The official statistics of the government shows that presently (2011-12) there are 270 million of people living under the BPL in the country (Planning Commission, GoI) and out of them almost 220 million people are living in the rural areas. The national poverty estimates revealed that the ratio has declined from 55% to 22% during the last four decades (noted that poverty threshold line time to time modified by the government). Although the poverty rate has declined over the years in India, still its population size is huge to deal with.

The data from Planning Commission, GoI shows that number of poor people is much higher in Bihar and Uttar Pradesh which is about 32 and 48 million respectively. The migrant RPs of these two States are also high living within and outside the state. However, in spite of appreciable decline in poverty ratios, about half of the country's states have over a million of poor people in each State. According to the estimate, these States are Andhra Pradesh, Bihar, Chhattisgarh, Delhi, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal.

The RPs and their family members are regarded as marginalised section living in poor conditions in urban areas and deprived to have adequate support from economic and social amenities. In most cases their identities are missing even to acknowledge them as citizens of the country and therefore face limited or no access to become an integral part of the national development activities of poverty reduction.

The governments and development organisations have acknowledged the fact of their deprivation and its causes and consequences, which are important to solve according to the

national commitment of equal social and human development of all citizens. In general, the government and development organisations are experiencing wide spread inequality of livelihood capitals irrespective of caste and culture of the people which is a major challenge to eradicate poverty of the country.

For the RPs, financial poverty and social security are the major challenges which was implied in many urban Programmes but not reinforced to help improve their earnings and adequately meet basic needs.

Many researchers and policy makers claimed that the poverty of RPs is because of their low earning and large family size. This situation may not always be true and need to be debated in detail. In many cases, income from plying a cycle rickshaw is much higher compared to many other regular employees in public and private sectors, but they do not get regarded as socially poor like the RPs due to their living condition and social status. Of course money matters, but often their poverty of social capital and cultural values becomes much more important than economic poverty to access various public and private facilities.

On occasions (rare they might be) the poor may be standing with 'pockets full of money' but get very low attention and priority from the service providers due to their social looks and behavioural pattern (dressing and appearing smart). In general, the poor people invariably face malady of 'push back' syndrome in front of service facilities which is supposed to be present in a sick society and this is one example of social capital poverty of RPs and cultural poverty of service providers. Thus, the RPs considerably needs education and awareness on — institutional facilities, products and services and social capitals to establish their rights of accessing available facilities. These have been thoroughly discussed in all Chapters in one or other form in this report.

**Observation:**

*The migrant RPs and their families live in city slums for various reasons. It provides them basic need of housing with low / no cost. They are more vulnerable during the rainy season due to low quality of housing and toilets if existing. They do not know or even think where to go until their economic condition is improved. Does it matter? What about their financial inclusion and social security? Living in slums, beside railway tracks and drainage system or common property areas, they also develop serious cultural poverty by which they are influenced and habituated to remain poor for free shelter and get other opportunities of government and NGOs Programme and if necessary blaming others. Slums are hubs to many crimes and it is a complex area of urban tentacles involving government, civil society, politics, violence, poor culture, etc. There are pros and cons.*

## Poverty Dimensions of Rickshaw Pullers

In a simple word, RPs are normally poor rural-based (urban-migrated) people with one or multiple reasons of poverty. The reasons are associated with the RPs' inadequate assets, lack of productive resources, quality in unskilled labour, lack of adequate employment, livelihoods and income, and thus are vulnerable in all respects.

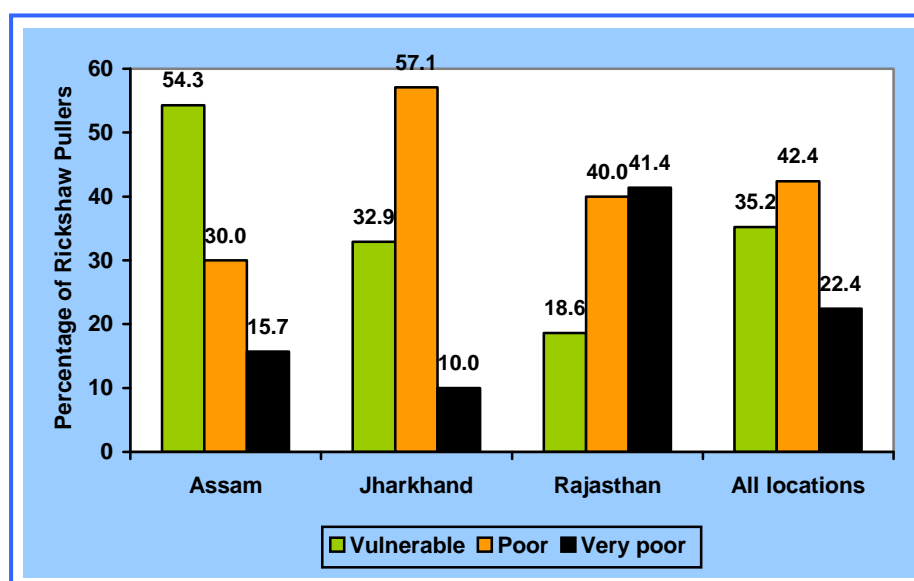
Therefore, many rural poor migrate to the town/city and choose rickshaw pulling for immediate cash earning and many of them end up living in slums, their whole life. Through migration they contribute to the increase in number of the urban poor, transform rural poverty to urban poverty, make ruralisation in urban area considering living environment and accept dreadful life socially and economically.

In addition, many industrial labourers become RPs after termination, retirement, shutting down of industries or become sick industry. The RPs, in general, are unskilled labourers having nil / low quality literacy and get limited opportunity to choose better work. Most of them migrate from rural areas due to underemployment or unemployment and come to cities without knowing much about them and any pre-arrangement of shelter.

The main role of RPs is to run their rickshaws on the roads for earning money and supporting first their family members for survival (food first and food poverty) and secondly to meet other basic needs if they have additional money (basic needs poverty).

**Figure 2** shows that overall about 65% RPs are socially and economically poor and rest are vulnerable (poor) to income shocks, which is variable across the States.

**Figure 2: Percentage distribution of Rickshaw Pullers by their self-stated poverty**



**Table 3** shows about 26% RPs have BPL ration cards and 44% have regular ration cards. Only 15% of RPs avail benefit of government welfare schemes. Almost 84% RPs are single earners

in their families and out of these about 42% have, on an average, five or more members in their households. About 51% RPs started rickshaw pulling at below the age 20 years due to their income vulnerability and 60% of them did not have any change in economic condition at least for last five years.

**Table 3: Percentage distribution of Rickshaw Pullers according to their poverty indicators**

Self-statement of Rickshaw Pullers	Study location in			Total (N=210)
	Assam (N=70)	Jharkhand (N=70)	Rajasthan (N=70)	
Have BPL card	52.9	21.4	4.3	26.2
Have ration card	64.3	35.7	31.4	43.8
Have benefit from govt. scheme	24.3	10.0	11.4	15.2
Single earner households	72.9	90.0	88.6	83.8
Rickshaw pulling at age <= 20 yrs	51.4	30.0	70.0	50.5
Family size >= 5 members	41.4	57.2	28.5	42.4
No changes in eco-conditions	57.1	72.9	50.0	60.0

Most of the migrant RPs live, with their families, usually in the urban slums and shanties (can be seen in all cities), in low-cost rented house and accessible road / canal corridors (can be seen in Jharkhand and West Bengal) due to lack of adequate financial resources. The seasonal migrants are in general more vulnerable to live in city areas. They live at different places such as railway platforms, market places, footpaths, under over-bridges / flyovers, rickshaw garages, hired sheds, etc. to increase their cost-savings income.

Another generation of RPs, who are industrial labourers taking to Rickshaw Pulling due to loss of jobs, commonly live in the compound of a closed industry which could be evidently noticed in West Bengal. There are thousands of RPs and van-RPs (VRPs with / without hood-cover) from various sections of society in the country, some of whom are living in villages and regularly connecting people from rural to the city road and sub-urban areas carrying both goods and passengers.

Most RPs felt that the government machinery and political leaders of running government are not considering seriously people's matter and neither taking effective measures for important things on right time in favour of poor people. Several critical issues were raised by the participants while conducting FGDs in various places and some of the issues were beyond the objectives of this study. But literally it was found that those issues have also direct and indirect correlations with their poverty and services.

It is often compromising on the quality of human resources and their efficiency of using financial resources and therefore, institutional system suffers and implementation of projects goes wrong. Their main concern is related with employment and poverty related subsidy and relief Programmes. Of course, any backward group of people seriously need



government and institutional support to create a balanced society, but it must have time limitation and conditional to reduce their poverty, with periodical monitoring and evaluation so that the beneficiaries perceive the seriousness of a Programme / support scheme as also would know that the help is not going to last forever. The beneficiaries are supposed to exploit these opportunities as livelihood development capital for their future development, not to remain as dependent on government Programmes forever.

In practice, the beneficiaries often avoid other work for their self-development and become totally dependent on Programme assistance. Such support Programmes are also often misused by a plethora of stakeholders, and resulting in reality, negative impacts on the society and it is not improving long-term development goals of the country. It definitely requires dedicated and efficient efforts, so that “good wishes’ will not return as prejudicial ‘bad wishes’ (self-destroying). It would have been good to see that findings of any study on how many BPL beneficiaries came out of BPL category who received the benefits for more than five years. At the same time, not all poor are getting this opportunity due to various socio-political reasons. Among them, sensible families intend to migrate from their origin to other areas to develop their next generation and face consequences to adjust with the new environment, as rural-urban migrants.

***The RPs are facing multidimensional poverty and while solving or reducing influencing factors of one dimension of their poverty, factors of other dimensions of poverty become susceptible. It is interconnected and performs in cyclic order of solving problems of the poor to growth which need stabilization first and gradually add other entitlements for empowerment. The assumption is that the RPs does not have strong social protection and their safety net of transforming deprivation to social and human development is considerably vulnerable. Therefore they need to first build their resilience and adaptability with the changing environment of urban development in their living and working places to survive / avoid shocks and improve livelihood. The cultural poverty is a critical issue for them that need to be improved through knowledge, awareness and practice.***



## MIGRANT RICKSHAW PULLERS: STATUS AND ISSUES

The GoI laid emphasis through various Programmes to;

- reduce rural – urban migration for a variety of reasons
- support women
- support landless and peasant farmers to increase agricultural productivity and
- support rural non-farm economic growth.

It has launched several '*Yojanas*' and labour support projects for the rural poor all over the country. The introduction of various Programmes by the State and Union governments are tremendously influenced by the local political leaders. However, mere injecting projects by allocating annual development fund and its investment for socio-economic development of the poor does not work as efficiently as desired or expected. The government Programmes usually suffer from improper infusion among all societies and communities including caste and culture without justifiable weight. The responses of RPs, in this regard, are indicative to deal with rural-urban migration, poor RPs and their poverty, sustainable livelihood and inclusive economic growth of the country.

### Causes and Consequences of Migration

Broadly, there are three types of migration from rural to urban areas which are referred as;

- seasonal migration (during off-season of agricultural activities and send remittance intermittently),
- semi-permanent / temporal migration (migrant live in outside home for many years and occasionally visit home and send remittance regularly), and
- permanent migration (left rural base permanently and migrated with family).

The major reasons of their migration is influenced by various push factors such as landlessness, lack of employment and earnings for the whole year and lack of financial capitals for non-farm rural activities on one hand, and pull factors like possible, demand for year-round various types jobs (eg. Rickshaw pulling, construction work, street vendors, tea stall, etc), higher wages in the urban areas than in the rural areas, availability of good facilities compared their rural situation, etc. However, after migration, most of the RPs and their family members realise the ground realities and face difficulties including their residential and identity proof to access urban amenities. It is more difficult for them when they are not settled in one place for long period or avoid obtaining those documents due to financial requirement.

Being no / low skilled people, they have not much choice of employment excepting in accepting what comes their way in various unorganised economic sectors as construction labourers, helpers of various activities, plying Rickshaws, van-cart pulling, street vendors, rag-pickers etc for their immediate livelihood. In the absence of even such opportunities the

migrants are forced towards crime and illegal activities and sometime become political victim.

The **seasonal migrants** are mostly single (or without family) come into city just to earn hard cash through vocations like construction or plying cycle rickshaws and leave for village home after earning a considerable / desire sum / amount of money.

The **semi-permanent / temporal migrants** come to urban areas, find a vocation and keep sending remittances home from time to time, of which some stay for a short period and some for long, occasionally visit family in village.

The rural-urban migrants coming in as a single or with family with a view of forever living in the town/city, due to lack of resources (lack of productive land and capital) or due to social security problems, are the **permanent migrants**. Several of the male members of such permanent migrants become RPs as it gives them immediate employment and earnings, without any resource requirement. Some of them also become involved in other unorganised sectors for additional sources of income. Many children and women of these families also earn money by being helpers of stalls, shops, restaurants, domestic maid servants, garbage collector, rag pickers etc.

The field study shows that many of the seasonal / semi-permanent single migrant RPs live in a single room rented house or under some shade / covered protection in the cities. In some places they cook together, have meals and sleep together in the same room. Many migrant RPs stay in rickshaw owners' garages with free of cost. Some RPs sleep on streets or in the rickshaws due to various reasons.



The permanent migrant families usually take shelter on road pavements, abandoned places and in slums with low or no cost of housing. They are highly vulnerable in accessing urban amenities and face poverty due to inadequate basic needs. They entered into the urban labour market for livelihoods and first target to reduce their food poverty. They motivate themselves to involve in any immediate available opportunity before them, and many of them find rickshaw pulling as one of the quick and best opportunity. However, the RPs plying rickshaw more than a decade informed that once they become habituated to earn cash money according to their own choice without controlling by others or like institutional liability of time bound job, they become life-long RPs.

However, some of the recent migrant RPs said, become a rickshaw puller is not because of their preferred choice but for their urgency of money for survival of family members and particularly for the growth of their children. As children they are not aware and do not care what their parents do but as they grow they start realizing the struggle for food and shelter. The women and children are the most affected by such situations.

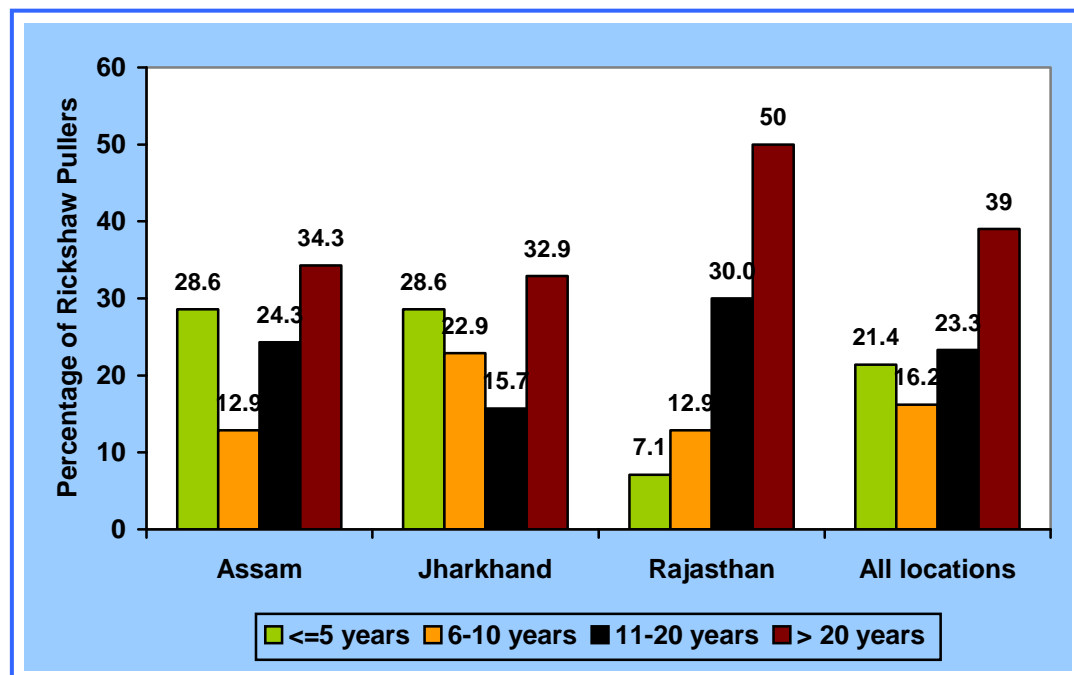
## Characteristics of Migration: Insights from the Survey

In rural labour market, continuous work and earning is a difficulty and influenced by seasonality, but rickshaw pulling could be a regular job in urban areas. This work gives a reasonably regular income flow to these migrating poor households for which they are ready to accept hardworking and floating life in urban areas. The RPs informed that many of them were able to improve their socio-economic condition by plying rickshaws compared to their earlier situation.

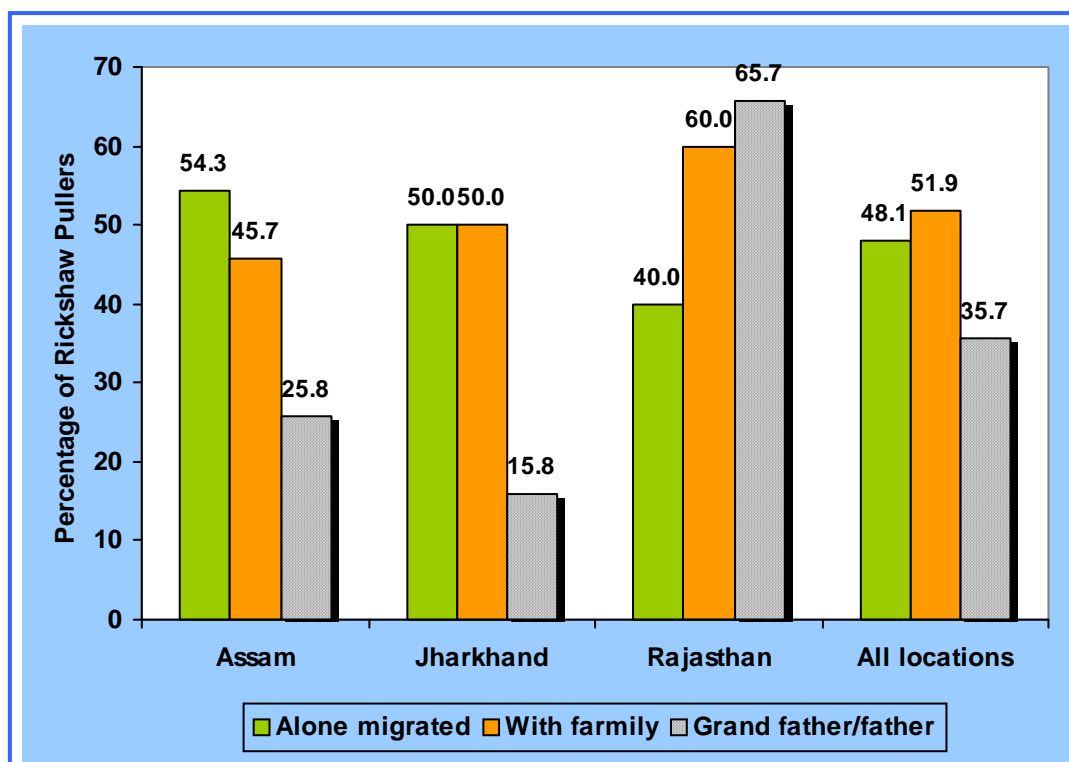
Many of the RPs who have improved their socio-economic status, feel a positive change in the attitude of rural neighbours towards their status in the society and do not wish to share the details of their profession or income with their rural fraternity, as the people continuing to live in the rural areas think that the migrants are doing jobs in the cities and are earning handsome cash money and thereby honoured, which may not happen if the truth that they are actually plying rickshaws, prevails.

**Figure 3** shows migration trend and pattern of RPs across the study States. About 39% of RPs migrated more than 20 years and it is 50% in the case of Rajasthan. The RPs migrated less than a decade is more in Assam and Jharkhand. **Figure 4** shows the generation of migration process which indicates about 66% of RPs father/grand father migrated in Rajasthan followed by Assam and Jharkhand. Remarkably, about 52% of RPs migrated into the urban areas with their family.

**Figure 3: Percentage distribution of Rickshaw Pullers by their years of migration**



**Figure 4: Percentage distribution of Rickshaw Pullers by their generation of migration process**



**Table 4** shows that there is a generation trend of RP migration (from grandfathers' period). About 60-80% RPs are involved in this sector for over 10 years although it is known as a 'heavy / hard job'. Among the RPs, almost 50% came alone (i.e. without family) to the cities and started plying rickshaws. It is found that the migration scenarios are:

- Daily migrant (those are rural labourers living in close proximity to the nearest city and has demand for rickshaw service),
- Temporal migrant (who are rural based but come for one or two week in the urban area, earn and save money for rural family),
- Seasonal migrants (who are rural based and come for few months or festival season for additional earnings), and they usually come alone in the city.

**Table 4: Percentage distribution of RPs by their migration characteristics**

Indicators	Study location in			Total (N=210)
	Assam (N=70)	Jharkhand (N=70)	Rajasthan (N=70)	
<b>Number of years since migrated</b>				
<= 5 years	28.6	28.6	7.1	21.4
6 – 10	12.9	22.9	12.9	16.2
11 – 20	24.3	15.7	30.0	23.3
> 20 years	34.3	32.9	50.0	39.0
<b>First migration by</b>				
Grand father	12.9	2.9	10.0	8.6
Father	12.9	12.9	55.7	27.1
Myself	74.3	84.3	34.3	64.3
<b>Type of initial migration</b>				
Alone	54.3	50.0	40.0	48.1
With family	45.7	50.0	60.0	51.9
<b>Present status of migration</b>				
Daily	4.3	35.7	0.0	13.3
Seasonal	14.3	24.3	11.4	16.7
Permanent	81.4	40.0	88.6	70.0
<b>Floating status of migrants at present</b>				
Floating	2.9	12.9	35.7	17.1
Non-floating	97.1	87.1	64.3	82.9
<b>Total of each indicator</b>	100.0	100.0	100.0	100.0

There are many cases of temporal and seasonal migrants stay floating in the city area (they sleep in a garage, or on a road side pavement, at railway stations, market places, parks, on rickshaws etc.). Not only that many of them ply rickshaws without a place to stay or a cover for them, but also without any insurance facility. Yet, they mentioned that their economic conditions have improved because of higher income compared to other work available in the urban labour market.

The permanent migrants bring their families (if any) with them leaving their rural village forever and settle in the un-developed low-cost areas in and around the city (such as slums, besides a drain / canal, rail line, roads, etc.).

Information of this study shows that many RPs have followed their parents who initially came to the city for labour (*Majdoori*) work but later settled on rickshaw plying and now they too became 'permanent migrants' due to their parents.



Poor life conditions are added by woes due to being disturbed in the nights from their sleep especially in public places due to *'our income levels not permitting us to rent houses, and sometime we have to pay or entertain the duty police'* as mentioned by many respondents. Although many RPs are members of rickshaw unions, most of these unions are not adequately strong and do not have any activities for the socio-economic development of the RPs.

## THE RICKSHAWS TRANSPORT SECTOR AND RICKSHAW PULLERS

It is hard to see cities in India without any cycle rickshaws and that indicates migrant poor RPs are in and around all cities. In general, urban people think cycle rickshaw transport is indispensable for mobility in cities to carry millions of passengers every year.



However, policy makers, urban planners and city transport authorities think it is a trouble making transport system on city streets and take actions to reduce number of rickshaw or even ban totally. It is argued that as the cycle rickshaw is a slow-moving vehicle it hampers the free flow of fast-moving vehicles and creates traffic congestion by not maintaining discipline. The poor people protest this but nothing seems to be really gained by such protests.



All the cities in India are growing rapidly with an increase in population, increasing trade and businesses, transports and infrastructures. Keeping pace with this, demand, for various goods and services by the urban people, is also increasing all over the country, where convergence of people's mobility, transport, migration settlement and livelihoods plays an important role in the urban development. The rickshaw indeed plays a pivotal role in the passengers' mobility from one station / stoppage to other and home to consumer markets even in this changed scenario. However, updated and reliable information and empirical evidences are unavailable, in this regard.



It is very difficult to find reliable national level data on number of cycle rickshaws and RPs in India for any given period and most often number of RPs referred by any literature is different from one another and same statistics / numbers are reported for different time periods. The number of cycle rickshaws and RPs available are not reliable perhaps due to the fact that many of the RPs are not registered in the institutional system of the country and referred as unorganized sector. Even there is no information about total RPs at the web-site of Federation of RPs of India (<http://www.forpi.org>). However, most recent information indicates that there are about 10 millions RPs in India. There is only one possibility to do a disaggregated analysis to derive information and that is using primary and secondary occupations from Population Census 2011 data if it has considered rickshaw occupation, which was never estimated in the country.

## Outlook of Rickshaws and Technological Progress

The initial hand-pull Rickshaws in the year of 1880 and the following immediate years In India were made of wood and bamboo. The Rickshaw, with two large wooden wheels at the rear on which a seat was mounted, was pulled by hands of a person (the puller) walking or running (depending on the demand of the passenger/s) pulling the rickshaw from the front. Designed to look like a horse or a bullock cart but pulled by a human being, were initially used by royalty followed by the rich and later by all who needed to be transported cheaply. The technology of this hand-pulled rickshaw was fully based on traditional knowledge without any high-tech industrial material or metals. After a century, transport amenities have changed due to innovative knowledge and technological progress. Nevertheless the hand-pulled rickshaw could still be seen in old Kolkata city.

There are vocal arguments on the inhuman nature of the walking and hand-pulling of two wheeler rickshaws as also the chain system pedalling of a three wheeler rickshaws. During the last decade, several discussions took place and thoughts on how to help the RPs to reduce their labour of pedalling the passengers with comfort for both the rider and the passengers.



Experiments on various types of modified rickshaws took place by light weight but sturdy material, changing the body structure, shape of the hood, better foot rests, luggage area, etc., which can be found differently in different cities in India. Presently, modelers and engineers have been trying to develop mechanized rickshaws which would include battery to generate electric power on a limited scale, to help push-pull the rickshaws with much ease and comfort for the puller-rider. However such rickshaws cost more than the regular rickshaws and presently beyond the financial capacity of many RPs.



This study has collected information about manually operated 'Cycle Rickshaw' and its pedallers called 'Cycle RPs' (RPs), for which physical energy and technique of RPs function as the 'fuel' of this transport system.

The RPs face various legal obstacles to drive rickshaws on the roads, for parking and resting in all the cities in India. In this regard, *Manushi*-India and few other organisations have been continuously trying to raise issues on various problems and obstacles associated with rickshaw pulling and livelihoods of RPs to help them. The RPs are practically vulnerable to knowledge and economic empowerment, remain unorganized, no social security and easily exploited by many. More often they face harassment from various authorities, cannot enter all roads due to traffic restrictions. Besides, there are illegal intermediaries regularly collecting money from their daily earnings as protection money, *mamools* and *haftas*.

Presently, manually operated (pedalled by legs) cycle rickshaw (tricycle) transport could be seen all over the country carrying passengers and goods. Cycle rickshaws are also known as 'pedicabs' and 'tricycles'. The main structure of Indian cycle rickshaw is a three-wheeled design (one in front with driver seat on a frame and two in the rear under a bench of two seats) pedalled by a human being sitting in front. In practice, pullers / pedallers of cycle rickshaws usually carry passengers with or without baggage and also can be seen carrying commercial goods of shops and traders.

The numbers and frequent movement of rickshaws are considerably higher in urban cities and towns compared to rural areas. There are various structural designs of both old and new type of rickshaws all over the world which has also generation effect. The first generation rickshaw was hand pulling with leg steering and the next generation rickshaw is leg pushing rotated forward with hand steering. The third generation rickshaw is gradually coming up to the market with battery powered (solar or electric charged) to reduce use of calorie power from human body.

Perhaps, the generations of technological progresses came after the innovation of bi-cycle technology that includes chain, pedal gear and iron / steel ring (wheel). The idea of cycle rickshaw design floated up through an integration of bi-cycle technology and structure of hand-pull rickshaw. It got name 'cycle rickshaw' because of its operation style is just cycling. This integration was possible by installing iron-based chassis body structure and adding an additional wheel (i.e. ring) at the back (of bicycle) to set the passenger seat (i.e. body).

This old design rickshaw is used to manufacture by different types of traditional skill labourers working at rural and urban cottage industries. Firstly, the wooden body of rickshaw is made of hard wood and produced by a carpenter at wood-cottage workshops; secondly, the hood is made of bamboo and prepared by a bamboo maker; thirdly, a strong iron chassis prepared at the cottage industry of a blacksmith; and finally it used bi-cycle technology at front except its back wheels and then assembled a cycle rickshaw by traditional mechanics. After assembled, some other work is carried out for hoot covering by

synthetic materials, painting the body and various types of drawing by painting artist. All these labourers become semi-skilled in their respective field after working for a few years through on-job training. Altogether, it was found a labour intensive technology.

## Characteristics of Conventional Cycle Rickshaws

The outlook of conventional (old design) rickshaw is not so impressive and neither comfortable for rickshaw drivers nor for the passengers. A number of researchers and engineers found that the old design had the following major disadvantages:



- The rickshaw weight is heavy and it needs good health and much energy to drive / pedal
- The seat quality was not comfortable to feel relaxed
- It does not have good protection of rain and sunlight
- It becomes costly due to increase price of spare-parts and labour charges
- After a year or two it becomes inferior in quality due to more wear and tear increasing the cost of repairs and maintenance
- For the passenger, it has very little space at footrest area while keeping any luggage
- Two persons cannot sit comfortably due to the narrow length and breadth of the seat space
- Hood height is not standard and passengers get hurt or sit in a hunched position resulting in cramps and body pain if the journey is a little longer
- High body height which is difficult for children, short and old persons to climb on to
- The overall design and its driving was not safe for passenger, especially while absorbing even small shocks as more often passengers used to fall on road due to even a small bump or a hit at the back or in the front.

## Characteristics of Modified/New Design Rickshaws

Several Universities, Engineers, Institutes, Organisations and Companies argued that they have developed innovative and technologically better designed rickshaws. Some of them already produced rickshaws and marketed either directly or through organisations. Some names of newly designed rickshaws are 'wonder rickshaw', 'hybrid rickshaw', 'rickshaw *bandhu*', 'new rickshaw', 'green vehicle', 'pedicab', 'superior-grade rickshaws', etc. The ideas behind newly



designed rickshaws are following:

- Comfortability in sitting (new shape of seat – foamy, flat and wider)
- Space for luggage (foot-rest space in front, hood-cover space at back and space under seat)
- Reduce weight of rickshaw
- Reduce cost of production and maintenance
- Require less energy for pulling compared to old design rickshaw
- Protection from Sun and Rain is better than before
- Outside body space can be used for advertisement for value added income
- Body height is low and made easy to climb
- Increase longevity because of using less corrosive metal materials to make body structure
- RPs can increase number of trip using less physical energy
- The new design rickshaw is a bit pretty on road that attract passengers better

The sale of new design rickshaws to the RPs with promotion and conditions that include return of micro-lease amount of rickshaw and other financial products and services have both positive and negative impacts on RPs. However, some companies and organisations are also considering it as their new business opportunity supported by the government and banks. These initiatives must be appreciated, despite the fact that some of their motives are to make business using this opportunity.



## Progress of Rickshaw Technology

Department of Science and Technology (DST) of Indian government is advocating and assisting for innovative technology to help improving the living conditions of the poor citizens. The technology could be innovative but it needs to be well understood that whether its cost, return and other conditions related to infrastructures and facilities will remain in tolerance limit in the long-run particularly for the resource-poor people.

Regarding the Rickshaws, the initial intention was to redesign rickshaws in an innovative manner and market through micro-leasing arrangement on a limited scale in a wide number of states during the last decade.

Some such innovative designs of cycle rickshaw were named proudly as "greener vehicle" and "eco-friendly" as the Cycle Rickshaws do not create any chemical or gas properties to damage environment and create health hazards (eg. respiratory problems and cancer etc.), with the exception of some indigenously designed motorised rickshaws that ran on petrol (Chennai region). Power generation for the Rickshaws using gas, coal and diesel fuel (except solar power) has negative impact on environment as the demand for more electricity consumption in these modes could indirectly contribute to damaging the environment.

The latest innovation is the solar battery operated tricycle rickshaw (eg. *Soleckshaw* or *Batorickshaw*), which is more acceptable to the people as well. However, giving mechanized (motorized by solar and electric battery) rickshaws to the RPs in many low-cost cities may not help much in the long-run to increase income for the RPs as this could add more costs to the RPs to buy high value rickshaw as also the need to spend more for any repair or maintenance as the repair and maintenance of mechanised rickshaw would not be readily available as it is for the conventional rickshaw. It may also exclude temporal migrant RPs due to various reasons such as need to pay higher payment instalments of a higher value loan, secured parking place, insurance of vehicle and its passengers, etc.

## Salient Features of Rickshaw Pullers: Field Observations

There are millions of landless and low-income peasant families in rural areas living with inadequate food and social security. Most of them have neither the resource capacity nor the adequate access to finance products and services to improve their living conditions.

Getting non-farm credit in rural areas without having land and other assets (collateral) is very difficult, other than high-cost informal loans. Women involvement in Self-Help Groups (SHGs) is also not an adequate support to maintain their families in the rural areas. To obtain financial products and services, except from SHGs, require regular income and savings which is very difficult for them to accumulate after maintaining the family. The balance in the Indian society and culture is deteriorating rapidly across the country and individualism is



getting higher priority than collective issues which is significantly influenced by socio-political culture and thereby vulnerability of poor is increasing.

There are many other institutional and non-institutional issues often influenced by the local to national level leaders which, many a time, make a serious and negative impact on the poor people. The socio-economic conditions and empowerment of RPs are not exceptional to the issues mentioned above.

Plying a rickshaw is a very hard job that requires mental and physical strength. RPs' age before 30 and after 50 has reverse connotations in relation to their energy requirement and to maintain good health. The mental and physical strength and breathing capacity at early age could support the hard work as physical exercise, but at an old age it becomes a punishing exercise because of physical weakness and breathing problems.



***A RPs lying down on road side in front of a school gate after drinking alcohol at around 5pm.***

## **Roles of Rickshaw Pullers in Transportation Services**

Beyond their household responsibilities, the RPs are performing two other major roles and responsibilities everyday – (1) economic service, and (2) social service.

In many city areas public and private transports are not at available or very limited compared to the demand and especially for a short distance travel. Presently this transport plays an important role to provide transportation service schooling children back and forth. It provides shuttle service to the employees of various sectors, tourists, travellers and carries patients to the doctors and so on. In this situation, rickshaw is an important conveyance to the people as it is also available at the door steps of urban households and business places.



In the city area, The RPs are giving transportation support to move various kinds of products from producers to wholesalers to retailer shops at weekly and daily markets in both rural and urban areas, as timely transport support to reach perishables and



other products to the market is an important economic part of the commerce and economy of a place.

RPs transport goods and passengers from wholesalers to other transportation points which can be seen at many decades old traditional urban market areas. RPs are also the connectors as feeder transport to mass transport system and transporters of last mile connectivity of the wealth / class of people. Thus they contribute directly and indirectly to social and economic activities in the growth process.

## **Status of Employment and Income of Rickshaw Pullers**

The Rickshaws are transforming through structural design changes from the old traditional models to new and more convenient designs. A large number of rickshaw owners provide easy and quick employment opportunity to the rural-to-urban migrants for immediate cash earning without cash investment, by renting out their rickshaws. On an average a rickshaw puller earns about Rs. 6,000 to Rs. 8,000 per month but remain vulnerable as their employment is on a daily basis yielding uncertain amounts of income which does not permit much financial planning.

## **Status of roads for Rickshaw transport**

Though the RPs operate in locations where regular transport is not available and thus become an important link in the transportation system, the roads and paths that they need to ply on are more often bad and difficult to access. The RPs mostly drive in internal residential areas and connecting lanes of main roads, crowded market places, education institutions and other transport stations where the approach roads are not always in good condition.



As the road conditions are not good in many living areas of cities most of which are newly developing locations, driving motorized vehicles like cars in rainy season become difficult and especially during monsoon season where many roads are inundated / flooded / water logged due to drainage congestion. The rickshaws, many a time, become the most important transportation for the urban dwellers under such circumstances.

While plying a rickshaw everyday is already a hard and tough job in crowded and congested traffic conditions, it becomes ruthlessly harder due to bad road conditions which not only is taxing them physically but many times render their vehicles in disrepair and loss of time due to slowing and thus losing out on opportunities for newer and more passenger fares.

## **Status of Rickshaw Transport System**

The Urban Rickshaw Transport System has both positive and negative aspects argued for it.

Positive aspects are that the Rickshaw is;

- a non-polluting system of transport,
- providing service on all types of roads, lanes and paths
- the feeder transport
- providing service for both passenger and goods carrying purposes
- providing service to all people irrespective of class / wealth / age / gender
- available almost 24 x7 irrespective any type of weather and
- providing employment to unskilled and migrant labour.

Negative arguments against the Rickshaws could be that they;

- create traffic congestion as a slow moving vehicle alongside of first moving vehicles,
- are un / disorganized
- do not follow the traffic rules and regulations,
- do not adhere to the norms and culture of urban institutions and society, and
- are illiterate, drug addicted.

There could be more arguments and counter arguments on to this issue, but one issue that must not be ignored is that the system often provides emergency services to all people such as local ambulance to carry their patients to the doctor and hospital as well as a viable solution in the absence of other transports.

However, it is sad that many urban people do not realise as to what kind of valuable services are being provided by the RPs to their regular life.

## **Status of Rickshaw Transport Competition**

In many cities, auto rickshaws, three wheeler tempo services (vehicles little bigger than auto rickshaws) and four wheeler shared taxis carrying 4-10 passengers per trip create a push factor of rickshaw driving. The RPs see these modes of transport as their main business rival for short distance travel.

On the other hand, it was observed during the field study that the RPs themselves are the main contenders and competition to other RPs in picking up passengers due to absence of discipline and properly allocated rickshaw stands.

The overall situation revealed that the RPs face intra & inter-transport competition and conflicts of interest. It results idling of several rickshaws.

This situation arises despite the people having sympathy for the RPs due to the eco-friendliness of the Rickshaws and the nature of the availability of rickshaws literally at any time and from any place normally. People also claim that two / three-stroke diesel / petrol tempo / taxi service is damaging living environment and creating health hazards of urban dwellers through emission of harmful carbon gases. Yet they are not hesitant in using what best transportation suits their purpose and purse.

## **Status of Institutional / Organisational Support**

The government departments such as police and other welfare related authorities including health and education facilities can be friendlier with RPs as is expected in a civil society. The government needs to consider this seriously and do the needful in organising / reorganising various service systems to accommodate the poor RPs. Without help of the government (i.e. Urban Development Authority), it would be very difficult for RPs to settle peacefully and improve their livelihood.

It is noted that sustainable development is an important component of the MDGs (MDG-7 and its sub sections). Therefore, avoiding the needs and requirements of the poor people depending on informal and unorganised urban sectors cannot bring satisfactory results in achieving this MDG. Considering that, the urban livelihood development model should be revisited to accommodate all classes of people and their economic activities including RTS, with a “development for all” objective avoiding institutional ignorance of giving value for work. This objective, in all respects, needs to be materialized by a variety of initiatives or Programmes beyond the barriers of any aspect like caste, culture, religion or wealth.

During 2004 (the era of cycle rickshaw modernization), the idea to let RPs drive their own rickshaws by providing a tripartite micro-lease arrangement between a bank (or donor/s), the facilitating NGO and the Rickshaw Puller by a pioneering initiative of Rickshaw Bank Project (RBP) was reported in the media and later the effort was recognized and awarded by many organisations.

Many literatures indicate that it was Dr. Pradip Kumar Sarmah who runs Centre for Rural Development (CRD), a NGO in Guwahati, Assam conceptualized this idea guided by thoughts and his own feelings for the RPs. He thought that the daily rent paid (Rs. 25 to 30) by a rickshaw puller to the owner is more than enough to become an owner of a new rickshaw (Rs. 8,000 to 9,000) within a year and also they can be financially included for other social securities with little more effort.

He tried to develop on the comprehensive idea of a Rickshaw Bank Project (RBP) that includes a micro-leasing scheme to buy a new rickshaw, formalize the profession by



providing a license and a photo-identity card, recognize them by uniform and cover them with insurance. Later, many organisations became involved in conceptualizing similar nature of thoughts which were socially and commercially driven. Later some more organisations and institutes became involved in improving the pedal cycle rickshaw with motor / battery assisted power for the rickshaws.

Though the ultimate objective of all organisations was found to be empowering the RPs by facilitating an asset ownership opportunity, not much thought seems to be given on the sustainability of their Programmes after fulfilment of the credit Programme and post ownership of the rickshaws. Many RPs who now became owners did not renew their license, some sold out their rickshaws and stopped paying premium for insurance as these aspects do not seem to be properly monitored and evaluated.

It is noticed that several of these organisations involved in the improvement of the livelihood conditions of the RPs have very weak institutional and human resource capacity to tackle livelihood capitals and social security of RPs except for giving out micro-leases for possessing the rickshaws and setting in the mechanism of loan recovery. Some of these organisations tried to capture the importance of financial inclusion and social security aspects of this sector but do not appear to have seriously looked into the consequences and the sustainability of their Programmes or the RPs.

The goals of improving basic securities of shelter, food and health awareness of RPs were not comprehensively understood and efficiently managed and thus were not able to create long-term impact on food and social security of the RPs and their families. The organizational goal should have been to pilot a number of alternative methods through developing community organization of the RPs and generating community resources and thereby selecting best possible method for up-scaling.

Federation of RPs of India (FORPI) is a national level organisation of RPs which can proactively look into such aspects mentioned above. Presently many RPs do not seem to be either knowing of it or deriving much benefit out of the institution.

## **Status of Shelters for Rickshaw Pullers**

In many cities it could be noticed that the RPs are part of urban areas yet isolated from the local authorities, service facilities and status of living.

In the case of daily migrant, they live in a village nearby the town and travel early in the morning to the city and return home in the evening.



In the case of seasonal and other migrants, the RPs sleep on road-side pavements, railway stations, open sheds, in / on their own rickshaws, in the rickshaw garage, in a *dera* (abandoned room), under the flyovers or bridges, etc. A major group of the RPs live alone without a family in the city.

In the case of long-term and permanent migrants, they live in unprotected slums / colonies, in rented single rooms / own thatched houses on vacant areas of public places / in improvised and temporary sheds on pavements, other small dwelling units in the city, etc.

Altogether they do not take enough rest and balance diet or clean / protected water and consequently face health hazards. The mental growth, low-level behavioural pattern, drug use, etc of the RPs are also inherited by their children due to poor living environment which they cannot completely leave in their life time. It is the responsibility of the nation to synchronise all societies for a bright and civilized future generation.

### **Status of the Working Life of the Rickshaw Pullers**

Indeed the RPs exert much by pedalling many miles with heavy loads. They feel weak and their bodies ache doing a hard job for 10-14 hours a day and often drink alcohol or some intoxicating brew to relax and regenerate energy as well as anesthetize their physical pains.



At least one-third of their earnings get exhausted this way by the time of closing their day's work. They sweat a lot during the hot days (in summer) and need frequent rest and drinks; they get wet during the rainy days (in monsoon) and reduce number of trips; they try to resist cold during the cold days (in winter) by riding hard; over a period either they can't bear their work or they accept such life as their destined normal life.

## **CHARACTERISTICS OF RICKSHAW PULLERS – SURVEY FINDINGS**

There are some RPs who like rickshaw pulling as they want to enjoy the freedom of 'run and earn' for self-entertainment without any other bindings. Some RPs consider that it is the best available opportunity for them to earn adequate money for immediate needs considering comparative advantage of other work they can do.

With this socio-economic overview, the following findings from the RPs' survey covering the issues of RPs and their work could help understand the situation of RPs in the country. At the beginning, it is noted that the study sample of RPs in Assam are mostly owner RPs who

received micro-lease opportunity from CRD, Guwahati. Hence, the characteristics of aggregated results should not be generalized for all aspects. RPs can be categorized into four distinct types by their importance of working in the cities, which are:

Category (irrespective of migrant types)	Qualifier characteristics in brief
1. RPs work for short period or as and when necessary	They usually have a base in rural or urban areas. They fix a target and work hard for a short-period to accumulate money for acquiring or improving land or non-land fixed assets and other livelihood assets. Such RPs work for their social security, and to moving up from the poverty threshold and then to overcome their vulnerability.
2. RPs work to satisfy personal interest first and family interest last	They usually work to satisfy their own needs - for self-entertainment, demand for food, drinks and others. They spend their earnings until diminishing return of various demands. The rest of their income (if any left) goes to their families. Such types of RPs deteriorate their social security over time and their families face chronic poverty.
3. RPs work hard and sacrifice for survival of family members	They usually work hard to support their family needs and try to maintain economy of scale. They try to spend less during their working period and minimize all types of expenditures. Such RPs fix targets for their families' sake and start deteriorating own health to improve health of other family members.
4. RPs work for self as well as for family members	They normally work hard and try to equally satisfy themselves and their family members. Such RPs are the most vulnerable by their own default choice and remain dissatisfied in most cases of their demand. They become frustrated earlier than other group of RPs.

RPs were interviewed by administering a structured questionnaire at Guwahati and Morigaon in Assam, at Ranchi and Ramgarh in Jharkhand and two locations at Jaipur in Rajasthan. This survey was mainly conducted to get quantitative and qualitative information through FGDs from the owners and rental RPs on socio-economic conditions of the RPs, their rickshaw operation and where they are situated in the present financial inclusion era of the country.

It is noted that the organisations involved in providing rickshaws on micro-lease to the RPs, feel risky to provide such service to temporal migrants or the RPs not staying at a fixed place in the city area. This situation was clearly mentioned by the consultant of Kuhad Trust in Jaipur and this organisation lost about 100 rickshaws. Moreover, migrant RPs particularly in Jaipur neither visit their families most often nor send money to their homes. Many of them keep money with their rickshaw owners and other small shopkeepers (*pan*, *bidi*, cigarette, etc), which they did not report as savings or sending remittance to the family but full amount shown as expenditure. Most of them drink regularly and some of them spend money for meeting sexual needs as well.

## Household Characteristics of Rickshaw Pullers

The characteristics of sampled RPs are shown in **Figures 5 to 9** which indicates;

- Were found mostly from the Hindu and Muslim communities irrespective of all study areas (Figure 5).
- Are predominantly from general and scheduled castes in Assam, while they are from other backward class in the case of Rajasthan and Jharkhand (Figure 6).
- Average family size is large in Jharkhand followed by Assam and Rajasthan (Figure 7).
- Households have single bread earner in over 70% to 90% which indicates that the households are tremendously dependent only on rickshaw pulling income (Figure 8).
- Households have BPL (53%) and ration card (64%) in Assam, while it is very low in the case of Jharkhand followed by Rajasthan (Figure 9).
- Take benefit from government scheme in Assam, which is very weak in other areas of the study (overall it is only 15%). About 17% RPs faced family crisis during the last 5 years. (Figure 9).

**Figure 5: Percentage distribution of Rickshaw Pullers by their religious affinity**

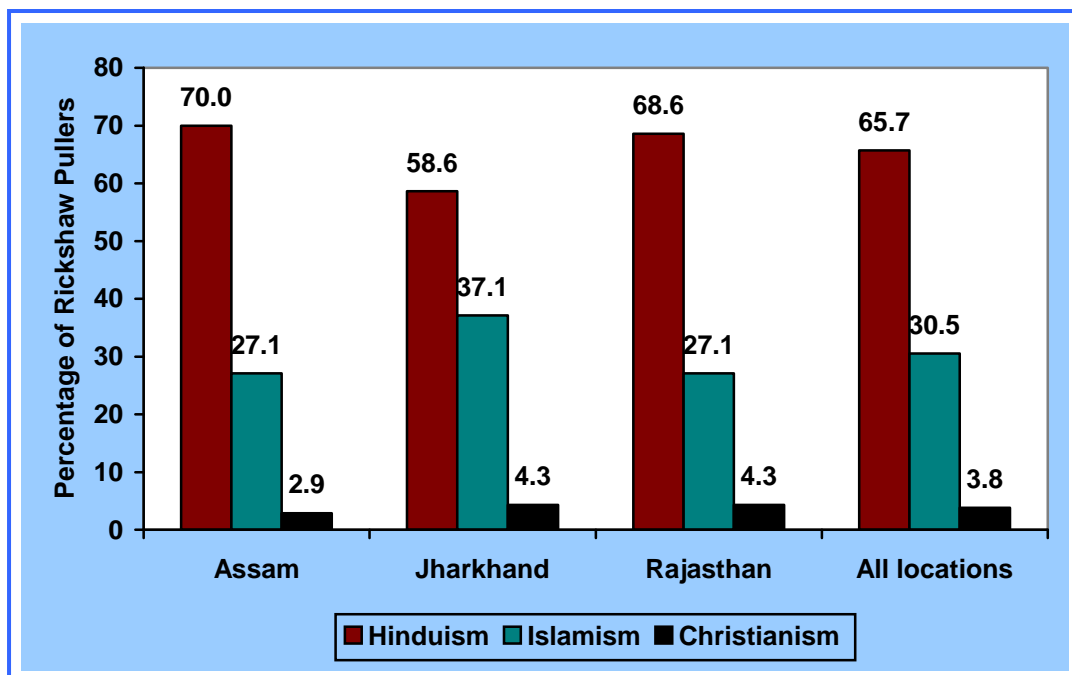


Figure 6: Percentage distribution of Rickshaw Pullers by their Indian caste culture

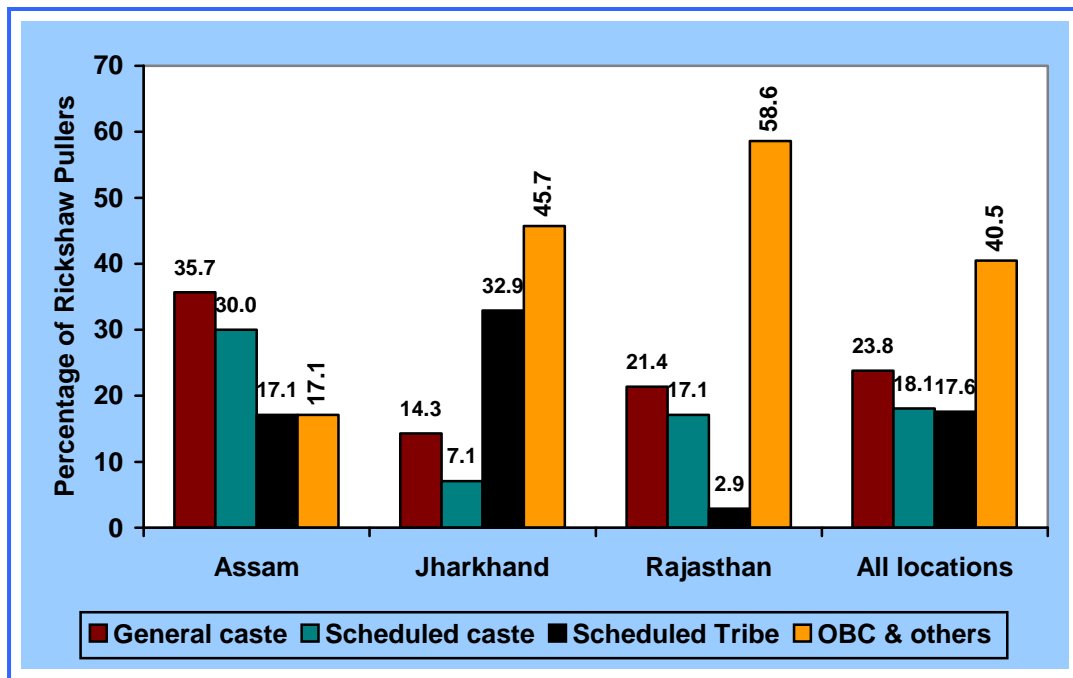


Figure 7: Percentage distribution of Rickshaw Pullers by their family size

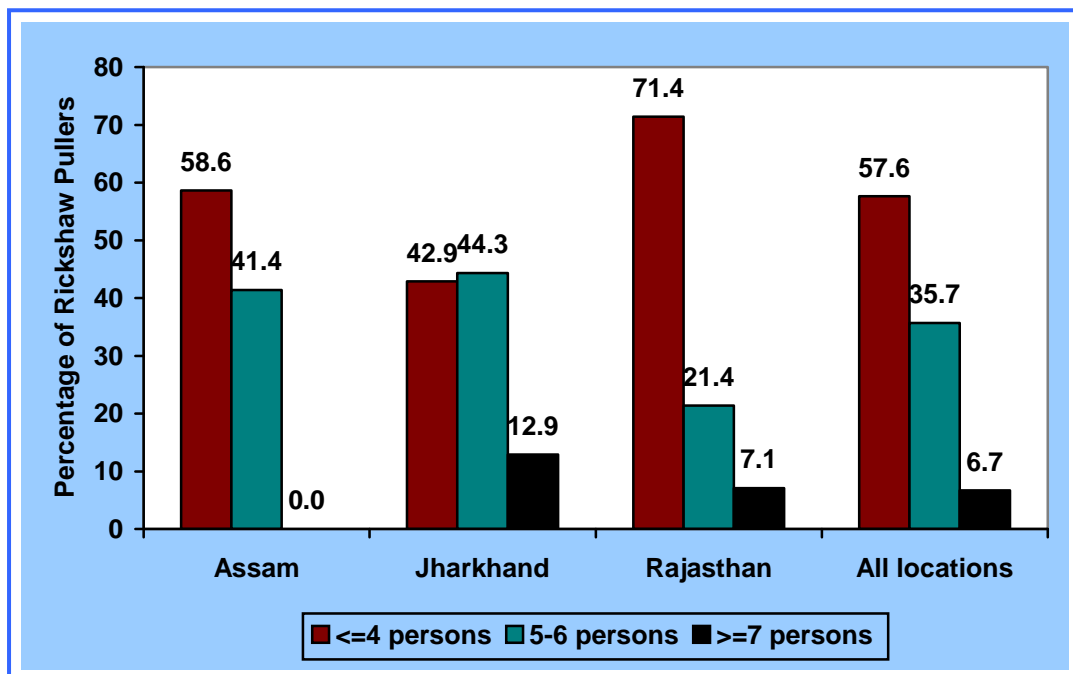


Figure 8: Percentage distribution of Rickshaw Pullers by their number of family earners

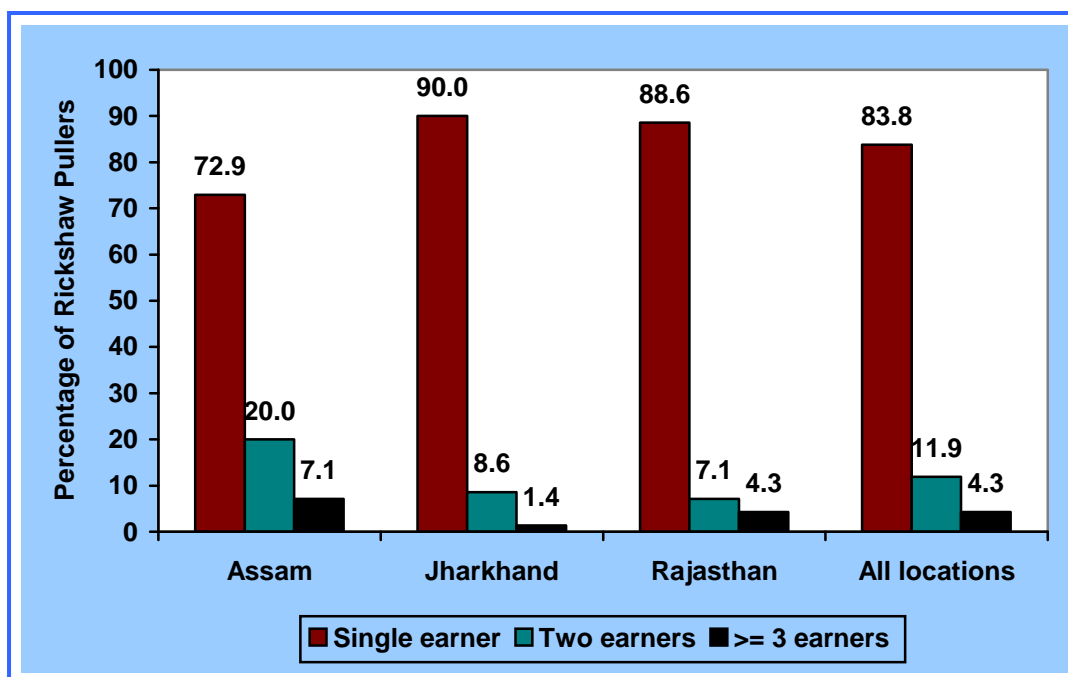
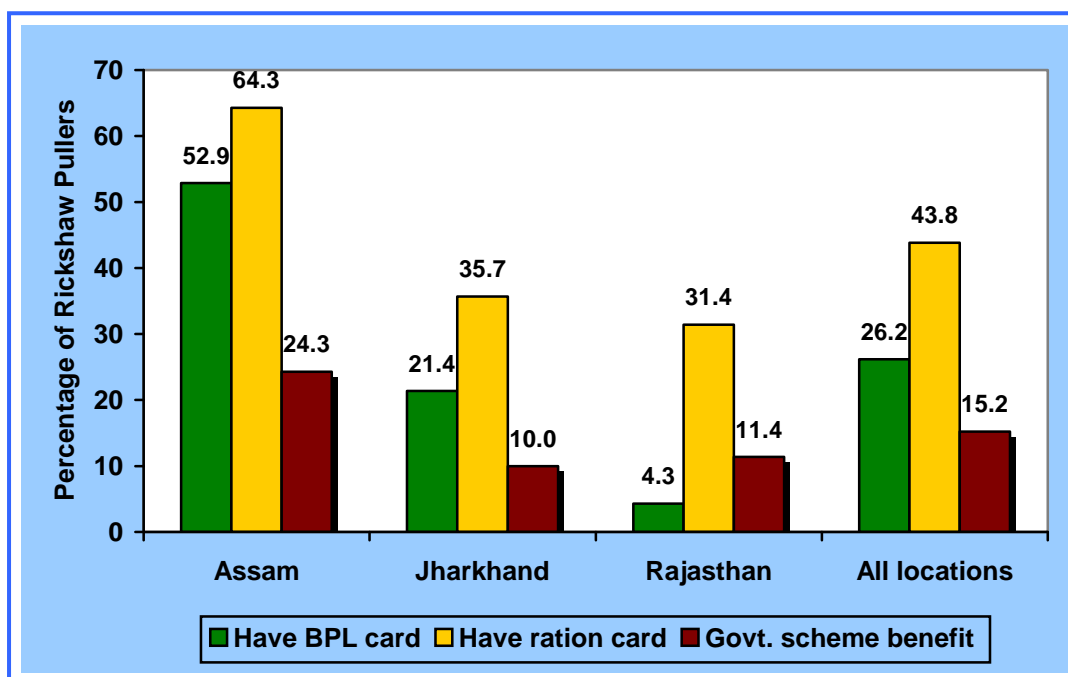


Figure 9: Percentage distribution of Rickshaw Pullers by their benefit of subsidized schemes



The overall situation indicates that the RPs in Assam are somewhat better-off than others; perhaps due to their attachment with the RBP.

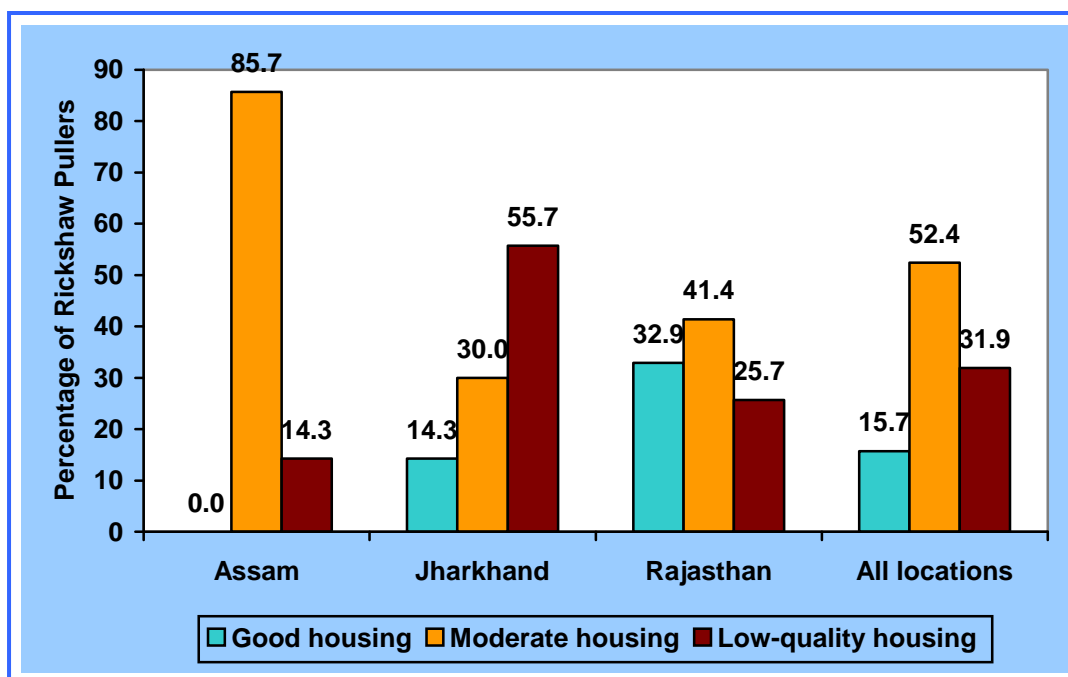
**Table 5 and Figure 10** shows the living status of RPs and their families.

- Many RPs (84 to 86%) reported of permanent migration in Jharkhand and Rajasthan, and of temporary migration in the case of Assam (they are mainly daily migrants from adjacent villages-particularly in Morigaon district). However, the data from Jharkhand shows that many RPs are seasonal migrants and perhaps this group may have declared themselves as permanent migrants (Table 5).
- In Rajasthan, almost 1/3rd of the RPs stay in a good housing environment and the RPs of Jharkhand and Assam stay in a moderate or low quality house (Figure 10).
- A similar situation has been found in the case of latrine (Toilet) use.
- While tap water is the major source of drinking water in Rajasthan, it is the tube-wells in Assam and Jharkhand.

**Table 5: Percentage distribution of RPs by their status of living**

Indicators	Study location in			Total (N=210)
	Assam (N=70)	Jharkhand (N=70)	Rajasthan (N=70)	
<b>Status of living in the city</b>				
Permanently	47.1	85.7	84.3	72.4
Temporarily	52.9	14.3	15.7	27.6
Total	100.0	100.0	100.0	100.0
<b>Sources of drinking water</b>				
Tube-well water	64.3	61.4	1.4	42.4
Tap water	11.4	17.1	97.1	41.9
Dug well water	24.3	21.4	1.4	15.7
Total	100.0	100.0	100.0	100.0
<b>Use of latrine (Toilet) facility</b>				
Open area	--	60.0	30.0	30.0
Sanitary latrine	10.0	34.3	37.1	27.1
Semi-concrete latrine	58.6	1.4	2.9	21.0
<i>Kutcha</i> -unhygienic latrine	31.4	4.3	30.0	21.9
Total	100.0	100.0	100.0	100.0

**Figure 10: Percentage distribution of Rickshaw Pullers by their housing quality**



## Personal Characteristics of Rickshaw Pullers

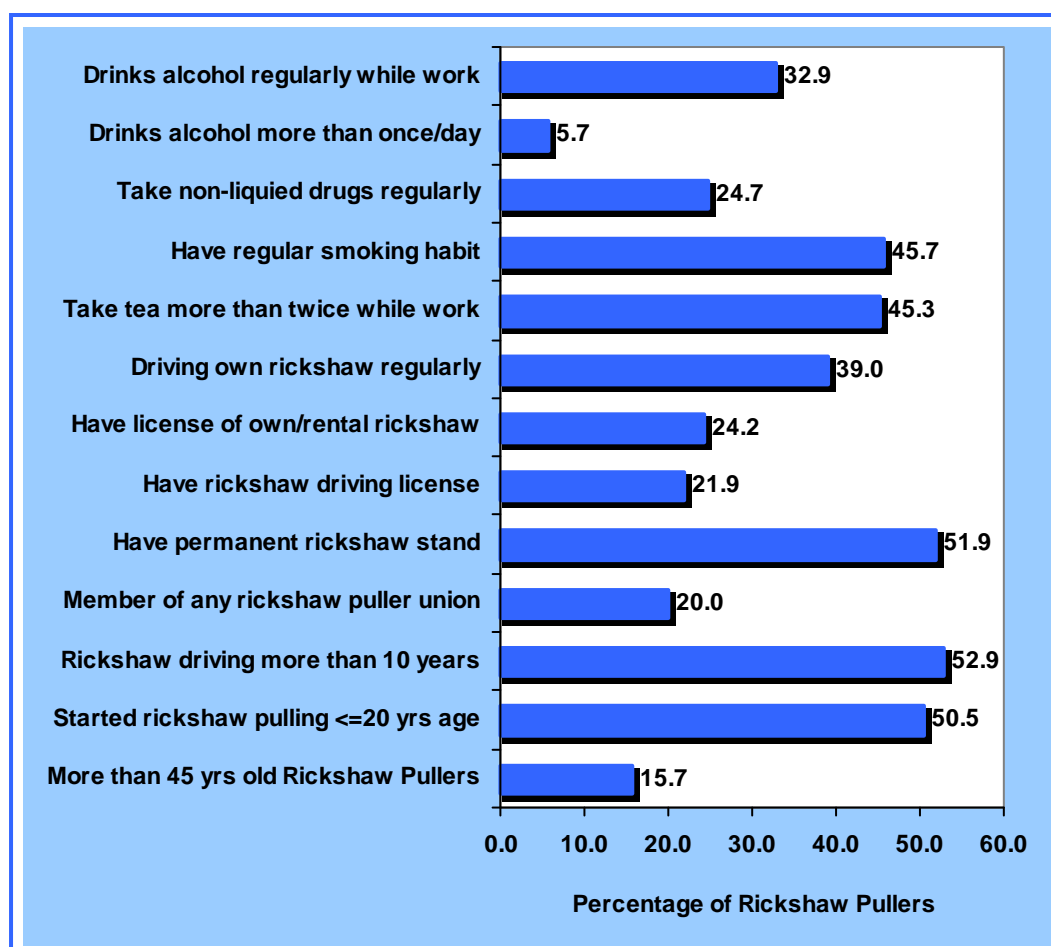
**Figure 11** exhibits basic characteristics of RPs in all study areas and **Tables 6 and 7** contained details characteristics of RPs across study areas.

**Table 6** shows that;

- Higher age group of RPs are more at present and some of them (10%) started rickshaw pulling below their age of 25 years. However, about 51% RPs mentioned that they started rickshaw pulling while they were below 20 years of age.
- About 53% RPs are driving rickshaw more than 10 years which indicate that it is their main occupation and livelihood (Figure 11).
- Very few RPs are members of any rickshaw union - except a cluster sample at the railway station in Jaipur.
- In Assam, many RPs ply their own rickshaws and the survey data shows it is due to the higher coverage of RPs benefited by CRD in the sample.
- Only in Assam the RPs have municipal licenses for their rickshaws.
- The general situation of RPs in Jaipur and Jharkhand has shown almost similar characteristics of running hired rickshaws without knowing about rickshaw license.



**Figure 11: Percentage distribution of Rickshaw Pullers by their operational and personal characteristics during the working period**



**Table 7** presents information on the habits of RPs and their daily expenses. The information shows that the RPs take tea and food variably once in a day to five times, smoke (46%) and also drink alcohol (33%) regularly during the working period (Figure 11). RPs who smoke much could be found much more in Jaipur, Rajasthan compared to other two areas. However, at least 25% RPs drink alcohol which is a common phenomenon in all the study areas, but a big group drinks intermittently. Some RPs drink more than once in a day and sometimes start drinking right from the morning.



***RPs are taking rest in front of a tea stall, eating bread, biscuit, cakes, drinkina tea & smokina***

**Table 6: Percentage distribution of RPs by their socio-demographic and operational characteristics**

Indicators	Study location in			Total (N=210)
	Assam (N=70)	Jharkhand (N=70)	Rajasthan (N=70)	
Present age of RPs				
<= 25 years	8.6	7.1	14.3	10.0
26 - 35	48.6	38.6	34.3	40.5
36 - 45	25.7	44.3	31.4	33.8
> 45 years	17.1	10.0	20.0	15.7
Total	100.0	100.0	100.0	100.0
Mean age of RPs (years)	36.3	37.6	37.6	37.1
Age at when started rickshaw pulling				
<= 20 years	51.4	30.0	70.0	50.5
21 - 25	30.0	20.0	20.0	23.3
> 25 years	18.6	50.0	10.0	26.2
Total	100.0	100.0	100.0	100.0
Mean age at first started driving (years)	22.8	26.2	20.5	23.1
Number of years driving rickshaw				
<= 5 years	21.4	30.0	7.1	19.5
6 - 10	17.1	35.7	30.0	27.6
11 - 20	45.7	24.3	32.9	34.3
> 20 years	15.7	10.0	30.0	18.6
Total	100.0	100.0	100.0	100.0
Mean number of years driving rickshaw	13.5	11.3	17.1	14.0
Member of any rickshaw puller union (Yes)	4.3	8.6	47.1	20.0
Running rickshaw from permanent stand (Y)	70.0	20.0	65.7	51.9
Have rickshaw driving license (Y=Yes)	65.7	--	--	21.9
Driving own rickshaw (Y)	68.6	15.7	32.9	39.0
Driving hired-rental rickshaw (Y)	27.1	78.6	67.1	57.6
Rickshaw with municipal license:				
Has license of owner rickshaw	45.7	--	--	15.2
Has license of rental rickshaw	27.1	--	--	9.0
Do not know or no answer	27.1	100.0	100.0	75.7
Total	100.0	100.0	100.0	100.0

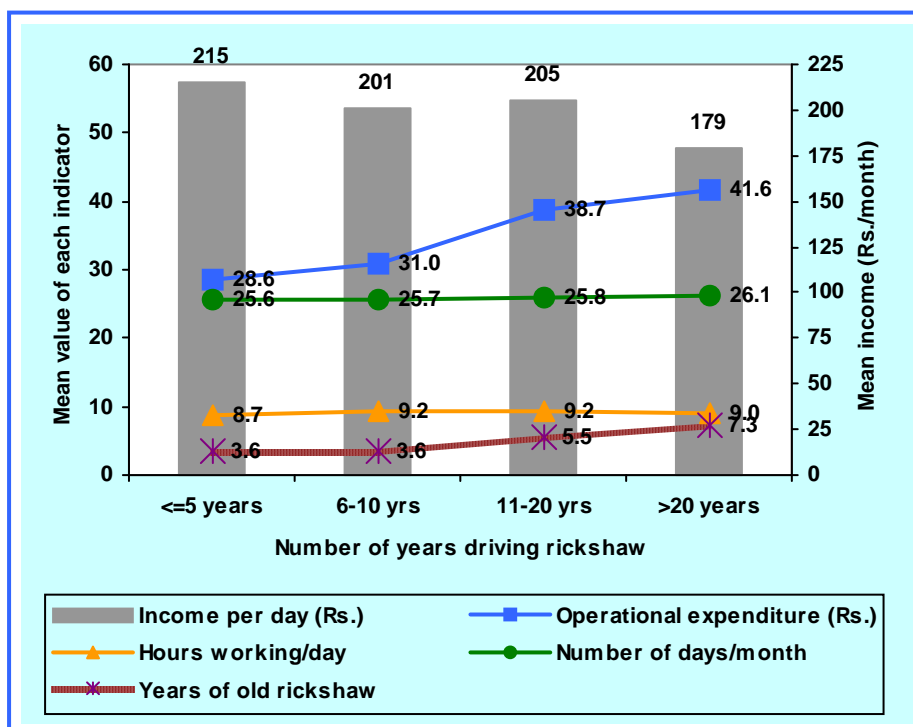
**Table 7: Percentage distribution of RPs by their characteristics of personal habits and practices**

Habits and practices of RPs	Study location in			Total (N=210)
	Assam (N=70)	Jharkhand (N=70)	Rajasthan (N=70)	
Number of times taking tea-other food while driving				
Once only	34.3	38.6	11.4	28.1
Two times	10.0	20.0	50.0	26.7
Three times	17.1	31.4	28.6	25.7
Four times	21.4	2.9	8.6	11.0
Five or more	17.1	7.1	1.4	8.6
Total	100.0	100.0	100.0	100.0
Habit of smoking regularly ( <i>Bidi</i> and cigarette)				
Yes	35.7	10.0	67.1	37.6
No	45.7	87.1	30.0	54.3
Did not tell	18.6	2.9	2.9	8.1
Total	100.0	100.0	100.0	100.0
Habit of drinking alcohol regularly				
Yes	21.4	24.3	28.6	24.8
No	57.1	72.9	71.4	67.1
Did not tell	21.4	2.9	0.0	8.1
Total	100.0	100.0	100.0	100.0
Number of times drinks alcohol everyday				
No or not regularly	78.6	77.1	68.6	74.8
Once in a day	14.3	22.9	21.4	19.5
Twice in a day	5.7	0.0	7.1	4.3
Thrice in a day	1.4	0.0	2.9	1.4
Total	100.0	100.0	100.0	100.0
Take other drugs regularly				
Yes	0.0	10.0	5.7	5.2
No	64.3	77.1	84.3	75.2
Did not tell	35.7	12.9	10.0	19.5
Total	100.0	100.0	100.0	100.0

## INCOME AND EXPENDITURE OF RICKSHAW PULLERS

A Rickshaw Puller operates his rickshaw, on an average, for about 9 hours in a day and at least 26 days in a month (**Table 8**). The information shows that lower the hours of working higher the efficiency of per hour's income and the situation is same both in the case of rented or owned rickshaws (**Figure 12**). It also indicates that unit cost of return is lower with increasing days and hours of rickshaw pulling considering repair & maintenance, cost of food & others, and older age of rickshaw. It shows the nature of law of diminishing returns from increasing hours and days of rickshaw pulling.

**Figure 12: Relationship between the years of driving rickshaw and operational expenditure, income/month, duration of working/day and age of rickshaws**

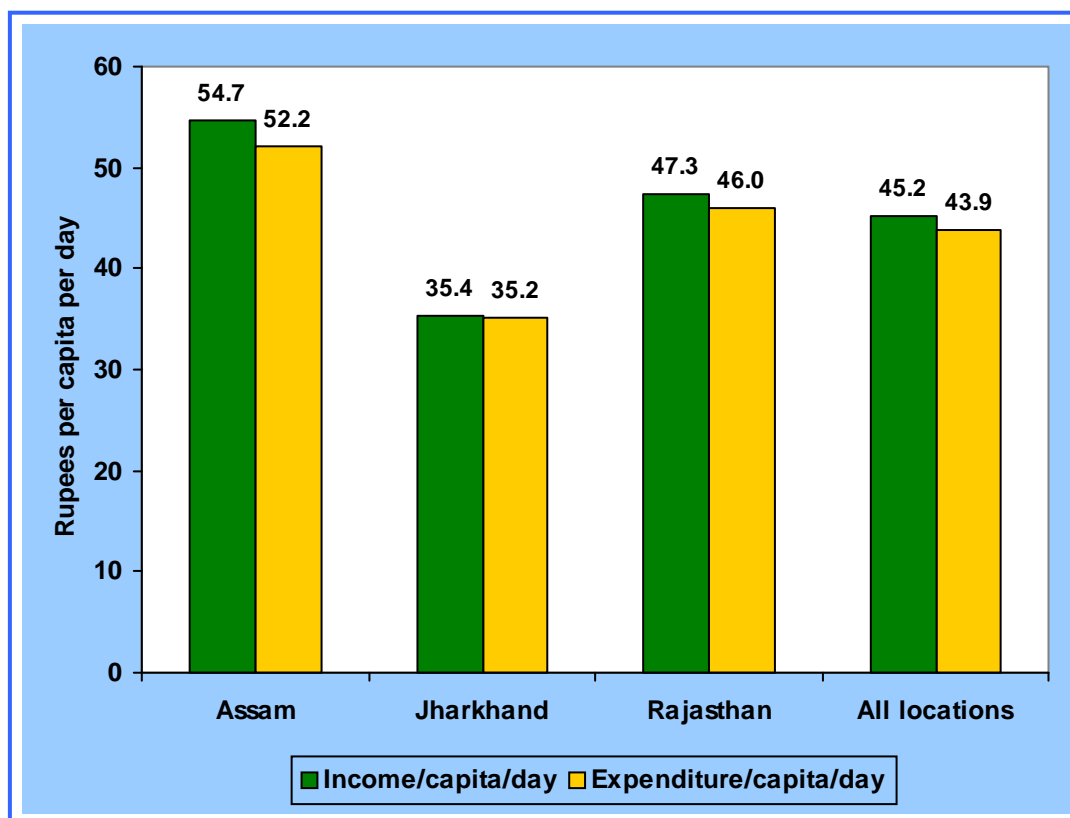


**Table 8: Status of rickshaw operation and its effect on income of RPs**

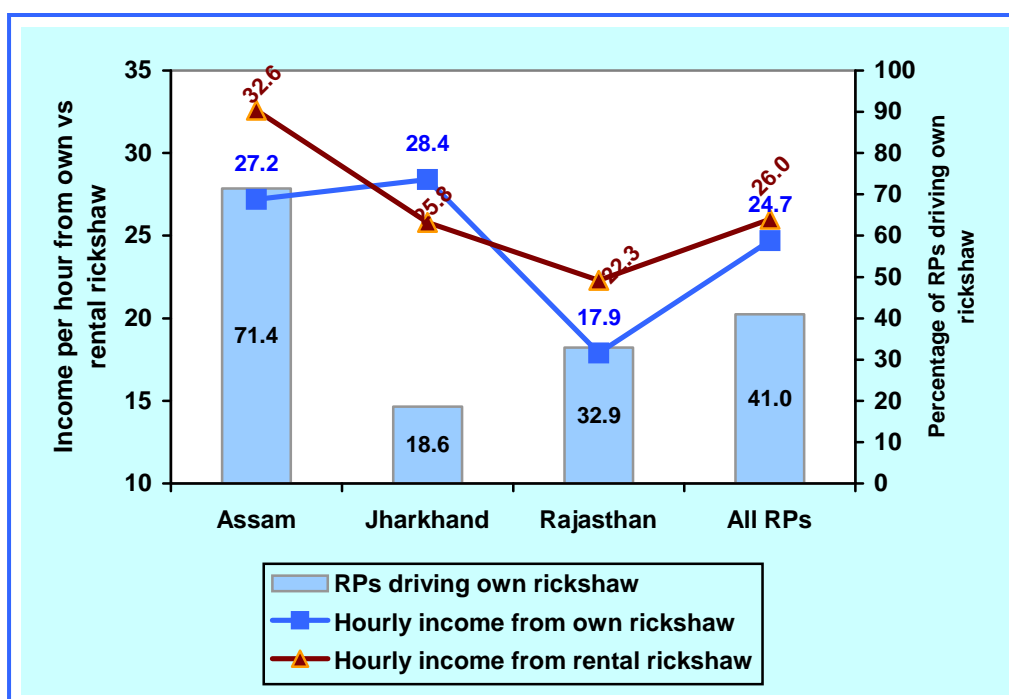
RPs and their income-expenditure situation	Assam (N=70)		Jharkhand (N=70)		Rajasthan (N=70)		Total (N=210)	
	Valid case	Mean	Valid case	Mean	Valid case	Mean	Valid case	Mean
<b>Operating own rickshaw and its income:</b>								
Number of hours driven in a day	50	8.7	13	8.3	23	9.3	86	8.8
Number of days driven in a month	50	25.9	13	24.2	23	28.9	86	26.4
Monthly maintenance expenditure (Rs)	39	241.5	12	204.2	20	335.0	71	261.5
Total net earnings per day (Rs)	50	226.8	13	227.7	23	154.6	86	207.6
Gross income per hour (Rs)	--	27.2	--	28.4	--	17.9	--	24.7
<b>Operating rental rickshaw and its income:</b>								
Number of hours driven in a day	20	8.9	57	9.2	47	9.5	124	9.3
Number of days driven in a month	20	24.5	56	24.5	47	26.7	123	25.3
Monthly maintenance expenditure (Rs)	10	205.0	0	0.0	31	355.3	41	318.7
Rent to owner per day (Rs)	20	45.0	57	32.1	47	26.1	124	31.9
Total net earnings per day (Rs)	20	236.5	57	201.6	47	172.7	124	196.3
Gross income per hour (Rs)	--	32.6	--	25.3	--	22.3	--	26.0
<b>Aggregated information:</b>								
Number of hours driven in a day	--	8.8	--	9.0	--	9.4	--	9.1
Average number of days work / month	--	25.5	--	24.4	--	27.4	--	25.8
Daily expenses on food & others (Rs.)	--	87.2	--	84.3	--	110.1	--	106.9
Current market price of a new one (Rs)	5	10,700.0	70	9,942.9	69	13,195.7	144	11,527.8
Years of old rickshaw driving now (yrs)	33	4.15	66	2.85	64	7.45	163	4.92

It is assumed that over-reporting and under-reporting of income and expenditure would be automatically adjusted in the average estimate. The general tendency of people is to suppress actual income and inflate expenditure. The RPs are not exceptional in this case. The study did not collect detailed income and expenditure of RPs' households due to limitation of the study. It was found that reported income of some RPs was provided excluding their cost of working period and rent of owners, which has been checked and tried to adjust while consistency check. The expenditure of household has been considered based on income and expenditure of rickshaw pulling income. Most of the RPs have reported their expenditure equivalent to their income which indicates no savings in their family. **Figure 13** shows this pattern of per capita income and expenditure of RPs family and the study areas. This has been always a phenomenon of daily earners and particularly for day labourers who are immediate consumers of their income. **Figure 14** shows the above inference considering their hourly income of owner and rental RPs which do not reveal any consistent pattern of their income.

**Figure 13: Average per capita per day household income and expenditure of RP family**



**Figure 14: Percentage distribution of rickshaw pullers driving own rickshaw and hourly income of own vs rental rickshaw**



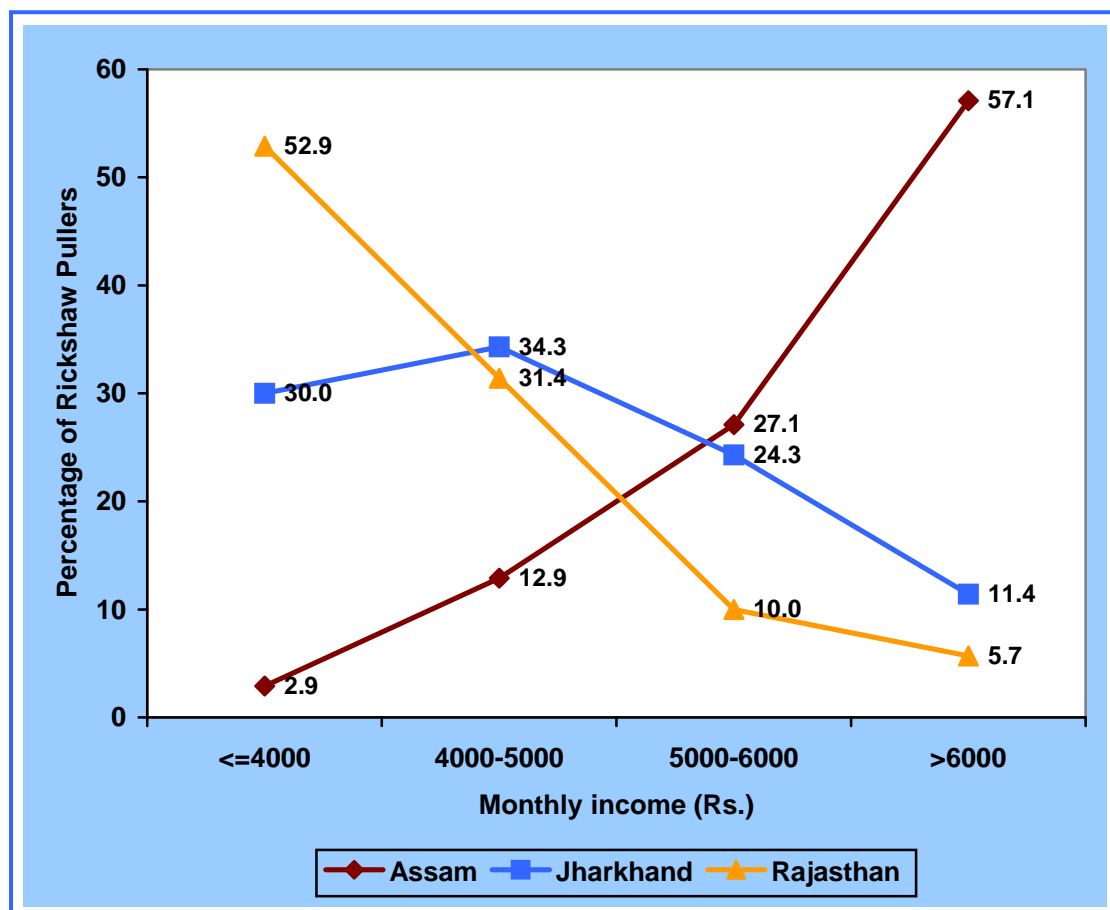
**Table 9** shows average picture of income and expenditure of the RPs and rickshaw operational information. Characteristically not much significant difference was found between own rickshaw and rental rickshaw operation with regard to hours of working and daily earnings. The RP spends over Rs. 100 per day during the working hours. However, monthly income of owner RPs (i.e. CRD rickshaw) is about Rs.1000 more than the rental RPs due to rental savings from daily. It is evident that each RP earns at least Rs. 5,000 per month working 8-9 hours daily and 26 days per month. The results show that per capita income of a RP family is about USD 0.70 per day. However, monthly average income of a RP would be ranges from Rs. 8,000 to Rs. 10,000 considering their spending during the working hours.

**Table 9: Mean income from and expenditure for running rickshaw of RPs**

RPs and their income-expenditure situation	Assam (N=70)		Jharkhand (N=70)		Rajasthan (N=70)		Total (N=210)	
	Valid case	Mean	Valid case	Mean	Valid case	Mean	Valid case	Mean
<b>Average income and expenditure of RPS:</b>								
Monthly income (Rs)	70	6,937.1	70	5,057.1	70	4,977.1	210	5,657.1
Monthly expenditure (Rs)	70	6,623.1	70	5,022.9	70	4,842.9	210	5,496.3
Monthly unclaimed savings (Rs.)	--	314.0	--	34.3	--	134.3	--	160.9
<b>Cost of maintaining energy and habit:</b>								
Expenditure on smoking (Rs/ month)	24	215.0	11	130.0	48	337.8	83	274.7
Expenditure on outside food (Rs/ day)	47	39.9	41	27.1	66	38.3	154	35.8
Expenditure on alcohol (Rs/ day)	16	38.9	17	26.9	20	47.5	53	38.3
Expenditure on other drugs (Rs/ day)	--	--	7	25.0	2	12.0	9	22.1

Rickshaw Pullers of Assam and Rajasthan have shown a reverse distribution scenario of their income and expenditure; where the RPs are higher in high income group in Assam and it is just reverse in case of Rajasthan (**Figure 15**). **Table 10** shows distribution of RPs' households according to income and expenditure grouping. On an average a rickshaw puller earns between Rs 5,000 and 7,000 per month in Assam and it is similar for their expenditure. RPs in Jharkhand and Rajasthan shows their income is a bit lower than Assam. Only 3% RPs mentioned that they have other source of income particularly in Jharkhand and Rajasthan. The estimate shows that there is Rs 161 per month unclaimed saving which perhaps is used to fill the gap of requirement. The RPs have mentioned that they do not have any savings considering annual income and expenditure, because they spend their small saving within few months for household expenditure.

**Figure 15: Percentage distribution of Rickshaw Pullers by their monthly income group**



**Table 10: Percentage distribution of RPs by their income and expenditure groups**

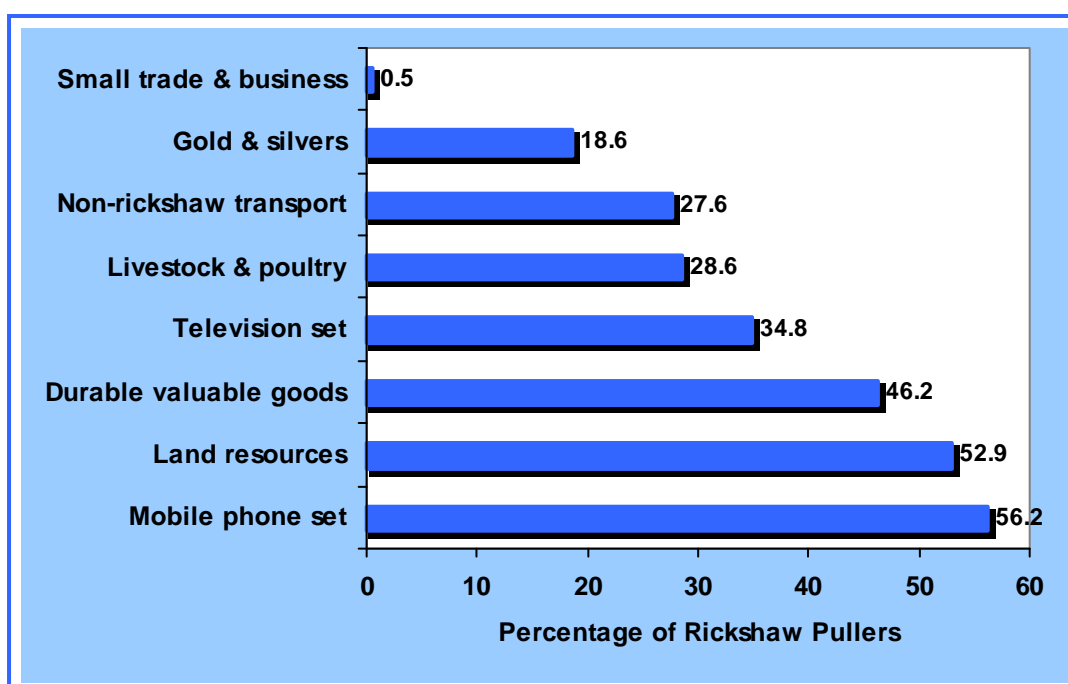
Income-expenditure and well-being indicator	Study location in			Total (N=210)
	Assam (N=70)	Jharkhand (N=70)	Rajasthan (N=70)	
Household income group				
<=4000 Rs.	2.9	30.0	52.9	28.6
4000-5000	12.9	34.3	31.4	26.2
5000-6000	27.1	24.3	10.0	20.5
>6000 Rs.	57.1	11.4	5.7	24.8
Total	100.0	100.0	100.0	100.0
Household expenditure group				
<=4000 Rs.	2.9	31.4	55.7	30.0
4000-5000	14.3	34.3	32.9	27.1
5000-6000	31.4	22.9	5.7	20.0
>6000 Rs.	51.4	11.4	5.7	22.9
Total	100.0	100.0	100.0	100.0
Have earning from trade and business				
Yes	--	7.1	2.9	3.3
No	100.0	92.9	97.1	96.7
Total	100.0	100.0	100.0	100.0

## LAND AND NON-LAND ASSETS OWNERSHIP

**Figure 16** exhibits overall picture of RPs about their assets ownership. Interestingly it could be noted that about 56% RPs using mobile phone followed by ownership of land and durable goods. Many RPs, in Assam and Jharkhand, possess small amounts of land in their rural areas (**Table 11**). But it was witnessed during the field discussions that this fact of holding small amounts of lands in their native places contradicts their claim for permanent migrant status. It could be that the RPs did not ruin their village identity by keeping land. Information indicates that many of the migrant RPs in Jharkhand have a rural base and some member from their family is there or maybe the temporal migrants referred their status as permanent migrants. It could be noted that there are single migrant RPs of Bihar and Jharkhand living in several states for many years like permanent residents but their family members lived in their native villages and visit them at least twice in a year.



**Figure 16: Percentage distribution of Rickshaw Pullers by their ownership of assets**



**Table 11** shows that the land, animal and capital base assets are very poor in the case of RPs in Rajasthan who are mostly permanent migrants and staying comparatively in better houses having mobile phone and TV set. This situation somewhat contradicts with the information obtained from field discussions and observations, where many RPs staying floating in the city and hard to observe their houses and families. It is quite interesting to note that 77% RPs in Assam have television and use mobile phone sets followed by Rajasthan and Jharkhand which implies that these products are no more luxuries goods, rather have become necessities for all people.

**Table 11: Percentage distribution of RPs by their ownership of assets**

Type of assets ownership	Study location in			Total (N=210)
	Assam (N=70)	Jharkhand (N=70)	Rajasthan (N=70)	
Land ownership	87.1	71.4	--	52.9
Livestock and poultry	44.3	41.4	--	28.6
Transports except rickshaw	24.3	55.7	2.9	27.6
Small trade-business	--	1.4	--	0.5
Durable valuable goods	68.6	50.0	20.0	46.2
Possessions of gold and silver	31.4	24.3	--	18.6
Television set	48.6	18.6	37.1	34.8
Mobile phone set	77.1	35.7	55.7	56.2

## Changes in Economic Conditions over the Last Five Years

Figure 17 shows the economic status of about;

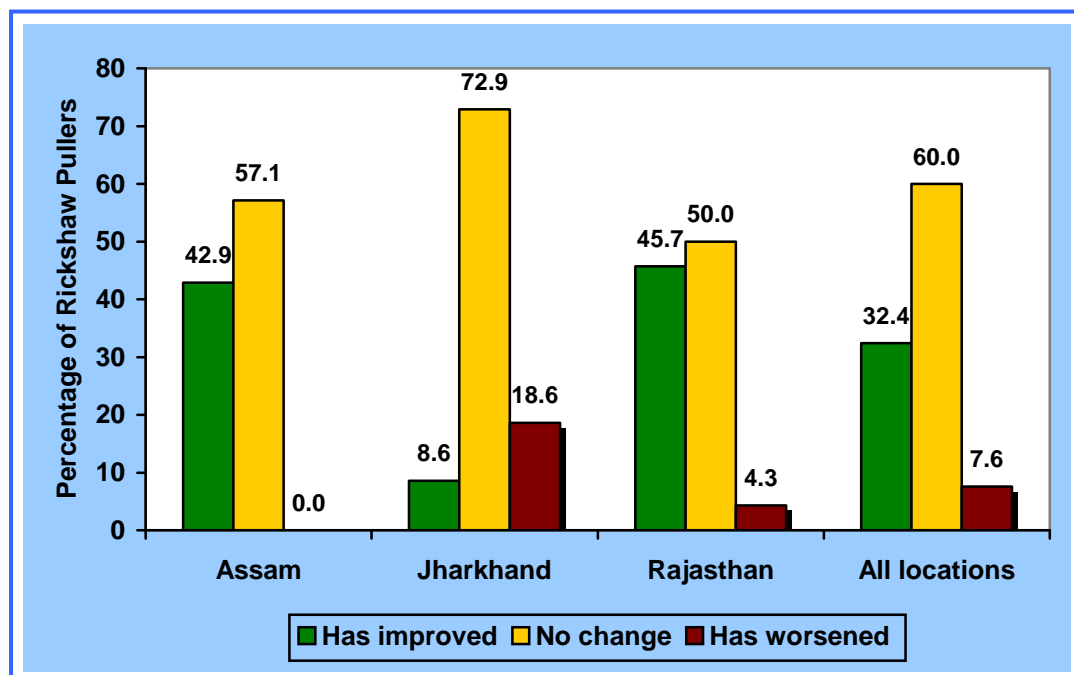
- 60% of the RPs did not change over the last five years.
- 43% and 46% of the RPs in Assam and Rajasthan respectively, mentioned that their economic conditions have improved. They mentioned that income from rickshaw pulling in urban areas is much higher compared to their past income from agricultural and non-agricultural labour in rural areas.
- one-fifth of RPs In Jharkhand mentioned that their economic conditions have deteriorated during the last five years due to their sickness and death of earners in their family.

However, many of even the higher income group RPs in Assam declared that they are economically vulnerable and they are always susceptible to fall into acute poverty if they have to face any financial shocks or family crisis at any point of time.

The self-stated economic condition of RPs in Rajasthan indicates that they are poor with respect to their income level and demand for goods and services.

On average, the income levels of all RPs across the states is not that appreciably high although they have shown a relatively better income compared to other available opportunities in the urban labour market.

**Figure 17: Percentage distribution of Rickshaw Pullers by their change in economic condition during the last 5 years**



## Persistence of Rickshaw Pulling and its Relationship with Income and Expenditure

Daily earning of a RP puller is highly correlated with his age, years of rickshaw pulling and health conditions. During the discussions with the RPs on the field, they mentioned that their health situations have been deteriorating day by day due to rickshaw pulling. **Table 12** shows that average earning by years of rickshaw plying lowers the income on longer involvement in Rickshaw Pulling, without reducing hours and days of work. The RPs driving for less than five years earn about Rs 215 per day in comparison to Rs.179 (a reduction of about 17%) earned by RPs plying for over 20 years. They spend more money on food during their working period to enhance their energy and keep them active for earning. This group of RPs also drive old rickshaw (at least 7 years) compared to others, thus slowing up and necessitating working longer hours.

**Table 12: The relationship between the age of RPs, their years of driving, expenditure on food for energy and level of earning per day**

Number of years driving rickshaw	Average age at present (years)	Average age at time of started driving (yrs)	Expenditure on tea & food (Rs)*	Average earning per day (Rs)	Number of hours driving per day	Number of days driving per month	Years of old rickshaw driving currently
<= 5 years	N	41	41	27	41	41	29
	Mean	31.66	27.59	28.59	214.76	8.68	25.61
6 - 10	N	58	58	35	58	58	49
	Mean	31.66	22.91	31.00	200.78	9.19	25.66
11 - 20	N	72	72	57	72	72	54
	Mean	38.60	22.64	38.68	205.21	9.24	25.78
> 20 years	N	39	39	35	39	39	31
	Mean	48.36	19.72	41.57	178.59	9.03	26.08
Total	N	210	210	154	210	210	163
	Mean	37.14	23.14	35.82	200.90	9.08	25.77
* Expenditure on food during the period of rickshaw pulling.							

## THE ECONOMICS OF RICKSHAW ENTERPRISE IN INDIA

Value addition per worker in the unorganized sector is Rs. 77,677 and their annual contribution to the national economy is Rs. 621.42 billion compared to Rs. 767.65 billion by the 35 million textile workers (UNDP 2009). In contrast, the gross turnover value of the RPs would be Rs. 940 billion per year (**Table 13**) assuming their per day gross earnings of only 10 million RPs in the country but which could be more than double if accounted for the whole RTS industry.

The direct and indirect economy of RTS would be not less than Rs. 2,000 billion considering its overall investment and return from production of materials to RPs and its related activities. In fact, rickshaw and its allied activities is a large industry of the country recognising the fact that many industries producing rickshaw chassis, parts and accessories (chains, rings, spokes, bearings, tyres, tubes, body chassis, hoods, pedals, seats, brakes, bells, etc) to make rickshaws. There are hundreds of business firms and shops that are selling these products to the customers which is to be considered as formal sector. All together it involves huge financial capitals and economic activities. It also employs thousands of people all over the country.

Yet, rickshaw pulling is considered as unorganized sector and its economy is not recognised in the true sense and often unrecognized and undervalued by policy makers, government authorities and financial institutions.

Here, the analysis is made considering end user perspectives (rickshaw owners and RP services).

*The assumptions made for the economics of rickshaw enterprise are partial analysis based on factual data collected from various sources during the field study (see Methodology and Income-expenditure analysis of RPs). For more clarity, most of the assumptions are also included in the first column of the Table 13. It is clearly noted that this analysis did not consider any arbitrary assumption or hypothesis except the number of rickshaws, RPs and rickshaw owners for which there is no reliable data. Further it is noted that all assumptions are taken into consideration based on literature review and information provided by the RPs and owners from different parts of the country. Three specific economic scenarios of RPs has been analyzed based on the assumption made for number of rickshaws (from 6 to 10 million) operating in India.*

The value of fixed assets for rickshaw enterprise would be Rs. 99 billion / 6 million RPs (Scenario-1), Rs.132 billion / 8 million RPs (Scenario-2) and Rs.162 billion / 10 million RPs (Scenario-3) respectively in the country. ***The succeeding economic analysis has been made keeping in view the scenario-3 estimates.***

The total volume of rickshaw enterprise would be Rs. 115 billion considering rickshaw rent at Rs. 32 per day collected by the rickshaw owners. Their contribution and pay to backhander is also huge considering Rs. 2 to 5 per day to their union or others, which will be from Rs. 7.3 to Rs. 18.3 billion per year and it would be more than total value of many recognized industries in the country. The RPs spend about Rs. 13 billion, annually, for smoking, Rs. 95 billion for food and refreshments, Rs. 35 billion for alcohol and Rs. 3.4 billion for other drugs. All together, the RPs spend over Rs. 169 billion per annum to support other activities and through costs (sales) of the above products. Lastly, the RPs' take-home money would be about Rs.655 billion, out of which major portions are spent on basic needs of their families.

Although they earn over Rs. 6,000 per month they can never see this amount at the end of any month because their earnings are on daily basis and over 90% of the income is spent daily (immediately on that day). However, the annual rate of return from investment of rickshaw owners is about Rs. 1:1.33 after deducting rickshaw owner's salary; considering self-employed person, the annual rate of return would be Rs. 1:1.69 including rickshaw owner's salary. The rate of return is highly feasible for this enterprise. Practically most of the large numbers of rickshaw owners are involved with other income generating activities and in this case the annual rate of return would be 69% based on the estimates mentioned in the Table 13.

Finally, it should be remarked that the RPs are directly and indirectly providing special contribution to other business enterprises every day during their working period for their energy and rest and thereby providing employment support by spending almost one-third of their daily incomes for food, drink, tobacco, alcohol, etc.

**Table 13: Scenarios of economic analysis of rickshaws enterprise in India**

[Figures are in millions]

Assumptions and items of economic analysis made out based on observed data of the field study	Scenario analysis based on number of rickshaws and equal number of RPs		
	Scenario-1	Scenario-2	Scenario-3
<b>Assumption of cycle rickshaw enterprises (number in million)</b>			
Number of rickshaws in India	6.00	8.00	10.00
Number of rickshaw owners @25 rickshaws per enterprise	0.24	0.32	0.40
One employment with each owner for repair & maintenance	0.24	0.32	0.40
One person at road side repair & maintenance shops (equivalent to person employed with rickshaw owners)	0.24	0.32	0.40
Number of RPs (based on literature review)	6.00	8.00	10.00
<b>Total employment</b>	<b>6.72</b>	<b>8.96</b>	<b>11.20</b>
<b>Assumption of value of fixed assets (Rs. in million)</b>			
Garage including repair and maintenance @Rs.1,00,000/owner	24,000	32,000	40,000
Value of rickshaw @Rs.11,528/ rickshaw	69,168	92,224	115,280
Street repair & maintenance shops @25,000/ shop	6,000	8,000	10,000
<b>Sub-total fixed assets</b>	<b>99,168</b>	<b>132,224</b>	<b>165,280</b>
<b>Current value of employment per month (Rs. in million)</b>			
Owner's repairmen @Rs.6,000.00	34,560	46,080	57,600
RPs @Rs.5657.143	33,943	45,257	56,571
Street repair & maintenance shop workers@Rs.6,000.00	1,440	1,920	2,400
Rickshaw owner's salary @Rs. 12,000.00	2,880	3,840	4,800
<b>Sub-total value of employee</b>	<b>72,823</b>	<b>97,097</b>	<b>121,371</b>
<b>Cost of repair &amp; maintenance per rickshaw /month (Rs. in million)</b>			
Rickshaw owner @Rs. 197.00	1,182	1,576	1,970
Rickshaw puller @Rs. 195.00)	1,170	1,560	1,950
<b>Sub-total repair &amp; maintenance</b>	<b>2,352</b>	<b>3,136</b>	<b>3,920</b>
<b>Return and income from the enterprise (Rs. in million)</b>			
Owners return from investment per month @Rs.32/day (total return=24,333 minus self-employed salary=12,000)	2,960	3,947	4,933
Gross income of RPs per year @Rs. 261.06/day	46,991	62,654	78,318
RPs home take income per year (@Rs. 5462.10)	32,773	43,697	54,621
<b>Expenditure of rickshaw puller per month (Rs. in million)</b>			
Rickshaw rent @Rs. 32/day	5,760	7,680	9,600
Smoking @Rs. 3.62/day	652	869	1,086
Tea & food on road @Rs.26.25/day	4,725	6,300	7,875
Alcohol @Rs.9.67/day	1,741	2,321	2,901
Other drugs @Rs.0.95/day	171	228	285
Cost of repair & maintenance @Rs. 197.00	1,170	1,560	1,950
<b>Sub-total expenditure</b>	<b>14,218</b>	<b>18,958</b>	<b>23,697</b>
<b>Gross annual turnover of RPs (Rs. in million)</b>			
Rickshaw owners turnover (considering rent of rickshaw)	69,120	92,160	115,200
RPs home take money (except working expenditure)	393,271	524,362	655,452
Support from RPs turnover to other enterprises	101,498	135,331	169,164
<b>Annual hidden cost of RPs (Rs. in million)</b>			
@Rs. 5/day/rickshaw	10,950	14,600	18,250
@Rs. 4/day/rickshaw	8,760	11,680	14,600
@Rs. 3/day/rickshaw	6,570	8,760	10,950
@Rs. 2/day/rickshaw	4,380	5,840	7,300
<b>Return from investment per Rupee*</b>			
<b>Excluding rickshaw owner's salary</b>	<b>Rs. 0.33 i.e. 1:1.3</b>		
<b>Including rickshaw owner's salary</b>	<b>Rs. 0.69 i.e. 1:1.69</b>		
Depreciation on fixed assets per annum (rickshaw + others @5%)	4,958	6,611	8,264

Source: Author's own estimate based on the data was collected during the field research study, 2012.

\*considered 5% depreciation of fixed assets (without appreciation of land and building).

## **Observations on Economy of Rickshaws and Allied Industries**

The economy of the rickshaws operation and allied industries could be underlined by four broad categories – (1) economy of cycle rickshaw industry, (2) economy of rickshaw enterprise and its contribution to other sectors, (3) unspoken Invisible (shadow) economy, and (4) economy of migration and remittance transfer.

### **(1) Economy of cycle rickshaw – a large industry in India:**

There are no official estimates and secondary information on economy of rickshaw industry in India. However, hypothetically a brief discussion has been made to understand the situation. Assuming it is a Rs.100 billion industry considering 10 million of cycle rickshaws and the market price of Rs 10,000 per rickshaw (and it would be even more accounting spare-parts for maintenance). Furthermore, this size of the industry could be more than double considering the same materials used to produce hand-pulled rickshaws, rickshaw vans, garbage and other carriers, mobility tricycle for patients and disabled persons, and also by-cycles in the country. This industry is employing thousands of labour for production, transport of products, marketing, repairs and maintenance activities. What would be the approximate value of this industry is unknown and would need another detailed and enlarged study!

### **(2) Economy of cycle rickshaw – its contribution to other sectors:**

Here, economic discussions have been made mainly for cycle rickshaw operations and RPs association with other economic activities directly and indirectly.

Directly, cycle rickshaw operation is providing regular livelihood support to about 10 million urban poor migrant RPs through self-employment and about 50 million people of their families in the country. Thousands of rickshaw owners are regularly earning money by renting out their rickshaws to the RPs with various arrangement of rental charge.

Indirectly, the RPs are providing support to many sectors through consuming their products and using services during their working hours, such as tea, biscuit, tobacco, foods, alcohol, etc. It is in fact giving regular income and employment support to tea stalls, roadside small restaurants and vendors, cookies factories / industries, tobacco and beverage industries, etc. Though referred to as an unorganized sector that the Rickshaw enterprise is providing regular support to the growth of many organized sectors cannot be ignored. Thus, the economy of this industry is too large to account but not clearly known with the necessary data, statistics and detail!

Considering 10 millions RPs and on an average Rs. 260 income per RPs, the daily turnover of rickshaws would be over Rs. 2.5 billion a day, which would be around Rs. 940 billion per annum without costing to environment. On an average they spend Rs. 2.4 billion per month of their income directly in the market during their working period. By and large,



this is one part of the whole story of RTS and some of which people can be easily observed, but the issues related to standards and quality of life of the RPs and their family members remain very weak and un-resolved in policy-strategies for their socioeconomic development.

### **(3) Invisible (shadow) economy - too big of small matter is unspoken:**

This is the economy never accounted by givers and takers and neither could be known from any national document. In many areas, RPs are giving (givers) money in legally and illegally to other people (takers) at rickshaw stand, unions, political agents, social and religious purposes, and sometimes street controlling people. This is by and large hidden economy in the form of black money distributed among these groups found in study areas. The volume of this money would be more than Rs. 50 million per day. The money collectors (union leaders and other cost for backhanders) taking non-refundable or non-reimbursable (i.e. miscreant fund) money from the RPs at least Rs. 2 to 5 per day from each, which would range from 7.3 to 18.3 billion per year!

### **(4) Economy of migration and remittance – largely depended on informal channel:**

Many seasonal and short-term migrant RPs leaving their families in the villages eat and sleep in shanties (slums), otherwise spend their night at insecure areas or floating. They usually keep their money with known shopkeepers, money collection agents, rickshaw owners, etc and intermittently send remittances to the dependent families. These intermediaries of money collectors and holders play central role as safe custodians but also making money from their deposits to informal lending market. The economy of this transaction should not be ignored too in the FI money market. Any organized commune system of migrant RPs is a fact of nonexistence in urban areas, unless third-party organisations are involved. Nevertheless, the contribution in money market economy by the RPs with regards to their and intermediaries' income and expenditure is a significant event, even they are considered as informal labour in the city.

The single migrants send remittances to their homes either to return their debt or uplift the family out of poverty, for crisis coping and to ensure food security. Some also send remittances for farming and to finance rural non-farm activities. The remittances also play a crucial role in reducing rural poverty, economic disparities and inequality of livelihood capitals. Although, the incidence of migration may occur mainly to look for better livelihood opportunities influenced by both push and pull factors, the outcome plays a range of shifter roles variably in both urban and rural socio-economic elements.

## DEMAND & SUPPLY SIDES PERSPECTIVES OF RICKSHAW PULLERS

There are many factors behind demand for rickshaw - of owners, employment, transportation and services. Demand for;

- rickshaws in urban areas is high at places (e.g. small roads) where motorized vehicles are not many or not at all available (no route) on right time according to demand for transport services.
- rickshaw business always is higher in the city area to provide local transport services, instant source of livelihood for migrants and it is a transport that treat all section of peoples equally, no matter rich or poor.
- multi-purpose use is very high and convenient of the people all the time.
- local travel, marketing, shopping, schooling children, carrying patients, etc is always top in position to the urban dwellers.

It is an eco-friendly, healthy transport service vehicle, and the country cannot ignore its contribution to environment protection.

### **Demand for rickshaw transport enterprise:**

- *Available as an immediate employment of migrant labour*
- *Very cheap to rent-in and make payment after earning*
- *Cost of a rickshaw is lower than other urban transports*
- *Capital investment is low and can be invested over time*
- *Easy to repair and maintain*
- *Provides daily cash return to the owners*
- *Underpowered and unskilled labour section of people operate it*
- *Easy to avoid income tax burden*
- *Easy to manage labour (RPs)*
- *No hard training is required to ride / drive / ply*

### **Demand for rickshaw transport services:**

- *It is a multi-purpose vehicle*
- *Available at the doorstep*
- *Available most of the time (day and night)*
- *Low expensive service for low income group / middle class strata of people*
- *More convenient for short distance travel*
- *Most preferred vehicle for local marketing*
- *Easy to carry small amount of goods and luggage*
- *Most helping transport during rainy season for water-logging roads*
- *Transport of narrow roads where other passenger carriers cannot enter*

The following analyses and findings have been presented based on literature review.

Ref. year	The study and its demand-supply perspectives of RPs	
2007	<b>Title of the study</b>	<b>A Study on Social Security Scheme for RPs in Delhi</b>
	<b>Main objective</b>	Study needs and demand side of social security scheme, and suggest existing supply side services
	<b>Major findings:</b> <u>Demand side / demand driven:</u> <ul style="list-style-type: none"> <li>99% of the RPs are willing to contribute for social security schemes. Rs. 125 is the average monthly amount they are willing to contribute.</li> <li>The priority needs that emerged out of survey are loan, life insurance, children education, pension and health insurance.</li> </ul> <u>Supply side / supply driven:</u> <ul style="list-style-type: none"> <li>In India, majority of the social security schemes target a small segment of workforce engaged in the organized sector which constitutes hardly 7% of the total workforce of the country.</li> <li>The services suggested are micro-credit through SHG, life insurance through LIC-<i>Janashree Bima Yojana</i>, children education through LIC-<i>Shiksha Sahayog Yojana</i>, Health Insurance through universal health insurance scheme, pension through old age pension scheme</li> </ul>	
2010	<b>Title of the study</b>	<b>Putting Money in Motion: How Much Do Migrants Pay for Domestic Transfers</b>
	<b>Main objective</b>	Understand domestic money transfer practices among migrant workers, difficulty and cost involved in transferring money
	<b>Major findings</b> <u>Demand side / demand driven:</u> <ul style="list-style-type: none"> <li>57% of respondents in the sample most recently used an informal mechanism to transfer money – most commonly <i>hawala</i> couriers. While half of migrants would like to make their transfers through banks, the “hidden” costs of obtaining the documents needed to open an account, travelling to the nearest branch, and waiting in line to send or receive a payment mean that only 30% of our sample use banks to transfer money. Of households who don’t use a bank account to transfer money, 19% expressed a desire to use a bank.</li> <li>Migrants incur a significant amount on domestic remittance i.e. median cost of 4% of total transfer amount. This suggests that there is considerable willingness to pay among poor households for a safe and convenient way to send and receive money. Indeed, when asked what migrants value in a payment system, by far the most common answer is security, mentioned by 72% of migrants, followed by the speed of delivery at 37%. The cost of transferring money is only the third criteria mentioned, at 17%.</li> </ul> <u>Supply side / supply driven:</u> <ul style="list-style-type: none"> <li>Five channels used to transfer money over distances in India: 1) banks; 2) post offices; 3) <i>hawala</i> couriers; 4) cash couriers; and 5) friends and self transfers.</li> <li>Transferring money through a bank account costs 3% on average, including all direct and indirect costs. This is cheaper than other commonly used methods, such as India Post (6%) - by far the most expensive transfer method in our survey - or informal <i>hawala</i> networks (4.6%).</li> </ul>	
2011	<b>Title of the study</b>	<b>The Urban Poor and Their Money: A Study of Cycle RPs in Delhi</b>
	<b>Main objective</b>	The study explored the financial behaviour of cycle RPs in Delhi to assess their strategies and choices in saving, storing and remitting their money and the challenges and the constraints they faced in managing their money and livelihoods.
	<b>Major findings:</b> <u>Demand side / demand driven:</u> <ul style="list-style-type: none"> <li>RPs daily earnings are variable, unpredictable, irregular and low in quantity.</li> <li>The estimated average daily gross earnings of RPs in the sample was Rs. 269 (USD 5.72), compared to a</li> </ul>	

	<p>reported average daily gross earnings of Rs.179.</p> <ul style="list-style-type: none"> <li>66.17% of daily earnings spent on basic expenses (Food: 44% of daily earnings were spent on food by the entire sample, Rent: 9.29% of daily earnings were spent on rental expenses by 55% of pullers. Toilet: 2% of daily earnings were spent on public toilet / baths by 50% of pullers. Toiletries: 1.78% of daily earnings were spent on soap and toothpowder / toothpaste by 97% percent of pullers. Cooking fuel: 3.50% of daily earnings were spent on cooking fuel by 54% of pullers. Temptation goods: 5.6% of daily earnings were spent on temptation goods by 79% of the sample)</li> <li>A total of 95% of respondents saved a portion of their earnings. Of the sample, 46% saved every day and another 46% saved only when surplus was available.</li> <li>Nearly 89% of the pullers were dependent on informal saving arrangements. Only 1% of RPs reported using a bank account to save. The two most popular informal saving mechanisms were saving with self, on ones person, or at the place of stay, used by 55% of the pullers, and saving with neighbourhood shopkeepers, used by 31% of the pullers.</li> <li>16% had access to interest free loans, while 40% had taken loans for interest rates ranging from 2% to 10% per month.</li> <li>It was found that 81% of pullers in the sample remitted money regularly to their families. Of the pullers, 34% remitted monthly, 22% when needed, 10% every three months, and 10% when they visit home or when they had surplus money.</li> </ul>	
2011	<b>Title of the study</b>	<b>Remittance Needs and Opportunities in India</b>
	<b>Main objective</b>	The report synthesises a national study on domestic migration and remittance flows, four migration corridor studies, and an analysis of the Indian payment system with respect to small money transfers.
	<p><b>Major findings:</b></p> <p><u>Demand side / demand driven:</u></p> <ul style="list-style-type: none"> <li>Up to 100 million circular migrant workers, who contribute as much as 10% to the national Gross Domestic Product (GDP).</li> <li>The average annual remittance amount is about Rs 20,000, and even the poorest of the migrants are sending money home.</li> <li>The migrants value the security and speed of money transfers highest. They see these attributes best met by banks, but they continue to mainly use informal transfer methods. This may be due to factors such as inconveniences related to banking services (e.g., travelling and waiting time), Know-Your-Customer principles and other banking requirements, and a low degree of financial literacy and capability.</li> <li>Many migrant workers do not have adequate information about formal financial services, and many of those who have accounts with banks do not use them effectively. While a few of the respondents have life insurance, many of them do not understand the product and regard it as a savings rather than insurance instrument.</li> <li>Migrants need a secure place to deposit and remit small amounts of money. Many of them live at their work sites and get paid on a daily basis, and remittance recipients wish to receive relatively small amounts frequently. In all migration corridors many migrants have outstanding loans at their origin points, mainly from informal sources, and remittances are the major source of loan repayment. Furthermore, only a few migrants and their families are insured against the risks they face every day.</li> </ul> <p><u>Supply side / supply driven:</u></p> <ul style="list-style-type: none"> <li>Measures for improving financial literacy and capabilities as well as consumer protection are central to successful financial inclusion strategies.</li> <li>While commercial banks have the necessary technical infrastructure, they can lack convenient delivery channels.</li> <li>Regional rural banks and cooperatives usually do not meet the technical requirements, while they have the advantage of proximity and large service networks reaching out to rural households. The India Post has the largest office network, but its services take a relatively long time and are sometimes not perceived as customer-friendly.</li> </ul>	

## SUGGESTIONS OF RICKSHAW PULLERS ON VARIOUS ASPECTS

The RPs were asked to give their own opinion and suggestions without prompting any questions. Only the issues were raised in front of them and requested to give their free and honest feeling about their social, economic and financial situation; access to financial products and services facilities; and operational status of their rickshaw sector. All responses of RPs are briefly highlighted in this section.

### Constraints and Barriers: Need to Overcome for Better Service of RPs

#### **Social and cultural values**

- Wife regrets that her husband is rickshaw puller and also children do not like
- Children grown up and they feel ashamed to tell that their father is a rickshaw puller
- Low social status in urban areas and sometime people insult
- Live in slums and dirty areas due to low income
- Lack of better living areas with low house rents
- People value them less in the urban society or do not look at them as human-beings
- RPs are illiterate labour class people and people do not have respect for their service
- People consider RPs as low class people as many RPs drink alcohol
- Wealthy relatives do not keep / continue relations
- Cannot perform good / decent marriages of their children
- Children do not get quality education and do not learn good behaviour
- Very quickly children also become smokers and drug addicts
- There is a very little work-life balance
- Cannot take children for entertainment or visit other friends / relatives
- Health condition deteriorates day by day
- Face difficulties in daughters' marriages (also need a large amount of money)
- Lack of knowledge and awareness of social welfare schemes
- RPs do not find people to talk in their favour
- Very difficult to drive rickshaw in old age

#### **Economic status**

- Lack of money and savings
- Lack of financial capacity to do other business
- Lack of other regular jobs
- Economically vulnerable to absorb any shocks
- Lack of money for good medical care and child education
- Income reduced due to poor health (cannot drive fast and frequently)
- Income cannot support to fulfil all demands (which require a good amount of money) as earnings and expenses are on daily basis (no or low savings)
- Tempo and auto services becoming major competitors and drastically reduced earnings of RPs
- People besides rickshaw owners also keep money from the RPs as trusted custodians and they earn money through lending to the local business, but RPs do not get any benefit from it
- Market price of essential products has increased which is very difficult to support by a rickshaw puller with present level of earning, particularly for those who live with their families in the city
- Many RPs do not have BPL and ration card
- Difficult to earn money during strike days (frequently called by the political parties)
- Need to work for at least 10 hours to earn Rs 250 – 300 per day

**Financial status**

- Do not have financial capacity to work independently
- No financial support available from the government
- Banks do not support
- Government raze houses to reclaim slum lands and RPs do not have capacity to build new house
- People do not want to give personal loans to RPs
- Losing money by trusting others (lose of informal savings)
- Many RPs do not know about financial products and services of bank except savings account

**Institutional status**

- Most of the RPs do not have access to financial services from formal institutions due to lack of KYC related to urban residence
- Municipality does not support during crisis
- Union does not support for financial and organisational matters
- Municipality does not want to give driving license without proper KYC
- Police department sometimes become seriously annoyed and trouble even while on duty
- Urban authority does not maintain roads properly
- Political institutions use the RPs for election rallies etc., but does not help them much

**Operational status**

- Lack of rickshaw union or help from union
- Lack of adequate rickshaw stands
- Lack of shelter (designated sleeping place)
- There is no official fare chart from municipality
- Lack of proper recognition from the municipality
- Lack of coordination by traffic police but only frequent disturbance from police
- Do not have rain shelter for passengers and RPs besides the road
- Road conditions are very bad and hard to drive which need extra physical capacity
- There is no rickshaw road besides main road and cannot drive safely or uninterrupted
- Increasing tempo and auto services capture their market and sometime block their driveway

**Opportunities of Financial inclusion: Need to Improve Financial Inclusion for the Sector****Micro-credit facility**

- Bank should give space and loan to run small business
- MFIs should give loan with low interest
- Easy loan process without fees and collateral
- Rickshaw owners should develop capacity to give loan to RPs
- RPs should work together for group funding and develop capacity to give loan to its fellows

**Micro-leasing arrangement**

- Government could facilitate through a separate financial department to support the poor to give shops, instruments for various works and small vehicle to the urban poor
- Urban MFIs can give support in kind (i.e. micro-lease) to the poor
- NGOs can facilitate to use micro-lease products and instruments
- Similar arrangement could be done by rickshaw owners and RPs group through institutional mechanism
- Need rickshaw finance facility with low-cost
- Micro-lease for mechanised rickshaw (e.g. solar rickshaw) with subsidy price

**Life and health insurance facility**

- Government should give free health insurance by involving government hospitals
- Government should create a specific life insurance products only for the poor people
- Municipality should have medical facilities for the urban poor
- There should be a life insurance coverage with savings account of urban poor
- Need life insurance support for family members

**Savings opportunity**

- Need access to both public and private banks to open 'No-frills' savings accounts for small savers
- There is a need to open a separate banking system for urban poor to deposit their money in the savings account which can be easily withdrawn from the bank located in rural areas or small towns
- Poor should get adequate access to Post-Offices for all kind of savings and other financial services without lock-in periods
- There is an urgent need for government approved, trusted and secured organisations (NGO) for savings account, who will collect money from the RPs and from their family members like wives through their agents.

**Other financial possibilities and social security measures**

- Want special Programmes for RPs from the government
- There should be authorized rickshaw unions to support financial matters of RPs
- Need support from urban authority to give other income opportunities
- Need food security support for family members and child education
- Need free health care support

**Capacity Development: Needs to Enhance Sectoral Service and Livelihoods****Status of rickshaw enterprise**

- Need to regulate rickshaw owners (many rickshaw owners are involved in this sector and are dealing individually with individual RPs)
- Need to develop shelter and living facilities for migrant RPs
- Need to regulate RPs (it is an unorganised sector as all RPs are working individually for self-earning)
- Rickshaw fare is not regulated by the municipality
- Need to issue official ID card from the Municipality and consider it as a KYC for accessing institutional services and protection from police harassment
- Need to develop rickshaw stand with sheds
- RPs should have an official uniform
- Rickshaw enterprise should get official recognition from the government as an important economic activity of urban poor and provide equal service to all

**Financial inclusion**

- Need support from government and its institutions
- Financial institutions do not approach them neither they approach to institution
- Banks should give us long-term small loans with low interest
- Need interest-free loans
- MFIs should work for the RPs
- Need low-cost loans to buy rickshaws
- Need low-cost loans to open small shops, trade and businesses
- Want loans for livestock rearing

**Capacity development**

- Need financial awareness for various products and services available to different type of organisation (like, LIC, public bank, private bank, post-office, MFIs and other financial organisations)



<ul style="list-style-type: none"> <li>• Need skill development training for other jobs or industrial jobs</li> <li>• Need low-cost housing</li> <li>• Need to give knowledge base training to the rickshaw owners to help the migrant RPs who rent rickshaw from them</li> <li>• Need access to free health facilities</li> <li>• Need support for child education</li> <li>• Improved economic situation than before</li> </ul>
<p><b><u>Institutional recognition</u></b></p> <ul style="list-style-type: none"> <li>• Need special Programmes from government to reduce their economic and cultural poverty</li> <li>• Need access to all financial institutions equally as other people get</li> <li>• Need to organise this sector and declare as an economic activity at the national level</li> <li>• Need special recognition as eco-friendly transport and its importance to the society</li> <li>• Need to change attitude of municipality and police department</li> <li>• Need to consider a separate law for the RPS' protection</li> </ul>

## MAJOR FINDINGS FROM THE RICKSHAW PULLERS SURVEY

- All RPs are characterised themselves as poor.
- Their social, cultural, institutional, operational, financial and economic conditions are not significantly different except the migration issue and ownership of rickshaw.
- Temporal migrant has acute problem of shelter (except daily migrant) and the permanent migrants are living in unhealthy low quality housing environment. In this case of migrants, it could be suggested that the owners of the large number of rickshaws should arrange shelter for them with living facilities like kitchen, drinking water, bath place and toilet for migrant RPs, as the owners take money from RPs in the form of per night rent or as custodian of money for lending business.
- Most of the RPs have raised their voice to recognise and regulate the sector as an important economic activity in the country through municipality and special arrangement by the government.
- They urged for strong union or group mechanism to deal with their requirement of driving ID, low-cost financial services, rickshaw stands, etc.
- They strongly emphasized that they need free of cost support to meet their demand for regular health care and child education.

There are both positive and negative comments from RPs regarding their improvement in economic condition through rickshaw pulling.

- Some of them feel better-off than their past earning from agricultural labour market.
- They mentioned that they enjoy earning at the early age but later they start regretting upon becoming old. In general, the RPs are not respected and

appreciated by its users, as well as their grown up children also do not support this inhumane activity.

- Urban people in general look at RPs as a low class society as they have many bad habits.
- RPs noted that they earn good money but at least one-third of daily income need to be invested for their energy, on road rickshaw maintenance and rental payment.
- The RPs claimed that they can hardly save money, although all of them earn hard and cash everyday which could be higher monthly income than many graduates doing job in formal sectors. Only the basic difference is, a RP earns and spends money (Rs 200 to 300) everyday considering a day plan and they do not count earning of Rs 6,000 to 9,000 at one time in a month. While a regular salaried employee receives Rs 9,000 at one time at the end of the month and s/he plans for expenses and savings for the whole month. This is a fundamental difference and a problem of preference and choice of all day labourers in the wage market to improve their socio-economic conditions in a well planned manner and think of their future and social security.
- In general, very few day labourers have knowledge of good household level financial management practice with regard to their future development plan.
- As an unorganised sector, migration and relocation of RPs is one of the many factors to remain as financial exclusion category.
- Their socio-cultural and livelihood improvement knowledge and practice are below the standard and most critical factor to institutionalize their work and living conditions in urban areas.
- They are such a resource-less group that can be read as groups suffering boundless multi-dimensional poverty.
- They urgently need to improve their socio-economic status for which they need government and institutional supports.

The findings revealed that many RPs and their families want to save money. The study found important evidence regarding this issue, where they are the target clients of a few non-banking financial companies (NBFCs). Such NBFCs offer minimalist financial services to the RPs or their family members. Names of some of the NBFCs were mentioned by urban RPs which are *Sahara, Rose Valley, AP Line and Sarada*. RPs deposited money (Rs. 200 to 500 per month) to such companies in every month. Besides, there are many individual agents who work with the above organisations and also for other formal financial organisations like LIC, other insurance companies, post office and banks. These agents motivate the poor with gentle behaviour through showing a lucrative benefit after few years.

But these agents do not tell them about the importance of insurance to cover life risks and a security for the family which is not the product for short-term monetary benefit like fixed deposits. Particularly in the case of migrants, their earnings and its behaviour in financial products and money market are a bit different than the people generally know about it. The following discussion elaborates some of the above state of affairs in brief.

1. First, the RPs transfer a large amount of their earnings to rural areas for food security of their families, health care and child education. They save money after satisfying their basic needs and invest that money to construct new houses or buy land and other assets. Accordingly, this group of RPs improve their socio-economic conditions and enjoy better standard of living. To them, land based assets are more important for their social security and a security for next generation.
2. Second, not all RPs can save money after spending or satisfying their minimum basic needs. Agents of financial organisations search for those poor cash earners who save little by little. They also target women earners of these poor families who work for money in shops, restaurants, work as small vendors, work for urban wealthy families, etc.
3. Third, there are operational challenges to deliver financial services to the poor. In case of a few financial products such as insurance require regular involvement or regularity from the clients to maintain instalments and premium. Many times the poor clients fail to deposit the premium or other instalments on a regular basis which drastically reduce the value of products and make financial risk of the poor (i.e 'looked for better option but return worst due to inefficient operation). In such a case, there is a need to develop the financial products as per the cash flow situation and financial capability of the clients.
4. Fourth, the main goal of a few financial institutions is profit oriented than social oriented. Such institutions think little about the financial well-being of their clients.
5. Last, there is a relationship gap between the clients and formal financial service providers. The service providers should understand the needs of the clients and their concerns about safety of their hard earned deposit. Many a time, the agents were found running away with the money of the poor clients or just work for commission until they themselves get a better opportunity and move out. The financial institutions need to have proper risk management system and provide assurance to the economically poor clients about the safety of their deposits. The financial needs of the urban poor are unique for their food and social security, but success depends on how inclusive is the service. Hence the financial institutions should design the products keeping the socio-economic status and financial needs of the clients.

***According to the overall findings of this study, it is highlighted that dealing with financial inclusion of RPs could be a much easier job to think than dealing with their social and cultural practice and development. The success of financial inclusion is highly correlated with their livelihood status. Therefore to examine impact of financial inclusion would be a necessary precondition to evaluate socio-cultural and socio-economic changes of rickshaw puller households. The ground realities remind the century old notion that India's major problems are poverty, illiteracy and disease as well as economic justice for all. The financial situation of RPs is perfectly coiled in this cord and justice not has been done for them.***

## CHAPTER III

### STAKEHOLDERS SURVEY AND DISCUSSION FINDINGS



*Literatures argue that the government is yet to take full ownership of the importance of RTS and its contribution also to employment and economy as a priority for the country. The macro-economy of the government, its institutional facilities and the stakeholders of RTS, including RPs, consider that RTS is a function of unorganized private and self-employed enterprise, which was never a policy priority of the government for economic and livelihood development of people. The growth of this sector happened naturally.*

*It would be easy to find some RPs union in the country (even ineffective), but one can hardly find union / cooperative of Private Rickshaw Owners (PROs) who are traditionally renting thousands of rickshaws in each city and providing employment support to the migrant labourers. Practically, neither RPs nor the PROs have a strong capacity to deal with government policies, local authorities, banks and MFIs. The police and traffic control departments, local government authorities and even PROs easily blame / complain against the RPs due to their social, economic and collectivizing weaknesses. As a result, if the RPs find serious problems in one city they move to other cities and contribute to urban to urban migration as well as migration of poverty in the new location.*

## FINDINGS OF FOCUS GROUP DISCUSSIONS AND CASE STUDIES

This section presents information and findings based on field survey and consultation with a number of stakeholders of RTS. It includes FGDs and case studies with RPs who are the RTS service providers, Surveys on PROs (who are renting out rickshaws daily to RPs), rickshaw users (who are using rickshaw transport to move from one place to another), municipality (who issue rickshaw and driving licenses), and institutional key informants (involved to supply financial products and services as their business to the RPs). Wherever necessary, discussions were held with the surveyed members as well.

Various issues were investigated / discussed with the above stakeholders and in many cases they have provided contradictory information or declined to give information which was somewhat unavoidable to mention in this study report.

The FGDs with RPs were conducted at Guwahati and Morigaon in Assam, at Ranchi and Ramgarh in Jharkhand and two locations at Jaipur in Rajasthan. In the text, the study areas are referred as Assam, Jharkhand and Rajasthan or used the name of specific study areas. Some quantitative and qualitative information based on FGDs has been presented at the State level. It is expected that quantitative and qualitative information from FGDs vary depending on the class, culture, demographic and socio-economic characteristics of participants across the study areas which cannot be generalized beyond the study area.

### Family Organisation of Rickshaw Pullers

The families of the RPs are profoundly male dominated. The male member takes the decisions of using their cash for various purposes, whereas women of the family take decisions on family matters in the absence of their husbands or other adult male members. There is an appreciable group of RPs mentioned that they or their wives take decisions after discussions. Many RPs do not look into the family matters except earning for the family and giving money to the wife, parent or responsible children. These types of RPs feel tired after whole day driving and usually take rest after food to prepare his body for next day driving. Some RPs come home after drinking alcohol and behave roughly in an unruly manner with their family members. Wives of some RPs work at other homes or at other areas of labour market to earn money for the family. These women are highly vulnerable and feel unbearable insecurity in maintaining their families and to raise their children in insecure places like slums. The above statements are the reflection of in-depth discussion with RPs and with their family members.

### Socio-economic Characteristics of Rickshaw Pullers

**Table 14** presents the socio-economic characteristics of the RP participants, in FGDs, and their families. The information illustrates that the RPs are mostly from middle age group

(35 to 45 years) and they are pulling rickshaws since their younger days. Except the participants of Assam, others are plying rickshaws for more than a decade. Apparently information in **Table 15** supports that there are some old age people driving rickshaws in Jaipur are migrants for long. Many of them are illiterate and mostly single earners in their families. Number of family members of the Jharkhand RPs is much higher than in the other two locations. It was evident from the FGDs that annual earning of RPs in Assam is substantially higher compared to that of study areas in Rajasthan and Jharkhand. However their annual expenditure follows the same pattern in all the three locations.

The FGD findings can be attributed more clearly based on the characteristics of RP participants of FGDs categorised across the States that are presented in **Table 15**. It has been found that the RP participants of FGDs are all migrants and some have migrated more than two decades ago. It is also found that families of all RPs are economically poor. The following issues have emerged from the discussions in the surveyed areas.

1. The FGD participants of Assam and Jharkhand reported that many of them had migrated in the last decade and it is more than a decade in case of Rajasthan. Therefore, RPs in Jaipur, Rajasthan are driving for more years compared to Guwahati and Morigaon in Assam and Ranchi and Ramgarh in Jharkhand.
2. Although most of the RPs belong to the 26 - 35 years of age group, in Jaipur, still a significant number of RPs are in higher age groups.
3. Many RPs started rickshaw pulling at age 21 – 25 years in Assam, less than 21 years in Rajasthan and a significant number started over 25 years in Jharkhand.
4. Maximum number of RPs in Assam reported that they have driving licenses and perhaps it is due to the influence of RBP of CRD. Whereas the RPs reported of no driving license in the case of Jaipur and Jharkhand.
5. In the case of Assam, the RPs are from general and scheduled castes while in Jharkhand and Rajasthan, they are more from schedule caste and other backward class (OBC).
6. On average, family members of a RP is more in Assam and Jharkhand than in Jaipur.
7. Most of the RPs are illiterate and can hardly read and write. There are some cases in Jharkhand who can read and write, and more of dropped-out cases after primary / secondary level.
8. According to income distribution pattern, maximum RPs earn over Rs. 60,000 per annum in Assam which is lower in Jaipur and Jharkhand.
9. In Jaipur, rickshaw pulling income is the only source of their family income which could be a bit different of many RP's family in Assam and Ranchi due to higher number of earners in their families.

10. Their expenditure and savings patterns are more or less the same in all three states.
11. The RPs stated that all of them are economically poor in terms of meeting their basic needs. However those who are in Jaipur seem to be poorer without BPL cards, while many of the poor in Assam and Ranchi possess BPL cards.
12. The situation was further noticed that the recent and temporal RPs have active rural based settlement in Assam and Jharkhand.

**Table 14: Socio-economic characteristics of FGD participants and their families**

Description of variables	Assam (N=20)	Rajasthan (N=26)	Jharkhand (N=23)	Total (N=69)
Age of participants (years)	32.40	38.35	36.65	36.06
Age when first started plying rickshaw (yrs)	24.05	19.88	26.30	23.23
Number of years plying rickshaw	8.35	15.31	10.04	11.54
Education of participants (yrs of schooling)	2.35	0.73	1.83	1.57
Number of family members	4.90	3.69	6.26	4.90
Number of adult males per family	1.45	1.23	1.65	1.43
Number of adult females per family	1.55	1.12	1.48	1.36
Number of earners in the family	1.30	1.00	1.83	1.36
Annual income per rickshaw earner (Rs.)	79,550	45,769	43,130	54,681
Annual expenditure of household (Rs.)	70,750	45,538	42,739	51,913
Per capita annual income (Rs.)	16,235	12,404	6,890	11,159
Per capita daily income (Rs.)	44.48	33.98	18.88	30.57
Per capita annual expenditure (Rs.)	14,439	12,341	6,827	10,594
Per capita annual savings (Rs.)	1,796	63	62	565
Per capita monthly savings (Rs.)	149.66	5.22	5.21	47.07



**Table 15: Percentage of FGD participants by their selected socioeconomic characteristics**

Characteristics by category of participants		Percentage of participants			Total (N=69)
		Assam (N=20)	Rajasthan (N=26)	Jharkhand (N=23)	
Year of migration	Before 1991	5.0	15.4	13.0	11.6
	1991 – 2000	15.0	34.6	8.7	20.3
	2001 – 2005	30.0	23.1	34.8	29.0
	After 2005	50.0	26.9	43.5	39.1
Age of participants	<= 25 years	15.0	7.7	21.7	14.5
	26 – 35	60.0	38.5	43.5	46.4
	36 – 45	20.0	30.8	8.7	20.3
	> 45 years	5.0	23.1	26.1	18.8
Age at first started rickshaw pulling	<= 20 years	20.0	76.9	30.4	44.9
	21 – 25	50.0	19.2	30.4	31.9
	> 25 years	30.0	3.8	39.1	23.2
Number of years driving rickshaw	<= 5 years	45.0	7.7	43.5	30.4
	6 – 10	30.0	26.9	30.4	29.0
	11 – 20	20.0	46.2	13.0	27.5
	> 20 years	5.0	19.2	13.0	13.0
Whether has driving license	Have driving license	70.0	0.0	0.0	20.3
	No driving license	30.0	100.0	100.0	79.7
Social caste of participants	General caste	45.0	15.4	8.7	21.7
	Scheduled caste	55.0	34.6	43.5	43.5
	Scheduled Tribe	0.0	11.5	4.3	5.8
	Other Tribes	0.0	11.5	0.0	4.3
	Other backward class	0.0	26.9	43.5	24.6
Family members of participants	1-4 members	35.0	69.2	17.4	42.0
	5-6 members	60.0	26.9	39.1	40.6
	7 and above	5.0	3.8	43.5	17.4
Education status of RPs	Illiterate	60.0	80.8	39.1	60.9
	Hardly read & write	0.0	3.8	34.8	13.0
	Primary level	25.0	15.4	13.0	17.4
	Secondary level	15.0	0.0	13.0	8.7
Annual income from rickshaw pulling	Rs. <=36000	0.0	26.9	34.8	21.7
	Up to 60000	5.0	65.4	56.5	44.9
	Up to 84000	70.0	7.7	8.7	26.1
	> 84000	25.0	0.0	0.0	7.2
Annual expenditure of earning from rickshaw driving	<=36000	0.0	30.8	34.8	23.2
	Up to 60000	25.0	61.5	56.5	49.3
	Up to 84000	65.0	7.7	8.7	24.6
	> 84000	10.0	0.0	0.0	2.9
Self-stated economic status	Poor	80.0	57.7	100.0	78.3
	Very poor	20.0	42.3	0.0	21.7
Whether BPL card holder	Have BPL card	65.0	11.5	43.5	37.7
	No BPL card	35.0	88.5	56.5	62.3

## **Daily Income of Rickshaw Pullers and its relevance**

In the case of income from rickshaw pulling, a RP earns an average Rs. 220 to 260 per day by operating rental and own rickshaw respectively. They reported that on an average Rs. 20 per day can be saved after meeting all expenditures during working period and for the family, which is not adequate for other basic needs of their families, such as health care, clothing, child education, housing / shelter, etc. They also informed that daily earning is good enough to support food intake of their family members although cost of all products have increased in recent years. But the real difficulties are to fulfil other basic needs and the RPs are very poor in this regard. However, the conditions of rural based temporal migrant RPs who come for earning every day to the city or for a week are a bit better-off than the long-term migrants or the migrants living with family in the urban areas.

## **Expenditure of Rickshaw Pullers during working hours**

The cost for food and refreshment during working hours of RPs are important issues highlighted in all study areas. Despite having regular breakfast, lunch and dinner, the RPs spend money variably for various purposes from morning to evening. They spend money on tea, biscuit, cake, tobacco & tobacco products, pan (betel leaves & nuts), snacks, alcohol, etc., during the working hours to keep them energetic.

The study data, collected on the recall method, shows that the RPs have reported two types of daily expenditure during their working hours;

- Expenditure on food and habits and
- Expenditure without cost of food (they took food from their home).

It was found that daily personal expenditure of a rickshaw puller ranges between Rs 20 and 100 that variably includes all types of expenditure on food and other items which could have been over or under reported. During the field visits, it was found that the characteristics of different types of migrants and residential RPs at different locations and their food habits are strong factors influencing in the variability of the above mentioned expenditure.

It is very difficult to mention reliable data on daily personal expenditure by type of RPs during their working hours without an in-depth accounting of each item, which was not considered in this FGD study.

## **Demand and Supply Perspectives: Opportunities, Obstacles and Challenges**

The following issues were raised by the FGD participants with regard to their demand for and supply of various financial products and services as well as the reasons behind their

requirements to operate rickshaws and improve their earning for sustainable livelihood. All the reasons are arranged by questions and answers type, as below.

<b>Why interested in taking up any group initiative?</b>
<ul style="list-style-type: none"> <li>• Higher income opportunity</li> <li>• Reduce risks of income from rickshaw pulling</li> <li>• To avail micro-finance services like micro-credit / micro-lease / other financial services</li> <li>• To improve standard of living</li> <li>• To work together for protecting the sector</li> </ul>
<b>What are the major constraints/obstacles faced in operating rickshaws on this city roads?</b>
<ul style="list-style-type: none"> <li>• Rickshaw stand problem</li> <li>• Interruption by traffic police</li> <li>• Too much traffic on road</li> <li>• To deal with competition from auto&amp; tempo service</li> <li>• Indiscipline among the RPs</li> <li>• Body pain during night</li> </ul>
<b>What are the major demands for better environment of rickshaw pulling?</b>
<ul style="list-style-type: none"> <li>• Proper rickshaw stand</li> <li>• Better rickshaw fare</li> <li>• Proper maintenance of city roads</li> <li>• Separate lane / track / roads for rickshaw besides main road</li> <li>• Government project is needed for this</li> </ul>
<b>What are the major demands for better standard of living and quality of life?</b>
<ul style="list-style-type: none"> <li>• Want to own rickshaw</li> <li>• Loan to open a small shop</li> <li>• Proper education for children</li> <li>• Loan to buy auto or a tempo</li> <li>• Loan for other income source</li> <li>• Good housing facility</li> </ul>
<b>What are the major demands for financial opportunities to improve social security?</b>
<ul style="list-style-type: none"> <li>• Small grant or low-cost loan to open a vegetable shop</li> <li>• Bank loan to buy auto / tempo</li> <li>• Loan to buy own rickshaw (from those who do not have own rickshaw)</li> <li>• Project from government for income increase</li> <li>• Life insurance with government's support for insurance</li> <li>• Free medical service</li> </ul>
<b>What are the major assistances and opportunities needed from Municipal Authority?</b>
<ul style="list-style-type: none"> <li>• Proper rickshaw stand with fare chart</li> <li>• Easy process for issuing and renewing rickshaw driving licenses</li> <li>• Issue photo identity cards</li> <li>• Take projects for RPs development</li> <li>• Drinking water facility for migrant RPs</li> <li>• Toilet facility for migrant RPs</li> <li>• Housing facility (even if low-costing) for migrant RPs</li> </ul>
<b>What are the future challenges and prospects of rickshaw pulling?</b>

Most of the participants were unable to give their opinion about future challenges and prospects, but casually mentioned that -

- *It is difficult to support family needs for single earner family*
- *Difficult to manage with the increasing price of necessary products*
- *Improvement of rickshaw pulling situation*
- *Increase rickshaw fare*
- *Pollution less city*
- *Passenger availability*

### ***What are major agencies / institutions / organisations that can help and facilitate better?***

The RPs could not name good organisations except CRD in Assam.

However, their general comments were that obviously they need help from any agency / institution / organization that can help them better in reality on the ground.

They mentioned that many agencies / institutions / organisations have developed various products and services for their rural customers, but urban poor people are seriously neglected by them to offer such products and services.

In fact, they do not know how the available financial products and services function, how costly they are and what are the risks attached with such products.

More importantly, they mentioned that if the government does not want to facilitate anything for them, their urgent need is to find a reliable institution or honest group of people to collect money from them and invest in low-risk areas to generate additional benefit for them and to assure their social security.

They mentioned that they need access to low-costing financial organisations / institutions for their product and services.

Such organisations / institutions should be:

- *Local / national level NGOs*
- *Local / national level MFIs*
- *Public / private banks*
- *Public insurance companies*
- *Post-offices, their products and services*
- *Special projects of State and Central governments*
- *Municipalities to create proper rickshaw stands, issuing driving license which can double as a Photo Identity card and that can be used as a KYC document*
- *Help from police by NOT obstructing and levying frequent fines on one pretext or the other*
- *Department of housing for shelter of migrant RPs*

## RICKSHAW UNIONS/GROUPS SURVEY: COLLECTIVISATION ISSUE

This study did not find any remarkable existence and function of rickshaw unions in the selected study locations although some of the respondents in Assam and Rajasthan claimed their union membership. During the field visit it was found that in some places there is a signboard without any office room, and it was very difficult to find union leaders and those who turned up were either unable to or declined to give any information.

RPs are often victims due to their indisciplined operational environment (e.g. police harassment) and involvement in political activities (e.g. joining protest and rallies). Although there are few unions in some city areas, none of them seem to be effective in any sense – no sound operational environment, no knowledge & capacity development and no economic & financial development of the RPs. For all practical purposes, these rickshaw unions do not seem to be operational regularly at all except for a few special occasions and / or informal gatherings.

All the RPs mentioned that most of the union leaders are politically motivated and many of them abuse their power to collect money from RPs (more often without any office premises and / or perceiving any financial liability for proper accounting of their such collection of money from the RPs) and ask the RPs to join some political activity / protest / rally for their own interest.

The sector is highly unorganised, unpredictable and vulnerable in every aspect, due to the strong influence of absorbing temporal migrants. Many of them do not stay in the city for a long period and neither have they fulfilled their own residential and city responsibility.

The present situation of rickshaw unions needs to draw serious attention from the respective municipalities / governing body with regard to their operational and financial management as well as their residential identity. This sector needs to formulate a joint liability system between PROs, Rickshaw Unions, slow moving vehicle department of municipal authority and police department.

Besides, there is a dire need for making the Unions and Union leaders accountable and functional. An operational handbook for union leaders including financial management and social responsibilities not only for the unions and their leaders but also for all connected stakeholders including PROs and RPS in relation to urban culture and law and orders may be created, issued and made to imbibe and implement.

Migrant RPs must enter this sector after thorough understanding of all operational guidelines for plying rickshaws and must play the role of responsible citizens. It would be the first and foremost responsibility of PROs and Rickshaw Union Leaders - to ensure his /

her RPs are well briefed to operate rickshaws in a well behaved manner in the city which will reduce operational risks for themselves and other stakeholders.

It is strongly felt that this sector will not be well organised unless there is a strong commitment of accountability from all stakeholders. RPs as individual operators as also as daily wage earners usually face competition with fellow RPs as well as with auto / tempo services. They badly need to keep membership of their union and cooperate for collective effort of running this sector efficiently for their financial needs and economic well-being.

## **FINDINGS FROM PRIVATE RICKSHAW OWNERS SURVEY**

The rickshaw owners in the city areas are the ones who facilitate employment of mainly temporal rural migrants into urban areas. This unorganized urban industry may have many disarrays to adjust with modern culture of other urban institutions and infrastructures, but cannot be ignored of the fact that they are providing important services to the urban people. This study has tried to gather some basic information from the private rickshaw owners (PROs) to understand their status and views of this service and about the RPs.

### **Information gaps in the Rickshaw Owners' responses**

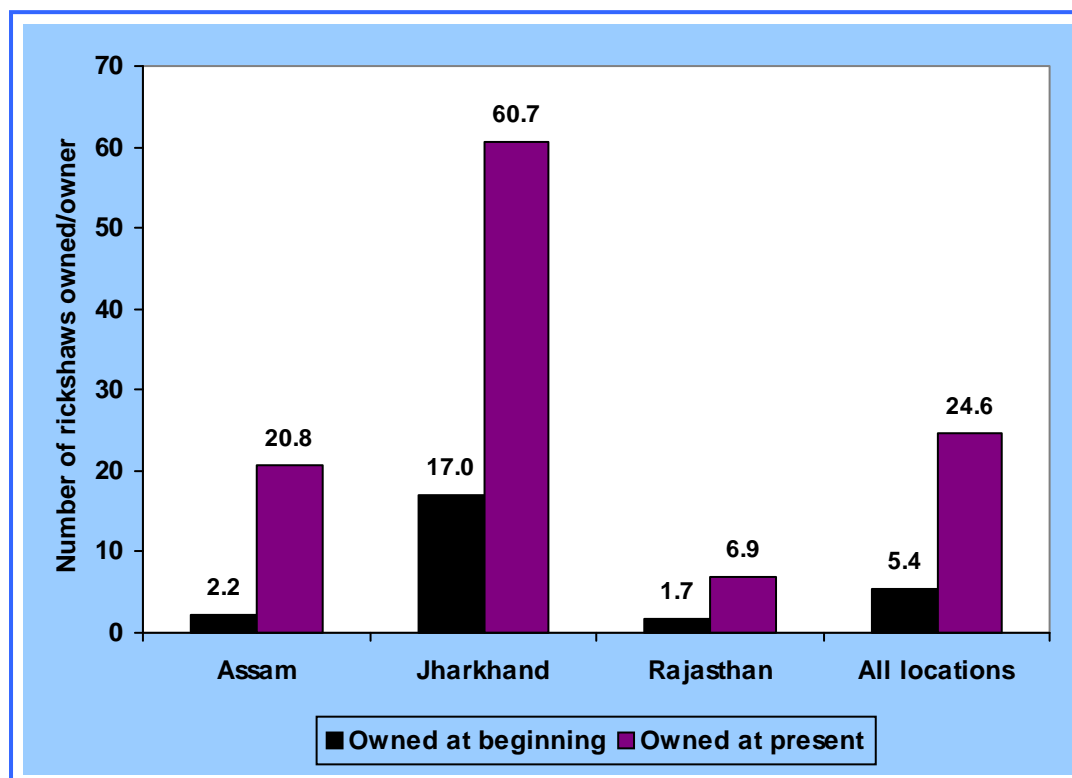
Altogether 52 PROs were interviewed during the field research study, which are 20 in Assam, 20 in Jaipur and 12 in Ranchi. There were some issues discussed with the PROs, for which they were unable to give information and proper responses. Nevertheless, whatever partial information was obtained from them has been included in this report. It can be said that either they did not know about those issues technically or intentionally avoided answering the questions which are mentioned below:

- How many of your rickshaw drivers have driving license?
- How many of your rickshaw have municipal license?
- How many of your rickshaw drivers are below age 18 years?
- How many of your rickshaw drivers are above age 50 years?
- How many of your rickshaw drivers are migrant from other districts or States?
- How many of your rickshaw drivers are member of rickshaw union?
- How many of your rickshaw drivers have bank or post office account?
- How many of your rickshaw drivers send money to their home / family?
- How many rickshaws keep their money (savings) with you regularly?
- How much money altogether they keep with you (total amount per month of all RPs)?
- How many of your rickshaw drivers borrow money from you in each month?
- How much money you spent for repair & maintenance in each month?
- How much money a rickshaw puller spent for repair & maintenance in each month?
- Did you ever receive loan from any banks or MFIs for your rickshaw business and how much?

## Status of Private Rickshaw Owners and their enterprises

During the field visit, it was noticed that there are many rickshaw lords in Ranchi and Jaipur and each of them owned a minimum of 50 to a maximum of 100 rickshaws. In case of Assam, while the rickshaw lords own 15 to 20 rickshaws only there are many individuals owning single rickshaws. **Figure 18** shows reported number of rickshaw owned by sampled owners across the study area which indicates number of rickshaw per owners is higher in Jharkhand compared to other two areas. But there ownership of rickshaw has increased over time.

**Figure 18: Number of conventional rickshaws owned by Rickshaw Owners at the beginning of enterprise and owned at present**



However, the information provided by the sampled PROs in Jaipur does not adequately match the field level observations. There are two possibilities for this inconsistent result;

- the rickshaw owners in Jaipur have suppressed the actual information or
- selection of sampled PROs did not capture the real ground situation.

**Table 16** presents an average situation according to the reported information from PROs across the study areas about their rickshaw over the time and its physical conditions. It shows that many PROs (58%) in Ranchi, Jharkhand started their rickshaw enterprise long before than in the other two study areas. It indicates that PROs in Assam and Jaipur are

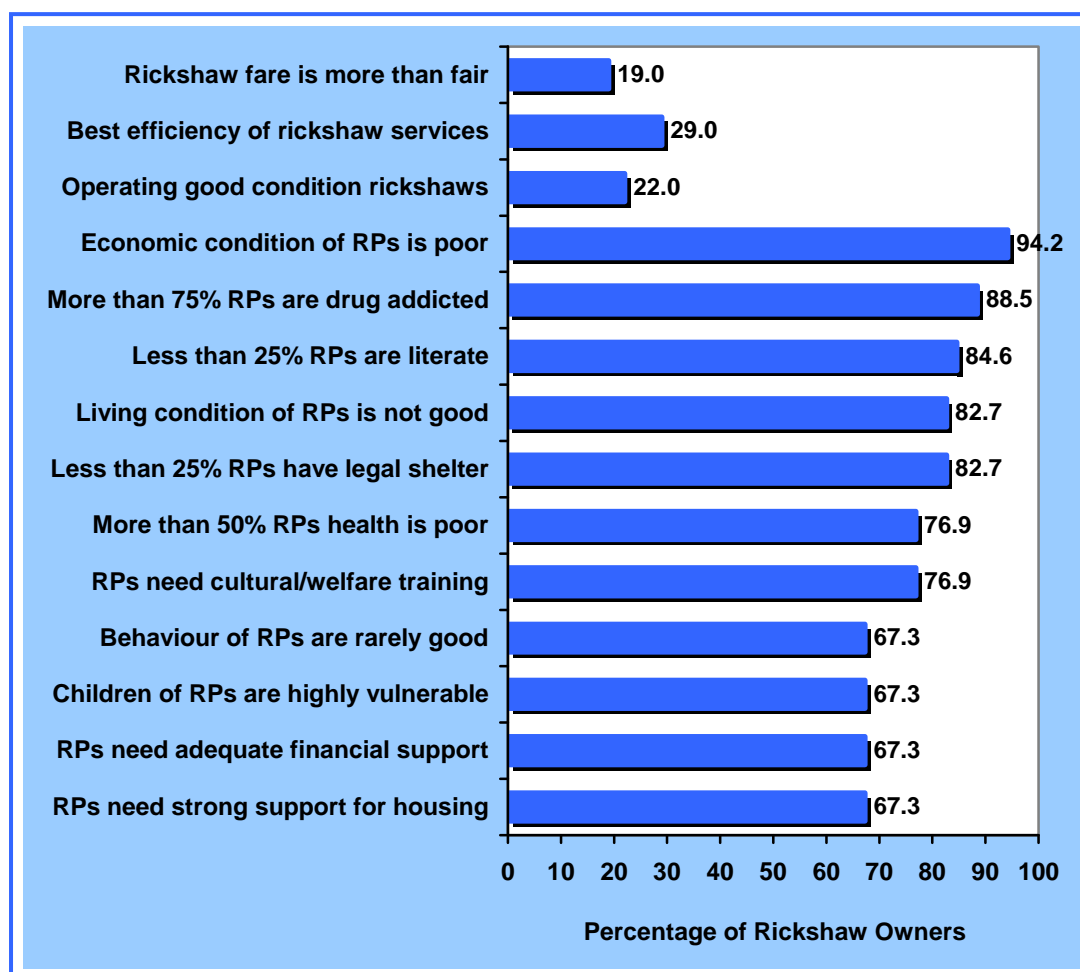


relatively are new to this enterprise. It is a reflection of individual owner RPs created by the NGOs / philanthropic organisations in Assam (e.g. RBP) and Jaipur. It was also noticed that the number of PROs has gradually increased in Assam and Jaipur. On an average a rickshaw owner has at least 60 rickshaws in Ranchi who runs decade old enterprise followed by Assam (21) and Jaipur (7). Most of these owners are renting-out their old style rickshaws which are now referred to as traditional rickshaws. In terms of the condition of rickshaws, the owners of rickshaws in Assam acclaimed that most of their rickshaws are in a good condition with efficiency, but not so in Jaipur and Ranchi. The rickshaw fare is higher than expected in Ranchi compared to the response from the owners in Assam and Jaipur.

A RP pays a rent of Rs. 50-60 per day in Assam for which the owner takes care of repair and maintenance. Otherwise it would be Rs 30-40 per day if repair and maintenance is paid by the RPs. In Jaipur and Ranchi, RPs incur the repair and maintenance cost of rickshaws and therefore they pay about Rs. 30 per day to the owners. In Ranchi, RPs spend more money on the repair and maintenance compared to other areas and it was also evident from the field that most of their rickshaws are very old. The migrant RPs are also much more in Ranchi than the other two areas. In general, municipal license of rickshaw and RP are not well maintained in all study areas. For example in Ranchi, rickshaw license is called token and each rickshaw token must be renewed every year from the municipality. But there are many rickshaws moving around in the city without proper rickshaw and driving licenses / tokens.

**Figure 19** shows the summary response of PROs about their opinion and attitude towards RPs and their needs. The owners were prompted for some questions about their RPs to give their spontaneous opinion (see details in **Table 17**). According to the opinion of the owners, RPs are poor in general, their housing conditions are bad (i.e., unhealthy and insufficient), their family conditions and child welfare are not standard, health condition of RPs are not good, over 50% RPs drink bad quality alcohol (country liquor) and most of them are illiterate. Migrant RPs have difficulties in adjusting with the urban civic culture. The RPs need support on financial matters, good housing and require livelihoods and welfare training.

**Figure 19: Percentage distribution of Rickshaw Owners according to their opinion and attitude about Rickshaw Pullers and their services**



The RPs living in and around the city do not have a practice of saving. Frequently they spend their daily earnings on themselves during the working hours on food and to satisfy their avoidable habits (e.g., smoking, drinking and womanising). Only the remaining money gets spent on their family matters. Most of the temporary migrant RPs save money through informal arrangements without using formal financial institutions and take back at the time of going home. Only one PRO said that altogether his 15 RPs keep money with him on an average of Rs. 4,000 to 5,000 per month. In general, PROs could not tell confidently as to how the RPs send money to their homes excepting by carrying themselves. Also they did not seem to know much about the RPs' formal savings accounts with any banks or Post offices. Sometimes RPs borrow small amounts of money from their respective PROs to support their contingency needs mainly related to health and child education. The PROs lend money only to their regular RPs who do not have bad habits and maintain a good rapport with them.

**Table 16: Average scenario of rickshaw enterprise by study areas in Assam, Rajasthan and Jharkhand States**

Indicators	Assam (N=20)	Rajasthan (N=20)	Jharkhand (N=12)	Total (N=52)
<b>Ownership of rickshaw by time period:</b>				
Number of rickshaw owned at the beginning				
Until 2000	--	2.0	19.1	17.0
(% of total owners)	(--)	(5.0)	(58.3)	(15.4)
2001 - 2005	3.0	1.8	14.0	6.4
(% of total owners)	(15.0)	(30.0)	(41.7)	(26.9)
After 2005	2.1	1.5	--	1.8
(% of total owners)	(85.0)	(65.0)	(--)	(57.7)
Total	2.2	1.7	17.0	5.4
(% of total owners)	(100.0)	(100.0)	(100.0)	(100.0)
Number of rickshaw own at present				
Until 2000	--	14.0	60.4	54.6
2001 - 2005	42.0	9.3	61.0	34.8
After 2005	17.0	5.2	--	11.9
Total	20.8	6.9	60.7	24.6
<b>Other information based on present situation:</b>				
Daily rent paid by a rickshaw puller (Rs)	55.0	28.0	30.0	38.8
Number of rickshaw has municipal license	20.5	na	53.8	31.6
Number of migrant RPs	17.5	na	38.0	25.2
Owner spent for maintenance per month (Rs)	4,925.0	291.3	312.5	2,078.4
Puller spent for maintenance per month (Rs)	na	100.0	391.7	209.4
<b>Condition of rickshaw (% of owner):</b>				
Above average	55	--	--	22
Average	35	5	83	35
Below average	10	95	17	43
<b>Efficiency of rickshaw service (% of owner):</b>				
Above average	75	--	--	29
Average	25	30	92	42
Below average	--	70	8	29
<b>Status of rickshaw fare (% of owner):</b>				
Above average	5	--	75	19
Average	95	85	25	75
Below average	--	15	--	6

na = not available (not applicable or not reported).

**Table 17: Percentage distribution of PROs about their opinion on RPs in 3 States of study area**

Issues discussed	Spontaneous response category	Number of owner by State			Total (N=52)
		Assam (N=20)	Rajasthan (N=20)	Jharkhand (N=12)	
Economic condition of RPs	Very poor	85.0	--	25.0	38.5
	Poor	15.0	100.0	50.0	55.8
	Solvent	--	--	25.0	5.8
	Rich	--	--	--	--
Housing condition of RPs	Very bad	80.0	5.0	8.3	34.6
	Bad	20.0	80.0	41.7	48.1
	Not so bad	--	15.0	41.7	15.4
	No comments	--	--	8.3	1.9
Children and family condition of RPs	Very bad	70.0	5.0	--	28.8
	Bad	25.0	25.0	33.3	26.9
	Not so bad	5.0	70.0	16.7	32.7
	No comments	--	--	50.0	11.5
Behaviour of RPs with passengers	Good	40.0	10.0	58.3	32.7
	Rarely bad	55.0	65.0	33.3	53.8
	Always bad	--	15.0	--	5.8
	No comments	5.0	10.0	8.3	7.7
Percent of RPs has good health	>75%	--	--	--	--
	50-75%	25.0	5.0	91.7	32.7
	25-50%	60.0	45.0	8.3	42.3
	<=25%	15.0	50.0	--	25.0
Percent of RPs is drug addicted and alcoholic	>75%	55.0	--	--	21.2
	50-75%	35.0	40.0	8.3	30.8
	25-50%	10.0	50.0	58.3	36.5
	<=25%	--	10.0	33.3	11.5
Percent of RPs are not permanent city dwellers	>75%	75.0	--	--	28.8
	50-75%	15.0	45.0	--	23.1
	25-50%	10.0	55.0	25.0	30.8
	<=25%	--	--	75.0	17.3
Percent of RPs are literate	>75%	--	--	--	--
	50-75%	--	--	--	--
	25-50%	20.0	20.0	--	15.4
	<=25%	80.0	80.0	100.0	84.6
Extent of support to develop good housing for RPs	Very strongly	25.0	5.0	8.3	13.5
	Strongly	40.0	95.0	8.3	53.8
	Not strongly	10.0	--	83.3	23.1
	No need	25.0	--	--	9.6
Extent of financial support need for RPs	Adequate	50.0	10.0	8.3	25.0
	Some	15.0	75.0	33.3	42.3
	Little	10.0	15.0	33.3	17.3
	No need	25.0	--	25.0	15.4
Level of cultural and welfare training need for RPs	Adequate	15.0	5.0	--	7.7
	Moderate	55.0	65.0	16.7	50.0
	Some	--	30.0	33.3	19.2
	No need	30.0	--	50.0	23.1

## Constraints to run an efficient Rickshaw Enterprise

The PROs were asked to give three most important problems / constraints they had experienced in relation to rickshaw enterprise and RPs. They have raised some problems that they frequently noticed to run an efficient business. The important issues are grouped together and mentioned below:

<b><i>The first and foremost problems / constraints</i></b>
<ul style="list-style-type: none"> <li>• Bad condition of internal roads – difficult to drive and maintaining in good condition</li> <li>• No assigned rickshaw stands in the city – difficult to load passengers and obey traffic rules</li> </ul>
<b><i>The second important problems / constraints</i></b>
<ul style="list-style-type: none"> <li>• Too many accidents with other vehicles – there is no allocated road lane for rickshaws and as they run beside other vehicles and in crowded areas often meet with accident</li> <li>• No staying place of migrant RPs – difficult to find good place to stay for seasonal and temporal migrant RPs in residential areas because most people do not like or are afraid of their character. So they live in harsh conditions</li> </ul>
<b><i>The third important problems / constraints</i></b>
<ul style="list-style-type: none"> <li>• Many RPs drink alcohol and quarrel with each other – the RPs argued that they need alcohol for relaxing and to regain energy, but ultimately they become addicted. Sometimes they start quarrelling on road with their fellow RPs and also with passengers</li> <li>• Disturbance by local people and political workers – most of the PROs face this situation due to behaviour of RPs and demand for donations</li> <li>• No safe drinking water and toilet facilities for RPs – as most of the RPs live in bad conditions, they do not get safe drinking water or decent toilet facilities at their place of stay</li> </ul>
<b><i>General problems faced due to RPs</i></b>
<ol style="list-style-type: none"> <li>1. The RPs do not maintain continuity with the same owner and it is difficult to find permanent RPs</li> <li>2. The RPs are irregular in plying the rickshaws</li> <li>3. They do not come to work citing health reasons (sometimes true and sometimes false)</li> <li>4. The RPs indeed also suffer from health related problems</li> <li>5. Face police problem for traffic congestion and parking</li> <li>6. Other transports create problem, like tempos</li> <li>7. RPs are not cautious about their shelters (some cannot afford too)</li> <li>8. They have lots of family problems and they create problems in the family</li> <li>9. They ask to search for new pullers when they don't want to work or going home without notice</li> <li>10. Very difficult to manage this labour class to run a good business</li> <li>11. They cannot drive well due to bad road conditions</li> </ol>

## The Perceptions of Private Rickshaw Owners

The rickshaw owners have mentioned few insights about their enterprise and on RPs based on their long observations and experiences. These are:

- Renting a Rickshaw is not where a new migrant just goes to an owner and pick up a rickshaw on rent to earn his livelihood. All rickshaw owners want a new comer authenticated by a known introducer in order to protect their rickshaws from miscreants. Normally the introducer happens to be someone who also is a RP plying with the same owner for a considerable period of time. The introducing RP normally checks whether the new comer is reliable and from his location. Only after satisfying and confident about the new comer does he introduces to the owner. Thus there is a regional and area effect to the supply of RPs to each specific owner.
- The PROs found it difficult to comment on the living arrangements of the RPs because most of the migrants do not want to spend money for their shelters, and those who are now local also cannot afford to invest a chunk of money for good housing due to lack of sufficient savings.
- In the case of cultural and welfare needs of RPs, few owners mentioned that it may not be a good investment for this class of people who become accustomed to this rickshaw pulling culture. It is a very different world where they never think about their future progress.
- To the best of their knowledge, there has not been a single public, private and NGO institution in the country to organize this sector in the last 100 years.

### Case study of a rickshaw owner: Is it a long shoot?

It was a very friendly discussion with a rickshaw owner about the rickshaw enterprise and RPs. His father started this enterprise almost 50 years ago. He has 16 licensed and some unlicensed rickshaws regularly renting to the migrant RPs. It is his main source of income. His daughter-in-laws also have more than 20 rickshaws. He requested not to put his name in the report, but he agreed to include his picture including his garage that is also used as the sleeping place for the migrant RPs.



***A rickshaw owner in Ranchi and his garage full of conventional rickshaws. He has more than 20 rickshaws renting daily to migrant RPs.***

During the field visit in Ranchi, quite an interesting paradigm came up in the discussion with this PRO. It was found that his views are important for some issues that have not been covered in-depth in the survey instruments and checklist of FGDs, which would have important implication to develop Programme for RPs. His views on various critical aspects are;

- Getting loan to buy a rickshaw for ownership is a tricky business which he was informed of some of his RPs. For example, market price of a rickshaw is about Rs 8,500 or using this amount anyone can assemble a very good quality rickshaw. But when someone buys it from any organisation (Bank, NGO or MFI) the loan amount including interest will increase to about Rs. 12,000 for one year, which means these organisations will get their money within a year with at least 30% interest earning. There was a case where a RP was charged lump-sum amount of Rs. 225 per week. He deposited 52 instalments, hence paid a total of Rs. 11,700 and owned his rickshaw. The PROs also can do this business, but none of these organisations would support the PROs.
- Still it would be good to help the urban poor to own a vehicle to earn more money which otherwise is practically difficult, because physical ability of a rickshaw puller is a serious constraint due to the rigour of daily plying the rickshaw.
- A major difficulty will remain for immediate employment of migrant people in urban areas in the absence of ready-to-drive rickshaws, for which the owner needs to keep an inventory of rickshaws to be made available. This contribution and employment support of rickshaw owners was never appreciated by anybody and especially the government in any way.
- The important issue is agricultural labourers and peasants come from villages for few days or months to earn money during their lean period and become RPs. As a result the RPs in general are poor without having other resources and savings forcing them to choose this hard job. How can these poor people be helped without the presence of a number of rickshaws owned by the PROs?
- Banks, MFIs and NGOs and whoever is claiming that they are helping the poor by giving ownership of rickshaws, blame the existing PROs for rickshaw rent and loss of RPs earning. But the PROs believe that this is not a good strategy. The PROs feel and contend that many individual rickshaw owners are not professionally capable to maintain this business for long as they do not have crisis coping capacity. There are several cases where single rickshaw owners sold out their rickshaws to meet family crisis as they faced serious resource constraints and financial inability.
- Presently, very few RPs ply their rickshaws round the year. It is more likely that this industry could gradually be wiped out in the absence of PROs who maintain a large number of rickshaws in all cities. One needs to wait and see what will happen of these micro-lease Programmes after a decade.
- Presently, when a RP rents a rickshaw, he tries to ride the whole day to earn and pay back the rent and also in the process earn money. But owner RPs have the right not to drive if they do not like and does not feel upto it. This will result in 1) Loss of livelihood for the RP and 2) Inadequate supply of cheaper and environment friendly transport for people for their short distance travel or shopping.

- Although it is now claimed and honoured as an eco-friendly urban transport providing multiple services in India, seriously rickshaw pulling is still a neglected area. The initiatives of the government and non-government organisations are not adequately and actively supporting by using their various schemes. And the present capacity of traditional rickshaw enterprises are not fully equipped to help poor for their wide range of livelihood needs.
- Sadly RPs are also in a way responsible for their own situation due to their own socio-cultural and economic management behaviours.

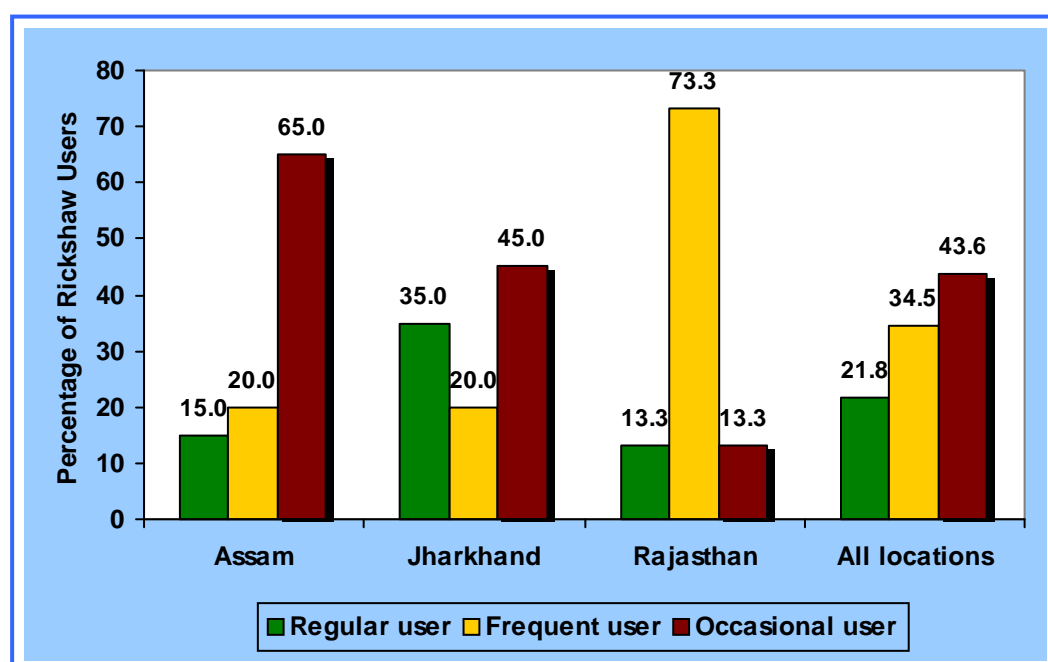
## FINDINGS FROM RICKSHAW USERS SURVEY

It is very difficult to estimate how many people are riding rickshaw in the urban areas every day, but for sure it is in large numbers for a variety of reasons. The types of rickshaw users and rickshaw services are purpose specific. This study conducted a short survey in a structured form irrespective of type of users to understand their outlook about RPs and their services.

### Outlook of Rickshaw users on the Rickshaw services

Based on the average number of days of rickshaw usage, frequency of usage and the frequency during a month, the rickshaw users have been categorized into three groups. **Figure 20** reveals that a higher number of sampled users in Jaipur, Rajasthan use rickshaws regularly and most frequently for their activities, followed by Ranchi in Jharkhand and Guwahati & Morigaon in Assam.

**Figure 20: Percentage distribution of Rickshaw Users by their habit of rickshaw using for various purposes**





**Table 18** shows the response of users on rickshaw fare also shows almost similar type of user patterns where the users asserted that fare is high to too high, but the users of Jaipur informed that the fare charged there is fine with them followed by a mixed response of users in Ranchi.

**Table 18: Percentage distribution of rickshaw users and their response on rickshaw fare in Assam, Rajasthan and Jharkhand**

Spontaneous response about level of rickshaw fare	Number of users by State			Total (N=55)
	Assam (N=20)	Rajasthan (N=15)	Jharkhand (N=20)	
High	95.0	--	25.0	43.7
Alright (fine)	5.0	93.3	60.0	49.1
Low	--	6.7	15.0	7.3
Total	100.0	100.0	100.0	100.0

In the case of Guwahati and Morigaon in Assam, many users (respondents) refused to give their responses to some specific questions and most of them are occasional users. Very few users mentioned that they use rickshaws more than 20 days in each month. They claimed that rickshaw 'fare is high' in Assam and the cost of a user ranges from Rs. 10 to 150 depending on number of rides and its coverage of distance. On an average a rickshaw user spends Rs. 25 to 35 per day. The fare becomes unusually high during the rainy season (more if the roads are inundated) and at late night.

In the case of Jaipur, Rajasthan, the minimum cost of one rickshaw ride is Rs. 5 and the daily cost of a user ranges from Rs. 10 to 60 depending on number of rides and its coverage of distance. On an average a rickshaw user spends Rs. 15 to 20 per day. The minimum fares become double during the rainy period. Some of the users feel that the RPs are very poor, do very hard job and need all types of help from the government. Although most of the users considered the 'fare is alright' several users also raised their voice that the 'fare is low'.

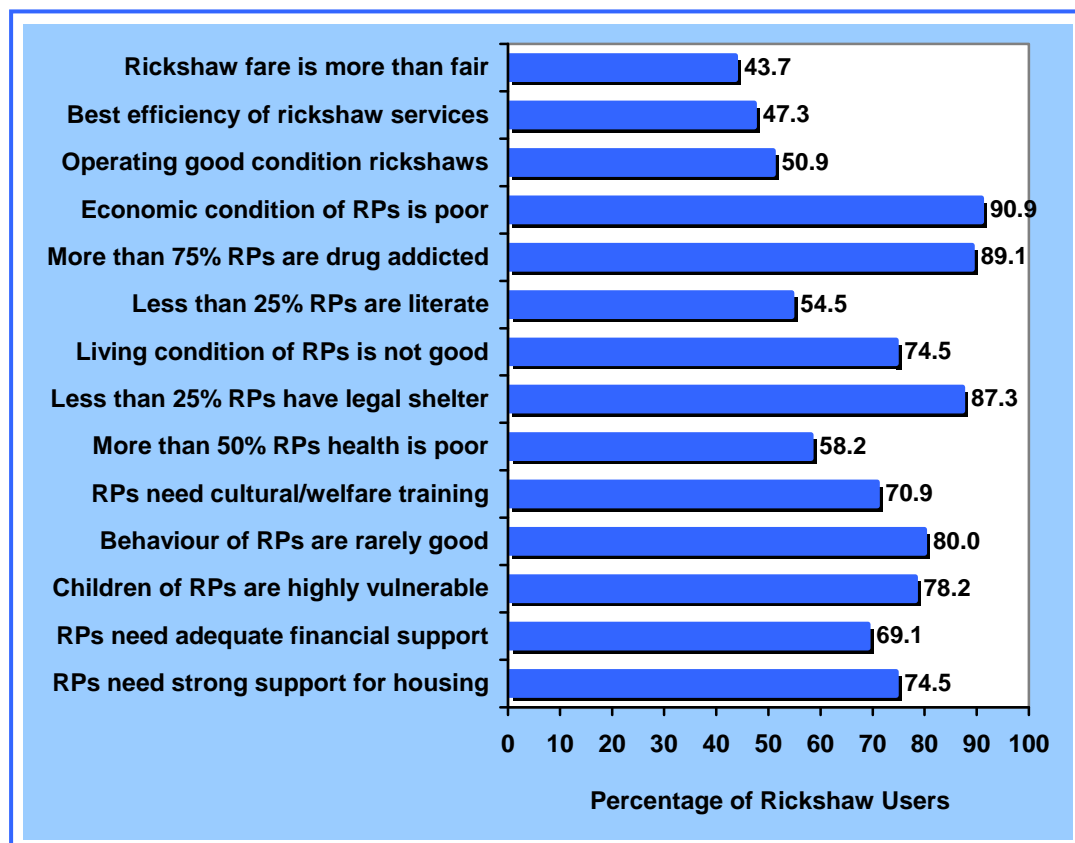
In the case of Ranchi, Jharkhand, respondents represent all types of users (regular, frequent and occasional users). A user on an average spends about Rs. 10 to 60 per day considering number of times using rickshaw and coverage of distance. The minimum fare is Rs. 5 and it would be Rs. 8 in festive season. The local people here are used to the normal fare for a number of years and do not consider the increasing prices of daily necessary products. Hence the RPs charge very high fares to visiting outsiders. Although there is normal fare, but most often fare rate needs to be settled through bargaining with RPs. The road conditions in Ranchi are very bad except few main roads.

Information in **Figure 21** and **Table 19** shows that there are two distinct types of users according to their feeling and views about RPs;

- a sympathetic group, and
- a group that does not consider or overlook the condition of RPs.

From the **Figure 21** this situation could be clearly understood from the users' attitudes and opinions on the issues of supporting good housing, financial assistance, training for cultural and welfare development. About 50 to 60 percent users in Assam mentioned that there is no need to give this support to the RPs, where 65% are occasional users. It is reverse in the case of Jaipur and Ranchi.

**Figure 21: Percentage distribution of Rickshaw Users according to their opinion and attitude about Rickshaw Pullers and their services**



The overall information revealed that the users are self-influenced by at least two types of attitudes which could be mentioned as;

- they might give negative response without much thinking or could be an ignorant group (i.e., unintentional response) and
- the users do not like them or do not have feeling to help others (i.e., intentional response).

However, summarizing all responses shown in **Table 19**, it could give a consensus of users that in general overall socio-economic conditions of RPs are much below than that of average situation of urban dwellers. They need external support for both financial and well-being development.

**Table 19: Opinion of rickshaw users about socioeconomic condition and services of RPs in Assam, Rajasthan and Jharkhand study area**

Issues discussed	Spontaneous response category	Percentage of users by State			Total (N=55)
		Assam (N=20)	Rajasthan (N=15)	Jharkhand (N=20)	
Economic condition of RPs	Very poor	65.0	20.0	40.0	43.6
	Poor	35.0	73.3	40.0	47.3
	Solvent	--	--	15.0	5.5
	Rich	--	6.7	5.0	3.6
Housing condition of RPs	Very bad	80.0	13.3	35.0	45.5
	Bad	--	60.0	35.0	29.1
	Not so bad	--	13.3	30.0	14.5
	No comments	20.0	13.3	--	10.9
Children and family condition of RPs	Very bad	80.0	6.7	40.0	45.5
	Bad	--	60.0	25.0	25.5
	Not so bad	--	33.3	35.0	21.8
	No comments	20.0	--	--	7.3
Behaviour of RPs with passengers	Good	10.0	6.7	40.0	20.0
	Rarely bad	90.0	86.7	30.0	67.3
	Always bad	--	6.7	20.0	9.1
	No comments	--	--	10.0	3.6
Percent of RPs having good health	>75%	15.0	--	10.0	9.1
	50-75%	30.0	6.7	55.0	32.7
	25-50%	30.0	66.7	30.0	40.0
	<=25%	25.0	26.7	5.0	18.2
Percent of drug addicted and alcoholic RPs	>75%	55.0	6.7	20.0	29.1
	50-75%	35.0	53.3	20.0	34.5
	25-50%	10.0	40.0	30.0	25.5
	<=25%	--	--	30.0	10.9
Percent of temporary city dwelling RPs	>75%	45.0	--	15.0	21.8
	50-75%	25.0	53.3	--	23.6
	25-50%	30.0	46.7	50.0	41.8
	<=25%	--	--	35.0	12.7
Percent of literate RPs	>75%	--	6.7	--	1.8
	50-75%	--	53.3	--	14.5
	25-50%	35.0	40.0	15.0	29.1
	<=25%	65.0	--	85.0	54.5
Percent of rickshaws running in good condition	>75%	--	--	15.0	5.5
	50-75%	75.0	6.7	45.0	45.5
	25-50%	25.0	93.3	20.0	41.8
	<=25%	--	--	20.0	7.3
Efficiency of rickshaw service in the city	Efficient	70.0	--	60.0	47.3
	Good	25.0	33.3	35.0	30.9
	Not good	5.0	66.7	5.0	21.8
	Very bad	--	--	--	--
Extent of support to develop good housing for RPs	Very strongly	35.0	13.3	60.0	38.2
	Strongly	--	80.0	40.0	36.4
	Not strongly	--	6.7	--	1.8
	No need	65.0	--	--	23.6
Extent of financial support needed for RPs	Adequate	35.0	13.3	50.0	34.5
	Some	15.0	66.7	30.0	34.5
	Little	--	20.0	20.0	12.7
	No need	50.0	--	--	18.2
Level of cultural and welfare training needed for RPs	Adequate	5.0	13.3	35.0	18.2
	Moderate	35.0	53.3	25.0	36.4
	Some	--	33.3	20.0	16.4
	No need	60.0	--	20.0	29.1

## Observatory note based on the users' perspectives

- **There are regional and seasonal effects on the demand for rickshaw use and to adjust fare rates.** Field observations and responses of users in relation to frequency of use and its fare rate do not show strong correlation between demand and supply. It occurs occasionally not because of shortage of rickshaws but because of willingness to provide service by the RPs during the bad weather and water logging period. The higher demand for rickshaw from many people (add more from rare users) could be noticed as region / season specific in festive and tourism seasons where the RPs charge high rates and contractual rates.
- **Most of the users acknowledged that in general RPs are illiterate, economically poor, their shelters are not in good conditions and family conditions are very bad.** They have emphasised that there is a serious need to give them financial support to improve their socio-economic situation. A large group of users mentioned that the RPs need awareness about road discipline and important areas of their livelihoods. Sometimes their attitude and behaviour are not at all acceptable. Some users said that “to some extent we feel good towards some RPs because of their nice behaviour with old people, women and children”.

## FINDINGS FROM MUNICIPALITY SURVEY

In most cases of this study it was found that the institutional staff members were tongue-tied to give required information, as if they did not know what was being asked or they are not allowed to give information to outsiders (see Table 20). It was made clear that they were not willing to give any useful or corroborative information. The study team had to spend lot of time with the staff to develop a rapport to elicit the required information. Yet the information provided by them was not quite satisfactory. Whatever information could be gathered is presented in the following paragraphs.

### The case of Guwahati and Morigaon Municipalities in Assam

The Slow Moving Vehicles (SMV) Branch of Guwahati Municipal Corporation for greater Guwahati area is completely separated from other functions of the Municipal Corporation. It is mainly responsible for cycle rickshaws, handcarts (2-wheelers and 4-wheelers), ice-cream vans, rickshaw vans, oil *gaari* (vehicle) and bicycles. It was reported, by a staff member of the SMV that it has issued about 16,000 licenses for rickshaw registration and 2,000 driving license (see Table 20). It charges Rs. 130 for rickshaw registration and Rs. 90 for driving license for the first year and Rs. 60 for annual renewal. The office has no special Programme to support RPs' welfare.

**Table 20: Information provided by respective municipality of study area with regard to their knowledge, attitude and practices in Assam, Jharkhand and Rajasthan States**

**A: Quantitative information (exact value):**

Knowledge, attitude and practice of municipality and its staffs	Information by study location		
	Guwahati & Morigaon, Assam	Ranchi, Jharkhand	Jaipur, Rajasthan
Total number of staff in this municipal office	DK/RA	40	120
Number of staff dealing rickshaw matters	DK/RA	4	DK/RA
Number of rickshaw is registered with municipality	16,413	5,000	DK/RA
Number of RPs took license	2,244	DK/RA	DK/RA
Number of RPs are below age 18 years	DK/RA	DK/RA	4,000
Number of RPs are above age 50 years	DK/RA	40%	2,000
Number of RPs are migrant from other districts/States	DK/RA	50%	9,000
Number of RPs are union member	DK/RA	DK/RA	DK/RA
Number of RPs have bank or post office account	DK/RA	DK/RA	10
Number of RPs send money to their home / family	DK/RA	90%	Rs. 4,000
Number of RPs keep money (savings) with other people	DK/RA	DK/RA	DK/RA
Number of RPs have been financially cheated by other	DK/RA	DK/RA	DK/RA
Number of RPs borrow money from others	DK/RA	DK/RA	DK/RA
Expenditure on welfare of RPs in the last year (Rs.)	DK/RA	DK/RA	DK/RA
Ever received fund from any sources (Rs.)	DK/RA	DK/RA	DK/RA
Ever received money from RPs except fees (Rs.)	DK/RA	Rs. 20 / rickshaw	DK/RA

DK = don't know, RA = refuse to answer, NC = no comments

**B: Qualitative information of respective city (using response category):**

Knowledge, attitude and practice of municipality and its staffs	Responses by study location			Options in response category
	Guwahati & Morigaon, Assam	Ranchi, Jharkhand	Jaipur, Rajasthan	
Rank on rickshaw services	DK/RA	Good	Good	Efficient, Good, Not good, Very bad
Share of good condition rickshaw	DK/RA	50-75%	25-50%	>75%, 50-75%, 25-50%, <=25%
Behaviour of RPs with passengers	NC	Good	Rarely bad	Good, Rarely bad, Always bad, No comments
Level of rickshaw fair in your city	DK/RA	Alright	Alright	Too much, High, Alright, Low
RPs are not permanent dwellers	DK/RA	25-50%	50-75%	>75%, 50-75%, 25-50%, <=25%
RPs that are drug addict/ alcoholic	DK/RA	50-75%	50-75%	>75%, 50-75%, 25-50%, <=25%
RPs that have good health	DK/RA	50-75%	25-50%	>75%, 50-75%, 25-50%, <=25%
RPs that are literate	DK/RA	<=25%	<=25%	>75%, 50-75%, 25-50%, <=25%
Rank on RPs' economic condition	Very poor	Very poor	Poor	Very poor, Poor, Solvent, No comments
Rank on RPs housing condition	DK/RA	Very bad	Bad	Very bad, Bad, Not so bad, No comments
Support for good housing of RPs	DK/RA	Not strongly	Strongly	Very strongly, Strongly, Not strongly, No need
Need welfare training for RPs	Adequate	DK/RA	Some	Adequate, Moderate, Some, No need
Status of RPs family members	NC	NC	Not so bad	Very bad, Bad, Not so bad, No comments
Extent of financial support need	DK/RA	DK/RA	Some	Adequate, Some, Little, No need

RPs = cycle RPs, DK = don't know, RA = refuse to answer, NC = no comments

Although the municipality may not be responsible for many issues involved in rickshaw transport system and RPs matters, but periodically it could collect critical information to organize this sector and its improvement. The information on urban infrastructure, traffic system, vehicle owners and drivers, their socio-economic issues, migration to urban labour markets, financial matters, etc. could be useful to work on a Pragmatic strategy for development of the sector. For example, there are cases that few of them were cheated sometime by dishonest people to manage their savings and money transfer which is in fact a social crime, for which municipality does not have any information. The municipality does not have any welfare Programme for RPs to develop their capacity of managing financial matters.

Similarly at Morigaon, the registration and licensing of rickshaws takes place at the main Municipal Board office, Guwahati. So far, it has issued 413 licenses for rickshaw registration and 244 driving licenses to the RPs. It charges Rs. 100 for rickshaw registration and Rs. 250 for driving license for the first year and Rs. 40 for annual renewal.

Though Guwahati and Morigaon both are in the same state of Assam, the rates for licensing and renewals vary from each other. This is the point that is being made. The government should involve more and try to rationalise such charges and balance with development Programmes for the RPS.

There is no special Programme for RPs, although the department here has livelihoods and vocational training Programme for other urban informal labourers. The municipality staff views RPs as “very poor”, and shared the need for livelihoods and welfare training. There are rickshaw unions in Morigaon and Guwahati, but presently there is no existence of their offices, and RPs also do not care about that as the RPs were not able to benefit from the unions in any way so far.

### **The case of Ranchi Municipality in Jharkhand**

In Ranchi, the PROs and RPs informed that the municipality does not have record of many rickshaws and RPs. The municipality does not have adequate human and financial resources to support the various needs of the RPS. The municipal staff members feel that the RPs are mostly illiterate and do not have adequate skills to choose good work except physical work and that they are very poor and come to the city to earn money for their family and care for growing children. They were not supportive to a good housing requirement for RPs when many of them are seasonal migrants.

In Ranchi, RPs carry passengers and goods rendering an efficient service to the city dwellers and the transit people. Yet, there is no organized union for the RPs. Except for the main road, conditions of other roads can be improved a lot requiring the immediate attention of the government. Other major problem in the city is that the slow and fast moving vehicles are running together on every road creating traffic congestion.

## The case of Jaipur Municipality in Rajasthan

Except for the information that presently, there is no facility to issue license and other arrangement for the rickshaws, at the Jaipur municipality, the staff members of Jaipur Municipal Corporation could not provide any information on the number of rickshaws and RPs in the city citing the reason that they do not have updated information and the old information may be misleading. Based on secondary information, it is estimated that there were 22,000 rickshaws at Jaipur in 2007. According to current information of municipality, about 4,000 RPs are below the age 18 years and 2,000 are above the age 60 years.

There are about 9,000 migrant RPs in the city, mostly from Bihar and Madhya Pradesh. Their economic conditions are poor, temporary shelter and housing quality is also poor. They are every day cash earners with no / low savings, mostly illiterate, unskilled, alcoholic, and many of them remain out of family life for many days. However, they are extending good services to tourists and local people in the city.

In fact, there appear to be countless RPs in Jaipur and yet, they are one of the most neglected segments of urban workers in the land transport system. Nobody seems to be keeping any record of their existence. Some of them become old but still prefer to drive rickshaw as it offers freedom of work in an unorganized environment.

None of the officials could tell about actual number of rickshaws, RPs and PROs in Jaipur. RPs, who are temporal migrants, carry out agricultural and non-agricultural works when they are in rural areas, and they work in unorganized sectors like construction, rickshaw pulling and small ventures when they are in urban areas. In rural areas, situation of these RPs is **'hand to mouth'** but in urban areas their situation is **'leg to mouth'** although they are part of a big industry.

It is suggested to construct dormitory type of shelters for single migrants close to the city area where RPs can stay by paying rent. The mechanism of registration and other living conditions can be formulated. The overall situation of RPs also urges for various types of financial products and services which should be easy to access and within their affordable limit.

Lastly, there is a need to organize and recognize this sector as an efficient contributor in the inclusive economic growth of the country. The government needs to reconsider this sector while estimating value of this sector in the macro-economy of the country.

## FINDINGS FROM MFI AND NGOS SURVEY

The study had tried to cover all the relevant institutions and organisation in the study area to get information on institutional involvement and progress of achievement of their activities related to rickshaw enterprise and RPs. The following information and findings are made based on available information and their responses. It is noted here that their information was not cross-checked for the question of reliability.

### Institutional situation in Jaipur, Rajasthan

In Jaipur, Rajasthan, Kuhad Trust (KT), established by an advocate Mr. Paras Kuhad, was visited to gather information about its microfinance and micro-leasing service for RPs. KT started offering micro-leasing service for buying rickshaws in 2005 and since then its target has been to sanction 30 rickshaws per month. Until now, KT has given out 2,600 rickshaws through micro-leasing arrangement to the RPs.



KT has one Project Consultant who joined in 2004 and three other employees (two are engaged in microfinance) for their rickshaw enterprise. The Consultant is an engineer and his work is related to screening of micro-lease applications and approving rickshaw to RPs as per organizational policies and procedures. KT has an arrangement with a rickshaw manufacturer Mr. O.P. Gupta to buy rickshaw and sell to RPs. The manufacturers are also assigned to collect instalments from the RPs on a defined frequency i.e. daily or weekly.

To get a rickshaw from KT, the RPs need to fill-up an application form with an ID proof and an acceptable witness (i.e. guarantor). The guarantor (witness) must be a resident of Jaipur. A rickshaw puller is required to deposit Rs. 500 if his application is accepted. A new rickshaw price is about Rs. 8,900. A rickshaw puller is needed to return at least Rs. 600 per month and the total value of rickshaw must be returned through maximum of 14 instalments. A rickshaw puller gets Rs. 400 as subsidy if he returns estimated micro-lease value in time with regular instalment to KT.

The Consultant reported that about 100 RPs disappeared with rickshaws and hence those accounts became delinquent. Interestingly, it is understood that the municipality and police department of Jaipur discourage KT from leasing rickshaws, because RPs do not follow the traffic rules in the city.

Besides micro-leasing services, KT occasionally organises eye camp and health check up centres for the poor in general. Beyond this KT does not have any major activity to improve the socio-economic conditions and livelihood of RPs except attempts to offer banking services by helping in opening 'no-frills accounts' along with micro-pension



services. However, most of the no-frills accounts are dormant and micro-pension plans are yet to progress seriously. The reasons are literacy and financial literacy issues on part of the RPs and maybe inadequate follow-up by KT and the banks concerned in encouraging the RPs to use the accounts for suitable financial transactions and to participate in the Micro-pension plans. It is understood that The Punjab National Bank approached KT for extending business loans for on-lending to the RPs but not to RPs directly by the bank itself.

KT does not have any future plan to institutionalize this sector and to design new products and services for the RPs. The Consultant of KT suggested that the RPs in Jaipur should be motivated to change their habits for their sustainable livelihood, but what kind of habits was not clearly mentioned.

### **Institutional situation in Ranchi, Jharkhand**

No NGO or MFI or any organised financial institution is facilitating and / or giving access to RPs for financial inclusion In Ranchi, Jharkhand. There is no microfinance or micro-leasing company providing products and services to the RPs. A money lender at Ramgarh area in Ranchi apparently supports some RPs by making a deal with the rickshaw buyers for Rs. 10,000 per rickshaw. According to market price, the actual price of a rickshaw is around Rs 8,000, said RPs in Ranchi.



The money lender informed that Ranchi city is the hub of rickshaw lords who mostly facilitate the migrant RPs for renting their rickshaws and play the role as a safe custodian of their daily savings. They give them shelter at their own garage, but did not mention about whether the owner charges rent for shelter from the RPs. It is remarkable that all the owners prefer to keep savings of RPs which is in fact an advantageous strategy to ensure that they are recovering daily rickshaw rental dues from the RPs. Most of the migrant RPs also like this practice because they think that it is safe to keep their daily savings with the owner with a proper record. The RPs do not know how the owners use their money. At least the owners will earn some interest if they keep this money in their savings account. The RPs need to inform the owner a day before he can draw his 'savings' to go home.

### **Institutional situation in Guwahati and Morigaon, Assam**

In Assam, institutional and government intervention took place in many areas to improve socio-economic and financial conditions of RPs.

While in Guwahati, two major organisations – Centre for Rural Development (CRD) at Dispur and UNACCO at Noonmati have been involved with the RPs in facilitating their owning rickshaws, operational improvement and financial inclusions, In Morigaon by three organisations which are CRD, UNACCO and Rashtriya Gramin Vikas Nidhi (RGVN) have been implementing almost similar activities for the RPs.

**Centre for Rural Development (CRD)** started working in Guwahati city in 2004, by involving 20 staff by establishing the Rickshaw Bank Project (RBP) and in Morigaon from 2006 with three staff members. Many of the staff were involved in microfinance activities for the pullers of Rickshaws, Momo Vans, Vegetable Carts, Fish Carts, *Bhog Jan* etc on rental system for the poor and do not have their own vehicles in urban areas. They only select poor pullers with a target of



300 clients per year. Since 2004, CRD issued 5,037 rickshaws, of which 3,777 rickshaws have been given ownership to the RPs. The microfinance staff members identify and select pullers of those vehicles for their ownership through micro-lease arrangement. The CRD staff is also engaged in collection of instalments (loan recovery) from the clients, facilitating them for life and health insurance and opening their bank accounts. CRD also facilitates the RPs getting registration of their vehicles, issuance of puller driving licenses from municipality, providing uniform and maintenance of the vehicles for the RPs. In case of rickshaws, CRD applies its own organizational procedure, as below, to select a rickshaw puller for micro-lease arrangement.

1. The beneficiary should be from BPL category.
2. S/he should have her / his own identity such as name in the voter list, Certificate from *Gaon Burha* (Village Head or Village Elder) and electricity bill (if possible)
3. Three passport size photographs of the rickshaw puller.
4. The rickshaw puller must be identified and introduced by the field collector of CRD of the area concerned.
5. The rickshaw puller will have to place a guarantor for the loan.

CRD accepts or rejects a client based on the field report submitted by the field coordinator concerned and after proper scrutiny, final selection is made by the Members of the Governing Board (GB) of CRD. It has a special Programme to give 30% subsidy of the total value of the rickshaw and training to the RPs about the rules and regulations on the road safety. The CRD staff found that most of the urban RPs are in general migrants (long-term in Guwahati and daily in Morigaon) from other villages and districts of the state. Rickshaw pulling is the main source of income to fulfil all their requirements of the family. They are mostly illiterate, unskilled and often face problems with the city authorities.

Presently CRD is facing constraints / obstacles to continue the project activities and provide service to the new RPs due to lack of, its operational fund on one hand and permanent identity or legitimate guarantor of new RPs on the other hand. It has also faced issues to recover loans from the RPs. However, the organisation still believes that they are capable to provide services to improve socio-economic conditions and livelihood of RPs.

It also considers continuing activities related to insurance of life and assets, family savings and other possible social securities. To carry those activities, CRD would need aid or grant support from the development agencies and government. There is a strong need for empowering RPs through organising their union and developing awareness to make it as an important and efficient transport system in urban area. At the same time it is urgently needed to develop their self-help capacity to ensure food and social security.

CRD experienced that most of the RPs do not have the saving habit and at the same time they also face difficulty to save money after fulfilling the minimum basic needs. The CRD staffs has suggested that RPs need to get access to microfinance for small businesses to improve their standard of living and quality of life including health of family members and children education by involving other family members in the household income, because, the single earner family often faces serious problem of maintaining family in case of any illness of the lone earner. One more issue they raised is that the RPs themselves should understand the value of their service in an organised form to maintain their dignity of labour. Besides the government and development agencies also need to think positively to formulate a long-term policy goal and Programme support to improve this sector.

**United Aroma Commercial Company (UNACCO)** started its micro-credit activity for the rural and urban poor in Guwahati, Assam in 2008, to be followed in Morigaon from 2011. This organisation has given credit to 90 RPs in the last year which would be hardly 2% of their total clients. The staff of this organisation mentioned that they know about RBI's declarations / memos / rules on microfinance and that they honour the same. They strictly screen the poor clients based on the following conditions that need to be presented with an application of credit, which are:

1. Proof of identity
2. Two recent passport size photographs
3. Income certificate

They also apply their own organizational procedures to give loan to the poor clients and scholarships to the meritorious children (students) of their clients. This organisation did not assert about having any special Programme for RPs. In general this organisation emphasises on counselling to motivate poor clients and make them aware of benefits of microfinance for their development.

**Rashtriya Gramin Vikas Nidhi (RGVN)** started micro-credit activity for the poor for both rural and areas at Morigaon, Assam in 2000. During the last year, RPs were only about 16% of their total urban clients. Staff of this organisation mentioned that they follow and honour RBI's guidelines, rules and regulations on microfinance. Screening of the clients is strictly adhered to based on the following conditions that need to be presented with an application of credit, which are:

1. Proof of identity
2. Two recent passport size photographs
3. Income certificate
4. 10% security money (from the client)

Much could not be elicited from the staff of this organisation on their organisational procedures and conditions applied to give micro-credit to the urban poor. In general, this organisation lay emphasis on counselling to motivate poor clients and make them aware of microfinance benefits for their development.

## RESEARCHERS' NOTES BASED ON FIELD OBSERVATIONS

The researchers of the study team were instructed to keep field notes and observations on the survey. Their brief notes on all three study areas (Assam, Jharkhand and Rajasthan) are presented below.

### The Case of Guwahati and Morigaon, Assam

Although there are 16,000 registered RPs under the Guwahati Municipal Corporation, in reality it could be 4-5 times more than the official estimate. One can see, in the city, a newly designed rickshaw that is provided by the Rickshaw Bank initiative. Many RPs own rickshaws given by the RBP of CRD through micro-lease arrangement. But some of these rickshaws have been sold out by the lessees to others. A lady rickshaw owner owns 16 rickshaws of the RBP. "I took rickshaws through the micro-lease arrangement and also bought from other individual rickshaw owners" she said.

Besides the micro-leasing, the production unit of Rickshaw Bank also sells rickshaws to any interested person/s due to the demand from individual RPs. In fact, the production unit cannot hold rickshaws for long, after production to recover production cost and overhead costs. Besides cycle rickshaws, they also produce other similar vehicles like Momo carts, Vegetable carts, Fruit carts, Garbage Collection carts etc. to help the urban poor.

Presently, there is no effective rickshaw union in Guwahati city (it was there some 10 years before). The RPs do not have any other grouping process to deal with their profession. The municipality cares little about them or their services; rather it disturbs the access to many roads. The politicians who are very good while asking for votes never give

a chance to RPs to talk about their grievances. Some government schemes initiated for the urban poor avoid migrant RPs and if available, that is not effective to their day to day life. Many of the RPs never tried to open savings account at the banks, and those tried either failed or were not able to maintain balances and transactions. Most of the RPs mentioned that they are not part of financial inclusion as they do not have the capacity to maintain their accounts.

The RPs in Guwahati city informed that there is a limit to earning even if they own rickshaws; this is due to availability of passengers, competition of too many rickshaws and increasing auto / tempo service, personal physical fitness, etc. It is not an easy service to drop passengers or goods and get money. This requires very hard labour and there is a limit to riding / driving.

In Morigaon town, it was found that most of the RPs lived in their rural villages which are in a radius of 20 to 30 km from the town. According to the Morigaon Municipal Board, only 413 RPs are registered in the town but unofficially there could be more RPs than that. They regularly come to town to drive rickshaws for earning, because of less demand for labour in their locality. During the field visit, the following information was gathered from the RPs:

- (1) Everyday about 60% RPs come from villages. They come in the mornings by about 7 to 8 am and leave the town at around 5 to 7 pm. Their travel cost by bus ranges between Rs. 20-35 per trip
- (2) Some of these RPs have agricultural land
- (3) Most of them do not have riding / driving license / tokens; they are those who are outside the project and those RPs riding rickshaws of RBP did not renew their licenses / tokens
- (4) They said that municipality demand for KYC documents to renew driving and rickshaw license and the fee also is costly
- (5) Some RPs ride / drive rickshaws of RBP that were bought by the Rickshaw lords and are now being rented out
- (6) Presently most of the RPs and their family members have no insurance
- (7) Only few have savings bank account which was opened few years back and has little saving left, if at all
- (8) Some RPs still have savings account which is mandatory for the sake of micro-lease arrangement to buy rickshaws.
- (9) Most of them do not save money for long because their earning is not much more than the expenditure for basic needs.
- (10) Most of the RPs drink alcohol every evening and some of them start drinking from the morning.
- (11) In this area, among the RPs, 80% are from SCs, Muslims 10% and others 10%. approximately
- (12) A new rickshaw costs about Rs. 10-12,000 but a one or two years old rickshaw's price is about Rs. 8,000.
- (13) There are only two rickshaw stands identified by the municipality but there is no shades or fare charts there.

## The Case of Ranchi, Jharkhand

There are about 7,000 rickshaws in Ranchi city. Rickshaws can be seen on every road in this city. There are rickshaw lords in Ranchi city having at least 50 rickshaws each having their own garages. Most of the RPs ride / drive rental rickshaws. The daily rent is Rs. 30 with owner maintenance.

Very few has savings account at the bank (perhaps 1% only) and do not have access to any other financial product / services.

The migrant RPs stay overnight in the garage and keep their money with the rickshaw owners. Out of those who do not keep money with the owner, some keep with themselves and some keep with their trusted persons. On an average each RP earns Rs. 200 to 350 per day. Due to the lack of a safe remittance transfer system most of the seasonal migrants physically go home to give money to their wives or parents for family expenses.

Local RPs spend almost 50% for their daily earning for food and drinking alcohol and the migrants drink occasionally. Many RPs carry goods, from the transport companies to wholesalers and wholesalers to retailers, in their rickshaws. In most cases they ride / drive overloaded rickshaws.

There is a seasonality of rickshaw pulling in Ranchi. The temporal migrants drive mostly from July to September when almost 70% of the rickshaws are on road and the fares reduced by almost one-third. These temporal rickshaw drivers come from nearest villages and districts and visit home weekly and fortnightly. Except July to September, the migrant RPs are mostly at work in brick kilns and involve in some other farm / non-farm activities. During this time almost 60% of the rickshaws remain at garage. There are many temporal migrant RPs coming from Muzaffar Nagar and Bihar. Most of them drive rickshaws at Ranchi railway station. The local RPs live outside the city in a distance about 5 to 30 kilometre radius.

There is a rickshaw union at Ranchi railway station which was registered in 2002 with 1011 members were enlisted. There is no union office but has a signboard lying at the ground beside a temple. It has a union secretary (a regular whole day drinker) collecting Rs. 5 from each member present at the station stand. He also collects money from RPs during various other and festive occasions. He collects huge money every day but nobody knows or dares to ask what he does for the RPs with that money. He is also a RP but most of the time stays back at the stand only. In fact it appears that he is maintaining his RP identity only to collect money from others. He is also a local captor (conqueror, *mastan*, *dada*, boss, brave man, superman, etc anything can be called) having connections / relationship with other influencing people.

## **The Case of Jaipur, Rajasthan**

There are about 70,000 rickshaws in Jaipur city of which 40,000 have licenses / tokens. Here each rickshaw lord owns a minimum of 100 rickshaws. They rent rickshaw for Rs. 25 per day with the condition that the repair and maintenance cost is the responsibility of the RP. Most of the RPs operate rental rickshaws excepting those few owners who got micro-leased rickshaws from the Kuhad Trust. Some of the RPs took rickshaw from Kuhad Trust on micro-lease and later sold to others. Many of them are illiterate, lack knowledge and have very poor community sense.

There are many migrant RPs from Cooch Behar in West Bengal and Bihar. On an average, each migrant RP earns Rs.300–500 a day and spends half of it every day. The RPs manage their spending based on their daily earnings for adjusting food and drinking costs; except those who are habitual alcoholics. They see bad days when they need money to repair their rickshaws. Overall, after the day's work about 70% of the RPs drink alcohol (low quality spirit) and take rest here and there.

They stay floating and while some of them reside in *deras* and open wall shaded house on rental basis (Rs. 20 per night) and some others get shelter from their custodian of money. In this city, there are many RPs who just re-arrange their rickshaw seat and use the same as a bed for sleeping by covering body with a bed-sheet or blanket.

There are migrant RPs who also spend money for sex worker (at least Rs. 500 each time).

The RPs are very vulnerable and weak in financial resources, asset and capital accumulation, generating savings and in using the same effectively, establishing shelter, accessing facilities and services, etc. So they accumulate their small and meagre savings with some trusted custodian who could be the rickshaw lords in most cases. The custodians use RPs' money for short lending to small shops and street vendors in the city. But RPs do not get any share of the lending income except for the safe return of their money.

Very few have bank accounts at their own place but they find it difficult to send money through the banking system. In the absence of banking system they have to go home frequently because many of them are single earners in their family.

## **Overall Observations and Comments on Organisational Involvement**

Based on the observations and above findings of institutional activities on the field, it could be concluded, without doubt, that NGOs and other MFIs are helping the poor RPs. But their Programmes and functions towards RPs' have not been given the required attention to their livelihood improvement, sustainable income, financial security, food security and social security.

It is noted that the Programmes of CRD and KT go little beyond than providing rickshaws to the RPs and the work related to the recovery of micro-lease funds, though, they do some partial activities related to financial inclusion of the RPs. However, these efforts have significant effect on the conventional RTS and changes in behavioural pattern (forced and self-will) at the initial stage.

The real difficulty is that the RPs are not obliged to keep working relations with the credit giving organisation after a lease is completed and a rickshaw is fully owned by a RP. Their institutional Programmes also did not consider the overall livelihoods framework for improving human and social capitals that include women and children of their families. The earnings, expenditures and savings of RPs are fully influenced by their traditional manner of regular necessities. They follow traditional management of household economy and rely on their daily income and individual choice. Practically they need financial education and awareness which needs to be monitored by the respective organisations considering long-term sustainable livelihoods of RP families.

The micro-credit Programmes offered by UNACCO and RGVN show a minimalist approach of offering only credit. They need to look at other financial and social security aspects of the RPs as well and accordingly develop appropriate model of financial products and services. It has been observed that most of the organisations are principally working, based on their project objectives and funding related to the sales of the new design rickshaws by exploiting opportunity of rental market of conventional rickshaws. The poor RPs virtually need more support for their livelihood improvement beyond their project duration and the ownership of their rickshaws. The organisations are weak to deal with collectivisation activities which are important for sustainable RTS and organised occupation of RPs. The above situations indicated that ***there is a need to evaluate progress and impact of each activity of all organisations working for the poor and RPs, which is important for learning lessons and to develop an effective model of holistic household approach.***



## CHAPTER VI:

# FINANCIAL INCLUSION OF RICKSHAW PULLERS - CHALLENGES AND OPPORTUNITIES



*The Honourable Supreme Court order dated 23rd January 2012 has quoted the Article 21 of the Constitution of the country, which states that “no person should be deprived of his life or personal liberty except according to the procedure established by the law.” There are many other directives of the Court that have significant meaning and depth to the right to life with respect to demand for basic needs of the people, for which the State should seriously act for its all citizens without discrimination. Financial inclusion is one of the concerns to meet number of demands.*

*The government and particularly RBI has defined Financial Inclusion as “the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost, in a fair and transparent manner, by regulated, mainstream institutional players”. Accordingly, the RBI has made rules and regulations to operate and encourage financial inclusion of financial institutions and people respectively.*

*However, many researchers and civil societies are reporting that the financial institutions are not showing much interest in giving such financial access to people working in the informal and unorganized sector. The financial business model for the resource-poor people requires to be looked into five basic conditions of customers;*

- (1) Appropriateness of range of products, services and delivery mechanism*
- (2) Availability as and when needed*
- (3) Affordability with respect to cost of products and services*
- (4) Accessibility considering physical appearance, ATM facilities, mobile banking and other means of accesses and*
- (5) Convenience in consideration of distance and time to reach the facility / services and get the job done.*

## THE NATIONAL CONTEXT OF FINANCIAL INCLUSION

The government and development organisations, internationally, have emphasized that it is necessary to include all segments of economic categories in the financial inclusion system for the overall growth and development of national economy without discrimination to achieve MDGs. It was further emphasized that an action oriented strategy for the poor must be formulated and provide them with access to low-cost financial products and services towards poverty reduction, social security and equal human rights.

Various literatures noted that in the unorganized sector maximum are illiterate and migrants in search of their livelihoods. Most of the families of the workers in the unorganized sector have single bread winners without much resources and savings thus becoming highly vulnerable economic group. In general, many urban workers / entrepreneurs of unorganized sector lack proper KYC documents related to their urban residence and tenure of work, and hence impeding them in accessing formal financial services including transactions at the banks. They are not considered as attractive and welcome by most of the financial organisations, especially the banks, in the country.

The government initiatives of different schemes to help the poor, 'No-frills' accounts and other group saving systems do not appear to have made any significantly positive impact or sustainable development in the lives of the poor and the least impact in the case of social security of the urban poor. There is a need to identify who the real beneficiaries of such 'No-frills' and low-cost services are. There is a dearth of crystal clear information regarding the financial inclusion status of the urban poor. This study has tried to investigate above issues based on in-depth study and primary data collected from various stakeholders and its major findings are presented in the subsequent discussion.

The issue of 'financial inclusion for inclusive growth' is one of the important policy goals of Indian government (RBI 2008). It includes interest of both political and development economy. There are many public and private sector banks, NBFCs, insurance companies and MFIs actively operating in India. Their prompt (aggressive) business style of money accumulation from the clients also necessitates lending obligation / opportunity for their higher profit margins. The FI for inclusive growth initiative of the government has given wide-ranging opportunities to all types of financial institutions for capturing large lending markets covering poor section of people in India.

Recently, the GoI through RBI has urged all the financial institutions to develop mechanisms to include the financially excluded people (RBI 2008). In fact it is one of the steps towards expansion and promotion of financial equity markets to sustain growth of Indian Emerging Market Economy (EME). The economic growth of the country has been largely contributed by the mining, industrial development and service sectors in addition to maintaining the large base of agricultural economy and its value added activities.

Despite this, the level of unemployment and underemployment in the country is substantially high in informal / unorganised sector and the working class remain as 'untapped population' in many respects of national development particularly in the case of financial inclusion of urban poor due to lack of collateral guarantee and required KYC documents. In reality, half of the country's population are women and most of them are independently poor who are overwhelmingly vulnerable in the context of social and human development too.

In the first decade of 21<sup>st</sup> century, India has shown remarkable economic growth to become an Emerging Market Development Country (EMDC), despite the fact that it has millions of population living below the poverty line (BPL) and low-income group (LIG) of people who are vulnerable to poverty and that all of them needed significant financial and other supports for their economic activities in satisfying their regular basic needs. This included millions of financially excluded RPs running an economic and service sector all over India (mostly in urban areas) and they are also contributing employment and livelihood beyond this sector (The Economic Times 2012).

There are two important areas that the government need to give serious and foremost attention for socio-economic development of urban poor, improve service facilities and opportunity to the poor people;

- (1) create employment opportunities for all, irrespective of caste and culture and
- (2) formulate policy and strategy to accommodate poor and women in economic sectors (e.g RP families)

in the stream lining of all sectors.

The country needs to account for all its economically active population to participate in the financial and economic development process. At the same time, central and dispersed rules and regulations need to be well managed to make all people accountable and responsible to develop the nation as 'one national goal' in all respects. Doing this, there must be a unique financial model for organisations and institutions applicable across States and people, without any disagreement.

In a situation of increasing urbanisation as well as employment, it could be remarked that millions of urban poor including RPs are also increasing in the informal and unorganised sectors. They do not have access to adequate financial products and services and they are declared as untapped potential for economic development as well as social and human development. These people may not be a serious concern of the available financial institutions because of their low-income and small savings, but the government/ should be deeply concerned in improving their livelihood and empowerment which is absolutely required for social, economic and political stability of the country. These poor people need

to save, borrow and insure their life and live safely and affordably without discrimination and distribution effect. Their entitlement of financial inclusion is not an opportunity for them rather it is imperative to give them equal access without discrimination as other accessing its' products and services for various purposes.

In India, there are aggressive and intensive financial inclusion Projects / Programmes from the government and other MFIs / Organisations, offering various financial products and services to the people and making good business. They never tell that they do not want to cover untouched and underserved group of people, but somehow these groups are ignored or bypassed or partially covered to fulfil some mandatory requirement. The poor people seriously need support of financial products and services for their income generating activities, housing, consumption purpose, health and sanitation, education, through savings, remittance transfers and social security such as life insurance and pensions. If the country is serious on equality, it should accommodate all people with 'odds' and should not be 'odd' by any judgement.

The present initiative of the government and development agencies should look at the success of MFIs' micro-financing the poor. They should consider that financing need to be invested effectively and efficiently to enhance economic and social well-being of the poor. It should not look just for geographical coverage of the Programme, numbers and statistics. Most often, Leaders of various Projects and Programmes articulate their success by presenting statistics in terms of population and geographical coverage, number of branches, volume of investment and a few successful case studies. At the same time these institutions / organisations remain quiet or avoid giving coherent justification of each component of the Programme and segmentation analysis of beneficiaries to showcase the likelihood levels of success.

According to available literatures, it has been found that there are four major issues related to financial inclusion of poor, vulnerable and disadvantaged groups of people in the country;

- (a) Recognizing financial inclusion is a tool of poverty reduction
- (b) Supporting equal rights, human rights and social security of the poor
- (c) Providing access to the formal banking and financial institutions for the poor people considering equal rights and
- (d) Bringing the urban poor into organized sector to empower their livelihood capitals for normal life.

Financial inclusion could be conceptualized with regard to the roles and responsibilities and transparency of financial institutions considering social inclusion of poor people such as Banks, NBFC-MFIs and NGO-MFIs and support to meet their demand for financial products and services to improve livelihoods. Financial inclusion is not confined to just cash-in and cash-out transactions with a regulated financial institution system (AIF 2013).

Report of Dr. Rangarajan Committee on financial inclusion is very relevant as it focuses on financial inclusion in four specific terms;

- Access to financial services (savings, credit, insurance, transfer of money and pensions)
- Timely credit
- Adequate credit and
- Affordable credit

Some other national and international professionals argued that FIs should not be considered for only hardcore money matters and profit of the organisations but should be extended in a broader spectrum covering social and human capital issues for all financially backward class people.

## **Relevance of Rickshaw Pullers in Financial Inclusion**

It is stated earlier that the urban poor, in general and the poor RPs, in particular, to a large extent are known to be financially excluded. The RPs are giving services to all people every day (*the best available transport at the door-step*) without discrimination but they are the ones facing discriminatory treatment and floundering to get access to financial service facilities and thereby remaining as missing FI group.

The RPs are in general socially and economically marginalized and have poor voice in the society and access to secondary and tertiary service sectors. The women in RPs families are so vulnerable that they neither get value at household level nor they are welcome in community service, while gender development is a serious concern of MDG. The women of RP families also need FI for their income generating activities to empower themselves. This research study is in line with this problem to investigate and assess the 'needs' of financial related aspects (existing financial products and services and rules of business) available to help the millions of urban RPs and suggest possible course of actions and policies based on the findings.

The introductory remark is that both objective and subjective measures and its usefulness of financial inclusion are important. The national and international initiative of financial inclusion issue is literally an integral part of these two measures. For example, it is objective when FI of RPs is considered for inclusive and sustainable economic growth of the country, but it would be subjective when a RP needs money and without which he cannot sustain for his livelihood.

These are mixed up in the Maslow's hierarchy of needs and it needs critical assessment to highlight their extent of deficiency at different levels of hierarchy of needs which are part of the multifaceted poverty. Practically it is a demand for basic and social needs and a process of socio-economic upliftment of a person or society (Mhd et al 2011). In reality,

not only RPs, all people are equally part of these fundamental human rights. The argument is, RPs should not be out of the bracket by definition of FI, but difficulties remain variably in the service systems among the financial institutions and fulfilment of their conditions by the RPs.

An understanding on various aspects of financial inclusion and other social security measures with particular reference to RPs shall have great relevance to this study. Based on the field study, subsequent discussions have been made to provide an insight to these critical aspects of financial inclusion with respect to RPs. Bank and other financial institutions offering “No-frills” or “Zero-balance” savings accounts have been usually or technically avoiding the poor clients. They regularly check volumes of transactions and duration of money kept in the clients’ accounts. As a large number of RPs are low-income group and migrants from villages leaving family in the village needing money to be sent home through reliable sources they need low-cost and reliable financial systems.

In many cases, it has been observed that due to their nature of migration and living conditions (in slum or floating), they lack documents of address proof, birth certificate and other identities which are critical of producing know your customer (KYC) documents before the financial institution and thus become the missing population in the country. It seems to be mandatory to access available financial products and services and become beneficiary of welfare scheme. Empowering RPs through government Programmes and public / private financial institutions and to accommodate them relying on present system of practices is not an easy task. It is not the fact that rickshaw pulling is one of the most unorganised economic activities of poor migrant with acute poverty but the living / staying uncertainty creates more sensitive ambiguity among MFIs. Practically the unexplained shades of rickshaw sector are the cast off faces of RPs with regard to their financial inclusion and poverty reduction. These are all important issues that need to be considered to formulate and manage financial products and services for the RPs.

As daily earners and spenders, the RPs living with their families in the city always try to keep some saving at home every day after fulfilling daily needs, if possible. But they do not have a target for such savings and / or not capable of keeping these savings for long as they need to use these small savings filling unmet gaps arising out of days of insufficient earnings to meet the daily needs. They also use these home savings for other non-food essentials. In this report, this type of short savings is not included to investigate their long-term saving behaviours.

The poor RPs lack access to financial institutions for products and services because the FIs system is not largely customized to the way they want. According to the present system, the poor, in general and the RPs, in particular, are outcaste groups of the financial inclusion.

The fact is that the financial institutions take deposits (where licensed) from and lending money to the people who they prefer as their clients and the poor is placed behind the closed doors. The government policies and RBI's guidelines, rules and regulations on financial inclusion of poor people are not getting significant priority because of their profit maximization objective and not subjective to their social roles and responsibilities in favour of the poor people. Therefore, enhancing social capitals of the poor and complying social responsibility by the MFIs and NGOs are important issues of FIs to open doors for the poor.

Financial Inclusion requires preparing such a strategy that can tackle all major important demand factors of RPs to deliver adequately, timely and efficient products and services for them also. Because, RPs belong to a scattered and unorganized segment living in the urban society, and exceptionally low-income / savings people with scarce resources and access to institutional financial services. If they need money, invariably most of them search for informal sources of finance which are unreasonably costly and they end-up with financial burden rather than gain benefit / relief. The present situation of financial operations of public and private sectors financing are very limited for the urban poor and it is more acute for the resourceless people like the RPs.

## PRESENT STATUS OF FINANCIAL INCLUSION OF RICKSHAW PULLERS – THE STUDY FINDINGS

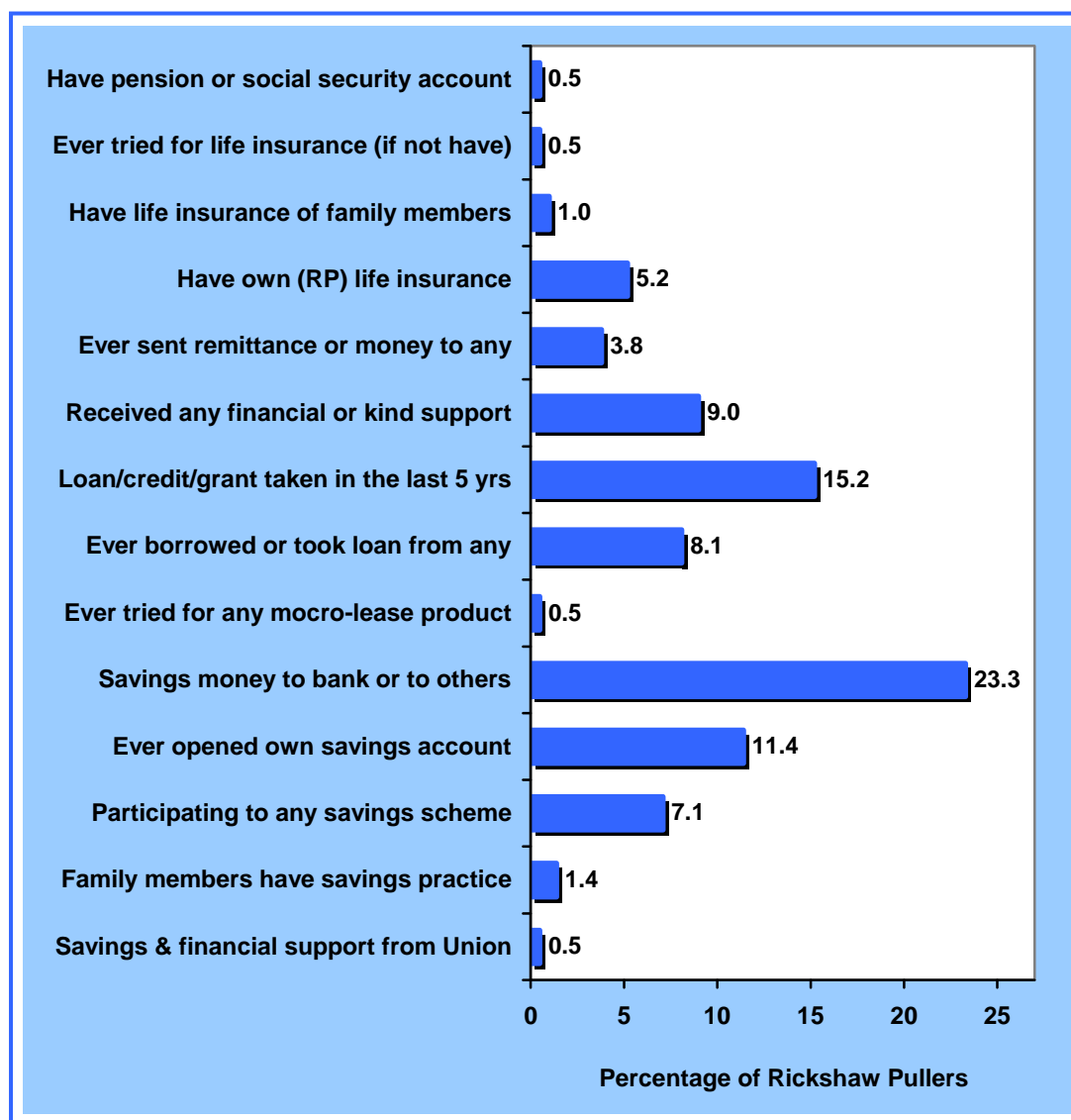
From examining the financial inclusion of RPs in the three states of this study, it was found that nothing much could be seriously interpreted due the stark exclusion of this sector. **Figure 22** shows a general picture of financial inclusion which indicates that the RPs have tendency to save money and also borrow money from other formal and informal sources.

The study gives some kind of differences between the locations in Assam and Ranchi and Jaipur. The differences are more so due to the differences of the city characteristics and strong presence of CRD in the study locations in Assam.

**Table 21** presents the information provided by the RPs, indicating clearly that the RPs seriously need financial education. Eliciting responses from the RPs about their knowledge on and involvement in financial products and services seemed like deep diving searching for an unknown treasure at unknown depths. Of course, some information could be found in the case of study area in Assam. However, the information showing zero response on micro-leasing activity implies that the RPs do not have any knowledge about CRD's various financial products and services. It is understood that whatever the information found positive in the case of Assam it completely is the effect of Rickshaw Bank project which is not reflected by the knowledge of RPs.

Financial Inclusion effort of any organisation in the study area appear to be having no significant influence on the RPs, excepting a few that are involved in savings products in Assam and Jharkhand. It could be noted that almost nothing seriously worked for financial inclusion of RPs excepting some localized special Programmes.

**Figure 22: Percentage distribution of Rickshaw Pullers by their characteristics of financial inclusion status**





**Table 21: Percentage distribution of RPs by their financial involvement**

Type of financial involvement	Response	Study location in			Total (N=210)
		Assam (N=70)	Jharkhand (N=70)	Rajasthan (N=70)	
Low to moderate involvement:					
Loan-credit-grant taken during the last 5-years	Yes	35.7	7.1	2.9	15.2
Saving money in banks and with others	Yes	45.7	12.9	11.4	23.3
Pension or social security accounts	Yes	0.0	1.4	0.0	0.5
Saving & financial support of Rickshaw unions	Yes	0.0	0.0	1.4	0.5
Received any financial or in-kind support	Yes	27.1	0.0	0.0	9.0
Ever borrowed or took loan from any others	Yes	21.4	1.4	1.4	8.1
Ever tried for micro-lease product	Yes	0.0	1.4	0.0	0.5
Ever opened own savings account	Yes	20.0	12.9	1.4	11.4
Family members have savings account	Yes	1.4	1.4	1.4	1.4
Participating in any savings scheme	Yes	21.4	0.0	0.0	7.1
Ever sent or transferred money	Yes	2.9	0.0	8.6	3.8
Have own life insurance	Yes	5.7	8.6	1.4	5.2
Family member have life insurance	Yes	1.4	0.0	1.4	1.0
Ever tried for life insurance (if did not have)	Yes	1.4	0.0	0.0	0.5
No involvement:					
Got any financial support from SHG-JLG	No	100.0	100.0	100.0	100.0
Receiving any financial or in-kind support	No	100.0	100.0	100.0	100.0
Ever tried for micro-credit / lease	No	100.0	100.0	100.0	100.0
Have own health & medical insurance	No	100.0	100.0	100.0	100.0
Have health & medical insurance of family	No	100.0	100.0	100.0	100.0
Ever tried for health and medical insurance	No	100.0	100.0	100.0	100.0

## Savings Scenarios: The Products and Services

RPs need to go through a 'Mandatory Savings Account' (MSA) {where payment of mandatory savings = (return loan + interest + other charges)} after taking credit from an institution or person. The amount of savings depends on amount of credit and recovery period. The financial institutions consider mandatory savings (loan repayment) accounts of a RP loan as profitable for the institution and at the same time the deal is similar for the RP owning a rickshaw just by paying to the MSA which is by and large equal to the daily rental charge. It is an excellent idea that helped a lot to a regular RP specifically for cost-savings from the income.

During the field visit, it was understood that the savings behaviour of RPs is typically characterized by 'no savings', 'short savings', 'annual savings' and 'long-term savings'.

'No savings' groups of RPs are those who spent all of their earnings every day.

‘Short savings’ groups of RPs are mostly temporary migrants who earn for a week to month, accumulate savings and transfer money to village home for maintaining basic needs of their family members.

‘Annual savings’ groups of RPs are those who spent most of their earnings everyday but kept some savings to meet the family expenditure including festivals and social requirement.

‘Long-term savings’ groups RPs are very few who save small amounts but keep for specific periods over number of years to buy assets, house construction, and to support future generation.

In fact, many of the RPs do not have savings account and therefore, the first and foremost important issue is giving them an opportunity to open a savings account with or without KYC documents. Anyone can make his / her choice to strictly follow a savings system regularly for a small amount which can grow to a bigger amount at a point of time; say saving Rs. 10 every day would be 50 thousand after 10 years with cumulative interest.

#### **Mandatory savings in Self-help groups/ Joint Liability Groups:**

RPs need to be grouped into Self Help Groups (SHGs) or Joint Liability Groups (JLGs) based on their affinity so that there is a peer pressure and proximity enabling them participate in meetings regularly and have better financial transactions and thus reasonable Financial Inclusion. The amount of savings shall depend upon their capacities to save and the size and duration of loan that they may access over a period of time. The focus on mandatory savings could cover two aspects:

1. Regulating and Enhancement of savings amount in SHGs - based on their saving capacities; and
2. Ensuring maximum utilisation of the common funds of SHGs by internal lending as also common development initiatives of the groups for investment and additional income.

#### **Voluntary Savings:**

It is a traditional characteristic of Indian people. An effective voluntary saving system need to be promoted adopting various mechanisms (through SHGs, Federations and Business Correspondents) besides compulsory / forced savings. Recurring Deposit Schemes / Daily Savings Collection Schemes, Fixed Deposit Schemes as well as Savings Deposit Schemes could be promoted. Voluntary savings could be promoted through SHGs, Federations and also directly through Business / Banking Correspondents.

### **Innovative mechanisms of savings:**

Possibilities need to be explored further for technology based processes and management based innovations of savings. The details and context of successful cooperative models on voluntary savings (e.g. SEWA-Gujarat, Cuttack Urban Cooperative Bank - Odisha, *Apni Sewa Shakari* - Rajasthan) need to be studied further for learning and appropriately up-scaling a suitable model after need based refining. Besides, wide range coverage of mobile phone (many RPs have it) technology could be linked with savings and transfer of remittance, ensuring reliability and transparency to the client.

### **Relevant institutions of savings:**

Without question, the poor in general and the RPs in particular need institutional infrastructures for financial matters. National level development banks (NABARD, SIDBI / IDBI, etc.), financial institutions, Programmes and schemes, technology based institutions (BCs such as FINO, EKO, ALW, Oxigen etc.) and specialized government promoted institutions for savings need to enhance their mechanism and capacity to create enabling environment for the RPs and the poor to access the services efficiently for their financial activities and transactions. Technology based options providing institutions like FINO, zero mass, EKO may be engaged to develop and synchronise technology network servers all over the country to provide support for savings and transferring money by the RPs.

## **Credit Scenario: The Models**

In India, a number of financial institutions, MFIs and NGOs have developed their own models to deal with their clients and their financial management. In this section a brief on three selected models are mentioned, which are Bank / MFIs model, SHG / JLG model and Individual Lending / Kiosk Based Model.

### **Bank and MFIs Models:**

Banks follow two types of systems to issue credit for the RPs.

One system is to provide credit services to a RP as an individual who has to produce KYC and other relevant documents and collateral guarantee.

Another system is to provide loan to an individual RP by a tripartite agreement consisting of the lending Bank, the RP and a guarantor (preferably a nurturing NGO). In this case, Bank will hold the NGO responsible for any irregularities of loan repayment.

MFIs also follow two models. One is where a NBFC-MFI or NGO-MFI forms the groups of people / RPs, encourage them to form SHGs / JLGs, inculcate the habit of savings among themselves and lending based on their savings and administration of the groups. The

second method is where the RP needs to establish his identity and bring in a guarantor who can guarantee or put forward collateral for the loan.

#### **SHG / JLG Model:**

For providing credit services to the RPs, SHGs and JLGs need to create their own savings fund to provide credit among their members. Other possibility is to link SHGs and JLGs with banks so that SHGs can get loans under SHG bank linkage Programme, but the group must have collateral assets / guarantee. The credit schemes will be having a system of daily collection of instalment.

#### **Individual Lending / Kiosk Based Model:**

Besides SHG and JLG model, individual lending model for selected group of people may also be applied. For example, individual lending model of Drishtee (IFMR Trust had partnered with Drishtee Foundation to pilot a Kiosk based individual lending model for financial services delivery). However the success of this model need to be studied carefully before fully adopting or up-scaling the model.

### **Social Security Scenario: The Issues of Insurance and Pension**

There are many quantitative and qualitative aspects of social security of the people. In this section, three most important quantitative aspects are mentioned in relation to financial products and services, which are micro-insurance, health insurance and micro-pension.

**Micro Insurance:** For RPs, there could be three types of insurances – for Life, for Health and for Asset (General) insurance (insurance of rickshaw). In the case of Health Insurance the RP needs to be linked with Rashtriya Swasthya Bima Yojana (RSBY) scheme of the Government. Lessons learned from Uplift model of health mutual can also be applied in the project wherein a separate amount is created for health care services / health insurance as a part of the mandatory savings of SHGs.

**Micro Pensions:** It is a fact that around 92 percent of Indian workforce does not have any formal pension provision or an old age income security. According to an estimate, India will be having 320 million elderly people, by 2050. Considering both the points, it becomes important to promote pension schemes.

In India, there have been a number of pension schemes for the salary earners. However, there are very few options of micro pensions for unorganized sector workers. In the recent past, Pension Fund Regulatory and Development Authority (PFRDA) had introduced National Pension Scheme (NPS) and NPS Lite. The NPS Lite scheme is a lower cost version of the NPS scheme which enables groups of people to join the NPS at substantially reduced cost.

GoI had earlier launched a contributory pension scheme – ‘*Swavalamban* Pension Scheme’. *Swavalamban* is an incentive scheme for the NPS. Under this scheme any citizen in the unorganized sector, who joins NPS in 2010-11, with a minimum annual contribution of Rs.1000 and maximum of Rs.12000 will receive a Government contribution of Rs.1000 in his NPS account. Services of Invest India Micro Pension Services (IIMPS) will be taken to provide micro pension services to the poor.

## **Organisational Review on Financial Inclusion of RPs**

A number of studies in India show that financial operation methods and strategies of financial institutions and micro-finances are not efficiently including RPs in the FI mainly due to absence of their collateral assets or guarantors. Another major reason behind this is, most of the RPs are rural to urban migrants (some of them are seasonal) and most of them do not, have urban KYC, own rickshaw, own any valuable assets and adequate saving for collateral guarantee in the urban areas where they have migrated to.

Considering the above situations a few NGOs became involved to facilitate and help the RPs to improve their enterprise and livelihood. Centre for Rural Development (CRD) is associated with ICICI Bank, HDFC Bank and Punjab National Bank (PNB) and is working on this area for almost a decade which is known as “Rickshaw Bank Project” (RBP).

The PNB’s scheme is known as “*Janmitra* Rickshaw Scheme” (JRS). The project is dealing with individual as well as groups of RPs through micro-leasing system.

American India Foundation (AIF) in collaboration with PNB & Central Bank of India has expanded this micro-finance Programme to enable RPs to own new rickshaws on easy instalments in Assam, Bihar, Delhi and Uttar Pradesh.

Programmes of both the above institutions also support through other services such as accidental insurance policy, uniform, rickshaw license, municipal permits, bank account and other social benefits.

Similarly, Sammaan Foundation in Bihar is working for RPs to facilitate them bank loans for buying rickshaws and the State Government of Bihar once declared to help them for life and health insurance through a scheme of PNB & Canara Bank. In June 2008, Fazilka Ecocabs “Dial-a-Rickshaw” introduced the Ecocabs scheme as a philanthropy-driven social enterprise dedicated to improving service levels by organising rickshaw drivers in a self-regulated scheme in Fazilka, Punjab.

The above statements reveal that there banks, MFIs and NGOs are already working in a limited scale for the RPs in India. But the overall situation further revealed that the Financial Inclusion is not equally open to all RPs, but is selective needing special arrangement among the parties. However, the philosophy of these organisations could

state that their initiatives and programmes are to develop and facilitate financial and operational mechanisms to give opportunity to the poor people so that they can build better lives by themselves by reducing their poverty and contribute to the society and the nation.

There are a number of organisations working on financial inclusion of RPs all over the country. The mission / vision / goals of some organisations reflect a number of activities it does not appear that the organisations are critically looking into those matters to see how effectively they are doing the jobs except for selling the rickshaws.

This section is providing basic information of some selected organisations based on reviewing their published documents and web-sites.

SMV Wheels Private Limited, Gurubagh, Varanasi	
Year of establishment	2010
Legal structure	Private Limited Company
Mission / Vision / Goal	<ul style="list-style-type: none"> <li>• <b>Mission:</b> Provide cycle rickshaws and vocational support to rickshaw drivers and cart operators across India.</li> <li>• <b>Vision:</b> A community transformed by the increased confidence and disposable income that comes with asset ownership; the peace of mind provided by the security of insurance; freedom from police harassment made possible by legal licenses; and the reduced labour efforts that come with technological innovations.</li> <li>• <b>Goal:</b> SMV aims to provide dignity, legitimacy, and access to rickshaw drivers, to enable them to be recognized as professionals, and to gain security, stability, and economic mobility</li> </ul>
Services (financial and non-financial)	<ul style="list-style-type: none"> <li>• Sells rickshaw to RPs through interest free deferred payment scheme with weekly repayment</li> <li>• Accidental insurance (from New India Insurance and Oriental Insurance)</li> <li>• Facilitates opening of no-frills savings accounts at a bank</li> <li>• License and uniform</li> </ul>
Since when	2010 (providing services to RPs)
Operational area	Uttar Pradesh (Varanasi, Jaunpur)
Service / scheme details	RPs form a group of 3-5 members. Each group member can purchase a cycle rickshaw from SMV Wheels through a deferred loan scheme. It's an interest-free deferred loan with weekly payments for 12-15 months, at the end of which the RPs owns the rickshaw. SMV Wheels procures the rickshaws at a cost of

	11,000 INR and sells to the RPs at a price between Rs. 13,000 and Rs. 14,000 (adding value 18-27%), perhaps it varies based on duration and number of instalments.
Outreach	NA
Other details	20% share of advertising revenue during the loan repayment period and 60% after the repayment period (the SMV Wheels rickshaws have been designed to be outdoor advertising friendly)
Address	Modi Niwas, D-54/155-32-33, Shree Nagar Colony, Gurubagh, Varanasi-221001, UP, Contact details: +91 7388117160, +91 9451027477, email: <a href="mailto:smvwheels@gmail.com">smvwheels@gmail.com</a>
Reference	SMV Wheels Private Limited, <a href="http://www.smvwheels.com">www.smvwheels.com</a> <a href="http://www.techsangam.com">www.techsangam.com</a>
<b>Kuhad Trust, Jaipur, Rajasthan</b>	
Year of establishment	1998
Mission / Vision /Goal	<p>To essentially work towards physical, mental, social, economical, professional and moral upliftment of the needy and disadvantaged through long term policy interventions with underlying philanthropic spirit and service to society at large</p> <p><b>Goals</b></p> <ul style="list-style-type: none"> <li>• Generating Employment</li> <li>• To make maximum RPs self sufficient and self reliant by enabling them to own the rickshaws at no extra financial burden.</li> <li>• Financing the poor who would not easily get loans from Financial Institutions.</li> <li>• Eco friendly transport</li> <li>• Reducing vehicular congestion in the city</li> </ul>
Services (financial and non-financial)	Areas of focus include microfinance services to cycle rickshaws, provision of affordable cooked food, public-private partnership in rural education and health care services
Since when	2005 (providing services to RPs)
Operational area	Jaipur city, Rajasthan
Service/scheme details	<ul style="list-style-type: none"> <li>• Cycle rickshaw provided to the RP against completing eligibility criteria – no loan given</li> <li>• RPs to deposit Rs.500 along with the application forms and other documents</li> <li>• At time of receiving cycle rickshaw, RP needs to make advance repayment of Rs.150</li> <li>• Thereafter RP needs to make daily repayment of Rs.20 or weekly repayment of Rs.150</li> <li>• Repayment tenure: 13-14 months</li> <li>• On timely weekly repayment, RP will receive Rs.10 discount per week</li> </ul>

	Interested RPs approach Kuhad Trust for deferred payment scheme of cycle rickshaw. The RPs are asked to submit the KYC documents (ID proof) and <u>provides a guarantor who owns a house in Jaipur</u> . Upon completion of loan documents and other requirements (e.g. guarantor) the RPs are asked to make a down payment of Rs.500. The RP is directed to cycle rickshaw assembling shop to get the rickshaw. The RP is asked to repay the instalment as per the designated plan on a regular interval.
Outreach	2,600 cycle rickshaws given till date  1,800 RPs cleared the instalment, hence now own their own rickshaws
Other details	<b><i>Rationale for Rickshaw project</i></b>  Formerly the RPs used to take rickshaws on hire @ Rs 20 per day. They may have paid many times the cost of rickshaws and yet they were not the owners of rickshaws. The Kuhad Trust, through this scheme has attempted to make them owners within a year of the supply of rickshaw and liberate them from the clutches of middlemen and perennial rentals.
Address	301, 307, 309, 3rd Floor, Ganpati Plaza, M.I. Road, Jaipur – 302001 Rajasthan, contact details: 91-141-5113333, 5116661, 5116662
Reference	<a href="http://www.kuhadtrust.org">www.kuhadtrust.org</a>
<b>Punjab National Bank's Jan Mitra Rickshaw Project, Punjab and Delhi</b>	
Year of beginning	2008 (started rickshaw project)
Mission / Vision /Goal	<ul style="list-style-type: none"> <li>To bring a ray of hope for thousands of toiling humans by providing a means of self-employment to the poor and the marginalized rickshaw community.</li> </ul>
Services (financial and non-financial)	<p><u>For RPs:</u> Term loan to support cost of rickshaw (rate of interest 12% p.a. and mandatory insurance for three years) including one year premium of life and health insurance (rest is RPs responsibility). Need to open "No-Frills / Zero Balance Savings Accounts".</p> <p><u>For NGOs rickshaw Programme:</u></p> <p>Maximum loan is Rs. 5 million per NGO borrower with 20% margin on the condition that NGO will not be allowed to charge more than 6% interest from RPs and purchased assets must be insured for four years.</p>
Operational area	National level
Service/scheme details	<ul style="list-style-type: none"> <li>The scheme aims to help RPs to access quality rickshaws and become owner of the same after three years (max.).</li> <li>Health and medical insurance to be provided</li> <li>RPs are organized in a group of five and located at a common garage, to manage their savings, repair the rickshaw and update the business records.</li> </ul>



	<ul style="list-style-type: none"> <li>• “No Frills” Account to be opened for RP at PNB with support of NGO. Subsequently, PNB will continue its links with the Rickshaw puller so as to fulfil his requirements for second product or services, thus becoming “one-stop shop” for the borrower and his family’s entire needs like small loans for the household like renovation of house, buying cooking gadgets, etc. and allied activities like education loan, housing loan, personal loan, etc.</li> </ul>
Service / scheme details	<p><b>Scheme-1:</b> A scheme for financing individual RPs under tie-up arrangement with an NGO Sponsored and recommended by American India Foundation Trust (AIFT) as well as local NGO approved by Circle Head. The main features of the scheme are as under</p> <p><u>Objectives:</u> To enable the RPs to own rickshaws for improving their earnings and raising their standard of living by uplifting them above the poverty line. These poor people will be linked with banking services under Bank’s policy for financial Inclusion.</p> <p><b>Scheme-2:</b> A scheme for financing NGOs for further lending to RPs under tie-up arrangement with American India Foundation Trust (AIFT) as well as local NGO approved by Circle Head. The main features of the scheme are as under:</p> <p><u>Objectives:</u> Financing NGOs</p> <ol style="list-style-type: none"> <li>1. For on lending to RPs</li> <li>2. For purchasing rickshaws for giving on rent.</li> </ol>
Outreach	<p><u>Direct from bank with NGOs - 25 locations all over the country but 75% was allocated to Varanasi, Lucknow, Northeast, Meerut, Patna and Agra :</u></p> <p>8,558 Rickshaws and allocated Rs. 82.552 million</p> <p><u>Through MFIs and others:</u></p> <p>1,579 Rickshaws and allocated Rs. 16.994 million</p>
Other details	Punjab National Bank, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, carrying on banking business and having its
Address	Head Office at 7, Bhikhaji Cama Place, New Delhi
Reference	<p>* PS&amp;LB/Financial Inclusion Cir. No. 21/09</p> <p>* <a href="http://www.pnbindia.in/Upload/En/PNB_Rickshaw_projects.pdf">http://www.pnbindia.in/Upload/En/PNB_Rickshaw_projects.pdf</a></p>
<b>Centre for Rural Development, Rickshaw Bank Project, Assam</b>	
Year of beginning	1994 (established CRD project)
Mission / Vision /Goal	<p>“A ray of hope for thousands of poor and toiling human”.</p> <p>Improve socioeconomic condition of rental RPs by giving them opportunity to own rickshaw by themselves using daily rental charge and use their earning for social security.</p>

Services (financial and non-financial)	<p>Micro-lease of new rickshaw to individual RPs:</p> <p><u>Financial service</u>: Cost of rickshaw including life and health insurances</p> <p><u>Non-financial service</u>: Helped to arrange municipal license and uniform</p> <p><i>[Initially the project was started with the financial support of Indian Oil Corporation (IOC), Oil and Natural Gas Corporation (ONGC), Hindustan Lever Limited (HLL) and later on different banks and funding agencies extended their philanthropic assistance. During this financial year, CRD pleased to work with financial assistance of Punjab National Bank (PNB) and Millipede Foundation- an international charitable trust.]</i></p>
Since when providing services to RPs	2004
Operational area	The pilot phase of the Rickshaw Bank was launched in Guwahati and later it was expanded to the other areas in Assam and outside Assam too.
Service/scheme details	<p>The central idea is the issue of an asset-based loan to the rickshaw puller for which instalments are repayable on a daily repayment plan with one-year duration.</p> <p>The Rickshaw Bank of CRD has brought a hope to the RPs by providing a newly designed rickshaw, with insurance and license at an affordable cost with facilitating their solidarity for rights and livelihood.</p>
Outreach	5,037 rickshaws
Other details	<p>The first prototype of the newly designed Rickshaw was developed by The Indian Institute of Technology (IIT), Guwahati.</p> <p>Coverage of the project: Assam (few districts), Chennai, Agartala, Gujarat and NOIDA (Delhi). New target areas are Lucknow, Varanasi and Allahabad.</p>
Address	<p>Contact Address:</p> <p>Centre for Rural Development, D-41 (FF), Sector- 27, Noida-201301, UP</p> <p>Phone / Fax: +91 -120 -4320703 (O) +91 – 120 - 4258944 (R), Mobile : +91 9818863727</p> <p>E-mail: <a href="mailto:%3Ca%20href=crd4ev@yahoo.com">mailto:%3Ca%20href=crd4ev@yahoo.com</a> Web site: <a href="http://www.crdev.org">www.crdev.org</a></p>
Reference	<p>Web site: <a href="http://www.crdev.org">www.crdev.org</a>;</p> <p>Personal visit to CRD office in Guwahati, Assam</p>
<b>Rickshaw Sangh Programme of American India Foundation (AIF)</b>	
The Rickshaw Sangh Programme was announced to give rickshaws to the RPs all over the country by facilitating loans from commercial banks. The AIF has many NGO partners in	

the country and some of them are mentioned below.			
Achievement of Rickshaw <i>Sangh</i> Programme under the AIF - Partner Details up to October, 2012			
Sl. No.	Name of Partner	Contact Address	Rickshaw Coverage
1	Bhartiya Micro Credit (BMC)	645 A / 057, Plot No. 15, Janki Vihar, Sector 1, Jankipuram, Lucknow (U.P.) - 226021	22,589
2	Centre for Rural Entrepreneurship & Technical Education (CREATE)	H. No. 1456, Sector 16 Indira Nagar, Lucknow (U.P.) - 226016	1,727
3	Jeevan Jyoti Kala Kendra (JJKK)	Talewari Niwash, Bhagwanpur, District-Muzaffarpur (Bihar) - 842001	1,258
4	Patiala Foundation	144 Charan Bagh, Patiala (Punjab) -147001	NA (new partner)
5	People's Forum	44-HIG, Dharmavihar, Khandagiri, Khurda (Odisha)	NA (new partner)

Much news has been published in the media about AIF and its contribution to RPs. Some of that are mentioned below as it is. "The Programme enhances the quality of life of rickshaw drivers by enabling them to get loans from banks to buy their own rickshaws and bringing them under the purview of formal banking services. On their own, individual rickshaw drivers lacked the credit-worthiness to get a loan to buy their rickshaw. By standing guarantor for them, AIF has succeeded in drawing them into the financial system".

Small Industries Development Bank of India (SIDBI) and American India Foundation (AIF) has joined hands to transform the lives of poor RPs by making them economically independent. As many as 500 RPs were provided brand new cycle-rickshaws against a down payment of Rs.266 each and the same amount to be given as equal weekly instalment. While the rickshaws were being funded by SIDBI, other necessary requirements were being met by AIF. These included issue of licenses as well as a complete insurance package covering their rickshaws and health. "

## Critiques on Financial Inclusion

The overall situation indicates that the present mechanism of financial institutions are not adequately capable to improve their service delivery systems to give access to the poor all

over the country on one hand; and that the poor are ignorant, unaware, weakly motivated and not aggressive to get access to the various financial products and services on the other hand.

It is practically happening despite the fact that the declarations of UNDP and notification guidelines of RBI to give economically and socially excluded people access to safe, easy and affordable credit and other financial products and services with low-cost and 'No-frills' facilities. The overall situation urges, first to prepare the RPs mentally about the issue through large-scale motivation and awareness programmes before offering financial opportunities. Otherwise, opportunities may turn into unhappiness and cause regret to the involved parties.

It could be mentioned that millions of poor remain untouched (excluded) in the financial system in India because of two reasons:

(1) **Most of the financial institutions**, technically, do not want to give access to a large number of poor clients for a small amount of saving deposits, credit and transfer of remittance. They are less interested to consider giving loans to the poor without collateral as it could be of very high risk and costly for them to recover. They think it is very difficult for them to generate high returns from investment by inviting earners of urban unorganized sectors and migrant poor people. It would not be a cost-effective financial proposition for a little amount of deposit and loan in such a competitive money market situation. Risk management of their lending market is very costly and it is perceived as more costly for small amounts of money covering too many clients.

(2) **Most of the economically and socially poor people** are not or less educated in financial matters, lack knowledge and are not aware of financial products and services available for them. They have neither fixed income nor do they have any guarantee of a regular income and thus are vulnerable / inconsistent to meet their unmet needs. They are not sure to regularly maintain deposit and loan accounts as well as to opt for other financial services, of which some product and services has cost and regular premium. In most cases, it could be seen that these people not only belong to unorganized employment sector, but are themselves unorganized in many things due to their illiteracy, working environment, regular habits / practices and family culture.

#### **AN APPRAISAL ON FINANCIAL INCLUSION OF RICKSHAW PULLERS**

There are thousands of Cycle Rickshaw Manufacturers (tubes, tyres, bodies and parts), traders and PROs and some large repair and maintenance shops in India. The size of these markets is big in terms of capital investment and employment. These manufactures, traders and PROs (except owner RPs) groups are not considered in financial exclusion. Whereas, the millions of RPs who are key to keep this business active over the decades and at the same time providing service to the people at the door step are almost totally

excluded, because they are poor and resourceless migrant people from rural areas. What a contrasting contradiction? Two parties are actively involved in one business but the nation's treatments are typically different. At the same time right from the government to the common individual, all are applauding the RPs highlighting that they are one of the green service providers to protect our fragile urban environment.

Their social and human values are fully undermined, if not ignored, by the national system. The first groups (i.e. manufacturers, etc.) are considered as organised sector, whereas the market comprising of the driving force of their products is considered as unorganised sector. Again, what a contradiction and how their contribution in economic and employment are considered in the national development agenda? One needs to pursue exploring as to where, excepting the declaration / notification of RBI, 'Rickshaw Pullers' are mentioned in the national planning development documents that are directly responsible for the livelihood of their 50 million strong members and in the programmes for facilitating financial services in the country. No such national level information about RPs and extent of their financial inclusion could be traced out, yet.

Is it a true fact that the absence of KYC documents of RPs is the barrier to obtain financial products and services from formal financial market? Perhaps, but situation does not tell it that way. The profound reality is that RPs are small savers but not regular savers which is not an attractive proposition to most of the financial organisations. Why not the hard earned deposit money of RPs is considered more than enough than presenting their KYC documents, no matter where they live?

There could be many innovations of redesigning rickshaw models and selling the products to the RPs by giving credit to own (micro-leasing) including some financial products and services to support the new business model at the cost of the RPs. But why cannot an institution or an organisation look into Financially Including all RPs across the country irrespective of their accessing a Micro-Lease?

If it is the motive of the government and various organisations, to include only those who are accessing Micro-Lease, it is not an ideal model for financially including all the poor, in general and all the RPs, in particular or to help reduce poverty in the country. Rather it is very selective which cannot open doors to fee for all the poor including RPs.

This study reveals clearly that the RPs, as daily labourers can earn more than many other regular employees in formal sectors and spend at least one-third of their regular earnings on food and energy to run the occupation actively and thus add to GDP of the country directly and indirectly. It is an intrinsic problem of daily wage earners to plan daily after the earning compared to the tenure earners who can plan monthly based on their assured but fixed earnings.

## **Study Review on Broadly Specified Financial Inclusion Objectives of Rickshaw Pullers**

This section presents review of analytical findings based on the information and research of this report. The study considered four broad objectives that are categorically mentioned as follows and later its findings are depicted with examples.

1. Strategies and mechanisms applied for the social security of the RPs and their collectivisation into various forms of groups and collectives
2. Microfinance and livelihood promotion schemes that are available for the RPs in context of their awareness, accessibility and utilisation
3. Demand side perspectives and an assessment of the needs of microfinance services for the RPs
4. Innovative approach of microfinance products and services that can be introduced keeping in view the needs of the RPs

### **1. Strategies and Mechanisms: Social Security and Collectivisation:**

None of the Programmes offered by a number of organisations considered collectivisation by forming groups or attempted collective efforts for social security of RPs. For example, giving ownership status through micro-leasing and facilitating some selected financial services by RBP in Assam, Punjab National Bank scheme, Khard Trust Programme in Jaipur, and Rickshaw Sangha of AIF in Uttar Pradesh are all targeted at individual RPs. Many RPs sold out their rickshaws after returning their loans and many of them stopped paying premium on insurance and saving in their savings deposit accounts. The overall situation indicates that their objective of providing rickshaws to be owned could be successful but on collectivisation and social security failed in order to create a sustainable livelihood environment and contribution to poverty reduction, over the period.

There is no formal rickshaw union in many cities. Those who are in/formally members of any union do not benefit from any financial and / or social security initiatives. The temporal migrant RPs and some regulars living within or close proximity of the cities also do not work together for their future. In general, they do not have strong bonding with each other within their own community / fraternity and thus they continue to be economically, institutionally, organisationally and socially vulnerable.

### **Collectivisation Parabolic**

Though the country is mainly following the theory of capitalism and mixed-economy through industrialisation, corporate business and open market economy for national economic growth, it appears to be struggling for collectivism due to its widespread economic and social inequality of the people which has now become beyond its control. The formation of various types of cooperatives, associations, federations and groups formation (e.g. SHGs, LIGs, CBOs) for women, farm and non-farm workers in the economy and for the society of livelihood development, social security, human rights, etc all are reflections of collectivisation. It is in fact the influence of diversified culture of Indian history of social and economic development. The unskilled labour class people are so large and much higher than many developed countries in the world. These people are living all around the country in diversified environment from rural to urban areas and very difficult to balance them in any respect.

Therefore, the bottom-up approach could be a better option to tackle this problem, which means the demands of a class of people need to be tackled by them through establishing a strong base of supply side by the government and non-government, national and international organisations. It would be easy to tackle prioritised demands generated by collectivisation of an interested group rather than supporting individual demands, but at the same time it needs to be monitored and managed for any inequality and conflict generating by them as well as other exogenous factors related with them.

Because of this weakness there are thousands of cooperatives and groups ending up without much success in India and other developing countries in the world. Similarly, the RPs in India have many problems and shortcomings besides demand for financial capitals, goods and services, and collectivisation of the RPs is needed not only to support their financial needs, but also to help and improve their knowledge, livelihood and social aspects.

## **2. Microfinance and Livelihood Promotion: Awareness, Accessibility and Utilisation:**

Since inception of Rickshaw Bank project in 2004 by CRD in Guwahati, the RPs received micro-credit for a rickshaw in the form of micro-leasing. The RPs returned the money within a maximum period of one and half years and got full ownership of their rickshaws. The project has received small grant assistance from several organisations and made a deal with Punjab National Bank (earlier with ICICI and HDFC banks) for their funding requirement. This project also facilitated financial inclusion through life and health insurance for RPs offering first premium under the micro-lease arrangement of giving a rickshaw and the subsequent insurance premiums to be paid by the RPs. Most of the RPs did not continue to deposit their premium of insurance and the organisation also could not effectively look into the matter as it was now the responsibility of the RPs.

In other cases elsewhere in the country, many other organisations and government schemes what so ever launched for the RPs also did not contribute much in the area of financial inclusion and social security aspects except ownership of the rickshaws. The financial inclusion activities involved in by those organisations due to / through their micro-lease / micro credit projects were found unsustainable initiatives because of their weak implementation and lack of effective measures at the right time through monitoring, evaluation and corrective actions.

A case that could be mentioned here is that in 2011, the State Government of Tripura has initiated a pension scheme called “Tripura RPs Pension Scheme” for the RPs aged 60 and above and having BPL cards. Thus at the outset itself the Programme itself declared a discrimination between BPL card owners and the rest who did not have them. It is not appreciable according to human and social rights declaration of UNDP where the GoI is a signatory of UN declarations. The monthly pension rate is Rs. 300 per beneficiary and this money was coming from government funds as grants. More than 200 RPs were covered in this Programme in the first phase. The Programme needs to be thoroughly studied to understand its socio-political and poverty issues. If this initiative was open for all RPs it could play as a pull factor for old-aged migrants from rural areas to the cities and most of them will stay floating, which would have made a negative impact on the social security measure.

### **3. Demand-side Perspectives: Needs of Microfinance Services:**

When asked for the study, all RPs strongly believed that they badly needed various microfinance products and services. The same is also revealed and confirmed from some other studies conducted in the country (mentioned in Section Demand and Supply Sides of RPs) as well. In general, the RPs’ attitudes are positive to get additional support for their livelihood security and future needs but many of them are not sure how that could be made possible ‘for them’ and regular operations ‘by them’ on a long-term. For example, Guwahati RPs’ union once decided to inform the government authorities about their grievances (demands). Those grievances / demands included revision of rules for issuing licenses, for increasing rickshaw fares, stopping police harassment, withdrawal of ‘whimsical no-entries’, issuing BPL cards, introducing pension schemes, low-cost and easy credit to buy rickshaws, housing facilities, installing safe drinking water and toilet facilities and allocating different rickshaw stands at various locations of the cities. However, the authorities did not take these seriously and after that RPs did not approach any more.

It is a serious problem that the RPs are not united and consistent with their demands, as a large number of them are migrants. It should be remarked that *‘a hungry person becomes seriously active to arrange food for survival and for this s/he will explore all opportunities with full capacity to get access to food’*. In this case, if the RPs think that it is their important and urgent work, they must not only put forward their demands but also be consistent to look for various options in getting their work done – be it in fulfillment of demands or financial products and services or total financial inclusion.

In fact, they earn better income compared to many other urban labourers, but are bad / inefficient financial managers to use their earnings effectively. In general, they are not consistent and systematic, and therefore any Programme for them needs to be designed in such a way where they should play key roles. They should not be allowed to feel that others will do for them or to accept a kind of Programme that functions as a relief and



rehabilitation. As active earners, RPs must own all responsibility for their money and assets, where others (people, facilities and programmes) could help them in the areas where they are weak financially and do not have knowledge. Otherwise, they will never be able to achieve their demands and maintain their activities. It will continue until and unless their capacity improves.

Based on field observations, it could be noted that the RPs are seriously looking for reliable and low-cost strong intermediaries to facilitate and fulfil their demands for financial products and services. They do not want to be cheated any more. By and large, they need strong support for money collection to be deposited in their various bank accounts, to arrange loans and insurance premium as and when necessary, sending money to home without any risk, to get proper place to sleep at night, etc.

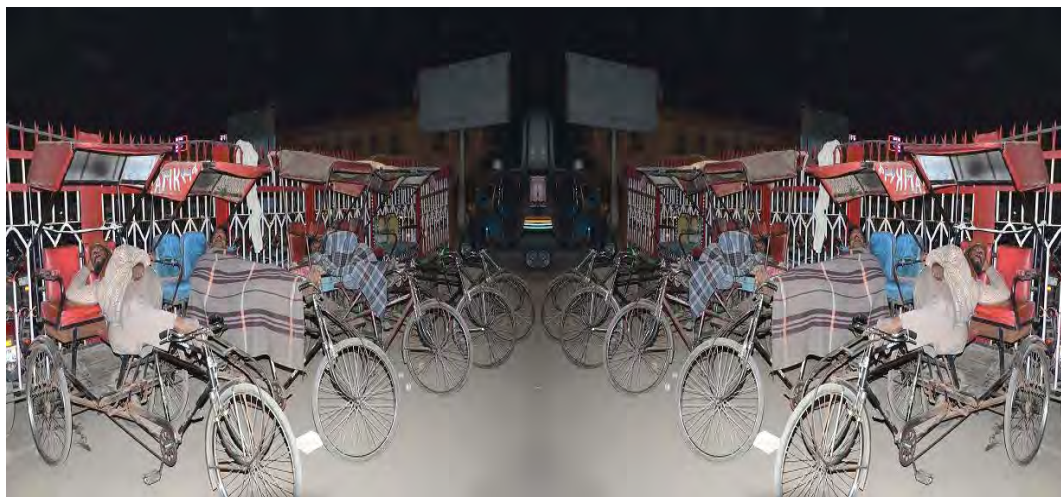
#### **4. Supply-side Perspectives: Needs of Microfinance Services:**

The current situation of microfinance services indicated that the RPs are getting financial support mainly to buy rickshaws through micro-credit and micro-lease arrangements from banks and other organisations in the country. The study found a number of constraints, barriers and gaps between demand and supply of micro financing and financial inclusion of RPs. To equip with FI and micro financing, the following innovative approaches are suggested assuming the present scenario of RPs and financial institutions where they are not adequately capable and enable respectively to use microfinance system for the higher benefit of RPs. The proposed approaches are:

- (a) Establishing a separate low-cost banking and financial service system for urban poor (it could be linked with any public sector bank) for small savings and credit. It is to establish a separate savings and credit account system only for the poor.
- (b) Developing financial education tools and organizing mass-scale awareness Programme for urban poor, and at the same time to prepare financial institutions through a modified regulatory and operational approach. There should be a section at the bankers' training institutes for the poor, to develop training and awareness modules. The financial literacy programmes may also purchase time from electronic mass media (i.e. TV channels).
- (c) Establishing community ownership (SHG / JLG) of rickshaws and financial service system considering their equity perspective instead of targeting to improve individual rickshaw pullers' condition in view of risk aversion strategy leading to a better and organised the sector. The community based organisation (CBO) must be registered and each rickshaw puller must be provided photo identity and uniform.
- (d) Institutionalising RPs at municipality level by establishing infrastructure or improving old system to register all RPs and provide them photo identity as well as updating their personal information regarding migration, mobility within urban areas, financial status, family status, etc. from time to time.

## PART-III

### OUTPUTS OF THE E-DISCUSSION ON MICROFINANCE AND FINANCIAL INCLUSION OF RICKSHAW PULLERS



#### **Respondents of the query**

Sachin Kumar, Independent Consultant - Financial inclusion and livelihood, New Delhi; Venugopalan Puhazhendhi, Independent consultant – Development Economics, Coimbatore; Mani A. Nandhi, Jesus and Mary College, New Delhi; Ashima Sood, Hyderabad; Madhurima Jaiswal, Member, SIFE SRCC, New Delhi; Nani Kumar Saikia, 'SATRA' , Assam ; Ritesh Dwivedi, ASRUM, Amity University, NOIDA; Nabaneeta Rudra, Mott MacDonald Pvt. Ltd., New Delhi; Arabinda Mitra, Ghoragacha Swanirvar Samiti, Kalyani, West Bengal ; Manik Lal Bose, Centre for Environment Management and, Participatory Development (CEMPD), Kolkata; Resham Singh , Punjab Grameen Bank , Punjab

## BACKGROUND OF THE QUERY

The main objective of the E-discussion was to get the inputs from the Microfinance and Livelihood practitioners on strategies as well as products and services for the financial inclusion of RPs. In this context, the report of Dr. Rangarajan Committee on financial inclusion is very relevant as it focuses on financial Inclusion in four specific terms as discussed earlier - Access to Financial Services – (Savings, credit, insurance and transfer of Money); Timely Credit; Adequate credit; and Affordable credit.

The e-discussion sought inputs from the members of Microfinance Community on three specific queries:

- What could be the strategies and mechanisms that need to be adopted to provide social security to the RPs and collectivising them into various forms of groups and collectives?
- What are various microfinance\* and livelihood promotion schemes / Programmes / projects of Government, Microfinance Institutions (MFIs), NGOs, Civil society institutions, promotional institutions, and private companies (including CSR initiatives) that are available or can be adopted/customized for the RPs?
- What could be some of the innovative microfinance products and services that can be introduced keeping in view the needs of the RPs?

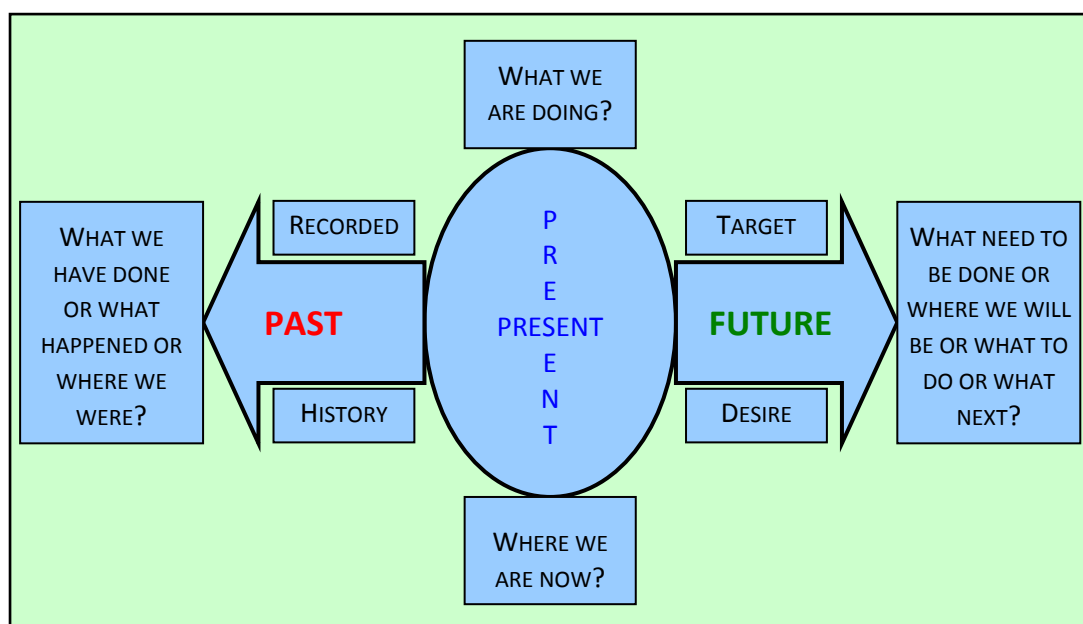
\*Microfinance Services include savings (mandatory and voluntary), credit, micro-leasing, insurance (Life, health, general insurance) and transfer of money/ remittance and payments services.

## OUTPUTS OF E-DISCUSSIONS

Discussing on the financial inclusion aspects related to RPs, Microfinance Community members and stakeholders had highlighted the status, needs and potential of / for providing various microfinance products and services. Members highlighted the importance of recognizing the livelihood diversity among the RPs and their nature of migration in context of developing need based microfinance products and services as well as customising the existing products.

Members stressed on two aspects that need close attention – incorporating large number of migrant RPs in the sector; and recognizing the role of rickshaw owners who play multiple roles and often function as an alternative source of capital for RPs. In the initial phase, getting rickshaws on rent appears to be a viable proposition especially for migrants and new entrants as management of activities such as parking (garage), repairs and maintenance of rickshaws is difficult for them. To strengthen this point, members also quoted example of Bilaspur, Chhattisgarh and Ranchi (Jharkhand) where rickshaw owners play lead role in providing range of services to the RPs such as providing rickshaw on rent, rudimentary hostel facilities or in garage, and supporting to get short-term loans.

Members felt that tapping some of the larger owners/garage networks could be useful to reach these seasonal migrant and floating populations of RPs.



## Demand-side Perspectives of Financial Inclusion

Members highlighted demand side perspectives based on the outcomes of a comprehensive study on RPs of Delhi undertaken by IFMR-CMF in 2009-2010. Based on the outputs of the study, members informed that 95% of RPs interviewed under the study reported to be saving small amounts; however most of them did it without any formal bank account as only one percent were using bank accounts. Similarly, only 16 % of RPs reported using formal channels to remit money. They are also highly dependent on informal commercial (private money lenders) as well as interest-free non-commercial lenders (from friends, relatives and fellow pullers) sources of loans. This clearly reveals the fact that while there is immense demand for money remittance and savings instruments by RPs and their families, suitable formal arrangements for credit services are also required to be made to reduce their dependency on informal service providers and other risky arrangements.

Further, members suggested that the migrant RPs ideally can be connected with the banking services by making them available at their doorstep and offering flexible products in terms of quantum of deposit, time and simple procedures to suit their migratory profile. Technology can facilitate in providing access to financial services to the migrant RPs in a cost effective manner.

## **Supply-side Perspectives of Financial Inclusion**

Scanning the supply side scenario, members informed that both formal and informal channels co-exist at the supply side; however there is a dominance of informal channels. There have been several positive steps taken up by Government, NGOs, CBOs and private companies for bringing the households of informal sector workers in the form of SHGs, SHG federations and other types of collectives.

Members opined that SHG-Bank linkage Programme and a large number of government schemes have been focusing towards rural areas and only a limited impact is seen in the urban areas in context of microfinance. Since RPs predominantly exist in urban areas they have also been excluded from getting benefits of various schemes.

### **Identity related issues of Rickshaw Pullers:**

A large percentage of RPs are migrants and many a times in the absence of proper identity cards, they are not able to access social security services / insurance even though they are capable of paying premiums. In such a situation, they take membership in some fake organisations and end up losing their hard earned money.

There is a facility of no-frills account available for the RPs, however due to the KYC norms, very few are able to open their accounts. Members envisaged that RPs should have the Unique Identification Authority's (UID) AADHAR card so that they can easily avail major benefits of government schemes.

### **Collectivisation of Rickshaw Pullers:**

Selected NGOs in specific pockets of urban areas in India are working on the financial inclusion of RPs. However millions of RPs are still excluded and not linked to any formal financing agencies. Collectivising RPs into various groups is important with regard to the needs and support required by them. This could be undertaken through NGOs and secondary level community based organisations (CBOs). Further, analyzing the conditions of RPs' families, members identified that in urban areas, a large number of women from their families are engaged as domestic workers but they do not have any social security. While members suggested for developing appropriate strategies and mechanisms to provide social security options to them, they also recommended for organizing them into various collectives and also extending small loans for some income generating activities such as tea stalls, food shops etc.

## Comparative Assessment of Stakeholders: Shared Experiences

Location and Contributor	Statement on various issues of RPs
<b>Assam:</b> <i>Social and Economic Development of RPs by creating a Rickshaw Bank</i> (Contributor: Pradip Kumar Sarmah, Centre for Rural Development, NOIDA, UP)	The Rickshaw Bank initiative of CRD has brought a hope to the RPs by providing ownership rights through a newly designed rickshaw, with insurance and license at an affordable cost, facilitating their solidarity for rights and livelihoods. The pilot phase of the Rickshaw Bank was launched in Guwahati and later it was expanded to the other areas in Assam and outside Assam too. The project was started on November 20, 2004; and over the period of eight years, it has emerged itself as the flagship project of CRD.
<b>Uttar Pradesh:</b> <i>Promoting asset ownership among RPs by providing access to finance</i> (Contributor: Venugopalan Puhazhendhi, Independent Consultant Development Economics, Coimbatore)	Bhartiya Micro Credit with support from America India Foundation (AIF) started Rickshaw Sangh Programme in Uttar Pradesh. This is an innovative social business venture that enables pullers of rented rickshaws to acquire their own vehicle. Through partnership with banks and grass root NGOs, it enables rickshaw drivers to take loans that are repaid in easy daily/ weekly installments.
<i>Rickshawpullers Association for Mobile Business Opportunity- 'RAMBO'</i> (Contributor: Mohammad Anas, UNDP, New Delhi)	RAMBO, the acronym for 'Rickshawpullers Association for Mobile Business Opportunity' is a pilot project started independently by the Faculty and students of Institute of Business Management, VBS Purvanchal University, Jaunpur to improve the daily earning of the RPs through a marketing intervention on March 2008. The initiative began with 30 RPs in Jaunpur, a semi-urban district of Eastern Uttar Pradesh, where they are trained in retail branded products, on a 'bulk-buying retail-selling' model. The pilot project reflects an innovative way for engaging B-school students in poverty reduction through responsible research and outreach focus.
<b>Varanasi:</b> <i>Market based solution for enhancing the lives of RPs</i> (Contributor: Mohammad Anas, UNDP, New Delhi)	A Social Enterprise Empowering RPs 'SMV Wheels' <u><i>Apna Rickshaw</i></u> is a for-profit company in India started in April 2010 in Varanasi, UP. It provides a means of self-employment to poor and marginalized rickshaw-puller communities through asset-based loans, leading to ownership of the rickshaw being handed over to the puller. SMV Wheels also creates access to services (healthcare, vehicle insurance, ID cards, uniforms) that help pullers improve their quality of life and perception within society. A critical part of the offering is the vocational support. This includes the provision of legal licenses—something drivers cannot legally access as daily renters, insurance, uniforms,

	photo identity cards, and access to no frills banking. These services have significantly enhanced quality of life for the rickshaw drivers/cart operators.
<b>Delhi:</b> <i>Financial inclusion and overall upliftment of the community of RPs</i> (Contributor: Madhurima Jaiswal, Member, SIFE SRCC, New Delhi)	Students In Free Enterprise, Shri Ram College of Commerce (SIFE SRCC) initiated a microfinance-centric social entrepreneurship project “Life on Wheels” which aims at financial inclusion and overall upliftment of the community of RPs in the North Campus of Delhi University through credit disbursement in support with Punjab National Bank. The project was launched with 5 rickshaws in 2009 and 10 rickshaws in 2010. The project reached a milestone in January this year with the launch of 100 rickshaws. The project also provides multiple financial and non-financial services through various service providers.
<b>Bihar:</b> <i>Transforming the lives of RPs-Sammaan Foundation</i> (Contributor: Manik Lal Bose, Social Scientist, Kolkata)	Sammaan Foundation began in Patna in the year 2007, aiming to uplift the living and working standards of poor RPs. With an initial investment of Rs. 10 lakh and a few hundred rickshaws, the foundation managed to attract RPs and banks for loans. It now has more than 300,000 registered RPs from Bihar, Delhi, Haryana, Jharkhand, Madhya Pradesh, Rajasthan and Uttar Pradesh. Sammaan Foundation is growing closer towards its aim of covering 10 million RPs.

## Innovative Experiments: Examples of Few Cases

Members shared the initiative of the ‘Rickshaw Bank model’ experimented by CRD that enabled a large number of RPs to invest in efficiency-enhancing rickshaws, so that they could own the vehicle in 18 months instead of making daily rental payments to owners. Members also shared about ‘Rickshaw *Sangh* Programme’ initiated by Bhartiya Micro Credit (BMC) in Uttar Pradesh with support from AIF to inform about an innovative social business venture that enables RPs to acquire their own rickshaws. Through partnership with banks and grass root NGOs, it enables RPs to take loans that are repaid in easy daily / weekly instalments. The central idea of the Programmes is to promote asset ownership among urban poor and rural migrants.

Sharing another innovative initiative ‘Life on Wheels’ by the ‘Students in Free Enterprise-Shri Ram College of Commerce’ (SIFE-SRCC) Project of RPs, members informed that SIFE-SRCC functions as guarantor for the RPs to solve the problem of collaterals required by the banks for giving loans. The loans are provided from Punjab National Bank under *Janmitra* Rickshaw Scheme. The project also provides multiple services through various service providers providing training on the subject of bank accounts, loans, repayment system; providing improvised rickshaws customized for the comfort of both pullers and passengers; giving option to generate additional revenue by using back space of rickshaw for advertising; providing life insurance services under *Janshree Bima Yojana* of LIC and insurance of rickshaws under asset insurance scheme (General Insurance) of Oriental

Insurance; Free eye check-up services, free medication and spectacles for RPs and their families through Max India Foundation; and educational kits to children of the RPs through Larsen & Toubro.

The learning from various innovative experiments has been that through networking and collaboration with various governmental, private and non-governmental organisations, Banks and MFIs, multi-faceted financial and non-financial services are possible to provide to the RPs.

### **Innovative Thoughts: How to Help the Rickshaw Pullers?**

- The available financial institutions and the government both need to formulate affordable, low-cost financial products and services for the poor which are acceptable to them. This means that the products and services must have a scale from lower to upper range for low-income to slightly better off families respectively, which will target to improve livelihood and economic empowerment of the poor people.
- To reduce mobility and for permanent shelters, there is a need to allocate land and housing in urban (or sub-urban) areas to accommodate families relying on unorganised economic sector by arranging long-term loan (say 30 years) by some public sector financial institution (i.e. through an urban settlement and lending financial policy). The RPs may not be given the property rights until repaying full amount of land and property values. At least, this initiative will create opportunity for the RPs to have their own identity with residential proof (for KYC) and better living conditions.
- The Financial institutions need to acknowledge human values of all citizens in the country and accordingly they can think whether the person's picture and finger prints could be considered as a KYC fulfilment not only for the RPs but even for the other urban poor. In addition to that their saving deposit, term deposit or fixed deposit whichever is available may be considered as a collateral guarantee of borrowings. At the same time their knowledge and awareness need to improve in the respective areas for making good business, because they need to make sure that their earning is more than their borrowing.
- It is noted that nationally and internationally the cycle rickshaw transport is widely acknowledged as green transport system in the urban areas that is helping the world for safe environment by reducing cost of environment protection of the country and the world. Therefore, it is an obligation to the national and international development community to protect this transport sector for the healthy living in a pollution free-urban environment which requires responsible regulations and financial support. It means the RPs should get return for saving the world from emission of carbon monoxide from both national and international agencies. Therefore, a strategy and mechanism of financial resource pool (fund accumulation) should be developed by the government and industrial sectors jointly to help improving the livelihoods of the RPs.
- Women and children of many permanent migrant RPs become self-employed and work as street vendors, hawkers, home workers / maids, manual labourers in various sectors, service providers, etc., because they need to augment the family income to



survive the urban cost of living. They often take short-term loans from informal money lenders with a high interest rate. It indicates that they are not worried to return the borrowings with interest, but their main problem is to get access to financial institutions for microfinance products and services. Usually poor people take small amounts of loan from money lenders when they are in crisis, for which financial institutions may not be interested in. This might need to be studied well and in depth to develop policies and strategies for helping the families of RPs. It would create an enabling environment to take small trade and business or entrepreneurship credit by their own choice. Unlike some financial organisations, particularly NGOs in rural areas, working on micro-financing for the villagers, such supportive organisations are not adequately available for the urban migrant RPs.

#### **MICROFINANCE PRODUCTS AND SERVICES FOR RICKSHAW PULLERS**

Members conceptualized the needs of RPs in three stages - primary stage (immediate need), growth stage (additional need) and matured stage (sustainable need). Apart from Credit and other financial products and services, many RPs also need financial literacy, products and services for starting other Income Generating Activities (IGAs) so that they develop their own economic capacities for sustainable financial inclusion.

#### **Savings Services:**

Referring back to the study of RPs in Delhi, members informed that RPs depended heavily on informal service providers and other risky arrangements. RPs use diverse storage practices such as storing inside their meager belongings, in *potla*, burying under soil etc. They also give to different shopkeepers to reduce risk of loss. RPs have the capacity to engage in micro-savings and would need flexible withdrawal options. The IFMR-CMF study also revealed that the savings from RPs would involve low values and high volumes.

Justifying need and importance of savings for the poor, members suggested for formal and safe arrangements for collecting small savings of RPs. A mechanism needs to be in place for mandatory and voluntary savings. Members stressed on the appropriate use of savings by RPs for productive purposes to generate higher return from the investment.

#### **Credit Services:**

In the present context, RPs need financial services to meet their life cycle needs and they rely mostly on informal channels as they do not have adequate collaterals to provide to the financial institutions. Moreover, it is being observed that the sources providing loans, without asking for collaterals charge high interest rates. Giving the statistics of microfinance institutions in the country and need of covering RPs for providing MF services, members mentioned that very few microfinance institutions and bank such as CRD, *Sammaan*, *Bandhan*, Central Bank of India and Punjab National Bank are having special focus on RPs.

### **Housing finance services:**

Besides credit, housing was also identified as an important need of the RPs that needs attention. Mentioning about organisations like 'Habitat for Humanity' that have done good work in supporting poor to get their shelters, members suggested engaging such institutions in providing low cost housing for the RPs. Members also recommended for introducing special schemes of housing, providing land at subsidized rates or free of cost; providing housing loans to RPs on the guarantee basis as RPs do not have collaterals to give to financial institutions; and exploring possibilities of group housing and establishment of specialized housing cooperatives.

### **Money transfer services (remittance transfer):**

It is a fact that the microfinance needs of the migrant RPs are slightly different from other RPs. Presently, technology based solutions are being experimented successfully to provide money transfer services to the poor, especially migrants. Various organisations like Zero Mass Foundation, ATOM Technologies, EKO Technologies, ALW, FINO, Oxigen and Easy Bill have successfully introduced technology based solutions. These initiatives are based on various options - smart cards, biometric cards and mobile banking etc. Based on the experience of EKO mobile banking on the savings behaviour and practices of low income users, members consider introduction of technology based options, appropriate for RPs.

### **Social security services:**

Considering social security aspect which is a part of "The Universal Declaration of Human Rights" (UDHR) and "Vienna Declaration and Programme of Action" (VDPA), the members advocated that as a member of the society, RPs must have economic, social and cultural rights. Since majority of RPs are economically poor, largely illiterate and socially unorganized, they have very limited choice and have very low social security and weak bargaining power. Members recommended that RPs should get social security not only by providing insurance but also through other social security products and financial services such as pension services etc. RPs also need to access free health services at the time of any illness.

There are government schemes such as RSBY, NPS-Lite, *Janshree life Insurance policy* etc. that are available for poor. Besides these, many NGOs and MFIs also offer micro-insurance and micro-pension schemes as well as housing loans (directly / indirectly). Based on an informal assessment, members informed that there is limited awareness about Government schemes like RSBY, *Janani Suraksha Yojana* (JSY), National Urban Health Mission (NUHM), *Ladli Yojana* etc. and therefore they suggested for customization of schemes as per the needs of RPs and their families. They also recommended using networks of CBOs, NGOs, MFIs, BCs to offer insurance products to the informal workers and entrepreneurs.

# PART-IV

## REPORT SUMMARY AND CONCLUSIONS



*This part of the report has delineated important explanatory findings and key observations based on the field research report that covered analysis of primary (field survey data, field observations, etc) and secondary data / information (literature reviews and summary findings of E-Discussions report based on inputs / views gathered from experts and professionals have intensive knowledge and experience on RPs (RPs), rickshaw transport sector (RTS), micro financing, and financial inclusions in India).*

*The survey findings include socio-economic profiles, livelihoods and financial inclusion of RPs, in-depth analysis of various stakeholders involved in operation of RTS and discussion findings of institutions / organisations directly involved with RPs and RTS and working on institutional mechanism of micro financing and financial inclusions (FIs) by the government, MFIs and NGOs.*

*It has tried to find extent and effect of these institutions / organisations for strengthening livelihood and financial inclusions of RPs and their families and the role of RTS. The report has delineated various endogenous and exogenous problems, constraints, barriers, demand and supply sides of financial inclusion of RPs considering its past, present and importance for the future.*

*The findings of the report conclude that the migrant poor RPs and its RTS are not receiving adequate attention and support from the government authorities and agencies which shows that the RPs are not only financially excluded, but are largely excluded socially too.*

*Therefore, they need intensive assistance for both financial and non-financial aspects to improve socio-culture-economic conditions of RPs and efficiency of RTS. These issues are specifically and concisely mentioned in this Part.*

## MAJOR FINDINGS AND POLICY RECOMMENDATIONS

The major findings and recommendations of this study are covered in this Summary and Conclusion. At the end of this section it is emphasised that further research studies are needed to identify knowledge gaps of RTS and its totality of RPs in India both of which are very important to formulate policies and strategies to expedite financial inclusion and improve livelihood of RPs. The major findings and policy recommendations of the study are detailed below.

### A. MAJOR FINDINGS OF THE FIELD RESEARCH STUDY

#### **Introduction to Rickshaw Transport Sector and the Rickshaw Pullers:**

Rickshaw is at least a century old transport system operated by socially and economically marginal people. The generations of two wheels to three wheels rickshaws have been pulled, pushed and pedalled by the people who did not have adequate food and social security. Presently there are three generation of rickshaws in India, namely – two wheeled (wooden) hand-pulled rickshaw, three wheeled pedal-rickshaw and modified fuel / electric powered rickshaw.

Gradually operation of the rickshaw transport sector (RTS) dominated by the rural-urban male migrants. Officially the rickshaw transport sector is considered unorganised but an immediate employment sector of migrant labour. The Rickshaw Pullers (RPs) are mostly between 30 to 45 years age group and there are also young and old age rickshaws pullers in all the cities in India. There are different categories of RPs in terms of ownership of rickshaw, migrant status and personal habits. The urban society considers them as low-class people but RPs do not consider caste and culture to offer / provide their services. The RPs accomplish 'heavy hard job' and provide multiple services to the urban dwellers.

#### **Rickshaw Pullers are involved in eco-friendly urban transport system:**

Rickshaw is fully an eco-friendly transport system providing employment to millions of unskilled poor (mainly migrants) with large cash transactions in the market everyday without any significant capital investment from the financial institutions. They are savings millions of gallons of fossil fuels and supporting the green environment of the country as well as the world, but not getting any national and international carbon credit recognition or support.

#### **Homogeneity and Heterogeneity of Rickshaw Pullers:**

All RPs are resource-poor characterising themselves as socially and economically poor to very poor. Their socio-cultural, institutional, operational, financial and economic

knowledge and practice are not significantly different except for a very few better income / extended families having more than one earner. However, they are highly heterogeneous according to their individual culture, shelter and occupational practices. RPs are individual migrants from various states accompanied by own local cultural diversity. They live scattered in urban areas considering their own cultural fellow living areas and for other opportunities.

#### **Migration Scenario of Rickshaw Pullers:**

During the last two decades, it is evident that the growth in the urban population has been due to the urbanisation playing a pull factor role and rural poverty playing a push factor role simultaneously. The rural-urban migrants are resource-poor and did not have adequate demand in rural labour markets or did not have livelihood opportunities, with reasonable income, in the rural areas. They enter the urban labour market for livelihoods to deal with their food poverty and motivate themselves to involve in an immediate opportunity available before them, and rickshaw pulling is one of them. Many of them, who become RPs, become so not because of their preferred choice but for their urgency to survive. However, there is a generation trend of RPs migration (from grandfather period).

A study (IFMR) shows that about 60-80% RPs involved in this sector are early migrants over 10 years. Among the RPs, almost 50% came alone (i.e. without family) to the cities and started driving rickshaws. This study tried to investigate nature of RPs' migration from rural to urban areas for their earning. The migrant RPs could be seen as - Daily migrants, Temporal migrants, Seasonal migrants, and Permanent migrants.

#### **Shape and Structure of Rickshaw Pullers:**

The RPs are economically, socially and resource poor, mostly are single bread earners in their family which indicates that their households are fully dependent on rickshaw pulling income of one person and small savings are not enough to meet their vulnerable situations and to cope-up with any crisis as well. It becomes more acute when RPs become sick and cannot drive rickshaw when all their family members face severe difficulties for food and existence.

#### **Shelter and housing of Rickshaw Pullers:**

There are many cases of temporal and seasonal migrants floating in the city areas (they sleep in garages, pavements on roadsides / canal sides, railways stations, market places, on the rickshaws, in slums etc). Information from this study shows that many RPs have followed their parents to migrate into the city area or they become permanent migrants due to their parent. There are many RPs families with children living in one room small

low-quality (hatch) house at various unhealthy urban areas without kitchen, sanitation and safe drinking water.

#### **Health status of Rickshaw Pullers:**

No doubt, workload of RPs is 'heavy' to 'very heavy' considering cardiac strain and cost of maintaining life. They live in poor quality of housing mostly in unhygienic slums and other areas without access to safe drinking water, toilets-clean or otherwise and living environments. When they become sick, they suffer from inadequate capacity to support cost of medical expenses and depend on traditional and natural healing. The health problems of old aged RPs is a serious concern due to lack of low-cost medical entitlement and access to health facilities.

#### **Rickshaw Pullers are disadvantaged people:**

Rickshaw-pulling community is one of the most unorganized, marginalized and financially excluded sections of society. They usually migrate from rural labour market to urban labour market hoping to ensure regular income for food security; they lack urban identity or an official residential address and documents of income. Therefore, they become ineligible and are deprived from many financial and non-financial institutional and project benefits of the government and otherwise.

#### **The Rickshaw Pullers community and their present status:**

The overall size of RPs is big considering a concentrated hub of urban poor living scattered in low quality housing and floating. Practically they are not invisible but silent missing population or ignored group by the urban development activities like the government Programmes of 'food for all', 'health for all', 'education for all' and 'shelter for all' and 'financial inclusion for all'. But all-in-all they are impoverished and living without those entitlements, thereby remain vulnerable in the society.

#### **Role of Rickshaw Transport Sector in employment and economy of the country:**

Rickshaw Transport Sector (RTS) and its allied industry and business provides employment to millions of un-skilled but economically active population and contributes to the national economic growth without much recognition from the society and public-private organisations. Considering 10 millions RPs with an average Rs. 260 income per RP per day, the daily turnover of rickshaws would be Rs. 2.6 billion a day, which would be around Rs. 940 billion a year. Without costing the environment, the RTS saves cost of millions of gallons of fossil fuel, natural environment and an uncounted value of life.

Their contribution is huge to the economy, considering other beneficiaries of their profession, such as Rickshaw owners, Tea / Coffee shops, Cigarette / *bidi* shops, Liquor / Alcohol shops, Cycle / Rickshaw Repair shops, Restaurants, House Rent collectors (even if

the RPs live only in slums and bad houses), Informal Saving Custodians and their Credit Market, other transport like tempo, bus, train, to whom the Rickshaws connect, the Transport / Logistics industry etc. The RPs regularly contribute to income and employment of tiny shop to big industry on whom they spend about Rs. 2.4 billion of their income per month.

#### **Income and expenditure pattern of Rickshaw Pullers:**

The RPs usually work for 8 to 10 hours a day and earns an income ranging from Rs. 220 to 280 a day on an average. They work 24 to 26 days per month and roughly earn Rs. 5,000 to Rs. 7,000 per month. They earn daily and spend daily too for themselves and their families excepting the single migrant RPs who spend weekly or fortnightly on their families. The RPs are very bad money managers, despite the fact that their income is better than many other urban labours or employees.

The RPs reported two types of daily operational expenditures during their working hours / time – (1) some of the RPs reported all their expenditure on food and other habits, and (2) some RPs reported their expenditure without cost of food (they brought / took food from / at their homes). The study has collected their daily average expenditures based on the recall method. It was found that daily personal expenditure (i.e. investment for energy and mental strength) of a rickshaw puller ranges between Rs 20 and Rs. 100 which variably includes all types of expenditure on food and other items. During the field visit, it was found that various types of migrants, their residential status and food habits during working hours are strong factors influencing the variability of household income and expenditures.

The RPs reported that on an average, Rs. 20 per day can be saved after meeting all expenditures during working time and for the family, which is not adequate for other basic needs of their families, such as, cost for health care, clothing, child education, housing / shelter, etc. At the end of the month or year, they end up with low or no savings and therefore nothing left for social security. They also informed that increase in prices of daily necessities is a major challenge to tackle every day.

#### **Effect of daily income-expenditure of Rickshaw Pullers:**

In general, income and expenditure practice of RPs lead them to remain poor, despite the fact that they earn handsome money per month which could lead them out of BPL if they get this money on monthly basis. But in this profession, it is very hard to do for them due to daily requirement of money during the working hours. Their 'daily practice' of operational investment, earning and spending is the main cause of their poverty. The first target of RPs is daily earning and daily spending for which they are habituated with their practice without savings. RPs are instant cash earners of their services and always keep on counting from morning to evening to allocate income for operational purposes (rent for

rickshaws, energy food, drinks, drug, smoking etc which they think are required to keep them in work and energised) and rest for taking home and for paying debts. It has been found that they enjoy their freedom of choice to drive the rickshaw, resting time and spending of money. The on-job expenditure of RPs is exceptionally higher than compared to their daily income. At least one-thirds of their income spent daily to support their energy and other habits during the working period, which directly help the occupation / employment of others and the consumer market.

#### **Contribution of Rickshaw Pullers in transport services:**

Millions of cycle RPs (RPs) in India provide critical last-mile transportation services to the people and it can be considered as door-to-door transportation service in any climatic and road conditions. The RPs treat all people equally and provide impartial service to all classes and types of people at the same charges except maybe during adverse weather conditions. They give multifaceted services to the people, such as connect passengers' mobility from one station / stoppage to other and home to consumer markets, carrying goods, taking people to hospital, providing transport support for schooling children, etc and moreover they are the one vigilant in any situation and accessible by all when other transport fully disappear on the roads resulting out of protests and violent riots. In general, urban people think rickshaw transport with RPs is indispensable for mobility in cities to carry billions of passengers every year and practically it is an important part of the urban culture.

#### **Misinterpreting value of Rickshaw Pullers services:**

The policy and decision makers, researchers, institutional service providers and users of rickshaws often misinterpret and underestimate the value of rickshaw transport and services of RPs, beyond the rent and fare of rickshaw and travel respectively. The value of their presence and services from close proximity of urban dwellers is by and large misinterpreted and worst ignored by a large stratum of people including the policy makers on most occasions.

#### **Social security awareness and weakness of Rickshaw Pullers:**

Practically, most of the RPs do not ponder about their human rights and social security, because they do not have clear understanding about such. There is no security for them and nothing is insured, really. They try to secure their strong hands and legs to operate rickshaw and survive until they are alive or to grow their children to help. They maintain their vicious-cycle of poverty within the above matrix and do not think much critically beyond it, and rarely make themselves happy by going beyond their routine and getting any extra opportunity. Their main weakness that leads to this situation is their daily earnings and spending without savings, and the in-bred capability failure.



In general, RPs are largely illiterate and culturally, economically, politically and socially marginalised people. They have very limited choice of social security with very weak bargaining power and community ownership. They are incapable to claim rights of human rights unless some others (like civil society / NGOs) help them. Their lack of knowledge and access to government schemes also leave them behind in the human development in the country. Most of them do not want to continue with rickshaw plying but find it difficult to enter in other occupations and enterprises for want of capacity as also the hard cash income that they earn from Rickshaw Pulling which they are not sure of earning in any other new profession / enterprise. In one word their risk taking ability is diluted with an experienced income pattern.

#### **Financial knowledge, attitude and practices of Rickshaw Pullers:**

The average monthly income of RPs is not bad compared to many monthly earners in industry and other informal/unorganised sectors employee. They are very bad financial manager of their household income which typically influenced by daily needs, income and expenditure. Their intention (attitude) to save money is not matched by their deeds (practice) and as such they end up saving very little and have difficulties to save even small amounts of money regularly. Even if they have small savings at home, something always happens that they have to spend that savings money. The RPs are aware the facilities from banks and other financial institutions can be availed, but they do not know what kind of financial supports are available for them and hence keep procrastinating till somebody comes forward to help them. Thus the RPs need to be hand-held, monitored till they can stabilise. For this purpose the Rickshaw Unions need to be energised and become purposeful.

#### **Capacity utilisation of Rickshaw Pullers and Rickshaw Owners:**

The capacity of income efficiency of the RPs depend on how many trips and how much time they ply in a day. Normally most of the RPs set a target of daily income and accordingly drive rickshaws and take rest. The RPs capacity utilisation depends on how long they can drive based on the condition of the rickshaws (fitness) and their physical ability. It is also based on the capacity utilisation of the PROs as it is the PROs who need to rent out the rickshaws in most cases. Therefore, capacity utilisation of the RPs depends on the PROs and *vice versa*.

During the field study period which coincided with the festival season, it was found that many rickshaws were lying in the garages of the PROs as there was a shortage of RPs who went to visit their families for celebrating the festivals. Besides, licensing of the rickshaws could also determine the capacity utilisation as rickshaws without licenses could not be plied on many a city road. Finally it could be said that the capacity utilisation and increase in income of a RP depends availability of rickshaws, seasons and most importantly the fitness of the Rickshaw and the puller himself.

### **Organisational capacity of Rickshaw Pullers and Rickshaw Owners – the issue of collectivisation:**

The RPs informed that there were several RPs unions / cooperatives in the urban areas, but over a period they gradually disappeared and almost extinct in several places, due to lack of programmes and activities, mismanagement, political influences, weakness of legal identities and in general due to absolute apathy. The RPs mentioned that there are few unions of RPs in some pockets of urban areas, but they also suffer from weak organisational capacity and practically not capable to serve the purpose for which they exist. There is no union / cooperative of rickshaw owners. Most of the RPs work seasonally, do not have driving licenses, are not union members, do not have adequate rickshaw stands, often need to pay money to backhander and they have road entry barriers at several places, etc. As a result, whole RTS is very weak organisationally and institutionally.

They feel that with the present situation of RTS and the vulnerability condition of RPs it is difficult to derive any benefits from government and / or financial institutions without collective efforts. Therefore, the RPs need to be organised and their knowledge and institutional capacity need to be improved on operational, financial and non-financial aspects. Finally, they need to move forward collectively for official recognition of RTS as an important part of the nation's transport system, with legal rights (licensing / KYC etc), as well as for improving livelihood capacity and social security.

Some NGOs / MFIs are working on microfinance and financial inclusion of RPs in a few pockets of urban areas but their coverage becomes insignificant in any respect considering the number of RPs, and their also as their programmes have serious limitations considering purpose, extent and duration of support.

### **Recent institutional and organisational support to Rickshaw Pullers:**

Based on the primary survey and secondary research, few formal financial service providers could be identified offering tailor made credit products to the RPs and other financial products such as insurance and pensions. These organisations are providing some kind of financial inclusion support but mostly as a supplementary to owning a rickshaw through credit / micro-lease arrangement from their organisations, targeting individual RPs directly or through tripartite agreement (investor, NGO and RP)..

To name a few are CRD, Punjab National Bank, Kuhad Trust, SMV Wheels and Bhartiya Micro-credit. They collectively serve not more than 50,000 RPs vis-à-vis an estimated 10 million RPs variously located and situated in urban areas of all states in India. However, their financial activities are mostly related with micro-credit and micro-lease arrangement. This serves only two purposes - extending opportunity to RPs to own their rickshaw and the other is either financial / social return to the intervening financial institutions.

## **Status of financial Inclusion of Rickshaw Pullers:**

**Demand side perspectives** – There are several studies highlighting socio-economic, livelihood, financial problems and constraints of RPs. These studies have also suggested the demand-driven needs of RPs and their demand for goods and services to improve their family welfare. But very few studies could be found that highlighted a detailed demand and supply context of financial inclusion aspects of RPs.

The evidence from other studies and findings of this report indicate strongly that the RPs need various microfinance products and services but do not know much about them except loans and savings (very few know about insurance). Nor are they confident to take advantage of such knowledge. In general, the RPs understand the need for the security of their livelihood and future, but many **of them** are not sure as to how this could be made possible **for them**, what type of institution/s will give opportunity **to them** and maintaining regular operation **by them** for a long-term, as many of them are temporal migrants as well as not having strong foothold in the city.

Based on the field observation, it was noted that the RPs need reliable and low-cost financial service intermediaries to facilitate and fulfil their financial needs. By and large, they feel the need for strong support to arranging loans, collecting money to be deposited in their respective bank's accounts, pay insurance premium as and when necessary, sending money to homes without any risk, etc. However, they are not much favourable to long-term insurance products. They want to know clearly the assured benefits of their investment which also must be legally protected.

It has been found that lack of official ID, migration, relocation and daily consumption of earnings of RPs are among the key obstructing factors to remain financially excluded. Most of the RPs raised their voice to recognize and regulate the sector as an important economic activity in the country through municipality and special arrangement by the government. They urged for strong institutional mechanism to deal with their requirement of driving ID, extended financial services, rickshaw stand, shelters, etc.

**Supply side perspectives** – Based on the primary survey and secondary research, few formal financial service providers like CRD, Punjab National Bank, Kuhad Trust, SMV Wheels, Bhartiya Micro-credit could be identified as offering tailor made credit products to the RPs and other financial products such as insurance and pension. However, the relationship of RPs with these institutions is officially broken after the complete returning / payment of credit / loan. It is difficult to comment on the effectiveness and impact of NGOs activities to sustainable livelihood and social security of RPs and their families without an in-depth study.

**The challenges of Rickshaw Pullers and the facilitators:**

Besides the challenge of managing daily income, expenditure and savings of RPs, there are several other problems, constraints and barriers for the RPs and their rickshaw transportation system to note and notice. The challenges are applicable to reduction of poverty, improving quality of life and deal with socio-cultural, socio-political and socio-economic development of RPs in the country. There is an urge for a substantial improvement of RPs and their family members by both quantitative and qualitative support from the facilitators.

But to create financial and non-financial opportunities for these poor RPs and mitigate problems, it is a must to maximise strengths, minimise weaknesses and overcoming threats through multi-dimensional approaches.

**Key Observations of the field research study:**

No doubt that the RPs are resource-poor, poverty-driven migrants from rural areas transferring rural poverty to urban poverty. Their migration characteristics show that many of them are seasonal and temporal migrants have rural base and some of them have migrated forever. The RPs are less educated and unskilled labourers entered into the urban labour market and become involved in rickshaw transporting. They choose the rickshaw pulling profession in urban areas for immediate earning and survival because to search for other employment takes time. They are regularly providing physically hard (painful) services to the people and the nation but remain as outcastes / disadvantageous. The working environment and family situation of RPs witnessed that it is very difficult to defend best practices of good governance, human rights and social security for this section of people.

In reality, RPs consider that rickshaw pulling is an available profession easy to earn hard cash with the time running but remain poor all the way if they do not have additional income sources. It has been witnessed that there are RPs driving rickshaws for more than 20 years and continue to be poor. Most of the RPs are single earners in their families and four to five persons are dependent on one person's income.

Several MFIs and NGOs are working for RPs in a limited scale to give them ownership and drive their own rickshaw in some selected urban areas. These organisations assumed that RPs will be encouraged to earn more and save money to improve their livelihood. However, millions of RPs remained to be financially excluded.

That some RPs became owners of rickshaws through various financial schemes and programmes of NGOs, MFIs and Banks does not necessarily mean that they have improved their economic conditions by saving Rs. 20 to 30 per day as rental charge of rickshaw. Even after owning rickshaws (present value Rs. 12,000) their conditions remain

almost same, as they were without owning rickshaw. However, owning a rickshaw through microfinance / micro-lease arrangement helped to generate an asset base in about 14 months using the money needed to rent a rickshaw in as many months. The value of this rickshaw after 14 months is equivalent to cost savings and return from investment which would be Rs. 6,000 to 8,000 (resale value) depending on the physical condition of rickshaw. Many RPs see this ownership of rickshaw as an asset for crisis coping of their households and it was found during the survey period that several RPs indeed sold-out their own rickshaws and again started driving the rental rickshaws.

Therefore, the RPs need to care about savings and take part in the social security measures to ensure additional resources and assets towards sustainable livelihoods for a long-period. Many of the RPs face difficulties to meet their socio-cultural costs, medical expenditure, education cost and marriage of daughters and they need to look for financial and non-financial institutional supports.

The temporal and seasonal migrant RPs who mostly drive rental rickshaws for a week or more informally save their daily earnings with some trusted (they believe) person for a short period (10 to 30 days) and take back while returning home. They again come back for rickshaw pulling income after settling family needs. Most of them stay floating in the city and sleep beside roads, under bridges, at railway stations, on the rickshaws, in the garages and open wall sheds.

They have various limitations in using financial institutions to save and remit their income. They need migration certificate and savings account which is very hard for them due to lack of urban identity and recognised shelter.

The study shows, everyday RPs spend at least one-third of their income on food, drinking, shelter, bath and toilet. On an average they earn variably Rs. 200 to 280 everyday but there are few RPs age 20 to 30 years exceptionally earn Rs. 400 to 500. Some literatures show that many researchers critically thought that on an average a RP spends half of their income on road during the working period. It is not that they enjoy spending, it is important to maintain themselves for the next day considering all limitations (time limit, physical limit, competitiveness, returning rickshaw-if rental, resting, no other alternative, etc).

A RP cannot drive continuously and neither gets passengers / work all the time. Whole day they stay on the polluted road (dust and noise pollution is common), directly face seasonal climatic changes (hot sun or rain on head and cold night) which is not common for other employed people, they are not respected / honoured by anyone, always under mental pressure of earning and cannot share various types of unhappiness with others, etc. What is known from in-depth discussions with them is that they are running an awful life while serving to the best.

The overall situation urges to device such programmes for the RPs in which they will participate, contribute and directly observe their socio-economic growth.

One mitigating programme was the issuance of BPL Cards to some of the RPs. However this programme intended to help the poor is keeping them poor forever. Now consider this. The RPs who have been issued the BPL cards enjoy receiving food rations for cheaper prices. However, they would be able to access them only as long as they are poor and they can hold the BPL cards. Inter alia the programme has now encouraged many RPs and other poor to remain poor in order to derive benefit of the BPL cards.

Thus the main intention of this Programme which was to help the low income poor people with food security, keeps them poor forever making them prime political-commodity.

Hence, any programme to be devised for the RPs must have a time-limit to ensure growth and upliftment from the culture of poverty and should not be granted forever. The RPs must be encouraged to own the Programme and produce results to enhance their capacity and their growth.

The RPs need shelter, awareness and capacity building programmes besides financial inclusion programmes to support their social security.

## **B. MAJOR FINDINGS OF E-DISCUSSION**

The qualitative information from the E-Discussion was found very useful for an in-depth analysis on deprivation of financial inclusions and other livelihood related aspects of the RP households. Various issues were highlighted by the Solution Exchange Microfinance Community Members (herein after referred as MCMs) of UNDP, India. The major emphasis was on the importance of recognising livelihood diversity among the RPs and their nature of migration in context of developing need based microfinance products and services as well as customizing the existing products.

The MCMs deeply underlined two critical aspects that need considerable attention;

- (1) incorporating and facilitating large number of migrant RPs in the sector and
- (2) recognizing the role of rickshaw owners who play multiple roles and often function as an alternative source of fixed capital for RPs.

Ultimately, it has multidimensional perspectives and significance of functions related to availability of rickshaw, demand-side and supply-side financial and non-financial aspects of RPs which required to consider affordability of various products and services. The E-Discussion of MCMs highlighted key issues and recommended about –

- **The conventional rickshaw owners' perspectives:**

**Recommendation:** MCMs felt that primarily tapping some of the owners / garages maintaining a large number of rickshaws could be useful in the microfinance networks to reach these seasonal migrant and floating populations of RPs. At the secondary level, collectivisation of conventional rickshaw owners would provide strong operational and management supports to the RPs considering RTS perspective.

- **The demand side perspectives of microfinance and financial inclusion:**

**Recommendation:** This clearly reveals the fact that there is immense demand for money savings and remittance transfer facilities of RPs and their families. There is demand for suitable formal arrangements of affordable credit services and financial transactions which would reduce their dependency on informal service providers and other risky arrangements as a safeguard tool.

- **The supply side perspectives of microfinance and financial inclusion:**

**Recommendation:** The MCMs suggested that the migrant RPs ideally can be connected with the banking services, made available, at their doorsteps and offering flexible products in terms of quantum of deposit, time and simple procedures to suit their migratory profile. Technology can facilitate in providing access to financial services to the migrant RPs in a cost-effective manner. Besides, an effective Programme is also needed to accommodate and help the long-term migrants living in various corners in the urban areas.

- **The Rickshaw Pullers perspectives of identity crisis:**

**Recommendation:** MCMs envisaged that RPs should have the **UID AADHAR card** (now depending on court rulings) so that they can easily avail major benefits of government schemes and financial institutions. This card needs to be officially acknowledged by the rules and regulations which will be applicable for all in any location of the country without differentiating their permanent residence in rural or urban areas.

- **The collectivisation perspectives of Rickshaw Pullers:**

**Recommendation:** MCMs significantly emphasised that collectivising RPs into various forms and groups is important with regard to the needs and support required by them. This could be undertaken through NGOs and secondary level CBOs. A model of Collectivising RPs is needed and should be piloted first for developing an effective model.

- **The livelihood and social security perspectives of Rickshaw Pullers:**

**Recommendation:** MCMs suggested for developing appropriate strategies and mechanisms to provide social security options to them, they also recommended for organizing them into various collectives and also extending small loans for some income generating activities such as tea stalls, food shops etc.

## **Recent Progress in Innovative Experiments and Future Prospects**

The MCMs shared their knowledge of some innovative experiments conducted by various organisations, such as;

- the initiative of ‘Rickshaw Bank model’ experimented by CRD that enabled a large number of RPs to invest in efficiency-enhancing rickshaws, so that they could own the vehicle (asset) in 18 months instead of making daily rental payments to owners.
- the ‘Rickshaw Sangh Programme’ initiated by Bhartiya Micro Credit (BMC) in Uttar Pradesh with support from America India Foundation (AIF) to inform about an innovative social business venture that enables RPs to acquire their own rickshaws through partnership with banks and grass root NGOs. It enables RPs to take loans that are repaid in easy daily / weekly instalments to enable them asset ownership.
- the initiative of SIFE-SRCC Project named ‘Life on Wheels’ for which SIFE-SRCC functions as guarantor for the RPs to solve the problem of collaterals required by the banks for giving loans. The loans are provided from Punjab National Bank under Janmitra Rickshaw Scheme. The project also provides multiple services through various service providers providing training on the subject of bank accounts, loans, repayment system; providing improvised rickshaws customized for the comfort of both pullers and passengers; giving option to generate additional revenue by using back space of rickshaw for advertising; providing life insurance services under Janshree Bima Yojna of LIC and insurance of rickshaw under asset insurance scheme of Oriental Insurance; Free eye check-up services, free medication and spectacles for RPs and their families through Max India Foundation; and educational kits to children through Larsen & Toubro.

**Recommendation:** The learning from various innovative experiments indicates that through networking and collaboration with various governmental, private and non-governmental organisations, multi-faceted financial and non-financial services are possible to provide to the RPs. The organisations involved in these activities should continue their efforts and expedite their activities for financial inclusion by customisation and creating an enabling environment for RPs allowing for their social security and integration of livelihood aspects.

## **The Need of Microfinance Products and Services for Rickshaw Pullers**

The MCMs conceptualized the needs of RPs in three stages –

- primary stage (immediate need),
- growth stage (additional need), and
- matured stage (sustainable need).

Besides savings, credit and remittance, RPs need insurance and pension products to safeguard themselves from the unforeseen events as well as old age problems. Majority of RPs additionally need financial services for starting other income generating activities so that they develop their own economic capacities and their women can be involved for



sustainable financial inclusion. The important MF products and services for RPs are discussed below.

**(a) Savings Services:**

**Suggestion:** RPs have the capacity to engage in micro-savings but would need flexible withdrawal options. Justifying need and importance of savings for the poor, the MCMs suggested formal and safe arrangements for collecting small savings of RPs. A mechanism needs to be put into place for mandatory and voluntary savings. MCMs stressed on the appropriate use of savings by RPs for productive purposes to generate higher returns from the investment.

**(b) Credit Services:**

**Suggestion:** It has been mentioned earlier that very few organisations are providing MF services and in a small-scale in various parts of the country. MCMs think that there is a need to revisit their schemes and develop a national scheme for all RPs by incorporating, correcting, modifying the programme from lessons learned so far.

**(c) Housing finance for the Rickshaw Pullers:**

**Suggestion:** It is suggested that RPs need special schemes of housing, providing land at subsidized rates or free of cost; providing housing loans on guarantee basis as RPs would not have collaterals to give to financial institutions; and other possibilities like group housing and housing cooperatives need to be explored for them.

**(d) Money transfer / remittance services:**

**Suggestion:** Technology based transfer services would be a good option for RPs as many of them now operate cell-phone. The available service providers need to be re-examined for their services and client satisfaction. A proven global model would be a good option.

**(e) Social Security to the Rickshaw Pullers:**

**Suggestion:** The government should keep their commitment to the people and international bodies on the provision of social security to the poor that include RPs. The RPs should get not only insurance but also other social security products and services such as pension services etc.

**(e) Challenges and opportunities of microfinance and livelihood opportunities:**

**Suggestion:** The government and others involved in service and welfare schemes need to seriously look into how customisation of schemes is possible as per the needs of RPs and their families. It should also look into how effective CBOs, NGOs, MFIs and BCs models could be used in offering financial products and services that lead to sustainable livelihoods to the RPs.

## Policy Strategies to Improve Financial and Non-financial Aspects of Rickshaw Pullers

The MCMs felt it necessary to consider the following aspects of RPs in relation to their financial inclusion and improvement of livelihood in the policy strategies of the government, MFIs and NGOs already working and will be involved in RTS. Those are already involved dealing with RTS and RPs are suggested to revisit and change their policy strategies in the line of the following aspects.

- Adoption of multidimensional approach to cover RPs, their family members, institutions and market, etc.
- Creation of a common pool of 'Livelihood Development Fund' in collaboration with industrialists, as the RPs are contributing to environment protection through rickshaw transport
- Opening up an umbrella project for the self Help Groups of RPs (SHG-RP) and their families through financial consortium and linkage models
- Conducting a nation-wide demand side study so as to get inputs for designing appropriate financial products and service delivery models
- Developing small Programmes aligned with one another for RPs as they have limited capacity to absorb with large Programme
- Developing cost-effective mechanism in terms of their products, operations and delivery by MFIs working in urban areas so that they can offer MF products at a low cost
  - Creating '**common information centres**' to provide information about the government sponsored insurance and other financial assistance Programmes to the RPs
  - Developing strong linkages among various unions of RPs for collective actions and **exploring possibilities of creating cooperatives** on the role model of SEWA's initiatives
  - Observing '**RPs Day**' or organizing '**RPs Rally**' along with their families
  - Exploring and promoting micro-leasing concept totally in the RPs sector
  - Providing financial literacy to RPs through specialized institutions like Indian School of Microfinance for Women ( ISMW) and other such institutions
  - Linking deposit schemes with insurance for the RPs and developing a special mechanism to ensure that no rickshaw puller is deprived of social security
  - Making arrangements for the insurance of the rickshaw in addition to life and health insurance

In a nutshell, members scanned the financial inclusion scenario in context of RPs and suggested strategies and policy changes required to fast track the process of financial inclusion of RPs.

### C. MAJOR POLICY RECOMMENDATIONS

The findings and recommendations are mentioned here have serious programme related implications and concern policies and strategies of the government and other allied institutions / organisations involved in development of RTS and livelihood of the RPs and their families. The importance has been given to help the country to achieve its MDG goals through devising appropriate policy and strategy and effective implementation of development Programmes and efficient service delivery of respective institutions / organisations / authorities.

It is noteworthy to mention that the following specific recommendations could be considered most important as **policy recommendations** and **strategies for development** of rickshaw transport sector for immediate socio-economic improvement and financial inclusion of RPs:

- Policies and Programmes need to be developed to establish reliable and affordable savings, micro-credit and insurance / pension schemes for the poor, more importantly for daily earners.
- Reliable intermediaries and technology for coordinating, money collection from RPs, deposit at the bank account, insurance premium as and when necessary, sending money to home without any risk, etc., are also needed.
- As most of the RPs and their family members are illiterate, unskilled and lack knowledge about various financial products and services, their benefits and other IGAs, they seriously need to be considered to be enrolled for skill development programmes of the government and other organisations OR there should be a special programme for the RPs and their family members.
- The government needs to find / create mechanism of issuing official photo IDs and / or migration certificates that can be accepted as an important KYC document which is specifically important for migrant RPs.
- Savings deposited into accounts with any government financial institutions (bank or post office) should be (their savings and fixed deposit) accepted as collateral guarantee and the passbooks as KYC document for availing other financial products and services as well as to improve social security.
- Rickshaw Transport Sector / System should be recognised and regulated as an important economic activity in the country by the respective Municipalities or by any other special arrangement by the government. The municipalities should play vital role (for licence, KYC and knowledge) considering RTS as an important livelihood for the poor and migrants as well as contributing to inclusive economic growth of the country in an environment friendly way.

- The municipalities and city police including traffic control departments need to work together on assigning roads and appropriate rickshaw stands in all towns / cities with fare chart and to maintain urban discipline.
- Both central and the state governments need to work out the possibilities of safe shelters for RP families, which is critically important for seasonal / temporal migrants to reduce their vulnerability of social issues and human rights. A low-cost housing with long-term loan system (say 20-30 years) should be designed and implemented for the urban poor and migrants.
- The union system of RPs needs to be reinforced, organised and facilitated to empower them individually and collectively with respect to deal with their own livelihood interests and adjustment with urban society.
- Based on the present context, the overall situation urges to look for a collectivisation approach of RPs and PROs to facilitate their own various demands for and supply of financial and other perspectives of livelihoods.
- An integrated (holistic) approach and a continuous programme need to be developed to support the families of the RPs with respect to their rights to education, health, housing and other social securities. This should be a serious concern of the country to manage mental peace of RPs and their future generation.

The following **approaches** are recommended assuming the present financial lives of RPs considering policy recommendation and strategies for development of RTS and the RPs (the following recommendation also included in Executive Summary of this report:

- Developing a wide range of low-cost financial products and services including social security needs as per the capacity and life cycle needs of the RPs
- Establishing an affordable low-cost banking and financial service system for the RPs considering face-to-face and door-to-door operating system and other means which are easily accessible
- Leveraging existing banking and financial institutions to provide service for financial needs of the RPs, to help them open savings account and encourage for fixed / term deposits (short-term at least to start with) and consider it as collateral guarantee for credit purposes.
- Developing financial education tools, livelihood knowledge kits and organising mass-scale awareness programme for RPs and their family members
- Establishing community ownership of rickshaws and financial service system considering their equity perspective instead of targeting to improve individual rickshaw puller conditions.

- Initiating migration certificates to deal with seasonal and temporal migrant RPs for their whereabouts and urban profession as well as to open bank account and /or to buy temporary life & health insurance
- Establishing a coordination committee at the municipality in collaboration with road transport authority, PROs, police and traffic control departments to efficiently manage the rickshaw transport sector without unsettling them in urban sector.

### **Last, but not the least innovative**

**An annual workshop, seminar, rally of RPs (including other stakeholders too) can be envisaged in consideration of their socio-cultural and socio-economic aspects and recognition of the services offered to the city dwellers and their presence and needs as a good citizen to have human rights and to be part of social and economic justices of the country.**

#### **D. RECOMMENDATIONS FOR FURTHER RESEARCH**

**The following studies are recommended for making policy guidelines, decisions support tools and development of investment plan:**

- A national level study / census by the State is required to identify number and capacity of present RPs and owners (whose reliable statistics are not yet known) in the country to formulate effective investment and development plan across rural and urban areas.
- A special study on private owner of traditional rickshaw enterprise (who rent-out rickshaw) is important for urban transport system development. It is also important for collectivisation them in the form of group and cooperatives and to formulate rent operating system with migrant RPs.
- An action research project is needed to develop RP friendly collectivisation Programme for improving RTS and financial inclusion activities considering livelihood and household approach across the States in India
- A national level study is important for demand and supply side analysis of RPs so as to get inputs for designing appropriate financial products and service delivery models
- A market research to develop financial products and features as per the needs and preference of the RPs within their reach and affordable limit.
- A pilot project and action research Programme is needed to evaluate institutional options and mechanism for meeting the financial, social security and capacity building needs of the RPs
- Institutional options and policy studies is required to develop a composite operational, financial and banking system (one-stop service) only for the urban poor including RPs.

- A policy review study is important to review government policy, urban development policy, human development policy etc, rules and regulation for RTS and RPs in India from national level to municipal level. This study is very important to change, modify and add policy strategies as well as amend and make laws, rules and regulations in favour of RTS and RPs.
- A lesson learning study is very important covering all the past and ongoing projects and schemes undertaken by various organisations and facilitators in India. Particularly the projects and schemes are related to livelihood, microfinance and micro-lease aspects of rickshaws pullers. It should also consider lessons from other best performing organisations working for the urban poor living in slums and floating.

## E. CONCLUSIONS

The overall findings of the field research study and E-Discussion underlined various issues of RPs about their migration situation, ownership of rickshaws and other resources base, status of rickshaw operation including its constraints and challenges, poverty and vulnerability, livelihoods and social security, living status, their contribution to households and national economy and the status of their financial and social inclusion. Though they are socially and economically marginalised and not getting adequate institutional support for their occupation the RPs' contribution to national economy, urban transportation and society are significantly noteworthy.

The overall findings suggest that formalising financial inclusion of RPs, their urban sheltering and development of RTS are very important to increase efficiency and socio-economic improvement of RPs. It has emerged that a combination of issues of

- inclusive financial system for the RPs,
- regulatory framework of supply-side related with quality and quantity of financial products and services,
- demand-side barriers related to individuals and collective access to available products and services, and
- other challenges and opportunities related to economic, cultural, infrastructural, organisational, political and social aspects of RPs and their families living in urban and rural areas

are to be dealt with.

Therefore, the study is highly advocating for and recommending an integrated financial and non-financial holistic development approach, collectivising of RPs and change in policy strategies and rules of business at individuals' to institutional levels, which could also be useful to develop programmes for other migrants and working class in various informal and unorganised sectors in the urban areas.

### **Importance of RPs & Important for RPs**

*Even thinking on the withdrawal of Rickshaws from urban areas is unkindness to the Rickshaw Pullers and the other low-income urban dwellers. Century old Rickshaw Transport System has proven its importance of multifaceted services and its significance in moving the urban life. Rickshaw Transport System in the urban areas has become part of traditional urban culture.*

*To fulfil the Government of India's commitment to reach the poverty reduction and livelihood improvement aspects of the Millennium Development Goals, the RPs, as part of the urban poor urgently need;*

- (1) Recognition with identity card and license,*
- (2) Financial inclusion to open savings account first and rest will follow,*
- (3) Financial education and motivation for savings,*
- (4) Subsidised land or low-cost single and family shelter with safe water and sanitation,*
- (5) Income Generation Activities for family members,*
- (6) Low-cost health services and schooling of children. and*

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## Poverty

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- Product innovations and diversification of financial services
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