
Rickshaws help 40 percent of Dhakaites get to and from work every day.

STAR

# Hard muscles and 12 lakh wheels

SAJJADUR RAHMAN

ABDUR Rahim, 45, owns a fleet of 120 bicycle rickshaws and a garage at Kathalbagan in Dhaka where these are serviced and many of their pullers sleep. He came to the city from north Bengal 20 years ago with a fit body and dreams of fortune.

At first, he rented a rickshaw at Tk 20 a shift (a day is divided into two shifts). After three years of saving, he bought a rickshaw of his own, and he saved until he could buy and rent out a second. In two more years he bought his fourth -- and so on.

Now, Rahim earns at a rate of Tk 40 lakh ($57,143) a year when all his rickshaws are on the streets, and at least half that the rest of the time -- more than many chief executive officers of respected corporate houses.

"On average, 50 percent of my rickshaws are on the streets, and a peak season like the month of Ramadan makes it 100 percent," said Rahim.

"I live with my family in Dhaka and have bought a piece of land in Savar," he says. "My dreams came true."

Rickshaw pullers mostly come from villages, where fewer job opportunities force them to try their luck in Dhaka and Chittagong. They arrive with big dreams and little money; and now help 40 percent of Dhakaites to get to and from work every day.

Some, like Rahim, make small fortunes on the business. Many others are middlemen. Paying much of the collected rent to the hands-off rickshaw fleet owners -- often from the upper classes -- limits their savings.

On average, pullers say they earn Tk 450 a shift. They typically rent a rickshaw at Tk 80-90 per day, though the pedalled trikes are cheaper if their quality is low or the registration is forged.

They must eat thousands of extra calories of food to replace the fuel burnt by their strenuous work. Still, they save well and send money to their home villages.

"I can take Tk 3,200 to Tk 3,500 home by pulling the rickshaw eight days," said Kamal, who is in his late 30s and a father of three. "I came back to Dhaka after four or five days rest." His home district is Sirajganj.

More than 4 lakh rickshaws and possibly 5 lakh now ply the city streets. Yet less than one in five are fully legal. Dhaka City Corporation has not issued a new rickshaw "blue book" registration for more than 20 years. The rest are run on duplicate registrations or none at all.

It is perhaps a laughable bureaucratic refusal to confront reality, yet the rickshaw-wallas shrug it off. "An original permit is sold at Tk 24,000 and a duplicate one is at Tk 4,000-5,000," says Kamal.

Rickshaws are a big, non-polluting industry, adding half of the total value in the transport sector in Dhaka, according to a 2010 study conducted by two engineers at the Roads and Highways Department. The study also shockingly found rickshaws a half of the value in transportation.

Lakhs of Dhakaites who are not pullers rely on them for their livelihood -- manufacturers of frames, the body and seats, the hoods and spare parts, plus those who decorate the body and repair them in garages.

Still, it struggles for its due respect. The rickshaw enemies are few but powerful. Car-driven experts complain that rickshaws congest the city roads; and have successfully demanded their banning from the city's major boulevards.

Back in 2005 the World Bank proposed that Dhaka ban all rickshaws, and it almost came to pass. The ban failed when a study on vehicular movement by Dhaka City Corporation the same year found that motorised vehicles only account for about 9 percent of the daily traffic in and around Dhaka -- and a much smaller share of the residents.

Until now, rickshaw pullers and owners have tended to ignore the more impractical dreams of politicians and bureaucrats, whose ears steam as they idle in stuck traffic.

Although they are yet to flex their business-lobby muscles, the tenaciousness of the rickshaw-pullers might prove more daunting to the next group to take them on. After all, if 5 lakh of them pedal, and earn a combined Tk 20 crore a day, their annual revenue is Tk 7,300 crore -- or more than $1 billion.

That might buy a lot of political weight if handled well. And it is all muscle, unlike the bone-idle flesh of the car-bound elite.

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## The road to pullers' city

Many say Dhaka is a city of rickshaw "pullers". Yet the vehicles started relatively late in Dhaka, and arose only unevenly in Bangladesh.

Rickshaws first reached Chittagong from Myanmar in 1919, but did not spread to Dhaka or other cities. In the 1930s and early '40s, rickshaws became popular in Indonesia, Singapore and Calcutta.

European jute exporters in Narayanganj and Netrokona, in Mymensingh, imported the first cycle-rickshaw from Calcutta in 1938 for personal use.

Dhaka's rickshaws numbered just 181 in 1947, when the population was barely 60,000. By 1998, when the city held at least 8 million souls, more than 1 lakh rickshaws were registered; and another 3.7 lakh were being pedalled elsewhere in the nation.

Ridership has increased steadily. In 1994, nearly 20 percent of commuters used rickshaws; but this rose to nearly 40 percent by 2010, according to a study conducted by transport engineers and an economist in the roads and highways department.

COLUMN

# Mobile data dilemma

ROHAN SAMARAJIVA

The idea of mobile operators jointly owning and operating the network is bubbling again. The latest was the call by the Banglalink CEO that all mobile operators cooperate in building one common 3G network (*Growth hinges on telecom*, Nov 11, 2010).

For an industry in which profits are under considerable pressure, the prospect of investing in an entire overlay network that may or may not yield revenues over and above what the existing 2G network currently generates is understandably scary. For governments that have been slow to re-farm frequencies, the prospect of getting 3G services with a smaller number of spectrum slots is attractive. For the many planners among us, still retaining elements of 1960s thinking, the idea of input optimisation is inherently attractive.

But the proposal is impractical and wrong. It should be scotched before it gains any traction in this key period where one hopes plans are being made for Bangladesh's 3G auctions.

### Decision-making by consortium

Unlike traditional infrastructures such as water distribution systems -- telecom networks require continuous investment and improvement. Thirty years or even 60 years later, properly installed water pipes will function little differently than when they were put in. In contrast, the capabilities of a telecom network will be fundamentally different just a few years after it is built. Continuous software enhancements will increase the carrying capacity as well as functionalities.

This means that a telecom network requires a governance structure capable of quick investment decisions. It has been well established that government-owned enterprises lack this. What is less well known is that enterprises that are jointly owned by private entities that compete elsewhere on the value chain also lack the ability to take investment decisions.

An investment decision is not simply an expression of opinion; it has to be backed up by large sums of real money. Even in joint ventures made up of only two parties, it is difficult to make investment decisions. One may prefer the quick gratification of declaring dividends while the other is willing to delay the rewards in the belief that the delay will multiply them. The result is deadlock. Many joint ventures dissolve for this reason.

Can you imagine such decisions being taken by four or five operators with different profitability profiles and shareholders with varying expectations? A consortium of operators running a 3G network is a recipe for deadlock.

One may argue that the problem can be solved by majority vote. That is how it is solved in limited-liability companies or some partnerships. The rules decree that the minority must commit resources to implement the majority decision. But how realistic is this in the case of a consortium? Can a company that is losing money or is under pressure to keep its share price up, be compelled to invest? Unlikely.

The issue is not simply about upgrading the capabilities of networks. A 3G network is rarely, if ever, fully built out right at the start. Normal practice is to build in the main cities, the highways, then the secondary cities, and so on. The investment timing and extent depend on many factors, among them being the return on the previous investment. It is well known that different operators have different marketing strategies: some base theirs on the broadest possible coverage; other focus on different niches. They will obviously have differences on, for example, the pace of extending coverage beyond the highways into the interior to cover villages. These differences will create friction in all investment decisions taken by the consortium.

### One company owns; others use

Even in the case of gas and water pipelines, where there is no continuous need for investment and upgrades, consortia are not optimal. Here, the best solution is seen as that which allows one company to build and operate the network, subject to an obligation to allow its competitors at the retail level to use it in a non-discriminatory manner and at cost-oriented prices.

Perhaps this is a solution for 3G networks, if an acceptable regulatory regime exists.

In the case of infrastructure that does not require continuous investment and upgrades, one may even embed the terms and conditions of giving access to competitors in a detailed concession contract. The government can craft this governing document using external expertise and transparent procedures. If the document is clear enough, it is possible that the need for ongoing supervision by a regulatory agency will be minimal. The problem, of course, is that if one party wants to renege on commitments or gain an advantage, all it has to do is hire clever lawyers. Then the need for adjudication and dispute resolution arises; a regulatory agency or arbitration becomes essential.

### Regulatory discretion

In the case of 3G networks, unambiguous concession contracts will be difficult to craft because markets and technologies are in rapid flux. Whatever is written down at a point of time cannot fully reflect all future trajectories.

That leaves the whole thing at the mercy of the regulatory agency and its discretion. If we are talking about building a 3G network in Sweden that will be made available to all operators on fair terms, I might concede the possibility of an effective regulatory solution. But the question is whether the single network can be made to work in Bangladesh, where there still are questions about the capacity and efficacy of the regulatory powers -- now divided between the Ministry and the Regulatory Commission.

The operation of multiple 3G networks, owned and operated by different limited-liability companies, may be sub-optimal if seen solely from resource optimisation or planning perspective. But it is actually the most efficacious for the ground conditions in Bangladesh.

The different networks will be rolled out at different speeds, and be based on different geographical and service-quality priorities. Consumers will have real choices and things will get done with minimal dependence on high performance by the regulatory agency. We go back to a fundamental truth: the best solution depends on the fit with actual circumstances, not fealty to an abstract ideal.

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