Integration of *Auto-Kabadiwalas* in Formal ELV Recycling Industry

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Industry Snapshot

- Worlds largest manufacturer of 2W, 3W and Tractors & 5th largest automobile manufacturer.
- Annual Production of about 30 Million 2W/3W (2019).
- Total no of Registered Vehicles ~ 230 Million(2019)
- 800 million Regd Vehicles by 2030.
- Material Requirements in excess of 100 MMT of steel.
- No of ELV (2015) ~ 8.7 Million; Projected to reach 22 Million by 2025
  - 80% ~ 2W
  - 3% ~ 3W
  - 3% ~ Commercial and Goods
  - 14% ~ Cars
- Directly related to national economy, job creation and sustainable development goals
- Hence ELV Recycling is absolutely necessary

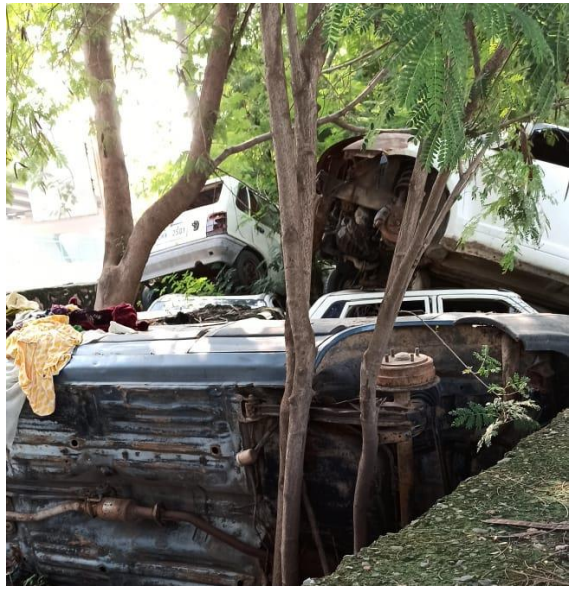
ELV Recycling Facets of the Industry

- 99.9% business in the Informal sector
- Source of rampant exploitation, environmental degradation, tax evasion, spurious goods and crime
- Most of the young generation of the ELV auto-kabadiwalas are acutely aware of the illegitimacy of their business model, conscious of their deliberate harming of the environment and the consequent exploitation by the authorities, traders and agents which all create a sense of wrong doing in them. There is pain and regret in their voices, Most of them want to come clean but don't know how.
- This emerging positivity must be tapped to harmonise and facilitate the easy transition of the informal ELV business into a corporatized world class industry.

Abandoned Vehicles in South Delhi/Gurugram

ELVs in Vasant Kunj

ACTUAL PHOTOGRAPHS



Commercial Vehicles

ACTUAL PHOTOGRAPHS


Mayapuri Works

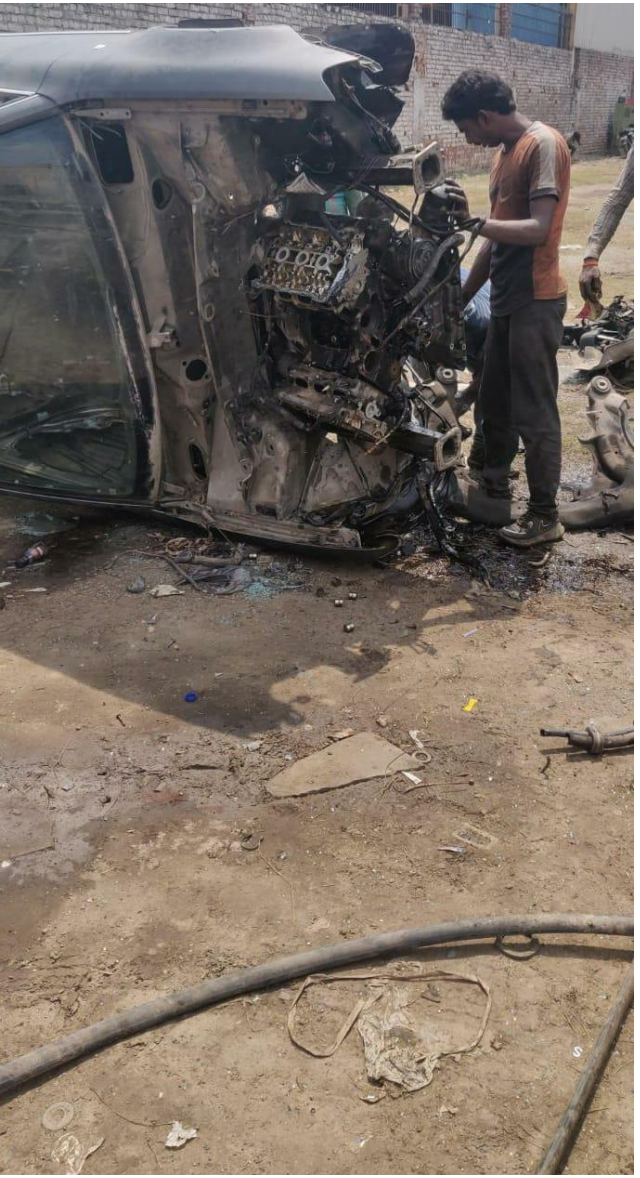
Mayapuri
Spares Outlets


HIPS


AUTO SCRAP DEALER Delhi / NCR
Contact on +91- 9911372525

ACTUAL PHOTOGRAPHS

ACTUAL PHOTOGRAPHS




Mumbai
ACTUAL PHOTOGRAPHS

Kurla Car Market

ACTUAL PHOTOGRAPHS

Kurla Car Market


Kurla Car Market
New Cars
ACTUAL PHOTOGRAPHS

Sotiganj, Meerut

Internet

Kolkata

Russel market, Bangalore

Internet

Kanpur

Bhopal

Chennai

Internet

Hyderabad

Unknown

ELV Recycling: Features of the *Auto-Kabadiwala*

- Hereditary Business – Located in Urban Slums
- “Don’t Ask, Don’t Tell”.
- Secrecy, Confidentiality and Trust
- Closed Society
- New Players from Established Industry – No level Playing Field as they cannot match ELV disposal prices offered by the Informal sector due adherence to process and regulations.
- Key Challenge – lack of feedstock.

Cars/Day

City	Formal Industry (Nos)	Auto-Kabadiwala (Nos)
Delhi	12-15	1500-2000
Mumbai	Nil	1200-1500
Bengaluru	< 10 cars	700-900

SWOT ANALYSIS - AUTOKABADIWALA BUSINESS

Sl No	STRENGTHS	Sl No	WEAKNESSES
S1	**Family Owned Hereditary Enterprise**	W1	**Sub-Optimal Revenue Generation**
S1A	Faster decision making	W1A	Poor quality of Scrap - High Impurities and Attachments
S1B	Flexibility in operations	W1B	Poor recocery of Scrap
S1C	Long Term outlook	W1C	Inability to process high value automotive scraps such as catalytic covertors, windshileds, electronics
S1D	Lower entry costs	W2	**Unskilled manpower**
S2	**Low Capital Expenditure - minimal equipment**	W2A	High OHSAS risk
S3	**Low Operating Expenditure**	W2B	High Risk of industrial accidents
S3A	Low Wages & No Employee benefit costs	W3	**Size and Scaling of business constricted**
S3B	Low processing costs	W3A	Inability to raise Capital from Investors/Bank
S3C	Zero compliance and regulatory costs	W3B	Limited land preventing growth
S3D	No marketing and Advertising Costs	W4	**Extremely polluting**
S3E	Out of all Tax Regimes	W4A	Release of Refrigerant gases impacts Ozone Layer
S3F	No warehousing costs	W4B	Draining of Oils, Liquids, Acids, and Greases impacts soil and ground water pollution
S4	**Locational Advantages - Inside City Limits/Clusters**	W4C	Dumping of Cadmium, Mercury and Residues impact soil and ground water pollution
S4A	Easy access for ELV owners	W5	**Extremely hazardous to local health**
S4B	Easy access to Labour	W5A	Residues cause air pollution
S4C	Easy sales of preowned spares	W5B	Use of gas cutters cause air pollution
S5	**Well established Large Dealer/Agent Network**	W5C	Indiscriminate storage becomes home for rodents, breeding of mosquitoes tec
S5A	Cmmission based Cash Transactions	W6	**Business overheads**
S5B	Touts for locating ELV owners	W6A	Significant Margins to Brokers/Agents/Traders
S5C	Touts for sale of spares	W6B	Requirement of Large Cash Holdings
S5D	Easy Entry and Exit	W6C	Payment of protection money
S5E	Long term understanding with "Car Jackers"	W7	**No standards and specifications of process and products - area of dispute between buyer and seller**
S6	**High Net Profit Margins**	W8	**Social stigma**
S6A	Long term 'understanding' with scrap traders	W9	**Sucession Planning**
S6B	Sales of spares	W9A	Increasing desire of next generation to step away
S6C	Large Profit from sale of JUGAAD Vehicle	W9B	Business not big enough for sharing amomgst offsprings
		W10	**Largely clandestine business**

SWOT ANALYSIS – AUTO KABADIWALA BUSINESS

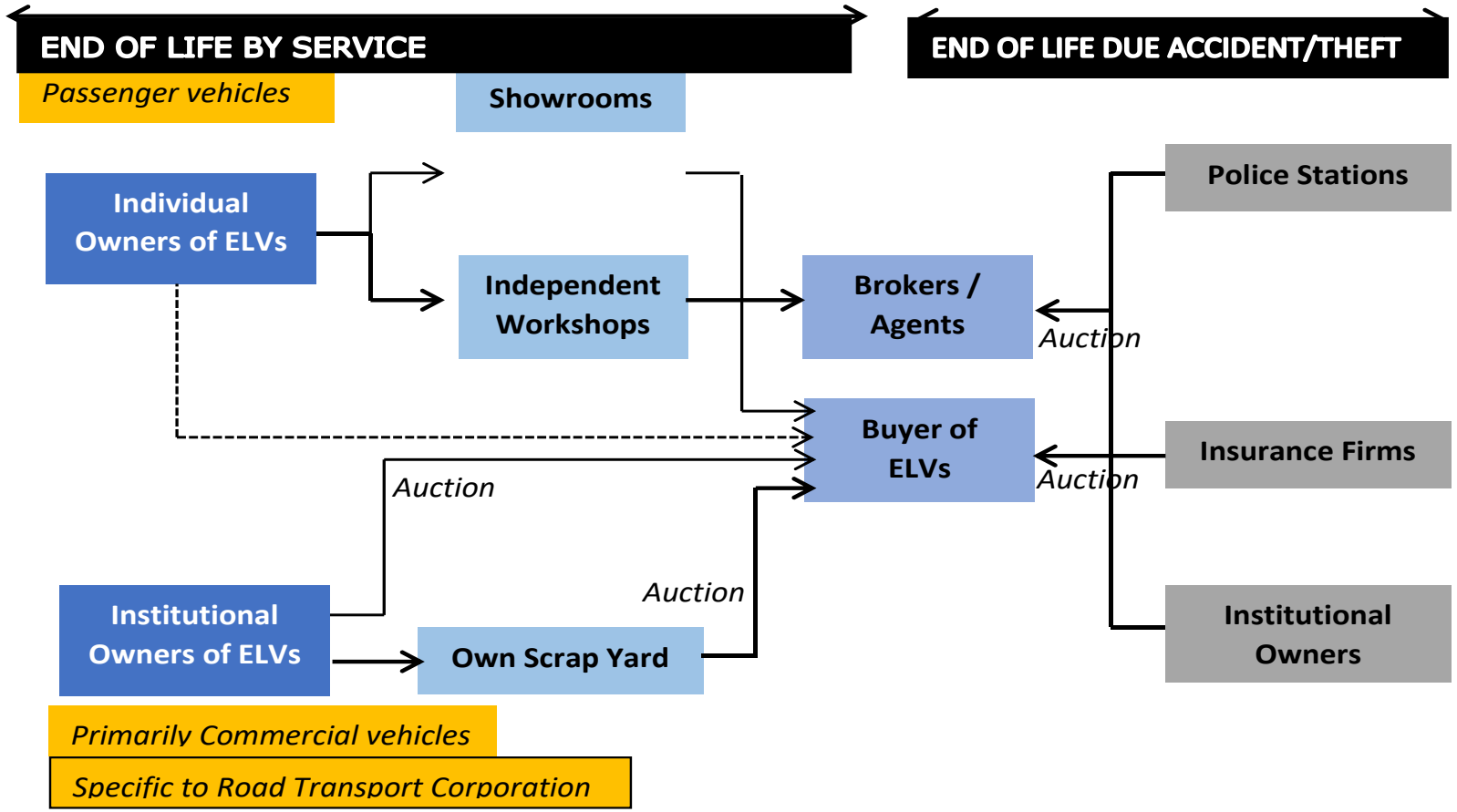
Sl No	OPPORTUNITIES	Sl No	THREATS
O1	**Huge gap between local ELV availability and processing capability**	T1	**Enforcement and full implementation of Government Policies, Rules and Guidelines**
O2	**Oligopsony Market**	T1A	CPCB/SPCB Inspections
	Few Buyers (100s)	T1B	NGT Orders
	Many Seller (Millions)	T1C	Activisits & NGOs
O3	**High Entry Barriers for Formal Recyclers**	T2	**No Insurance cover**
O3A	High Compliance Cost and Fees	T3	**No protection againts Scrap price fluctuations**
O3B	High cost of Orange Category Land	T4	**Dangers of unsafe work environment - health insurance**
O3C	High Logistics Cost as AVSF outside city limits	T5	**Risk of processing stolen vehicles and being implicated in a crime**
O3D	Non-availability of low cost Manpower, Training costs and Retention	T6	**Possibility of exploitation by local criminal organisation/Mafia pressure**
O3E	Import of Specialised de-risk and de-pollution Equipment and shredder Machinery	T7	**Pay '"Rent Seekers" or get harassed by government agencies**
O4	**Much higher margins compared to Formal Recyclers**	T8	**"HAFTA" to Mafia**
O4A	Ability to pay higher prices to ELV owners	**Note:**	1.There is no threat to *autokabadiwalas* from formal recyclers as the business in its unauthorised and illegal format does not provide any advantage to formal recyclers
O4B	Other by-products (Oil, Textile, electronics) Sales possible		2. Given the huge mismatch between capacity for treatment of ELVs and legitimate generation of ELVs there is enough space for both *autokabadiwalas* and formal recyclers to co-exist provided Society is willing to pay the price of unbridled pollution and exploitation of labour by them.
04C	Easy sales of Pre owned Spares through aggregation in the autokabadiwala cluster		
O4D	Networked with neighbouring countries for sale of spares		
O4E	Refurbished Vehicle sales		
O4F	Illegal high value sale of Engines and Chassis		
O5	**Assured sale of scrap as national shortages in Fe and Non Fe Scraps**		
O6	**Closed and Secretive network**		
O7	**Free run - Inadequate monitoring by government agencies**		


Organised Sector
ACTUAL PHOTOGRAPHS

ELV Recycling: Challenges

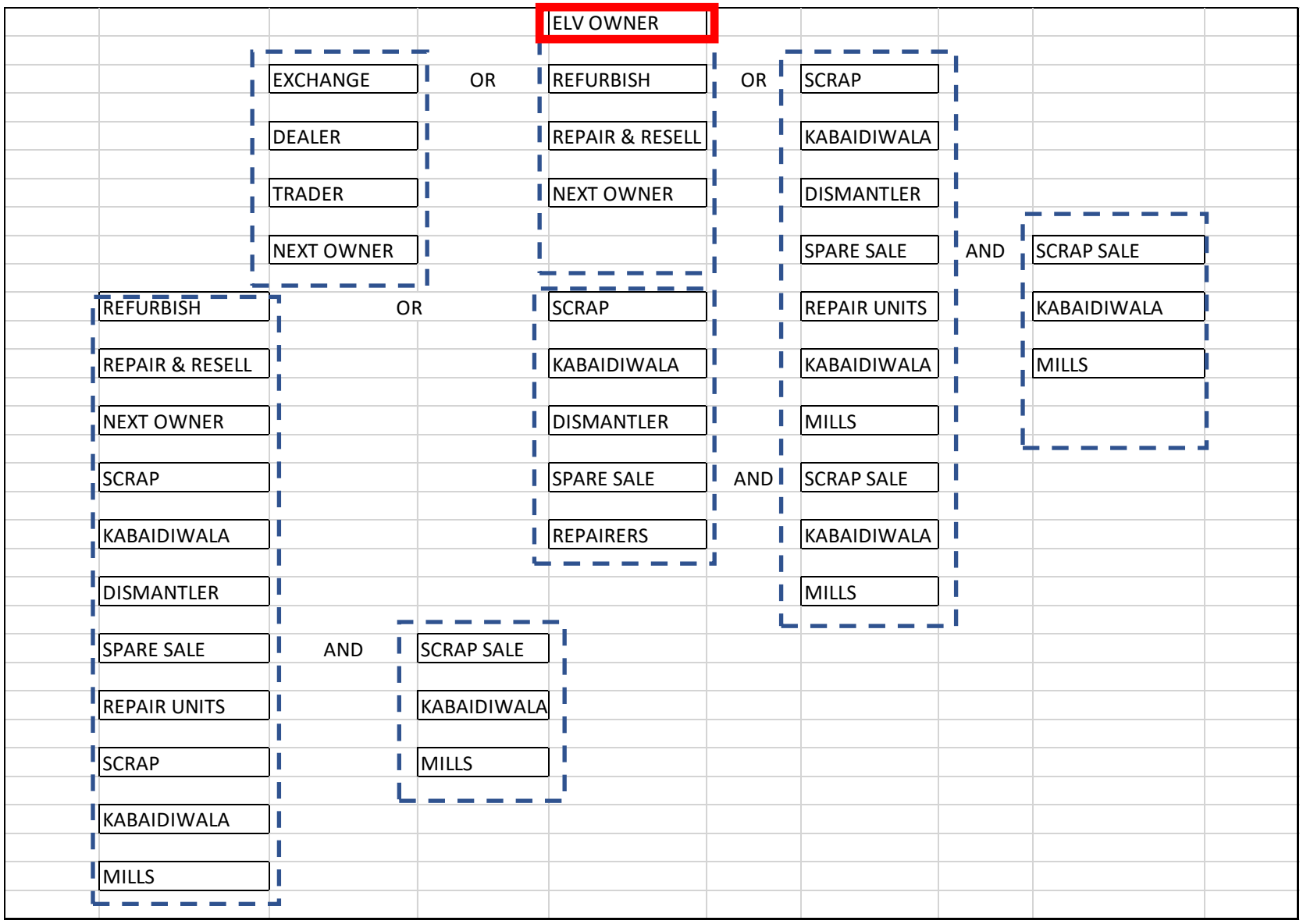
a. ELV collection and recovery mechanism.
b. Sustained implementation and enforcement of regulations.
c. Training
d. Standardisation
e. Markets
f. Space constraints
g. Logistics for collection and supply to mills.
h. Traffic restrictions
i. Dominance of Agents and brokers.
j. Cash transactions dominate. GST leakages natural.
k. Rapid fluctuations in metal prices.
l. Public awareness
m. Skill sets for responsible recycling
n. Social stigma.
o. Highly skewed business share between the formal and informal Recyclers.

Procurement Process for ELV



Source INAE Report

ELV: Trade Structure



Integrating the Auto-Kabadiwala into the formal ELV business

- ELV Recycling :
  - Has Societal, Environmental, Technological and Economic implications
  - Is a ***national industrial enterprise*** not just an environmentally sensitive issue
  - Requires ***coordinated and integrated effort and resources of multiple stakeholders*** with shared but differentiated roles and responsibilities.
- Roles Identified for various stakeholders
- Key Role for Integration of the Auto-Kabadiwala rests with the ULBs.

Role of ULBs

a. Work under the directions of the state government to implement the nation-wide ELV recycling plans and programs.

b. Ensure integration of auto-kabadiwalas, collectors, aggregators and ELV recyclers and their staff in the formal recycling value chain through:-

    i. Effective registration mechanism;

    ii. Training and capacity building on ELV/scrap collection, segregation, aggregation safe storage and transport;

    iii. Training on other essential life-skills and entrepreneurial-skills to improve their livelihood and ensure above subsistence conditions; and,

    iv. Handing over scrap handling and transporting gears and equipment

c. Provide social and financial inclusion benefits to the auto-kabadiwalas as follows:

    i. Registration of auto-Kabadiwalas with the nearest ULB/Municipal Center.

    ii. Provide access to basic financial services including, at least but not limited to, savings bank account under prevailing national schemes like Pradhan Mantri Jan Dhan Yojana.

    iii. Provide life insurance and accident benefits under prevailing central (Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana, etc.) and state health insurance schemes.

    iv. Provide for periodic health check-up costs – the periodicity and scope of health check-up shall be specified by the Government under a subsequent notification following this policy.

    v. Provide financial security through retirement benefits under prevailing national and state schemes.

Role of ULBs

a. Develop schedules for routine checks for unattended and unused ELVs parked in public spaces with participation of the law enforcement authorities.

b. Design and implement ELV deposit areas where owners may bring their ELV at their own leisure for sale to authorized collectors and aggregators.

c. Identify location(s), within their jurisdictions, as collection yards for deposition and trade of ELV/scrap materials brought by the collectors.

d. Endorse the trade of ELV/scrap only between authorized collectors and aggregators.

e. Charge appropriate fees to consumers for financing ELV/scrap recycling initiatives.

f. Ensure safe and environmentally friendly handling and management of ELV/scrap materials within their jurisdictions.

g. Drive programs that target public behavioral transformation to facilitate the scale-up of ELV recycling in India.

h. Carry out city/ward/village level awareness programs on benefits of ELV recycling, effective scrap segregation and advantages on using recycled products.

Role of ULBs

a. Design a comprehensive package of program tools to support the recycling policies that integrates with programs that:-

   i. Facilitates compliance of ELV recycling rules as the default preferred option which clearly defines compliance points and mechanisms.

   ii. Combines local recycling policies with disposal bans and PAYT prompting recycling infrastructure development and creating powerful incentives to recycle.

   iii. Creates convenient, universal opportunities to recycle through smart digitally enabled municipal collection services that provide a ELV collection calendar, accepted ELV/scrap materials, logistics at a moderate fee.

   iv. Uses a supportive enforcement approach that involves monitoring, feedback and technical assistance, with penalties used as a last resort.

   v. Includes data gathering and reporting to benchmark and track performance of the ELV recycling program.

   vi. Connects the network of collection centers, aggregators and AVSF within their ward limits/jurisdiction areas.

   vii. Set up automotive e-waste portal that provides local information on collection centres, recycling agencies, collection schedule, fees and prices of EoL, scrap and waste products.

Role of Collection Centers for ELVs

- May be operated by the RVSF or a NGO, with its own identity number allotted by the ULB and seal of office.
- Only Registered auto-kabaidwalas allowed to use such facility.
- Owners can trade ELVs at collection centers with registered auto-*kabadiwala* to obtain the best consideration for the ELV.
- Collection center provides receipt to both the owner and the *auto-kabadiwala* as proof of Transaction
- GST shall not be levied for this transaction.
- Authenticity and legality of trade in ELVs will henceforth be based on this e-receipt for all records and accounting requirements.
- Auto-*kabadiwala*s procuring ELV from owners direct may submit supporting documentation to obtain the transaction receipt from the CC.

Role of Citizens

Abandon	Don’t Abandon your Vehicle – Give it to the RVSF
Greed	Don’t be greedy today and destroy your tomorrow
Sell	Don’t Sell your Vehicle to Informal Sector
Buy	Don’t Buy Scrap and Spares from Informal Sector
Share	Do share information on abandoned Vehicles with RVSF
Dispose	Do dispose your Vehicle on time and legitimately

Proposed Policy Interventions

Strengthening ELV Recycling Value Chain

- Listing of ELVs on public portals
- Registered *Auto-Kabadiwalas* are the only legitimate entity to supply ELV to RVSFs
- Workplace safety, health and hygiene

Market creation for recycled spares and products

- Standardisation and Specifications of ELV scraps and materials
- ELV Recycling Exchange (EReX)
- Promote Public Procurement of ELV scrap in Rolling Mills and Secondary Producers
- Eligibility Criteria for participation in Public Auctions of ELVs

Proposed Policy Interventions

Fiscal and Financial measures

- Differentiated GST regime for ELV/Scrap Trade
  - AK to AK punitive rate if no value addition
  - AK to AK median rate with minimum 30% value addition by way of depollution, de risking etc.
  - AK to RVSF least rate
- ELV Recycling Technology Research & Development Fund (RTR&D Fund) under Govt of India R&D Fund of Rs 50,000 Crs
- Improve Ease of doing ELV recycling business

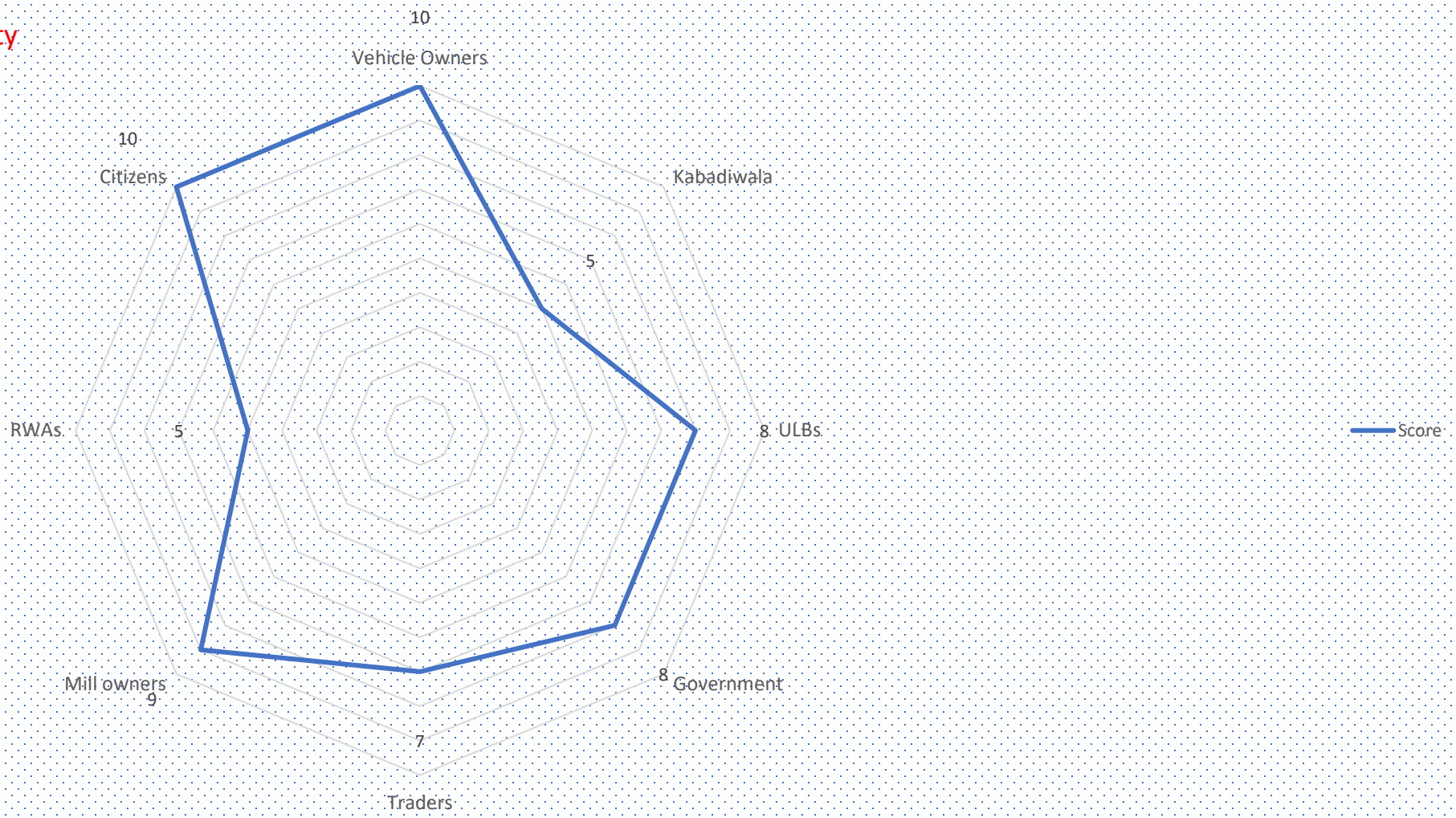
Awareness and capacity development

- Introduce curriculum on ELV recycling as vocational studies
- Public awareness campaigns on ELV processing benefits
- Role of NGOs, RWAs, SHGs

Application of Best Available Technology

- Artificial Intelligence in ELV Recycling
- Blockchain for trade in Vehicles and spares.

Shared and Differentiated Responsibility



Conclusion

Existing ***Resources trapped in ELVs can transform India*** with very marginal investments

ELV Recycling can reduce Import Dependency and support ***AtmaNirbhar*** Bharat.

Regulated ELV Recycling can contribute to ***Swatch Bharat***

Bringing the ***auto-kabadiwala*** into the ELV recycling eco-system is central to success of ELV Recycling

Requires ***coordinated and integrated effort and resources*** of multiple stakeholders with shared but differentiated roles and responsibilities.

Urban Local Bodies and Ordinary Citizens have the largest Role to play in this effort

Proactive and supportive ***Policy Interventions*** can greatly facilitate this transformation and create a new breed of ***entrepreneurs*** and ***start ups***

National ***Capacity building*** is required for ***upskilling*** workforce and production of machinery and equipment

ELV recycling is facilitated by ***Digital*** technologies

Donate your Old Car

ONCE:

Transform the lives of 10 Girl Childs

FOREVER.....

ONLY WE CAN TOGETHER MAKE THE DIFFERENCE

Thank You

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