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### Public transport in Nepal **Double-O driver**

Aug 16th 2012, 8:04 by T.B. | KATHMANDU

THE  
young  
men  
who  
drive the



microbuses in Nepal's capital are reckless and inconsiderate, always either racing to overtake their rivals or driving as slowly as possible, so as to maximise the number of straggling passengers they might pick up. They typically pull into traffic suddenly, or else stop dead without warning.

Such was an observation made by your correspondent to the country's chief of traffic police a few weeks ago, during [an interview about his clean-up of the department \(http://www.economist.com/node/21559665\)](http://www.economist.com/node/21559665) . In the Philippines, I mentioned, financial incentives

have been used to employ more women as bus drivers; they tend to drive more nicely.

Deputy Inspector-General Ganesh Rai rolled his eyes. Such is the power of the transport cartels and drivers' unions, he said, that bus drivers receive lower fines than ordinary users of the common road. If their licences are confiscated by any of his officers, they are allowed to send their union rep to retrieve it, rather than attending the station in person. And the licences themselves are never suspended.

"This is the main reason for their reckless driving," said the nation's top traffic cop. "There is a syndicate system, a cartel. The cartel is very powerful...it is very difficult to fight against them."

High fares, poor services and an atrocious safety record are the result. In the past few weeks scores have died in bus wrecks on difficult mountain roads around the country. Drivers are said to joke that the driving licence is a "licence to kill".

Last week the transport industry went on strike, throwing millions of daily routines out of joint. They were demanding that the government concede to 15 demands. The authorities had been willing to meet 14 of them.

The sticking point was the transporters' demand that the traffic police be stripped of their power to issue traffic fines altogether. (The fines currently range from \$2 to \$11.) They also oppose the "encouragement allowance" paid to officers, worth 15% of fines collected, which has contributed to the vigour of the department under Mr Rai's leadership and improved enforcement of the rules. The government agreed to form a joint committee with the industry to examine this demand too, the 15th as it were—after the transporters threatened to block all the traffic in the city.

The transport cartels erect high barriers to entry (the right to ply a city route reportedly costs as much as a new minibus) and they enjoy the support of powerful politicians. "These are among the biggest donors to political parties and they send the most people to rallies and strikes," says [Chandan Sapkota of Sawtee, an economics think-tank](#). Sometimes politicians are directly involved: one bus company belongs to Sujata Koirala, a recent deputy prime minister from the Nepali Congress Party.

But what ails the transport sector is also the case in every other lucrative industry. Every political party is involved. The country has been run in the same manner through periods of royal autocracy and multi-party democracy alike.

A recent study found that there are 24 truckers' syndicates controlling road freight. All trucking through Birgunj, the country's principal customs point, is said to be controlled by one man, with strong connections to another political party, the UML (Unified Marxist-Leninists). The price of bringing a container from Birgunj to Kathmandu is around three times the rate set by the government. The study concludes that truckers' syndicates cost the economy as a whole up to \$65m a year.

Vegetable prices at Kathmandu's wholesale market have also been in the news. The market is controlled by a cartel of wholesalers and by the youth wing of the Maoist party, known as the Young Communist League. They act as both monopsonists and monopolists (<http://sapkotac.blogspot.com/search?q=fruits+and+veggies>), buying cheaply from farmers and driving up retail prices, thus contributing to low rural incomes and to high food-price inflation.

Similar practices dominate the meat and poultry markets, construction, and government procurement and contracting, to name a few, as well as the labour-export industry, known in Nepal as "manpower". Over 20% of the country's GDP is contributed by migrant labourers abroad, many of whom are exposed to danger and exploitation by powerful and corrupt manpower agencies.

With a political economy that has worked this way for years, Nepal's ongoing obsession with the varieties of political ideology and its endless debate over the latest constitutional crises may seem to miss the point. So might millions of dollars of foreign development aid which, despite decades of trying, have failed to deliver "good governance" or economic development. Standing in the way of course, are the very many people in Nepal who like to see things running just as they are.

"Cartelling is very rampant, in every sector," says Bishnu Bahadur KC, president of the Nepali chapter of Transparency International and a former auditor-general. "Politicians are encouraging all such hanky-panky."

(Picture credit: AFP)