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Collective action (or not): The informal septic tank emptying markets in Delhi

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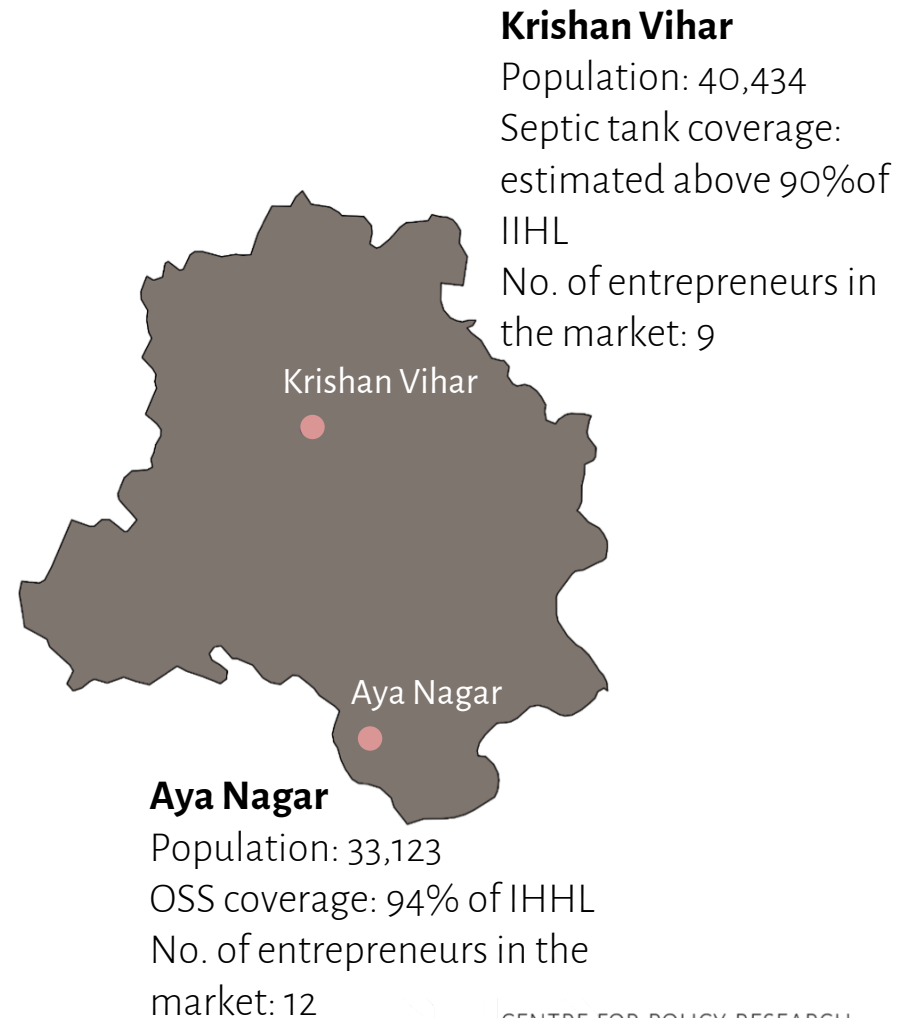
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Introduction

- Section I: Emergence of small-scale informal desludging service in two non-sewered neighbourhoods in Delhi
- Section II: The socio-economic characteristics of the entrepreneurs
- Section III: The organization of the desludging business in two markets of Delhi
- Section IV: Financial characteristics of the business
- Conclusion

Methodology

- Conducted semi-qualitative studies in two non-sewered settlements of Aya Nagar and Krishan Vihar.
- A total of 18 entrepreneurs were interviewed through in-depth questionnaires.
- Questions ranged from family background, educational qualification, social and economic background, functions of the business and views on the desludging service.



Section I: Emergence of informal, small-scale desludging sector

Section II: The socio-economic characteristics of the entrepreneurs

SECTION II: Socio-economic characteristics of the entrepreneurs

Social characteristics

	Aya Nagar	Krishan Vihar
Residential profile of entrepreneurs	<p>The local markets were a mix of entrepreneurs from the urban villages and migrants from unauthorized settlements.</p> <p>Aya Nagar: Entrepreneurs were from Aya Nagar Village (5), Aya Nagar Colony (2), Jonapur (2) & Gurgaon (1).</p> <p>Krishan Vihar: Entrepreneurs were from Puth Kalan Village (2), Krishan Vihar(2) & Budh Vihar (4).</p>	
Caste background	<p>A heterogeneous mix of General, OBC & SC castes</p> <p>Aya Nagar: Jatav (SC, 5), Gujjar (OBC, 2), Vaishnav (OBC, 1), Jat (GEN, 1) & Brahmin (GEN, 1)</p> <p>Krishan Vihar: Jat (GEN, 4), Kushwaha (OBC, 2), Kashyap (OBC, 1) & Jatav (SC, 1)</p>	
Education	<p>Poor educational qualification. Mostly school dropouts. Only 1 entrepreneur, a Brahmin from Aya Nagar, was a college graduate.</p>	

SECTION II: Socio-economic characteristics of the entrepreneurs

Economic characteristics

	Aya Nagar	Krishan Vihar
Previous occupations	<p>All economic activities were small-scaled and rooted in local economy.</p> <p>Activities include cab-service, retail of animal fodder, buffalo-cart freight service, automobile repair service, private water tanker supply, dairy production and vegetable vending</p>	
Alternate occupations	<p>Retail of animal fodder, property rental, tent-house business and freight service.</p> <p>Three entrepreneurs considered it a “part-time” activity.</p>	<p>Property rental and dairy production sourced .</p> <p>Only source of income for 3 operators.</p> <p>*1 entrepreneur was employed with the Delhi Traffic Police as a Constable.</p>

SECTION II: A sector underpinned on social networks

Aya Nagar

Krishan Vihar

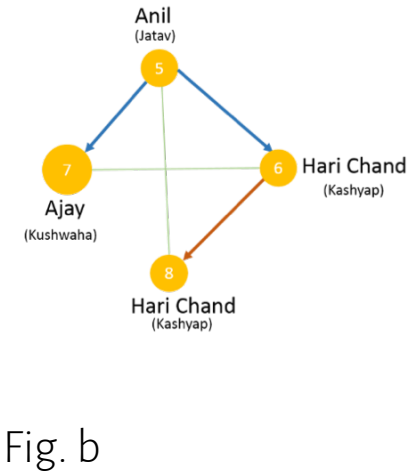
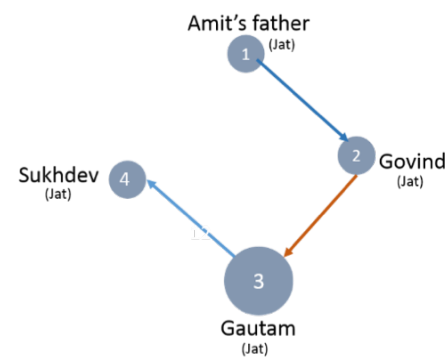
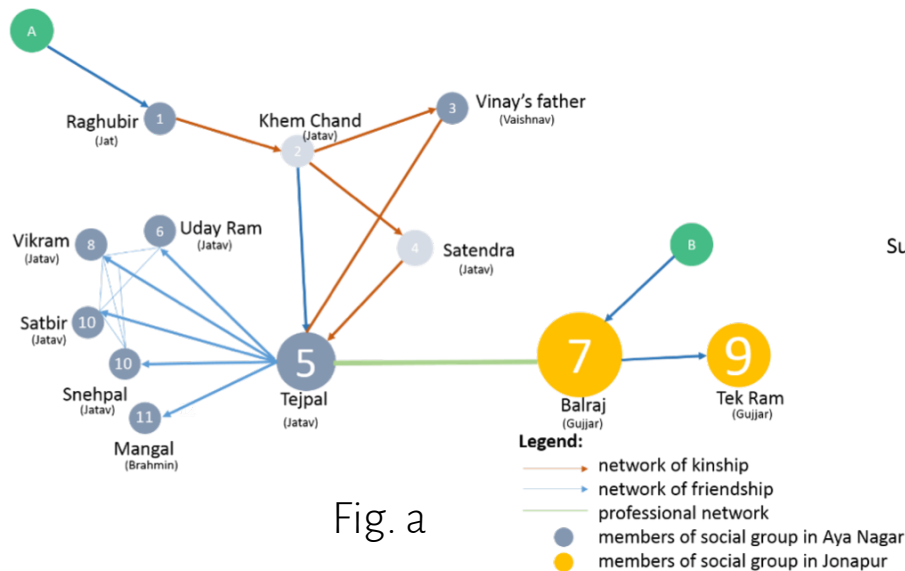
A source of information and investment

Suggested by friends and family members to invest in this business. These individuals provide information regarding business set-up.

Can sometimes also provide with loans. Presence of business-partnerships to distribute burden of investment common to both markets. All in all, borrowings from friends and family members most common in the sector.

SECTION II: Social networks and organization of the markets

Aya Nagar: Collective organization Krishan Vihar: Fragmented operations



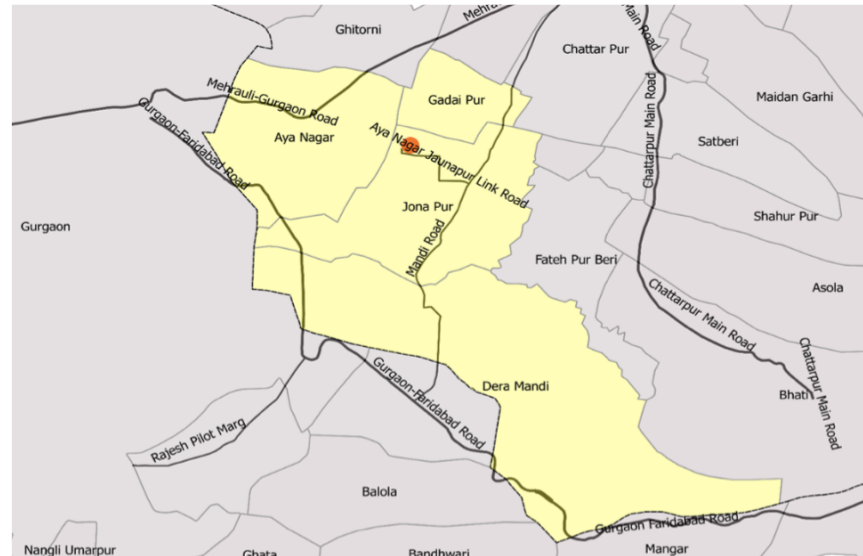
The functions of the small-scale market are coordinated collectively through a relationship of **trust** between the operators of Aya Nagar and Jonapur

The market is characterized by **lack of trust** between Jat entrepreneurs Puth Kalan Village and Krishan Vihar; and migrants from Budh Vihar.

Section III: The organization of the desludging business in two markets of Delhi

SECTION III: The market in Aya Nagar- A collective organization

- A highly territorialized activity that checks against the entry of non-members in to the market.
- Includes the settlements of Aya Nagar, Jonapur, Gadai Pur and Dera Mandi. The territory includes about 12,000 households.
- A tariff of Rs.650-700 per trip is applied, which is flexible to increments depending on distance of a household.
- Delegate work between entrepreneurs equally.

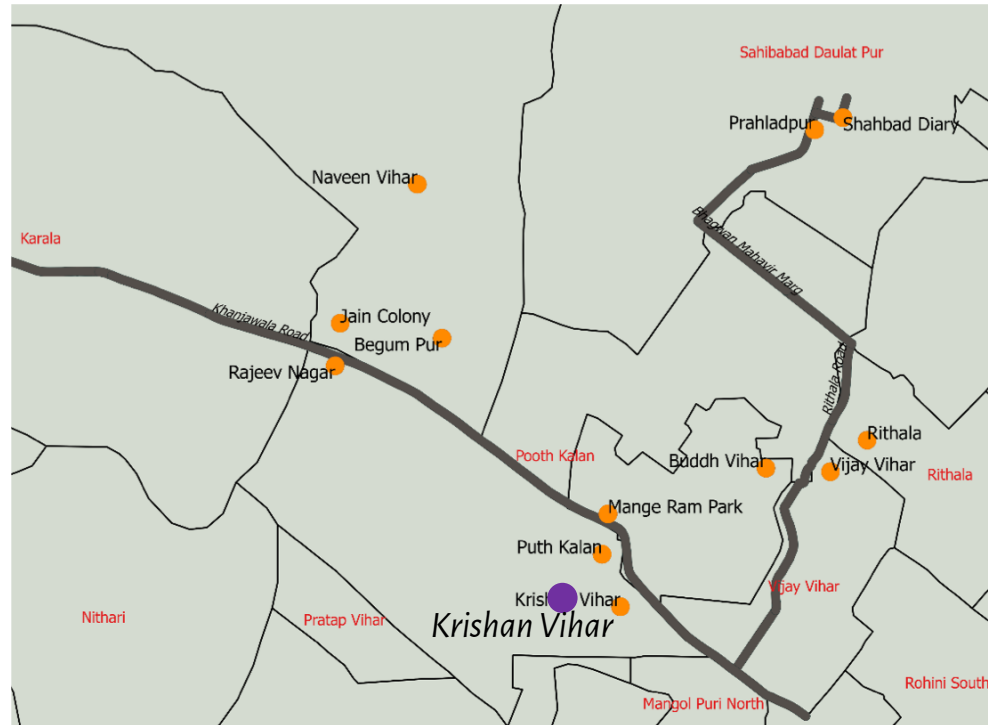


A map representing the spatial scale of the collective's territory

- Fosters reciprocity and secures against business risks, through sharing of labour and equipment.
- The collective was criticized by local leaders for “looting” the residents.

SECTION III: The market in Krishan Vihar- Non-collective organization

- Entrepreneurs compete with one another for clients. Undercutting is common in the market.
- Charge clients Rs.400-450 per trip, which is flexible to increase depending on the distance of a settlements.
- Operate in settlements not yet claimed by desludging cartels operational in the area.
- Older entrepreneurs have a greater client base compared to newer entrants.
- Park vehicles in public roads or pay rent to access private land. This can have future implications on the business.



A map highlighting the settlements served by the entrepreneurs

SECTION III: Strategies for sludge disposal

Aya Nagar



- Sludge disposal is completely unregulated.
- Negotiated collectively for payment of bribes to traffic police or independently.
- Sludge disposed in storm water drains or agricultural land and farmhouses in Jonapur.

Krishan Vihar



- Sludge disposal partially regulated.
- Entrepreneurs were provided a faecal sludge disposal chamber by the Delhi Jal Board.
- Sludge disposed in storm water drains when operating in distant settlements.

Section IV: Financial characteristics of the business

SECTION IV: Financial characteristics of the business

Capital costs

- Containers purchased outright from Sampla, Haryana for Rs.1.64 lakhs
- Tractors mostly purchased through bank loans of duration 2-5 years from Haryana at retail price of Rs. 5 lakhs

Operational costs

- Operational costs include: fuel, labour, maintenance, bribes, tipping fee, rent for parking
- Fuel costs accounted for 62% of the operational costs at approx. Rs.19,000
- Labour costs account for 28% of the operational costs at approx. Rs.8,900 per month
- Monthly costs in Aya Nagar were higher as most operators had not recovered their capital costs.

Monthly costs	Site 1: Aya Nagar	Site 2: Krishan Vihar	Average
Capital cost	Rs. 13,283	Rs.1,000	Rs.7,142
Operational costs	Rs.30,915	Rs.31,509	Rs.31,212
Total	Rs. 44,198	Rs. 32,652	Rs.38,425

Monthly costs per truck

SECTION IV: Financial characteristics of the business

	Site 1: Aya Nagar	Site 2: Krishan Vihar	Average
Average no. of trips per month	92	131	
Tariffs per trip	700	400	
Monthly revenue	Rs.64,400	Rs.52,500	Rs.58,450
Monthly costs	Rs.44,198	Rs.32,509	Rs.38,353
Monthly profit	Rs.20,202	Rs.19,991	Rs.20,097

Monthly revenue, costs & profit per truck

- The business in Aya Nagar has a **break even period of 2 years**, whereas this is speculated to be prolonged in Krishan Vihar due to high market competition.
- Both markets have similar profit return, although profits in Aya Nagar are expected to increase once operators complete their loan cycles.

Conclusion: Perils of existing business models

- Although collective organization ensures faster recovery on investments, this comes at a cost of customers, especially from **poor income groups**, who do not have options to competitive tariffs. Whereas in Krishan Vihar, competitive market conditions are not lucrative for new entrepreneurs.
- Both collective and non-collective markets **exploit drivers and helpers**, who are paid below the minimum standard wage and work in hazardous conditions.
- Given the sector's associations with faecal matter, the operators report being shamed and stigmatized in their social circles.

*“Dost bhi kaha karte the ye kaun si tatti-waali gaadi shuru kar di tune.”-
Satender, a former entrepreneur from Aya Nagar*

“Aise gande kaam mein kaun haanth dalega? Hum toh Brahmin hai.. Agar hum ye kaam karne lagein, toh log bolonge ye kya tatti ka kaam shuru kar diya tune!” – A resident of Krishan Vihar