



THE IMPACT OF DEMONETISATION ON THE RECYCLING SECTOR IN BENGALURU

2016

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Abstract

Demonetisation had a great impact on the informal sector which unclasped several practices. This study examines the impact of demonetisation on the recycling sector in the Bengaluru Metropolitan Region. Thereby, it ventures to understand the chain of actions and counteractions practised by the different stakeholders, primarily looking at two main stakeholders i.e. informal waste pickers and the Dry Waste Collection Centre (DWCC) operators and through narratives collected from the field, it documents their efforts to cope with the crisis. The findings of the study will help to understand the deeper collateral damages that demonetisation inflicted on the recycling sector in general, and on the lives of the waste pickers, in particular. Further, it highlights the issues pertaining to the informal sector and calls for the strengthening of infrastructure to better cope with the market risks.

Keywords: Demonetisation, Informality, Recycling sector, Transactions, Livelihood, Waste management.

Introduction:

The Government of India made a huge change in the economic environment on 8th November 2016 by implementing an exercise called demonetisation. Demonetisation is an act of eliminating the lawful acceptance status of a monetary unit (1). Following the public declaration by the Prime Minister, the higher value currency notes 500 and 1000 denominations were demonetised. The Ministry of Finance in a notification(2) issued mentioned the purpose of this initiative to eradicate the factors that adversely affect the economy such as black money, hoarding, counterfeit notes, terrorism financing and others. The demonetisation of not only hurt the formal sector but also agriculture and other informal sector workers who constitute about 482 million people who earn cash incomes—and disrupted India's consumption patterns for at least the next quarter,(3) according to an assessment released by Deloitte, an international consulting

1. DWCC is the local waste aggregation centre established by the Bengaluru city government that is managed by waste pickers or Scrap dealers based on business principles.

firm. While it is obvious at this point many commentaries and studies were made on the economic havoc it created in the society. This study shall not delve into the success of the exercise in reaching its objective either. Instead, we look at the adverse impacts it has had on the economy and society through the narratives from the informal recycling sector in Bengaluru.

Locating the narrative from Bengaluru

In the aftermath, the waste management sector in Bengaluru withstood a disruption of its own. Like many other informal sectors in India, the workers in the recycling sector who are at the bottom of the pyramid transact in cash. The disruption to this system of monetary transactions threatened the livelihoods of the waste pickers and pushed them into a more precarious state.

Lakshmi is a waste picker who walks 5 kilometres carrying a bag on her shoulder, collecting the discards lying on the road. Unaware of the demonetisation, Lakshmi started her day as usual at 4 in the morning and completed her rounds to collect about 80 kilos of waste. She reached her usual retail scrap dealer's shop and sat down to drink water from a steel pot and looked forward to a hot cup of tea that he usually buys for her. "No Chai today," said the scrap dealer. Lakshmi was surprised and asked why? He said, "I am not sure how and in what currency to pay". The sudden announcement set off a panic in the market and caught many of them off-guard. Lakshmi further shared that "After I fought with the trader, I got my dues back and all in Rs.500 notes and now the rupee is banned". On the other hand, a DWCC operator Khan also had to spend hours standing in line to get money from the bank, to pay his workers and the waste pickers who visited his centre to sell waste.

Lakshmi and Khan represent the story of many such waste pickers in Bengaluru. Though in principle, many waste pickers resonated with the demonetisation as good for the country discourse, nevertheless struggled to answer how to feed their family as many get daily wages of Rs150 to 250 cash and buy groceries with that on the way back home to feed the families. With this as a premise to explore, this study provides an outline of the impact on the economy centred on the waste in the aftermath of the demonetisation, and thereby ventures to understand the chain of actions and counteractions practised by the different stakeholders, primarily looking at the waste pickers and DWCC operators to cope with the crisis. The main concern of this study is to look at the narratives of demonetisation as it occurred on the ground which informed the framework

of our inquiries: What were the experiences of the waste pickers during the demonetisation? What were some of the everyday practices that got affected by the demonetisation crisis? How did the practice of payment for waste adjust to demonetisation? Exploring the answers to these questions helped us to unravel the deeper collateral damages inflicted on the recycling sector in general, and on the lives of the waste pickers, in particular.

Methodology:

The study was conducted 6 months after the inception of the demonetisation among 31 individuals representing waste pickers and Dry Waste Collection Center (DWCC) operators in Bengaluru. Since the research questions taken up for the study are deductive and exploratory in nature, the tools and techniques were chosen accordingly.

The data collection techniques used in this study are Household Schedule (Questionnaire) and Formal group discussion. A survey questionnaire prepared by WIEGO was used as a data collection tool. The questions in the surveys are both open-ended and closed-ended, which helped to gather information in a detailed and structured manner covering the following themes but not limited to socio-demographic details, nature and conditions of the work, challenges and issues in work during demonetisation. The questionnaire was administered to 31 individuals representing both waste pickers and DWCC operators. Secondly, the formal group discussions were conducted in order to gather information and to profoundly understand different dimensions of the theme. Two such discussions with waste pickers and DWCC operators were conducted.

The population for the study was narrowed down to Waste pickers and DWCC operators, which provided us with the option to use convenient sampling methods. Participants for the study were chosen based on the previously established contact to jump the rapport-building process. Since the study is explorative, the saturation point of the data was given more focus.

Socio-demographic profile of the population:

In this section, we try to synthesise the information from the survey conducted among the individuals engaged at different scales in the waste management sector. The total number of individuals surveyed is 31, which is disaggregated along the lines of age, gender, and nature of work. Age is one of the important indicators in the study. The survey results show that 45% of

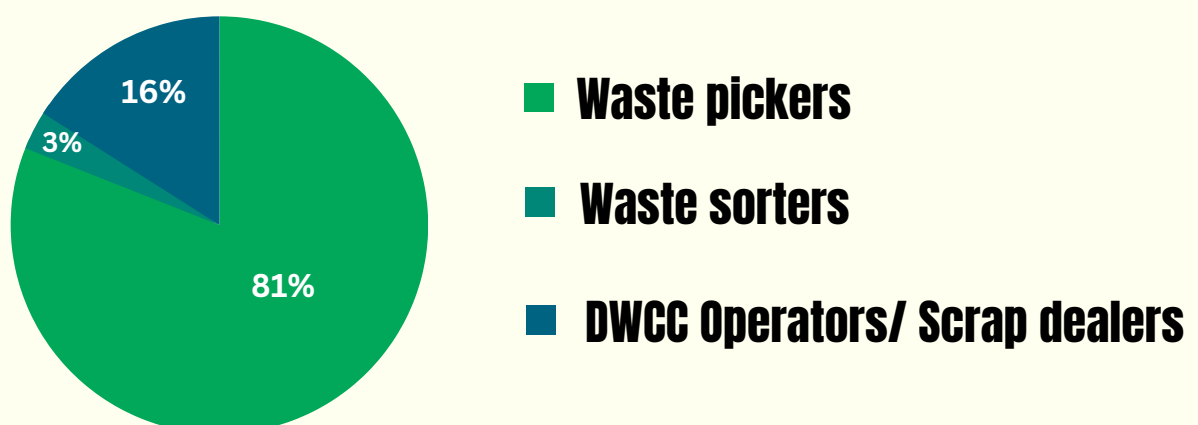
the participants lie between 20 to 39 years and 54% are occupied by respondents between 40 to 58 years. Women represent more of the labour force in the waste management sector, likewise, the gender ratio of our sample resembled the same. 74% of the participants reported their gender as women, while 26% were men. Considering the educational attainment of the participants, 67% of them were uneducated and only 33% attained primary education. This also deeply signifies the structural issues in accessing education for the community.

Categories of work

The category of the nature of work is a key factor in this study so as to understand the relationships among different actors in the informal setting. Then, it is imperative to recognize and include them in the sample. All the participants in the study were involved in the waste management sector which includes waste collectors, waste sorters, scrap dealers and DWCC operators. 80.5% of the participants were engaged in waste picking which includes waste collectors who collect discards on the street, sort, grade and trade the discards for living, and 3% are waste sorters who are employed by waste traders to sort and grade the waste. 16% are DWCC operators or scrap dealers who employ people to sort, trade and bale the discards. However, for this study scrap dealers and DWCC operators are considered in the same category. All the people, with the exception of one, lived in Bengaluru.

Table 1: Distribution of different actors in the recycling sector from our population.

Distribution of our population



Socio-economic composition

To understand the different sources of income and how they manage their livelihood in the current economic situation, we asked a question about the number of earning individuals in their families. 38% of the families had less than 4 people working while 54.8% of families had 5 to 8 people engaged in some sort of work. It is significant to note that in the total 31 families interviewed 65% percent who earned a living in the family, were below the age of 16. It is not surprising to see a large number of youth below 16 working to support their families. This practice sharply marks the condition of working-class families and how people engage with a paying job or multiple jobs to manage their everyday lives. Furthermore, the data point also pushes us to think about how these youth get absorbed in certain sectors more than others?

While the question raises a range of issues such as child labour, education and livelihood of the family; however, if we look at the reasons the waste pickers and DWCC operators get into this occupation, it tells us an incessant story of how Caste is very much linked to the nature of the occupation, as mostly Dalits are concentrated in the waste picking occupation (4). From the population of this study, an overwhelming 66% of the waste pickers followed their community/ parental occupation and only 19% of them became waste pickers because they preferred the occupation for the convenience and flexibility it offers or because of higher income than other odd jobs. An equal number of scrap dealers entered into this occupation because of parental/community influence or they entered it because it offered them entrepreneurial options with low entry barriers and little to none employer-employee relations.

Practices of transactions:

We captured the payment practices from the field that emerged as the result of demonetisation. They were: 1) Giving cash slips, 2) Giving cheques and 3) Giving old demonetised notes. To elaborate more, we provide three cases that narrate each of these practices which hold their own complexities with a range of impacts on the actors in the recycling sector. Albeit, we are aware of the other practices that were affected by demonetisation but they are beyond the purview of this study.

1. Giving cash slips

Lakshmi, a waste picker was paid using a paper slip with the amount earned written on it. The scrap dealers had shut their shops down because of the limit in cash flow. Those who did open gave cash slips for the materials they collected. A model purchasing/selling waste on giving slips emerged as a response to the changed economic environment.

“I just got a slip that said how much money I made today. How do I get food on my child’s plate?”

This was the question that bothered Lakshmi and her fellow waste pickers alike.

2. Giving cheques

Some waste pickers also received the money as cheques. Since the operators had a savings account, the permissible amount of withdrawal was not enough to run their business and pay the sorters in time. Many sorters did not come to work as the payment was delayed. Most of the waste pickers preferred cash rather than check. The below excerpt is from the interaction with the DWCC operator who told us the rationality behind accepting cash as being inextricably linked with labour and livelihood.

“And if they had to give us a cheque, then we would charge them extra fees. Because we found out that people were charging some 200 rupees for every 10,000 to cash a cheque. Moreover, we had to stand in line for hours to cash someone else's check and that person is sitting comfortably while we are wandering around at banks. So, some people paid that extra fee and gave us cheques. See, we have to sell in the morning and then sit down to segregate waste, we can’t waste that time sitting around or queueing at banks.”

3. Giving old demonetised notes

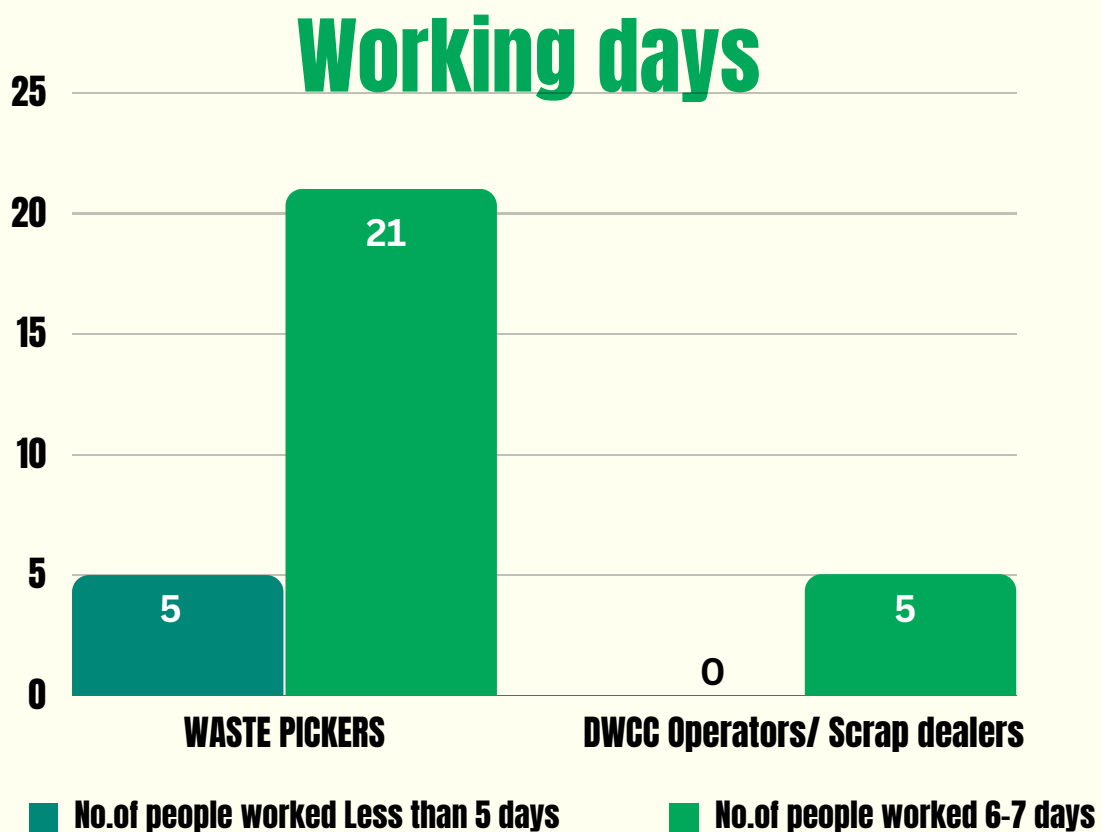
During one of the group discussions, a waste picker shared how people tried to give them old currency notes. Since there was a heavy cash shortage during the initial months of demonetisation, old money was circulated for transactions. Although people knew it was banned, few of them were ready to accept the old money as it was the only option. The old money.

circulation happened with a certain understanding of giving credit for the labour of changing the notes from the bank.

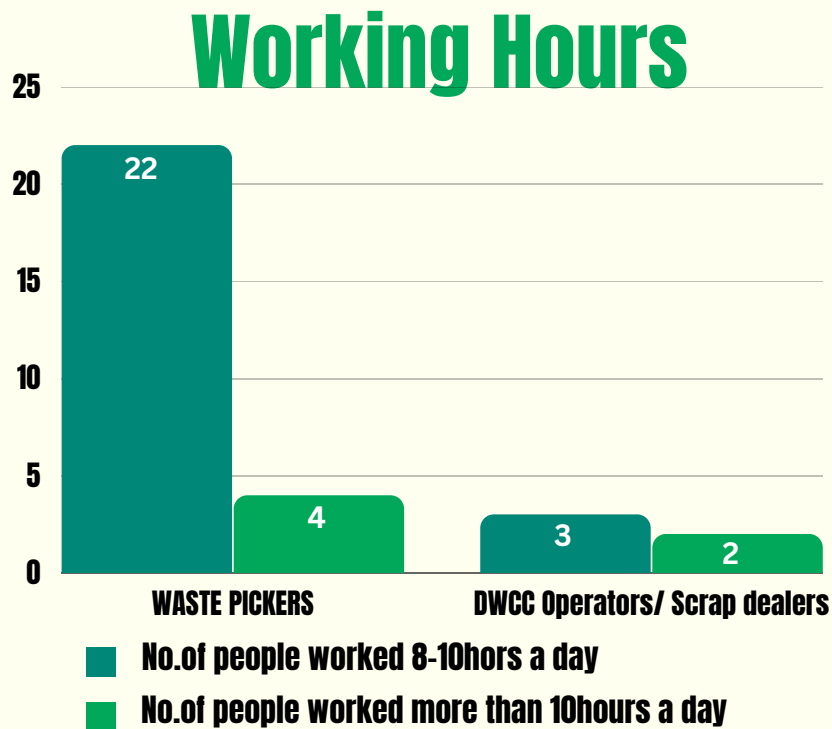
“I got cheques from some traders, others promised to pay when they had the amount, and some others gave me cash in invalid currency. So we either had to stand in line to clear checks or submit old cash, or people asked for a commission when we gave them old currency.”

Impact on other practices:

The conditions of labour of the waste pickers became more precarious during the demonetisation period. The collapse of the market and the changed practices of the transactions compounded the impact on the nature of waste picking occupation. The waste pickers accumulated large amounts of debt in order to manage their daily lives. In this context, we asked them about their working days/month and hours/day in the last six months to understand how these were affected.



People working in collecting, sorting and grading of waste invariably spend long hours at work, almost 6 days a week, which resembles our data. When asked about their working days, most of the waste pickers, nearly 70 percent and all most all DWCC Operators said that they work more than 6 days per week.



When looking at the waste picker’s work hours, most of them worked 8 - 10 hours, all days in a week. In the interviews, waste pickers did mention that they have to work longer and go earlier to get recyclable waste. This may also be affected due to the changes in the policy of the local government to increase the efficiency of door-to-door collection by the municipal sanitary workers. But, it is also notable that many waste pickers lost their working hours by spending their time in line in the bank to change their old notes, which is echoed in Sampangi amma's distress, “I had to stand in line for an entire day at the bank, missing a day’s work”. Also, it is clear from the above table that scrap dealers or DWCC operators worked longer hours. This also reflects the scarcity of waste sorters in the DWCC centres which naturally pushed DWCC sorters to spend more time at work. From our interview, we know that many sorters did not go to work as the payment was delayed and scrap dealers had to work long hours for segregating the waste after working hours. Additionally, they also spent significant time during the day understanding the banking system and accessing banks for withdrawing money for their daily purchase of materials.

The cash shortages, payment practices and concurrent precarious labour made the livelihood of the waste picker more vulnerable and contributed to the effect in their income range. Demonetising the old currency notes had a direct effect on the waste-picking community, which is evident in below table 1, where 84% of the waste pickers in the study reported to have suffered changes in their income. But when it is disaggregated into two of our categories, it is

mostly the waste pickers, who endured the decreased income, in contrast to the DWCC operators.

Table1: Effect of the demonetisation on income

In the last four months, has there any change in the Income?		
No.of people who agreed	26	
No.of people who didn't agree	5	
Effect of demonetisation on the access to waste or income		
Category	Yes	NO
Waste pickers	25	1
Scrap dealer/ DWCC centre	3	2

It is interesting to see that operators of the Dry Waste Collection Center were not affected either in the volume of waste or income. Even though one waste picker said she was not affected, further investigation revealed that this waste picker also manages the DWCC. When government-sanctioned programs are involved through subsidy or control on the inflow of waste, the waste pickers or entrepreneurs of such centres as the DWCCs were found to be better equipped to handle market changes or drastic changes in the economy. This is an important finding that highlights the need to understand the role played by infrastructure in any given system for the involved stakeholders like the waste pickers to cope with any crisis, which in our case was demonetisation.

The impingement of the demonetisation on income was making quite a shock to the waste-picking occupation. Given the nature of flexibility in the informal sector, people enter and exit the occupation as per their socio-economic situation. The data received is limited to make any inference on whether more or fewer people entered/left this occupation during the demonetization. However, there are specific cases to argue for both sides. In one response, a homemaker said they entered this occupation since waste picking has a low entry barrier. At the same time, in a group discussion, two waste pickers jointly said “We have seen a significant decrease in waste picking since the note ban. This entire community was involved in this work before but now

there are only about 10 to 15 of us. The rest are doing monthly work (thingala kelasa), they go to apartments and help with the composting there.” This tells us about the complex movements of the workers in the informal sector.

Speculative value of the waste during demonetisation:

When the waste pickers and the operators were asked the reason for the reduction in their income or the reason for leaving the occupation, nearly 96% of the participants in the study agreed with the statement, “The price of the waste has gone down, thus reduced income.” There might be several reasons for the change in their income such as scrap dealers using the politico-economic environment to exploit or the recyclers exploiting the dealers in this hierarchical pyramid economy. However, the reasons expressed by the waste pickers too, navigating the story of market exploitation leaves us with the question, What happened to the value of waste during demonetisation?

In any economic crisis, when the market collapses it has a direct impact on the products. So, in the recycling sector during demonetisation, there seems to have been a fluctuation in the rates of plastic for recycling, nevertheless, the paper had a stable market. The market for low-value plastic that is picked from the road especially plastic carry bags had no market anymore. It is a fact in Bengaluru many of the processing units of low-value plastic closed down when the demand for recycling plastic had reduced a year ago. There is a theory that says that virgin plastic costs become lower when the price of petroleum products comes down (5). However the price of petroleum products has increased but there is not much of a difference in the recycling market for plastic, which shows the speculation of the market. The below table shows the materials traded by the waste pickers and the market it had during the crisis.

Table: Materials traded by the participants:

Name of the material	Up/ down/ same
PET bottle	Down
Cardboard	Same
Mix plastic	Same
Road waste (low value plastic)	No market at all
Paper	Same

Besides, the three paradigms to understand the economic organisation - production, distribution and consumption inform the deeper relationship between the impact of the market on the value of waste and the waste pickers' actions towards it. The consumption pattern among the people drastically changed during the period of demonetization which affected the amount of waste produced(6). Waste pickers, as well, resonated with the decrease in waste found on the street. This directly affected the livelihood of everyone in the pyramid of the recycling sector at different levels. To substantiate this, we asked for the opinion on the amount of tradable commodities found on the street.

While 84% of the participants in the survey sell different grades of paper and plastic after sorting and grading and 16% of the people traded different recyclables which are then sorted and graded into more than 22 types of materials. Almost, an equal number of them (50%) said they had the same amount of tradable commodities as before, while the other half of them said they have seen a significant reduction in access to tradable commodities. A little deeper discussion with the participants revealed the dynamics such as the people who had regular and direct contact with sources of waste to pick up did not see much change. However, waste pickers who walked on the street to pick up recyclable waste did see a decrease in the tradable commodities.

Conclusion - Kinetics of complex relationships:

Waste market functionality is played with transversal logics (7) which does not always abide by the conventional logics of the market. Under such an environment, it is important to understand the relationships between the actors and the institutions. The direct, indirect and tacit relationships are at play with waste collectors, Operators, civil societies, and Non-governmental and governmental organisations, for ensuring the disposal and recycling of the waste, which keeps the waste management and recycling sector in steady motion. Any interventions to this system will create intended and unintended consequences, leading to the disruption of the socio-economic conditions of the workers as well as to the ecology. The policy-makers should be aware of their intervention's impact in the society.

Demonetisation had a certain objective to hit, whilst a massive amount of unexpected practices emerged in the ground. It affected all lives eventually, but the suffering has had to be shared more by the people living at different margins along caste, class, gender, race and sexuality. Many studies have

already critiqued the process of demonetisation and its impact on the economy. In our study, we tried to understand its impact on the ground in the recycling sector of Bengaluru city. The narratives that emerged illustrated a critique of demonetisation on the livelihood of waste workers and calls for attention to make interventions more grounded. From the above inferences, we can conclude that waste pickers and DWCC operators have been affected at different levels and scales due to demonetisation and the different practices of transactions, had a direct impact on the income and affected the nature of the waste picking occupation.

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