

On the road to nowhere?

**Auto-rickshaws in Delhi: The System,
Problems and Recommendations**

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Executive Summary

In recent months the auto-rickshaw and the auto-driver have come under fire from the Delhi Government. The Delhi Chief Minister, Sheila Dikshit, recently complained that auto-driver “harass” the public and that the auto-rickshaw was “not a good option”. The CM publicly expressed her desire to phase out the auto-rickshaw. After fifty year's service, the humble auto does not feature in the Delhi Government's conception of a “world class city”. Her comments found much support amongst Delhi's middle class, fed up of both auto-rickshaws and auto-drivers.

Auto-drivers have a terrible public image in Delhi. They are seen as rude, aggressive and greedy: never willing to run by the government-approved fare meter; often asking for fifty to one hundred percent above the meter fare. Sadly, this reputation is not undeserved. Auto-drivers often refuse passengers, demand extortionate fares and instigate aggressive haggling. Their behaviour lends huge middle-class support to any plan, however untenable, to scrap the auto and place the livelihoods of the city's one lakh auto-drivers (and their four or five lakh dependents) in jeopardy.

This report takes the bad behaviour of Delhi's auto-wallahs as its starting point. Why do one lakh people act in the same objectionable manner? It cannot be the case that every auto-driver is a fundamentally aggressive and greedy person. There must be an economic and political system which influences their behaviour; a set of stakeholders, regulations and policies, which remains outside of public consciousness. It is this system, which this report aims to capture and bring into public view. It attempts to show that auto-drivers are not primarily responsible for over-charging passengers and the whole unpleasant experience involved in taking a ride in an auto; rather it is the system or structure in which they operate that is largely to blame. These policies and regulations have combined to create a system in which numerous stakeholders in the auto-rickshaw sector are able to extract money from auto-drivers at will, leaving the driver under huge financial pressure and little option other than to overcharge.

This report presents a picture of the relationship between the main players: owner-drivers, renter-drivers, contractors, financiers, union leaders, Transport Department officials and the Traffic Police, and the policies which mediate their interactions. It does this through interviews, ethnography and analysis of policy documents, existing successful Right To Information claims, Supreme Court records and media reports.

The report opens with an analysis of two key policies of the Delhi Government and how they have transformed the city's auto-rickshaw industry: the 1997 cap on the number of auto-permits (an auto cannot legally ply the streets without a permit) in Delhi issued by the Supreme Court (SC) and the CNG conversion order of 1998. The analysis states that

the permit cap created a gap between the supply of autos and the growing demand from Delhi's increasing population. A black market for auto-permits soon emerged and the price of an auto-permit rose dramatically. Just a year later owner-drivers were ordered to replace their autos or convert them to CNG by fitting expensive conversion kits. Unable to afford the Rs.25-30000 CNG kits, thousands of owner drivers had no option but to sell their autos and permits to financiers at bargain prices, further focusing power in the hands of the consolidating finance "mafia". These policies hit renter-drivers too. Contractors doubled or trebled daily rents to cover the higher maintenance costs of the new CNG engines, whilst the surging cost of an auto and permit made ownership a distant dream. In the mid-90s a new auto-rickshaw with permit cost around Rs.1 lakh for the auto and a few thousand more for the permit, taxes and administration costs. Today, the new auto costs a comparable amount but the permit is Rs.3 lakhs. As a result of these two policies and their unintended consequences, the auto-sector of the mid-90s (with its prevalence of owner-drivers and financiers and contractors with limited power) has metamorphosed into an industry in which the majority of drivers rent their vehicles and financiers and contractors reign.

The following section examines the lives and livelihoods of drivers – both owners and renter. It finds that the majority of drivers are migrants from areas of Uttar Pradesh and Bihar which suffer from unemployment and underemployment. Both owner-drivers and renter-drivers face mounting financial strain. For renters, increasing rents mean that they pay half of their daily wage to the contractor and have little chance of owning an auto. Owners typically repay Rs.7-15000 per month to financiers from whom they purchased their autos and permits. However, underhand tactics by financiers ensure that the repossession of the auto is highly likely. As a precondition of granting the loan, financiers require drivers to sign blank contracts, which enable them to manipulate interest rates, introduce "late payment penalties", deny ownership even when the loan has been fully repaid and even to trade the loan papers on the black market. Dealings with the Transport Department add to the financial stress. An auto-driver must carry multiple documents with him at all times. Obtaining these documents is far from easy as each requires an application, which includes a list of supporting documents. It is a time consuming and expensive task for drivers to obtain all the documents required (i.e. many migrants do not have Delhi documents) and so drivers are often forced to submit an incomplete application and pay a bribe. Aware that many drivers do not possess all the compulsory papers, the police can stop a driver at random and easily find a missing document about which to issue a challan or demand a bribe. The extraction of money by financiers, contractors, Transport Department officials and the police erodes the driver's daily income to such an extent that it is impossible for him to run by the meter and make a living wage from his ten hour shift.

Section four addresses the paradox of auto unions in the city: there are around seventeen unions, which organise well-observed strikes, yet collectively they have only a few

thousand members and enjoy little support amongst drivers. The report explains that many of these unions are a single charismatic individual with contacts at the Transport Department who set up ad hoc “unions” to legitimise their touting business at Burari. Some union leaders have links with financiers and call strikes at their behest. These strikes are observed out of fear of hired thugs rather than support for the cause.

The report concludes by reiterating the numerous financial pressures placed on auto-drivers by financiers, contractors, Transport Department officials and the police. It states that the policies and regulations which govern the sector work in the interests of these latter parties at the expense of auto-drivers. This situation ultimately affects the general public who face exploited and desperate auto-drivers and badly maintained rented vehicles. Rather than abandon the auto-rickshaw, a series of reforms are necessary to produce a “world class” auto-rickshaw service, which is both a source of good livelihoods for drivers and a comfortable and affordable experience for passengers.

These recommendations are:

Issue new permits: The Transport Department should freely issue new permits over the counter at nominal cost. This would provide a badly needed increase in the number of autos in Delhi, moving supply a little closer to the burgeoning demand. This move would destroy the black market in permits and cut the cost of an auto and permit by as much as Rs.3 lakhs. It would increase the number of owner drivers, improve vehicle maintenance and driver appearance and decrease the likelihood of overcharging. Renter drivers would see rents decrease and would thus be more likely to run by the meter.

Streamline bureaucracy and collate information: The number of compulsory documents must be cut as must the number of supporting documents for each application. The type of supporting documents required should also be changed as the current system is overly complex and works to extract bribes from migrant drivers who do not have Delhi papers. Commercial licences and documentation from other states should be accepted by the Transport Department. Applications for auto-related documents should be handled by post or online as well as in person, ending the current insistence that drivers repeatedly make the long trip to Burari.

Whilst researching this report it became clear that the rules and regulations pertaining to auto-rickshaws were scattered across several sources, including some ever-changing ad hoc “oral” rules known only to those inside the Auto-rickshaw Unit building at Burari. This creates confusion and wastes a large amount of time as drivers do not know what documents to bring with them to Burari. Moreover, they do not know if what is being demanded by the Transport Department official is the genuine requirement or an ad hoc rule. The same holds for police challans, which seem to be arbitrarily issued, the amount and the “offence” depending on the mood of the officer. This asymmetry of information must stop. All regulations concerning necessary documentation, applications, procedures

and traffic laws should be collected in one book and made available to drivers (in Hindi). This would stop the current confusion, save valuable working time for drivers and reduce the ability of officials and the police to demand bribes.

Provide credit: At present auto-financiers are the only option for aspiring owner-drivers. Commercial banks will not lend to them because they are bad credit risks and they often lack the documentation necessary to make the loan application in the first place. State finance, when it has been available, has failed to reach drivers because it too demands many supporting documents. The Delhi Government should provide loans to drivers at soft interest rates and encourage commercial banks to provide special packages for auto drivers. This would ensure that the owner driver has the maximum possible chance of repaying the loan and actually becoming the legal owner of his vehicle.

Encourage private companies and cooperatives: Private firms should be encouraged to operate fleets of auto-rickshaws. Competition between firms would improve vehicle maintenance, driver appearance and training, facilitate new services, bring drivers into the formal sectors and offer an improved passenger experience. The Delhi government should limit maximum prices and ensure minimum standards, but should not issue licences or quotas: business practices and efficiency should decide the number of autos operated by each firm, rather than lobbying. Social enterprises and NGOs should be encouraged to run cooperatives: either providing credit to drivers or renting out auto at a fair rental price or hiring drivers on contracts with fixed monthly wages.

Encourage competition amongst manufacturers: Bajaj Auto currently dominates the Delhi market for auto-rickshaws and has done for many years. Without competition, Bajaj has had little incentive to improve its products: its first CNG powered autos were poor and, nearly a decade later, the new Bajaj RE 4S CNG is not a substantial improvement. Encouraging other manufacturers of CNG auto-rickshaws to enter the Delhi market would provide competition for Bajaj and result in better, safer, cleaner and more comfortable auto-rickshaws.

Make Delhi “auto-friendly”: Auto-rickshaws are an integral part of Delhi's public transport system: they compensate for the limited reach of the metro system by connecting stations with homes; they supplement the inadequate bus service and provide a convenient alternative to the private car. They have played this central role for the past fifty years. However, Delhi is not an auto-friendly city. There are no marked auto-stands and no facilities for auto-drivers. In the absence of clearly marked stands, legally, an auto-driver must be perpetually on the move, never once stopping to rest, pick up passengers, eat or use the toilet. This is ludicrous. The Delhi Government must create a large number (as many as 1000) marked auto-stands at strategic locations around the capital: outside metro stations, bus stations, office complexes and in markets. Basic facilities such as toilets and clean water should also be provided.

Delhi's auto-rickshaw sector is in dire need of reform. Talk of battery electric taxis is misguided. The issue is one of regulation and management, not mechanics and technology. The burden of change falls on higher authorities: High level policy reform is needed. Action needs to be taken by the Supreme Court, the Delhi Government and the Transport Department. Given a few well implemented policy changes Delhi's auto-rickshaw fleet could easily become a “world class” public transport service for 1.5 crore people and a source of a good livelihood for 1 lakh driver and their 5 lakh dependents.

1.0 Introduction

“What do you think should be done to control the auto menace?”

- Times of India, Letters heading, 27/6/08

“Be aware that auto-rickshaws in Delhi do not go by the meter so don't waste your time arguing over it”

- WikiHow “How to haggle with an auto-rickshaw driver in Delhi”

“They drive like Schumacher, they haggle rudely and at time refuse to take passengers”

- News India, 28/10/09

“Auto drivers held the city's non-car owners to ransom...”

- Indian Express, 19/8/09

Hailing an auto-rickshaw in Delhi is a harrowing business. The first couple of autos usually speed pass, ignoring your outstretched arm. The next few will show some interest. The driver will slow down and stoop to see your face from under the yellow hood of his machine. But he will drive off at the first mention of the destination as if it were the edge of the earth. Finally, you will find an auto-wallah willing to go where you want to go. Then the argument starts. He will start by demanding fifty to one hundred percent more than the official metered fare. Why don't you go by the meter? You ask. He refuses flatly. After a minute of haggling, which will probably involve you walking away and the auto-man driving after you, shouting an improved 'final' price, you get into the vehicle. You are flustered, frustrated, stressed and paying more than the metered rate. Why does getting an auto in Delhi have to be so difficult? You ask yourself, why are these auto-drivers so rude, greedy and aggressive? And you are not the only one. Delhi's auto drivers have a terrible reputation.

They are pilloried in the press as a “menace”: a group of hooligans to be tackled and whipped into line by strict, often irrational regulations and stricter policing. Autos and auto drivers are reported as a problem to be overcome, which reflects the mood of most

middle class Delhites. So bad is their public image that the city is attempting to tame its auto-drivers ahead of the 2010 Commonwealth Games by organising English classes and lessons in “courteous and friendly behaviour” for auto-wallahs plying around Indira Gandhi Airport¹ Their abrasive manners are taken as a hurdle on Delhi's path to becoming a “world class city”. In early 2010, the Chief Minister stated her desire to phase out the auto-rickshaw entirely.

The internet abounds with horror stories about Delhi's auto-rickshaws: from passengers being cheated, dropped off in the middle of nowhere, miles from their homes to roadside arguments and aggression. Rumours of the “auto menace” have even penetrated foreign travel sites, which give step-by-step guides on how to deal with their discourteous and swindling ways².

Common public complains against auto-drivers:

- Overcharging (not running by the fare meter)
- Refusal (refusing to go a destination)
- Parking (autos parked in a disorganised and illegal manner)
- Poor Driving (unsafe on road)
- Appearance and manners (scruffy, aggressive and rude)
- Poorly maintained auto-rickshaws (uncomfortable and polluting)

All of the above are addressed in the recommendations in the final section.

Delhi's auto-rickshaw drivers are without doubt often abrupt and grasping. But this is not the end of the story. We must ask why around 1 lakh drivers behave this way! It cannot be the case that they are all unfriendly people! There must be a rational explanation for their behaviour: An explanation that involves a range of actors across the whole auto-rickshaw sector and their various interactions. This is the starting point of this report.

This report attempts to present a broad picture of the auto-rickshaw sector in Delhi in 2009-2010. It aims to explain how whole auto-rickshaw system works. There are numerous stakeholders: drivers, contractors, financiers, the Traffic Police, the Transport Department, the auto-rickshaw unions and transport police. All are covered by this study.

In this sense this report fills a gap in the literature. There have been studies on the attitudes and livelihoods of the drivers themselves³. Likewise, work has been done on the environmental impact of auto-rickshaws and the conversion to Compressed Natural Gas

1 <http://common-wealth-games-2010.blogspot.com/2010/01/gurgaon-taxi-auto-drivers-learn-english.html>

2 <http://www.wonderhowto.com/how-to-haggle-auto-rikshaw-driver-delhi-0107434/>

3 Roy, D (2003) “Operating on Three Wheels: The Auto Rickshaw Drivers of Delhi”, Economic & Political Weekly, 18th February.

(CNG) in 2000⁴. There have also been admirable attempts to document the problems faced by auto-drivers⁵, but these are of limited scope and are now dated. A holistic report is necessary at the present time because policy makers are discussing changes to the sector, including the abolition of the auto-rickshaw, which do not take into account the bigger picture: the auto system or structure.

However, this author freely admits that there are considerable gaps in this report's coverage of the sector owing to the limited time-frame in which it has been produced and also the difficulty of piecing together both current and past auto policies from a number of disparate sources. Depth is occasionally sacrificed for breadth.

This report falls within the AMAN Trust's informal labour programme. The informal nature of the work of the auto-rickshaw driver does not stem from the fact that it is part of an informal economy, which “either lies outside the scope of state regulation, or is officially subject to state regulation but nevertheless does not operate according to the rules and laws through which the formal intention of regulation is inscribed”⁶. On the contrary, the presence of the state and its actors – its policemen and departments – are writ large in the lives of drivers: there is much regulation albeit often ad hoc and inconsistent. Rather, auto driving can be considered part of the informal economy because the drivers have no wage security, enjoy no employment benefits or safety nets and have no significant union bodies.

The following section gives some basic background information about the policy history of auto-rickshaws in Delhi and a few pieces of technical information about the machines themselves, their numbers and their capabilities. This section concludes that the policy with the largest impact is the “cap” on the number of autos issued by Supreme Court in 1997. The cap effectively created a huge black market in auto permits and handed control of that market to a powerful “auto finance mafia”.

Section three is based on forty semi-structured in-depth interviews with auto-drivers carried out in Mandawali (Trans-Yamuna) between October 2009 and February 2010. The section addresses the personal and family backgrounds of drivers, their vehicle arrangements (rented or bought), their earnings and outgoings. It also explores the problems faced by the drivers, including issues with police and challans, difficulties in obtaining necessary documents, licences and badges and interactions between drivers and contractors (for renter-drivers) and with financiers (for owner drivers paying off loans). This substantial section contains information on financiers, their practices and our

4 Bansal, M (2007) “The Winners and Losers in the Greening of Delhi's Auto-Rickshaws”, CityFix Report available at: <http://mumbai.thecityfix.com/winners-and-losers-in-the-greening-of-delhi%E2%80%99s-auto-rickshaws/>

5 Faruqui, D and Sud, R (2001) “Auto Rickshaws in Delhi: Murder by Regulation”, CSS Research Internship Paper, available at: <http://www.ccsindia.org/ccsindia/policy/live/studies/wp0002.pdf>

6 Harriss-White, B (2005) “India's Socially Regulated Economy”, QEH Working Paper 133.

attempts to contact them. It also contains a discussion of the Transport Department, its regulations, practices and our field visits to the Transport Department office in Burari, north Delhi.

The issue of unions is addressed in section four, which provides a brief recent history of the activities of Delhi's auto unions. The claims of the unions themselves are represented by interviews with four union leaders of differing political affiliations. The methods used by these small and poorly supported unions to organise successful strikes are then discussed. The sections finds that overall, unions have done little to improve the lot of auto drivers and most "unions" are little more than small groups of touts with connections at the Auto-rickshaw Unit.

The study then concludes by building an overall empirical picture of the auto-rickshaw system in Delhi. It returns to the drivers and suggests that they are exploited by a structure of which they are merely the first rung. This structure benefits financiers, contractors, the Traffic Police, the Transport Department and to a certain extent unions and is rigorously defended by these interested parties. Finally, recommendations are made as to how to reform the sector to eliminate the exploitation of drivers and passengers and improve not only the passenger experience but also the public face of Delhi's much maligned auto-wallahs.

2.0 Policy History

2.1 Two key policies

The recent history of Delhi's auto-rickshaw sector has been dominated by a number of key policy decisions, which have seen the on-the-road cost of an auto-rickshaw spiral from around Rs.60,000 in the mid-1990s to around Rs.4 lakhs today⁷. This section briefly outlines the regulation of Delhi's auto-rickshaw from the mid-90s to the present day. This analysis is based on driver testimonies, information from union leaders and NGOs in the sector as well as drawing heavily on newspaper reports and documents from the Supreme Court. A multiplicity of sources is necessary as official policies relating to auto-rickshaws are erratically implemented and have unintended consequences. Official documents do not tell the full story. The analysis given here is meant as a broad overview of the trajectory taken by the auto sector in the past two decades and the policies which are responsible for this shift. Subsequent sections will go into more detail about the grassroots workings of contemporary auto industry in Delhi.

Before anything further can be said about autos and auto policies, a few background details are needed regarding auto driving and auto owning.

There are two types of auto-driver in Delhi: Owner-drivers and renter-drivers. Owner-drivers own their auto-rickshaws. They possess the permit for their vehicle. They pay for

⁷ During field research in Paharganj in Feb 2010 our researcher was offered a new auto at Rs.4 lakhs. The price had been higher in previous months, but rumours of the abolition of the Supreme Court's cap had depressed the price by around Rs.50,000.

fuel, maintenance and handle the official paperwork. Both autos and permits are bought from auto financiers who ask for a percentage of the total cost of the auto as an upfront payment and offer the driver a loan for the remaining figure. The driver then pays off the loan through a series of monthly instalments. Renter-drivers hire their autos from a contractor for either a single 10-12 hour shift or for an entire 24 hour day, paying only for the fuel. The contractor pays for maintenance. A contractor may own anything from two to thirty or forty autos. It is estimated that currently the majority of auto drivers are renter drivers⁸.

In 1997 there were around 83000 auto-rickshaws in Delhi⁹ for the population of around 10-12m¹⁰. The cost of a new auto was around Rs.60-90000. A driver could rent an auto for a 10 hour shift for around Rs.50-100. New entrants to the sector were able to buy new vehicles and obtain the permit without too many problems. The permit is the crucial document needed in order to run the auto commercially on the streets (i.e. to pick up passengers and take fares). One permit allows the holder to own one auto. Since 1994 an individual has been able to own multiple permits¹¹. New driving licences and commercial badges were also easily available from the Zonal Offices of the Transport Department. Amongst our sample, drivers who got their licences and badges before 1997 did not report any problems with the authorities, for example having to pay bribes or wait long periods for their documents to arrive.

It has been suggested by one NGO in the sector and one independent study that the prevalence of owner-drivers was higher pre-1997 than today¹², a claim tentatively supported by this study.

However, there are some consistencies between the pre-1997 situation and the contemporary auto sector. Pre-1997, auto contractors already held multiple permits purchased from the previous holder but not officially transferred to the contractor's name. This allowed them to own large fleets of auto-rickshaws, but go unnoticed by the authorities. Auto financiers were also doing good business by offering drivers loans to buy new autos. As today, they held multiple permits like the contractors. But unlike the current circumstance, the influence of both groups was checked by the comparatively low price of the autos and the relative ease in obtaining a new permit.

This situation would soon change to the disadvantage drivers and passengers.

8 Exact figures are not available, but the leading NGO in the sector claims as much as 80% of autos in Delhi are currently being rented by the driver.

9 Roy, D and Mohan, D (2003) "Operating on Three Wheels: The Auto-Rickshaw Drivers of Delhi", Economic and Political Weekly, 18/1/03. Roy and Mohan point out that there is no concrete figure for the number of autos in Delhi. They point to official figures of close to 90,000 in 1999, however the figure may be lower as this refers to permits as opposed to autos on the road.

10 Based on data from UN report which estimates the 2000 population at 12.4m, available at: http://www.un.org/esa/population/publications/wup2001/WUP2001_CH6.pdf

11 A policy brought in by the BJP.

12 http://www.nyayabhoomi.org/auto_general/how_became_renters.htm

During the 1990s efforts began to improve air quality in Delhi. A series of public interest litigations in the Supreme Court (SC) by lawyer and environmentalist M.C Mehta forced the state to tackle air pollution in the capital. The SC became an active player in this campaign, passing a number of air quality laws and putting the Delhi Government under pressure to implement them: In 1996 heavily polluting “H category” industries in the city were shut down, catalytic converters became compulsory in 1995 and stricter emission standards were introduced in 1996 and 2000¹³.

Transport was identified as a target for reform as the percentage of total emissions from vehicles had risen from 23% in 1970-1 to 72% in 2001¹⁴. Auto-rickshaws contributed to this increase in vehicular emissions as Delhi's fleet was powered by heavily polluting 2-stroke petrol engines, which had changed little since the auto-rickshaw's introduction into Delhi from Italy in 1957 (the first autos were made by Bajaj Auto under licence from Italian firm Piaggio in 1950). As such, emissions from public transport became a major policy focus. This led to two policies which had a massive impact on the auto sector:

Firstly, on the 16th December 1997 following a government report into the matter, the Supreme Court declared that no new auto permits would be issued:

'It would be in the interest of environment, to freeze the number of TSRs¹⁵ for the present at the level at which are actually in use in the city. We, therefore, direct that there would be no grant of fresh permits in respect of the TSR, save and except by way of replacement of an existing working TSR with a new one'.

(Paragraph 9 of the 16.12.97 SC order)

The permit freeze effectively capped the number of autos in the city. In order for a new auto to come onto the road, an old one had to be scrapped and the permit transferred to the new auto. The thinking behind the policy was that the number of autos in the city would be frozen until a more environmentally friendly auto-rickshaw could be produced or the existing machines made less polluting.

Secondly, on 28th July 1998, barely six months after the cap, the Supreme Court issued another order stating that all public transport in Delhi would be converted to run on Compressed Natural Gas (CNG) by 1st April 2001. The order was based on the recommendations of the Environmental Pollution (Prevention and Control) Committee (EPCA) also called the Bhure Lal Committee, established by the Ministry of Environment and Forests for the National Capital Region (NCR) to investigate policies to improve air quality. The CNG order included buses, taxis and autos; some 100,000 vehicles. All pre-1990 auto-rickshaws would be replaced with new CNG autos by 31st

13 Narain, U and Krupnik, A (2007) “The Impact of Delhi's CNG Program on Air Quality”, available at <http://www.rff.org/Publications/Pages/PublicationDetails.aspx?PublicationID=17476>

14 UNEP (2006) “CNG Conversion: Learning from Delhi”, available at: <http://ekh.unep.org/?q=node/1737>

15 “Three-wheeled Scooter-Rickshaw”: the official name for the auto-rickshaw.

March 2000 and all post-1990 models would be replaced or converted by 31st March 2001. The renewal of the driver's permit would depend upon successfully switching to CNG.

For some drivers, this came as a second financial blow in as many years. Two years earlier, the compulsory replacement of all auto-rickshaws older than 15 years was enforced as part of a drive to get the oldest most polluting vehicles off the streets. Consequently, drivers of old autos bought new machines and started paying off the loans, only to learn that these new 2-stroke petrol auto-rickshaws would soon need an expensive CNG conversion kit.

The CNG conversion policy ran into opposition and numerous strikes were called. Some protested against the CNG conversion, including a large strike in favour of low-sulphur diesel as an alternative, which was called by two prominent BJP politicians in 2001. There was also much unrest amongst supporters of the policy as at this time Delhi's network of CNG filling stations was in no way capable of meeting the potential demand for CNG: In July 1998 there were just 9 CNG filling stations in the city¹⁶, this figure had risen to 68 by April 2001, still short of the 150-60 needed to keep the public transport system operational. Eventually the policy was implemented in 2001 after much delay and numerous extensions to the deadline for bus operators.

Despite the conversion of the entire auto-rickshaw fleet to 'environmentally friendly' CNG, the cap remained in place. Furthermore, the cap was reviewed and extended in 2004 after an EPCA report claimed that the newly converted 2-strokes and purpose built 2-stroke autos were both unacceptably polluting, a claim disputed by recent research (see box 1). As of March 2010, the cap remains in force.

These policies combined to produce a very different auto-rickshaw sector to the situation prevalent in the mid 90s.

Box 1:

The fourth policy shock? Delhi Government backtracks

As the following analysis will explain, the cap, CNG conversion and sales ban hit auto-drivers hard. This triple whammy was almost joined by a fourth policy, which would have proved disastrous for drivers. A report based on a successful Right To Information (RTI) claim by Nyayabhoomi – the leading NGO and social enterprise in the field – reveals the politics behind this fourth policy, which would have seen 2-stroke CNG auto-rickshaws older than 10 years replaced with 4-stroke CNG models.

On 17th July 2006, the Delhi Government announced the 2-stroke/4-stroke shift. The rationale behind the move was environmental – 2-stroke engines are more polluting than 4-strokes. This move came despite an EPCA report in 2004 which stated that 4-strokes

¹⁶ According to a writ submitted to the Supreme Court that month, which called for the number to be increased to 100.

offered no significant environmental benefits over 2-strokes.

Replacement would have meant that drivers who had shelled out Rs.25-30000 for a conversion kit just 4-5 years ago, would be faced with bills of multiple lakhs for new 4-stroke machines. The announcement of the policy raised the street price of an auto-rickshaw and permit by Rs.65000 overnight.

But having been told that the move would bring no environmental benefits by the EPCA, why was the Delhi Government so keen to push through the scheme? Nyayabhoomi's RTI presents illuminating evidence. Their report based on the RTI details an exchange of letters between Rahul Bajaj of Bajaj Auto and Sheila Dixshit, Chief Minister of Delhi. The correspondence suggests that the policy is the idea of Rahul Bajaj who writes to Dikshit: "we have recommended...the replacement of old 2-stroke CNG retrofitted (*converted*) vehicles with new 4-stroke CNG vehicles". The replacement of converted 2-stroke CNG autos would open up a new market for Bajaj Auto, which had previously been closed by the cap. Bajaj's insistence that "the government needs to help ensure that the vehicles are serviced at authorised dealerships" represents another cash generator for Bajaj Auto.

In the end, the policy was never implemented. The opposition from multiple sources, within and outside the government, was too strong. Government departments opposed the move whilst NGOs and unions joined forces to vehemently protest against the policy. Instead, the replacement scheme was made voluntary and 2-stroke CNG converted autos were gradually replaced over several years, as drivers preferred the purpose built 4-stroke CNG models.

Moreover, a recent study on emissions from auto-rickshaws in Delhi has found that harmful emissions from 2-stroke auto-rickshaws are around ten times more than from 4-strokes. This goes contrary to the EPCA report of 2004, which the study critiques¹⁷.

2.2 The impact on the auto sector

The freeze in auto permits created a zero-sum game: the total number of autos could not increase. The city was adding 300-400,000 new residents per annum (both natural increase and migration), but the number of auto-rickshaws stagnated: demand rose, yet supply was artificially restricted¹⁸. This situation benefited financiers and contractors.

¹⁷ Reynolds, C, Grieshop, A and Kandikar, M (forthcoming) "Measuring Auto-rickshaw emissions to inform air quality policy", University of British Columbia, SIM-air Working Paper Series, 28-2009.

¹⁸ Roy and Mohan state that between 1996-2001 the population of Delhi grew by 20% but the number of autos increased by just 7%. Since 2001, the population has continued to grow quickly whilst the number

For contractors, the cap meant that the supply of rental vehicles remained unchanged whilst the demand from passengers increased. The demand for rental autos increased as new migrants poured into the city from Bihar and Uttar Pradesh and sought work in the auto sector. This provided scope for rent increases. The value of the contractors assets, namely his autos, also increased dramatically (see below).

Financiers were able to use the cap to dominate the industry. Auto financiers sell not only the auto-rickshaw itself, but also the all-important permits. With no new permits being issued, the existing stock of permits became a valuable commodity. Having secured large numbers of these permits, financiers became the gatekeepers to the auto sector.

As expected, due to the cap the cost of an auto with a permit rocketed as financiers reaped the benefit. Fig 1 (below) shows the prices paid to financiers by drivers in our sample for the combined package of auto and permit over two decades. Fig 1 shows that the price of an auto and permit has increased massively since the cap.

The increase in the cost of entering the auto-rickshaw sector as an owner-driver comes as a result of the cap (and eventual decrease in numbers) rather than any significant increase in the cost of auto-rickshaw itself¹⁹. The price of a permit and the process of transferring the permit from the false name into the name of the new owner-driver is currently between Rs.2.5-3 lakhs: twice as much as the vehicle.

of autos has hardly changed.

¹⁹ Rs.1.22 is the factory prices for a standard Bajaj RE S4 CNG auto. The fare meter, tax and other fitting bring the total price up to around Rs.1.35 lakhs.

Price of auto and permit (lakhs)

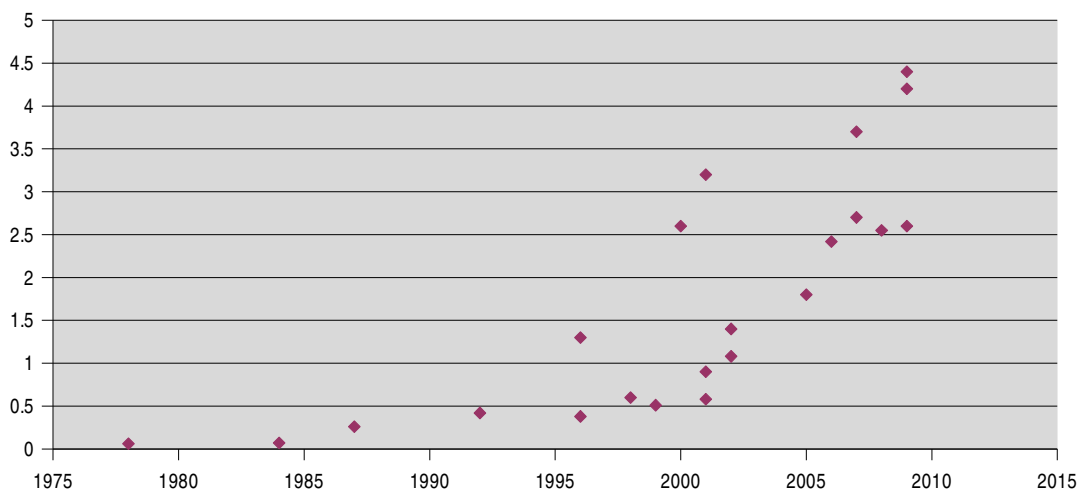


Fig 1: Price paid for auto and permit by drivers interviewed as part of this study. The price touched Rs.5 lakhs in September 2009, an all time high.

The second major policy shift discussed above was the SC order stating that all post-1990 autos would have to be replaced with CNG-fueled autos or fitted with a CNG conversion kit by April 2001. The switch had several impacts on the auto sector.

Contractors were largely able to absorb both the initial cost of conversion and the increased maintenance costs of the converted CNG engines. This expenditure could be recovered by raising the rental cost; passing the financial burden onto the renter-drivers for whom the initial rise in income brought about by the cheaper fuel (CNG is around 70% cheaper than petrol²⁰) was immediately eaten up by increased rents (see following section).

The conversion had the greatest effect on owner-drivers. Conversion to CNG was compulsory and the cost of a CNG conversion kit ranged from Rs.25-30,000. Faced with paying off monthly instalments to financiers, meeting their daily expenses and often remitting money to family members outside Delhi, many owner-drivers could simply not afford to convert their autos to run on CNG. Many owner-drivers sold their autos and permits to financiers and became renter-drivers.

Following the CNG conversion, the official number of autos in Delhi fell from 83000 to around 55000.

This reduction happened for several reasons. Firstly, 83000 was the official number of auto permits, however many permit holders had scrapped their autos or left the profession but had not informed the Transport Department. This means that the true pre-conversion

²⁰ http://www.embarq.org/sites/default/files/Monica_Bansal_Delhi_Paratransit.pdf

figure was lower than the official figure of 83000. Secondly, many drivers were not able to complete the paperwork necessary to obtain financial assistance from the Dehli Financial Corporation. Unable to afford the conversion without financial help, they scrapped their autos. Thirdly, given the stalling and general confusion surrounding the conversion policy, many drivers thought that the conversion would either never be implemented or would be continually postponed. This attitude caused inactivity and many drivers were caught out when the deadline was enforced. Unable to convert before the deadline, their permits were cancelled.

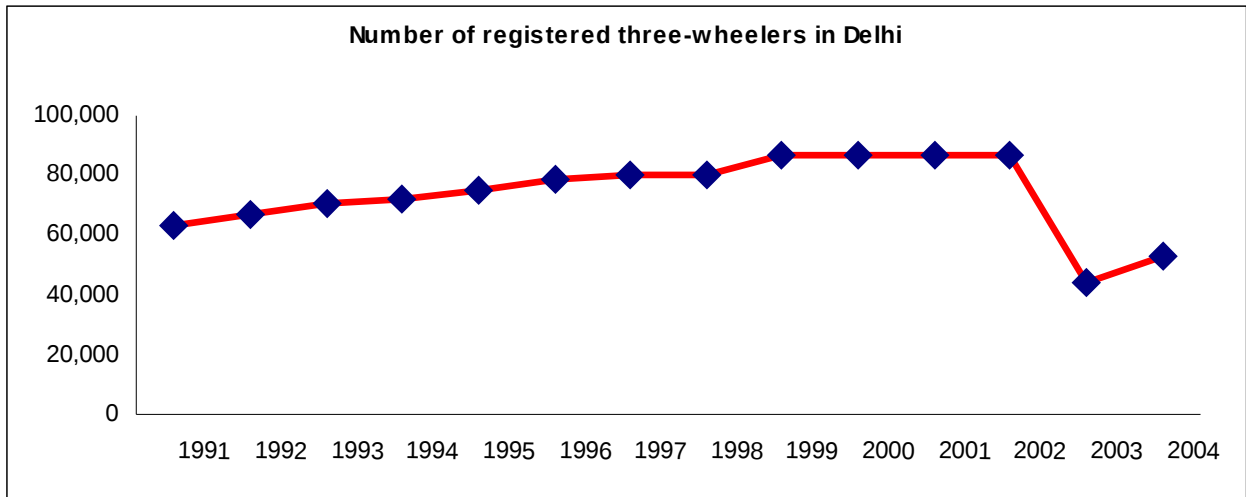


Fig.2 The number of registered auto-rickshaws in Delhi.²¹

The freeze in new permits, the CNG conversion and its effects on owner-drivers did two things: reduced the number of auto permits and concentrated them in the possession of financiers.

Financiers then turned many autos *benami*, meaning that they were bought and sold by financiers without changing the names on the permit from the original holder to the financier or new owner. The implications of this are explored in the following section.

Box 2:

²¹ EPCA Report 9 (Nov 2004) “Report into the increase in the number of three-wheelers in Delhi”.

About the machine: The auto-rickshaw concept, CNG and Bajaj Auto.

The idea behind the auto-rickshaw is simple: an urban passenger vehicle with the smallest road footprint possible, minimal purchase and running costs, a small buzzing engine and ultimate manoeuvrability to weave in and out of traffic. Typically powered by a 150-300cc, 7-8bhp engine, the lightweight 350-600kg machines are capable a maximum of 60kmph, although they rarely go above 40kph. They come in petrol, diesel, LPG and CNG varieties, but (as explained above) Delhi's auto fleet is now entirely CNG powered. The green and yellow colour scheme was introduced to mark the CNG conversion in 2000.

Delhi's auto fleet is mostly supplied by Bajaj, which has a near monopoly in the city. Bajaj has been making three-wheeler for over fifty years, but the company's inexperience with CNG vehicles meant that its first CNG autos (2000) were unreliable and underperformed compared with the old petrol models. These early CNG models were hurriedly designed and there was an immediate shortage of parts which made maintenance difficult. Drivers reported sudden breakdowns in the wet, poor quality shock absorbers leading to punctures, broken windscreens and even rolls. Sadly, the new Bajaj RE 4S CNG (2009) is little different. A comprehensive review by motor industry critics revealed similar faults even after nine years of development time²². This is not entirely surprising. Given the lack of competition, what incentive does Bajaj have to improve its product? Its customers (financiers and contractors) do not care too much about the quality, performance or general state of the autos themselves as long as they make money through loans repayments and rents (rented autos are easy to spot as they are often shabby and badly maintained). In 1997 and 2004 the Supreme Court ruled that the Bajaj monopoly was not environmentally friendly (as purpose build 4-strokes offered no improvement on 2-strokes, according to the EPCA report of 2004^{23 24} - a finding dismissed by recent research), yet the monopoly continues. Perhaps for reasons touched upon in Box 1.

These two policies effectively handed control of the auto sector to financiers at the

22 <http://www.team-bhp.com/forum/commercial-vehicles-india/60596-tested-bajaj-re-4-stroke-cng-auto-rickshaw.html>

23 According to an EPCA Report 9 "Report on the Increase of the number of Three-Wheelers in Delhi", dated Nov 2004.

24 Narain, U and Krupnik, A (2007) "The Impact of Delhi's CNG Program on Air Quality", available <http://www.rff.org/Publications/Pages/PublicationDetails.aspx?PublicationID=17476>. Narain and Krupnik state that the conversion to CNG of auto-rickshaws has done nothing to reduce emission for certain harmful gases. They following the EPCA report in blaming "poor technology" in early Bajaj CNG models, namely poorly fitting piston rings, which allow oil to leak into the combustion chamber causing white smoke. However, the authors do not carry out any emission measurements themselves.

expense of drivers (who either lost their autos, faced spiralling rental costs and exponentially rising purchase costs) and the general public, whose *growing* demand for affordable transport was met with a *decrease* in supply.

Accompanying the shift to CNG was a new wave of official documentation. The increase in compulsory official paperwork had two negative impacts on drivers: Firstly, official business at the Transport Department became harder and costlier, giving rise to a plethora of middle-men with special relationships with Transport Department officials. Secondly, aware that most drivers did not possess all the officially proscribed paperwork, the traffic police could now stop a driver at random and easily find an excuse to issue a challan or demand a bribe. Almost all drivers in our sample with ten years driving experience told us that dealings with the Transport Department and the police had become considerably more difficult in recent years.

This section has briefly discussed two major policies, which have affected the auto sector in Delhi since 1997. It then attempted to outline some of the major power shifts which took place around those policies. It concluded that the balance of power shifted significantly towards financiers and contractors, with the former now controlling the sector. Transport Department officials and the police have also seen some benefits. Drivers have suffered as their costs have increased dramatically, their incomes squeezed and their prospects for social mobility stunted.

The following section focuses on the testimonies of the drivers themselves. It talks about their socio-economic backgrounds, earnings, experiences, problems and opinions and attempts to raise the major issues in auto-driving in Delhi today, as told by the protagonists themselves. It seeks to develop some of the themes raised in this section and illustrate them with some empirical details.

3.0 The Drivers

This section is based on in-depth interviews with auto-drivers carried out in Mandawali, East Delhi, between November 2009 and February 2010. The information here is broken down into the personal details and background (outlining the origins and socio-economic backgrounds of the drivers), issues affecting renter-drivers, issues affecting owner-drivers and issues affecting both groups. This analysis will be primarily qualitative as the sample size (37) is too small to carry out any meaningful quantitative analysis, yet is large enough for the same issues and opinions to consistently recur.

The interviews reveal a group of under-privileged men struggling to meet the basic daily needs of their families, whilst suffering financial exploitation at the hands of both financiers and contractors and virtually all representatives of the state with whom they come into contact. Regulation in all its forms appears to work in the interests of financiers, contractors, the Transport Department, the police and to a certain extent union leaders, as opposed to the drivers, who form the vast majority of workers in the auto industry.

3.1 Backgrounds

Almost all of the drivers interviewed were in the 30-50 age range. Apart from one driver all had a family, usually consisting of a wife and between two and six children, ranging from very young to married adults. In most cases the driver was the only wage earner in the household with his wife doing unpaid domestic work in the family home. School-age children were without exception in school. Several drivers lived in joint families consisting of at least one other wage earner.

Education levels varied widely. 5 drivers admitted to being illiterate, which suggests little or no significant formal education. Another two drivers had studied until the 4th standard. Several drivers had studied up until the 8th and 9th classes. There were also four drivers with a 10th standard education and single drivers with 11th and 12th standard educations. In our sample, the drivers with the higher levels of education are predominantly migrants who could not find a job befitting their relatively high standard of schooling in their home towns, in which government jobs are the sole alternative to agricultural labour. These government jobs require connections and contacts, which most drivers' families simply did not have. Of the 5 illiterate drivers, Delhi natives are over-represented with 2 drivers.

Caste has little significance amongst our sample. Drivers come from all caste backgrounds. There appears to be no relationship between caste and any other

information collected.

Of our 37 drivers, 30 are migrants. This group share one characteristic: they left their home areas as adults to seek work. Most share a second uniting feature: they maintain strong ties with their native places in the form of family connections, regular visits, land ownership, remittances and often the intention to return. Of these migrant drivers, 10 were from Bihar, 8 from UP and the remaining drivers were from a number of other northern states (Jharkhand, Himchal Pradesh and Madhya Pradesh). The Bihari drivers were all from towns in the north of the state, some with a long association with migration and the profession in particular (i.e. Motihari).

Box 3:

From the Punjab to Bihar

The early exponents of auto-rickshaws in Delhi were also migrants. In the 1960s-70s the main migrant group in Delhi was Punjabi. Having migrated to Delhi in the years following the Partition, many Punjabis took to auto driving as a way to make a living in their new home. As the decades passed, they put down roots, set up businesses and gained a firm foothold in the city. Slowly they drifted away from auto driving into better paid work.

They were gradually replaced in the driver's seat by a new group of migrants: the Biharis. Today, within the auto sector, the Biharis drive, whilst the Punjabis have moved up the food chain and are now mostly involved in contracting and financing autos. The few remaining Punjabi drivers are mostly elderly veterans of an earlier era in the auto-rickshaw world. A young Punjabi driver is a rare sight nowadays.

The replacement of Punjabis with Biharis has had numerous effects on the industry, claim many long-term Delhi drivers: Firstly, many Punjabis could not return home and so had to stand up for themselves and carve a niche within the city, whereas many Bihari drivers come to Delhi to work hard, keep a low-profile and return home richer: they have little stake in the city. This meant that the old Punjabi-dominated auto unions were stronger and more vocal. Secondly, as a consequence of stronger unions (and the Punjabi's more fiery temperament, some claim), there was considerably less harassment of auto drivers from police and officials. Today's Bihari drivers, it is claimed, accept exploitation more readily and are less inclined to protest because they see their presence in the city as temporary.

Amongst these migrant drivers a common generalisable pattern emerges. Family landholdings are typically small and cannot support increasingly large numbers of

dependents. Most migrant drivers have family landholdings of between 1-3 bighas. Unable to live off their land alone, finding paid employment is essential. However, their hometowns offer only unreliable, poorly paid agricultural work. This labouring work provides no prospect of social mobility and improving living standards. It merely suffices to sustain the survival of the family. The absence of decently paid employment at home and the existence of contacts and networks (friends and relatives already working in Delhi or having migrated and since returned home) spurs migration. In this sense, it can be ventured that the migration of the drivers in our sample has more to do with social mobility and improving quality of life than baseline survival²⁵.

Many drivers came to Delhi with friends from home or with other male family members. A considerable number had family members already working in Delhi, who eased their move to the capital. These family and regional networks appear to play an important role in the entry of the migrant into the auto driving profession. Typically, a budding driver is taught the basics of the profession (how to drive the auto etc) by the contact (almost always a brother, family member or friend from their native place, who is already plying an auto in Delhi). The contact will then recommend the new driver to an auto contractor and vouch for the new man's honesty and reliability. Contractors require such verbal testimonies before they are prepared to rent out an auto to a new driver. The new driver then begins driving a rented auto and has a foothold in the profession. Learning how to manoeuvre the auto is the only training the driver receives. He must learn whatever else he needs on the job.

This process can work in two ways: Firstly, the migrant driver arrives and is instantly introduced to the profession by his contacts and quickly begins renting an auto; or secondly, the migrant driver finds employment in Delhi and is only introduced to auto driving when he gives up the original job or is laid off. In this latter group, there appears to be a small but significant minority of drivers who were cycle-rickshaw pullers or casual labourers who have 'graduated' into auto driving. There are also a number of drivers whose previous waged jobs or independent business ventures had failed. They then 'fell' into the profession as an employment 'safety net' provided by their friends and familial contacts²⁶. Amongst the group 'graduating' into auto driving from lower-status jobs, family contacts are seldom mentioned. It is likely that they came to Delhi without significant network contacts, but successfully made these contacts during their time doing poorly paid jobs.

Of the migrant drivers around one-third had relocated their families to Delhi and were living in rented accommodation in affordable areas (predominantly in the Trans-Yamuna area). There is no identifiable key factor in determining family re-location decisions.

25 As is the consensus in much migration studies literature, the poorest do not have sufficient resources to migrate.

26 One driver was driving an auto in order to pay off debts incurred by the failure of his road transport business (due to no fault of his own). Another turned to auto driving after his small delivery business folded.

Time is not an issue, it seems, as there are drivers who have been in Delhi for 20-30 years but have not brought their families to join them. Equally, there are relative newcomers who have quickly re-unified their nuclear families. Motivations for migration, whilst beyond the scope of this study, may influence this decision: i.e. if the migrant intends to work in the city, earn more money, reunify the family and sever ties with the native place, following the neo-classical model of migration²⁷; or if the migrant works in order to rapidly remit money and aims to return home as quickly as possible once a given target has been reached, in line with New Economic of Labour Migration theory²⁸. These motivations can obviously change over time.

Those drivers with families at home outside Delhi typically visited home every 3-4 months. Almost all these drivers send monthly remittances of between Rs.2500-Rs.5000 as well as contributing larger amounts in emergencies or for special occasions. Some drivers have even sold autos to pay for medical treatment and family weddings.

3.2 Renter-Drivers

There are two main issues affecting the renter-drivers to whom we talked were the increasing cost of renting an auto and the dwindling chance of ever becoming an owner.

High rents

Auto-rickshaws are rented out by their contractors in two shifts: day and night. The day shift is typically 7am to 5pm (10 hours). The night shift then runs from 5pm to 7am (12 hours). Although the night shift is 2 hours longer, both shifts typically cost the same as there are fewer passengers at night. A driver may also rent the auto for a full 24 hours period, usually working for 16-18 hours. The cost of renting an auto for either shift is between Rs.250-320. Drivers taking the auto for 24 hours pay between Rs.300-400. These rates may decrease if the driver is known by and is trusted by the contractor. The driver must hand over the auto to the next driver at a specified location, for example, the lay-by near our field work area in Mandawali, East Delhi is one of many shift-change sites. The need to return to the shift-change site punctually in order to hand the auto over to the next renter-driver often forces drivers to refuse passengers wanting to go to distant areas as they hurry back to the shift-change locations.

In a 10-12 hour shift a driver normally earns around Rs.450-650 in total. Deducting the auto rent and Rs.70-80 for CNG leaves a take-home profit of approximately Rs.120-230 for 10-12 hours work. Those working 24 hours shifts earn a modest amount more per

27 Todaro, P (1969) "A Model of Labour Migration and Urban Unemployment in Less Developed Countries", *American Economic Review*, 59, 1.

28 Stark, O and Bloom, D (1985) "The New Economics of Labour Migration", *American Economic Review*, 75, 2.

shift. This means that around half the money taken by a renter-driver in his shift goes to the contractor as rent. As such, renter-drivers spend roughly half their time on the road meeting their rental costs and the other half earning for themselves and their families.

This leaves renter-driver with monthly earnings of between Rs.3000-8000 (6 shifts per week).

As mentioned in the previous section, CNG is considerably cheaper than petrol at around Rs.22 per kg of CNG compared with Rs.47 for a litre of petrol. It is also more economical: a kilogram of CNG returns more kilometres than a litre of petrol and modern four strokes are more economical than old two stroke autos. Renter-drivers pay for their own fuel; therefore the switch to a cheaper fuel should have had a large positive effect on their income. But this has not happened because the maintenance costs of CNG powered autos are far higher than the old petrol driven models. Although the maintenance of the auto is the duty of the contractor, not the renter-driver, the renter-drivers are bearing the financial burden of the higher maintenance costs through massively increased rents. Pre-CNG rents were well below Rs.100. Post-CNG rents are Rs.250-320. Any increase in renter-driver income brought about by cheaper CNG was quickly swallowed up by large increases in rents, which effectively insulated the contractors from the financial implications of the shift to CNG at the expense of higher incomes for the renter-drivers.

Future prospects

Given the lack of any significant increase in renter-driver income and the current price of an auto and permit, the chance of a renter-driver becoming a successful owner-driver are slim. The renter-drivers in our sample spoke about the rising cost of daily expenses – food price inflation, increasing rents and the cost of sending their children to school. They said that their daily incomes of around Rs.200-300 hardly sufficed to cover these expenses. Saving was very difficult. The current price of an auto plus permit package (Rs.4 lakh) puts ownership far out of the reach of most renter-drivers. With it goes the possibility of a higher income and social mobility.

3.3 Owner-drivers

The majority of the issues specific to owner-drivers arise from the process of financing an auto. As such, the interactions between new owner-drivers and financiers form the basis of the following analysis.

In order to purchase an auto and permit, a driver must approach a financier. Delhi's auto financiers hold the bulk of auto permits under a variety of false names. The current price of a new auto with permit is Rs.4 lakhs (as much as a top-of-the-range small car²⁹), which makes it almost impossible for a potential owner-driver to buy a new auto outright (the price may be lower if the auto is second hand). Instead, the driver is asked to make an

²⁹ Maruti Wagon-R R LXI DUO BIII is available in Delhi for Rs.365085.44 or just over Rs.3.65 lakhs.

upfront payment and take out a loan from the financier to cover the remaining amount. This loan can be anywhere from Rs.1-4 lakhs and is repaid in monthly instalments over the course of 1-3 years. Instalments range from Rs.6000-15000. Interest rates are normally 16-18% flat, which translates into an effective interest rate (APR) of approximately 34%. Once the loan has been paid off, the permit is transferred into the driver's name and the vehicle is officially his. If the driver wants a new vehicle (as opposed to second hand) an old vehicle must be scrapped at an official Transport Department scrap-yard and an official scrappage certificate obtained. Only with the valid scrappage certificate can a new auto be purchased from the manufacturer and the permit from the old scrapped auto be transferred to the new vehicle and the new owner. This process should not take longer than two days, but it normally takes up to two months due to inefficiencies at the Transport Department.

The above process gives rise to several problems, which appear to justify the term “auto mafia”: Firstly, issues involving the price of the auto and permit, the repayment schedule and interest rates; secondly, shady contract practices and thirdly, “J” autos. Each will be discussed in turn.

Box 4:

Visiting the Financiers

As part of the fieldwork process, we decided to speak to some auto financiers in order to cover all angles and give them a chance to explain and justify their activities from their point of view. With a contact from Mandawali, we visited two financiers located in the Paharganj area. The first financier had a long glass fronted office topped by a large sign announcing the name of the business. It was clear that this was a financier's office. Our contact had assured us that this was a financier's office and that the middle-aged man in a shirt sitting behind the main desk was the financier. However, after explaining our project, the man behind the desk told us that he was not a financier. His business was hire-purchase only. He also assisted drivers with their dealings with the Transport Department for a fee of just Rs.200. He was definitely not giving loans, he stated. Puzzled, we thanked him for his time, apologised for the misunderstanding and stood up to leave. Before we could leave the office, a middle aged lady entered from the street. She wore the bright colours, silver jewellery and bindi typical of Delhi's working class. She brushed past us, heading towards the financiers desk. Without explanation she handed the man a wad of cash. “Rs.9000”, she said, as he took it from her without ceremony or thanks. As if it was a regular occurrence. To us, standing in the doorway, this looked very much like this lady had come to pay the monthly instalment on her husband's auto loan, whilst he was busy plying the streets. The office, the sign, the assurances of our reliable contact and the colourfully dressed lady and the bundle of notes all suggest that the man was

indeed a financier, only his protestations told us otherwise. We later learned that he was a middleman operating at the behest of the actual financier. He handles contracts, loans, instalments and receipts, so the owner-driver believes that he is the actual financier.

We approached the second financier with more caution. The co-author entered with our contact, the former posing as a potential customer. The financier offered a new auto for Rs.4 lakhs. He asked for Rs.2 lakhs upfront and offered to grant a loan for the remaining Rs.2 lakhs at 16% with monthly repayments of Rs.9000.

Auto financiers have a presence in many parts of the city, but clusters exist in certain areas. Jheel in the Trans-Yamuna is one such place. A large auto-market sits in the centre of Jheel, an otherwise nondescript working class colony. Some of the streets in the auto-market are lined with dozens of mechanics shops. Here, auto-rickshaws in all stages of dissection sit on edge of the road surrounded by tools, parts, oil stains and scores of mechanics in grease stained clothes. The occasional pristine vehicle stands alone, plastic wrapping still covering the seats and yellow hood. Some financiers are to be found here, amongst the noise and exhaust, but mostly the smaller players: tiny grubby offices with crude hand painted signs containing little more than a desk and a ledger. The big players are set up in glass fronted offices just around the corner in the surrounding streets. Their professionally painted signs, AC units, tiled walls, new furniture and wall mounted TVs illustrate the success of their businesses, which are typically named after religious figures or bear Punjabi names. There is obviously money to be made in auto-finance. However, despite approaching a number of Jheel financiers with extreme caution, none were prepared to impart any information regarding their businesses beyond their basic loan packages. Once again, the financiers keep silent. They prefer not to discuss the nature of their dealings for reasons that will become clear later in this section.

High prices

The high cost of the auto and permit combines with high interest rates to put the new owner-driver under extreme financial pressure. Owner-drivers earn between Rs.600-800 for a 10 hour shift (similar to renter-drivers, but owners do not have rental costs to meet). This income is barely enough to meet daily expenses, auto maintenance costs and pay monthly instalments. Consequently, many owner drivers work long shifts and struggle to pay their monthly instalments.

Contracts

In order to obtain the auto, permit and loan, the driver must sign a contract prepared by the financier. However, many drivers have only a few years of education (one owner-driver in our sample was illiterate) and therefore cannot read or understand the long,

convoluted and deliberately difficult contracts prepared by the financiers, who are considerably better educated. Drivers from rural areas may be unfamiliar with contracts, business practices and sharp businessmen like financiers and can therefore be easily pressured into signing. Many owner-drivers in our sample simply signed contracts with financiers without reading them. Almost all are instructed by the financier to sign multiple blank contracts as a prerequisite for receiving the auto, permit and loan. These blank contracts allow the financiers to change the terms of the loan at will, giving them complete power over the driver. The implications for owner-drivers of being unable to understand contracts and signing blank contracts are severe: Many fall victim to unforeseen “late payment” clauses, which require the driver to pay a large amount as a penalty for the late payment of one monthly instalment. The penalty is often as much as double the scheduled instalment (see Box 3). With blank contracts at their disposal, the financier has the ability to increase interest rates, change the repayment schedule and even deny the driver the vehicle once the full loan has been re-paid. The blank contract also makes the loan/contract into a commodity to be traded amongst financiers.

The driver may physically be in possession of the vehicle whilst paying off the loan, but he does not have his name on the permit. The name on the permit is the name of the original permit holder (who may have given up driving or may even have deceased). Since the financier does not transfer the name on the permit, this turns the auto *benaami* – registered in the name of someone other than the owner. Promises are made but the permit is often never transferred. As long as the auto is *benaami* and the original owner is not around, then the new owner driver is not the owner and is at the mercy of the financier and his blank contracts. If it becomes necessary for the financier to transfer the permit from the name of the original owner, then he will use the name of his employees or a poor slum dweller as cover.

Box 5:

The “late payment penalty” and repossessions

Jai, 50, bought his current auto-rickshaw in 2002. Back then, the auto and permit cost him just Rs.1.08 lakhs. He paid Rs.20000 upfront and loaned the outstanding Rs.80000 from the financier. Since then the father-of-three has struggled to repay his monthly instalments to the financier on time. He has been hit by a “late payment penalties” “six or seven time”. This means that he is still trying to repay his loan a full 8 years later, despite the fact that the multiple “late repayment penalties” mean that he has repaid the full amount to the financier several times over. The contract was something of a mystery for Jai: he is illiterate. Even if he could read, he says, the contract he signed was so long that it would have taken many days for him to read through.

Subhir still does not own an auto. The 50-year-old Delhite has tried three times to become an owner but has seen his vehicle repossessed on each occasion. In 2001, he paid

Rs.15000 upfront and took out a loan of Rs.75000 from a financier for a second hand auto. However, he fell behind on his monthly repayments and the financier repossessed the auto. He lost the upfront payment and the repayments he had successfully made. Undeterred, in 2007, Subhir paid Rs.90000 upfront to a financier and took out a loan of Rs.3 lakh at 16.6% on a new auto. Again, he fell behind with his repayments and a “late payment penalty” kicked in. In addition to the monthly repayment, the financier demanded Rs.26000. Mired in debt, he was unable to meet both the monthly payments and the escalating “late payment penalties”, plus interest. Soon after, the auto was repossessed by the financier. Several months later, Subhir repurchased his old auto from the same financier under the same terms. He is currently struggling to repay the monthly repayments of Rs.12000 and fears his auto may be repossessed for the third time. With only five-years schooling Subhir admits that he is no expert on contracts and business procedures. He didn't read the contracts he signed. He couldn't: they were all blank. He wants to give up auto driving, but cannot because since 2001 he has paid all his spare income to financiers and has no savings.

Whilst the actions of Jai and Sabhir may appear somewhat naïve, these men have little formal education and little idea of business and contracts. In their situation, the desire to start earning more and a few reassuring words from a streetwise financier are all that is needed for them to sign whatever is put in front of them.

As described above, contracts are used by financiers to ensure that the chance of repossessing the vehicle is as high as possible. Once repossessed, the financier can then sell it to a new driver, or perhaps even back to the previous driver, as in the case of Subhir. There is evidence that one auto in Delhi has been sold to three different drivers and subsequently repossessed from each over a period of time³⁰.

A few drivers in our sample had signed contracts with financiers and successfully bought autos. These drivers had higher levels of education (10th or 11th class) and had worked in decent jobs before entering the auto sector (i.e. pharmaceuticals, family businesses etc). Given their education and slightly more affluent background, these drivers approached auto-driving in a strategic manner: renting at first to learn about the sector and then carefully reading the contracts put in front of them by the financier. These few successful drivers realised that in order to repay the financier, the auto-rickshaw must ply 24 hours. Whilst they themselves drive one of the two daily shifts, a relative (typically a brother) drives the other shift or the auto is rented out to a trusted friend.

“J” Models

³⁰ Data collected from financiers accounts by the leading NGO in the field as part of an investigation into the “finance mafia”.

Much confusion surrounds the “J” model auto. Little information is published about their origin and the regulations governing their use. The following has been pieced together from a variety of sources.

On 16th December 2002 the Transport Department filed an application in the SC calling for the issuance of a batch of new auto permits, temporarily relaxing the cap. The SC agreed, ruling that 5000 new permits should be issued. These autos bear the letter “J” in their registration.

750 “J” autos were reserved for Scheduled Caste applicants, 375 for Scheduled Tribes applicants, 1350 for Other Backward Castes and 2525 as an unreserved general quota. All applicants had to have valid licences and badges. The vehicles in all categories were to be allotted to owner-drivers only with no provision for sale or renting. Successful applicants were given access to soft loans from the Delhi Finance Corporation to purchase new autos. However, adherence to this policy has been inconsistent and there is much confusion the rules governing “J” autos.

However, there are also strong claims that the majority of these “J” permits were captured by financiers who paid eligible drivers a small sum to apply for the permits using their names. Successful applicants then handed over their new “J” permits to the financier. The permits therefore appeared to be held by poorer drivers, but were really in the possession of financiers. Eight years later Transport Department records show that as many as 350 individuals own multiple “J” permits, thus violating the owner-driver only policy³¹. It appears that official regulations were bent for the benefit of financiers and contractors.

Drivers are not able to flout regulations with such ease. The uncertainty regarding “J” autos causes problems for drivers. Financiers can sell “J” models to unsuspecting drivers and start taking monthly instalments. Once the loan is fully repaid the financier may claim that it is impossible to transfer the permit into the new driver's name, denying him the auto for which he has paid. If transfer is possible, then it is only likely to be granted after an amount is paid at the Transport Department in addition to a more than reasonable transfer fee. The box below illustrates the confusion over “J” models.

Box 6:

Buying a “J” model: Drivers' experiences

Sorab was doing well. Through years of hard work he had managed to successfully pay-off the loan on his auto and get the permit transferred to his name. His brother was not doing so well, so Sorab decided to buy an auto for him. In October 2009, instead of an upfront payment, he put up his own auto as collateral for a Rs.2.60 lakh loan from a financier for a second-hand auto for his brother. The auto was a “J” model. Sorab insists that “J” models are transferable as long as the driver has the correct paperwork. But the

³¹ Information received from Nyayabhoomi following an RTI.

police do not agree. They caught him in Nehru Place and issued a challan for Rs.3000 for driving a “J” auto not registered in his name. They also illegally confiscated the vehicle.

Suresh drives illegally. It's all he can do nowadays. In 2008 he paid Rs.2.55 lakh for a “J” model auto: Rs.55000 upfront and a loan for the remaining Rs.2 lakhs. However, after four on-time repayments, Suresh was told that “J” models are non-transferable and that there was no chance of him ever owning the auto, even after repaying the full loan. After hearing this, he concluded that he was being cheated by the financier and immediately stopped repaying the loan. He still drives the auto – it's his only source of income for his family of five school-aged children. But he does so illegally. If pulled over by the police, he faces a huge challan and the possible impounding of his auto with little chance of it being released.

3.4 Common issues

There are a number of issues that affect drivers regardless of their rental or ownership status. They came to the fore time and time again during our fieldwork interviews with drivers. These areas are: the fare meter, dealings with the Transport Department, traffic regulations pertaining to auto-rickshaws and treatment by the police. Each will be discussed below.

The Fare Meter

By law Delhi's auto-rickshaws must run by the meter. This means Rs.10 for the first kilometre and an additional Rs.4.5 for every kilometre thereafter (low for a Metro city). A 25% night charge is also applicable from 11pm-5am. Since 2002, electronic meters have been compulsory on all new autos. Contrary to popular belief, these electronic meters cannot be tampered with and will simply cease to function if interfered with (leading to a hefty repair bill). They are also unreliable and of poor quality. The meter is often genuinely broken as the driver or contractor routinely delays paying the Rs.1000 bill for its repair.

Even if the meter is operational, few drivers are willing to run by it. This refusal is often interpreted as greed on the driver's part and contributes to the bad reputation of the Delhi auto-wallah. But the real reason behind the reluctance to run by the meter is that, if the driver were to run by the meter at all times, he would not earn a sufficient income to pay his rent or loan repayments, fuel costs (and maintenance in the case of owner-drivers), pay bribes and challans (see below) and still have enough left to feed his family.

Auto-rickshaw Unit of the Transport Department at Burari

The Auto-rickshaw Unit is located in Burari, north Delhi, around 20km from the city centre. It handles the administration of taxis and auto-rickshaws and compound housing commercial vehicles confiscated by the Transport Department. All drivers must visit Burari at some point in order to obtain the annual Fitness Certificate, Permit renewal, and Permit Transfers for their own or rented vehicles. However, complying with requirements is far from easy.

Box 7:

Our day out at Burari

The Auto-Rickshaw Unit of the Transport Department is an hour by auto from the middle of town. Densely packed urbanity gradually gives way to wide highways, distant apartment blocks and dusty “projects” with rough road grids laid out amongst the scrubby vegetation and kids’ cricket games. The Transport Department building stands in a walled off enclosure half a kilometre down an access road from the main highway. The road is unpaved and lined on one side by dhabas, photocopy shops and photo shops, a hundred auto-rickshaws queue on the opposite side, awaiting their annual Fitness Certificate check. We entered through “gate 4”, no more than a man-sized gap in the wall. Inside, the concrete shell which houses the Auto-rickshaw Unit stood in the middle of the square compound, surrounded on all sides by dry earth, a few benches and the odd piece of shade granted by a tree or awning. It was early afternoon and there were several hundred men hanging around; taxi drivers, auto drivers and a number of better dressed taxi owners. The men sat on benches, squatted on the ground or stood in patches of shade. Everyone looked like they had been there a long time and expected to be there for quite some time still. A dozen or so drivers crowded around each of the dozen “service” windows to the front and rear of the building – the only point of contact between the Transport Department officials and the drivers. The main doors were shuttered. The Auto-rickshaw Unit appeared impenetrable, more like a fortress than a government service. Occasionally the barred doors would part and one or two men would slip inside. The atmosphere was one of boredom tinged with anger. A crowd of men rounded the corner and pressed up against the barred door. They had been waiting in line for five hours and the queue had not moved. They were demanding to see the Deputy Chief. Next to us, two men complained that they had waited all day, whilst several people had arrived after them, paid a Rs.200 bribe to the officials and had their applications processed in an hour.

On our second visit we were granted an audience with the DC. We wanted to ask him about the confusion surrounding the regulations and to give us the 'official' version of events. The security guard unlocked the barred gate and let us into the Auto-rickshaw

Unit building. The DC's office is large, cool and well-furnished. The DC was sitting behind his desk reading the newspaper. We introduced ourselves and outlined our research and the areas about which we would like to ask him. First, he told us that he was not allowed to talk to us and that we should visit another bureaucrat in Civil Lines. Then he became angry and told us that we did not have the “authority” to ask him such “silly questions”. Finally, he pushed the Motor Vehicle Rule book across the table at us and told us that it contained everything. Getting nowhere we thanked him for his time and left no more knowledgeable about the regulations but somewhat more aware of the conduct, attitude and secrecy at the Auto-rickshaw Unit.

The regulations governing auto-rickshaws in Delhi are contained in the Motor Vehicle Act of 1988, the Central Motor Vehicle Rules, 1989 and the Delhi Motor Vehicle Rules, 1993. There are also a number of other written and oral rules which are internal to the transport department. This causes much confusion and ambiguity.

An auto driver must carry the following documents with him at all times: Commercial Licence, Commercial Badge, Registration Book, Permit, latest Pollution Under Control Certificate (PUC), Fitness Certificate, Meter Certificate, Road Tax and Insurance. Here is a brief run through some of these documents:

To obtain a *commercial licence* all that is required is for the driver to have held a valid private licence (to drive a car) for one year. Then the licence holder must simply submit proof of residence and pass a medical test. However, the Transport Department does not recognise licences from other states when issuing commercial licences, even though by law, every licence issued from anywhere in the country is valid throughout the country. Migrant drivers must therefore obtain Delhi licences before applying for the commercial licence – an additional laborious step. Obtaining proof of address may also be difficult and costly if the migrant driver is renting.

After getting a *commercial licence*, the holder can apply for a *commercial badge* by submitting an application with proof of address. The Transport Department forwards the application to the Delhi Police for verification of the address and the antecedent/criminal-record of the driver. Often, a bribe of Rs.500 ensures a positive report is sent back to the Transport Department by the police.

The Auto-rickshaw Unit at Burari handles auto-rickshaw *permits*, but due to the cap, the rules concerning applying for a new permit are largely irrelevant. A permit is valid for 5 years and then it must be renewed. Renewal requires a photocopy of the owner-driver's PAN card and his Bank Account number. Transfer of the permit from one name into another requires both the new owner and the old owner to appear at the Transport Department in person, despite there being no requirement of this in the law. The old permit holder is seldom traceable (having sold the vehicle to many years ago). To

complete the transferral the new owner has to pay a bribe as he cannot adhere to this unofficial “oral” rule. There is no such rule in place for the transfer of permits for private cars.

Every auto must have a *Fitness Certificate* (FC). Obtaining an FC for a new auto requires the following documents: Form 20, Form 22, Sales Certificate 21, Insurance Certificate, LOI from the State Transport Authority and a fee of Rs.100 for the inspection of the vehicle. To re-new an existing FC requires registration document, Road Tax Clearance from the Accounts Branch of the Transport Department, all of the previous year's Pollution Under Control Certificates and the proscribed fees. The Fitness Test itself has 17 different areas each containing many criteria, some of which rely on the opinion of the tester as opposed to objective measurements (i.e. state of bodywork). Owner-drivers seldom have all 4 previous quarterly PUC certificates and must therefore pay a bribe for each missing PUC. Drivers caught plying without a FC are liable for a Rs.5000 challan.

The *Pollution Under Control Certificate* (PUC) is obtained from a number of Transport Department accredited pollution checking centres across the city. The vehicles emissions are measured and the PUC certificate issued if the auto passes. The testing fee is Rs.35. Operating without a valid PUC means a challan of Rs.900. According to the Delhi Traffic Rules a new auto needs a PUC after one-year on the road and then every three months from then on.

As explained above, the rules governing applications for documents and issuance are opaque and subject to arbitrary changes depending on the mood of Transport Department officials. They are scattered across a number of sources whilst many rules are known only to those within the Auto-rickshaw Unit building itself. Even hardened Burari hustlers admit that many regulations are ad hoc, arbitrary and are kept “secret”.

Box 8:

The auto scrap scandal

In order to buy a new auto-rickshaw, an old auto has to be scrapped. It's a one-for-one system: The driver takes his old auto to the only officially sanctioned privately-operated scrap yard in Delhi, a 1000m/sq plot at Surajmal Vihar (with electricity and water provided free of charge). The Surajmal Vihar plant is owned by a private company and has a monopolistic contract with the Transport Department on auto-rickshaw scrappage.

At the plant, the auto is scrapped and the driver receives Rs.5000 (down from Rs.7000 a year ago) and a Scrapage Certificate (the vital document needed to buy a new machine). This is a very good deal for the scrappers. The auto is not simply crushed. Useful spare parts are salvaged and sold and the expensive CNG conversion kit is removed and sold on to cities following Delhi's CNG lead. Revenue from the spare parts and CNG kit far exceeds Rs.5000.

The monopoly was granted in 2007. Since then 19000 autos have been scrapped this way, netting the private contractor a tidy profit.

In March 2010 union leader O.P Tiwari and Rakesh Agarwal of Nyaybhoomi filed a successful Right To Information claim. Fed up with the profits made by the scrappers at the expense of drivers, they wanted to see the contract signed by the contractors and the Transport Department. They wanted to read the terms of the monopoly, to go through the small print. The Transport Department was forced to admit that it had “lost” the file containing the contract copy and other vital papers. Without a contract, the scrappage firm had the freedom to pay drivers what they wanted.

The police and challans

In recent year the attention of the police has been drawn increasingly towards auto-drivers. Drivers claim that due to the large number of documents needed to ply the streets legally and pedantic road rules regarding auto rickshaws, it is possible for a policeman to stop an auto-driver at random and then find a reason to issue a challan. This attention frequently becomes harassment as auto-drivers are targeted for the most marginal of violations: “incorrect uniform”, “wrong coloured lettering” on the auto body and “stopping in a non-designated area” (despite the fact that most of the 312 designated parking areas in the city are unmarked) are some examples of this. Sometimes the officer will issue an official challan and give a receipt to the unlucky driver, at other times he will look for a bribe. Bribes are usually substantially less than the potential challan. The drivers claim that this decision depends on the mood of the policeman and decrees by higher authorities (i.e. to crackdown on autos or to issue a certain number of challans that month). More experienced drivers report that police attention and harassment has become more intense in recent years, in line with the increasing difficulty of obtaining a growing list of compulsory documents from the Transport Department. Harassment is also more intense on national holidays (such as Republic Day) and in the days following auto-rickshaw strikes (“revenge”, as one driver put it).

The police often work in pairs: one plays “bad cop”, threatening issuing a large official challan for some minor offence; the other then takes on the role of the “good cop” and offers to persuade his colleague to forget the challan in exchange for a much smaller bribe. The grateful driver gladly pays the bribe.

Challans are unpredictable. Different officers issue challans for different amounts for the same offence. Challan policy is also erratic. The challan for “refusal” (to take a passenger) increased from Rs.90 to Rs.5000 in one move. The police seldom issue the full challan; rather use this terrifying figure to extract larger bribes.

Impounding of the auto-rickshaw is also a constant threat. Several drivers spoke of having

their autos seized by the Traffic Police as the permit was not in the name of the driver (“J” models), despite the fact that this is not legal grounds for the confiscation of the auto under the Motor Vehicle Rules of 1988.

Box 9:

Challan for a single word

Around a dozen auto-drivers were parked on Minto Road, reports Radheysham, who has driven a rented auto since 2005. He was amongst them. They were taking a break during their long shifts with one eye open for possible customers, as drivers all over the city do from time to time. Then the police arrived. After snooping around the vehicles, the officers noticed that many of them had the word “taxi” rather than “TSR” written in tiny letters across their number plates. For this tiny technical mistake in a language spoken by none of the drivers (made by someone else – none of the drivers had painted their own vehicles!) the policemen issued each driver with a challan of Rs.1100. Although “driving with a defective number plate” incurs a challan of just Rs.90.

Problems with the police and the Transport Department combined to make Baldev's life a misery. Last year, he had to apply for a commercial badge, a compulsory document. He had driven without the badge for years, but increasing police attention and a number of challans for driving without one forced his hand. After paying a Rs.400 bribe to the police to provide the proof of address required by the Transport Department, he completed his application and began the 15 day wait for his commercial badge to arrive. After 15 days the badge had not arrived. Another week passed and it still hadn't come. During this time Baldev was plying the streets, but was being regularly challaned for his lack of a badge, despite his protestations that his application was being processed. The challans seriously reduced his income. After a while Baldev had to stop driving and wait for the badge to arrive. It arrived after 3 months, during which his family had lived off their meagre savings.

These driver testimonies present a group of family men subject to exploitation by financiers, contractors and the authorities. They must meet the daily expenses of their families whilst paying as much as half their daily earnings to contractors as rent or struggling to meet the monthly loan repayments due to their financiers. Insufficient education leaves them vulnerable to exploitation by wily and powerful people in the finance business. But with outright ownership the only way to increase earnings in the auto profession and auto-financiers the only means to achieve that goal, drivers repeatedly fall prey to dubious and often outright illegal contractual practices. Drivers are also a convenient source of extra income for the traffic police and Transport Department

officials who effectively extract bribes for ignoring trivial “offences” or performing the most basic of administrative services. Furthermore, in the case of the Transport Department, the sheer number of documents needed to drive legally and the deliberately cumbersome procedures the drivers have to go through in order to get them, suggest that the opportunities for demanding bribes are *built into* the very structure of the regulations themselves. Without these long-winded and difficult regulations (demanding dozens of supporting documents), Transport Department officials would not be able to demand bribes as drivers would be able to submit complete applications.

Piecing together the fragments provided by this limited survey, it is apparent that auto-rickshaw drivers are not only victims of *people*, but of a *regulatory system*, which facilitates their actions. The regulation on Delhi's auto-rickshaw sector, it appears, has for the past decade worked entirely in favour of the 200 or so financiers (including middlemen), the numerous contractors, traffic policemen and Transport Department officials at the expense of around 1 lakh drivers. The current regulatory environment ensures that money percolates efficiently from the passengers and auto drivers on the street to financiers, contractors and various employees of the state.

What are the drivers doing to fight against this system?

The following section looks at auto-rickshaw unions in Delhi. It attempts to unravel what at first appears to be a picture riddled with contradictions.

4.0 Unions

Auto-rickshaw unions in the capital are a conundrum. There are many and they have the power to call well-observed strikes, which have disrupted transport in the city many times in the past decade. When a strike is called, the streets are almost totally empty of autos. Yet in the last decade these strikes have achieved little in terms of driver welfare and few drivers have anything good to say about the unions. This section attempts to unravel this confusing situation: how and why do unions organise un-broken strikes without driver support and why do they not deliver improvements for drivers? The following analysis

discusses the three largest unions, their activities and their politics.

There are around 17 auto-rickshaw unions in Delhi. A large number of these unions are relatively new, having been founded in the last ten years. The auto-rickshaw strike of August 2009 was reported as a cooperative effort between the majority of these unions. However, only 6 are registered with the Labour Commissioner. In February 2010, we visited the leaders of three of the largest registered auto-rickshaw unions in Delhi in order to learn about their activities, achievements and politics.

4.1 Three unions

Dilli Auto-Rickshaw Sangh

We met Dilli Auto-Rickshaw Sangh (DAS) “leader”, Rajendra Soni, at his office opposite Ajmer Gate. The union was registered in 1969 and currently has a membership in the “low hundreds”. The DAS office is also the Delhi headquarters of the Bharat Mazdoor Sangh (BMS), an umbrella organisation made up of 174 unions representing various trades. It is affiliated with the Sangh Parivar, the group of organisations shepherded by the Hindu-nationalist Rashtriya Swayamsevak Sangh (RSS). The walls were adorned with numerous BMS posters and banners. We were the only people present in the office for our mid afternoon appointment. The BJP's Delhi office was just a few meters away across the street. Mr Soni is open about the union's affiliation with the RSS but claims that his union is “not political”. It receives no financial support from the Sangh; is funded entirely by “member contributions”, although running a union on the contributions of just one rupee per month from a few hundred low-income members, without contributions from other sources, would require ruthless efficiency. Despite its “non political” status, Mr Soni states that his union enjoyed more influence under the former BJP administration. If a demand from the DAS was not heeded by the BJP administration, Soni would go to the RSS directly, which would prompt the BJP to take notice. The current Congress administration means that his union has less influence.

He claims that he was part of a panel which advised the Delhi Government to cap the number of auto-rickshaws in 1998. He supported the cap and continues to do so. The cap streamlines the auto-rickshaw sector and makes it harder for Bihari migrants to take over the profession. He blames Biharis for the rising cost of autos and permits, telling us that they are naturally meek and submissive and are easily exploited by financiers.

When asked about the increasing number of new unions, individuals grasping for power and membership fees, he gives little information of auto-rickshaw policy or the problems of the current regulatory regime.

We later learn that Soni has no official position in the DAS, rather he is the secretary of

the BMS (the parent organisation of the DAS).

Bharati Tipahiya Chalak Sangh

The head office of the Bharati Tipaheya Chalak Sangh (BTCS) is located in an auto-market in Dakshinpuri, south Delhi. Mechanics and spare part shops surround the tiny office, which has a desk and space for four people to sit. Our meeting with leader, Sobaran Singh Rajput, was during his daily 5-7pm office hours and we were joined by five or six auto-drivers who had come to talk to Rajput, who had just returned from the Auto-rickshaw Unit in Burari.

The BTCS claims to be the largest auto-rickshaw union in the city with around 1400 members. It was founded in 1996. Each member supposedly pays Rs.30 per month as membership. The Communist Party (CP) also contributes Rs.60 per year for each member. The CP provides support for the union and publicly backs any statement of action called by the BTCS. Rajput explains that the union was originally affiliated with the Congress and had good relations with the former Transport Minister Pervez Hashmi. However, subsequent Ministers have not been so sympathetic (including the incumbent, Arvinder Singh Lovely) and so the BTCS shifted to the CP.

Amongst the achievements of his union, Rajput claims the reversal of the Delhi Government's 2006 decision to scrap all 2-stroke CNG auto-rickshaws and replace them with 4-strokes³². He says that union pressure played a significant role in forcing the government to think again. The move would have placed owner-drivers under unbearable financial pressure.

Rajput willingly gives a large amount of information about the current regulations and practices at the Auto-rickshaw Unit and the dealings of financiers. He criticises the lack of transparency at the Transport Department. There is no definitive document containing all regulations relating to auto-rickshaws, he states. Some regulations are contained in various government acts, whilst others are merely orally communicated between staff at Burari. In addition to the lack of clarity, he claims that the regulations themselves unfairly penalise auto-drivers and gives numerous examples.

We learn from other sources that Rajput owns 4 auto-rickshaws, which he runs on rent. He admits that he has contacts at the Auto-rickshaw Unit in Burari and uses them to process the documents and applications of union members quickly for a fee.

Bharatiya Krantikari Auto-rickshaw Manch

³² The proposal would have seen all 2-stroke autos replaced with 4-strokes on environmental grounds despite an EPCA report finding that both 2-stroke and 4-stroke Bajaj autos emit unacceptable amounts of harmful gases. For an thorough analysis see:

http://www.nyayabhoomi.org/auto_general/replacement.htm

The Bharatiya Krantikari Autorickshaw Manch (BKAM) does not have an office. Its leader, Rakesh Sood, meets members under a sign bearing the union's name on a corner in Connaught Place. We were early for the meeting. A number of autos are parked near the sign, awaiting Sood, who is on his way from the Auto-rickshaw Unit in Burari. Upon arriving, Sood freely admits that he acts as a 'tout' at the Transport Department. He uses his contacts to process applications and get documents for his 800 members for considerably less than other touts (Rs.500-600, rather than Rs.1000-1500, he claims). Sood is an RSS member and claims that former BJP administration paid more attention to the demands of his union, the claim made by fellow RSS man, Soni. But unlike Soni, he opposes the cap and claims to have filed a demand to the Supreme Court calling for it to be lifted. He also bemoans corruption at the Transport Department, which has made money or bribes the sole determining factor in doing business with the office. Given enough money, anyone can get a licence or badge, he claims. Even Bangladeshis have been granted licences whilst locals have been refused, he says.

In addition to his dealings with the Transport Department, we also learn that Sood owns 4-6 autos and taxis which he runs on rent. On running a check, we found that his union's registration was cancelled in 2007 for the non-filing of annual returns.

These are the three largest auto-rickshaw unions in Delhi. They have a combined membership of less than 3000 out of a possible 1 lakh driver. Only one has its own office and none of them have an online presence or any literature available about their aims and objectives. It would appear that these unions are tiny, poorly funded and lacking popular support.

Creating a union is not a complicated business. With a set of headed note paper and some business cards (all available for a few hundred rupees) an individual can give the impression of belonging to a professional and legitimate organisation. Claiming to be a "union" leader enables touts to go about their business at the Auto-rickshaw Unit (where they have connections) unhindered by any unannounced visits by anti-corruption officials. The veneer of the union legitimises their presence at the Unit. As such, "unions" often have multiple grand sounding positions, meant to bestow as much importance and legitimacy as possible on the holder. It is not uncommon for unions to have multiple Presidents and numerous forms of vice-Presidents and assistant vice-Presidents. The whole union leadership may then go about its touting business unhindered. When a driver agrees a price for a piece of touting work with a "union" leader (i.e. obtaining a Fitness Certificate) he is often offered "membership" of the union for a few rupees extra.

As it is so easy to establish a convincing looking union, the number of "unions" has increased in the last decade as touts seek to legitimise their dealings at the Auto-rickshaw Unit. Very few register with the Labour Commissioner, which makes keeping track of the number of auto-rickshaw unions in Delhi a tricky task.

Yet these small unions, largely just fronts for touting, are able to call strikes that shut

down a major part of the urban transport network. The dynamics behind auto-rickshaw strikes must be examined.

4.3 Strikes

During our conversations with auto drivers we raised the issue of the most recent strike: a two day strike in August 2009. This strike was called by the BTCS and another Delhi union, the Rashtravadi Tipahiya Chalak Sangh. It was supported by 17 other smaller unions. The strike was in protest at new laws which introduced challans of Rs.20000 should a driver be caught plying an auto-rickshaw without any one of a long list of official documents. However, the claims of the union leaders about the new rules appear exaggerated and designed to incite fury amongst drivers. For two full days no autos were to be seen in the city; the strike was meticulously observed. The press reflected the frustrations of stranded commuters, describing the strike as a “manic”³³ and “harrowing time”³⁴. The auto men were portrayed as presenting a united front in order to hold the city to ransom.

However, when the issue was raised, none of the drivers with whom we spoke supported the strike and few knew about its aims. The majority had no knowledge of any of the unions involved or of any auto-rickshaw union in Delhi. The few who were familiar with the unions were unanimous in their criticism of them. Union leaders were touts, they claimed, they arrive in an area, issue membership cards, take membership fees (of around Rs.100) and then disappear. The prevailing opinion was that union leaders were motivated by personal wealth and had little interest in driver welfare. They have contacts at the Transport Department, we were told, and use them to earn commissions from drivers for quickly processing applications. One former union employee claimed that the leader of his former organisation paid regular visits to the Transport Department as a tout. As explained in the previous section, there were many union leaders at the Transport Department during our visit.

Despite this combination of lack of knowledge and disdain, all drivers observed the strike, most simply stayed at home and took the day off. They did so out of fear of “hood slashing” – using knives to slash the yellow plastic canopy that serves as the auto's roof – and beatings from the hired thugs patrolling the streets. A few of the bolder drivers elaborated, telling us that some union leaders hire these thugs to enforce strikes and that often the money used to hire hooligans is provided by financiers whose interests are well served by the demands of the strike³⁵. There are approximately 17 auto-rickshaw unions in Delhi. We are unable to identify who is responsible for hiring strike enforcing thugs.

Delhi's auto-rickshaw unions have few members, no support base amongst drivers and

33 “Two day Auto Strike in Delhi from Monday”, Hindustan Times, 16/9/09

34 “Harrowing Time for Commuters as Auto Strike Continues”, Times of India, 18/9/09

35 For example, the January 2005 strike in favour of higher meter fares benefits financiers by upping driver incomes and consequently the amount the financier can charge for an auto and permit.

appear to have achieved little in terms of driver welfare. They have little connection 'downwards': with auto-drivers, apart from the role of the union leaders as reliable touts at the Transport Department. The main connections held by unions are 'upwards': with financiers, officials and occasionally politicians. Staying off the road is not an expression of support for the demands of the union leaders who called the strike. Drivers stay at home out of fear. Fear for the safety of themselves and their passengers. The disconnected between auto-rickshaw unions and auto drivers and the proliferation of unions mean that drivers have little effective collective representation.

5.0 Conclusion and Recommendations

This study has attempted to present a broad overview of the auto-rickshaw industry in

Delhi. The refusals, haggling and often abrupt behaviour of auto-drivers can be explained by examining the various financial pressures being exerted upon them. These pressures have grown significantly stronger in recent years following a series of policy decisions taken in late 90s. The cap on the number of autos and the CNG conversion effectively handed control of the sector to auto financiers, creating a powerful “finance mafia” whose dubious and often straight-up illegal practices tip financial pressure into blatant exploitation. Contractors also benefited from the cap, as the number of willing renter drivers increased, creating growing competition for their autos. In addition, officials at the Transport Department have utilised the increasingly cryptic rules governing auto-rickshaws to solicit bribes from drivers for the most fundamental of administrative services. Aware that few drivers can adhere to the ever more complex rules, the police are increasingly well placed to issue challans or demand bribes from drivers.

Auto drivers are not merely victims of exploitation by a few corrupt or sly *individuals*. They are victims of a regulatory *structure*. This structure consists of a combination of regulations and their utilisation by various stakeholders in the auto sector: firstly, the policies which favour financiers and contractors (the cap and CNG), secondly, the nexus between financiers, the Transport Department and to a certain extent union leaders (through bribes), which exacerbates these policies and, thirdly, the upsurge in rules, regulations and compulsory documents which enables Transport Department officials to operate a “licence Raj”.

This structure efficiently forces money from its base to its peak: passengers are over charged by drivers who desperate to pay their rent or loan repayments to financiers and contractors. Drivers also pay touts at the Auto-rickshaw Unit in order to facilitate the completion of basic administrative procedures.

In short, the system is rotten. It lines the pockets of financiers, contractors, Transport Department officials and policemen at the expense of 1 lakh drivers and their families and, ultimately, the general public. It must be reformed and the focus should be on regulations and management, rather than quick technological fixes.

The auto-rickshaw is a vital part of Delhi's transport network: it is small, fast, efficient and cleaner than private cars. If becoming a “world class city” is to become more than a rhetorical flourish, then reforms to create an equitable, functional and sustainable auto-rickshaw sector are essential. The following recommendations are merely the major steps to giving auto-drivers a decent livelihood and address the public's complaints about the current auto-rickshaw sector, namely: overcharging, parking, poor driving, appearance and manners, poorly maintained vehicles.

5.1 Recommendations

5.1.1 Issue new permits

The cap on the number of permits must be lifted completely. New permits must be available across the counter for a nominal administration fee and must be registered in the name of the applicant driver. This is the most important reform. The success of the following recommendations depends on the availability of unlimited auto permits.

Open permits would drastically reduce the power of the financiers, who at present are able to demand huge sums due to the limited supply of permits. Freely available permits would enable many more renter drivers to make the transition into ownership by reducing the cost of the auto and permit package by up to 75%. Increasing ownership would have a positive effect on air pollution and passenger safety as owner-drivers take more pride in their vehicles (which are their livelihoods) and are thus more likely to *maintain them well*.

The increasing the supply of autos on the roads would begin to catch the soaring demand for their services caused by rapid population growth. Claims of lakhs of new autos choking the streets are unfounded. A functional number would soon become established through supply and demand.

More autos would also mean more choice for renters: more small time contractors and more competition between them for the decreasing number of good reliable renter drivers (many having graduated into ownership) would force down rents.

Reducing rents and the cost of getting a new auto-rickshaw onto the road (from Rs.4.5 lakhs to Rs.1.2 lakhs plus a few thousand for the meter and taxes) decreases the financial burden on auto-drivers, both renters and owners. With this financial pressure lightened (no longer paying 50% of their daily income in rent or Rs.60000-15000 per month to a financier), the cost of an auto journey would decrease. Drivers may even feel secure enough about their daily earnings to switch on the meter, putting an end to *overcharging*.

Increased incomes (due to reduced rents and loan repayments) mean that drivers can spend more money on personal *grooming, hygiene and appearance*.

5.1.2 Streamline bureaucracy and collate information

At present, auto-drivers go to great lengths in order to obtain a long list of compulsory documents. Compiling this list takes considerable time and usually a number of bribes to Auto-rickshaw Unit officials and the police. This takes valuable working hours and cash away from drivers. The current system is almost perfectly designed to enable these bribes to be solicited, that is: it is overly-complex, labyrinthine and often makes unreasonable demands. An effective way to remedy this unacceptable situation is to cut the number of compulsory documents needed by a driver *and* to reduce the number of supporting documents needed to apply for them. Postal and maybe even online applications should

be available, to reduce time consuming trips to Burari and reduce the ability of officials to demand bribes face-to-face.

The Transport Department should also recognise driving licences and existing commercial driving licences from other states. A private Uttar Pradesh licence is valid in the NCR, but a UP commercial licence is not, forcing auto-drivers to enter a laborious and often cryptic procedure, which the private car owner is spared.

At times, researching this report was difficult due to the sheer confusion surrounding auto-rickshaw policies. Different sources gave different accounts of the same policies and there was little agreement over rules and regulations. The rules governing auto-rickshaws in Delhi, we understand, are split between the Motor Vehicle Act 1988, Central Motor Vehicle Rules, 1989 and the Motor Vehicle Rules 1993. There are, we learned, many rules in force which do not appear in these acts. These written and oral rules circulate within the Transport Department and change over time according to the priorities of the officials inside the Auto-rickshaw Unit building at Burari. This is no way to regulate a vital piece of the public transport system in a major city – especially one with so-called “world class” aspirations. How can one follow the rules if one does not know what they are or know where to find them? Especially if they keep changing according to the unpredictable whims of officials?

The regulations governing auto-rickshaws in Delhi should be collected in one place. Rules regarding permits, licences, badges, fitness certificates, pollution control certificates, permit renewals, transfers, challans, road traffic rules, uniforms, meters, refusals and complaints should be assembled into a single document. This document should be made widely available in book form and online. It should be published in Hindi: the language spoken by *everyone* in the auto-sector. A comprehensive grounding text would be the first point of reference for drivers and officials alike. It would allow drivers to follow the regulations and to oppose sudden arbitrary changes to them.

Reducing time spent at the Auto-rickshaw Unit and eliminating the need for bribes taken by rogue officials reduces the financial pressure on drivers. Subsequently, the driver is under less pressure to *overcharge* the passenger. Moreover, access for all to the laws governing auto-rickshaws and auto-drivers makes for a more orderly and legally compliant auto sector.

5.1.3 Provide Credit

The financier's dominate the auto-rickshaw sector because they possess the lion's share of the limited supply of permits and are the only source of credit available to drivers (aside from less specialised loan sharks). Commercial banks will not lend to drivers as they are bad credit risks and seldom have all the documents required to apply for a loan. Alternative forms of credit, like micro-credit have little presence in Delhi. This hands an effective credit monopoly to the auto-financiers. This cannot be allowed to continue.

Auto loans at soft interest rates from the Delhi Finance Corporation (DFC) or other state accredited institutions should be available to auto-drivers to help them purchase vehicles and permits. These loans should be available to drivers. Loans must be easily accessible. Previous schemes have failed for several reasons: the number of documents required to access the loans excludes the majority of those the scheme is meant to help; migrant drivers often lack the Delhi papers necessary to apply; and information about financial assistance was limited. To protect against a repeat of past failures two steps must be initiated: firstly, loan application procedures must be streamlined (they must involve fewer documents and be made accessible to migrant drivers), secondly, information about credit and application procedures must be widely distributed amongst drivers.

Access to credit would increase the number of owner-drivers, bringing the benefits stated above: less *overcharging*, better *appearance* and *manners*, improved auto *maintenance* and passenger comfort.

5.1.4 Allow private companies and cooperatives to operate

Currently, the only major operators in the auto sector are contractors who rent out autos to renter-drivers on a daily basis. Their activities go largely unnoticed by the authorities; as such they do not adhere to any regulations or code of practice. Their primary concern is extracting as much daily rent from the driver as possible. Driver welfare, passenger safety and comfort, pollution and vehicle maintenance are not prioritised.

Allowing reputable private companies to run branded auto fleets would improve this situation. Competition between companies would give rise to multiple improvements to Delhi's auto service. *Maintenance* would improve as companies need reliable, comfortable, safe and clean autos to attract passengers to their brand. Professionalism would increase as drivers would undergo training programmes (road safety to eliminate *poor driving* etc) and wear smart uniforms to enhance their public *appearance* and the image of the company. Drivers employed on a monthly wage would enter the formal sector and gain access to banking facilities, pensions and health care options through their employers. Fixed salaries could easily be combined with performance monitoring to ensure work is done. Monthly driver wages and fixed fare meter rates would eliminate haggling and *overcharging*. Competition between firms would drive down meter prices. Companies would also develop new services to gain an edge in the market (from loyalty schemes to new standards of passenger comfort).

The Delhi Government could act as regulator by specifying a maximum per km meter price, ensuring each company's current meter rate is publicised and ensuring minimum standards. However, the Delhi Government should not control the number of autos operated by each company. Permit should remain freely available. No quota or licence system should be set up. Business practices, service quality and efficiency should determine the number of autos operated by each company rather than one-off bids and lobbying for contracts/licences.

Similarly, co-operatives run by social enterprises, NGOs should be promoted. There are two potential roles for cooperatives. Firstly, as providers of credit to drivers at affordable rates (similar to micro finance initiatives), providing an alternative to state credit and a safety net should state credit become unavailable or fall foul of poor implementation. Secondly, as owners of auto-rickshaws, either renting out autos to drivers at affordable rates or hiring drivers on a set daily wage. This would benefit migrant drivers who divide their time between Delhi and their home towns and thus have little interest in ownership.

5.1.5 Encourage competition between manufacturers

Bajaj Auto enjoys a monopoly in Delhi. Dominance works well for the manufacturer, but not for the auto-wallah or the general public. The company's early CNG autos were unimpressive. Even the new 2009 Bajaj 4-stroke CNG auto-rickshaw, the Rs.1.22 lakh Bajaj RE 4S CNG, offers no significant improvement. Furthermore, parts are expensive and servicing at official dealerships is lacklustre. The cost of parts and servicing is passed onto the passenger through fares, whilst the lack of progress during the past decade (the time Bajaj has had to produce a decent CNG auto) means that the vehicle's emissions are not as low as they should be, a cost passed on to everyone in the city.

With no competition, Bajaj Auto has no urgent need to improve its product.

Issuing new auto permits would expand the Delhi market for auto-rickshaw manufacturers. This growing market cannot be the sole preserve of Bajaj Auto. Other auto manufacturers must be encouraged to sell their machines in Delhi. Manufacturers like Goel Tempo (maker of the Salani), TVS (King), JSA (Victory) and Piaggio India (Ape), all of whom produce CNG-powered auto-rickshaws, should be urged to challenge Bajaj's dominance. Only through competition will vehicle quality rise, bringing improvements in *driver and passenger comfort and safety and environmental performance*.

5.1.6 Make Delhi “auto-friendly”

Auto-rickshaws are a vital part of the public transport system. They compliment the metro by linking stations and homes (providing “last mile connectivity”), making the metro a viable option for many people who do not live within walking distance of a station. They also fill gaps in the city's inadequate and aging bus network more efficiently and more economically than taxis or private cars and in a more environmentally sustainable manner. Without auto-rickshaws other forms of public transport would suffer and the number of private vehicles would swell further. Despite the crucial role they play, Delhi's urban environment is set against the auto-rickshaw.

It is a traffic offence for an auto-driver to park anywhere aside from 312 certified auto stands. If a driver stops outside one of these stands, he is liable for a challan (several drivers in our sample had been challaned for stopping in an unauthorised location). 312 is a shockingly low number for a sprawling city of over 15m (comparatively tiny Pune has

over 1000). Furthermore, these stands are unmarked: only the authorities know where they are.

Drivers must also be allowed to display their destination at the end of their shifts (i.e. the shift change location). This would reduce refusals as passengers would only stop the auto if their destination was en-route to the driver's final destination.

Auto-rickshaws must be integrated with the rest of Delhi's transport system. This means providing marked auto stands at markets, metro and rail stations, office complexes and other strategic locations. This does not simply mean the authorities need to clearly mark the existing stands: the number of stands needs to be increased four, five or six fold and basic sanitation facilities must be provided at each stand. This would stop the *illegal parking* of autos and would enhance the connectivity of Delhi's urban transport system to the benefit of passengers.

This report has documented the major changes in Delhi's auto-rickshaw sector in the past decade. It has shown how a series of policy decisions resulted in a power shift in favour of financiers, contractors, Transport Department officials and the police, at the expense of the city's 80000 drivers and millions of passengers. Money flows from passengers through drivers to these more powerful groups through a well-oiled system of contracts, rents, complex regulations and bribes. Many auto-drivers become hopelessly indebted to financiers and their illegal practices; even more are hit by high rental costs. Placed under these financial pressures, they overcharge and are rude and aggressive to passengers. However, with no strong unions to fight their corner and often little stake in the city (many migrant drivers choose to keep a low profile and not complain) drivers have little power to change this situation.

Change is vital and it must come from the Delhi Government. Only fundamental changes to the city's policies can deliver a functioning, equitable and sustainable auto-rickshaw fleet. These changes were listed above.

Auto-rickshaws are a fundamental part of Delhi's public transport system. They are also iconic and the envy of many other global cities. If Delhi is to become the “world class city” - in the current rhetoric of the Delhi Government and its Commonwealth Games PR – then auto-rickshaws must not be scrapped, as some have suggested³⁶. Instead they must be embraced. The system must be reformed, starting with the six points above. This would represent the first steps towards a “world class” auto-rickshaw sector, which offers an affordable and pleasant service to 1.5 crore Delhi residents, employment to nearly one lakh drivers and the chance of social mobility to them and the four or five lakh wives, children and elderly who depend upon them.

³⁶ <http://timesofindia.indiatimes.com/city/delhi/Autos-must-be-phased-out-Delhi-CM-/articleshow/5695782.cms>

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