

The Indian Journal of Labour Economics, Vol. 51, No. 4, 2008

## THE RISE OF NEO-LIBERAL GLOBALISATION AND THE 'NEW OLD' SOCIAL REGULATION OF LABOUR: A CASE OF DELHI GARMENT SECTOR

Alessandra Mezzadri\*

*The rise of neo-liberal globalisation in the 1980s impacted the industrial trajectories of developing countries, signalling the shift from 'the development project' to the 'globalisation project'. Within the legacy of neo-liberal globalisation, many countries became production nodes within global commodity chains, exploiting their comparative advantage in cheap labour. Looking at the case of the Delhi export-oriented garment sector, this paper shows how labour 'cheapness' in global production is realised through the use of those 'traditional' social structures already fundamental in regulating the Indian informal economy. In this way, such structures acquire new regulatory roles also within neo-liberal 'global' production. Specifically, they become transnational modes of exploitation by subjugating labour both locally and globally. The subsumption of the Indian social structure into the contemporary global capitalist architecture determines the shift from labour informality to a broader process of informalisation of labour.*

### I. INTRODUCTION

Since the rise of neo-liberal globalisation, the international division of labour and the industrial trajectories of developing countries changed dramatically, in ways which can be defined as strongly anti-labour. These changes led to the formation of what today are known as 'global commodity chains'. In the context of these chains, the governance of production and labour is becoming increasingly disarticulated. If production is projected into the global arena, labour remains anchored to local, social regulatory mechanisms. By looking at the case of the Delhi export-oriented garment sector, this paper shows that the production and reproduction of cheap labour for transnational production is realised through a tight management of various social institutions and structural differences. In the context of rural and small town India, these institutions and differences are already considered as 'social structures of accumulation' of Indian informal economy. It is argued here that these structures of accumulation are also highly relevant in metropolitan settings, especially due to the strong interconnections between 'rural' and 'urban' spaces, and between 'formal' and 'informal' realms of production. Moreover, it is also argued that the projection of Indian social structures in the global sphere of production transforms such structures and provides them with new regulatory roles within the neo-liberal global capitalist architecture. The transnationalisation of these structures signals a process whereby Indian labour informality gives way to a broader process of informalisation of labour, whose logic is also coherently unfriendly towards workers. This process of informalisation connects different 'labours' to global production structures, highlighting the multiple patterns of exploitation, which may characterise present-day capitalism.

This paper is structured as follows. Section Two contains an analysis of the rise of neo-liberal globalisation and its impact on industrial trajectories and labour. Section Three focuses

---

\* School of Oriental and African Studies (SOAS), Department of Development Studies, University of London (UK).

on the 'arrival' of the global garment production in India and its localisation in given garment-producing clusters. In Sections Four and Five, the analysis unravels the organisational and labour features of the Indian garment industry in Delhi, in both the factory and non-factory realms of production. Section Six discusses the specific 'new' role of 'old' forms of social labour regulation in the context of neo-liberal global production, while Section Seven highlights the conclusions of this study.

The empirical accounts on which this paper is based rely on the findings and observations gathered during an extensive period of fieldwork carried out in India between October 2004 and July 2005. While quantitative material mainly comes from the archives of the Apparel Export Promotion Council (AEPC), qualitative material is the outcome of in-depth semi-structured interviews, carried out with a number of informants. These informants range from government officials, labour organisations and unions, to exporters, sub-contractors and other actors involved in the production process. The outcome of each interview has been verified by comparing what has been reported by other informants as well as through a number of field trips to different types of production units.

## II. NEO-LIBERAL GLOBALISATION, GLOBAL COMMODITY CHAINS AND LABOUR

The rise of neo-liberalism in the 1980s is labelled by given scholars as the 'end of the labour-friendly regime' (Silver and Arrighi, 2000). Indeed, in developed countries, it signalled the end of the Keynesian era, characterised by a sort of social compromise between capital and labour (see Amin, 1994).<sup>1</sup> However, in developing countries too, the neo-liberal agenda was not exactly labour-friendly. In particular, this agenda re-conceptualised labour in these countries as a source of 'comparative advantage'. As argued by Jan Breman (1995), labour defeat to capital was set as a precondition to development.

In the context of the neo-liberal agenda, the rise in anti-labour practices was mediated by dramatic industrial transformations, in both the developed and developing regions. In developed countries, the Fordist system of production was dismantled (see Amin, 1994); in developing countries, Import Substituting Strategies (IS) were abandoned in favour of Export-oriented Industrialisation (EOI).<sup>2</sup> These changes triggered a reconfiguration of the international division of labour. Within the 'old' division of labour, only developed countries were specialised in manufacturing production, while developing countries provided raw materials whilst trying to 'catch up' through IS strategies (Jenkins, Pearson and Seyfang, 2002). In the new division of labour, manufacturing production migrated towards developing economies, which became production 'nodes' in what Gereffi and Korzeniewics (1994) called 'global commodity chains' (GCCs). If the decentralisation of production initially focused on assembly, as highlighted in the literature describing, for instance, the rise of *maquiladoras* in Latin America, it later expanded its scope to the whole production process, so that developing countries became what Gibbon (2001) called 'full package suppliers'. The transnationalisation of production shaped by neo-liberal policies signalled what Bair (2005) refers to as the end of the 'development project' and the birth of the 'globalisation project'. In the context of this *neo-liberal globalisation*, development was made a synonym of 'successful' integration in the export market.

The main argument of this paper is that the formation of GCCs has determined a deepening of the 'labour-unfriendly regime', by the way of determining a profound disarticulation between the governance of production and that of labour. In fact, though some commodity scholars

argue that through the decentralisation of production “TNCs were able to cut labour costs and the costs of risks and investment while maintaining or even increasing their control over subordinated labour processes” (Raikes, Friis Larsen and Ponte, 2000, p. 12), this is a contentious point. Global governance can only impose a general diktat on labour: that of its ‘cheapness’. However, the ways in which this ‘cheapness’ can be realised are multiple. This point is crucial, as it recognises the agency of local capitalists in developing countries. These actors are not passive recipients of global production pressures. On the contrary, they are those in charge of making and re-making labour cheap for global production, effectively constructing labour as a ‘comparative advantage’. They do so by relying on a multiplicity of ‘boundary-drawing strategies’, apt to segment and fragment the labour force (Silver, 2003). Labour is not global, but it is increasingly ‘going local’. In particular, the informal economy and its regulatory mechanisms are increasingly incorporated into neo-liberal global production structures. Today, different types of informal labour are connected to one another in the context of these structures. The unravelling of this process signals the shift from the informal economy to a broader process of informalisation of labour. The following sections will support these arguments by focusing on the case of the Delhi export-oriented garment sector.

### III. GLOBAL GARMENT COMMODITY CHAIN: THE CASE OF DELHI

The Indian garment industry was virtually inexistent in the 1960s. However, India did have a long tradition in tailoring. In Delhi, specifically, the origins of tailoring trace back to the Moghul Empire. Shahjanabad, today old Delhi, was already an established tailoring centre by 1648, a period in which skilled artisans used to operate from their household *karkhanas* catering to royal families.<sup>3</sup> With the departure of Nadir Shah in 1739, which culminated in the decline of Shahjanabad and, eventually, of the Moghul dynasty itself, this old economic system splintered, leaving artisans without any source of livelihood. They either migrated or re-organised to form caste, craft or ethnic *mahallas*.<sup>4</sup> By 1846, 576 *mahallas* were located inside the walled city (Blake, 1993).

The re-organisation of craft production determined the shift from household sale to market modes of distribution, which were particularly encouraged by the arrival of the British in the nineteenth century (Roy, 1999). Initially, imports of fabrics and clothes from Britain signified a harsh beating for the domestic industry, threatening the survival of *mahallas*. Nevertheless, Delhi managed to revive its tailoring production by focusing on the production of *sarees* for the domestic market. Then, soon after Independence, the explosion of the hippy culture in the West boosted the demand for Indian fabrics and, later, readymade garments, which appeared for the first time among Indian exports (Singh, Kaur and Kaur Sapra, 2004). Initially, in the 1960s, the quantities exported were negligible, as observed by Appelbaum (2005). However, export increased steadily over the 1970s and 1980s (Table 1).

It can be argued that garment production was already internationalised before the implementation of the neo-liberal agenda. In the 1960s, garment manufacturing was already taking place in East Asia—in Taiwan, Hong Kong and South Korea. However, garment production became fully ‘global’, only in the 1970s, when its reach spread to many other countries. On the one hand, the neo-liberal agenda mainstreamed the ‘East Asian miracle’ model (see World Bank, 1993) to developing countries, in general, by imposing EOI. On the other hand, the establishment of the Multi Fibre Agreement (MFA) in 1974 reinforced the need for multiple garment production sites. In fact, this Agreement established given export quota ceilings for all exporting countries, in order to protect the domestic markets of developed

Table 1  
Share of Readymade Garments in India's Exports 1960-1961 to 2000-2001 (Rs. Million)

Year	Readymade garments exports		Total textiles exports		Manufacture goods exports		Total exports	
	Value	%	Value	%	Value	%	Value	%
1960-61	10	0.16	790	12.29	2,910	45.26	6430	100
1970-71	290	1.89	1,450	9.45	7,720	50.29	15,350	100
1980-81	5,500	8.20	9,330	13.90	37,470	55.83	67,110	100
1990-91	40,120	12.32	69,260	21.28	2,37,360	72.91	8,86,690	100
1994-95	1,03,050	11.6	1,99,450	22.5	6,46,830	72.90	8,86,690	100
2000-01	2,54,780	12.52	–	–	1,607,230	78.95	2,035,710	100

Source: Author's adaptation from Table 3.1 in Singh and Kaur Sapra (2007, p. 43); based on DGCI&S data cited in Economic Survey 2002-2003, Table 7.3, 7.4, Government of India.

nations ( Jenkins, Pearson, and Seyfang, 2002). The outcome of the MFA was a deepening of the neo-liberalisation of garment production. In fact, as global buyers had to rely on multiple production nodes, an increasing number of countries were incorporated into the global garment commodity chain.

By the late 1970s, the synergetic effect of these processes, coupled with increasing labour costs in East Asia, determined a second geographical shift of this chain, first towards Southeast Asian, East Asian and Latin American countries, then towards China and South Asia. It is in the context of this shift that India became an important player in global garment exports (Gereffi and Ramaswamy, 2000) (Table 2).

Indian garment production is particularly concentrated around given local areas; namely Delhi, Ludhiana, and Jaipur in northern India, Kolkata in eastern India, Mumbai in western India, and Chennai, Bangalore and Tiruppur in southern India. The Apparel Export Promotion Council (AEPC), a Government institution created in 1978 to manage the allocation and registration of garment export quotas in India, provides detailed data on export performance from all these areas. According to AEPC data, Delhi is the second export centre in terms of quantity and the first in terms of value (AEPC, 2004).

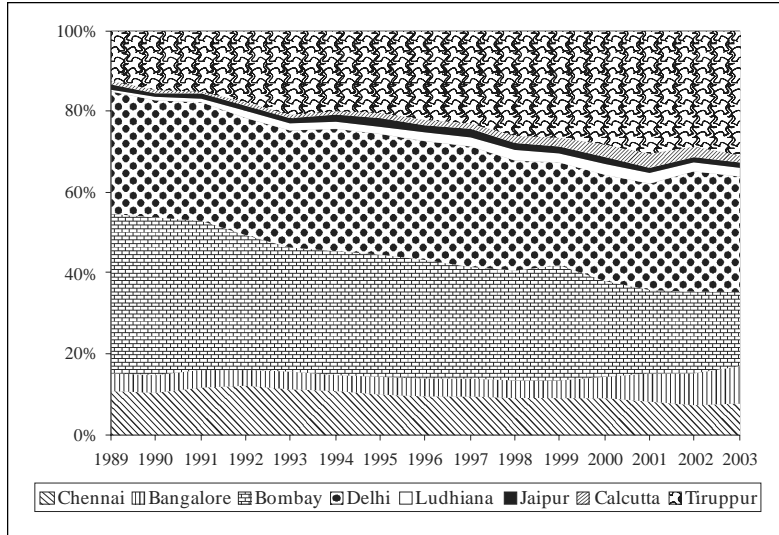
All garment export-producing areas, Delhi inclusive, are considered as 'industrial clusters', both by the Indian Government and by the United Nations Industrial Development Organisation

Table 2  
India's Share in World Exports by Commodity Divisions and Groups  
(Articles of Apparel and Clothing Accessories)

Year	World	India	India's share	Total export (world)	(US \$ million)
					Percentage of garments of world export
1970	109	–	–	3,13,804	0.03%
1975	308	–	–	8,76,094	0.04%
1980	32,369	590	1.82%	1,997,686	1.62%
1985	38,718	887	2.29%	1,930,849	2.01%
1990	94,577	2,211	2.34%	3,303,563	2.86%
1995	1,60,535	4,124	2.57%	4,946,096	3.25%
1998	1,85,936	4,821	2.59%	5,091,105	3.65%
1999	1,85,746	5,229	2.82%	5,522,372	3.36%

Source: Singh and Kaur Sapra (2007, p. 44), Table 3.2; data from UNITC Year book, cited in Economic Survey 2002-2003, Government of India, Table 7.5.

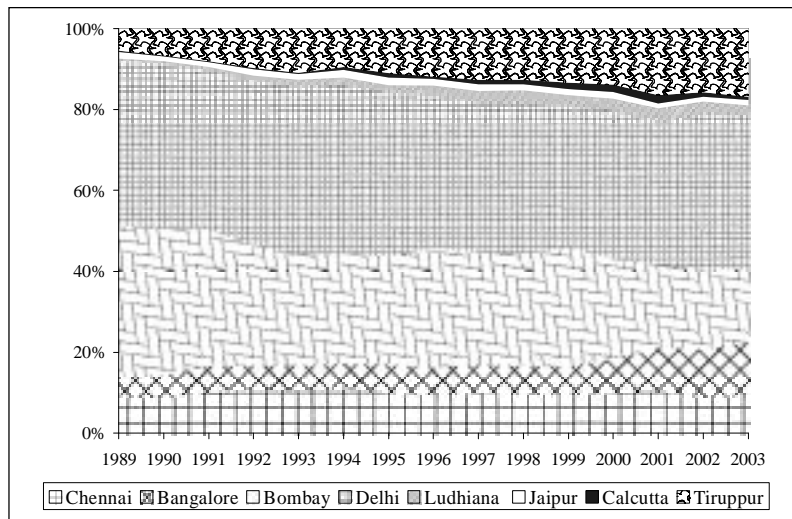
Figure 1  
**Evolution of Regional Quantity Export Shares from Indian Export Centres**



Source: Author's own, based on data on regional quantity export shares, AEPC (2004). See original data in Appendix 1.

(UNIDO).<sup>5</sup> In fact, they are characterised by an industrial fabric mainly based on small and medium enterprises (SMEs). On the one hand, the industrial ‘smallness’ of Indian garment units is considered by UNCTAD as one of the main problems of the Indian garment industry (Appelbaum, 2005). On the other hand, it is precisely such ‘smallness’ which guarantees high levels of industrial and labour flexibility to Indian garment exporters, sustaining their successful

Figure 2  
**Evolution of Regional Value Export Shares from Indian Export Centres**



Source: Author's own, based on data on regional value export shares, AEPC (2004). See original data in Appendix 1.

Table 3  
**Employment and Value Added, Indian Organised and Unorganised Wearing Apparel**

<i>Wearing apparel</i>	<i>Value added (growth rate, %)</i>		<i>Employment (growth rate, %)</i>	
	<i>1989-90 to 1994-5</i>	<i>1994-5 to 1999-2000</i>	<i>1989-90 to 1994-95</i>	<i>1994-5 to 1999-2000</i>
Organised	27.0	2.3	17.3	3.8
Unorganised	6.2	14.9	0.7	15.2

*Source:* Adapted from Rani and Unni (2004, p. 4577, Table 7; data NSSO 1989-2002, CSO 1985-2002).

incorporation into the global garment commodity chain.

It must be noted that, since the 1990s, when India formally entered its liberalisation phase, industrial and labour flexibility in the sector was achieved by way of increasingly relying on the informal economy. Aggregate sectoral estimates on the growth of value added and employment in the sector (Rani and Unni, 2004) confirm this point (Table 3).

Indeed, in the Indian case, the globalisation of garment export production is paralleled by a high localisation of production structures and the increasing expansion of informal labour. The ways in which these processes unravel may vary regionally. The next sections describe and analyse the organisational solutions and the labour regime, which characterise the garment industry in Delhi.

#### IV. PRODUCTION AND LABOUR—THE FACTORY REALM

The Delhi garment industry appears to be extremely fragmented and layered. Today, production is spread across different industrial areas, mainly Okhla, the New Okhla Industrial Development Area (NOIDA), Gurgaon and Faridabad. While Okhla is inside the city, NOIDA, Gurgaon and Faridabad are in the neighbouring states of Uttar Pradesh (UP) and Haryana. However, these areas are so strongly intertwined with the Delhi economy that the whole metropolitan spatial conglomerate is called the National Capital Region (NCR). Other garment units are present in Tughlaqabad and Khanpur (in South Delhi), in Devli Road and Hauz Rani (Krishnamoorthy, 2004).<sup>6</sup>

According to the AEPC, the number of units present in Delhi is around 3,000-4,000, while the number of exporters is set around 600-700 (AEPC-Delhi, interviews). The discrepancy between the number of units and that of exporters is due to the fact that exporters generally own multiple units, and that numerous units work as sub-contractors, without having direct access to the export market.

The supply chain in Delhi is pyramidal. At the top of the pyramid there is the exporter, who has direct contact with the international buyer. The AEPC (2002) divides exporters into merchants or manufacturers. A merchant exporter does not own production facilities, but rather decentralises his export orders to a number of garment producers, whom he organises according to the logic of the putting-out system. A manufacturer exporter, instead, has a 'proper' production capacity. However, fieldwork findings reveal that, in the Delhi context, this categorisation is quite limited, as the majority of exporters have both manufacturing and mercantile features. Specifically, even large manufacturers always practise high levels of sub-contracting, which participate in the reproduction of industrial fragmentation (AEPC-Delhi, interviews; Delhi exporters, interviews; Delhi sub-contractors, interviews). Borrowing from Harris-White (2008), one can indeed argue that, at present, the sector is characterised by the 'mutual embeddedness' between merchant and industrial capital.

The primary operations, which generally take place inside one garment unit in Delhi, are: cutting, stitching, thread cutting, ironing, and checking and packing. Other processing activities required are printing and washing, generally performed by specialised agents. Sub-contracting can be practised to increase actual tailoring capacity, or else to realise different processing or ancillary activities (Delhi exporters, interviews; Delhi sub-contractors, interviews).

The labour process is as fragmented as the production cycle, while responding to specific logics of cost minimisation. While up to the 1970s, tailoring activities were mainly performed by *darzis*, the traditional tailoring caste in northern India (Alam, 1992; Lal, 2004), the export boom loosened the caste nexus, as it increased the need for new reservoirs of labour. If, by the end of the 1970s, the Delhi garment industry employed around 45,000 workers (Ambedkar Institute of Labour Studies, 1980), this number more than doubled by 2004, when, according to Singh and Kaur Sapra (2007), the industry employed 1,01,520 garment workers, including 21,469 in the registered and 80,051 in the unregistered sectors.<sup>7</sup> According to the AEPC (interviews), by 2005, employment was two or three times of that reported by these official estimates.

New reservoirs of labour have been found in a footloose, migratory labour force. In fact, today, around 90 per cent of the factory workers are male migrants from UP and Bihar, the poorest states of the Hindi belt (Krishnamoorthy, 2004; Singh and Kaur Sapra, 2004; Mezzadri, 2007). They are mainly temporary and casual workers, employed for short periods or on a daily basis. The combination of sub-contracting and the utilisation of a migratory workforce inside the garment units allow the Delhi garment industry to maintain flexibility in the use of labour. This flexibility partially responds to the need of big corporations to share risks coming from increasing global competition; however, it is also the result of the 'social embeddedness' of production, whereby local exporters resolve their problem of integration with the global economy with rather distinctive 'local' strategies. In particular, as export orders placed by international buyers are highly variable, the local exporter needs to solve his problem of labour cost minimisation by the way of the strategic utilisation of highly segmented labour markets. As Granovetter (1985, p. 507) powerfully spelt out, small industrial units manage to survive "...because a dense network of social relations is overlaid on the business relations connecting such firms and reduces pressures for integration".

Moreover, integration can be carried out in ways which are coherent with the 'social embeddedness' of production. By the end of the MFA, in January 2005, a number of exporters were increasing their units' size, and several were setting up new units with a more consistent manufacturing capacity. However, while these exporters were decreasing their levels of sub-contracting, they were increasing their use of what is known as 'in-contracting'. This practice, which has already been described by Castells and Portes (1989) with reference to Latin America, entails the decentralisation of labour management to specific operators, called, in northern India, *thekedaars*, or labour contractors. The *thekedaar* organises groups of workers, or a *toli*, and brings it inside the factory. In this way, the exporter is discharged of any obligation towards labour, which is not 'his'. It is not a case that exporters in Delhi, when asked about their manufacturing capacity, provide the number of stitching machines they own, and almost never the number of workers. The number of machines is their virtual 'business cards'; the number of workers is variable, and in any case, not their direct concern. Chari (2004, p.115) reaches similar conclusions with reference to Tiruppur, where the garment exporters he interviewed clearly state how they "own the machines, but not the work".

Bihari and Uttar Pradeshi migrants match industrial requirements well; indeed, they constitute a very flexible labour force. Generally coming from a rural background (Krishnamoorthy, 2004), they are first generation industrial workers. High poverty headcounts in the two states push people in search of jobs into large urban centres. The geographical mobility and lack of industrial background of these workers are relevant assets for the *thekedar* and, indirectly, for the Delhi exporter. In fact, these two attributes of the workforce ensure not only cost minimisation, but also minimal risks of unionisation. Although garment production is highly informal, exporters fear potential unionisation, which, for instance, considerably hit the larger Indian textile sector, particularly in Mumbai.<sup>8</sup> Besides employing a migratory labour force, exporters also sub-divide their manufacturing capacities over multiple industrial units in order to avoid any 'labour problem'. It must be noted that both these strategies are coherent with the evolution of industrial disputes in India since the 1970s, when the resurgence of 'employers' militancy' (Datt, 2002) determined the formation of what is defined as India's specific 'labour-unfriendly regime' (Lerche, 2007).<sup>9</sup>

Migration flows are 'fluid', in the sense that they are based on short-term, yearly mobility cycles. The Uttar Pradeshi or Bihari migrant does not settle in Delhi. He stays for a period of around nine or ten months, after which he returns to his village, generally in April, at the beginning of the lean season. He stays there for around two to three months, then returns to Delhi. According to unions and labour organisations, workers are made redundant with the arrival of the lean season (Centre of Indian Trade Unions, CITU, interview; Centre for Education and Communication, CEC, interview). On the contrary, according to exporters and sub-contractors, workers leave because they want to reunite with their families for the wedding and festival seasons and because it is time for harvesting (Delhi exporters, interviews; Delhi sub-contractors, interviews). Surely, one can at least conclude that, in the factory realm of production, the industry has found its 'ideal' workforce. This workforce, whose social profile is shaped by geographical provenance and mobility, is not only well-suited to meet flexible industrial requirements, but also reproduces the conditions for its own casualisation.

## V. PRODUCTION AND LABOUR—THE NON-FACTORY REALM

The Delhi garment industry makes a very consistent use of ancillary activity, which further increases the decomposition of the product cycle. In particular, Delhi exporters rely on one specific type of ancillary task; namely, embroidery. This is due to the fact that, unlike other centres in India, Delhi specialises in ladies' wear production, which requires high levels of what exporters refer to as 'embellishment' (Ambedkar Institute of Labour Studies, 2005). Embroidery is not simply a 'forward linkage' of the industry, as reported in given accounts (see, for instance, Krishnamoorthy, 2004), but rather an integral part of the product cycle. Through embroidery, in fact, the unit cost to the buyer of one garment can even be doubled. Lal (2004) reports that, in Okhla, the total cost of low-end products without embroidery is, on an average, 73 rupees; it becomes 125 rupees after embroidery takes place.

The 'embellishment network' belongs to the non-factory-based realm of production. Non-factory-based labour, though often 'invisible' in the supply chain, represents a consistent share of the Delhi garment workforce. In fact, exporters report that they need three embroiderers for each tailor employed in their factories (AEPC-Delhi, interviews; Delhi exporters, interviews).

In the context of the 'embellishment network', three types of embroidery can be distinguished; computerised embroidery, machine embroidery and hand embroidery. Computerised embroidery is very capital-intensive, and generally carried out by specialised



operators, of which there are not many in Delhi. Units decentralise their orders to these operators, who own specific machines called 'heads'. This type of embroidery may be carried out inside the factory only in larger industrial set-ups. The industry mostly relies on machine and hand embroidery. The exporter delegates the 'management' of machine and hand embroidery to specific agents, called 'vendors', who generally specialise in either of these two tasks (AEPC-Delhi, interviews; Delhi exporters, interviews; Delhi sub-contractors, interviews).

Machine embroidery takes place in units resembling the structure of the old artisanal *mahallas*. Here, a group of workers live and work, under the supervision of the proprietor of the unit, who not only owns the machines, but also participates in the production process by exploiting his own work. The types of hand embroidery used in Delhi are mainly *adda*-work and *moti*-work. *Adda*-work is a particularly intricate type of embroidery, realised on a traditional Indian handloom, the *adda*, generally used by Muslim communities. This type of work is traditional in the region of Bareilly, in UP. *Moti*-work, or beading, is the process through which glass beads are attached to different type of patterns or designs, which may be realised by way of either computerised or machine embroidery (Delhi vendors, interviews). The following analysis focuses on machine and hand embroidery, which are more important in the Delhi product cycle.

The labour force employed in machine embroidery units is not very different from that employed in garment units. Also in this case, the majority of workers are adult male migrants from UP and Bihar (Delhi vendors, interviews; machine embroidery units, visits). In hand embroidery, instead, the labour landscape is segmented across further lines of social differentiation, wherein elements such as age, the 'rural-urban divide' or gender enter into the picture.

*Adda*-work is a scarce skill in Delhi, as it does not traditionally come from the city. The few *adda* units based in Delhi use migrant child labour, mainly from Bihar, to facilitate cost minimisation. In fact, a child worker can be paid half the wage (generally based on piece rate payments) of an adult worker. In this case, age-based wage differentials are used to avoid increases in production costs to the vendor, and therefore, indirectly, to the exporter and to the global buyer. Bihari working children arrive in Delhi through various connections, generally in groups managed by one local *thekedaar* (*Adda* units, visits; *Adda* units' proprietors, interviews).

Delhi *adda* units are generally only utilised to cope with 'urgent' deliveries to the buyers and for sampling. However, according to the exporters, the largest share of *adda*-work, does not take place in Delhi, but rather 'in the villages'. The villages that exporters refer to are placed around Bareilly, the traditional site of *adda*-work. Vendors decentralise '*adda* orders' from Delhi to these villages through a network of local sub-vendors. The visit to one of these villages, which I will call D., under the guidance of the factory manager of one big Delhi exporter, revealed that production was carried out by household labour.

Households own the looms, and receive threads and beads from the vendors, and work on a more or less continuous basis for six days a week. They consider Sunday their 'day off'. The husband organises the family unit by distributing the work among the various family members, his wife and children (Village of D., visit; D. vendors, interviews). Cost minimisation here works clearly through the exploitation of rural-urban and factory-household labour wage-differentials. Moreover, in and around Bareilly, *adda* is an 'abundant' skill; it belongs to 'local tradition', and is hardly seen as innovative. However, arguably, in its use by the 'modern' garment sector, it is innovative indeed, though its value is fully appropriated by the exporter,

who becomes the point of contact between Indian craft and global production.<sup>10</sup>

*Moti-work* is instead realised through a network of female home workers. The vendor distributes the garments to different homes in and around industrial areas in the NCR. Beading, considered a 'small job' at the bottom of the employment ladder, is a 'female' task. Generally, groups of women work together in one of their homes or in the home of the contractor. Children, both boys and girls, can be seen working with their mothers (Delhi vendors, interviews; Home workers, informal discussions). In this case, the minimisation of cost is clearly realised by the way of exploiting gender-based wage differentials.

In the 'embellishment network', the last node of 'global' garment production, the use of different types of informal workers is 'ideal' to minimise the costs related to different tasks. Also in this case, as already seen in the factory realm of production, the social profile of the workers employed crucially determines the ways in which they are incorporated into the product cycle. In fact, this social profile determines workers' entitlements/lack of entitlements to participate in given segments of the labour market, also setting how and how much they will be paid.

The Indian garment proletariat is socially regulated by different social institutions and structural differences such as mobility, geographical provenance, age, rural-urban differences and gender. On the one hand, many of these institutions and differences are already considered as 'social structures of accumulation' of the Indian informal economy (Harriss-White, 2003). On the other hand, their subsumption into neo-liberal global garment production provides them with new meanings and roles.

## VI. FROM LABOUR INFORMALITY TO LABOUR INFORMALISATION

In 1994, McDonough, Reich and Kotz proposed their theory of the social structures of accumulation (SSA) to make sense of the different stages of capitalist development. According to this theory, which contributed to the debate regarding the economic restructuring of the 1970s, capitalism experiences a boom when sustained by a specific social norm, a 'social structure' enabling the process of accumulation. Harriss-White (2003) applies the SSA framework to the 'India of the 88 per cent', that is, rural and small town India. In particular, Harriss-White identifies given social institutions which are crucial in shaping accumulation patterns in India, and which, therefore, appear as 'social structures of accumulation' at work in the sub-continent. These structures are the state, the structure of the labour force and of social classes, gender, religion, caste and space.

If the SSA approach shows, in its original formulation, given limitations, mainly linked with a certain structuralist and functionalist vision of capitalism and, arguably, history (see Amin, 1994), the application of this approach to the Indian case provides interesting insights. In particular, this approach seems to account for the informal nature of the Indian economy, wherein 87 per cent of the Indian workers find their jobs (NCEUS, 2007).

The case of the Delhi garment industry, reviewed in this paper, highlights the relevance of what is also discussed by Harriss-White with reference to major urban centres; that is, 'metropolitan' India. As a matter of fact, one should consider Delhi garment production both an urban and a rural reality, given the strong interconnections between different spatial locations of the production process. The 'embellishment' network, in particular, links a 'modern' industrial cluster with a rural artisanal one, with potentially important implications for the development of the rural economy, a point which deserves further exploration.

As the dichotomy between what is 'urban' and what is 'rural' comes loose, so does that

between 'formal' and 'informal' segments of the production process.<sup>11</sup> On the one hand, sub-contracting practices connect formal and informal production processes. On the other hand, the formality of the production process does not necessarily entail the formalisation of labour relations. In fact, also the formal realm of production employs informal, temporary (in this case migrant) labour. Labour relations are multiple and combined through complex solutions, which exist over very different geographical, industrial and non-industrial, urban and rural, formal and informal domains. In this scenario, as spelt out by Bernstein (2007, p.7), the explicatory role of fixed notions of 'worker', 'peasant', 'trader', 'employed' and 'self-employed' should be questioned. Many of these notions must be combined together in order to understand the structure of what Davies (2006) calls the new 'informal proletariat', and what Rigg (2006) refers to as 'new' poverty cycles.

Moreover, as Indian social structures of accumulation are projected into the global arena, their meaning changes profoundly. These structures trespass the boundaries of the local economy and are subsumed into the global economy, becoming transnational modes of exploitation, which fill the regulatory gaps opened by neo-liberal policies. As such, these structures are very effective in strengthening the subjugation of labour to capital both locally and globally.

This process of subsumption reinforces the informality of the Indian economy, while providing this informality with a new regulatory role, which may still find its roots in 'old' local traditions, but which now aspires to mediate 'new' ways to make and remake labour cheap in the 'global' economy, directly participating in the contemporary processes of working class formation. This process of subsumption signals the shift from informality to a broader process of informalisation of labour. In Delhi, this process acquires specific modalities; namely the 'migrantisation' of factory workers and the 'home-workisation' of value addition.

By the way of the process of informalisation of labour, the global garment commodity chain connects Indian distinct 'labourers' to the neo-liberal capitalist architecture. It must be noted that these 'labourers' may have very different relations to the means of production, and to subsistence. UP and Bihari migrants diversify their livelihoods between the urban and the rural space; UP household labour, though still 'unfree' in the Marxian sense, that is not separated from the means of production, is subjected to the capitalist labour relation by way of its stable incorporation into the product cycle. It is an 'unfree' as well as a disguised form of wage labour.<sup>12</sup> Indeed, the case of the Delhi garment industry provides empirical support to what is argued by Jairus Banajee (2003) at the theoretical level, namely, that contemporary capitalism involves the exploitation of more or less coerced/free forms of wage labour, 'unfree' labour, and even the integration of the peasant family into the capitalist production process.

The increasing informalisation of labour in the age of neo-liberal globalisation is fully coherent with the logic at the basis of the 'labour-unfriendly regime', no less than global outsourcing or the construction and mainstreaming of the 'comparative advantage' rhetoric. In fact, it responds to the same functioning principles, that is, appropriating labour as a source of value while obscuring the ways in which this process unravels, through old and new devices, at once.

## VII. CONCLUSION

The rise of neo-liberalism in the 1980s signalled, at once, the end of the 'labour-friendly' regime and the shift from the 'development project' to the 'globalisation project'. Neo-liberal globalisation triggered the transnationalisation of production, determining the formation of what today are known as GCCs. Developing countries became the production nodes of these chains, first focusing on manufacturing assembly, then providing the fully manufactured product

to global producers or buyers. The formation of GCCs, it was argued here, determined a deepening of the labour-unfriendly regime, by way of determining a profound disarticulation between production and labour. While production is increasingly projected into the global arena, the labour process is highly localised. In particular, local suppliers in developing countries must resolve the problem of making and remaking labour cheap, actively constructing their 'comparative advantage' in order to remain successfully incorporated into GCCs.

The garment industry was one of the first industries to be internationalised, moving manufacturing facilities to East Asia. However, arguably, it became 'globalised' only by the late 1970s, when its reach expanded to an increasing number of countries. This was due to the EOI consensus imposed by the neo-liberal agenda as well as to the imposition of the MFA. The global garment commodity chain touched down in India by the 1980s, where it still clusters around a given number of local areas. The 'globalisation' of Indian garment production is paralleled by the spread of informal production and labour practices. The largest shares of value added and employment are generated by the informal sector of production. By looking at the case of the Delhi garment sector, this paper showed how these processes unravel, shaping very specific industrial organisation solutions and labour regimes. In Delhi, the 'localisation' of the labour regime takes place by way of the social regulation of labour.

The relevance of the social regulation of labour in the Indian informal economy is stressed by Harriss White (2003) with reference to rural and small town India. Specifically, Harriss-White argues that, here, accumulation patterns are shaped by given 'social structures of accumulation'. The case of the Delhi garment industry also supports the relevance of this framework in the context of metropolitan India. This industry is characterised by a highly complex labour process, socially regulated by mobility, geographical provenance (especially where it entails high levels of poverty), age, gender and the rural-urban divide. This regulation guarantees, at once, the minimisation of labour costs and of potential labour unionisation. However, the case presented here exposes the limitation of crude dichotomies between what is 'urban' and 'rural', 'formal' or 'informal', a point raised theoretically by Bernstein (2007) and Davies (2006), and by Rigg (2006) with reference to 'new' poverty cycles.

Moreover, as Indian social structures are subsumed into neo-liberal global production, their meanings change profoundly. They become transnational modes of exploitation, which fill the regulatory gaps opened by neo-liberal globalisation due to its tactic of disengagement with labour. They strengthen capital's hold on labour both locally and globally. This process of subsumption signals the shift from labour informality to the informalisation of labour. In Delhi, the modalities with which this process unravels are the 'migrantisation' of factory labour and the 'home-workisation' of value addition. In particular, in Delhi, the process of informalisation connects together different forms of waged labour and self-employment. This supports Banajee's (2003) argument that contemporary capitalism entails the simultaneous incorporation and exploitation of forms of more or less 'free' or 'unfree' labour. Like global outsourcing or the comparative advantage rhetoric, the process of informalisation of labour is part and parcel of the current 'labour-unfriendly regime', as it also serves the scope of hiding the multiple ways in which the exploitation of labour by capital can take place.

### Notes

1. On the crisis of Keynesianism, the reader can refer to Saad Filho (2007). See also Saad Filho and Johnston (2005).
2. The Fordist system of production, which was dominant during the Keynesian era, was an industrial paradigm based on the mass production of standardised products.
3. Household-based artisanal workshops.
4. Workshops.
5. A full list of Indian industrial clusters can be found in UNIDO (2005).
6. Industrial units are also spread across multiple residential pockets in the city. According to Lal (2004) garment units can be found in Govindpuri, Kalkaji, Chittaranjan Park, Lado Sarai and Garhi (in south Delhi), Sadar, Karol Bagh, Anand Parbat, Patel Nagar, Moti Nagar, Shadipur and Nanakpura (in central Delhi), Laxmi Nagar, Shahdara, Usmanpur, Gandhi Nagar, Mauzpur and Patparganj (in eastern Delhi), and Mayapuri, Naraina, Uttam Nagar, Tilak Nagar, Rajouri Garden, and Wazirpur (in western Delhi).
7. This estimate is obtained by matching the estimates of the 55th Round of the NSS and CSO data for the period 1999-2000. See Singh and Kaur Sapra (2007).
8. The famous Bombay mills generated what is still considered the biggest strike in Indian history. In 1982, textile unions, led by the trade unionist Datta Samant, called for a strike, which lasted over a year. On that occasion, around 2,50,000 textile workers lost their jobs (see Gupte, 2004).
9. Since the 1970s, for instance, lockouts called by employers started outnumbering strikes called by the unions (Datt, 2002).
10. DeNicola highlights this issue with reference to the Bagru printing industry, where exporters appropriate the innovativeness of printers' work thanks to their privileged access to final markets (DeNicola, 2003; 2004; 2005).
11. The increasing fainting of the rural-urban divide is discussed by Breman (1996).
12. Other studies raise the issue of disguised wage labour in rural labour markets in developing countries. Sender and Johnston (2003), with reference to South Africa, discuss how the wage relation in rural African markets can be disguised in many ways. See also Sender, Oya and Cramer (2006).

### References

- AEPC (2002), *Directory of Apparel Exporters*, Apparel Export Promotion Council, New Delhi.
- (2004), *Handbook of Export Statistics*, Data from 1983-2003, Various Issues, Apparel Export Promotion Council, New Delhi.
- Alam, G. (1992), *Industrial Districts and Technological Change: A Study of the Garment Industry in Delhi*, Centre for Technological Studies, New Delhi, (mimeo).
- Ambedkar Institute of Labour Studies (1980), *Problems of Clothing Industry in India—A Trade Union View*, Report presented at the International Labour Organisation's Second Tripartite Technical Meeting for Clothing Industry, Geneva, September 23–October 2.
- (2005), *Textile and Clothing Industries in India and Phasing out of MFA—A Study Report*, Internal Report, Mumbai.
- Amin, A. (1994), *Post-Fordism—A Reader*, Blackwell Publisher Ltd., Oxford.
- Appelbaum, R.P. (2005), *TNCs and the Removal of Textile and Clothing Quotas*, Global and International Studies Programme Paper No. 38, University of California, Santa Barbara, UNCTAD, New York and Geneva.
- Bair, J. (2005), "Global Capitalism and Commodity Chains: Looking Backward, Going Forward", *Competition and Change*, Vol. 9, No. 2, pp. 163-80.
- Banajee, J. (2003), "The Fictions of Free Labour: Contract, Coercion, and So-Called Unfree Labour", *Historical Materialism*, Vol.11, No. 3, pp. 69-95.
- Bernstein, H. (2007), "Capital and Labour from Centre to Margins", Keynote Address for *Conference on Living on the Margins, Vulnerability, Exclusion and the State in the Informal Economy*, Cape Town, March 26-28, [http://www.povertyfrontiers.org/ev\\_en.php?ID=1953\\_201&ID2=DO\\_TOPIC](http://www.povertyfrontiers.org/ev_en.php?ID=1953_201&ID2=DO_TOPIC), accessed on October 29, 2008.
- Blake, S. (1993), "Shahjahanabad: The Sovereign City in Mughal India 1639-1739", *Cambridge South Asian Studies*, Cambridge University Press, Cambridge.

- Breman, J. (1995), "Labour Get Lost: A Late Capitalist Manifesto", *Economic and Political Weekly*, Vol. 30, September 16, pp. 2294-300.
- (1996), *Footloose Labour: Working in India's Informal Economy*, Cambridge University Press, Cambridge.
- Castells, M. and Portes, A. (1989), "World Underneath: The Origins, Dynamics and Effects of the Informal Economy", in A. Portes, M. Castells and L.A. Benton, *The Informal Economy: Studies in Advanced and Less Developed Countries*, John Hopkins University Press, Baltimore, pp. 11-37.
- Chari, S. (2004), *Fraternal Capital: Peasant-Workers, Self-made Men, and Globalisation in Provincial India*, Permanent Black, New Delhi.
- Datt, R. (2002), "Industrial Relations—The Menacing Growth of the Phenomenon of Lockouts", in R.K. Sen (ed.), *Indian Labour in the Post-Liberalisation Period*, K.P. Bagchi & Company, Kolkata.
- Davies, M. (2006), *Planet of Slums*, Verso, London.
- DeNicola, A.O. (2003), "Mediating Design, Manufacturing Tradition: Innovation in Bagru's Print Industry", in S. Singh and V. Joshi (eds.), *Institutions and Social Change*, Rawat, New Delhi, pp. 88-105.
- (2004), "Designing: Imagining Tradition", Excerpt from *Creating Borders, Maintaining Boundaries—Traditional Work and Global Markets in Bagru's Hand-Block Textile Industry*, Ph.D. Thesis, Syracuse University, New York.
- (2005), "Working through Tradition; Experiential Learning and Formal Training as Markers of Class and Caste in Indian Block Printing Industry", *Anthropology of Work Review*, Vol. 2, No. 2, pp. 12-16.
- Gereffi G. and Ramaswamy, K.V. (2000), "India's Apparel Exports: The Challenge of Global Markets", *Developing Economies*, Vol. 28, No. 2, pp. 186-210.
- Gereffi, G. and Korzeniewics, M. (1994), *Commodity Chains and Global Capitalism*, Praeger Publishers, Westport, Connecticut.
- Gibbon, P. (2001), "Globalisation, Present-day Capitalism, Commodity Chains", in J. Degenbol-Martinussen and L.S. Lauridsen (eds.), *Changing Global and Regional Conditions for Development in the Third World*, Occasional Paper 21, Graduate School, International Development Studies, Roskilde University, Roskilde, pp. 21-32.
- Granovetter, M. (1985), "Economic Action and Social Structure: The Problem of Embeddedness", *American Journal of Sociology*, Vol. 91, No. 3, pp. 481-510.
- Gupte, V. (2004), *Trade Union Movement in India: A Brief History*, Mill Mazdoor Education Trust, Mumbai.
- Harriss-White, B. (2003), *India Working—Essays on Society and Economics*, Cambridge University Press, Cambridge.
- (2008), *Rural Commercial Capital-agricultural Markets in West Bengal*, Oxford University Press, Oxford, pp. 334-229.
- Jenkins, R.; Pearson, R. and Seyfang, G. (2002), *Corporate Responsibility and Labour Rights—Codes of Conduct in the Global Economy*, Earthscan Publications, London.
- Kotz, D.M.; McDonough, T. and Reich, M. (1994), *Social Structures of Accumulation: The Political Economy of Growth and Crisis*, Cambridge University Press, Cambridge.
- Krishnamoorthy, S. (2004), *Structure of the Garment Industry and Labour Rights in India—The Post MFA Context*, Centre for Education and Communication, New Delhi.
- Lal, T. (2004), *Diagnostic Study, Report and Action Plan for the Ready-made Garment Cluster*, SISI Okhla, Government of India, New Delhi.
- Lerche, J. (2007), "A Global Alliance against Forced Labour? Unfree Labour, Neo-liberal Globalisation and the International Labour Organisation", *Journal of Agrarian Change*, Vol. 7, No. 4, pp. 425-52.
- Mezzadri, A. (2007), "The Limitations of Corporate Social Responsibility in the Garment Sector in India: A Case Study from Delhi Industrial Area at the End of the Multi Fibre Agreement", in *At the Crossroads: South Asian Research, Policy and Development in a Globalised World*, SDPI and Sama, Karachi.
- NCEUS (2007), *Report on the condition of work and Promotion of Livelihoods in the Unorganised Sector*, National Commission for Enterprises in the Unorganised Sector, New Delhi.
- Raikes, P.; Friis Larsen, M. and Ponte, S. (2000), "Global Commodity Chain Analysis and the French Filière Approach: Comparison and Critique", *Working Paper*, Centre for Development Research, Copenhagen.
- Rani, U. and Unni, J. (2004), "Unorganised and Organised Manufacturing in India, Potential for Employment-generating Growth", *Economic and Political Weekly*, October 9, pp. 4569-80.

- Rigg, J. (2006), "Land, Farming, Livelihoods, and Poverty: Rethinking the Links in the Rural South", *World Development*, Vol. 34, No. 1, pp. 180-202.
- Roy, T. (1999), "Traditional Industry in the Economy of Colonial India", *Cambridge Studies in Indian History and Society*, Cambridge University Press, Cambridge.
- Saad Filho, A. (2007), "Monetary Policy in the Neo-liberal Transition: A Political Economy Review of Keynesianism, Monetarism and Inflation Targeting", R. Albritton, B. Jessop and R. Westra (eds.), *Political Economy and Global Capitalism: The 21st Century, Present and Future*, Anthem Press, London, pp. 89-119.
- Saad-Filho, A. and Johnston, D. (2005), *Neo-liberalism: A Critical Reader*, Pluto Press, London.
- Sender, J. and Johnston, D. (2003), "Searching for a Weapon of Mass Production in Rural Africa: Unconvincing Arguments for Land Reform", *Journal of Agrarian Change*, Vol. 4, No. 1-2, pp. 142-64.
- Sender, J.; Oya, C. and Cramer, C. (2006), "Women Working for Wages: Putting Flesh on the Bones of a Rural Labour Market Survey in Mozambique", *Journal of Southern African Studies*, Vol. 32, No. 2, pp. 313-33.
- Silver B.J. (2003), "Introduction", in *Forces of Labour, Workers' Movements and Globalisation since 1870*, Cambridge University Press, Cambridge, pp. 1-40.
- Silver, B.J. and Arrighi, G. (2000), "Workers North and South", in L. Panitch and C. Leys (eds.), *Socialist Register 2001*, Merlin Press, London, pp. 51-74.
- Singh, N. and Kaur Sapra, M. (2007) "Liberalisation in Trade and Finance: India's Garment Sector", in B. Harriss-White and A. Sinha, A. (eds.), *Trade Liberalisation and India's Informal Economy*, Oxford University Press New Delhi, pp. 42-127
- Singh, N.; Kaur, R., and Kaur Sapra, M. (2004), *Continents Wide and Layers Deep: Gendered Labour Process and Garment Industry in the Times of Restructuring*, National Council of Applied Economic Research (NCAER), New Delhi.
- UNIDO (2005), "List of SME Industrial Clusters in India", <http://www.smallindustryindia.com/clusters/clus/indsme.htm>, accessed on October 29, 2008.
- Unni, J. and Rani, U. (2008), *Flexibility of Labour in Globalising India, The Challenge of Skills and Technology*, Tulika Books, New Delhi.
- World Bank (1993), *The East Asia Miracle: Economic Growth and Public Policy*, University Press, Oxford.

## Appendix 1

Table A1

### Region-wise Share (%) of Garment Export from India (Quantity and Value)\*

<i>Year</i>	<i>Quant.</i>	<i>Value</i>	<i>Quant.</i>	<i>Value</i>	<i>Quant.</i>	<i>Value</i>	<i>Quant.</i>	<i>Value</i>	<i>Quant.</i>	<i>Value</i>	<i>Quant.</i>	<i>Value</i>	<i>Quant.</i>	<i>Value</i>	<i>Quant.</i>	<i>Value</i>
1989	12.43	5.42	30.21	40.46	39.49	37.31	10.89	9.25	4.40	5.08	0.79	0.43	0.47	0.45	1.33	1.59
1990	14.75	6.62	29.17	40.64	38.84	36.12	10.48	8.80	4.32	5.63	0.59	0.23	0.81	0.71	1.05	1.25
1991	14.97	8.02	29.16	39.05	36.96	33.76	11.59	10.41	4.41	6.35	0.71	0.26	1.05	0.93	1.16	1.23
1992	17.65	9.72	29.29	40.27	33.03	29.75	11.94	11.08	4.26	5.86	1.03	0.42	1.41	1.45	1.38	1.45
1993	20.91	10.9	28.87	41.21	30.73	27.49	11.38	10.74	4.26	6.21	0.93	0.38	1.69	1.69	1.23	1.38
1994	19.72	9.53	30.33	41.63	30.67	27.13	10.68	11.30	4.23	6.11	0.91	0.63	1.58	1.74	1.88	1.91
1995	20.48	11.08	29.72	40.05	30.2	26.77	9.90	10.04	4.60	7.13	1.16	1.01	1.56	1.99	2.38	1.93
1996	22.2	11.88	29.14	37.48	29.71	29.72	9.45	9.44	4.30	6.81	1.15	0.51	2.00	2.40	1.95	1.67
1997	22.92	12.69	29.4	36.6	27.63	27.64	9.65	10.16	4.05	6.97	1.43	1.00	2.44	3.04	1.87	1.66
1998	25.87	12.57	26.86	36.71	27.17	27.72	9.05	9.73	4.19	6.94	1.76	1.07	2.51	3.17	1.85	1.56
1999	26.08	13.38	24.94	34.57	28.08	29.13	8.86	9.51	4.44	7.13	2.11	1.45	2.29	2.76	1.79	1.56
2000	28.20	13.85	26.27	36.27	23.57	24.39	9.12	10.08	5.06	8.49	2.76	1.74	2.67	3.11	1.64	1.68
2001	30.30	16.48	26.28	35.26	20.68	20.52	8.23	10.45	6.79	10.83	3.56	1.99	2.76	3.29	1.26	1.15
2002	28.87	15.79	29.81	38.35	19.93	19.89	7.32	8.90	8.01	11.92	2.27	1.06	2.51	2.97	1.30	1.13
2003	30.62	16.88	28.30	37.56	18.60	18.32	7.98	9.59	8.92	13.09	2.15	0.82	2.08	2.49	1.36	1.27

*Source:* Handbook of Export Statistics, AEPC, Various issues; \*Quantity/Value expressed as % of total quantity/value exported from India.