



## Looking beyond the industrial cluster: The impacts of a south Indian garment cluster on rural livelihoods

### Summary

This briefing explores the effects of the garment export industry in Tamil Nadu, south India, on the livelihoods of people living in the region, whether working for the industry or not. It describes both direct and indirect impacts through a tightening of the labour market.

It considers how caste and gender shape people's access to different employment opportunities, as well as wage differentials. Whilst recognising the positive effects that the industry has had on employment and income in the region, the briefing calls for

recognition of the factors that keep certain groups out of garment work. In particular, it notes that while the position of Dalits has improved, they still face disadvantages that need to be addressed. It also calls for greater recognition of the gendered constraints of women workers, particularly their lack of mobility and their domestic responsibilities. Finally, it points to the enormously important role that the state has played in supporting and improving rural livelihoods and the need to maintain this support.





### The broader effects of an export industry

Poorer countries, such as India and China, are commonly portrayed as benefitting from labour-intensive export industries, seen as a major driving force behind their current ‘development’. Despite the pervasive changes brought about by the rise in export industries, little is known about their broader effects. The livelihoods of those employed in such industries, as well as the livelihoods of those excluded from them or indirectly affected by them, remain particularly under-explored. Tiruppur, in Tamil Nadu, south India, is a major garment manufacturing cluster, at the heart of a rapidly industrialising region that produces more than 60% of India’s knitted garment exports. In 2007 Tiruppur’s exports of knitted garments (T-shirts, pyjamas, etc) were worth at least US \$2 billion. A ‘boom town’, Tiruppur is seen in many ways as a success story of global integration and rapid economic development, and is thus an ideal location to assess the impacts on poverty, inequality and livelihoods that occur as part of a cluster’s integration into a global production network (GPN).

A DFID-ESRC funded research project, conducted in 2008-2009 in and around Tiruppur, sought to investigate the wider impacts of the export cluster on rural populations and the regional economy. The aim was not only to explore how the lives of those

working in the industry have changed, but also to look more broadly at those who are not employed in the industry.

Fieldwork was carried out in the Tiruppur garment cluster as well as in four villages located in its rural hinterland. It involved a mixture of research methods, including extensive formal and informal interviewing, household questionnaires, and participant observation. Research participants in Tiruppur ranged from company owners and managers to contractors and workers, while in the villages they included landowners, agricultural labourers, rural powerloom workers and commuters to Tiruppur.

### The industry and its workers

Tiruppur’s industry is based around the production of knitted garments for both the domestic and export markets. The region is also home to a largely rural-based powerloom industry, producing woven fabric, which is sold in the Indian market for further processing. Garment work in Tiruppur has proven to be a magnet for workers, who commute or migrate from across the state of Tamil Nadu and beyond. Estimates suggest that there are about 10,000 garment production units in Tiruppur, employing more than 400,000 workers. For many workers in the immediate region around Tiruppur, garment work has become a desirable form of employment, and thousands commute daily from villages and smaller towns located up to 40-50km from Tiruppur. There is a wide diversity of jobs available:

from unskilled work in dyeing and processing to skilled tailoring work.

### Direct impacts on rural livelihoods

A significant proportion of households in the region around Tiruppur earn their primary source of income from the garment industry (see Table 1). The extent of this depends on geographical location, transport routes and the availability of other non-agricultural work in the village, in particular powerlooms.

Tiruppur’s garment industry directly affects rural livelihoods in a number of ways:

- **Wages** in the garment sector are generally higher than daily agricultural wages – the main alternative source of employment for people living in the villages around Tiruppur. Work in the garment sector, however, requires longer working hours, on top of the need to commute. The importance of garments in the region is unquestionable and villagers from Allapuram told us frequently that “without Tiruppur this village would not survive.”
- The town is seen as a place of great **opportunity** for both the poor (who commute as workers) and the rich (who set up their own businesses). Tiruppur is seen as a place that “opens doors for people... very poor people can also become rich if they work in Tiruppur.” It is also considered a place of *nagaarikam* (civilisation, sophistication).
- For those who leave the villages to work in Tiruppur, garment work

**Table 1:** Percentage of households with primary source of income from:

	Agriculture	Textiles (garments or powerlooms)
Village Allapuram 19 km south of Tiruppur	45%	25% (garments)
Village Mannapalayam 15km south-west of Tiruppur	22%	55% (powerlooms)
Villages Varandur and Murugapalayam 25-30 km from Tiruppur	53%	22% (garments) 2% (powerlooms)



has also provided an opportunity to escape some of the **social inequities** that persist in the villages. For Dalits, in particular, the Tiruppur garment industry has given them a chance to gain some economic independence and distance themselves from those who once had a strong grip on them.

There is also a powerloom sector, mainly concentrated in villages to the west of Tiruppur. The story there is very different as the nature of labour arrangements means that these workers are excluded from the garment industry (see Box 1).

### Indirect impacts on rural livelihoods

The impact of the Tiruppur garment industry reaches far beyond those who work in the industry. The high demand for factory workers has led to a tightening of the labour market in the region and this has had direct effects on those who remain in agriculture.

- Landowners struggle to find workers and have been forced to increase daily agricultural wages.
- The bargaining position of agricultural workers is notably stronger than in the past. They

have not only been able to demand – and get – higher wages, but have also negotiated shorter working hours.

- Labour arrangements within agriculture have changed, and daily wages have increasingly been replaced with ‘contract’ work, paid on the basis of work completed.
- Tight labour markets have contributed to a shift in the relationship between landowners and agricultural workers, and the former have begun to treat the latter with greater respect than they did in the past.

### Differentiated access to better jobs and better wages

The availability of garment jobs and improvements in agricultural wages have not affected everyone equally. Caste and gender in particular function as key social institutions that not only produce structural imperfections in labour markets and wage patterns, but also shape people’s access to different employment opportunities.

#### Gender

- Men have benefited much more than women from increased employment opportunities in garments and associated activities. Young men are more heavily represented in the knitwear sector, and older men in activities like construction, trade and transport.
- Married women are generally excluded from jobs that require long commutes, due to domestic

responsibilities. Few married women from villages around Tiruppur commute to garment factories and those who do remain excluded from better paid jobs.

- While all agricultural wages have increased, women’s wages in agriculture remain far below those of men. If anything the gender gap has increased. Widows and women separated from their husbands are in a particularly difficult position as they have no husbands on whose income to rely.

#### Caste

- Tiruppur garment jobs are open to all and caste does not act as a major barrier to access garment work. Workers told us repeatedly that ‘owners see the skill, not the caste’. Dalits from the region have managed to enter the industry in a variety of jobs.
- Despite this, better jobs tend to go to non-Dalits, whilst Arunthathiyars (the lowest ranking Dalit group) from the villages surrounding Tiruppur have been the last to enter the industry and remain predominantly in the least attractive jobs.
- In villages with powerlooms, Dalits are often bonded to powerloom employers through debt and remain excluded from Tiruppur garment jobs.

#### The State

It is important to recognise that the changes that have occurred in the Tiruppur region are not only the result of the garment industry. State policies have also improved the livelihoods of the rural poor.

- The recently implemented National Rural Employment Guarantee Act (NREGA) offers 100 days of guaranteed work at Rs 100 per day for all rural households. The scheme has the potential to make a considerable impact, further tightening local labour markets.

### Box 1. Powerlooms: neo-bondage in the textile sector

Labour arrangements in village-based powerlooms are completely different to those in the garment sector in Tiruppur. Powerloom owners offer ‘advances’ to workers, which must be repaid if they wish to move jobs. 80% of powerloom workers in Mannapalayam have received ‘advances’ from the owners, which turn them into bonded labourers. The average size of this debt was about Rs 28,000, approximately equivalent to their annual income. It is clearly impossible, therefore, for these workers to leave the industry and get jobs elsewhere, such as in the Tiruppur garment industry.

Both men and women work in powerlooms: men as better paid operators and women primarily as cone winders. The labour force is a mixture of local Dalits and migrants from all castes. The latter group tend to have the largest advances and hence the lowest chance of moving jobs.

- The public transport system is very well developed in the state. This has facilitated both commuters and long-distance migrants' access to jobs in Tiruppur.
- Housing grants and subsidies have significantly improved the quality of housing for many Dalits.
- The spread of cell phones and TVs (the latter provided free by the state government) has greatly increased the sense of connection of the rural areas with the outside world – and thus new ideas, products and practices.
- There has been very significant progress in education, which is now universal at the primary level (5 years), and nearly universal at the elementary level (8 years).
- The Public Distribution System provides heavily subsidised food supplies ('one rupee rice') and free mid-day meals for schoolchildren. These, and other welfare policies such as pensions and maternity and accident benefits, have been particularly important for the rural poor.
- State policy has contributed to a reduction in fertility, which is now at or near the replacement level.

## Key findings and policy recommendations

The Tiruppur garment industry has contributed a substantial and positive injection of employment and income into the region. Labour markets (both urban and rural, and garment and non-garment) are interlinked in terms of wages and working conditions. Not only has the existence of the Tiruppur industry given people choices, but the availability of non-agricultural jobs has significantly strengthened

the bargaining position of Dalit agricultural labourers, whose wages and working conditions have improved as a result. That said, there are particular factors (such as relations of bondage in powerlooms and gender norms) that keep certain social groups out of garment work.

### Policymakers need to:

- Recognise the gendered constraints of women workers, particularly their lack of mobility and their domestic and child-related responsibilities. These factors not only constrain women's choices in the labour market but also shape the reproduction of gendered wage structures and divisions of labour.
- Support central and state welfare policies that have improved rural livelihoods. More specifically, the NREGA – if fairly implemented – has the potential to make a very real impact on the lives of the poorest of the rural poor and particularly on gender equality. Its continued implementation and monitoring needs to be supported.
- Address the issue of indebtedness within the rural powerloom industry. Workers take advances to meet credit needs, but those advances then

tie them to powerloom owners and prevent them from seeking better paid work in the garment industry. Policy makers need to improve credit provision to the rural poor and protect them against debts that result in bonded labour ties.

- Recognise that while the position of Dalits has improved, they still face considerable forms of discrimination that prevent them from improving their livelihoods and accessing urban employment. Policy makers need to support lower castes in accessing existing legislation to tackle caste discrimination and bonded labour.

### How to contact us

This policy briefing was written by Grace Carswell, Judith Heyer and Geert De Neve and is one of the outputs of a DFID-ESRC funded research project entitled 'Transforming Livelihoods: work, migration and poverty in the Tiruppur garment cluster, India'. For further information on this research please contact Grace Carswell, Department of Geography, School of Global Studies, University of Sussex, Falmer, Brighton BN1 9SJ, UK. E.g. carswell@sussex.ac.uk

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### Readings:

- Carswell G and G De Neve (forthcoming) 'T-shirts and Tumblers: caste, politics and industrial work in Tiruppur's textile belt, Tamilnadu' (*Contributions to Indian Sociology*).
- Carswell G (under review) 'Not working for export markets: work, agency and livelihoods in the Tiruppur textile region' (*Transactions of IBG*).
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