

MANAGEMENT CASE

describes a real-life situation faced, a decision or action taken by an individual manager or by an organization at the strategic, functional or operational level

Rickshaw Bank

Nripendra Narayan Sarma

One fine morning, seven years ago, Dr. Pradip Kumar Sarmah took a cycle rickshaw (a tricycle commonly used on Indian roads to carry people or goods for short distance) outside his office for some work. While taking the ride, he asked the puller, "Who owns your rickshaw?" The rickshaw puller said that he had been working for 16 years as a puller, paying Rs. 25 a day in rental to the owner. As the talk progressed, Dr. Sarmah began to understand more about the plight of the rickshaw pulling community. That one question on that day paved the way for starting the Rickshaw Bank.

Dr Sarmah, a veterinarian surgeon, with a well-established practice in Guwahati in the North-East part of India, started the first Rickshaw Bank project in November 2004 after he discovered that most of the rickshaw pullers did not own the rickshaws they pulled. The Rickshaw Bank collects money and provides finance to rickshaw pullers so that they can subsequently own their respective rickshaws. The Bank is a part of the Centre for Rural Development (CRD), an NGO started by Dr. Sarmah in 1994.

CRD has been in operation in North-East India with a vision to work for sustainable development through a holistic approach. It has identified interlinked sectors like agriculture, animal husbandry, and fishery for its developmental interventions. CRD's mission is to ensure sustainable livelihood for the poor families by using local resources and skill upgradation with community participation. In the formative year, Dr. Sarmah approached RGVN (*Rashtriya Gramin Vikas Nidhi*, a developmental finance organization that promotes livelihood of people through community-based organizations) with an innovative project, Vet Aid Centre (VAC), for necessary financial support. The project was aimed at upgrading the productivity of local non-descript cattle breed through artificial insemination service and facilitating backward and forward linkages in other viable units like poultry, piggery, etc. RGVN appreciated the idea and gave corpus money of Rs.2 lakh. That was the humble beginning of CRD. Since then CRD has been escalating in diverse fields. The governance of CRD is vested on a nine-member Governing Board comprising nominees of initial sponsor and other eminent persons.

RICKSHAW BANK: THE INITIAL CONCEPT

CRD observed that 95 per cent of the rickshaw pullers hired rickshaws from a merchant. They neither had savings nor access to loans. CRD therefore articulated the concept of transferring ownership – it would rent rickshaws to participating pullers with a daily rent treated as repayment towards the cost of the rickshaw and in just

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one year, the puller would become the owner of his vehicle. CRD would manufacture rickshaws and mobilize resources from corporate houses and individual taxpayers. They got the project notified under Section 35 of the Income Tax Act in July 2003 and approved by the National Committee for the Promotion of Social Welfare. Under this notification, the donor(s) would get cent per cent tax exemption. A single sponsorship of Rs. 7,000 would cover the purchase of a rickshaw and related expenses like insurance, license, uniform, etc. The sponsors would have advertisement or their names placed on the back of the rickshaw for five years. After the puller paid the full cost of rickshaw, a new puller could be brought under the purview of the programme thus continuing to use the sponsor's contribution. The project aimed at giving rickshaw pullers dignity and the chance to own rickshaws.

For the concept, CRD was recognized with a national level award in "The Ashoka Citizens Based Investment 2003" competition for innovative resource mobilization strategy. CRD received a cash prize of Rs. 2.36 lakh along with a citation in a ceremony held at the Bombay Stock Exchange. In the same year, Dr. Sarmah was able to develop his managerial skills through an incubation programme conducted by the Indian Institute of Management, Bangalore and an interactive workshop conducted by McKinsey & Co., a reputed management consultancy organization. In addition to this, CRD got the commitment for voluntary service from McKinsey & Co. for developing a "Perfect Business Action Plan." For technical aspects, the Indian Institute of Technology, Guwahati came forward to offer a prototype of a rickshaw. CRD felt confident and started raising funds for the project. A student from the Institute of Rural Management, Anand was deputed by ICICI Bank to look into the feasibility of the project. Mr. Carsten Stendavad, the then country head of City Bank, was the first sponsor of a rickshaw and paid Rs. 7,000 in 2003 in his individual capacity.

DESIGN OF THE RICKSHAW

The prototype of the rickshaw was designed under the initiative of the Department of Design, Indian Institute of Technology (IIT), Guwahati in 2003. Identification of the design need was possible through analysis of the existing rickshaw as a product and its manufacturing aspects.

The conventional rickshaw has a form more or less similar all over India. A rickshaw is made through assembly of factory-made cycle parts with a locally made body. Three wheels and a foldable canopy made of cane/bamboo covered with canvas characterize a rickshaw. However, region-wise, the design and fabrication of the seat with canopy for the passenger varies. The canopy protects the passengers from the elements of nature but the puller is exposed. Materials such as iron, wood, aluminum, etc., are used for assemblage. Completely built units of rickshaws are normally not transported over long distance. In November 2010, a conventional rickshaw costs about Rs. 10,000 to Rs.11,000 in Guwahati market. There are some bicycle sales-cum-service shops which also assemble rickshaws. The parts and components that they assemble are not always of uniform and good quality which results in high maintenance cost to be borne by the rickshaw pullers.

Before undertaking the design project, IIT Guwahati conducted a market survey to assess the passengers' needs and the problems of the rickshaw pullers and arrived at a detailed product brief for designing and building a new tricycle. It was found that usually rickshaws were used for travelling in places where city buses, trekkers, etc., did not ply. It was also used for transporting various items like luggage, cooking gas cylinders, various hardware items, and different products from market including vegetables besides being used as a school transport. Passengers expressed their difficulties in getting on/off the rickshaw. It was observed that the seating arrangements for the existing rickshaws were not ergonomic and it was difficult to carry anything on the rickshaw due to inclined footboard. Rickshaw pullers also got tired due to constant exposure to sunshine or rain. Thus a protective system was required to guard them against the vagaries of nature. They used an umbrella or a plastic sheet fixing it in the front with a T-shaped frame which required exerting more efforts to climb the steep culverts and ups in the city. They also expected better brakes and ease of getting on/off to/from the pullers' seat. Appropriate head lights and tail lamps are essential for a safe journey at night. They wanted a system that was maintenance-free and cost-effective.

Under the initiative of IIT Guwahati, the entire manufacturing process was defined for a newly designed rickshaw which would have all the benefits both for

rickshaw pullers and passengers. The allied services were also planned. The design included a tubular structure with sub-components for the platform chassis, structure for the seat, etc. Functional subsystems like propulsion system, steering system comprising handle, front fork, front wheel, front wheel mudguard, and brake fitted to the main frame through head pipe, etc., were also studied. Front guards were planned to be added to save the rickshaw pullers from damage in their limbs in case of an accident. Based on the above subsystems, the manufacturing setup was planned and executed with detailed activity chart. This led to the creation of an ergonomically designed passenger-friendly rickshaw.

CRD'S INITIAL INVOLVEMENT

CRD found the IIT Guwahati design compatible with the local topographic and climatic conditions. The model was found to be 40 per cent lighter than the conventional rickshaws and had ergonomic advantages. It had unique safeguards and was more spacious. CRD roped in the support services of IIT Guwahati and initiated the social mobilization process on its own. During the year 2004-05, CRD pitched the unconventional model of micro-finance mainly to the rural migrants and urban unemployed. To enhance their livelihood with dignity, a pilot project covering 500 rickshaws was launched in November 2004. The project was financially supported by organizations like ONGC, IOC, and HLL (now HUL) under their CSR scheme. Each one of them contributed Rs. 7 lakh.

The main objective of the project was to issue an asset-based loan to the rickshaw pullers with an instruction to repay the original manufacturing cost of the rickshaw at a minimum installment rate on a daily basis and an assurance that the ownership of the rickshaws would be handed over to the pullers as soon as the entire loan was repaid. Besides, the project envisaged to create an enabling environment with adequate social security measures. CRD tried to inculcate a habit of savings among rickshaw pullers and extend credit to them in case of an emergency. The sponsors' names and products were advertised on the backside of the rickshaw. As the repaid amount for the rickshaw would be utilized to purchase another rickshaw up to the fifth year, the sponsors would get their advertisements multiplied. However, it was observed that the advertising messages were hardly visible in some of the rickshaws because of

their constant exposure to dust and heat. The local municipality office and the traffic police offices were contacted to help the rickshaw pullers in obtaining license and police assistance in case of necessity.

The rickshaw was launched with a brand name, *Deep Bahan*. *Deep* means light and *Bahan* means vehicle. It was seen as a vehicle carrying light, a ray of hope.

THE JOURNEY AFTERWARDS

CRD became enthusiastic with the initial launch experience. Dr. P K Sarmah aimed at creating a culture of working hard and making timely payment, and encouraging saving amongst the rickshaw pullers to help them avail quality education for their children, health care for the family, and retirement benefits for themselves. This required networking with health service providers and some other organizations. He also tried to provide loans to the wives of rickshaw pullers so that they can create their own business and thus become self reliant.

Based on the first year's launch experience of *Deep Bahan*, CRD worked out an expansion strategy. There were two areas where developmental interventions were called for: first, technical for manufacturing tricycles and second, management for facilitating the social mobilization process including collection of repayment installments. A number of garages were established. Detailed feedback was collected both from the rickshaw pullers and passengers. The passengers commented favourably about their riding experiences in *Deep Bahan*. But the rickshaw pullers were not happy as they found some problems in steering and pulling. The chain constantly fell off in spite of multiple repairs. The rickshaw chassis had been made of hollow pipes to reduce the overall weight. With time, the pipe started bending slightly on the bumpy roads, leading the chain to constantly fall off. Hollow pipe chassis was replaced with the one made of solid iron bars. That increased the strength too. Modifications were made on the IIT, Guwahati original prototype, based on trial run.

CRD decided to assemble some commercially available fittings normally used by conventional rickshaw manufacturers. However, the appearance of the rickshaw remained the same as the IIT prototype. The change in the assemblage improved the effectiveness of the product. The trial runs conducted afterwards did not reflect any inconvenience. CRD tried to develop motivated staff at

different levels to help the rickshaw pullers. Additional staff were recruited. CRD also set up field offices with systems of record keeping. Garages served as collection centres too. There was one garage for 25 rickshaws. The same ratio is still maintained. In terms of design, some more minor modifications were made without jeopardizing the initial concept and prototype. At the time of purchase, the Rickshaw Bank ensures purchase of good quality parts and accessories. In order to have uniformity and durability, it always buys KW frame, a reputed brand of cycle parts, which requires lesser maintenance. In September 2010, it cost Rs. 9,650. CRD appointed two tailors to do the stitching job and one blacksmith for the manual jobs on the fabricated iron sheets. In addition, it installed one furnace for some minor works to be done by the workers themselves. All these measures increased the cost of the final product, but also resulted in improvement in quality and lesser maintenance cost for the puller.

Facilities for the Rickshaw Puller

In September 2010, the loan amount was Rs.13, 500 for a rickshaw and the minimum daily installment amount was Rs. 30. A passbook is issued where savings and installment recovery status is maintained. Municipality licenses and two sets of uniforms are also provided. CRD pays the first annual premium of Rs. 140 on behalf of the rickshaw puller, which covers an insurance of Rs. 9,000 for the rickshaw, Rs. 50,000 for the puller, Rs. 10,000 for the passenger, and Rs. 35,000 towards medical insurance of the rickshaw puller. From the next year onwards, the rickshaw puller is expected to renew the policy himself. Lighter model of the vehicle enables the puller to carry more trips leading to more income (Rs.350 per day on an average in May 2010, irrespective of the weather) thus giving them ownership within 15 months. A dignified life and freedom from rickshaw merchants; social security like insurance coverage, legal assistance; deposit of increased savings in Rickshaw Bank; provision of uniforms, identity cards, counseling to solve small domestic problems; improvement in overall personality of the puller and customer-friendly behaviour, can all be attributed to the design of the project, Dr. Sarmah feels.

Under the umbrella of Rickshaw Bank, CRD wanted to help the rickshaw pullers avail of the eye treatment. It therefore collaborated with Sri Sankardeva Nethralaya,

Guwahati (a unit of Sankara Nethralaya, a not-for-profit charitable eye hospital of Chennai, India). According to Mr. Subhash Sarma, Chief Executive, so far seven of the rickshaw pullers have undergone cataract surgery in Nethralaya free of cost. In 2005-06, CRD initiated a scheme of cloth distribution to the pullers in collaboration with Goonj (a New Delhi-based NGO). LPG connection was also provided to pullers in weekly installment. Special arrangements were made with Assam Oil Division of the Indian Oil Corporation Ltd. All these measures were initiated to help the rickshaw pullers in addition to providing them a good quality rickshaw at a lower rental. However, lot needs to be done to help the rickshaw pullers in combating problems related to alcoholism, preventing communicable diseases among them, and educating them as well as their families.

Further Expansion and Processes Followed

CRD started receiving increased credibility. The project was expanded further in Assam. With the network of Dr. Sarmah, CRD decided to enter states like Tripura, Tamil Nadu, etc., and replicate the project at the national level. It started participating in the national and international level competitions and started getting recognition. CRD became ambitious and set an ambitious target of 50,000 rickshaws at the national level. In the years 2005-08, it received some more grants for the Rickshaw Bank, including one from the American India Foundation, an organization engaged in accelerating social and economic change in India. From the year 2006-07, CRD also started getting loans from banks.

In 2007, CRD initiated the concept of group dynamics. Five people in need of rickshaw could form an affinity group. The other eligibility conditions to be a beneficiary of Rickshaw Bank were proof of Indian citizenship and permanent address, and copies of PP size photographs. Some other formalities included filling up of Family Details Form, Puller License Application Form, taking a pledge where pullers have to certify each other's characters, and taking mutual responsibility of repayment by adhering to rules of Rickshaw Bank. More or less similar practices were being followed even in 2010. Dr Sarmah admits that two years back, they faced a problem of defaulting daily payments, almost to the extent of 10 per cent. In a few cases, the loans were not paid. It was mainly because of the lapses in following

the eligibility criteria. According to Mr. Subhash Sarma, the Chief Executive Officer, repayment is not a problem now. There is insistence mainly on a system of referral, i.e., the existing rickshaw pullers have to certify the credentials of the candidates and own up the responsibility of repayment. The system is working. Still, CRD is contemplating some measures like forming a three-tiered structure – affinity group, garage group from the affinity groups, and then the federal group from the garage groups. The basic purpose is to ensure participation and ownership of the Rickshaw Bank by the rickshaw pullers. In November, 2010, they have initiated the process of registering a cooperative society called *Deep Bahan Chalak Samabay Samiti*. The activities to be carried out by the proposed society are yet to be spelt out.

Rickshaw Bank wanted to introduce certain measures like democratic election of group leader by pullers, members paying daily installments to the group leader, and then the Field Coordinator of Rickshaw Bank collecting the amount every evening. Leadership would be rotated every three months. The group would take the collective responsibility in case of leave of a member or non-payment of installment. However, this has remained as a thought.

Rickshaw Bank practices a three-tier system: The Field Coordinator is responsible for daily collection and problems of pullers; the Field Supervisor is responsible for collection of all the payments by the Field Coordinators and solving their problems; the Branch Coordinator is responsible for a given geographical territory and reporting to the Chief Executive Officer of Rickshaw Bank through the Assistant Director (Operations). The Field Coordinator supervises the garages or the meeting points. The garages provide repair facilities. Each garage/meeting point serves as the collection centre for the daily repayment. Prospective *Deep Bahan* owners are identified in the meeting points. The accountant ensures updating of daily accounts and report of nonpayment for necessary follow up.

In collaboration with the American India Foundation (AIF) and the National Institute of Rural Development, CRD organized a Consultative Meet in Guwahati in 2007 with participation from different NGOs and like-minded people from several places of the country. The Meet explored the potentiality of expansion of the Rickshaw Bank activities in their respective areas. All the partici-

pants of the Meet agreed that the economic status of the rickshaw pullers was pathetic and that there was a need for further expansion of the Rickshaw Bank.

In 2006-2007, CRD started working in Chennai in partnership with CARE India in its Tsunami Response Programme with an assembling unit in a place called Gumudipundi for 200 rickshaws. The place and shed for the unit was provided by the Tamil Nadu Government. With a 15-member local team, another regional office was opened in Noida, near Delhi. They conducted a baseline survey in Sector 27 and found that rickshaw pullers hire rickshaw at Rs. 20-25 per day and found daily earnings to be 20 per cent higher than Guwahati and Chennai. In the same year, exploratory surveys were also carried out in Gujarat. In Ahmedabad, rickshaws for passengers are not available, but other models of rickshaws for carrying goods, LPG cylinder, and waste material are available. CRD thought about starting Rickshaw Bank in places like Ahmedabad, Rajkot, Surat, Varanasi, and Vadodara. Within a very short span of time, it could make entry in to some of these places.

In 2008, the Punjab National Bank launched a rickshaw finance scheme following the NGO route. To reach more rickshaw pullers in 100 cities, the bank came forward to assist CRD in an expansion plan to increase 1,000 rickshaws in each city by extending a term loan and a cash credit loan amounting to a total of Rs. 25 lakh. CRD has become more confident now with the economic and financial aspects of managing the Rickshaw Bank. The American Indian Foundation expressed its willingness to assist CRD in this expansion plan. On February 2, 2008, Varanasi and Lucknow became the first two cities to start the Rickshaw Bank with 75 rickshaws.

Future of CRD and Rickshaw Bank

Mr. Haripada Das is a happy man these days driving his own *Deep Bahan*. He is one of 450 such rickshaw pullers in Agartala, Tripura. "After I got the new vehicle from the Rickshaw Bank, I paid an amount of Rs. 25 to the Rickshaw Bank every day and after one year I became the owner of the vehicle," Das said on October 20, 2010. "It might be small fishes. But, after being an owner of *Deep Bahan*, I have been able to feed my family a fish meal every evening," Mr. Konwar, a rickshaw puller of Morigaon, Assam, said in October 2007. Likewise some survey findings also indicate a positive impact of the Rickshaw Bank.

Since inception, CRD has been keeping itself busy in multifarious activities in the developmental and livelihood sector. Running CRD on project-to-project basis and making it sustainable are two different challenges. Dr. Sarmah's networking relationships and exposure with other leading international/national level NGOs have shown that ensuring sustainability in NGO efforts is a big challenge.

Dr. Sarmah has seen that installment recovery in Rickshaw Bank is no longer a problem. In addition, some rickshaw pullers have become owners of a number of *Deep Bahans*, which they give on rent as per market rate. This rate is higher than the rate fixed by the Rickshaw Bank. Dr. Sarma feels satisfied that Rickshaw Bank has also been able to create some micro enterprises. At the same time he feels concerned about the multiple ownership and increased rentals. Although the number is negligible, this may give rise to a new set of rickshaw merchants. That the owner rickshaw pullers charge higher rent than the Rickshaw Bank rate gives a good signal towards higher demand for *Deep Bahan*.

CRD was one of the bidders in a tender floated by the Department of Social Welfare, Government of Assam for manufacturing 8,000 rickshaws as per the initial design of IIT, Guwahati. In the financial bid, there is a provision for a royalty to be paid to IIT Guwahati. Having experience, infrastructure, and manpower, CRD bid for manufacturing the rickshaws to be distributed free by the Government of Assam under a social welfare scheme. However, because of its higher rate, another agency was selected. On the occasion of the fourth anniversary celebration of the State Government, rickshaws manufactured by that agency were distributed free in the month of June, 2010. A former key functionary of CRD started a similar project in 2008. Under the brand name, *Umarath*, he spread the design. He also availed a cash credit loan from Punjab National Bank. Dr. Sarmah is not aware of the other ventures elsewhere.

In Guwahati, there are thousands of rickshaws including more than one thousand *Deep Bahans*. When one well-wisher of Dr. Pradip Kr. Sarmah commented that the presence of *Deep Bahan* in many localities was insignificant, Dr. Sarmah said that CRD could easily have another factory to meet the increasing demand for different forms of rickshaws. He cited the problem of mobilizing the resources and managing the operations. The price

of *Deep Bahan* is more than the conventional rickshaws and the rickshaw pullers do not or cannot charge an extra amount from the passengers. However, the market prefers *Deep Bahan* resulting in a relatively lesser waiting time for the rickshaw pullers in the Rickshaw stand. That sustains the demand for *Deep Bahan*. CRD is now more concerned about the supply of the rickshaws. The same friend has recently warned that *Umarath* would be a big threat to *Deep Bahan*. Dr. Sarma has expressed concern on the social mobilization initiatives of the new venture started by the former CRDian. He has learnt that the new enterprise has started facing the problem of default by the rickshaw pullers, in addition to the problem of low quality.

CRD's factory capacity in Guwahati is now fully utilized, not only with *Deep Bahans*, but also with other forms of rickshaws. Different variations of rickshaw are being made. In a trade fair held in Guwahati in March 2010, CRD launched the Momo Cart (a vehicle to sell momos, a food item made with simple flour and water dough). In the same factory, CRD manufactured school vans, garbage carrier vans (*Seuj Bahan*), fish carts, vegetable carts, etc. There were some problems in man management and inventory management at the factory level. Now with the joining of Mr. P K Misra, an ex-army man, productivity has increased from an average of 70 rickshaws per month to 100 with the same number of workers. A team from Massachusetts Institute of Technology, Boston, USA is also currently involved with the finer aspects of *Deep Bahan*. They are making experiments with double chain and an efficient front shock-absorbing system to facilitate rickshaw pulling on over-bridges and bumpy roads. Dr. Sarmah and his team are quite hopeful of some breakthrough in design and cost effectiveness of *Deep Bahan*. Mr. Subhash Sarma, an old friend of Dr. Sarmah, has assumed the responsibility of the chief functionary of CRD for the last two years. Mr. Sarma is a founder and the current Governing Board member of CRD. Dr. Sarmah, the Executive Director of CRD, feels confident that things are under control now. Mr. Subhash Sarma is fully familiar with all the day-to-day operational and financial matters. No problems have been faced in procuring iron materials and cycle parts from the few major suppliers with whom they have developed partnership relationship over the last few years.

Dr. Sarmah is highly enthusiastic about the Rickshaw Bank project. He feels satisfied with the project's contri-

bution towards raising the income of the rickshaw pullers and ownership, improved work environment, passenger-friendly behaviour, decrease in fossil fuel emission by popularizing rickshaws, promoting the usage of environmental-friendly cooking fuel, creation of jobs for youths, and improved sale of local business. He feels the project has been able to impact sustainable community development from three perspectives – economic, social, and environmental. He wants to strengthen the networks further and wants to reach the unreached. In the last seven years, with the rise in the cost of materials, the selling price of a rickshaw has doubled. Also, the rickshaw fares have more than doubled. But the daily installment has increased by a marginal Rs. 5 only, i.e., 20 per cent. The maximum duration of loan payment has been extended from 12 months to 15 months.

Dr. Sarmah strongly feels that the Rickshaw Bank project should spread to all parts of the world where rickshaw pullers are facing ownership problem. CRD alone cannot do this job. The NGO route has certain inherent problems in terms of working in a scalable manner. Dr. Sarmah feels constrained in spreading the movement through CRD. The banks do not fund big projects of NGOs. Finding like-minded NGOs is also a big problem. Dr. Sarmah, in his individual capacity, got an enterprise registered in 2009 under the name, Innovative Wheels Private Ltd. (IWPL), to work on popularizing *Deep Bahan* and expanding the movement. Dr. Sarmah was not sure of the new venture. He felt that an alliance of CRD and IWPL would help in popularizing *Deep Bahan* and also work for the causes of the rickshaw pullers' community. As he was not sure about the right kind of modalities, he convened a Managing Committee meeting.

In the Managing Committee meeting, the members asked for the details of the proposed private route to which Dr. Sarma did not have a convincing reply, as he himself was not sure of the new venture. Everyone in the meeting was of the opinion that there was a need for growth, but finding out the modalities was a big challenge. They ultimately decided to explore the franchisee

option and accordingly CRD released an advertisement in a local daily. The response to that advertisement also is lukewarm.

In the meantime, in three places of Assam, namely, Dhupdhara in Kamrup district, Morigaon in Morigaon district, and Nalbari in Nalbari district, CRD has found three enterprising youths who are interested in manufacturing and selling *Deep Bahan* on a commercial basis. CRD is assisting them in setting up the enterprises and getting bank loan. To that extent CRD has prepared a rudimentary business plan. Although profit potential aspects are not worked out in greater details, they are sure that with sincerity and a sense of purpose, the prospective franchisees/entrepreneurs will be able to sustain the business and help more and more rickshaw pullers.

One well-wisher of Dr. Sarmah recently pointed out to him, "You have earned your name and fame through Rickshaw Bank only. With the present mode, you won't be able to achieve much. You have your *Deep Bahans*. Let them continue. At the same time, you concentrate on your Momo Carts and *Seuj Bahan* also. In some places of Guwahati, like Khanapara, Ganeshguri, etc., I have seen momos being sold in huge quantities. I think the momo vendors are making good profit. Set your expectations low. Don't feel fatigued. Keep on doing the good work."

Having the right kind of persons and partner organizations is always a problem. Expansion requires mobilizing more resources which is a challenge. Sustaining operation in an effective manner is another formidable challenge. Over the years, Dr. Sarmah has made himself indispensable for CRD and Rickshaw Bank. He is the main person behind all these activities. His personal ambition and reputation are also associated. That the activities may not be that scalable in the current format poses as an impediment to satisfy his growth motive. Dr. Sarmah is still in a fix regarding whether to consolidate or to expand. The question that remains is: How effectively and how best to serve the rickshaw pullers and the society? 

Annexure 1: Awards and Recognition of CRD and Rickshaw Bank

- Dr. Pradip Kr Sarmah was selected for Ashoka Fellowship in 2001 by Ashoka Innovator for the Public, a US-based international organization.
- Was awarded the Ashoka's Citizen Bank Investment Award 2003 for innovative resource mobilization strategy of Rickshaw Bank.
- Was awarded Micro Finance Excellence Award in the national level competition jointly organized by Planet Finance and ABN Amro Bank in 2005-06.
- Rickshaw Bank was adjudged as one of the top eight concepts on market-based innovation in an international competition organized by Change Maker, a wing of Ashoka Innovators in 2006.
- Participated in Global Change Makers Award Competition in Washington in 2006 for market-based strategies that benefit low-income communities; the award was given at National Bank's Club, Washington.
- Secured a place in Limca Book of Records as first Rickshaw Bank under the business section in 2006.
- Won the 3rd prize in the SRIJAN 2007 Micro Finance Business Plan Competition at Hyderabad in April 2007.
- Won Asian Innovation Award 2007 on November 13, 2007 in Singapore for Rickshaw Bank.
- In the India NGO Award 2008 of the Nand and Jeet Khemka foundation, a special recognition was conferred on CRD for its innovative flagship Rickshaw Bank project, providing holistic and sustainable socio-economic benefits to the rickshaw pullers.
- Was offered Lemelson Fellowship for his technology-based contribution towards social causes in 2009.
- Was invited by Harvard Business School to participate as a panel speaker in India Conference 2009.
- Was invited to participate in the Velocity Global 2010 – A Global Meet organized by European Cycle Federation at Copenhagen in June 2010.
- Was invited by MIT Boston as a Visiting Practitioner to share his experiences in different schools including Sloan School of Management in November, 2010.

Annexure 2: Indicative List of Projects/Activities Undertaken by CRD

- Vet Aid centre, project sponsored by RGVN with a corpus fund of Rs. 2 lakh in April 1999. Strengthening of the Vet Aid Centre by Sir Ratan Tata Trust, Mumbai in 2001-2002.
 - District Nodal NGO since 2000 under World Bank funded Assam Rural Infrastructure and Agriculture Service Project.
 - Community Resource Management in Karbi Anglong and North Cachar Hills Districts by International Fund for Agriculture Development 2002-2003.
 - Capacity building of SHGs by NABARD 2002-2003.
 - CRD took up the Corporate Agency of Max New York Life Insurance Company Ltd. Promoted "Easy Term Policy" of a premium from Rs.50 to Rs.500 per month among the farmers and daily wage earners.
 - Community Micro Lift Irrigation, Community Tanks for Fisheries, Beel Fisheries, etc., in 2003-2004.
 - CRD initiated a network, viz., Marketing Associates of Non Governmental Organization (MaNgo). During the year 2004-05, CRD started a rest house for the NGO personnel. However, after 2004, the name and fame of CRD started centering on Rickshaw Bank.
 - Support to Training & Employment Programme (STEP) on backyard poultry for women members of SHGs in 2004-05.
 - Swabalamban – training on food processing sponsored by Central Social Welfare Board in 2004-2005.
 - Livelihood enhancement – empowerment of women through piglet bank and health programme.
 - Free Heart check-up camp at Mirza, Assam in collaboration with Chian Heart Foundation in 2006-2007.
 - District Nodal NGO in Kamrup district under Assam Agricultural Competitiveness Project (ACCP) since 2006-2007.
- Note:** In the year 2009-2010, the main activities of CRD were in the areas of the ACCP project and Rickshaw Bank.

Annexure 3: Indicative List of Particulars Required in the Application Form for Membership by the Rickshaw Pullers

- Name, date, signature, photos
- Father's name
- Present address, permanent address, police station, etc.
- Whether married, family particulars
- Current occupation and experience in rickshaw pulling
- Age, educational qualification, and annual income (of the family)
- Name, phone number, and address of a reputed person in the applicant's locality
- Declaration by the reputed person about the applicant's credential and his poor economic status

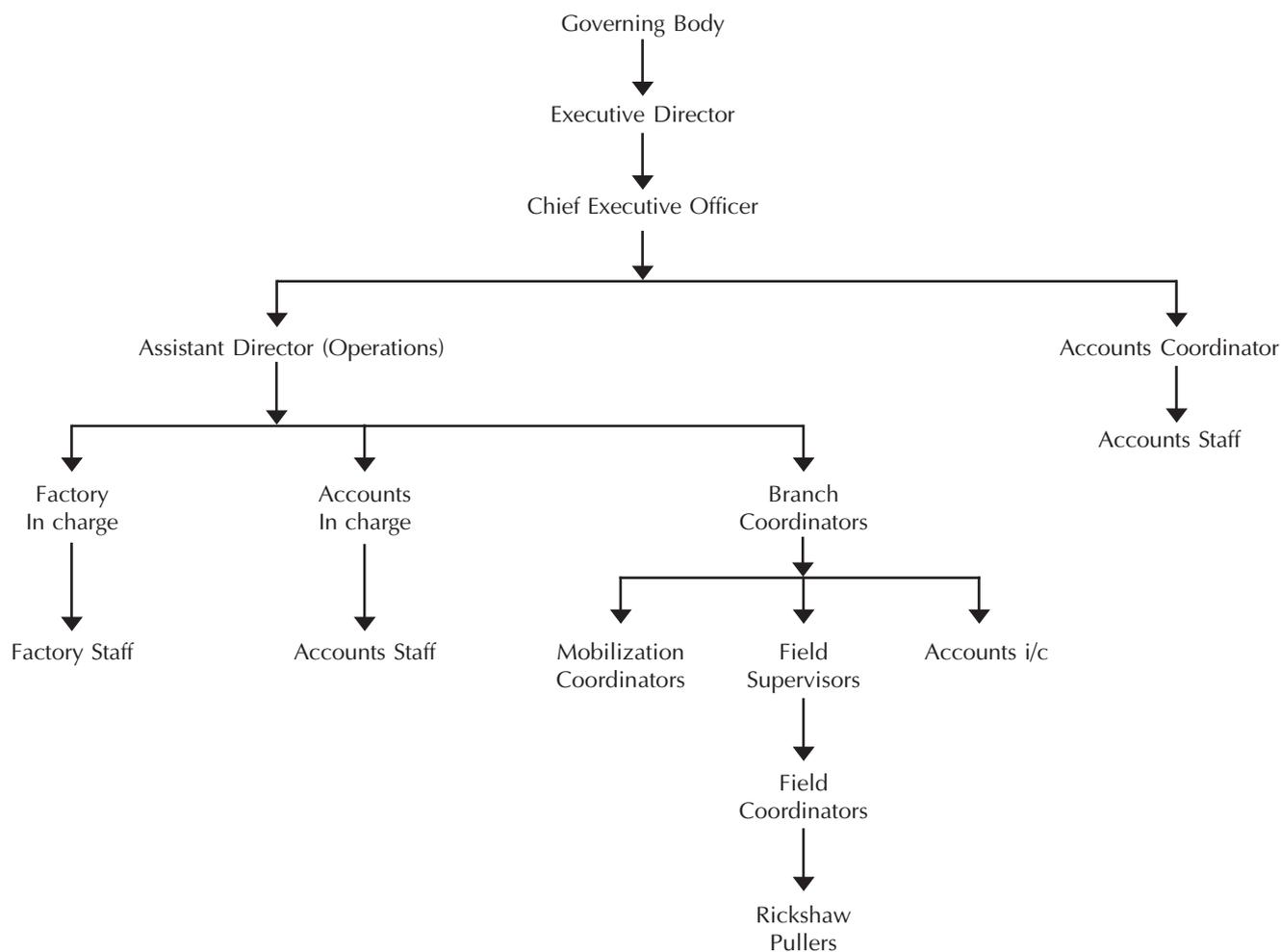
Note: CRD insists that the prospective beneficiary's name is included in the Voters' List. A guarantor having a PAN card or an existing member with sound credentials would be preferred. They expect the guarantor or the member to assume the responsibility for the liability of the rickshaw and also to certify the authenticity of the beneficiary.

Annexure 4: Rickshaws Distributed in Various Places in India

| Place | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|--|---------|---------|---------|---------|---------|---------|
| Assam | 213 | 296 | 472 | 714 | 795 | 819 |
| Chennai | — | — | 100 | 100 | — | — |
| Agartala | — | — | 300 | 150 | — | — |
| Surat (<i>Hathlori</i> or push cart) | — | — | 100 | 100 | 37 | — |
| Allahabad | — | — | — | — | 300 | 400 |
| Varanasi | — | — | 100 | 100 | 400 | 500 |
| Lucknow | — | — | — | — | 400 | 600 |
| Chandni Chowk (Soleckshaw under Pilot run) | — | — | — | — | 7 | — |

Note: CRD has developed networks with three NGOs namely *Jana Mitra Nyas*, *Arthik Anusandhan Kendra*, and *Bharatiya Micro Credit* for distribution of rickshaws in three places Varanasi, Allahabad, and Lucknow respectively. The solar power-enabled rickshaws are in pilot run in Chandni Chowk, New Delhi.

Annexure 5: Organization Chart of Rickshaw Bank



Annexure 6: Estimated Cost of Selected Forms of Cycle Rickshaws in September 2010

(in Rs.)

| No. | Cost Items | Deep Bahan | Fish Cart | Momo Cart | Seuj Bahan |
|-----|---|---------------|---------------|---------------|---------------|
| 1. | Cycle parts (axle, tyre, tube, free wheel, bell, lock, mirror, frame, handle bat, etc.) | 4,065 | 4,065 | 4,405 | 2,600 |
| 2. | Iron set painting, framing and chassis, flat bar, nut, bolt, hood, primer, red paint, GI sheet, Net welding rod, etc. | 5,585 | 6,085 | 7,745 | 13,900 |
| 3. | Other expenditure (office rent, factory rent, bank interest, freight charge, labour charge, etc.) | 3,850 | 3,350 | 3,350 | 3,500 |
| | Total | 13,500 | 13,500 | 15,500 | 20,000 |

Annexure 7: Translated Copy of the Advertisement published in *Amar Asom*, a leading Assamese Daily on 11.09.2010

Application invited for setting up industries for non-mechanized vehicles

The Centre for Rural Development invites application from entrepreneurs to set up industries of Rickshaws and other non-mechanized vehicles. It may be noted that since 2004, CRD has been selling good quality rickshaws to the rickshaw pullers through small loans. CRD wants to help prospective entrepreneurs to set up industries to manufacture rickshaws and other non-mechanized vehicles by using developed technology. Applicants should have knowledge of fabrication. The Applicant will have to invest an amount of Rs. 1-3 lakh. The

entrepreneurs will be able to avail government subsidies as applicable on loan, electricity usage, and sales tax. CRD will train the entrepreneurs in management knowhow and practical aspects. The interested entrepreneurs should send their application to:

Centre for Rural Development,
House No. 15, Bye lane No.2,
Sapta Sahid Path, Sarumataria, Dispur, Guwahti-781006,
Telephone No.0361-2228281
e-mail: crd4ev@yahoo.com
Mail 2crd@gmail.com before 30th September' 2010.

Annexure 8: Survey Findings

In a survey conducted by a summer trainee of a management institute, it was found that the passengers appreciated the behaviour of *Deep Bahan* pullers. They had identity cards and were identified by police. It was safe to ride on *Deep Bahan* even during night time.

On May 1, 2010, a group of four students of a local management institute, in partial fulfillment of a project, conducted a survey amongst 30 rickshaw pullers randomly (12 of them were *Deep Bahan* owners, while the remaining were conventional rickshaw pullers) in two places in Guwahati - Guwahati Club and Bamunimaidam.

Some advantages of '*Deep Bahan*' as per the respondents are:

- Children, aged people and patients find *Deep Bahan* quite comfortable for the extra space and the smooth ride.
- The long hood over the rickshaw provides a better cover for both the puller as well as the passengers during summer as well as rainy days.

- The rickshaw pullers were quite happy that within 13-14 months they could own a rickshaw of their own by paying a monthly installment of Rs. 900 only.
- Deep Bahan* owners could share a pride of ownership. Two of them said that there had been a remarkable attitudinal change on the part of rickshaws passengers to rickshaw pullers. Instead of using derogatory language, the rickshaw passengers treated the *Deep Bahan* pullers with some respect.

Certain disadvantages of *Deep Bahan* were cited by the rickshaw pullers:

- The longer hood reduces the speed compared to the conventional rickshaws.
- The front end of *Deep Bahan* is heavier than the conventional one. As a result, the front tyre spokes break quite often due to the poor condition of roads.

Annexure 9: Momo Cart and Momo Selling Business

Mr. Basu Nath, aged 20 years, a resident of village Madlijhar (about 150 km distance from Guwahati) came to Guwahati in March 2005 after finishing his high school leaving certificate examination. With the help of a friend working in CRD, Basu met Mr. Subhash Sarma, CEO of CRD and got a job in CRD at Rs. 1,500 per month. Mr. Sarma allowed him to continue his studies. Basu could pass higher secondary examination from a Guwahati-based school. He left CRD in March 2010.

One fine morning, one Mr. Dilip Fernandez approached Mr. Subhash Sarma, CEO of CRD on how Mr. Sharma could help him by manufacturing a cart in which momos could be sold and served hot. Mr. Sarma agreed and started working on the project in consultation with Mr. Fernandez. After that one Mr. Kaustav (an existing management trained entrepreneur owning a fast food outlet called Momo Hut in Guwahati) ordered three momo carts in order to expand his momo selling business.

Basu observed the development and decided to start his own venture. He became the third owner of a momo cart in Guwahati. He visited the 'factory' of Mr. Kaustav and became familiar with preparing momo. Within a span of 21 days in March 2010, Basu became a full-fledged momo seller by procuring three momo carts on a daily installment basis from the Rickshaw Bank. He finds this size manageable and is hence not considering adding more carts.

Basu has invested about Rs. 10,000 on purchasing equipments and raw material as per the details shown in the Table below. At the time of leaving CRD, he earned Rs. 3,500 per month. Based

on the last few months' experiences (March-November, 2010), he estimated a monthly earning of Rs. 10,000 to Rs. 15,000 by selling momos.

Preparing the momos and serving them hot consumes the entire day for Basu and his two employees. They can serve the momos hot because of the inbuilt system in the momo cart in which gas stove, cylinder, and momo ovens can be carried and used. Dicing the onion, kneading and rolling out the dough, sorting of chicken pieces, making of chutneys, etc., are done in the morning hours. Momos are made during noon-hours and then loaded in the carts for selling in the market which is about 2 kms away from the 'factory'. The momos are served hot with soup and chutney. A plate contains five momos and is priced at Rs. 20.

Initially, Basu could sell 120 plates (the average lot during the period March 2010 to November 2010) a day within two to three hours (6 PM to 9 PM) in Ganeshguri area in the city. In March 2010, there were only 10 momo carts in Guwahati; in November 2010, the number rose to 80 (70 of them being manufactured by Rickshaw Bank). In March 2010, in Ganeshguri area, there were only the three momo carts of Basu; the number of momo carts in the area has gone up to 13 in November 2010. Basu needs 6 hours (3 pm to 9 pm) to sell 120 plates a day on an average compared to 2-3 hours in March 2010. In the weekend, demand is less. Basu feels that more effort will be required to sell more momos. He feels that momo carts should occupy other uncovered places in Guwahati. Basu is quite satisfied with his venture so far.

Cost Particulars

| No. | Description | Amount (Rs.) |
|------------------------------------|---|--------------|
| 1. | Oven 2 sets @ Rs. 2,200 | 4,400.00 |
| 2. | Gas cylinder 2 nos. @ Rs. 500 | 1,000.00 |
| 3. | Gas regulator 2 nos. @ Rs. 250 | 500.00 |
| 4. | Membership fee of Rickshaw Bank | 200.00 |
| 5. | Water bottles | 300.00 |
| 6. | Inverter with CFL bulbs | 3,000.00 |
| 7. | Room rent with electricity per month | 2,560.00 |
| 8. | Maintenance of carts per month | 300.00 |
| 9. | Salary and food for the three sellers @ Rs. 4,400 per month | 13,200.00 |
| Cost per day for 120 plates | | |
| 10. | Daily instalment to Rickshaw Banks for 3 carts | 150.00 |
| 11. | Onion 11 kg. @ 40/- | 440.00 |
| 12. | Wheat flour 6 kg. @ Rs. 19 | 114.00 |
| 13. | Chicken 4 kg. @ Rs. 80 | 320.00 |
| 14. | Other materials (spice, sauce, etc.) | 350.00 |

Annexure 10 A: Rickshaws Sold in Assam Unit, Guwahati

| Year | No. of Units Sold | | | | | Total |
|---------------------|-------------------|-----------|------------|----------------|--------|-------|
| | Deep Bahan | Momo Cart | Seuj Bahan | Vegetable Cart | Others | |
| 2004-05 | 213 | 0 | 0 | | 0 | 213 |
| 2005-06 | 296 | 0 | 0 | 0 | 0 | 296 |
| 2006-07 | 472 | 0 | 0 | 0 | 0 | 472 |
| 2007-08 | 714 | 0 | 0 | 0 | 0 | 714 |
| 2008-09 | 618 | | 171 | | 6 | 795 |
| 2009-10 | 719 | 16 | 42 | 23 | 19 | 819 |
| Till September 2010 | 367 | 57 | 21 | 8 | 7 | 460 |

Annexure 10 B: Selected Particulars of Rickshaw Bank: Assam Unit

| Year | Grant Received | | Loan Received | |
|-----------|----------------------|-------------|---------------|-------------|
| | Donor | Amount | Bank | Amount |
| 1 | 2 | 3 | 4 | 5 |
| 2004-2005 | Hindustan Lever Ltd. | 700,000.00 | | |
| | IOC | 700,000.00 | | |
| | ONGC | 700,000.00 | | |
| 2005-2006 | AIF | 1067,302.00 | | |
| | AIF | 316,587.00 | | |
| | Care India | 906,000.00 | | |
| | Global Givings | 43,107.13 | | |
| 2006-2007 | Care India | 906,000.00 | ICICI Bank | 4000,000.00 |
| | Global Givings | 12,303.00 | SBI | 2240,770.00 |
| | KCF (Grant) | 902,800.00 | KCF | 4482,000.00 |
| | ONGC Nazira | 392,250.00 | | |
| | AIF | 316,587.00 | | |
| 2007-2008 | AIF | 1168,314.00 | HDFC | 1500,000.00 |
| | AFNA | 55,310.00 | SBI | 759,230.00 |
| | Global Givings | 43,822.00 | | |
| 2008-2009 | AIF | 246,764.00 | KFC | 2111,975.00 |
| | AFNA | 85,495.00 | HDFC | 1000,000.00 |
| | Global Givings | 12,300.00 | | |

| | | |
|------|---|------------------------------------|
| IOC | = | Indian Oil Corporation Ltd. |
| ONGC | = | Oil & Natural Gas Corporation Ltd. |
| AIF | = | American India Foundation |
| KCF | = | Kaudici Charitable Foundation |
| AFNA | = | Assam Foundation of North America |

Note: i) From 2008-09, Punjab National Bank started extending the cash credit loan having a maximum drawing limit up to Rs. 25 lakh. After availing the loan, CRD's working capital requirements were met.
ii) Grants received were adjusted against payment of loans.

Annexure 11: Selected Particulars from the Project Plan for 20 Rickshaws a Month

(Prepared by CRD for franchisees / prospective entrepreneurs in September 2010)

Fixed Cost

| | |
|--|------------|
| i. Furniture and fixtures | Rs. 20,000 |
| ii. Machineries and equipment | Rs. 92,000 |
| iii. Electrical fittings and equipment | Rs. 38,000 |

Operating Expenses Per Month

| | |
|--|-------------|
| i. Factory and open shed rent | Rs. 5,000 |
| ii. Salary and wages | Rs. 40,000 |
| iii. Electricity, telephone, transportation etc. | Rs. 7,000 |
| iv. Cycle parts, iron sheets, paints, etc. | Rs.1,93,000 |

Note: With a revenue projection of Rs. 40 per day per rickshaw for 13 months, the enterprise will be profitable from the second year of its operation. The daily rate of Rs. 40 appears to be feasible. CRD believes that with maintenance of quality, recovery of the daily installment, and adequate bank finance, it will not be difficult for even a private enterprise to transfer the ownership right. It was estimated that in Nalbari district alone, there were about 10,000 conventional rickshaws and 92 per cent of the rickshaw pullers did not have ownership.

Annexure 12: Selected Photos



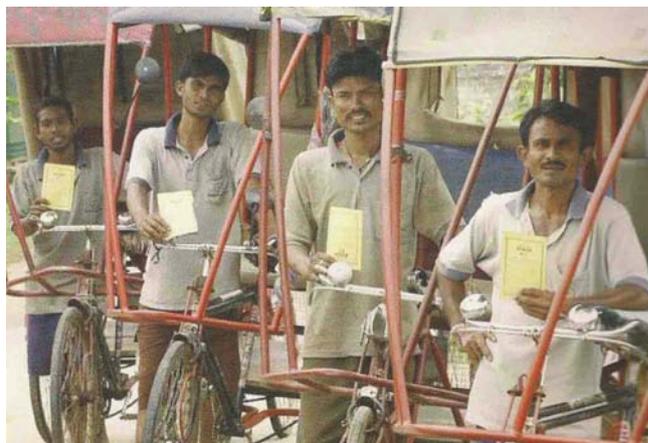
First Model of *Deep Bahan*



Present Model of *Deep Bahan*



Fish Cart (*Meen Bahan*)



Rickshaw Pullers with their respective Pass Books of Rickshaw Bank



Basu with his Momo Cart



Cold/Lemon Water Carrier



Bhog Jan (vehicle for selling food items)



Vegetable Cart



Hath Lorry, Surat



Rickshaws ready for free distribution by Govt. of Assam on 20-06-2010 at Dibrugarh



Conventional Rickshaw



Soleckshaw, Noida

Nripendra Narayan Sarma is currently functioning as the Director and ONGC Chair Professor, Assam Institute of Management. A Ph.D in consumer cooperation and rural marketing, he participated in the International Ph.D. workshop on Perspectives on Performance of Rural and Agricultural Cooperatives in Changing Environments on September 7-9, 2009 in Giessen University, Germany. Dr Sarma is a Guest Faculty in several institutions including the Indian Institute of Management, Lucknow in the area of rural marketing He is

also involved with facilitation cum evaluation of developmental projects sponsored by CAPART. He is an author of a book entitled *Consumer Cooperatives and Rural Marketing* published by Mittal Publications, New Delhi, 2003. He has presented and published articles and papers in several national and international seminars and workshops.

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