



Assam Foundation of North America

A special issue on Rickshaw Bank

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Rickshaw Bank

Rickshaw Bank is the flagship program of the Centre of Rural development (CRD). The program is designed to provide a means of self-employment to the poor and the marginalized rickshaw community. The central idea is the issue of an asset-based loan to the rickshaw puller for which installments are repayable on a

daily repayment plan with 10-18 Month duration. Full and timely repayment leads to ownership of the rickshaw being handed over to the puller. This concept is in contradistinction to the existing practice in which an equivalent amount of a daily rental fee is paid to rent the vehicle, possibly for the lifetime of activity, with no scope for ownership. The innovation lies in its unique style of service delivery and design that addresses underlying causes of poverty through asset based entrepreneurship development. To be comprehensive in meeting the needs of the rickshaw puller and family, the daily repayment is a one-window repayment amount towards the eventual ownership of the rickshaw, social security in terms of member deposit, accidental insurance premium, uniform, licenses, a photo identity card, and related training. The Rickshaw Bank provides the target community with an income generating asset – the rickshaw, and allied services thus promoting micro entrepreneurship among urban poor and rural migrants.



Rationale

Rickshaws are a significant means of transport and conveyance in India. There are currently estimated to be 8 million rickshaw pullers in India. 95 percent of these rickshaw pullers are victims of high daily rental fees making it nearly impossible to earn enough income to ever own a rickshaw in their lifetime. In addition, similar to other rental services, they have to bear the cost of any accidental damage to the vehicle on which there is no insurance option. Unable to bear the cost of a large damage, the puller is subject to harassment and this leaves the pullers with no choice but to flee the locality. The underlying cause behind this vulnerability is that Rickshaw Pullers are constrained by lack of access to basic formal banking services such as loans, savings, insurances, lack of disposable income to access basic utilities or provide adequately for families.

The principles of the social business venture, the Rickshaw Bank, are three fold: to remove con-



straints of the targeted community, to increase earning capacity, to ensure sustainability and scalability of Program. The Rickshaw Bank addresses each of these opportunities. It releases the pullers from the constraints of access to basic financial services, provides identify proof to protect them from the social stigma and

harassment. The second advantage is the enhanced financial gain. When the pullers pay off the loans for their rickshaws, the future income goes

into their own pockets, to their families, and eventually backs into the local economy. Through additional collaborations with local institutions, the Rickshaw Bank has been able to tie up for free healthcare, affordable clothing, licensing and procuring cooking gas licenses- all critical expenditures for the household. Third, the business aims to provide both 'in reach' and 'outreach'. In-reach or

depth of the service means providing access to affordable products, services, and information to the existing clients by means of negotiating at a large scale. For outreach, the model is commercially sustainable for the service to be adopted or expanded to other needy areas. The product the rickshaws are manufactured locally, either in an in-house manufacturing unit or by local suppliers. This asset is then accessible by a five-member common liability group that acts as the social collateral towards the 'loan'. The concept of garage is introduced as the meeting point for the 25 pullers or 5 groups and also works as a collection centre for the daily repayment. The garage owner is creation of another point of entrepreneurship initiated by loan from the Rickshaw Bank. The product available to the target community is the Rickshaw; the insurance facility for the puller, the passengers and the vehicle, the license for puller and the vehicle, mediclaim, the uniform and the identity card. Additional benefits tied in on fee basis are cooking gas connectivity, emergency loan or need based

purchase items.

Core Business Strategies

1. Rickshaws are technologically superior leading to increased customer demand: Originally designed by Professor Amarendra Das of the India Institute of Technology (IIT), Guwahati (called Dipbahana), it has made over 30 improvements to the traditional rickshaw. The new rickshaw is more aerodynamic, lighter than the traditional vehicle and has safer seating arrangements. This makes it easier on the puller and more comfortable for the passenger, thus creating heightened consumer demand for Rickshaw Bank vehicles.
2. Rickshaws are provided to pullers in groups of five. The pullers, who are members of the Rickshaw Bank, form garages in different parts of the city to manage their savings, repair the rickshaws, update business records, and collect rent.
3. Repayment is collected on a daily basis. Since the puller has a daily earning pattern, the repayment is collected on a daily basis. This revenue for the Bank is applied towards the cost of the rickshaw, insur-

ance premium, license, uniform, and operating costs.

4. Finance is raised on a Loan cum Advertisement based model. Formal financial institutions provide the loan on commercial rates; grant money is targeted to leverage greater financial access to bank loans and for internal capacity building; advertisement space

behind rickshaws is sold to local businesses or interested corporate houses and is an additional source of revenue. The advertisement revenue also helps to reduce risk in case of delayed repayments from pullers.

5. Additional loans given to the Rickshaw Pullers community to address other community needs. Pullers own

their Rickshaws in a maximum of 15-18 months—with most owning this asset within 10-12 months. The link with the Rickshaw Bank continues for a loan towards second product or service and especially for negotiating better advertisement rates with businesses, and for accessing insurance services.

CASE STUDY



Deben Das is 45 years old man residing at Polokata village P.O. Muktapur in Nalbari district of Assam. He was pulling rickshaw since last 17 years on daily hire basis, where he had to give Rs.25/- daily rental for the rickshaw. His life was miserable as he was not able to save any amount for unforeseen circumstances. One day he saw a different model of rickshaw running on the road, he became curious about the new model rickshaw, and out of this curiosity he went to the puller of that rickshaw and inquired about the rickshaw, then he came to know that he got the rickshaw from some Rickshaw Bank (RB) and that puller will become the owner of the rickshaw in 13 months time. He came back home in the evening and discussed about the new rickshaw with his wife and she advised him to visit Rickshaw Bank, next day he visited RB office and he was delighted at the thought of having his own rickshaw and decided to join RB. The Field Supervisor advised him to bring 4 copies of his photographs, permanent address proof document and Rs.550/- for security cum registration money. He gathered the entire necessary requirement and went to RB office after one week and he was issued a brand new rickshaw. The new rickshaw from RB brought a new direction in his life. He was now having more passengers and his income steadily increased as it was easier to ply and he made more trips than before, and he started saving Rs. 40/- to Rs.50/- daily at the RB. Now also he purchases some clothes for his family from RB cloth distribution scheme. In his words about the other allied benefits of RB is “off course the health support cell is of great help to the poor people like us as I get cheaper medicine and medical advice. It is already six months with RB and now I have heard from the field coordinator that RB is also providing small instant loans to its member rickshaw pullers. Now I feel secured about my family and their future, thanks to Rickshaw Bank.”

The works of CRD has been well-acclaimed through different awards, events at national and international level

- Dr. Pradip Kr. Sarmah, Executive Director, CRD received the Ashoka Fellow recognition from the Ashoka Innovators for the Public, USA, in 2001.
- The Rickshaw Bank Project received the Citizen Base Investment Award, 2003 on September 13th, 2003, the Bombay Stock Exchange, Mumbai.
- On April 5th, 2006 received the Global Changemakers Award for Market-based Strategies that Benefit Low-Income Community at National Press Club, Washington DC.
- On April 7th, 2006 received the Microfinance Process Excellency Award from the Eastern Region. The competition was jointly organized by Planet Finance and the ABN Amro Bank.
- The “Rickshaw Bank” project holds a place in the Limca Books of Records in 2007 for its innovative business plan.
- In the “Srijan Microfinance Business Plan Competition, 2007” The Rickshaw Bank Business plan of CRD got selected as 2nd runners up.
- Micro Insurance Awards 2007, Hyderabad on 27th July, 2007.
- Asian Innovation Awards 2007, 13 November, 2007, in Singapore
- The Best Community Development Action Awards, 2008 by the Hon'ble Chief Minister of Assam on 15th August, 2008.
- INDIA NGO AWARDS, 2008 in the Medium Category from the Eastern region.
- Certificate of Special Recognition for Rickshaw Bank project that was declared the best project of the year. The awards were given away by the Chief Guest Dr. Sayeda Hameed, Member, Planning Commission, Govt. of India on 30th March, 2009 at India Habitat Centre, New Delhi.
- Rickshaw Bank has been honored with the Flextronics Economic Development Award, as part of the Tech Awards 2011 under the Economic Development category.



MASSACHUSETTS INSTITUTE OF TECHNOLOGY D-LAB

Gwyndaf Jones

I am an instructor in the MIT D-Lab Program in engineering for international development and I met Dr. Sarmah when he visited Boston in March 2009 to speak at a Harvard Business School social entrepreneurship event. We have worked with many local partners on lots of projects in previous years and I immediately realized that I might be onto, what for us is the most sought after community partner; one with a mission to improve the prospects of a significant population, great engineering challenges and a strong economic model.



In August 2009 I visited Dr. Sarmah in Delhi and then went on to spend over a week in Guwahati, Assam where the original and largest Rickshaw Bank program operates. At that time they had fabricated thousands of rickshaws of a design they had developed working with the local IIT University and they were in evidence all over Guwahati. I spent my time there documenting the current design and a list of improvements that they were seeking. They were exactly the sort of challenging problems that we search out for our students; how to improve a road vehicle that carries three people on a fraction of a horsepower and costs US\$220. It was a really valuable find for us and since then I have worked on those problems with students at MIT and in the course of three trips back to Guwahati.

Yale School of Management : Global Social Entrepreneurship

An effective leader for business and society is one who is able to hear, understand, and communicate with people from all segments of society. The Yale SOM Global Social Entrepreneurship course is designed to introduce students to practical issues faced by mission-driven social entrepreneurs, linking teams of Yale students with social enterprises (SEs) based in India. Student/SE teams work together to address specific management challenges faced by the SEs, culminating with the development of a set of recommendations



Pradip Sarmah, executive director, Centre for Rural Development

(operational, financial or otherwise) to meet the identified challenges. Led by Tony Sheldon , executive director of the Program on Social Enterprise, the course develops the consulting skills of students from Yale SOM, the School of Forestry and Environmental Sciences, and the Law School by having them work on concrete projects with social enterprises in India. This year SOM selected Rickshaw Bank Project and Dr. Pradip Sarmah was on campus interacting with the students and academician.

Rickshaw Bank: touching the lives of many !

By Neil Mehta



The Rickshaw Bank presents a remarkable opportunity to directly help the bottom of the pyramid worker, in a sustainable, entrepreneurial way. Founder Dr. Pradip Sarmah has identified a hard-working, largely migrant population that – primarily for lack of credit and legal identification/recognition – struggles to make a daily living. The Rickshaw Bank couples inspired design ideas (done in collaboration with some of the world's best universities) with the financing model pioneered by Grameen. With an estimated population of eight million Rickshaw pullers, we have a unique chance to lend a respectful hand to a group working hard to give their families the opportunity to move beyond subsistence.

I spent a month working with the Rickshaw Bank at their headquarters in Noida, UP and in their home office in Guwahati, Assam. On site I saw firsthand how Dr. Sarmah has touched the lives of many, and inspired his staff, donors and the community with his service and dedication. I have since been a strong supporter of the Rickshaw Bank and its mission. We now hope that we can bring you along for the ride!

Neil was introduced to the Rickshaw Bank in the Summer of 2008, when he worked in Noida with Pradip Sarmah to develop the business plan - and has been a supporter of the Rickshaw Bank's mission and growth ever since. Neil is an investor by profession, with experience at Soros Fund Management (a hedge fund), Apollo Management (a private equity firm), and Goldman Sachs (an investment bank).

Rickshaw Bank and social entrepreneurs

By Anirudh Gopalakrishnan

Mr. Pradip Sarmah had the vision to conceptualize the "Rickshaw Bank". His experience growing up in Assam gave him a deep understanding of what it would take to create employment opportunities for the Assamese people. He consulted all the sources he possibly could to make this venture a success. For example, Sarmah worked with McKinsey to validate his strategy, to write a business plan for the Rickshaw Bank, and to market this concept to India's leading corporations. Second, corporate partners such as Hindustan Lever Ltd (HLL), Oil and Natural Gas Corporation (ONGC), and Indian Oil Corporation (IOC) saw merit in the idea and invested in the project in return for advertising space behind the rickshaws. Understandably, the return on their investment may not have been the highest, but yet, these corporations displayed great corporate social responsibility by investing in one of India's most neglected regions.



Anirudh Gopalakrishnan works for Fidelity International in Mumbai. He finished his MBA from Harvard Business School and his bachelors in economics from Duke University. While at McKinsey & Company between 2002-2005, he worked on a pro-bono project to help Rickshaw Bank on fund raising and on the initial roll out of pilot projects.

Nostalgic Memories of Childhood

By Wahid Saleh Pravasi

Bharatiya Samman Awardee
Knight of the Order of Orange-Nassau,
(Ridder in de Orde van Oranje-Nassau)



As I was reading about the Rickshaw Bank project I was musing about the life of the new generation of rickshaw peddlers and the generation of the bygone days. Through the window I saw the grey sky, the rain soaked trees, the sun rising from behind the birch tree, the wet green leaves gently moving in the breeze and I heard the flock of parrots settling on the tree tops. The memories of my childhood came to my mind. It was the sentimental yearning for the happiness of childhood days, a time when life was easier

and less problematic. The moments of those days are preserved with complete clarity. In 1860 in his book *The Mill on the Floss* George Eliot wrote: "We could never have loved the earth so well if we had had no childhood in it". It still holds good. Jorhat is a small town in Assam where I was born some 70+ years ago. Rickshaw has been a part of the culture and tradition of towns of Assam. Jorhat was no exception. This human powered transport were found in every crossing, in front of every major building like the court, the banks, the market, cinema halls and the girl's high school. The rickshaw - the three wheeled cycle was one of the oldest forms and predominant mode of public transport at Jorhat. The other human powered transport were the *thelawalla's*, the people who pushes the two wheeled carts with tons of heavy articles, like long green bamboo poles, tin sheets, bags of rice, timber etc.

When I think of my childhood, nostalgic memories of my parents, maternal grandparents and aunties, my schools, my childhood friends, the markets and host of other recollections of those long gone days passed by like a kaleidoscope of changing faces, colours, events, landscape and lots of other images including holy cows, elephants, horses, hand pulled carts, vendors selling their products at the doors, cars and rickshaws. As children we moved around with our mother and grandmother. In my case as we lived near my maternal grandparents house, it was my grandmother with whom I went to visit family members, friends or attend marriages. If it was not within walking distance then we travelled by rickshaw. For my grandmother everything beyond our street meant a rickshaw ride. And the ride was

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RICKSHAWBANK EMPOWERS HAVE NOTS IN INDIA

By Gautam Prasad Baroowah



Dr. Amrit Baruah, a former Associate Professor at Yell university and Chairman of the department of public Administration of Maryland State University and one of the best-known social scientist based in Baltimore, U.S.A. once told it was good to provide a fish meal to a hungry person but it is far too important to teach the hungry persons as to how fish could be caught for their livelihood. The first action was a compassionate deed but the second action was an act of empowerment. The second action was far too superior to the initial action. Mr. Pradip Sarmah really took up the second action and empowered a whole lot of persons who were deprived lot. I am very happy to learn that Sharma started his enterprise singly first and involved lot of persons later. Today not only local Gramin(Rural) Banks are involved in his projects but also nationalized banks , well-known educational institutions of the world, including MIT are involved to create a climate of self-help. Mr. Sharma's Project model is simple yet has far reaching consequences. He does not spoon feed but empowers a group to be responsible to pay back the debt incurred by the individual members of the group. It brings about a sense of social responsibility. His project is in low tech areas, but has high social values and relevance. Sharma should be congratulated for his venture. We are proud of his effort that has been able to motivate western intellectual to stand beside him to help crate economic rejuvenation of a group of citizen from below poverty level. It is an act of emancipation. His project did elevate a section of people who were struggling to meet both the ends of their life to be a socially responsible entrepreneur. It is this effort of his which is most meaningful to the society.

Gautam Prasad Baroowah is a Business Economist and a Human Resource Management expert. He was the corporate Vice President of Williamson Magor & Company. He has also served the public sector heading up India and Bengal's Chambers of Commerce/Human Resource committees and as Banking Ombudsman for the Reserve Bank of India

Rickshaw Bank: An appeal

By Ankur Bora

The entrepreneur is our visionary, the creator in each of us. We're born with that quality and it defines our lives as we respond to what we see, hear, feel, and experience. It is developed, nurtured, and given space to flourish or is squelched, thwarted, without air or stimulation, and dies.

As Thomas Alva Edison had been famously quoted " I have far more respect for the person with a single idea who gets there than for the person with a thousand ideas who does nothing".

Herewith unfolds a stand out story of one individual's unique idea which soon materialized into entrepreneurial success with one singular goal- to immensely benefit the poor. An inconsequent day in 2003 turned extraordinary for Mr Pradip Sharma . While taking a Rickshaw ride on a hot summer day in his hometown of Guwahati India , a rickshaw puller narrated his ordeal to Mr Sharma. As he listened he got immensely distressed. He was distraught by the sheer indifference of mankind. Mr Sharma deeply felt for the plight of these human laborers who with their sheer physical endurance and under extreme harsh weather conditions would ferry passengers to their destinations paddling hard and arduous. At the end of a long hard day they would collect a meager sum of money from their passengers and have to part with half the money for renting the Rickshaw from its owner. These Rickshaw pullers would never in their lifetime own the vehicle or get free from the sad cycle of debt and poverty. The technological revolution brought wonders to the world except to the Rickshaw; the design of the rickshaw has not been adjusted to take advantage of new technology. "Why can't we use the power of technology" he thought.

It was a light bulb moment for this good Samaritan, and he created what he called "the Rickshaw Bank" and soon things began to change in a dramatic way.

Rickshaw Bank is currently providing Rickshaws to nearly 5,000 Rickshaw pullers throughout India, 1,700 of who have become owners, and many others are on their way to achieving that status in coming months. Though this is a significant milestone, there are many who don't have means for owning a vehicle. There are millions of Rickshaws pullers in the subcontinent of South East Asia -India, Pakistan , Bangalesh and other parts of world- still bearing the burden of low wages and sub-human living conditions. We appeal to the international community - educational, financial, technical, and social institutes – to get involved in the growth of Rickshaw Bank.

Your support, solidarity and involvement will surely have large and visible impact to the world.



Ankur Bora , is a software engineer by profession currently working at Microsoft . Ankur has been involved with a number of institutions working for the marginalized section of India. Ankur can be reached at ankurbora@hotmail.com

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fun. In those days there were only a handful of automobiles. Their owners always had a driver to drive him and his family around. They were the lucky few. The rest, who could afford, used the rickshaw. The rickshaw was a conveyance for lawyers, government officers and businessmen. Some owned a rickshaw and employed a rickshaw wallah (peddler), like car and a driver of today. Others had an agreement to take them or their children to school or pick them up at certain time. It was the rickshaw taxi of my childhood.

The microcredit implementation of Rickshaw Bank gives a package deal including a rickshaw, a license, uniform, photo-identity card and an insurance cover. The rickshaws given to the pullers have also been innovatively designed. The rickshaws are rented out and transfer their ownership to the drivers after the Rickshaw wallah has paid a daily rental of Rs. 25 for 18 months. What a change it makes in the lives of the new owner? Overnight they became small entrepreneurs running their own business. This income generating capacity changes not only the individual life but also the life of the society.



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Assam Foundation of North America

Assam Foundation of North America, Inc. (AFNA) is a publicly supported non-profit organization with foundation status serving since 1982, under section 509(a) of the Internal Revenue Code with tax exemption under section 501(c)(3) with Tax ID. #: 61-0994468. The founding goal of AFNA is to encourage and facilitate organizational and individual efforts for a mutual understanding and co-operation between Assam and North America. Assam is a state in the Northeastern part of India. North America stands for USA and Canada. In the last thirty years, AFNA has assisted various institutions of Assam involved in promoting social, healthcare and educational issues. The assistance is either in terms of financial support or through visit and interactions. AFNA has been involved with Rickshaw Bank since 2007. The major area of operation of Rickshaw Bank is in Guwahati, the capital city of Assam. AFNA has provided funding towards the cost of procuring Rickshaws. In the year 2007, five Rickshaws were provided by AFNA – the funds were sent in 2007. In June 2008, AFNA sent funds for another eight rickshaws. AFNA is also providing moral support to the project. AFNA volunteers and executive members including current president Satyajit Nath and ex-president Partha Gogoi met and interacted with the beneficiaries of Rickshaw Bank. In the month of November 2010 Dr. Pradip Sarmah visited Boston at the Invitation of Massachusetts Institute of Technology. On first of November a teleconference call was organized whereby a number of AFNA volunteers participated and discussed with Pradip Sarmah about the various aspects of Rickshaw Bank. AFNA in association with Massachusetts Institute of Technology is currently organizing a fundraising drive for Rickshaw Bank and AFNA volunteer Ankur Bora is spearheading the effort. AFNA is a zero overhead organization. The amount raised for a specific project is disbursed entirely (except the incidentals like account transfer fees) to the organization. We are hoping to raise funds to help improve Rickshaw Bank's ability to provide loans regularly and we are seeking your support.

To contribution online please visit www.assamfoundation.net . To contribute via check, please send your donation to the address

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