

# Perspective of a Private Desludging Enterprise

For Performance Based Contract For Scheduled Emptying in Maharashtra, India

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# Current practice of desludging in Indian cities: Complaint redressal

**Current Desludging frequency  
@ 8-10 years v/s the norm of 2-3 years**



# Private sector perspective while working with LGs

## Delayed payments

*“Ideally, bills should be cleared in 30 days, and for late payments, interest should be paid at the rate of 8% per annum.” – Manisha Enterprises*

## Cost escalation

*“For a fixed-fee contract for regulated schedule, we cannot offer 24 hour emergency service. We will only work 8 hours a day, otherwise it is likely that we will over-use our truck.” - Aditya Enterprises*

*“Another key issue is the escalation of fuel costs. The contract should clearly account for that.” – ZR Enterprises*

## Transparent procurement

*“We would rather not deal with the ULB directly, there are always issues with internal politics. If there is a mediator in between then we would be interested.” - Envicare*

## Termination

*The contract should have a clause defining a 3 month notification period in case of termination. It should also have a dispute resolution mechanism.” – Kadam Enterprises*

## Performance risks

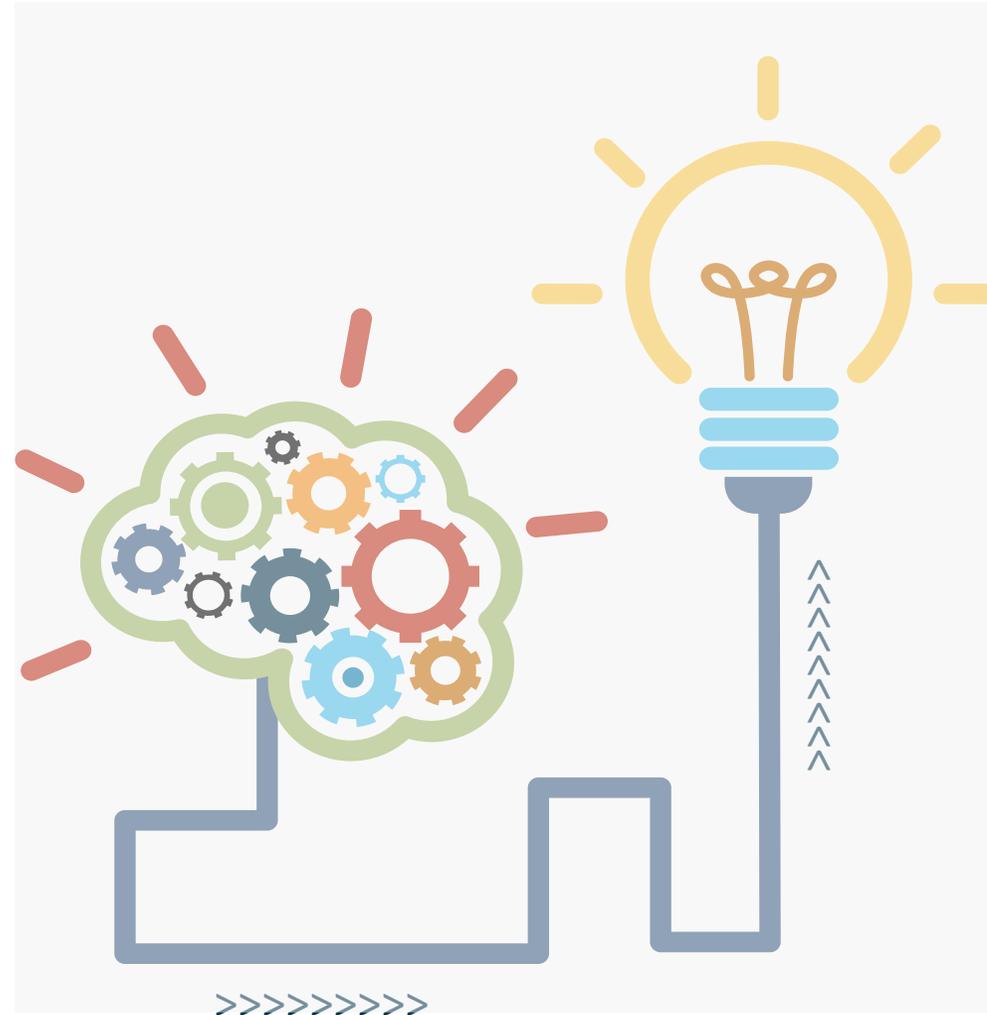
*“If we work on a regulated schedule, it will be difficult to get household signatures. That will become complicated, and I don't want my payment to suffer.”- Ugale Septic Tank Cleaning Services*

*“I have tried to do a regulated schedule on my route, but that has been difficult. People always say, “come back later”, and it falls apart.” – Aditya Enterprises*

# Concerns addressed through performance based contracts

## The problem

- Demand based desludging was practiced
- Private sector had concerns for payments, procedural delays and lack of quantum of septic tanks to be emptied
- Local government was not equipped with technical knowhow, staff and funds



## The Solution

- Local government took decision to implement scheduled emptying
- **PERFORMANCE BASED CONTRACT** was introduced to implement scheduled emptying.
- The contract addressed all the concerns for both private as well as for the local government

# Key clauses: Design of Performance Based Contracts (PBC)

Delayed payments

Cost escalation

Transparent procurement

Termination

Performance risks



## Assured and timely payments

- **Sanitation tax** collected from all the properties as a part of property tax and then paid to the service provider. This ensured fixed yearly revenue generation for providing the service.
- **Escrow account** in a bank to channelize monthly payment of fees. The account would at any point of time have a minimum balance equal to three times monthly fee of the contractor.

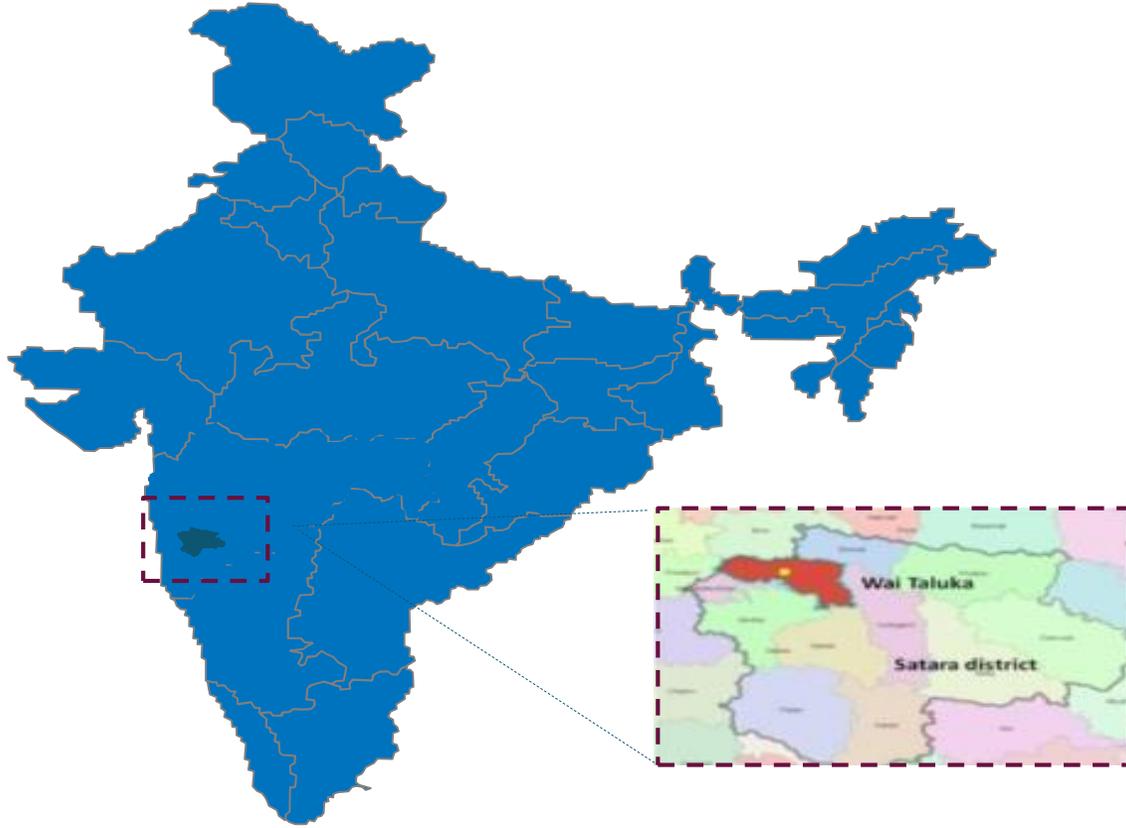
## Fixed target for emptying

- **Fixed target** of septic tank to be emptied per day for the stipulated years
- Assurance to the private player about the **fixed quantum of work** and thus, they are keen to invest and work under such contracts.
- **A fixed route plan** also helps the operator to make **optimum use of fuel and time**.

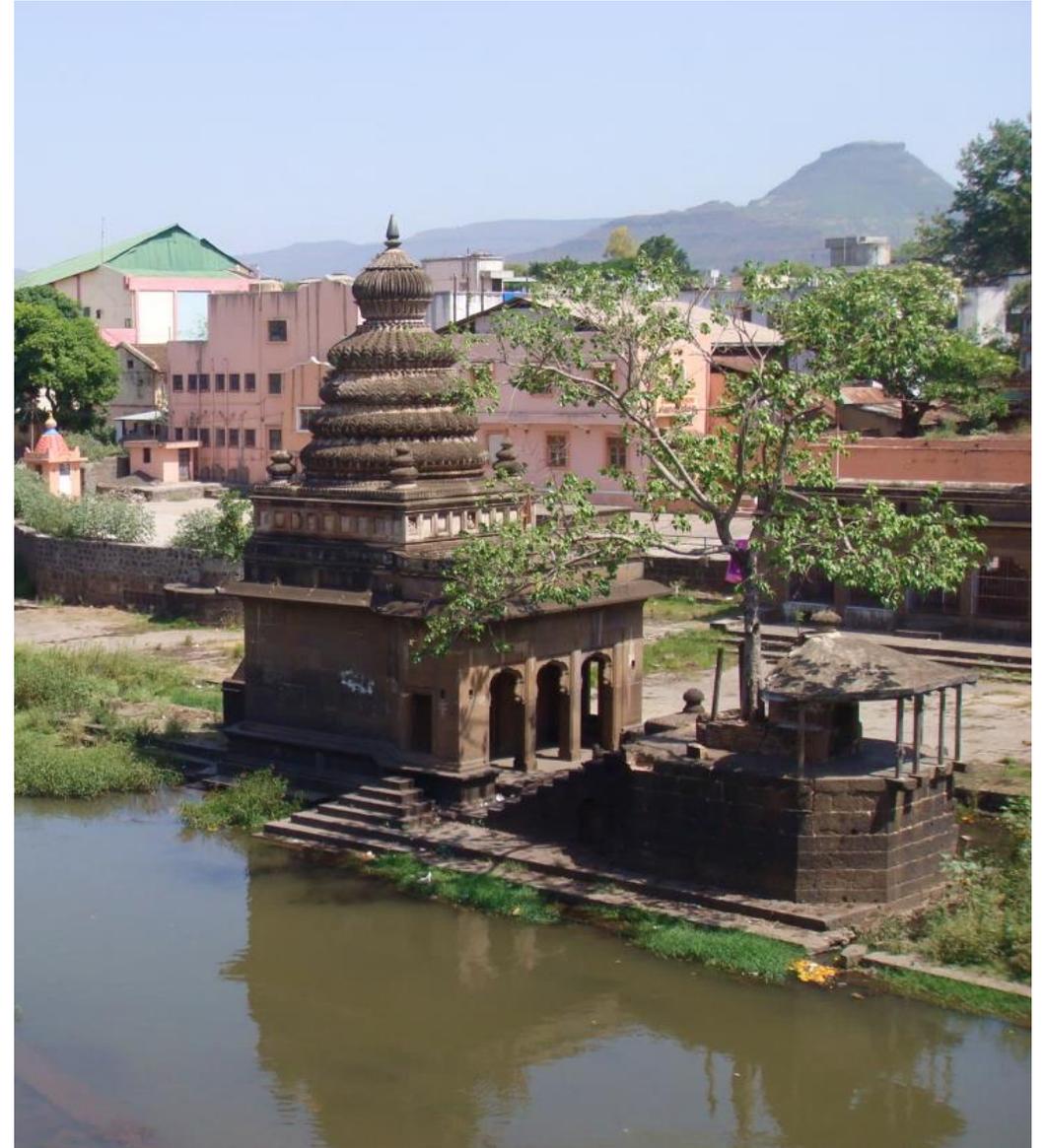
## Less scope of disputes

- Clearly defined **roles and responsibility** of private contractor
- Identification of **activities not expected** e.g.: manual scavenging, repairs of septic tanks, opening of access covers etc

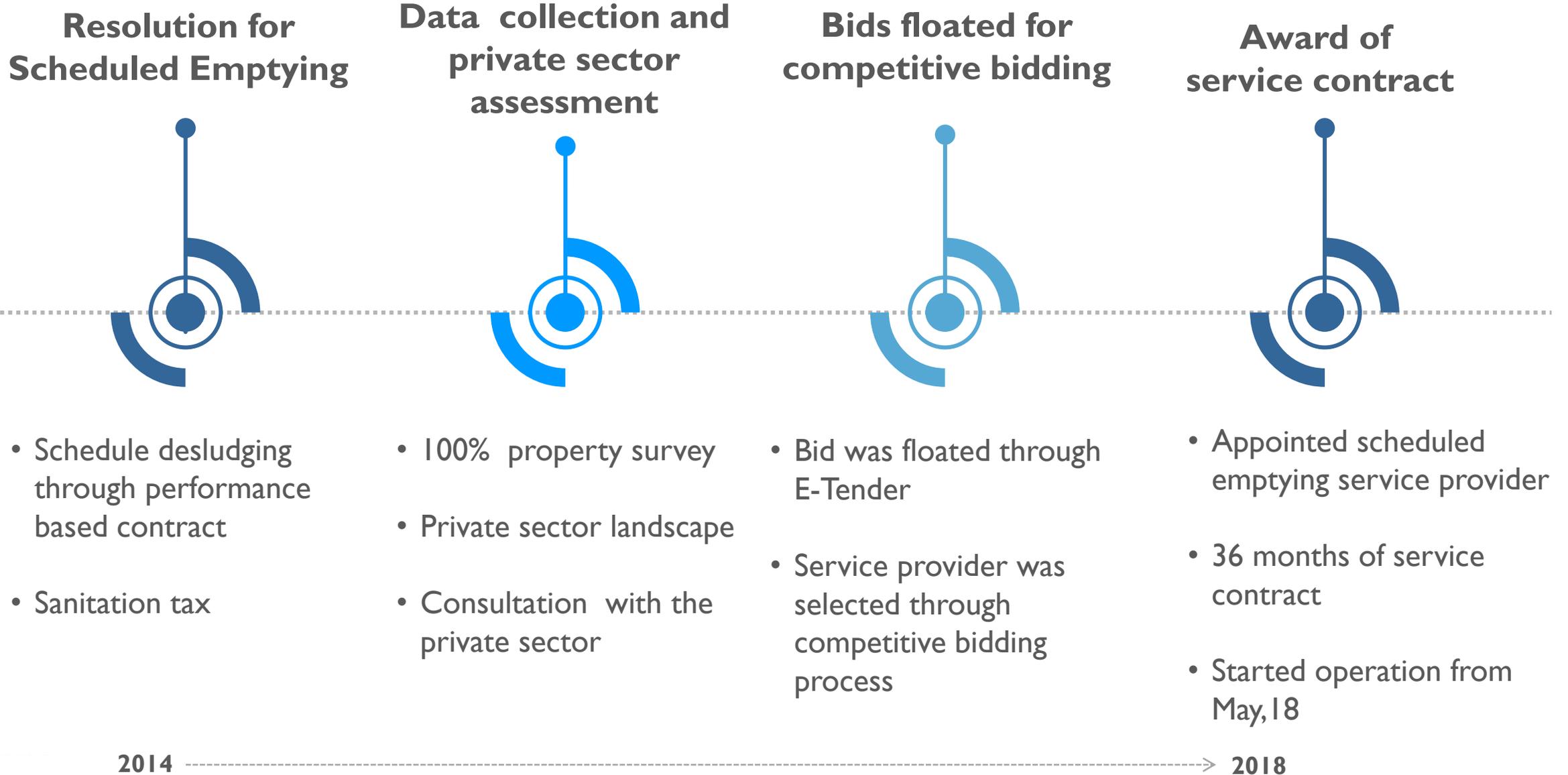
# Wai: 1<sup>st</sup> city in India to implement Performance based contract for scheduled desludging



- Population ~ **43,000**
- Known as **Dakshin Kashi**, it is a **holy pilgrimage town and an old Buddhist settlement**



# Timeline - Scheduled septic tank desludging services in Wai



2014

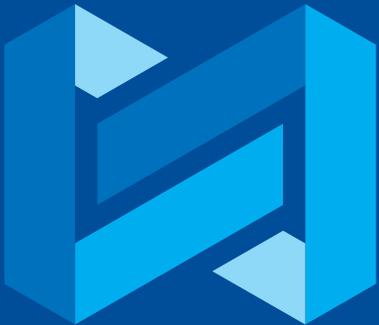
→ 2018

# Sumeet Facilities Ltd. is the Service Provider for Scheduled Emptying in Wai.

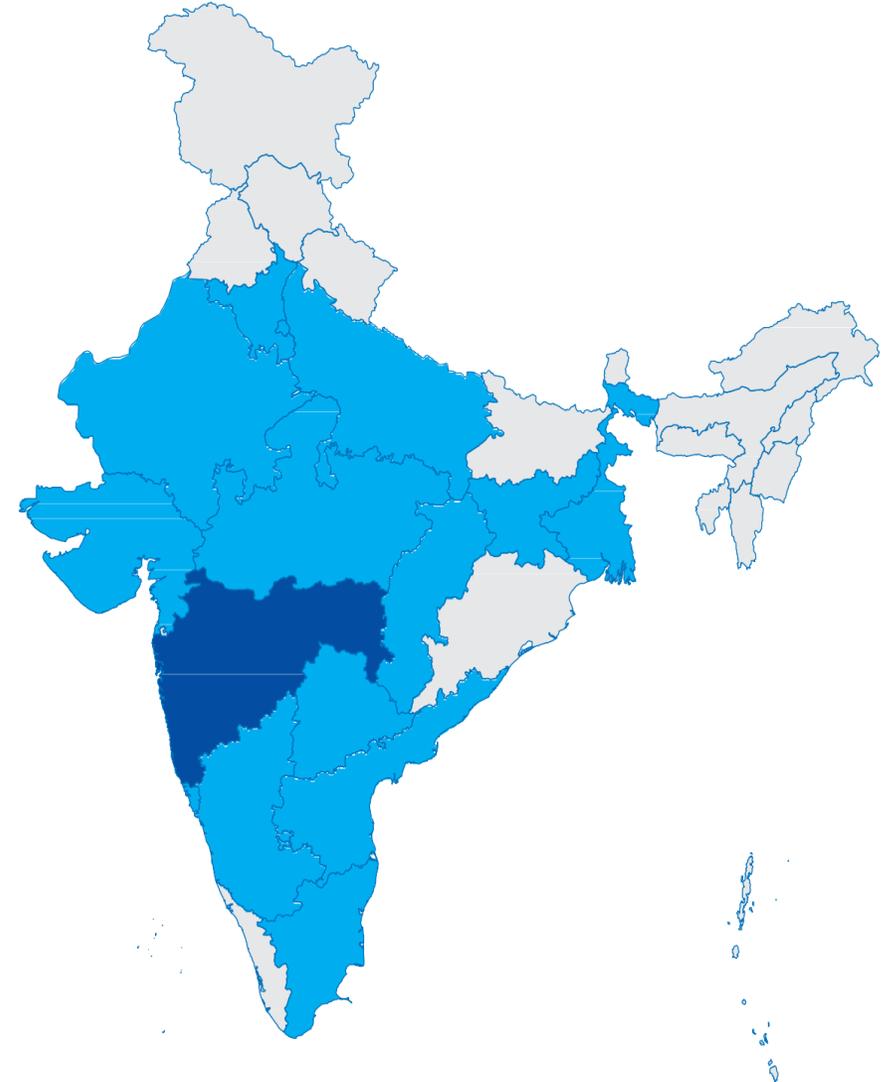
## Legal / Inception / Place

- Established in 1992
- Facility Management Services is the core business

## SUMEET GROUP



- **Presence in 13 states in India**
- **3 International Offices**
- **450+ clients**
- **25000 + employees**
- **Revenue in excess of 80 million USD**
- **More than 7 certifications/accreditations**
- **First company to be awarded contract for scheduled desludging in 2 cities in India**



# A WIN-WIN Situation for all....

## LOCAL GOVT

- Mandate to ensure service provision.
- Challenges in FSSM
  - Improper onsite systems not conforming to standards.
  - No treatment facility & unsafe disposal.
  - Limited funds, manpower, equipment.
  - Low technical know-how.



## PRIVATE SECTOR

- Already Active
- Better access to technology and knowhow
- Competitive prices



## WIN – WIN SITUATION

- ULB's are able to ensure adequate services & standards.
- Citizens get timely services at competitive prices.
- Entrepreneurs / SP's get business opportunities.
- Current Govt Policies and schemes support and encourage PPP in urban infrastructure projects.

# What has been achieved by scheduled desludging in Wai through PBC

- 500+ scheduled desludging done in 8 months
- 7-8 septic tanks desludged per day as compared to 7-8 per month in 2017 when demand desludging was happening.
- 2.5 million litre septage delivered to treatment facility
- 90%+ acceptance rate from HHs for scheduled service
- Ensured PPE usage: Sanitation workers wear safety gear while desludging operations
- Greater awareness amongst the citizen, elected representatives – Benefits of scheduled desludging

# Implementation through Performance Based Contracts (PBC)

## CHALLENGES & INTERVENTIONS

### Hardens sludge



- Chemicals are added one day before the emptying is done.
- Jetting machines / spray etc..

### False emergency requests



- Sanitary inspector visits the property who raises an emergency request; Emergency requests to be address post approval of the sanitary inspector

### Sealed access covers



- ULB has appointed a mason to open the access covers
- Supervising Officer visits the HHs one day in advance to make sure that access covers are opened.

# Implementation through Performance Based Contracts (PBC)

## RESOURCE OPTIMIZATION

- Economy of scale was achieved
- KRA's & SOP's were properly defined to the staff which resulted in meeting desired targets in set working hours.
- Fuel optimization achieved due to proper route mapping.
- Timely maintenance of vehicles helped in lowering vehicle breakdowns and helped in achieving the desired targets.

## STREAMLINING OPERATIONS

- Target was fixed in terms of number of septic tanks to be emptied which helped in arriving at proper route optimization.

## STRENGTHEN BIDDING CAPACITY

- Strengthened technical ability to bid in other cities.
- Due to experience of working through the PBC, it has increased scope to perform better in other cities.



# Lessons learnt and future scope

- With most cities in Maharashtra moving towards ODF++ , **scheduled emptying would be practiced** for which there is a scope for involvement for the private sector.
- **Performance based contractors** is a medium which **safe guards** the interest of the private sector to work with local government.
- Local government **receives good quality of services** with the help of modern tools and techniques.
- Even if the private sector is appointed to provide the service, the **ULB needs to regularly monitor** the quality of service prior to releasing the payment.
- **Formalization of workforce** involved in emptying of septic tanks.
- Indirect taxation helps to accept the service delivery model (Households pay **sanitation tax** instead of high user charges for desludging)

# Thank you

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## About us

The Center for Water and Sanitation (C-WAS) at CEPT University carries out various activities – action research, training, advocacy to enable state and local governments to improve delivery of services.

