Labour regimes in the Indian garment sector: capital-labour relations, social reproduction and labour standards in the National Capital Region

Report of the ESRC-DFID Research Project 'Labour Standards and the Working Poor in China and India'

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The research project team consisted of Jens Lerche (principal investigator) and the following co-investigators: Dae-Oup Chang (SOAS), Terry McKinley (SOAS), Alessandra Mezzadri (SOAS), Pun Ngai (Hong Kong Polytechnic University and Peking University), Ravi Srivastava (JNU). Lu Huilin (Peking University), Lui Aiyo (Peking University) and Henry Bernstein (SOAS) were also part of the team.

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Introduction *Alessandra Mezzadri and Ravi Srivastava*

The objective of this report is to analyse labour standards and working and living conditions of garment workers in India's National Capital Region (NCR), also known as Greater Delhi. Inspired by a 'labour regime' approach, this is done within the context of capital-labour dynamics in the garment industry as well as in relation to wider issues of social reproduction at different levels of analysis. A labour regime often is seen simply as 'firm-level forms of labour recruitment and use' (see Bernstein, 2007), hence primarily linked to the labour process. However, for the scope of this report, we adopt a wider definition. On the one hand, we view a labour regime in line with Michael Burawoy's 'factory regime' approach (1985) and his 'extensive case study method' (1999). Burawoy argued that the 'factory regime' of an industry involved the entire spectrum of wider social relations relevant to the specific capital-labour relations. This meant understanding the international as well as the national sets of relations of which the industry was part: not simply relations *in* production (within a factory), but also relations *of* production broadly defined. This definition exceeds one only focused on the 'labour process' and includes the relevant wider capital-labour dynamics affecting the sector and the country. On the other hand, we also view a labour regime as crucially shaped by the relation between productive and reproductive realms, in line, for instance, with what argued by Pun and Smith (2007) in their study of employers-run labour dormitories in China.

The report also analyses differences in production and labour relations within the sector. These relations might differ from enterprise to enterprise, depending on issues such as ownership of the enterprise, the size of production, whether the enterprise is part of a subcontracting chain and where in the chain it is located, the specific product, and whether the enterprise produces for export or for the domestic market.

In India, textile production, i.e. spinning, weaving, fabric preparation, and tailoring, has a long, emotive and important history. Historically, textile production was linked to the development of Indian Ocean trade; to colonisation; and to the anti-colonial struggle. After independence, it also became linked to the development of an independent manufacturing sector led by powerful elites, while parts of it were 'reserved' for small-scale industries in order to protect employment generation. The development of the 'modern' readymade garment industry in India started only in the 1960s and until a decade ago, national legislation had in fact reserved garment-making for small-scale production units.

Internationally, garment production also has a complex history. It has been progressively organized in global commodity chains (GGCs) and global production networks (GPNs). Heavily labour-intensive and 'buyer-driven' (see Gereffi, 1994), it has been the object of

multiple processes of relocation across different geographical areas. International regulations also contributed to the reproduction of an industry dominated by small-scale production, at least until the mid-2000s.

After liberalization gained momentum in the 1990s, the growth of the garment export sector in India has been paralleled by an unprecedented growth of domestic markets for readymade clothing. As production has expanded both nationally and internationally, the Indian garment sector has employed an increasingly large pool of workers, particularly in large industrial hubs, like the National Capital Region (NCR). This is the case study reviewed and analysed by this report. A number of previous studies, mainly focused on export (e.g. Singh and Kaur Sapra, 2007; Mezzadri, 2008, 2010; Barrientos et al 2010) have shown that the main employment trend is that of informalisation of labour. However, crucial questions are: what does this process mean for workers? How does it affect wages, social security entitlements, and patterns of social reproduction? What is the difference between export and domestic production with regard to labour standards, working conditions and living conditions? To what extent has the industry changed with the deepening of processes of liberalization in national and international contexts, and to what extent has this affected workers? How are issues of regulation currently being addressed, at both national and international level, and with what implications, if at all, for workers' livelihoods? By deploying a labour regime approach, informed by capital-labour relations and patterns of social reproduction, this report is focussed on these questions, in relation to different categories of working poor engaged in garment work in the NCR. While many aspects of the conditions and trends concerning informalised labour in India are known (see, among others, NCEUS (2009) and Srivastava (2012)), issues such as these have yet to be explored properly.

Our initial mapping of the garment sector in the NCR reveals that the industry is spread across more organized, 'formal' production segments and more 'peripheral', informal segments. We focus on different firms and 'spaces of work' as the main entry point to study labour conditions and labour standards. This is done in different ways in the three chapters of the report. Chapter 1 analyses changes of the garment labour regime in the NCR, focusing on capital-labour dynamics at different levels of analysis, and looks at labour relations, recruitment and use from the point of view of capital, primarily garment employers and agents, but also buyers and other key actors. Hence, this chapter looks at labour 'through the eyes of capital'. Chapter 2, which presents the results of the main fieldwork, based on a survey of over 300 workers, does the opposite. It investigates garment capital-labour relations and livelihoods based primarily on workers' questionnaire interviews, but also framed by a detailed analysis of sector data and informed by interviews with key stakeholders and garment employers and agents. The sample of workers surveyed is carefully designed by taking into consideration different 'spaces of work' in terms of unit size, location, markets, gender, and type of employment. The firm is used as a prism through which to study working conditions and labour

standards as reported by workers sampled across 35 different enterprises. Building on Chapter 2, Chapter 3 focuses on 'peripheral labour', i.e., on workers at the very margins of the NCR industrial formation. Also here the analysis is based primarily on workers' questionnaires, and illustrates the implications of different 'spaces of work' for working conditions and standards as reported by workers themselves. While depicting working conditions, information obtained from workers also illustrates the functioning of different types of firms and enterprises. Hence, if Chapter 1 looks at labour primarily 'through the eyes of capital', Chapters 2 and 3 look at capital primarily 'through the eyes of labour'. In illustrating the features of peripheral labour, Chapter 3 also attempts to operationalize Henry Bernstein's (2007) concept of 'classes of labour' (see also Lerche, 2010).

Each of the chapters engages with regulations and labour standards in different ways, and adopts different entry points for the study of the sector. In particular, Chapter 1 reflects on the deepening of the politics of social compliance in the sector, and on its 'nationalisation', as India-centric forms of social compliance have begun to emerge. Chapter 2 discusses crucial issues of national regulation, in relation to both employment and social security. It presents a detailed list of current labour laws, and illustrates current changes likely to affect labour relations and standards in the future. Chapter 3 returns to the issues of international standards, especially the current push for codes of conduct targeting homeworkers, and it highlights the limitations of these initiatives.

The findings presented here depict a sector that, in the NCR area, is going through profound processes of transformation. Although we base the findings on data relating to the all-Indian garment sector, our conclusions are limited to the NCR. There are major differences between the different garment producing areas in India, regarding product specialisation, the kind and size of capital operating in the area, the kind of workforce that historically has been available, the size of production units, how the workforce is policed, and so forth. See Mezzadri (2009; 2014b) for a detailed analysis. The Delhi area is dominated by production of ladieswear, which involves a number of highly specialised activities and short production runs compared to activities such as T-shirt or Jeans production. Both merchant and industrial capital operates in the NCR and the size of capital varies significantly. The workforce is overwhelmingly male and composed of circular migrants. Compared to the high level of self-employment in the sector elsewhere in India (with around 70% of the garment workforce in India being self-employed), this segment is not as significant in Delhi. However, the NCR draws on forms of home-based labour from satellite centres, particularly in UP, where the bulk of embroidery production is carried out. In these centres, rates of self-employment are higher (see for instance Mezzadri 2014a).

Some of the specific findings for the NCR indicate that: 1) production chains and networks are restructuring, and domestic production is increasingly articulated with export networks; 2) the top layer of the industry, which may even have benefited from the

financial crisis, is consolidating production and trying to increase the deployment of women workers; 3) the non-factory sector, composed of informal workshops, also appears to be expanding; 4) capital is increasing its push towards 'flexibilisation', and has arguably reached significant flexibility in relation to the labour process; 5) recruitment is increasingly complex, with contract labour--whose primary aim is to disguise the employment relation and discipline workers--present in multiple forms (and aided by regulatory changes further favouring contracting) and informalised direct hiring also becoming widespread; 6) take-home wages (not including social security) show no significant difference across firms and spaces of work of different size, location and market orientation, i.e. in export or domestic markets; 76) social security entitlements accrue to 55 per cent of all workers in the factory segment of the industry, primarily located in larger factories; but extremely high levels of labour turnover across all factories and workshops makes access to these entitlements nearly impossible; 8) peripheral workers are highly vulnerable, primarily due to their lack of access to regular employment, with women homeworkers remaining at the very bottom of the employment ladder, and own-account work (or self-employment) is increasingly linked to domestic markets; 9) daily social reproduction is characterized by harsh living conditions in the NCR for almost all categories of workers, without access to local welfare and citizen rights and it involves different patterns of migration and complex, multi-local livelihoods more or less disconnected to land; 10) unionization is non-existent and while some local bargaining activities do take place, most workers have little faith in unions or political parties to address their grievances and improve their working and living conditions.

Each chapter outlines distinctive conclusions based on the specific analyses and the aspects of the labour regime examined. The picture that emerges is not a reassuring one for workers in the garment sector in India. Labour standards *in practice*, i.e. the actual working and living conditions of labour in the sector, are generally not acceptable, although there is some degree of difference across the segments of the industry. This finding suggests the crucial need for forms of interventions and policies significantly different from those that have been implemented so far.

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1. Labour Regimes in the Garment Sector in India: Global, National, & Local Conditions of Competition & Capital Dynamics[1] *Alessandra Mezzadri*

1.1 Introduction and Methodology

In this first chapter, the formation and establishment of a specific labour regime in the garment industry in the NCR is analysed with reference to capital dynamics and the overall labour trends that are shaped by such dynamics. Hence, the analysis will provide initial insights into the labour regime dominating the industry *through the eyes of capital*. More specifically, the scope of the chapter is intended to analyse and unveil the broader conditions of competition in which the garment labour regime of the NCR is located, at global, national and local levels.

For this purpose, the analysis will focus on 1) the global and national conditions of competition and capital-labour dynamics in which the industry is embedded; 2) the local conditions of competition within the NCR as a particular context within the overall Indian experience; 3) the evolution of capital differentiation and the structuring of different supply chains in the NCR following the end of the quota system and the financial crisis; 4) the broader implications of these transformations for labour, again taking into consideration different spheres of analysis; and 5) some key changes in the regulatory framework within which capital in the industry operates, potentially affecting overall industrial relations and the formulation of labour standards in the sector. In relation to this last point, emphasis will be given to current changes in the politics of labour standards, dictated by the development of a national discourse on corporate social responsibility (CSR) in India. A detailed discussion of employment trends and national labour regulation will be presented in Chapter 2, which also offers the findings of the

[1] This part of the study received research support from Ravi Srivastava, who was the co-investigator for the whole India study, and from Anns Isaac and Shrinivas Pandey. The interview checklist was prepared jointly with Ravi Srivastava. The initial interviews as the basis for this chapter were carried out in the NCR by the author, Ravi Srivastava, Anns Isaac, and Srinivas Pandey. A second round of interviews was carried out by the author between April 2012 and September 2013. Jens Lerche has extensively commented and assisted in the evolution of this study at every stage, including the preparation of this report. Feedback and comments received from the core team members, and discussants and participants in the four workshops held in India, China and London are also gratefully acknowledged. The author would like to thank all informants who gave their time and support in various ways.

main fieldwork exercise focused on workers in the more organized, 'formal' segments of the industry.

While drawing on secondary studies of the industry, this chapter also relies on field-based interviews, informal talks and engagement with industrialists, business associations, global buyers, domestic retailers, and other key players and informants in the sector. The interviews with employers—particularly with large ones—enabled us to develop an understanding of the changing scenarios of global and national competition, how they affect the industry and in turn how this related to transformations in employers' strategies and tactics, potentially impacting upon the labour force. Information on the different garment employers and agents interviewed is presented in Table 10.

Other important key informants were government officials, such as Labour Commissioner Office representatives and top-level members of the Apparel Export Promotion Council (AEPC); representatives of labour organisations, unions, and/or civil society groups; global buyers and their regional corporate social responsibility offices; and some other agents and intermediaries who are also part of the very complex structure of the industry. Access to two key Indian garment retailers also provided important insights, especially concerning the structure of India's vast domestic markets, and their increasing links with export. While the enquiry primarily relied on individual interviews with each informant separately, different observation techniques were also utilised. In particular, our participation in several garment export fairs and workshops organised by business associations in Delhi was important in shedding light on what the industry now lobbies for, and what it considers as key issues in relation to labour, in addition to highlighting important differences across employers.

Interviewing garment employers and buyers has never been easy, and is now increasingly difficult due to intensifying global competition, the numerous sweatshop 'scandals' that have hit the industry, and, more simply, 'survey fatigue'. In the last decade, this has possibly been the most surveyed sector in India. Despite difficulties in access, the suspicion with which at times informants answer questions, and the limited information they are willing to openly discuss, an engagement with capital in this complex, labour-intensive sector is necessary to understand some of the general trends shaping its labour regime. In particular, crucial information on differences in labour deployment, recruitment and use across different types of employers can highlight different challenges for the working poor across different production segments and markets. Moreover, the employers' somehow 'forced' engagement with corporate labour norms in this industry most likely also substantially structures its labour regime, although not necessarily in ways that can be defined as pro-labour. As discussed at the end of this chapter, there is currently a process of intensification and diversification of the politics of social compliance in the industry.

In the rest of the report, the general information analysed here is articulated with findings of the main fieldwork exercise, which focused on structured questionnaires with workers in different production units and industrial segments, hence shifting the emphasis from capital to labour in order to investigate the firm-level dimension of the labour regime. The sample of employers interviewed for the purpose of this first chapter is quite diverse, as it aimed at representing different layers of the industry and discussing changes occurring in the last decade, in a post-quota and post-crisis scenario. The correspondence between *some* employers in the sample presented here (in Table 10) and workers responding to structured questionnaires is discussed in Chapter 2. In that chapter, Annexure 1 summarises the profile of the garment companies whose workforce has been sampled.

1.2 The garment industry in India

a) Global and sector-specific conditions of competition in garment production

The nature of the garment industry as a 'global' industry dominated by footloose capital and complex, multiple patterns of regionalisation is crucial in crafting its particular labour regime. Undoubtedly, the garment industry is one of the most globalised industries in the world. A crucial labour-intensive industry since the beginning of the 20th century (Howard, 1997), it has gone through numerous processes of industrial relocation. Production systematically declined in more advanced capitalist economies at the end of the 1960s (Frank, 2003). By the late 1960s and early 1970s, the industry was organised in a complex network of importing and exporting countries, whose reach progressively expanded during the neoliberal phase, which saw a generalised shift towards Export Oriented strategies of Industrialisation (EOI).

The East Asian economies, the first to fully embrace EOI (Jenkins, 1991), 'used' garment as well as other types of light-manufacturing to fuel their national development plans, significantly banking on international wage-differentials. By the late 1970s, as the region experienced unprecedented levels of growth, the partial erosion of such differentials would lead to a second, wider process of industrial relocation. In the context of this second geographical shift of the industry, many Latin American countries became garment exporters, as well as other regions in South East Asia, South Asia, and, crucially, China, which today 'owns' a huge share of the world market (see Gereffi, 1994; Ramaswamy and Gereffi, 2001; Mezzadri, 2008).

Table 1.1 Leading Asian Exporters of Textile and Garments within Top 15, 2013

Country	Exports 2013 $ Billion	Imports 2013 $ Billion	Net exports 2013 $ Billion	Share of world exports 2013 (%)	Share of world exports 2000 (%)	Rank in top 15 2013
China	177.4	5.3	172.1	38.6	18.2	1
Bangladesh	23.5	0.3	23.2	5.1	2.6	3
Hong-Kong Re-export	21.1	16.4	4.7	n/a	n/a	n/a(1)
Hong-Kong domestic exports	0.2	n/a	n/a	0	5	n/a
Vietnam	17.2	0.7	16.5	3.7	0.9	4
India	16.8	0.5	16.3	3.7	3	5
Indonesia	7.5	0.6	6.9	1.7	2.4	7
Cambodia	5.1	n/a	n/a	1.1	0.5	9
Malaysia	4.6	1	3.6	1	1.1	10
Pakistan	4.5	n/a	n/a	1	1.1	11
Sri Lanka	4.5	n/a	n/a	1	1.4	14
Thailand	4.1	0.8	3.3	0.9	1.9	15
All Asia	274	-	-	58	46	-
World	460	-	-	100	100	-

Source: WTO data on gross export. Original table from Thoburn (2010: 31), here updated from WTO (2014).

In Asia, by 2013, the top 5 garment exporters were, respectively, China, Hong Kong, Bangladesh, Vietnam, and India (see Table 1.1). However, data hardly capture the whole picture, due to the increasing spread of 'triangle manufacturing'; i.e., the process whereby first tier garment exporters further outsource production to a second, 'younger' tier of exporting economies. Well documented with reference to East Asian early garment exporters (Ramaswamy and Gereffi 2001), this process is still on-going, leading to a complex picture of 'new' regional outsourcers in the global economy and the rise of giant regional contractors (Appelbaum, 2008, Merk, 2014). Unsurprisingly, China is today fully involved in this process, drawing into its massive regional network both Asian countries as well as some 'new' countries in the Middle East (Appelbaum, 2008; Azmeh and Nadvi, 2013). For instance, Chinese garment capital is present in Cambodia, where also Korean garment firms have established a stronghold (Asia Monitor Research Centre, 2014). A recent study by Azmeh and Nadvi (2013) also highlights investment of Chinese firms in the Jordan garment sector.

Table 1.2 Other ('Minor') Asian Exporters of Garments, 2000 and 2013

Country	Exports 2013 $ Billion	Share of world exports 2013 (%)	Share in Economy of Total Merchandise Exports 2013 (%)	Exports 2000 $ Billion	Share of world exports 2000 (%)
Cambodia	5.1	1.11	54.8	0.97	0.49
Japan	0.52	0.11	0.1	0.53	0.27
Korea	2.1	0.46	0.4	5.03	2.54
Macao	0.09	0.02	7.8	1.85	0.93
Malaysia	4.59	1.00	2	2.26	1.14
Myanmar (2006)	0.44	0.10	3.9	0.80	0.40
Philippines	1.56	0.34	2.7	2.54	1.28
Singapore (with 2013 re-exports of $ 1.1b)	1.27	0.28	0.3	1.83	0.92
Taiwan	0.89	0.19	0.3	3.02	1.52
Sub-total	16.56	3.60		18.81	9.49
World	460	100	2.5	198.2	100

Source: WTO data on gross export. Original table from Thoburn (2010: 31), here updated from WTO (2014).

Hence, reliable data on the actual participation in world exports of what Thoburn (2010) defines as 'minor' garment exporting countries (see Table 1.2) is marred by the great complexity of the new governance patterns of the industry, which increasingly rely on regional, and not simply 'global', processes of outsourcing and subcontracting, and are linked to the considerable expansion of domestic markets in emerging economies (on issues of regionalism in the industry see also Arnold and Pickles, 2011; on the financial crisis see also Alcorta and Nixson, 2011). Moreover, with reference to 'minor' exporters--among which we note the emergence of new players like Myanmar, whose exports now officially appear in WTO statistics--it should be noted that while the contribution to world exports might be negligible, the contribution of the sector to the national economy as a share of total exports could be significant, such as in the case of Macao, and obviously in Cambodia (see Table 2), which, arguably, cannot really be considered a 'minor' centre anymore. The role of garment export production in the early stages of national growth and employment generation for Asian, low-income economies still seem very relevant.

b) Conditions of competition at national level

At a national level, the garment industry in India is characterised by different regional labour regimes, linked to multiple industrial trajectories and local routes of entry into garment making (Mezzadri, 2014c). Despite its long history of colonial and post-colonial trade in textile and fabrics, and the widely acknowledged relevance of its mills sector in national economic development (e.g. Chandavarkar, 1992), India significantly 'entered' the 'modern' global garment market only towards the 1980s (Ramaswamy and Gereffi, 2001). As a share of world exports, India's contribution first peaked in 2000, when it had reached 3.5%. After a brief period of decline experienced in 2007, by 2011 both international WTO data as well as Indian data suggest a return to 2000 figures (Table 1.3).

Table 1.3 India's share of World Exports, apparel & clothing accessories, US $ million

Year	World	India	India's share (%)
1970	109	-	-
1975	308	-	-
1980	32,365	590	1.8%
1985	38,718	887	2.3%
1990	94,577	2,211	2.3%
2000	201,379	7,093	3.5%
2007	364,118	9,930	2.7%
2008	378,415	10,968	2,9%
2009	332,366	12,005	3.6%
2010	369,600	11,229	3.0%
2011	432,555	14,672	3.4%

Source: Author's adaptation from Table 7.5 of the Economic Survey 2010-2011 and 2012-13

It should be noted that the primary markets for Indian garments are increasingly diversified, although former 'quota countries' still represent their main destination (Table 1.4). Within the latter category, and adopting a country-based analysis, India exports primarily to the US. However, once we adopt instead a region-based analysis, the European Union appears as the primary destination for Indian goods.

This is an important consideration, as European markets are more diversified and segmented, and large high-street chains co-exist with myriad smaller boutiques and stores that reflect a large spectrum in consumers' taste. Besides, compared to other countries, India has developed a comparative advantage in the provision of highly diversified, 'embellished' garments, a point stressed by global buyers outsourcing from different exporting countries in both South and East Asia. Knitted and 'crocheted' garments and accessories represent over half of total garment exports from India (Table 1.5).

Table 1.4 Region-wise destinations of Indian garments, 2000-2010

Region	Category	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	% Growth 2010-11/2009-10	%Share 2010-11 in India's total RMG imports
European Union(27)														
	Knitted	3.42	4.7	1.25	1.45	2.4	4.47	6.13	11.41	15.19	11.93	17.88	49.87	9.11
	Woven	2.2	1.04	2.98	2.75	5	10.01	12.47	23.31	28.12	17.43	32.43	86.06	16.51
	Total RMG	**5.62**	**5.74**	**4.23**	**4.2**	**7.4**	**14.48**	**18.6**	**34.72**	**43.31**	**29.36**	**50.31**	**71.36**	**25.62**
South Asia														
	Knitted	0.41	1.84	1.25	2.05	1.35	1.84	1.73	2.51	4.16	3.61	12.3	240.72	6.26
	Woven	4.3	5.81	3.73	12.8	6.48	8.72	9.71	13.94	14.92	13.53	32.64	141.24	16.62
	Total RMG	**4.71**	**7.65**	**4.98**	**14.85**	**7.83**	**10.56**	**11.44**	**16.45**	**19.08**	**17.14**	**44.94**	**162.19**	**22.89**
Other CIS Countries														
	Knitted	0		0.04		0.01	0.01	0	0.02	0	0.17	0.02	-88.24	0.01
	Woven	0.02		0.03		0	0.01	0.01	0.01	0.02	0.01	0.01	0.00	0.01
	Total RMG	**0.02**		**0.07**		**0.01**	**0.02**	**0.01**	**0.03**	**0.02**	**0.18**	**0.03**	**-83.33**	**0.02**
GCC														
	Knitted	0.05	0.5	0.24	0.44	0.08	0.14	0.28	0.50	0.70	0.33	0.75	127.27	0.38
	Woven	0.02	1.31	0.18	1.36	0.14	0.31	0.83	0.81	2.24	0.30	1.03	243.33	0.52
	Total RMG	**0.07**	**1.81**	**0.42**	**1.8**	**0.22**	**0.45**	**1.11**	**1.31**	**2.94**	**0.63**	**1.78**	**182.54**	**0.91**
North America														
	Knitted	0.13	0.61	0.12	0.32	0.51	0.72	0.66	0.67	1.07	1.8	2.94	63.33	1.50
	Woven	0.57	0.96	0.41	0.38	0.59	1.81	1.89	1.44	1.62	1.42	1.87	31.69	0.95
	Total RMG	**0.7**	**1.57**	**0.53**	**0.7**	**1.1**	**2.53**	**2.55**	**2.11**	**2.69**	**3.22**	**4.81**	**49.38**	**2.45**
Others														
	Knitted	2.72	3.5	5.26	6.66	6.44	10.15	16.16	22.97	30.16	26.16	49.49	89.18	25.20
	Woven	7.81	15.91	8.47	10.49	10.29	18.63	23.86	35.18	40.55	30.82	46.01	49.29	23.43
	Total RMG	**10.53**	**19.41**	**13.73**	**17.15**	**16.73**	**28.78**	**40.02**	**58.15**	**70.71**	**56.98**	**94.5**	**65.85**	**48.12**
India's Total RMG		**21.65**	**36.18**	**23.96**	**38.70**	**33.29**	**56.82**	**73.73**	**112.77**	**138.75**	**107.51**	**196.37**	**82.65**	**0.05**
Total Textile (50-		**1170.48**	**1531.89**	**1641.23**	**2016.61**	**2234.83**	**2673.91**	**2757.07**	**3246.6**	**3474.74**	**3361.46**	**4090.59**	**21.69**	**1.11**
Total India's Import		**50536.46**	**51413.29**	**61412.13**	**78149.11**	**111517.44**	**149165.73**	**185604.10**	**251562.26**	**303,696.31**	**288,372.88**	**369,769.13**	**28.23**	

Source: AEPC, 2013a, Handbook of Export Statistics

Table 1.5 Garment articles & accessories exported from India (quantity, thousands*)

Commodity	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-10	2010-11
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CORCHETED	986339.34	841873.65	1051036.58	1132129.08	1159968.03	1,513,898.07	1426109.77	1350701.68
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	898249.03	791849.9	1305452.9	1063273.15	933949.69	1,141,833.63	1128402.83	1234608.05
Total RMG (61+62)	**1884588.37**	**1633723.55**	**2356489.48**	**2195402.23**	**2093917.72**	**2,655,731.70**	**2,655,731.70**	**2,585,309.73**
Total Textile (52-63)	**5339698.89**	**5198739.99**	**6697913.1**	**7410318.54**	**7969241.27**	**7662189.36**	**8585831.97**	**9421348**

Source, AEPC, 2013a, *Handbook of Export Statistics*. * Items.

Within the EU bloc, India has a rather privileged trade relation with the UK, which is India's primary garment importer. Hence, although 'modern', readymade garment production in India is primarily a post-colonial economic activity; its export, as in many other cases, does possibly reflect old colonial trade ties. Other important destinations for Indian garments are Germany, The Netherlands, Italy, and Spain. Since 2010, Eastern Europe seems to have also become an important market (see Table 1.6). As a matter of fact, the development of new markets has been a crucial strategy for many Indian exporters, particularly after the end of the MFA, when the benefits of full liberalisation have been disproportionally appropriated by China. It should be noted that market diversification could also play a key role with regard to minimising the lean periods of the industry or reducing exposure to risks. Risks are particularly high when exporters rely on a few markets and/or a few buyers, especially given the paucity of long-term commercial agreements and the predominance of short-term and volatile business relations.

Overall, one should note that the sector does not seem to have been impacted tremendously by the global financial crisis; however, as argued later on, aggregate data conceal very different trends, whereby some actors have been actually affected in a substantial way while others might have even benefitted from tightening competition (Table 1.3). By the same token, the overall impact of the global economic meltdown on India is not easy to assess (e.g. Srivastava, 2014a).

Table 1.6 India's region-wise apparel export to the European Union (US $ million)

Country	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	% Growth 2010-11/2009-10	% Share 2010-11 in India's total RMG exports
Total	**2,672.76**	**3,914.79**	**3,996.12**	**4,640.94**	**5,423.83**	**5,246.86**	**5,296.47**	**0.95**	47.22
Austria	9.25	12.03	12.92	14.20	14.32	18.26	15.71	**-13.96**	0.14
Belgium	93.76	132.91	167.38	188.50	235.67	213	297.32	**39.59**	2.65
Bulgaria	2.74	2.18	1.66	1.81	1.99	0.8	0.9	**12.50**	0.01
Cyprus	0.96	0.88	0.67	0.61	1.98	1.64	1.3	**-20.73**	0.01
Czech Republic	4.65	5.16	5.98	8.19	10.96	9.75	8.66	**-11.18**	0.08
Denmark	107.49	184.75	194.93	203.85	234.85	240.9	261.98	**8.75**	2.34
Estonia	0.09	0.15	0.32	0.25	0.73	0.51	6.49	**1,172.55**	0.06
Finland	22.89	59.12	32.72	35.78	39.98	35.1	41.49	**18.21**	0.37
France	474.22	639.81	671.07	707.23	787.84	714.71	673.35	**-5.79**	6.00
Germany	450.59	678.68	646.52	861.75	1118.18	1057.63	1052.49	**-0.49**	9.38
Greece	16.57	26.67	23.72	25.43	27.84	21.8	17.5	**-19.72**	0.16
Hungary	7.44	7.47	5.78	3.66	3.21	3.24	3.22	**-0.62**	0.03
Ireland	47.46	64.12	47.32	64.65	85.60	89.82	53.45	**-40.49**	0.48
Italy	291.14	383.41	443.59	424.00	442.80	413.35	402.93	**-2.52**	3.59
Latvia	0.07	0.12	1.00	0.52	0.18	0.57	1.13	**98.25**	0.01
Lithuania	0.06	0.31	0.33	0.42	0.46	0.94	0.69	**-26.60**	0.01
Luxemburg	0.03	0.02	0.05	0.40	0.23	0.23	0.15	**-34.78**	0.00
Malta	0.20	0.33	0.32	0.32	0.21	0.09	0.46	**411.11**	0.00
Netherlands	205.15	293.52	349.80	370.99	430.23	404.75	428.86	**5.96**	3.82
Poland	14.30	21.30	28.08	30.96	44.32	34.58	42.6	**23.19**	0.38
Portugal	10.26	18.80	25.22	26.77	29.49	32.12	33.58	**4.55**	0.30
Romania	1.43	1.20	3.48	7.74	8.65	5.02	4	**-20.32**	0.04
Slovak Rep.	0.75	1.26	3.36	4.44	2.11	2.71	7.7	**184.13**	0.07
Slovenia	1.13	1.72	1.67	2.43	2.40	2.14	4.2	**96.26**	0.04
Spain	209.15	360.54	308.44	367.73	498.83	542.99	540.34	**-0.49**	4.82
Sweden	43.47	73.61	74.28	90.99	108.51	119.24	128.44	**7.72**	1.15
UK	657.51	944.72	945.51	1197.32	1292.27	1280.97	1267.53	**-1.05**	11.30
India's Total App. Export	**6,574.02**	**8,626.69**	**8,894.85**	**9,698.50**	**1,0950.15**	**1,0718.9**	**1,1217.4**	**4.65**	**100.00**
Others	**3,901.26**	**4,711.90**	**4,898.73**	**5,057.56**	**5526.32**	**5472.02**	**5920.88**	**8.20**	**52.78**

Source AEPC, 2013a, *Handbook of Export Statistics*.

The considerations with regard to final markets outlined above are important when matched with an analysis of the type of organisation of production dominating the garment industry in India. As a matter of fact, India is able to engage with highly diversified garment markets on the basis of a highly diversified industrial fabric, characterised by great regional variation. The organisation of garment production in the subcontinent shapes a unique industrial trajectory, primarily relying on clusters of small and medium enterprises (SMEs) (Tewari, 2008; Mezzadri, 2010, 2014a).

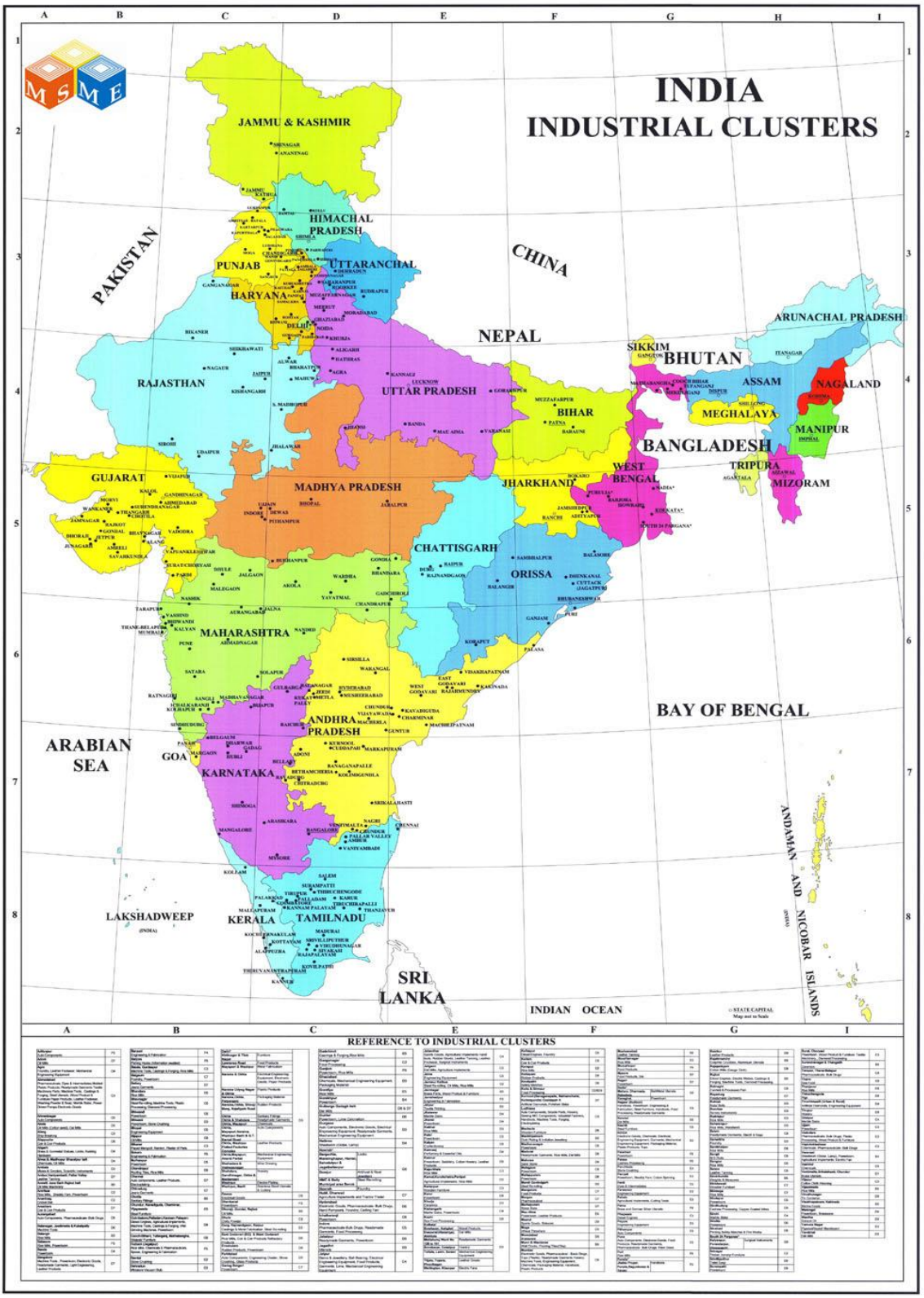
The Apparel Export Promotion Council (AEPC), the Government Body in charge of the allocation of quotas during the Multi-Fibre Arrangement (MFA) and now primarily focusing on issues related to export-promotion, identifies an extraordinarily high number of clusters engaging in garment production today. To a large extent, this is due to a loose definition of what constitutes a 'cluster' as a unit of analysis. In fact, in India, the main criteria of classification used to identify clusters seem to primarily emphasise industrial size as well as geographical proximity. Based on these two criteria, the Indian subcontinent as a whole can be represented as a constellation of both industrial as well as artisanal clusters. Both the United Nation Industrial Development Organisation (UNIDO) and the Ministry for Micro Small and Medium Enterprises (DCSMD) offer comprehensive lists of all clusters operating in India (see DCSMD, 2013, and Figure 1 below; Chapter 3 of this report will expand on the topic of clustering).

Table 1.7 Number of units across key clusters, 2009

Total Units		
Cluster	**Number of units**	**Remarks**
Kolkata	12,291	(Knitting 7291)+(woven 5000)
Mumbai	6,000	Manufacturer+ jobbers (unspecified)
Tiruppur	2,500	(Jobbers 1,500)+ (domestic cum exporters 500)+ (exporters 500)
Ludhiana	2,500	
Indore	2,000	(Manufacturer cum exporters 20-25)+ (manufacturer for domestic market 450-475)+ (jobbers 1,500)
Bellary	1,305	(Big manufacturers 5)+ (trader manufacturer 450) + (jobbers 850)
Jaipur	950	(Garment manufacturing units 250)+ (fabricators 700)
Bangalore	850	(Garment manufacturing units 350)+ (jobbers 500) + exporters 50)
Chennai	650	(Exporters 100)+ (job worker 400) + (Garment manufacturers cum domestic players 150) units 350)+ (jobbers 500)+
NOIDA	750	Export 550 units + domestic 200 units
Gurgaon	675	Export 600 units + domestic 75 units
Okhla	250	(All manufacturer exporters excluding fabricators and embroiderers)
Total	**30,721**	

Source, AEPC, 2009: 10

Figure 1.1 India industrial clusters, map



Source: MSME foundation, http://www.msmefoundation.org/Map.aspx

The industrial clusters engaged in garment production according to the AEPC are Kolkata, Mumbai, Tiruppur, Indore, Bangalore, Chennai, Okhla, Gurgaon, NOIDA, Jaipur, Ludhiana, Bellary, Kanpur, Ahmedabad, Jabalpur, Salem, Erode, Madurai and Nagpur (AEPC, 2009). Although not included by the AEPC in this list, other areas, such as Faridabad, are also mentioned as important developing centres. The extreme fragmentation of production activities is apparent from data on the overall number of garment units. Across the main 19 garment centres mentioned above, we identify 33,400 units. 92% of these units are located in 12 main centres accounting for 85% of total production (Table 1.7).

Table 1.8 Turnover from selected garment clusters, 2009

Cluster	**Turnover (INR million)**			
	Domestic	**Export**	**Total**	**Share of export in total (%)**
Tiruppur	35,000	99,500	134,500	74
Kolkata	112,000	10,000	122,000	8
Ludhiana	56,000	14,000	70,000	20
Gurgaon	7,500	42,500	50,000	85
Bangalore	10,000	40,000	50,000	80
NOIDA	10,000	35,000	45,000	78
Chennai	5,000	20,000	25,000	80
Mumbai	12,600	8,400	21,000	40
Indore	11,400	6,00	12,000	5
Okhla	1,200	6,800	8,000	85
Jaipur	500	6,500	7,000	93
Bellary	2,500	250	2,750	9
Total	**263,700**	**283,550**	**5,477,250**	**52**

Source AEPC, 2009: 15

Unlike what was originally forecast by Appelbaum (2005), small industrial size has not necessarily penalised Indian garment production. Rather, it has reinforced India's comparative advantage in final markets characterised by small-batch production, where SMEs can successfully compete internationally (see Tewari, 2008). Garment clusters have a diversified turnover, with some clusters primarily engaging in export, and others focusing on domestic production, the latter having experienced a boom in recent years (Table 1.8).

According to AEPC data, the main export-oriented clusters are Tiruppur, Gurgaon, NOIDA, Chennai, Bangalore, Okhla, and Jaipur. Export production is significant in Ludhiana and

Mumbai, although domestic production contributes the highest share of turnover. Kolkata, although listed by the AEPC as the main export centre in Eastern India, is primarily a centre for domestic production. Other new important centres for domestic production are Indore and Bellary.

The great regional spread of the industry entails multiple local patterns of product specialisation. These depend upon varying historical industrial trajectories and routes of entry into garment making, and are effectively reinforced by incorporation into established final markets. To some extent, each Indian garment cluster has had its own unique route of entry into garment production (Mezzadri, 2010). However, more generally, one can argue that northern garment clusters capitalised on either their craft legacy (like Delhi and Jaipur) or their role within the colonial textile sector (Kolkata and Ludhiana). Southern garment centres banked instead on their proximity to key cotton centres. In line with such historical roots, the former group, with the exception of Kolkata, gradually specialised in highly 'embellished' products and niche markets. The latter group, composed by much 'younger' garment centres, specialised instead in volume-based production, ranging from T-shirts (Tiruppur) to basic-wear of different types (see Ambekar Institute of Labour Studies, 2005; Mezzadri, 2014c).

While past industrial trajectories crucially determined pathways into export, they also influenced domestic specialisation. Also, relatively new domestic centres have owed their entry into garment making to their particular regional location. Bellary, for instance, the current 'jeans capital' of India, also slowly developed its product specialisation on the basis of proximity to fabric centres. Jeans production evolved from an initial specialisation in soldiers' uniforms (AEPC, 2009).

Indeed, the presence of highly diversified global and domestic markets in the garment industry allow for endless organisational and industrial possibilities. Hence, while a 'global' approach to the industry helps to identify some of its common features – such as its evolution within the world-system, its role in early national development plans, and its progressive organisation into a complex global network with different rising regional 'poles'- this approach must still be tempered by a more nuanced understanding of its diverse regional articulation across and within countries. The National Capital Region (NCR), the case studied here, has very distinctive features and conditions of competition within the overall Indian case.

C) The NCR within the India case: industrial structure, capital dynamics and recent trends

Within the overall India national garment labour regime, the NCR epitomises a specific *regional* labour regime, based on high degrees of industrial complexities and--we shall see later on--multiple kinds of 'labour'. The NCR is a vast metropolitan area (in territorial terms, the largest in the world), stretching from Delhi city to the outskirts of the neighbouring states of Uttar Pradesh

(UP) and Haryana.[2] Although the AEPC now classifies Okhla (inside Delhi city), NOIDA (in UP), and Gurgaon (in Haryana) as separate 'clusters', these areas are effectively tightly interlinked, and many employers own manufacturing units across all of them. Moreover, other areas are also crucial for the functioning of the local industry as a whole. In particular, Faridabad (which is only mentioned by the AEPC as a key area in terms of processing plants for the industry) also hosts a considerable number of units, and, crucially, the Delhi headquarters of what is possibly by now the largest garment employer of the NCR, here called 'Shawl'. Evidence of this type of spatial organisation, and of the links across these 'clusters' is well-documented in the literature (Singh and Kaur Sapra, 2007; Mezzadri, 2008; Barrientos et al, 2010; Mezzadri, 2014a). Websites of major garment companies, often listing the overall number of units owned, may or may not indicate the actual location of these units across these areas. However, interviews with garment companies in the NCR confirm these arrangements. In some cases, even less sizeable companies own units across multiple industrial areas.

While the great majority of garment companies in the NCR would be classified as micro, small and medium enterprises (MSMEs), it is worth highlighting how this classification can cover multiple, different economic realities. The Government of India (GoI) classifies micro, small and medium enterprise on the basis of investment. According to the Development Commissioner for Micro, Small and Medium Enterprises (DCMSMEs: see the website of the Development Commissioner at http://www.dcmsme.gov.in/ssiindia/defination_msme.htm), a micro enterprise does not exceed 2.5 million rupees in investment in plants and machinery and 100,000 rupees in investment in equipment. The investment in plant and machinery of a small enterprise must range, instead, between 2.5 and 50 million rupees, and its investment in equipment should be between 100,000 rupees and 20 million rupees. Any enterprise whose investment in plant and machinery and investment in equipment range respectively between 50 and 100 million rupees and 20 and 50 million rupees is classified as medium. Hence, technically, a large enterprise is anything above levels of investment characterising a medium enterprise.

However, while useful, this classification misses out on turnover. A very small company working for top-end global buyers in high fashion might have a very high turnover and a very low number of machines and/or units or workers. Moreover, in instances where multiple units are registered as separate entities, even a fairly large manufacturer could 'disappear' behind a constellation of MSMEs. As mentioned earlier, this practice is quite widespread among garment manufacturers, and made possible by the high labour-intensity of the industry, the separability of different segments of the production process, and, ultimately, the specialisation of the NCR in highly 'embellished' clothing products. In fact, interviews with global buyers in the NCR clarifies that Delhi and the NCR are considered the main centre for garments involving high levels of value-addition and craft-based features like embroidery, crocheting or printing, which are already, in general, the key features shaping the comparative advantage of the Indian garment industry (as discussed in Table 1.5).

[2] The total area of the region is 33,578 sq. km with a total population of 22.157 million

Within the NCR, a high degree of industrial fragmentation is due to a variety of factors. First of all, since the 1990s, the industry had started leaving its original site of production, Okhla, inside Delhi city, due to concerns over its polluting impact. It is in the context of this shift that the industry relocated to the industrial areas of NOIDA, in Uttar Pradesh, and Gurgaon, in Haryana, while also reaching other areas such as Faridabad. Moreover, until the early 2000s, the Indian government 'reserved' the sector for SMEs, in order to protect employment generation. The politics of industrial reservation went on unchallenged until the New Textile Policy in 2000. In the context of this new policy, the woven sector was finally de-reserved, followed in 2005 by the knitwear sector (Singh and Kaur Sapra, 2007). Arguably, industrial fragmentation was also reproduced through the politics of allocation of quotas during the MFA period, which, until the end of the 1990s, also favoured the ownership of multiple units over that of large, integrated manufacturing set-ups (Mezzadri, 2010).

By combining together the number of units and turnover registered by the AEPC in 2009 (data in Tables 1.7 and 1.8), the NCR appears to be comprised of around 1,650 units, primarily, albeit not only, engaged in export.

Table 1.9 Number of units and turnover across selected NCR garment areas (AEPC estimates)

Cluster	Number of units	Type	Turnover Export	Turnover Domestic	Turnover Total	Share of export in total (%)
Okhla	250	(All manufacturer exporters excluding fabricators and embroiderers)	1,200	6,800	8,000	85
NOIDA	750	Export 550 units + domestic 200 units	10,000	35,000	45,000	78
Gurgaon	675	Export 600 units + domestic 75 units	7,500	42,500	50,000	85
Total	1,650	Export 1150 units + domestic 275 units	18,500	84,300	104,000	

Based on Tables 1.7 and 1.8 above

The number of units indicated above is likely to be a huge underestimate. Effectively, exporters had the duty to register with the AEPC under the MFA. After its expiry in 2005, many still register for business promotion activities, participation in national and international garment fairs and export-promotion activities, and/or to keep a sectoral institutional platform with which to deal with the government. However, registration is far less significant than it previously was during the quota system. Moreover, subcontractors are not registered (nor were they before), and only those domestic producers who think they might benefit from an engagement with the AEPC are likely to be represented in the list. This is not a minor issue when it comes to the credibility of estimates, as both subcontractors and domestic producers represent a very significant share of total production.

It should also be noted that recent AEPC estimates on the number of units are substantially lower than the previous recorded estimates. By 2005, the AEPC itself reckoned that the number of units in Delhi and around it could be set at least at around 3000-4000 (Mezzadri, 2008). Looking at NSSO data, Singh and Kaur Sapra (2007) indicated the presence of as many as over 30,000 garment units active in the northern region by the early 2000s. They highlighted that around 90% of them were located in the NCR. An update on aggregate data in the NCR in the last decade will be presented in Chapter 2, which will also take employment trends into consideration.

If a reduction in the number of recorded units might have something to do with the changing role of the AEPC, one should not completely underestimate the transformations triggered by the post-quota era. In fact, during the MFA, estimates were most likely inflated, as many exporters recorded multiple companies in order to access multiple quotas. Moreover, the lack of incentives for manufacturing capital until the 1990s meant that the presence of merchant capital in the industry was widespread (Mezzadri, 2010). Field findings suggest that the number of 'merchant-exporters' – previously very substantial in the 2005 AEPC list – might have in fact significantly declined. Effectively, in the context of full liberalisation, it seems that the typologies of companies and agents active in the industry have gone through a complex process of diversification.

With reference to export, originally (until 2005, see AEPC, 2002) the main two categories of reference proposed by the AEPC were 'manufacturer-exporters' and 'merchant-exporters', but now one can observe a possible further split in the category of merchant-exporters. Interviews with garment companies, buying houses, and buying agents of various types held in Delhi (complemented by numerous informal talks, participation in two All-India garment fairs and a garment business association conference) suggest this possibility, and indicate the presence of multiple categories of actors crowding the quite loosely defined category of merchant-exporters. Since full liberalisation, there is an increasing presence of large buying houses, engaged in garment and other exports or businesses. These large intermediaries can work with both small and medium garment manufacturers and with small and medium buying houses only focusing on garments and clothing accessories. Moreover, some small buying houses have acquired manufacturing capacity and/or entered the domestic market in order to diversify their business and survive.

At the same time, manufacturing capital is also going through some transformations, particularly in relation to market segments, manufacturing capacity, and, crucially, relations with the domestic market. Any attempt at trying to sketch the current economic stratification within the category of manufacturer-exporters should definitely take into consideration the fast development of the domestic market. Until 2005, garment manufacturers and even subcontractors working for export markets did not generally engage in domestic production, because it was not considered profitable due to low volumes and insecure market rates. Instead, today, the domestic market constitutes a viable alternative for some manufacturers, for different reasons. According to some manufacturers, it is becoming a lucrative new business option.

According to others, it provides a cushion against economic shocks affecting the international market. Interviews indicate that this strategy has evolved in response to increasing volatility in the export market, particularly after the 2008 global financial crisis.

An exhaustive mapping of India's domestic market could not be undertaken by this study. In fact, this market is very complex and diversified, and possibly even more 'localised' than the export market. Also, many of the areas where fieldwork took place still seem to be export-oriented. However, interviews with two key players in the domestic market and with the AEPC have provided crucial information for an initial sketch. Access to these players is generally extremely difficult, as they represent India's large capital conglomerates, or indeed famous domestic brands. Indeed, this project benefited greatly from the insights shared by these actors. Some of this information, particularly in relation to interplays between global and regional actors, was further confirmed by exporters, business associations, and by media reports and newspaper articles. It should be also noted that a review of aggregate data across export and domestic markets also indicates interesting findings. This will be presented in Chapter 2.

According to two key players in the domestic markets, the 'organised' segment of this market (note that the two players interviewed can be considered as part of this segment) seems to represent around 8-15% of the total market. Notably, this organised segment is increasingly 'retail-led', in the sense that it is dominated by actors organising production as retailers. They do not necessarily own manufacturing capacity, but instead use suppliers located in various parts of India. One of these players, which we will call here FarEast, is the clothing branch of a giant Indian retail conglomerate. The other, Fabindia (real name), is a renowned Indian brand and retailer pioneering the 'fair-trade' model in the subcontinent.[3] Many other Indian brands, such as Pantaloons, for instance, follow the retail model; however, there are also some important outliers. These are primarily companies linked to the textile sector, such as Arvind Mills, or Madura garments. These actors have catered to the Indian domestic market for longer, due to their textile-producing activities. Until 2005, they were not significantly involved in export; they were already focused on the domestic market. However, since then, they have tried to develop some export linkages, in order to seize the opportunities offered by liberalisation.

A second production segment within the Indian domestic garment market is based on 'small units'. The largest of all segments according to our informants, it is composed of myriads of small unregistered units. It caters to an incredible number of final markets scattered across India, thanks to a dense network of intermediaries and local merchants. This segment can easily intertwine with export through several channels. First, even if technically domestic oriented, this segment can sell its goods to intermediaries who then engage in export. Already by 2005, for instance, trade with non-quota countries was organised by local merchants organising production across small units working for the domestic market (Mezzadri, 2009).

[3] It should be noted that several famous domestic players started off as exporting companies. See for instance the history of Fabindia (see Singh, 2013). The managing director of FabIndia agreed to be named in this section of the report.

Secondly, some of these domestic units can work as subcontractors for exporters as well as for domestic manufacturers. As a matter of fact, the end of the quota-system is likely to have severed export market access for many of these units, which could have continued surviving, however, by selling to India's many domestic traders. This second layer is indeed the most 'fluid' market segment, and possibly the most difficult to map. A third market segment of the Indian domestic market is composed of tailor-based production, still catering to a very large group of customers. Neighbourhood-based and highly localised, this third segment represents, according to our informants, around 30-40% of the total market. According to Fabindia managing director, William Bissell, this segment is becoming smaller in large urban conglomerates, where instead the second market segment is expanding rapidly, given changes in consumer taste and practices. It should be noted that the second market segment of the Indian domestic market provides manufacturing capacity to its top 'organised' segment. In this sense, the latter can be defined as 'organised' only with reference to its distribution network, which is composed of multiple shops, a presence in department stores, and in some cases, even exporting under own branding. Organisation does not refer to production; it does so only for the few manufacturers coming from the mills sector.

On the basis of 1) what is discussed above, 2) detailed qualitative interviews with 30 garment companies, buying houses and garment workshops/intermediaries working as subcontractors (Table 1.9 [check]); and 3) numerous interactions with business associations and informants in the sector, one can identify the following (loosely defined) categories of actors inhabiting the garment sector in the NCR today:

1) *Large buying houses, engaged in garment and other exports/business*

   Acting as giant intermediaries in a vast number of sectors since the end of the MFA, these actors have increased their presence in the garment industry. Some among the largest are in turn linked to global corporate capital. One example is FSC (Future Supply Chain Solutions Ltd.) founded in 2007 and partially financed by the Hong Kong colossus Li & Fung. In the NCR, the local arm of Li & Fung was caught in a scandal in 2010, when it refused to pay a number of Indian exporters following the collapse of the German clothing giant KarstadtQuelle, which had placed orders via the large buying house. The increasing presence of these actors in the sector can potentially indicate the move towards trends compatible with what is observed in East Asia (see Appelbaum, 2008).

2) *Medium/small buying houses only focusing on garments and clothing accessories*

   Greatly heterogeneous in relation to turnover and operations, this segment is particularly relevant in the NCR in relation to connecting medium and small garment manufacturers with the export market. Partially displaced by larger buying houses with regard to mediating market access for larger garment companies, this segment of merchant capital in the industry increasingly caters to the needs of smaller buyers, boutiques and actors that place very variable and relatively small export-orders in the NCR.

3) Buying houses-cum-manufacturers

As a result of the consolidation of production, and of the increasing entry of corporate, large buying houses as key intermediaries in the sector, several smaller buying houses have invested in manufacturing operations, which however, generally constitute a relatively small share of their overall business. Many of these actors are still registered as merchant exporters, despite having pursued some manufacturing investment. It should be noted that before 2005, the opposite trend was observed (see Mezzadri, 2009). Some small manufacturer exporters were in fact registered as merchant manufacturers when practicing high levels of subcontracting, primarily in order to avoid labour inspections. While many of these actors have been wiped out on the basis of changes in competition, this new category of buying houses that have been diversifying their business are replacing them with a quite similar strategy. Overseas connections are particularly crucial for this category of actors to survive.

4) Single traders

This category is still present when it comes to low-market segments and new forms of import-export practices such as online sales. However, this segment is definitely in crisis due to the changes in competition and overall governance of supply chains. Many have started targeting the domestic market in order to engage in more 'disorganised' forms of export, primarily, albeit not only, targeting new markets in Latin America or the Middle East. A practice that is increasingly putting these actors out of business is linked to the request of buyers to return all goods not sold in department stores and/or shops abroad. This is not a strategy buyers can pursue with factories (since they can only increase reject rates) or larger buying houses (which place larger orders and hence have a stronger position within the market), but there is evidence that this strategy is being used against these weaker local intermediaries in order to reduce risks associated with sales.

5) Large manufacturer-exporters only engaged in export

Since 2005, consolidation has gained momentum in the NCR, particularly with reference to what were already larger garment manufacturers. Evidence collected points to the increasing relevance of social compliance in triggering processes of consolidation. Crucially, the consolidation of corporate labour standards, by now a key disciplining tool that impacts upon suppliers (on this issue see De Neve 2009), is heavily used by larger garment companies in order to further strengthen their position as leading players. While issues related to the changing regulatory framework will be addressed in the last section of this chapter, and again in Chapter 2, it is important to initially mention this issue here because it enables us to make sense of one very significant trend which emerged from interviews with garment companies in relation to the impact of the 2008 global financial crisis. Tellingly, some larger exporters have been able to increase their orders during the crisis, with one (Rada) even mentioning the opening up of new factories during the crisis period. It is worth noting that these actors have generally direct relations with global buyers. However, they might also receive orders from larger buying houses.

6) Medium manufacturer-exporters cum domestic-manufacturers

Field findings indicate that this category of actors has emerged following the interplay among different trends, such as a) the rise of the domestic market, b) the increasing uncertainty linked to export for players with limited manufacturing capacity, and c) the increasing cost of export in relation to the rise of compliance measures. Up until 2005, export and domestic production were neatly separated (Mezzadri, 2009). Now, instead, they are increasingly intertwined. Despite having lower rates and smaller volumes, the domestic market is an important safety net for those players who face uncertainty in exporting activities. The expansion of the Indian retail sector, in particular (i.e. of the 'organised' segment of the domestic market, with the emergence of multiple store chains across the country), has provided an important new channel of distribution for the goods produced by these actors, particularly (albeit not only) medium-size garment suppliers. The entry of these actors into domestic supply chains depends on the market segment to which they cater. Those working on top-end export garment markets try to keep the same targets when entering domestic production. Many also aim at opening their own stores in India, or engage in own branding. Those working on average/low-end market segments might instead work with a variety of traders. Also in their exporting activities, they primarily worked with a variety of international (albeit not global) buyers.

7) Small manufacturer-exporters

Small exporters in the NCR might be a highly differentiated category. In many ways, this category of actors shows the limitations of focusing only on industrial size and investment when it comes to classifying garment companies. In fact, small exporters can have a highly variable turnover, depending on their market segment. Some may have very limited manufacturing capacity but focus on very expensive garments, hence realising a high turnover. In this particular market segment, design is everything; the poaching of designs/designers is a quite common practice, and many buyers impose very strict secrecy norms on suppliers, such as locking in workers labouring on new samples and designs in some areas of the factory, and limiting access to anyone else. The resultant designs arrive in the factory locked within a secure briefcase chained to the wrist of an emissary of the brand in question--a practice generally used by museums and galleries when moving work of art. Other types of small exporters, focusing on average-low-end market segments are still present in the NCR. However, they generally either work as subcontractors for larger garment companies (or buying houses, so in either case they have no direct market access), or they focus on heavily embellished goods and work with smaller buyers and boutiques. The most common survival strategy of this category of actors is either centred on developing good/stable relations with a few buyers and/or direct exporters or looking at emerging markets as a basis to minimise risks. In fact, often, a mix of these different strategies is used.

8) Small domestic manufacturers linked to domestic retailers

This is a highly differentiated category. Some actors in this segment were originally involved in export (hence effectively belonged to the above category), but have been pushed out of the

market due to 1) consolidation and declining levels of subcontracting of first tier-larger supplier, 2) their inability to develop good relationship with a few buyers and 3) their inability to focus on profitable, niche market segments. Some other actors have instead always focused on the domestic market. The latter category might produce either western or Indian clothes, such as *kurtis* (Indian shirts), *salwar kamiz* (Indian pyjama twin sets) and *lenghas* (skirts). This category of enterprise is quite difficult to locate, as, unlike many small manufacturers focusing on export or on higher market-segments, these manufacturers are primarily located in residential or commercial areas rather than in easily identifiable industrial enclaves. A significant share of these actors was found in Tuqlakhabad Extension; however, many units were also identified in Sangam Vihar. Field findings indicate that this category might also be involved in some export, primarily via agents and/or showrooms. In Tuqlakhabad one can easily spot a significant number of these showrooms. Many target Middle Eastern markets. Indeed, they are heavily involved with Indian domestic retail chains. In fact, as indicated by one representative of a major domestic retail chain, even large Indian retailers still primarily work with medium-to-small garment factories. This is particularly true in the NCR, where many Indian retailers (as already many international buyers have done) source their 'ethnic', craft-based collections.

9) Vast typology of intermediaries in the domestic market

To an extent, the whole garment sector is inhabited by an extraordinary number of intermediaries and agents. This is particularly true in the NCR, due to product specialisation involving very fragmented product cycles (Mezzadri, 2014a). However, in the domestic market the presence of these intermediaries is undoubtedly much higher, involving also upper market segments, and ultimately clearly revealing some dominant trends in the organisation of domestic supply chains. Specifically, field findings indicate that the 'organised' segment of the domestic market generally either owns or works with local trading houses and service companies, or warehouses. The role of these intermediaries is to act as sourcing departments, collecting all pieces ordered from multiple suppliers. Collection takes place through a dense network of other intermediaries and agents; in short, the domestic market still works primarily according to the logic of a classic putting-out system. By Indian law, and unlike in export, the full name and address of the suppliers must be indicated on garments' tags in retail stores and shops. While this could imply greater transparency than in export, it should be also noted that many times the suppliers indicated are simply the actual sourcing branch of the retailer in question.

Below there is a summarising table of garment production actors interviewed in the NCR, emphasising turnover, production capacity, ownership of machines and workers, specialisation and access to either final markets or superior parties. As briefly mentioned above and in earlier sections, available evidence suggests that there is a very differentiated impact of the crisis on our sample.

Table 1.10 Summary of key features of garment capital analysed

Company/ Type	1) Turnover (FOB)* 2) Production Pieces	Unit number & location	Machines	Workers	Buyers	Crisis impact	Market/ Specialisation
MANUFACTURING CAPITAL, SUPPLIERS							
ANJI Manufacturer	1) 3 crores* 2) 40,000/year	2 (NOIDA)	100	200	Europe (all from Italy)	Affected, only 1 unit active	Export 100% Ladieswear
VIBE Manufacturer	1) 4-6 crores 2) n/a	2 (1 NOIDA, 2 n/a)	120	300-350	Europe	Not affected much, as they focus on value-addition	Mainly export, some domestic Ladieswear
SPARE India Manufacturer	1) n/a 2) n/a	2 (1 Okhla, 1 NOIDA)	200 (Okhla)	200 (total)	Europe	Slightly affected	Export 100% Ladieswear
PREETI APPARELS Manufacturer	1) 5-6 crores 2) 30,000 per month	1 (NOIDA)	150	120-300 workers	Europe and UK	Affected	Export 100% Ladieswear
LIBERTY Manufacturer	1) 4-5 crores 2) 15,000 per months	2 (NOIDA)	150 in one unit	115-150 in one unit	Europe	Affected, but they recovered	Export 100% Mainly Ladieswear, (Unit FOB: 15-30$) Some working-wear
ASIAN CLOTHES Manufacturer	1) 850 crores 2) 150,000/day	21 (Okhla, Gurgaon, Himachal, Jharkhand, Hyderabad)	n/a	25,000	Europe and US	Affected	Export 100% Ladieswear, kidswear, outerwear, soft furnishing
SAROJ Manufacturer	1) 15 crores 2) 60,000/ month	3 (1Tughlaqabad Ext, 2 Loni, UP)	300	400 (total)	Europe	Affected	Export 10% Domestic 90% Sportswear, casualwear, outerwear (for Indian retailer brands)
AKRAM Manufacturer	1) 40 crores 2) 60,000 per month	2 (Gurgaon)	600 (300 in each)	800-900	Europe	Not affected much, thanks to rupee's depreciation	Export 100%
SHAWL Manufacturer	1) 3,100 crores 2) 8 million/ month	40 (7 across NCR, 1 Okhla, 2 Faridabad, 4 NOIDA; 30 in Bangalore, 1 Chindwara-Nagpur, 1 Hyderabad)	6,800 in NCR (2000 & 1500 in Faridabad, 300 Okhla, 3000 in NOIDA altogether)	75,000 (15,800 in NCR; 4300 & 2300 Faridabad, 400 Okhla, 4500 NOIDA total)	Europe, UK & US, in the NCR they focus on UK and Europe; in Bangalore they focus on the US	Increase in orders	Export 100% all renown brands/high street chains All lines; NCR more ladieswear, basics and in Bangalore menswear (Unit FOB NCR $5-30)
RADA Manufacturer		8	4,000		Europe and US	Increase in orders	
NANDINI Manufacturer	1) < 10 crores 2) 30,000/ month	1 (Manesar)	100	n/a (they use many subcontractors)	Europe, UK, Uruguay, Brazil, Argentina	Affected, near bankruptcy	Export 100%, started work for domestic retailer Shining India, plans to open shop Ladieswear & accessories (Unit FOB $ 9-25)

COCOON Manufacturer	1) 6 crores 2) 40,000/ month	2 (NOIDA)	200 (150 & 50)	200 (total)	Europe, US, Brazil, South Africa	Not much affected, thanks to market diversification	Export 100%, Ladieswear mainly, some kidswear (Unit FOB $8-25)
SUPER NOVA Manufacturer	1) 45 crores 2) 400,000/ week	3 (Faridabad, one sampling, two stitching)	700 (across 2 stitching units)	800 (total)	USA, Canada, Europe, UK, India	Affected, they found new buyers to cope	Export 70% Domestic 30% Ladieswear 60% (Unit FOB 7-8$ for export, 5-7$ domestic) kidswear & menswear
KARA Associate Manufacturer	1) 10 crores 2) 60,000/ month	2 (Gurgaon & Manesar)	250 (total)	350 (240 Gurgaon, 110 Manesar)	Europe, UK, US, New Zealand	Affected	Export 100% Ladieswear mainly, some kidswear (Unit FOB $ 9-25)
GIANTCLOTHING Manufacturer	1) n/a 2) n/a	1 (Gurgaon)	90	100	Europe, US, Canada	n/a	Export 100% (but sell export surplus to domestic market) Ladieswear, knitted woollens
MONA CLOTHING (Blackberry) Manufacturer	1) 500 crore (whole brand) 2) 6,000/day	3 (Gurgaon)	300	1,500 (Total)	n/a; they are planning to enter export with own brand	Not affected, doubled capacity during crisis	Domestic 100% (125 own shops plus 900 retail outlets) Men formal wear
LILAC FASHIONS Manufacturer	1) 15-20 crores 2) 3,000 per month	2 (1 Gurgaon, 1 Rajasthan border)	75 (in Gurgaon), 50 (in Rajasthan)	150-300 (Gurgaon)	Europe mainly, also Australia and Brazil	Affected, only 1 unit active (in Gurgaon)	Export mainly, entering domestic arena with store Ladieswear craft-based (Unit FOB 40$/Euros)
MERCHANT CAPITAL/TRADERS, SUPPLIERS							
SARAI SUN Merchant	1)1 million US$ 2)n/a	n/a (works with 20 small suppliers)	n/a	n/a	Europe mainly, small boutiques	Affected, new markets to cope	Export 100% Ladieswear mainly (Unit FOB variable)
AURORA Merchant	1) 50 crores 2) 80,000/ month (as merchant), 6,000 from own factory	1 (plus they work with 20 suppliers with 400-1000 machines)	n/a	200 (employed on shopfloor of own factory)	Europe, UK	Affected by Buyer's bankruptcy in Germany	Export 100% Ladieswear mainly (Unit FOB: $3-80)
F.SERVICES Trading company	1) n/a 2) 270,000/ month traded (warehouse, no manufactures)	Connaught Place	n/a	n/a	FarEast Domestic retailer (which owns them)	Not affected, they expanded	Domestic 100% Craft-based Ladieswear (pieces collected from small units around NCR)
ARTISAN CRAFTS Trading company	1) 600-700 crores 2) n/a, warehouse for domestic retailer Shining India	18 across India (none manufactures)	n/a	295 in Okhla unit (finishing)	n/a; work for export division of domestic retailer Shining India	Not affected	Domestic 100% Ethnic, craft-based wear
SUBCONTRACTORS, VARIOUS TYPES							
LION EXT. Stitching Workshop	1) 2 crore 2) n/a	1 Faridabad (also labour contractor)	150	50-160	n/a	n/a	Works for exporters Ladieswear, kidswear, menswear
ABDU GARMENTS Stitching workshop	1) n/a 2) n/a	4 (Tuqlakhabad Extension)	80 (20 each unit)	n/a	n/a	n/a	Works for exporters n/a
BARHAT ALI Stitching workshop	1) n/a 2) n/a	1 (Sangam Vihar)	15 machines	10-15	n/a	Affected, they entered domestic market	Now works primarily with domestic market Ladieswear

SHALINI FASHIONS Stitching workshopand adda unit	1) n/a 2) n/a	2 (1 stitching, 1 hand-embroidery/adda)	10	8-10 in tailoring unit, 4-5 in adda unit	n/a	Affected	Export mainly but business down, Ladieswear, menswear, kidswear
RAJKUMAR Stitching workshop	1) 0.2 crores 2) n/a	1 (Tuqlakhabad Ext)	12	12	n/a	Affected	Export mainly but business down n/a
GAD Adda workshop	1) 0.25 crores 2) n/a	1 (Tuqlakhabad Ext)	n/a	12-18	n/a	Affected	Export mainly, Ladieswear and menswear
TAWFIQ Adda workshop	1) n/a 2) n/a	2 (Tuqlakhabad Ext)	n/a	40 (20 each workshop)	n/a	Affected	Export mainly Ladieswear
ANAND Printing unit	1) 4 crores 2) n/a	2 (South Ex, Chattarpur)	n/a	40-50	Work only for Indian retailer Shining India	Not affected	Domestic mainly Ladieswear, homewear, accessories
RANA Computerized embroidery	1) n/a 2) n/a	1 (Manesar)	4	n/a	They work for major exporters across NCR	Affected, they work at 70% capacity	Export only Mixed specialisation

Based on fieldwork interviews held in NCR between April 2012 and September 2013; all names anonymised.
Crore: unit in the Indian numbering system equal to ten million.

On the basis of the analysis of the different garment players at work in the NCR today, four general trends clearly emerge:

a. Selective process of Consolidation

Since the end of the MFA and in the aftermath of the financial crisis, a considerable process of consolidation has taken place in the NCR. This process of consolidation concerns only what were already the upper layers of the industrial formation. Increasingly, these actors tower over all other companies across all industrial areas. Larger actors have not been substantially hit by the recession. Larger actors with substantial manufacturing capacity have not been greatly affected by the recession; rather, they might have even exploited the tightening scenario of global competition in order to reinforce their dominant status. On the other hand, crises can indeed precipitate processes of class differentiation, further reinforcing the exclusionary logic of market logics.

b. Informalisation of capital-- still on-going

As consolidation has been a highly selective process, the industry still shows high levels of industrial fragmentation. In particular, as some industrial layers consolidate, others continue surviving exactly due to the opposite process. This is to say that what can be defined as the *'informalisation of capital'* is still a leading feature of the industry with respect to *some* export market segments and the entire organisation of production in/for the domestic market (where, instead, only distribution seems increasingly organised, at least in relation to some upper market segments).

c. The blurring divide between domestic and export chains in the 'middle'

It is increasingly difficult to distinguish neatly between export and domestic market segments with regard to certain categories of actors, namely. those with average/small production capacity, who either cannot survive by only focusing on export (hence use the domestic market as a cushion, a strategy already observed by Tewari, 1999 in relation to Ludhiana), or might have developed good business relations with the 'organised' segment of the domestic market (the rising retail chains) and found profitable new business opportunities. A number of these actors also engage in aggressive 'own branding attempts' (either through opening shops or providing collections to retail stores), but with rather mixed results.

d. Ownership

All the processes of differentiation of capital at work in the industry are not related to any change in the dominant form of ownership, which remains strongly based on family business. Even very large companies whose managerial systems evolved towards clear professionalization (such as hiring highly skilled managers who are not family members) remain private limited companies, with family members in top positions. Only domestic retailers show different forms of ownership; in fact, the largest retailers (and branded manufacturers) are indeed public companies. This is unsurprising since such retailers are in fact often owned by large corporate Indian capital.

1.3 Labour conditions in the garment industry: global, national and regional issues

a) Global conditions of reproduction of the garment labour force

In examining the working conditions charactering the garment labour regime, one can clearly observe that the globalisation of garment production and its increasing reliance on a world-wide network of suppliers has taken place within a framework characterised by the reproduction of precarious employment relations. Historical evidence suggests that even when the industry was firmly based in western countries, it was already characterised by poor working conditions and arrangements (Howard, 1997). The constant geographical relocation of the sector helped the reproduction of these poor working conditions and arrangements; effectively, the industry always moved to find new reservoirs of cheap labour. While from a supply-side perspective this process can be interpreted as aiming at constantly reducing production costs while combating potential organising and unionisation (Frank, 2003), from a demand-side perspective one can appreciate how cost reduction progressively became a core principle in the sector also in relation to the establishment of consumerist practices increasingly based on 'disposable fashion'.

Since its early organisation, the garment industry employed a vulnerable workforce. For instance, in the US in the 1950s and 1960s, the industry was already 'feminised', and primarily employed women from poor backgrounds (Frank, 2003). Following organising attempts by the

International Ladies' Garment Workers' Union (ILGWU), by the late 1960s and early 1970s this workforce was slowly replaced by either Asian (primarily but not only Korean) or Latino immigrants, possibly an even more vulnerable category of workers. These workers were hardly unionised, and often recruited and managed by contracting units managed by owners with similar ethnic background. By the 1990s, Latino immigrant workers had almost entirely replaced Asian workers, while many small garment companies remained owned and managed by Asian capital (Bonacich and Appelbaum, 2000).

This process of change in terms of the social profile of the workforce sought to keep workers cheap and somewhat disposable and was paralleled by the increasing relocation of garment companies abroad, in Asia and Latin America. As argued in the early sections of this chapter, by the 1990s, this process involved minimal levels of FDI, while it relied massively instead on commercial agreements with local suppliers (Appelbaum, 2008). Also the new, non-western garment companies employed significant numbers of women workers in many parts of the world. Evidence suggests that women represent a large share of the garment workforce in Latin America (e.g. Bair and Gereffi, 2003 on Mexico), East Asia and China (e.g. Arnold and Hewison, 2005, Pearson and Kusakabe, 2012; Pun, 2005) and South Asia (e.g. Kabeer and Mahmud, 2004 on Bangladesh, Ruwanpura 2011 on Sri Lanka). At the same time, the use of migrant workers in garment factories has also increased substantially. While in many cases some of these migrants come from rural areas of the same exporting country, in other cases garment companies use border corridors to make use of international migrants coming from poorer neighbourhood countries (e.g. migrant Burmese women garment workers in Mae Sot, Thailand in Pearson and Kusakabe, 2012).

Poor working conditions and arrangement for garment workers worldwide can take a different shape in different national contexts. Moreover, the footloose nature of the industry implies that the actual number of garment workers worldwide is unknown, with tentative estimates varying dramatically. By 2001, Women Working Worldwide (WIEGO, 2004) set the number of garment workers worldwide at 8 million; by 2004, and perhaps more realistically, Wills and Hale (2005) set the number at 40 million. General information on wages and working conditions is generally case specific, and often vague. There is general agreement that overall wages in the sector are low and working conditions insecure; however, a solid, cross-country comparative analysis is still missing. The few attempts made in this direction either report data only for a small sample of garment exporting countries, or refer to suppliers to specific markets. Limited quantitative information is most likely due to the different ways in which the industry 'settles' locally (an issue addressed in earlier sections of this chapter) and to high levels of subcontracting, and labour informalisation.

Below, we reproduce in Tables 1.11 and 1.12 two valid attempts at comparing wages across countries.

Table 1.11 Wages in garment factories, 2000/1, key countries, *Labour Behind the Label* US$

Country	**Monthly wages including overtime in US$**	**Overtime Hours**
Bangladesh	26-55	51-125 hours a month, compulsory
Bulgaria	113	
China	Peak time: 84; Slack time: 20	100 hours a month, compulsory
India	23-35	
Indonesia	53	100 hours a month
Lesotho	83-133	108 hours a month mostly compulsory
Philippines	146	
Sri Lanka	56-62	25-40 hours a month
Vietnam	21-50	

Source: 'Wearing thin: the state of pay in the fashion industry' (*Labour Behind the Label* 2001, WIEGO, 2004: 8)

Table 1.12 Real wages across exporting countries to the US, Workers Rights Consortium

Country	**Monthly real wages in 2001 currency**				**Per cent change**
	2001		**2011**		
	LCU	US$ PPP	LCU	US$ PPP	
Bangladesh	2,083.00	93,67	2,033.60	91.45	-2.37%
Cambodia	51	161,89	39.78	126.26	-22.01%
China	480.00	144.86	1,076.57	324.90	+124.29%
Dominican Republic	2,698.00	293.52	2,057.45	223.90	-23.74%
El Salvador	162	332.44	143.34	294.14	-11.52%
Guatemala	1,414.66	397.62	1,230.10	345.75	-13.05%
Haiti	1,014.00	104.42	1502.99	154.78	+48.22%
Honduras	2,514.83	359.47	2,294.53	327.98	-8.76%
India	2,019.55	150.20	2,281.27	169.67	+12.96%
Indonesia	421,958.00	134.90	583,786.75	186.64	+38.35%
Mexico	4,766.00	755.14	3,386.54	536.57	-28.94%
Mexico (min wages)	1,258.00	199.32	1,297.31	205.55	+3.12%
Peru	487.50	335.93	570.94	393.43	+17.12%
Philippines	4,979.00	249.25	4,662.19	233.39	-6.36%
Thailand	5,748.50	360.33	5,378.25	337.12	-6.44%
Vietnam	730,167.00	182.43	1,019,766.50	254.78	+39.66%

Source: Workers Rights Consortium (2013: 11, table 1)

Table 1.11 refers to the early 2000s, and is provided by Labour Behind the Label (in WIEGO, 2004). Table 1.12 is reproduced from a report on real wages by the Workers Rights Consortium of the Centre for American Progress (2013), and refers to more recent estimates. The same report by the Workers Rights Consortium also calculates wages as a percentage of the living wage across countries. The majority of countries seem in fact to be paying their garment workers only a fraction of the living wage (see Table 2 of the same report, page 18). For India, the report estimates that wages paid to garment workers were only 20% and 23% of the living wage respectively, in 2001 and 2011 (see Table 1.13 below, reporting estimates for India).

Table 1.13 Prevailing wages compared to living wages in India, estimates of WRC (2013)

Years	Monthly wages, LCU		Prevailing as a percentage of living wage
	Prevailing	Living, proxy	
2001	2,019.55	10,043.14	20%
2011	4,422.17	19,468.31	23%

Source: adapted from Workers Rights Consortium (2013: 18, table 2)

Despite limitations on data collection, harsh, even sometimes violent, patterns of labour subordination in the industry are indisputable. In many countries, garment work could even be classified as 'hazardous work', based on the unsafe practices on which the industry seems to rely. Glaring examples of systemic malpractices in the sector, exposing workers to high degrees of danger and risk, have sadly emerged in the past three years across Asia. In 2012, in Karachi, 298 people died in a fire at the Ali enterprises garment factory. Two months later, on November 24th, another fire consumed the seven-story factory building of the Tasreen Fashions Enterprises outside of Dhaka, killing 112 people (with 12 jumping to their death trying to escape the blaze). On April 24th 2013, an eight-story construction containing five garment factories—the Savar building, also known as Rana Plaza, on the outskirts of Dhaka—collapsed killing at least 1,126 people.

It should be noted that the first disaster known in the history of garment production is the Triangle Shirtwaist factory fire, in New York City. It happened on March 25th 1911. Tellingly, over a hundred years apart, the NYC and South Asian cases reveal strikingly similar modalities. In all cases, evidence suggests that workers were locked into the factory premises. Recently, garment workers have been again subjected to high degrees of danger, risks and violence. In January 2014, the Cambodian government ordered its military and police to open fire on its own garment workers, who were on the street demanding an increase in minimum wages (Mezzadri, 2014b; De Langis, 2014, Asia Monitor Resource Centre, 2014). These cases show how the

informalisation of labour in the sector signifies much more than low wages and lack of benefits; it is effectively permeated by violence, and characterised by brutal patterns of disciplining, control, and subjugation of the workforce. This point confirms the need for a more systemic progressive approach to the formation and reproduction of labour regimes in the sector.

b) National conditions of reproduction of the Indian labourforce

Unlike in other Asian and Latin American regions, in India the garment workforce is not greatly 'feminised'. Feminisation has taken place only in southern industrial areas and clusters, such as Bangalore, Chennai, and Tiruppur (Mezzadri, 2012; Chari, 2010; Carswell and De Neve, 2013), while evidence from northern India suggests instead male circular migration as the dominant labour relation characterising the industry (Singh and Kaur Sapra, 2007; Mezzadri, 2008; 2012; 2014a; Barrientos et al, 2010). In general, women are mostly engaged in activities like checking, thread cutting or packing, and are subjected to complex and 'multiple hierarchies of exploitation' in and outside the factory shopfloor (Mazumdar, 2007).

On the other hand, in the subcontinent labour informalisation can manifest in myriad different ways; it can be anchored, for example, to gender as well as to different social structures (Harriss-White and Gooptu, 2001). In fact, the whole Indian labour force is known to be primarily informal in nature. The National Commission for Enterprises in the Unorganised Sector (NCEUS, 2007) clearly maps the different ways in which the process of informalisation is at work in India, highlighting that an expansion in informal relations has occurred during the post-1991 liberalisation period. In particular, the commission has highlighted two different types of trends: on the one hand, the resilience of widespread employment in the informal sector, and on the other hand, the increasing informalisation of employment in otherwise 'formal' realms of production (NCEUS, 2007; Kannan, 2008; Srivastava, 2012).

These trends seem to be increasingly due to a boost in the proportion of casual labour. In fact, Srivastava (2014b) observes how while the percentage of self-employed, regular, and casual workers remained quite stable in India from 1983 to 2004, from 2004/5 to 2009/10 the percentage of casual work has increased while that of self-employment has fallen. Among casual workers, the composition of the labour force has changed somewhat, with a higher proportion of such workers in the construction sector and services. Among these casual workers, male workers seem tightly incorporated into processes of migratory circulation (see also Breman, 1996; Breman, 2013), while women seem to be placed instead in less footloose types of occupation, characterised by lower levels of mobility. In many cases and particularly, albeit not only, in rural areas, informal employment still hides forms of 'unfree' labour (Breman, 2013, Srivastava, 2014b), so that one can conceptualise labour relations as a continuum of more or less free and unfree types (Lerche, 2010). Overall, aggregate data paint a depressing picture for Indian workers, who seem incorporated into a national labour regime increasingly characterised by high levels of informalisation, vulnerability and precariousness, even in sectors otherwise previously

considered as defined by 'better' working conditions (like the automotive sector; see Kundu and Sarangi, 2007; Srivastava, 2012).

Indeed, aggregate data mapping the growth of both employment and value-added from the late 1980s to the early 2000s show that the garment sector reflects India's broader patterns of informalisation. In particular, data show that while until the mid-1990s the largest share of employment and value-added came from the formal segment of the industry, in the second part of the 1990s this trend changed, and informalisation became more systemic (Table 1.14 below).

Table 1.14 Growth in employment & value added, organised & unorganised apparel

Wearing Apparel	**Value-added**		**Employment**	
	1989-90 to 1994-5 (%)	1994-95 to 1999-2000 (%)	1989-90 to 1994-95 (%)	1994-95 to 1999-2000 (%)
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: 4577, table 7; data NSSO 1989-2002, CSO 1985-2002).

These high levels of informalisation in the sector are a considerable challenge in terms of monitoring the industry, an issue which is also stressed in the textile section of the 12th 5 years plan (Planning Commission, 2011). In line with overall trends indicated by the NCEUS (2007), Kannan (2008) and Srivastava (2012), field-based empirical evidence provided by case studies highlight how increasing levels of informalisation in the sector might result *both* from an expansion of informalised labour relations in factory settings *and* an increasing incorporation of informal work in certain segments of the supply chains (Mezzadri, 2008, 2012; De Neve, 2012). Nowhere is this truer than in the NCR, where these two phenomena take place simultaneously.

c) Garment workers in the NCR: the general picture 'drawn' by capital

In the NCR, informalisation is rampant, an issue discussed by a considerable number of studies. This is due to a number of factors, such as the high casualisation of factory production (Singh and Kaur Sapra, 2007), the considerable presence of non-factory based employment and homeworking, possibly involving 'unfree' labour (Mezzadri, 2008), and the wide regional interconnections between the NCR and peri-urban and rural areas, with the latter working as reservoirs of cheap labour (Mezzadri, 2014a). Indeed, the labour process characterising garment production in the NCR is very complex and fragmented. A detailed presentation of estimates of employment in the NCR is provided in Chapters 2 and 3 of this report. Here, we present the main trends emerging in relation to employment as depicted by previous studies, and we test these

trends on the basis of interviews with employers. Previous studies (mentioned above) highlight the following employment trends at work in the NCR:

1) *The garment workforce is heavily composed of contract-workers:* the presence of contract labour in the NCR garment industry is extremely widespread.
2) *The largest share of garment workers in factories are male migrants coming from the poor states of the Hindi Belt (particularly, albeit not only, UP and Bihar)*
3) *A significant share of the garment workforce in the NCR is composed of homeworkers, due to high levels of value-addition in product cycles*
4) *Both women and children work as homeworkers*
5) *Homeworkers seem to be recruited and managed by contractors*
6) *Overall, workers in both factories and homes are considered vulnerable as they are exposed to uncertain and casualised working conditions*
7) *Unsurprisingly, levels of unionisation are extremely low*
8) *So far, both national labour laws and corporate codes of conduct imposed by global buyers seem largely unable to improve working conditions*

Interviews with garment companies, global buyers, business associations, unions and other key informants carried out for this project confirm that these trends are still on-going. In particular, information on recruitment coming from the interviews with different garment employers highlights how contract labour remains an important feature of the industry. However, unlike other studies, our findings also indicate how contract labour can be quite a *differentiated* category. This issue will be explored in far more depth in the following chapters, on the basis of what has been reported by workers across the different segments of the industry. Moreover, it should be noted that interviews with garment employers also suggest the rise of some new trends in workers' profile in larger garment companies. In fact, these companies are actively trying to increase the share of women workers on the shop floor.

Table 1.15 below summarises information on worker profiles and recruitment methods shared by garment companies and workshops in addition to highlighting what the latter considered the most pressing problems faced by the industry in relation to labour. Some of the comments in the table also refer to the potential impact of the National Rural Guarantee Act (NREGA) on the industry. It should be noted that in order to avoid incorporating 'hearsay' comments, Table 1.15 (unlike Table 1.10) reports only information from garment actors actually engaged in production and employing workers (with traders and trading companies therefore being excluded).

Table 1.15 Workers' profile, recruitment strategies and issue as shared by employers

Company Type	Workers	Information on the type of labour force and recruitment	Labour shortage and other issue lamented in relation to the labour force
ANJIE Manufacturer	200	Workers are mainly male migrants from UP and Bihar; women are 5% of the workforce, primarily in thread cutting. Workers are recruited via posters on boards outside the factory gates, and through contractors	Overtime is the main issue reported
VIBE Manufacturer	300-350	Workers are mainly males from Bihar and UP. Women are very few, because they cannot work at night and they need better toilet facilities and more supervision. Permanent workers are only 40. The majority of workers are recruited via contractors, who are generally supervisors in the company.	Labour retention lamented; disruption of the production process due to workers going home for the festival season.
SPARE India Manufacturer	200 (total)	Workers are mainly from Bihar, Eastern UP and Uttrakhand. Contractors are mentioned.	Labour shortage reported: the company tries to provide an extra 10% in wages to attract workers and contractors.
PREETI APPARELS Manufacturer	120-300 workers	Workers are mainly male migrants from Bihar and UP. On the shopfloor, women are 7% of the workforce, and they engage in thread cutting. Workers are recruited via both direct interviews and contractors.	Labour retention reported as an issue, particularly during peak times
LIBERTY Manufacturer	115-150 in one unit	Workers are primarily male migrants. Workers recruited through advertisement in local newspapers, posters in tea-stalls in industrial areas, and via contractors during peak season. Contractors are reported as not being part of the workforce.	Increasing wages in the NCR is the main issue reported
ASIAN CLOTHES Manufacturer	25,000	No information provided by company. However, mapping indicates extensive use of contracting.	n/a
SAROJ Manufacturer	400 (total)	Workers come mainly from UP. Women are less than 10% of the workforce, and they are helpers. Workers are primarily recruited via external contractors (these are not workers but different agents). Direct hiring may take place, but it is not the main recruitment strategy.	Labour shortage lamented, primarily due to the implementation of NREGA.
AKRAM Manufacturer	800-900	Workers come primarily from UP and Bihar, and are mainly male migrants who come without their families. Workers are mainly recruited via one 'in-house' contractor who places signs on boards at the gate of the factory for recruitment.	Labour retention and labour shortage lamented. Workers go home at least for two months; moreover, NREGA is creating a labour shortage.
SHAWL Manufacturer	75,000 in total (15,800 in NCR; 4300 & 2300 in Faridabad, 400 in Okhla, 4500 in NOIDA). The rest of the units are in Bangalore	Workers are 55% women from nearby areas, who originally migrated but then settled in the NCR. The rest of the workforce is composed of male migrants from UP and Bihar. Men work in sampling, cutting and checking, while women are tailors. Checking is a male activity as women cannot do overtime. The company does not use contractors, but has workers on its rolls, particularly women.	The main issues lamented are the high attrition rate, set at 5-6% per month (lower than in Bangalore, where it is as high as 9-10%), and the impact of NREGA, which is creating a labour shortage. However, also labour costs are reported as an issue. Wages are increasing, overtime (double rate) is considered particularly expensive, and the maximum weekly working hours (48) are considered limiting. Also, the company would like women to be allowed to work on night shifts. Compliance norms are indicated as very expensive and time-consuming.
RADA Manufacturer			
NANDINI Manufacturer	n/a (uses high	Workers are mainly migrants from UP and Bihar. They are mostly males, it is hard to find women, and	The main issue reported relates to shortage of skilled and dedicated workers and to the cost

	percentage of sub-contracting)	they cannot work in night shifts. Women are employed in embroidery. Some workers are recruited via contractors and some show up at the factory gates, informed by other workers about the availability of jobs. 40% of the workers have worked with the company for long, while 60% change every year.	of social compliance, which has severely impacted the company in the past, almost putting it out of business, and cutting its relationship with large buyers.
COCOON Manufacturer	200 (total)	Workers are male migrants from UP (80%). Women are few, in thread cutting and checking. Workers are recruited through very informal systems and word of mouth, where those already working bring others into the factory. No contractors used.	Shortage of highly skilled tailors
SUPER NOVA Manufacturer	800 (total)	Workers are mainly from UP and Bihar (95%), and are males. Women are only in checking and thread cutting. Workers are recruited via 'permanent contractors', each commanding around 150 workers. These contractors also work for another 3-4 companies; they approached the companies.	Wages are increasing, and retention is considered an issue as workers go back to their villages frequently. Social compliance inspections are considered a problem.
KARA ASSOCIATES Manufacturer	350 (240 Gurgaon, 110 Manesar)	Workers are male migrants from UP and Bihar, who come to Delhi without their families. Some women are employed as checkers and thread-cutters. The majority of workers are recruited via contractors, who have worked with the company for a long time.	It is hard to find women workers in the industry.
GIANT CLOTHING Manufacturer	100	Workers are mainly male migrants from UP and Bihar. There are only very few women, in thread cutting. Workers are recruited through external contractors who contact the firm once they know the firm is recruiting; such information is generally obtained via word of mouth from other workers. Only a few workers are permanent (percentage not disclosed).	Payment of bribes to government officials lamented. This is often done to avoid inspections on labour issues in the factory.
MONA CLOTHING (Blackberry) Manufacturer	1,500 (Total)	Workers come from Bihar, eastern UP and Orissa. Women workers represent 35% of the labour force, and this is made possible by the reduction of overtime. Workers are recruited via contractors; reported as numerous in the areas around the factory. The HR department is in charge of finding contractors.	Labour retention is an issue, with 20-25% labour attrition a year. Also labour absenteeism is mentioned, and the company tries to reduce it with incentives. Although labour shortage is not experienced yet, NREGA may impact in the future. Paying bribes to labour inspectors is mentioned as an issue.
LILAC FASHIONS Manufacturer	150-300 (Gurgaon)	Workers come from Bihar and UP, and they are all males. They are recruited via contractors who also come from the same places of origin. No reference made to direct hiring.	Wages are increasing, and value-addition in particular is becoming very expensive
AURORA Merchant Exp.	200 (employed on shopfloor of own factory)	Workers are mainly male migrants from UP and Bihar, primarily recruited via contractors. Women are employed in handwork, generally outside the factory. Contractors approach directly the company; there are many across industrial areas.	Wages are increasing and this is reported as a big problem. NREGA is considered as a bad scheme for the industry, as it is creating labour shortage.
ARTISAN CRAFT Trading company	295 in Okhla unit (finishing)	Workers are mainly from Bihar, UP, Uttaranchal, Haryana and Eastern Delhi. They are almost all males; some women engage in handwork. Workers are recruited through posters on boards outside the unit gates. They are employed daily, and if they are productive the company sends their details to the registered contractor (a registered man-power agency) and employs them through formal contracting systems.	n/a
LIONEXT. Stitching Workshop	50-160	Workers primarily come from UP, Bihar and West Bengal. They are all male migrants; women work in checking. Workers are recruited through posters on the board of the unit gate.	Wages are increasing, and this reduces substantially the profits.

ABDU GARMENTS Stitching workshop	n/a	Workers are mainly male migrants from UP and Bihar. Women are not employed. On the basis of information gathered on this workshop, it seems that workers approach the workshop through word of mouth.	n/a
BHARAT ALI Stitching workshop	10-15	Workers are mainly male migrants from UP, and are recruited in the villages where they live through word of mouth. Small advances are paid to the workers.	n/a
SHALINI FASHIONS Stitching workshop and adda unit	8-10 in tailoring unit, 4-5 in adda unit	Workers are male migrants from UP, and are recruited in the villages where they live, which are known to the owner, through word of mouth. Small advances are paid to the workers.	n/a
RAJKUMAR Stitching workshop	12	Workers are males, and come from UP, Bihar, and Jharkhand. They are recruited through word of mouth. Small advances are paid to the workers.	n/a
GAD Adda workshop	12-18	Workers are male migrants from UP recruited through word of mouth. They work and sleep in the workshop.	n/a
TAWFIQ Adda workshop	40 (20 each workshop)	Workers are male migrants from UP, and are recruited in villages of origin, through word of mouth. They are paid small advances.	n/a
ANAND Printing unit	40-50	Workers are male migrants from UP. Only two women are employed in sampling and designing (thus, no shopfloor jobs). Recruitment takes place through word of mouth, with workers bringing in other workers from their villages. No external contractor is used.	Wages are increasing, labour shortage is lamented.

Based on fieldwork interviews held in NCR between April 2012 and September 2013

Information shared by employers indicates that garment workers, both in factories and workshops, remain primarily migrants coming from Bihar and UP. Other areas of origin indicated by the respondents are West Bengal, Orissa, Uttarakhand (formerly Uttaranchal), and Jharkhand. According to employers, migrant workers are mainly male workers who come alone to the NCR, leaving their families behind. In the majority of cases, women workers are employed only in activities considered 'female', such as thread-cutting, because they are low skilled. However, women may also be recruited as checkers, a semi-skilled activity.

This is the overall picture emerging for a large spectrum of enterprises and units with different characteristics and features, but there is also an important outlier; namely 'Shawl', the largest garment employer in the NCR. Shawl, which is primarily based in Bangalore, a largely feminised garment industrial area (see Mezzadri, 2012 on this), is actively engaging in the process of feminising its workforce in the NCR. The employment of 55% women on the shopfloor—particularly in tailoring—in what is an otherwise very 'masculine' industrial landscape is a trend that can potentially lead to a re-composition of the labour regime at the firm level for larger industrial establishments. In fact, during the Okhla manufacturers' business association workshop held in Delhi in September 2013, many other companies raised the issue of women employment as one of the pressing issues that the industry should address with the government. Regulation has excluded women workers from night shifts for a long time. While

this is still *de facto* enforced in the NCR, regulations and practices could change soon. Changes have already taken place in Maharashtra (Indian Express 2015). Indeed, the Textile section of the 12th Five Years Plan has this particular issue on its agenda, a point to which we shall return in the next section when dealing with changing regulatory frameworks.

The trends analysed above seem to suggest that the NCR could be evolving towards a dual firm-level labour regime; *a small, feminised sub-regime* involving the more 'Taylorist' segments of the NCR with more significant manufacturing capacity; and a *(dominant) migration/circulation-based sub-regime* in line with the NCR's past industrial trajectory. This type of dual, highly gendered evolution has already taken place in Tiruppur (Mezzadri, 2009; Chari, 2010; De Neve, 2012). However, in the NCR these transformations might meet stronger resistance, based on appeals to insurmountable 'cultural' norms keeping women outside factory employment, and actual issues related to security and sexual harassment, which have been widely experienced by women in northern India. Moreover, women are also challenged by the dominant type of product specialisation.

In terms of recruitment, while almost all respondents reported the use of some form of intermediation to hire workers, they also seem to refer to fairly different typologies of contracting. This point indicates the need to unpack the category of 'contract labour' in the NCR. In fact, from employers' responses, it clearly emerges that:

1) *There are multiple layers of contracting in the NCR in relation to the recruitment of workers.*
2) *There are registered contractors and manpower agencies working across industrial areas, although according to the Labour Commissioner Offices these seem to be a minority.*
3) *There are unregistered contractors, whose characteristics vary.*
4) *Among unregistered forms of contracting, greatly different realities can be found:*
    a) *'External' contractors:* these are agents who 'command' a significant number of workers. While these should technically register with the Labour Commissioner Office, only a few do so, as highlighted by the office itself.
    b) *Supervisors-contractors:* in several cases, employers report that the supervisor acts as a contractor, recruiting workers from surrounding industrial areas.
    c) *Word-of-mouth contracting networks*: these are very much present in the lower echelons of the supply chain in small establishments and informal workshops. Evidence suggests that albeit casually defined as structured around workers bringing in other workers on the basis of neighbourhood, family or kinship ties, these networks are in turn classifiable between workers-led and petty contractors-led networks. Within the latter, the petty contractor often comes from the same locality/village of the workers; and at times can coincide with the actual employer. Within these networks, advances are often paid to workers.
5) *Larger establishments employing women might use lower rates of contract labour.*

    It should be noted that the owners of larger establishments in our sample report employing higher percentages of female labour on the shop-floor. They also report relying less on

contracting, and more on direct recruitment. The use of lower levels of contracting when employing women workers is a point stressed by other studies (Kalpagam, 1994). Interviews with these employers suggest that, as in other cases of the feminisation of labour in the sector (e.g. Bangalore see Mezzadri, 2012), women workers are generally settled in the NCR (even when originally migrants), rather than engaged in circular migration. This point could partially explain lower levels of labour contracting of women. On the other hand, gender-based distinctions in relation to circulation (primarily a male experience) are widely observed in India (Breman, 2013; Srivastava, 2014b). Also findings to be presented in Chapter 2 will suggest that small companies make a more substantial use of contracting than larger establishments.

Employers' information on labour practices and tactics is useful for an understanding of their structuring of the labour regime. Together with the information provided .in other sections of this report, the employer information can help us shed light on the general capital-labour dynamics in the sector at a global, national and local level. But our additional information also enables us to highlight what *cannot* possibly be captured through a perspective that focuses only on capital: namely, detailed information on the social profile of the labour force (particularly, albeit not only, caste); detailed information on the outcomes of the incorporation of workers within different units and contracting networks, particularly in relation to wages and social security; and how these factors relate to migration and to different working conditions and labour standards. All of these issues will be analysed in depth in Chapters 2 and 3. By the same token, interviews with employers provide only very limited and selective information on issues of social reproduction. But these issues will also be analysed in relation to the findings of workers' questionnaires in Chapters 2 and 3.

Employers' interviews reveal varying degrees of 'interest' in and knowledge of issues of social reproduction of the workforce. To an extent, the degrees of interest and knowledge vary *across* categories of employers. The majority of small-medium employers in the sector have only general understandings of the social profile of the workforce; they know it is primarily migratory and male, and they roughly know its place of origin. However, they do not know their caste and their occupation back home. Some employers refer to workers as 'having some land' or engaging in 'different jobs back home'. However, in the context of chaotic product cycles, once the workers exit the production process, the employer is no longer interested in them. The reason is that employers in this production segment do not really cater to the reproduction needs of the workforce. Unlike in China or elsewhere in South East Asia (e.g. Vietnam), where labour control stretches to realms of reproduction such as dormitories, employers do not provide housing, nor do they help workers (who, in any case, come and go from the NCR quite frequently during the year) to find accommodation. Instead, a large share of factory workers lives in slums and informal colonies around industrial areas. No transport is provided by employers.

However, micro-units and informal workshops are a substantially different reality. Here, workers often work and live inside the unit; hence, employers have more information about them.

Moreover, as these employers can also be contractors, or have very close relationships with contractors, they have a much better idea of where the workforce lives, comes from, and its caste. Finally, some consideration must be given to larger establishments trying to employ women. These firms seem far more interested in the conditions of reproduction of the workforce in the NCR; not so much in terms of their actual location (again, generally owners and/or managers share very vague information on workers' colonies around industrial areas) but rather in terms of the challenges that workers face to come to work and to remain in the factory.

For larger establishments, what employers call 'attrition rates' (i.e., break in service or workers' turnover) are much more problematic than for small/medium employers. For the latter, such rates may not only be beneficial, but also might be the outcome of their own strategies rather than workers' 'choice'. However, for the larger establishments, which increasingly produce throughout the year, and not simply seasonally (again, in line with southern Indian factories), 'attrition rates' are an important issue, since they can translate into serious labour shortages.

The issue of labour shortage came out as a key theme when employers where asked about their main labour-related issues. Some employers mentioned NREGA as a problem that contributes to a labour shortage. According to the NOIDA Labour Commissioner Office, however, any such shortage might be due primarily to the fact the industry is not considered a 'good' employer, and many migrants prefer working in construction or other sectors. Other general problems lamented by the employers include wage increases (since there were two in the last years) and overtime. For large establishments, obviously, the restriction of women's work to day shifts and their exclusion from night-shift were considered a problem, and an issue on which they should lobby the government. Labour inspections were considered an issue only by very few establishments; and what was expressly lamented was the payment of bribes to government officials.

Large establishments, as well as a few other employers engaging in export with well-known global buyers and retailers, indicated social compliance as a primary issue. But this was a practice that they regarded as as costly, ineffective, and 'unjust'. Effectively much is changing in the industry in terms of the regulatory framework, and this is also substantially impacting on the overall labour regime. This issue will be discussed in the next section.

1.4 Changing regulatory frameworks, new CSR scenarios and implications for labour regimes and standards

Internationally, a significant change that has taken place in the industry in the last decade is the end of the Multi-Fibre Arrangement (MFA) in 2005. The sections above have already indicated some implications of the end of the quota regime on garment production in India, and on the restructuring of production chains in the NCR. For the scope of this section, we shall briefly mention again the main implications of the new liberalised regulatory framework. These implications, which primarily relate to export, are:

1) The rise of a different set of incentives partially working against pettier forms of intermediation/merchant capital
2) The end of what exporters refer to as 'the market for quotas', which saw quotas being exchanged as 'commodities' (from those who had access to them to those who did not)
3) New opportunities for new players as well as for those with considerable manufacturing capacity (leading to a push towards consolidation).

The changing international scenario was articulated with changes in domestic policies in relation to the industry. From 2000 onwards, with the New Textile Policy, the garment sector ceased to be reserved for SMEs only (Singh and Kaur, Sapra, 2007; Mezzadri, 2010). Significant changes have also occurred in the area of labour and industrial relations, particularly in relation to contract labour. However, these issues will be discussed in the following chapters, which focus on the outcome of the main fieldwork exercise and the impact on workers.

Changes in international and domestic policies have been further complemented by an increase in attention to social compliance, again in relation to exporting. Since the early 2000s, social compliance has acquired, not only in India but also across all garment-producing regions and countries, a much greater weight, becoming a crucial factor within the overall governance of the sector.[4] In fact, the post-Rana Plaza scenario is leading to a further compliance 'deepening' within governance structures and practices. It has led to the rise of new forms of international, non-voluntary regulations that, according to some commentators, could change the rules of the game significantly. In particular, the establishment of the *Accord on Fire and Building Safety in Bangladesh* is seen by many as potentially replicating the positive effect of old jobbers' agreements in the sector in the US, when buyers were held responsible for such calamities on the basis of their sourcing contracts (e.g. Anner, Bair, and Blasi, 2013; Appelbaum and Lichtenstein, 2014; Bair and Palpacuer, 2015).

Tellingly, all garment suppliers and agents interviewed have a clear idea of compliance norms, what these entail for buyers, and how different markets place a different premium on the so-called 'social clause'. On the basis of the responses provided by suppliers and agents, we have identified a fairly diversified range of social responsibility schemes, audit regimes, initiatives and regulations deployed by different agents to 'comply' with the 'social requirements' of the sector in relation to labour. A simplified representation of the different layers of social compliance at work in the NCR is sketched in Figure 2. Notably, social compliance initiatives and corporate regulations of different types co-exist with different types of certification (like ISO 9000, 9001 and 26000).

A first layer of compliance is represented by buyers' own codes of conduct. Larger players engage primarily with compliance regulations and 'codes of conduct' elaborated and imposed by western buyers. This is generally a pre-requisite to start a business relationship with suppliers.

[4] This is also the case in other labour-intensive manufacturing sectors. See for instance Lund-Thomsen and Nadvi (2010) and Lund-Thomsen *et al* (2012) on the sports goods industry in Pakistan.

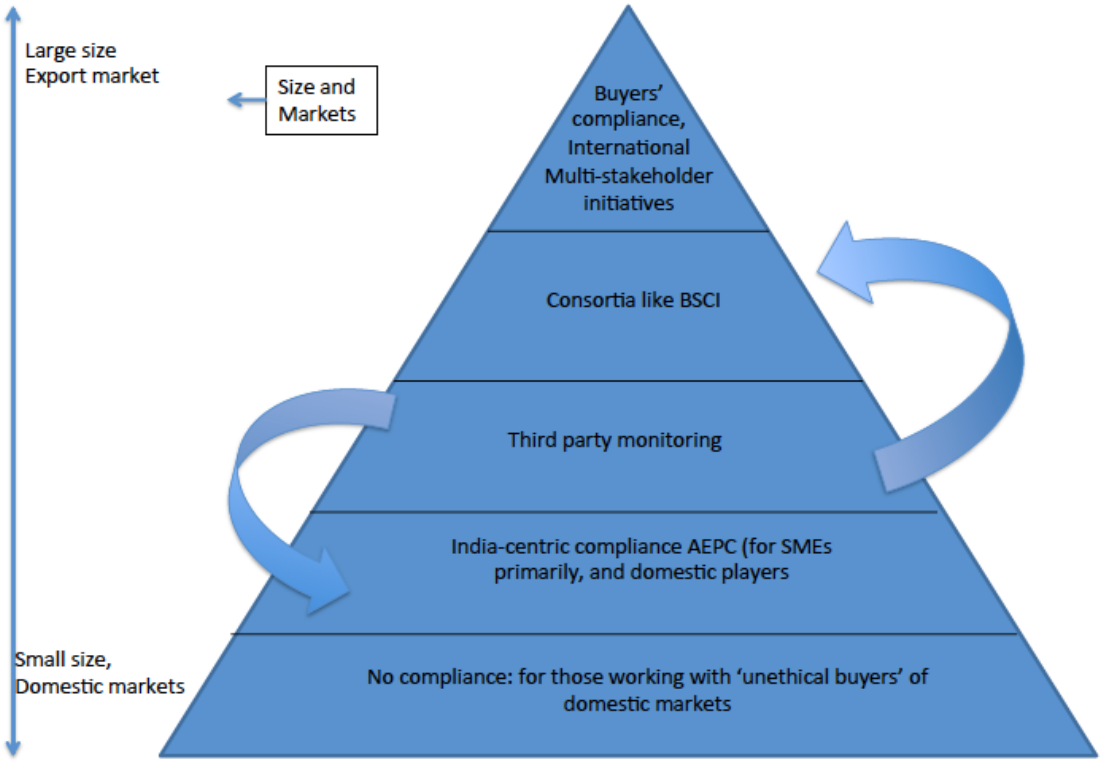
However, many of these buyers today are also part of wider ethical platforms, so they tend to deploy one common code of conduct. One of these initiatives is the Ethical Trade Initiative (ETI), which has attempted to address not only labour standards in factory settings, but also, more recently, in relation to homeworkers. These initiatives are briefly discussed in Chapter 3, namely, the section of this report dealing with 'peripheral labour'.

The ethical platforms represent a second layer of compliance. While today many large buyers increasingly rely on them, in the past these were primarily deployed by medium and small players, by buying houses, and by those agents engaging with less known buyers. Less known buyers in fact are less exposed to public pressure, although they are also increasingly aware of the need to be 'ethical'. With regard to ethical platforms, we also find consortia and/or companies consulting on ethical issues. The emphasis is always to harmonise codes of conduct for different buyers and regions. An example of these consortia, which have been relatively successful in the NCR among average and small exporters, is the Business Social Compliance Initiative (BSCI), focusing on EU countries.[5]

A third layer of compliance is represented by 'monitors'. The increasing relevance of compliance has been accompanied by the proliferation of third party monitoring companies or agents, since independent monitoring is regarded as necessary to guarantee the independence and reliability of audits, even those performed by buyers. One finds many of these companies in the NCR. This third compliance 'layer' (see Figure 2) overlaps and intersects with the others. For instance, independent, third party monitoring can be deployed by BSCI, as well as by buyers, suppliers and agents who already deploy other codes of conduct. The reason is that these parties might want to deliver an independent assessment of the social 'sustainability' of their enterprise, and of the compliance initiatives they have implemented.

[5] Formed in 2003, BSCI was established by the Foreign Trade Association (FTA) for companies wanting to improve their social compliance. BSCI aims to establish a common platform for European companies' Codes of Conduct and monitoring systems, while also laying the groundwork for common monitoring systems in the area of social compliance (see www. http://www.bsci-intl.org/about-bsci/why-bsci-exists).

Figure 1.2 Engagement with social compliance as reported by informants



Source: interviews and field findings. Arrows indicate overlaps/interplays between compliance segments.

Some buyers actually reported some levels of cronyism and corruption linked to the proliferation of different auditing systems. But several employers reported corruption in relation to government inspections instead. Workers' perceptions of the different inspection systems at work in the NCR will be analysed in Chapter 2.

Notably, a fourth layer of compliance is today represented by the rise of 'indigenous initiatives', aimed at mainstreaming CSR while moulding it into a 'national' regulatory framework. The most noteworthy of these initiatives, in garment, is the formulation and launch of 'Driving Industry towards Sustainable Human Capital Advancement', or DISHA, the first India-centric code of conduct, created after a number of sweatshop scandals hit the industry (AEPC, 2013b). Reports on the presence of the Sumangali scheme in the industry, for instance, have been particularly

damaging for Indian garment suppliers (see the footnote and Somo and ICN, 2014).[6] An initiative of the Ministry of Textile and the AEPC, designed after long-term consultation with several experts on social compliance, such as the Centre for Responsible Business (CRB), DISHA specifically targets smaller industrial units and businesses. In fact, according to the AEPC, buyers discriminate against small businesses, which are dominant in the NCR, since their size, capacity and financial limitations do not allow them to invest in social compliance, which would be necessary to access the most profitable segments of the markets.

Listening to business actors, it is clear how compliance is increasingly conceptualised as a tool to improve competitiveness, while it has little to do with workers' rights. While focusing on small exporters, DISHA is increasingly also targeting the many players entering the expanding domestic markets. One the one hand, these enterprises might want to engage in export, sooner or later. On the other hand, social compliance and corporate responsibility might become increasingly relevant in the national context in the future. While many buyers, particularly the largest, do not necessarily 'trust' DISHA yet, some report how self-regulation by national business actors will be necessary for the future development of the industry. Interviews reveal how this issue has become particularly relevant for buyers in the aftermath of the Rana Plaza collapse.

Finally, a fourth layer of enterprises in the NCR does not follow any compliance regulation or procedure. These are very much small players, namely, players engaged with 'new' export markets (such as Latin America or the Middle East); or domestic producers and traders. However, as mentioned above, as compliance is increasingly reconceptualised as a factor of competition, these players might also engage more with regulation in the future. While large domestic players in particular, generally retailers, are not yet adopting compliance measures or investing in their own codes, they still often 'follow' international buyers and establish business relations with companies they know can guarantee some degree of social responsibility. While this discussion aims at identifying broad trends and distinguishing different categories of compliance, in reality there is a considerable level of overlapping of compliance possibilities, with some garment companies adopting different solutions at the same time.

The increasing relevance of CSR for smaller and domestic garment players in India is clearly linked to broader national trends. In fact, over recent years India has been massively embracing the CSR agenda, particularly through the development of the new CSR Bill (2013) and the National Voluntary Guidelines (NVGs) for social and environmental responsibility. The CSR

[6] Originally, in Coimbatore and Tiruppur, the *Sumangali* scheme was linked to cotton spinning. It involved the recruitment of girls from different rural districts of Tamil Nadu and Karnataka and their placement in work in spinning mills. The scheme involved housing arrangements, in crowded hostels where young girls share a room (Somo and ICN, 2014). The *Sumangali* girls were recruited and placed at work under the promise of the payment of a lump sum at the end of a three-year employment period, during which they might only be provided with subsistence expenses or extremely low salaries. These harsh conditions were endured in order to access the final payment, which, in some cases, was used for marriage-related expenses. Activists rightly point out that the scheme created new forms of bonded labour. Since the 2000s, SAVE, an NGO active in Tiruppur, started denouncing the spread of this scheme to knitting and garment activities (Mezzadri, 2009; see also Vérité 2010).

Bill passed on August 29th 2013, as clause 135 of the Companies Act. The act is applicable to companies with annual turnover of 1,000 crore INR (10 billion INR or US$ 166 million) and more, or a net worth of 500 crore INR (5 billion, or US$ 83 million) and more, or a net profit of five crore INR (50 million INR or US$ 830,000), in any of the last three financial years.

The renewed Companies Act (the first update of the country's corporate law in over 50 years) will entail what is known as the '2% requirement', i.e., the need for corporates to invest at least 2% of their net profits in CSR activities. Effectively, the new Act makes India the first country to mandate CSR.[7] The act requires that companies set up a CSR committee composed of at least three directors, one of whom must be independent. The committee must ensure that the company spends at least 2 per cent of the average net profits made during the three preceding financial years on CSR, or justify in full its failure to do so in its annual reports. For the scope of the Act, CSR activities are defined quite broadly, as activities that promote poverty reduction, education, health, environmental sustainability, gender equality and vocational skills development, in the areas where the companies operate.

Unlike the Bill, which establishes a formal change in national laws primarily focusing on large corporate conglomerates, the National Voluntary Guidelines (NVGs) are voluntary, and also focus on smaller industrial operations. When interviewed, one of the consultants involved in drafting the guidelines, Vishal Metha, clarified that this project was originally developed by GIZ, the German development agency, and then embraced by the Ministry of Corporate Affairs. According to him, the guidelines, which were elaborated between 2009 and 2012, were inspired by three main aims: 1) developing a new 'language' for business; not necessarily based on CSR, but on its broader social responsibility towards communities, in line with ILO and OECD guidelines; 2) including SMEs; and 3) merging social and environmental responsibility. Vishal believes more in the potential of the NVGs than in the CSR Bill, since the former have a broader mandate, and focus on changing business culture. Moreover, according to him, the CSR Bill does not seem to overcome classic approaches to corporate philanthropy, and it does not elaborate on impact assessment. With no specific indicators of impact involved, and no fully independent monitoring body created (i.e., one independent member of the board is hardly adequate), the Bill simply risks turning itself into a 'tax rebound' for large conglomerates. Finally, the Bill does not mention labour, which instead is indeed mentioned in the NVGs. In fact, the guiding principles of the NVGs clearly refer to the need to pay fair, living wages, allow workers to meet 'basic needs' and ensure 'economic security'. [8]

Notably, the CSR Bill is unlikely to have a profound impact on garment production. In fact, primarily composed of family businesses (mainly in the form of Private Ltd. entities), the sector hardly meets the criteria indicated by the Bill in terms of turnover and profits.[9] Only a few

[7] See the Act at http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf.

[8] The NVGs are based on 10 guiding principles, which can be reviewed in full online at http://www.mca.gov.in/Ministry/latestnews/National_Voluntary_Guidelines_2011_12jul2011.pdf (accessed on June 15th 2014).

[9] There are a few exceptions, like Gokaldas in Bangalore, which has been a public company since 2005.

domestic garment retailers might meet the criteria, and primarily those representing the retailing branch of larger corporate conglomerates. The NVGs might have some impact in the future, although at the moment employers do not mention them at all, focusing instead on DISHA. While the potential impact of DISHA should be monitored, interviews showed that employers embrace the code primarily for reasons of competition, and not on the basis of a real agenda that is framed around workers' rights. In fact, this is also the message coming from the AEPC, namely, that social compliance is about competition in increasingly globalized markets (see Mezzadri, 2014c).

Overall, we can conclude that while we can observe an intensification of the politics of social compliance and labour standards in India and in the NCR in recent years, this intensification seems to have very little to do with workers' rights and any genuine agenda aimed at improving working conditions. Instead, it seems to be dictated by employers' need to respond to rapidly diversifying markets and increasing competition. Hence, these changes seem unlikely to reform the dominant labour regime in the industry, or lead to a substantial improvement of standards in the future. Nevertheless, these developments should be closely monitored in the future.

1.5 Conclusions: the NCR labour regime seen through capital's transformations

What has been presented and analysed in this chapter leads us to make a number of concluding remarks. Indeed, the garment industry has always been characterized by multiple processes of geographical relocation, and by capital-labour dynamics defined by processes of flexibilisation and informalisation. These processes have shaped the historical vulnerability of garment workers across different regions (a point that is confirmed by both qualitative and quantitative evidence) and this trend suggests that garment workers are always paid only a fraction of what is considered a living wage. In India, although textile has a long history, having been tightly linked to the colonial enterprise as well as to early post-colonial development, readymade garment production (as opposed to tailoring) is a relatively modern endeavour, started only in the 1960s. The great regional differentiation of the Subcontinent and its industrial trajectories is clear with regard to garment production. In fact, India is today characterised by multiple regional labour regimes (Mezzadri, 2014c). Focusing on the NCR, this chapter has illustrated the changes that are taking place in the garment sector following the end of the MFA and the global financial crisis.

Based on a review of studies, data on markets, and, most of all, interviews with garment employers and agents of varying type and size, as well as with a range of key informants, this analysis has highlighted different trends currently at work in the industry. Firstly, the evidence indicates that a process of consolidation is at work at the top layers of the industry. This process seems to have been facilitated by the end of the MFA, and also by the changing policies of the Indian states across the 1990s and early 2000s. Moreover, and quite counter-intuitively, it is very likely to also have been facilitated by the global financial crisis. In fact, larger exporters report

having been able to expand production capacity during or after the crisis period. Other garment employers of varying type and size report a highly differentiated impact of the crisis, based on markets, diversification, and individual business relations with given buyers. While the crisis has hit exporting, the great rise and diversification of domestic markets has still continued across the entire period.

Domestic markets are highly complex, characterized by an organized but retail-led segment, an SME-based segment and a tailor-led segment. While their continuous expansion has been due to a consistent shift from tailoring to readymade production, it has also been boosted by several important factors, such as a) the entry of a number of exporters into the domestic market in order to reduce risk and volatility due to the crisis, 2) the liberalization of retail, which has triggered a number of partnerships and links between global retailers and domestic large retailers, 3) changing consumer tastes and the rise of middle classes, and 4) the rise of exports to new emerging economies, which are becoming a new outlet for Indian clothing.

Overall, the picture that is emerging from our research is one whereby domestic and export chains are substantially intertwining, particularly 'in the middle', i.e., with reference to average and small production. The largest suppliers continue, in fact, to focus entirely on exports. This process of merging of production chains working across markets, which has been due to the number of factors delineated above, means that despite partial consolidation at its top, the industry continues, as in the past, to be characterized by what can be defined as a process of 'informalisation of capital'. Overall, and despite partial consolidation, the industry remains characterized primarily by average and small units, and by what is known in the literature as the 'non-factory sector'.

Addressing the labour regime characterising the NCR, we conclude that the two industrial trends co-existing in the NCR, and analysed above, are effectively generating two labour sub-regimes. One labour sub-regime, according to what is reported by employers, continues to be based on migration and/or circulation, with (male) workers primarily coming from the poor states of the Hindi Belt. These workers are often recruited by contractors. While the relevance and resilience of contracting are stressed by all studies focusing on the NCR (Singh and Kaur Sapra, 2007; Mezzadri, 2008; 2012; Barrientos et al, 2010, Barrientos, 2013), the findings presented here also suggest a great complexity of contracting networks. This issue will be analysed more in depth in Chapters 2 and 3 in relation to different categories of workers. The second labour sub-regime, which continues to be very small and whose significance cannot be fully assessed here, is a feminized labour sub-regime, which characterizes work in some of the larger NCR factories. This sub-regime has been reproduced because of the labour strategies of some larger employers. But in the NCR, its expansion is still greatly constrained by government regulations in relation to the use of female labour.

Our interviews reveal the lack of employers' engagement with workers' social reproduction and their broader livelihood problems. In general, employers do not really have detailed information on where their workforce lives. Unlike in other garment production regions in the world,

particularly those experiencing labour shortages, employers in India do not provide for workers' accommodation. Some large employers might represent a partial exception to this general picture, as they seem to know more about their workers. This is particularly the case for those employers who are trying to feminize their factories. Since this practice has still not been fully successful, both in terms of the recruitment and retention of workers, these employers, primarily driven by their own industrial needs, are focussing more on trying to understand their workforce, especially its living habits and livelihoods.

The substantial transformations taking place in the NCR are accompanied and reinforced by significant changes in the overall regulatory framework of the industry. Obviously, a significant shift happened in 2000 and 2005, with the implementation of the New Textile Policy by the Indian Government and the end of the MFA. However, we have suggested here that another significant change seems to be driven by the intensification of the politics of social compliance in the sector. Today, there are different layers of social compliance articulated and intersecting across the sector, and involving different employers and agents on the basis of their size, incorporation into export markets, and exposure to the public eye.

Slowly, even some players concentrated on the domestic market are currently internalizing compliance issues. In fact, the Indian government has backed the development of national CSR practices. Originally triggered by the Sumangali scandal, today DISHA, the first India-centric and nationally owned common code of conduct, is increasingly gaining momentum across Indian garment SMEs. Crucially, however, this intensification of social compliance seems to be increasingly detached from a real engagement with the development of meaningful and effective labour standards since it appears to be increasingly driven by competition. Another important change in regulation, which is also unlikely to be pro-labour, is the change of the contract labour act. However, this issue, together with a detailed discussion of employment data and trends, will be analysed in subsequent chapters.

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2. Capital-Labour Relationships in Formal Sector Garment Manufacturing in the Delhi National Capital Region of India[10] *Ravi Srivastava*

2.1 Introduction

Textiles, inclusive of spinning, weaving, fabric preparation and garment manufacture, have a long, emotive, and important history in India. During the colonial period, indigenous textile manufacture, which had suffered due to colonial policies, became a symbol of indigenous strength and national resistance. Decentralised textile production also fitted well with the objective of creating a strong but decentralised economy in which the village republics could play an important role. After independence, the Indian government took steps to protect and incentivize the growth of the small-scale sector in spinning, weaving and garment manufacture through a series of measures which limited competition from the large-scale sector. The latter went into gradual stagnation, crisis, and closure from the 1960s onwards. But from the 1980s onwards, a series of policy measures liberalised the textile and garment industries, by removing the restrictions on large-scale enterprises and putting in place promotional measures. Simultaneously, external liberalisation in the form of gradually-easing controls on FDI and trade regulations also provided room for growth of more modern enterprises in the textile and garment sector.

In the international arena, exports of textiles and garment were subject to regulation by developed countries, which sought to protect these industries in their own countries. From the mid-1980s, the regulation of imports to developed countries was governed by the Multi-Fibre Agreement (MFA) signed under the GATT. The MFA regulated the individual country export quotas, and also served as a political instrument. Under the WTO agreement, the MFA was gradually phased out and ceased to exist with effect from January 1, 2005, when countries became free to export any volume, subject to permissible tariff and other restrictions placed by importing countries.

The emergence of globalisation, with the possibilities of global economic integration made extremely high by external liberalisation, improvement in IT and communication technologies and transport technologies, has brought about enormous changes in the international structure of manufacturing and trade. Globalisation has now made it possible for decentralised but

[10] This part of the study received research and field support from Anns Isaac, Shrinivas Pandey, Protap Mukherjee, and Navneet Manchanda. The questionnaire and survey design were prepared jointly with Alessandra Mezaddri, who was also the co-investigator of the India garment study, and helped in the preparatory fieldwork. Jens Lerche has extensively commented and assisted in the evolution of this study at every stage, including the preparation of this report. Feedback and comments received from the core team members, and discussants and participants in the four workshops held in India, China and London are also gratefully acknowledged. Above all, we thank workers, employers, trade union activists, and other stakeholders and informants who gave their time and support in various ways.

coordinated production decisions to be made rapidly across production nodes spread throughout the world, capitalising on the availability of (cheap) labour, technology and skills, with the main nodes capturing a high portion of values added by controlling such key elements as technology, design and markets. The spread of global production networks through a set of hierarchical production nodes set in the form of "value chains" has taken two specific forms - that of Producer Driven Commodity Chains (PDCCs) and Buyer Driven Commodity Chains (BDCCs). As discussed in Chapter 1 of this report, garments and textile products are examples of the latter form of value chains in the global production market.

Labour is a key element at each level in the hierarchy of production nodes. Labour also embodies skills and technology. Firms at each level in the production node take decisions regarding the deployment of labour either within the firm or through outsourcing. These decisions are affected by social and labour market institutions, as well as regulatory institutions and policies. They are also influenced by the nature of competition between firms, both within the country as well as internationally. For global buyers, quality, price and reliability are all important criteria in sourcing supplies.

There are significant differences between the textile preparation segments (spinning, weaving and fabric making) and the segments that are related to textile products and garment manufacture. The textile industry in India is technologically very heterogeneous and its large-scale segment is subject to scale economies. This segment has also experienced capital deepening and technological modernisation since the mid-1980s. State policies with respect to this sector have been quite distinct. Being an input into both textile product industry and garment manufacture, changes in the textile industry have a bearing on garment manufacture. Moreover, since the 1990s, there has also been an increasing integration between the two segments, with both backward and forward integration taking place in the larger firms.

Nevertheless, garment manufacture is a distinct segment. It is not subject to the same economies of scale and even large firms remain very labour intensive despite changes in production organisation which are aided by (IT) technology. The garment sector in India has been directly regulated by fewer policies. These are policies that have reserved the sector for the small-scale units, policies to regulate FDI, tax policies in favour of the small sector and export oriented units, and labour regulations which are common across industries. Internationally, garment production is embedded in global value chains and, as already mentioned, trade has (till 2004) been regulated by importing country quotas. The latter has led to the emergence of a within-country framework, regulated by the AEPC, for distribution of quotas to exporters.

Changes have taken place in the policy environment since the 1990s. Reservation of garment manufacture for the small scale sector was abolished in 2000 (for knits) and 2004 (for wovens). Excise and tax concessions are now only available to units located in EPZs and SEZs, as per the policy in vogue. Liberalisation of international trade and the changes in textile policies have given a greater fillip to the use of man-made fibres in garment manufacture.

While many of the policy changes have been directed at the external sector, garment manufacture in India does not cater primarily to the global market. About 64 per cent of India's garment and textile products are estimated to be for domestic use (NPC 2010). The bulk of these products are produced in the informal sector and small units but the growth of the modern retail sector in garments and the growth and establishment of Indian garment brands, along with franchised brands, have also given a fillip to organised large scale mechanised and non-mechanised production.

The sum total of the policy changes in garments has been to remove the restrictions on large scale production, which have been seen by some as a limiting factor in India's expanding garment manufacture and trade. The effect of these changes should be on what has been described as "economic upgrading" and to the extent that the economically upgraded firms are better regulated and technologically more modern (also in terms of labour requirements), this trend should also lead to better labour standards, or what has been described as social upgrading. However, the existence of labour standards in the garment industry depends both on labour standards in the superior production nodes but also on how production has been restructured overall between the different types of nodes, both in the formal and informal sectors.

This chapter of the report is mainly intended to examine labour standards in the formal garment manufacturing sector in the NCR. In line with the overall rationale of the project, the analysis places particular attention to capital-labour dynamics, and to actual labour standards across different 'spaces of production'; i.e. garment units of different size, location, and operation in different markets. The methodology informing this analysis is explained in detailed later on. Before that, however, and before discussing the sample and the survey findings, we begin by examining briefly the overall changes that have taken place in the garment industry, primarily in terms of its employment structure, at the country-wide level and in our study area.

This section, therefore, provides the macro setting for the subsequent parts of this study. It may be stated that existing studies examine some of the above issues up to 2004-05 but significant changes have taken place since then due to the international economic and policy environment.

Workers in Garment Manufacturing: The National Scenario

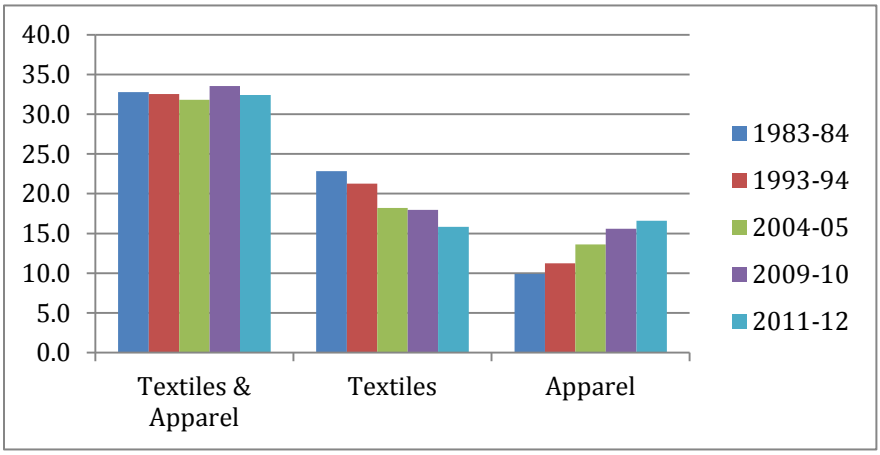
The textiles and garment sector is one of the key sectors within Indian manufacturing. It comprised 11.3 per cent of gross value added (GVA) in manufacturing in 2010-11, with the GVA in the garment industry being 4.1 per cent of manufacturing GVA.[11] Thus the total contribution of the Textile and Garment sector to GDP was about 1.5 per cent. One should also note that most of garment production in India is still in the unorganised sector. According to these estimates, the gross value added in garments in the unorganised sector was 61.9 per cent of the total Gross Value Added in the garment industry in 2010-11. India's foreign trade data show

[11] Estimates of GVA have been made from unit data of the Annual Survey of Industries for 2010-11 (for the organized segment) and from the unit records of the 67th Round of the NSS on Unincorporated Non-agricultural Enterprises (Excluding Construction) (for the unorganised sector).

that total textiles and clothing exports were 12.6 per cent of all merchandise exports in 2012-13 (Ministry of textiles n.d).

Both due to the structure of the Textile and Garment sector (namely, its high concentration in the unorganised sector) and high labour intensity, employment in the sector is very high. In the last three decades, total employment in the sector, which has been estimated from national sample surveys on employment and unemployment carried out by the National Sample Survey (NSS) organisation, shows an increase from 10.5 million to 19.2 million However, the share of the sector in manufacturing employment has consistently hovered around one-third, but with strikingly different implications for textiles and garment.

Figure 2.1 Percentage of Textiles and Garments Employment in Total Manufacturing Employment



Source: Computed from various NSS EUS unit-level records

Textile employment increased in absolute numbers from 7.3 million in 1983 to 9.36 million in 2011-12 but the contribution of textiles to manufacturing employment has steadily declined, from 21.8 per cent to 15.8 per cent over the corresponding period. Employment in garment manufacturing increased from 3.17 million in 1983 to 9.18 million in 2011-12, overtaking employment in textiles for the first time in 2011-12. The share of garment manufacturing employment in total manufacturing employment increased steadily from 9.9 per cent in 1983 to 16.6 per cent in 2011-12 (Figure 2.1).

The compound growth rate of the sector and those of textiles and garment separately are shown in Table 2.1. Employment in garment grew at a brisk rate over all sub-periods (except 2004-05 to 2009-10), higher than the growth rate of employment in textiles. There was no NSS employment survey in 2008-09, which was the main year of the economic crisis, but the employment growth rates for the period 2004-05 to 2009-10 show that textile employment declined in this period, with the growth rate for the five years at -2.8 per cent. Female employment in textiles declined at a sharper rate in this five-year period. Garment employment remained virtually stagnant between 2004-05 and 2009-10 but increased at close to four per cent per year over the remaining periods. But the employment implications of the changes in the economic and policy environment since

2004-05 have not been overly positive according to the data available until now. Employment in garment manufacturing grew at the rate of 5 per cent during 1983-1993/94, 5.7 per cent during 1993/94 - 2004-05, and 4.7 during 2004/05 to 2011/12.

Table 2.1 Annual Growth Rate in Employment over Different Periods

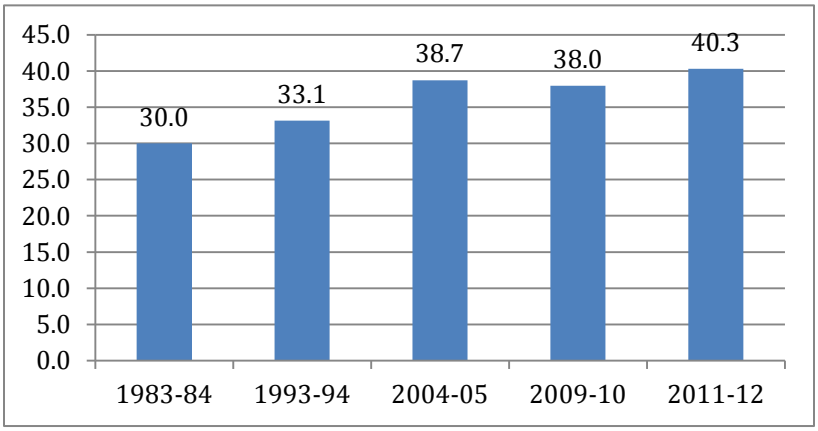
Gender	1983/93	1993/2004	2004/2009	2004/11	1993/11
Textiles & Garment					
Persons	2.7	2.2	-1.5	1.2	1.8
Male	2.3	1.6	-0.6	1.1	1.4
Female	3.4	3.3	-2.9	1.5	2.6
Textile					
Persons	2.0	1.0	-2.8	-1.0	0.2
Male	1.7	0.5	-1.4	-1.0	-0.1
Female	2.7	1.8	-5.1	-1.1	0.7
Garment					
Persons	4.0	4.2	0.2	3.9	4.1
Male	3.5	3.4	0.4	3.5	3.4
Female	5.0	5.7	-0.2	4.5	5.2

Source: Computed from various NSS EUS unit-level records for the relevant years

Female employment grew at a higher rate than male employment till 2004-05, both in textiles and garments, but while this trend has been maintained in garments since 2004-05, textiles have seen a sharper decline in female employment compared to male employment.

Overall, Figure 2.2 shows that the share of women workers in garment manufacture has steadily increased from 30 per cent in 1983 to 40.3 per cent in 2011-12.

Figure 2.2 Percentage Share of Women Workers in Garment Manufacture



Source**:** Computed from various NSS EUS unit-level records

The NSS categorises workers by their activity status into "regular /salaried", "casual" and "self-employed". The first two categories together comprise the category of paid employees. The last category is a heterogeneous category which includes home-workers or out-workers and a small number of employers, along with independent own account workers and unpaid family workers. Growth in self-employment largely reflects growth in small scale family based production activity and out-work, which predominate in the lower ends of the production value chain. However, growth in regular employment is normally seen as having greater possibilities of being associated with better quality work and regulated conditions, although this is a phenomenon that we examine in greater detail later.

In 1983, every four out of five worker in the garment industry was self-employed. Only 11.8 per cent were regular wage/salaried employees and 8.6 per cent were casual workers. Among women workers, nearly nine-tenth was self-employed and a much smaller percentage was paid workers. Among male workers, three-quarter were self-employed (Table 2.2). From 1983 to 1993-94 and then again from 1993-94 to 2004-05, regular employment showed a higher growth rate than either the growth rate of casual workers or the growth rate of self-employed workers. As a result, the share of regular workers in the garment industry increased to 13.2 per cent in 1993-94 and to 22.4 per cent in 2004-05. Over the corresponding period, the share of casual workers among the employed declined to 7.7 per cent and then to 6.6 per cent, and the share of the self-employed first declined slowly to 79.1 per cent and then over the next decade more rapidly to 71 per cent (Table 2.2).

Between 2004-05 and 2009-10, the paid segment of the workforce declined more sharply than the self-employed, and in the former, the female workforce declined very sharply, while the male workforce registered a smaller increase. Among the self-employed, both female and male workers declined, but the decline in the male workforce was more pronounced (Table 2.2).

During the entire phase, 2004-05 to 2011-12, regular employment grew at a brisk rate of 18.7 per cent a year, but self-employment grew at an even faster rate of 22.4 per cent a year. The share of the regular workers grew from 22.4 per cent in 2004-05 to 24.7 per cent in 2011-12, at the expense of casual workers, while the share of self-employed workers was reduced from 71 per cent to 69.4 per cent (Table 2.2).

Table 2.2 Percentage Share of Workers in the Garment Industry, by Activity Status

		Regular Salaried	**Casual Workers**	**Self Employed**
1983-84	**Male**	14.3	10.3	75.5
	Female	6.0	4.7	89.3
	Total	11.8	8.6	79.6
1993-94	**Male**	15.8	10.1	74.1
	Female	8.0	2.7	89.2

	Total	13.2	7.7	79.1
1999-2000	**Male**	27.6	13.3	59.1
	Female	26.0	6.8	67.3
	Total	27.2	11.5	61.3
2004-05	**Male**	30.6	8.3	61.1
	Female	9.4	3.8	86.7
	Total	22.4	6.6	71.0
2009-10	**Male**	27.1	9.5	63.4
	Female	8.9	4.2	86.9
	Total	20.2	7.5	72.3
2011-12	**Male**	32.9	6.3	60.8
	Female	12.5	5.2	82.3
	Total	24.7	5.9	69.4

Source**:** Computed from various NSS EUS unit-level records

The NSS includes piece rated workers among regular workers. Put simply (and in terms of the categories used by us later while analysing field data), the share of workers receiving either salaries or piece rates has grown in the garment sector throughout the last three decades. This is true for both male and female workers. But among male workers, compared to one of four workers three decades ago, two out of every five workers in this industry is now a paid worker. Among female workers, nine out of ten workers were self-employed three decades ago and even today more than eight in ten are self-employed. This outcome has occurred despite the fact that the growth rate of the female workforce has been as high as that of male workers among the regular workers and much higher in the casual work and self-employed segments (Table 2.3).

Table 2.3 Compound Growth Rate of Workers in the Garment Industry, by Activity Status

	Regular	**Casual**	**Paid Employment**	**Self-employed**
1983/1993				
Male	5	1.2	3.6	-3.3
Female	11.5	0.9	8.1	-4.9
Total	6.3	1.2	4.4	-3.8
1993/2004				
Male	9.8	1.5	7.3	1.6
Female	7.3	9.1	7.8	5.4

Total	9.4	2.7	7.4	3.2
2004/09				
Male	3.6	5.3	4	-13.7
Female	-36	-31.8	-34.8	-3.4
Total	-31.4	-24.5	-29.6	-14.1
2004/11				
Male	19.9	5.1	16.2	17.4
Female	14.7	22.6	16.6	31
Total	18.7	9.2	16.3	22.5
1993/2011				
Male	7.7	0.7	5.8	2.3
Female	7.8	9.1	8.2	4.8
Total	7.8	2.5	6.3	3.3

Source**:** Computed from various NSS EUS unit-level records

Although regularly employed workers (viz., salaried or piece rated workers) have increased at a fast rate in the workforce, this trend does not tell us whether this increase has occurred in the informal sector (small informal establishments) or in the somewhat better regulated formal sector. The factory sector data in India draw a distinction between directly employed workforce and workers employed through contractors but do not distinguish between workers by type of employment. Since 1999-2000, the NSS provides information on the type and size of enterprises in which workers are employed. This information can be used to demarcate between formal and informal sector enterprises using the current criteria prescribed by the Factories Act of 1948. According to this categorisation, all manufacturing enterprises with twenty or more workers or those with ten or more workers and using power are treated as factories, with registration and regulation requirements under the Act.

The demarcation of the workforce is given in Table 2.4. Most workers, for whom complete information was not available, are likely to be in the informal sector. There was a sharp dip in formal sector employment in 2009-10. Between 2004-05 and 2009-10, formal sector employment declined at a rate of 8.3 per cent annually. But in the longer period, between 2004-05 and 2011-12, both the formal and the informal sectors grew at a healthy rate. However, informal sector employment grew by 4.2 per cent annually compared to an employment growth rate of 3.2 per cent in the formal sector. The percentage of workers in the formal sector in garment manufacturing has been declining and is much smaller than the overall percentage of formal sector employment in Indian manufacturing (Table 2.4).

Since the total share of employment in the formal sector in garment manufacturing (including both regular and casual workers) in 2011-12 was only 13.7%--which is much smaller than even the total share of regular employment in garment manufacturing (24.7%)--we can safely say that much of the increase in regular employment, too, has occurred in the informal sector, in the workshop segment of the industry (Table 2.4). To put it differently, overall, in the period since 2004-05, although formal sector employment in garment manufacturing has grown at a decent rate in India, this growth has not kept up with the aggregate growth rate of employment in the industry (Table 2.5).

The structure of employment has shifted marginally away both from factories and own account enterprises, and in favour of jobbers and smaller establishments (employing paid workers), which are largely outside the purview of labour regulation. In other words, the liberalisation and 'de-reservation' of the garment industry that has occurred in this century does not appear to have increased the share of employment in the formal sector of the industry, probably due mainly to outsourcing and the operation of value chains in the industry. We go on to discuss the changes that have occurred in the formal factory sector later in this section. But we now revert back to examining conditions of employment in the industry on the basis of secondary data.

Table 2.4 Share of Organised- and Unorganised-Sector Employment in Garment Manufacturing

Sector	1999-2000	2004-05	2009-10	2011-12
Organised	15.5	14.2	9.2	13.7
Unorganised	74.8	82.3	86.2	84.1
Not Known	9.7	3.4	4.7	2.1

Source: Computed from various NSS EUS unit-level records

Table 2.5 Compound Rate of Growth of Employment in the Organised and Unorganised Sectors of Garment Manufacturing

Sector	1999/04	2004/09	2004/12
Organised	20.8	-8.3	3.3
Unorganised	25.3	1.1	4.2
Not Known	-0.2	6.4	-2.9

Source: Computed from various NSS EUS unit-level records

We now briefly examine the macro level data on conditions of employment on the basis of recent NSS surveys. We examine three dimensions, viz., wages, social security and paid leave.

Table 2.6 Average Daily Wages in Garment Manufacture,

Organised and Unorganised Sectors, by Type of Employment

Category	Activity Status	Mean Daily Wages		
		2004-05	2009-10	2011-12
Organised	Regular	105.70	188.56	221.11
	Casual	63.70	152.45	162.54
Unorganised	Regular	64.50	144.34	145.18
	Casual	58.90	101.52	116.64

Source: Computed from various NSS EUS unit-level records

Data on average wages are given in Table 2.6. The NSS data pertain to gross earnings of workers for all types of workers, across skill categories, and not only manual workers. But casual workers are likely to be in the manual category. There is a clear differential in wages/earnings in favour of the formal sector. Average wages for both regular and casual workers are higher in the organised sector for all the time periods examined. A shift in employment from formal to informal sector has had consequences for wage costs and gross wages received by workers.

Although workers in the formal sector receive higher wages than their counterparts in the informal sector, only a minuscule proportion had a written contract with their employers. This percentage was only 15.3 per cent in 2004-05 but declined to about 9 per cent in 2009-10 and 2011-12 (Table 2.7). This condition pertain to all types of workers/employees in the formal sector, including highly skilled ones, which one would expect to be the most likely to have written contracts.

Table 2.7 Percentage of Workers in Organised-Sector

Garment Manufacture, by Type of Contract

Nature	2004-05	2009-10	2011-12
With Contract	15.3	9	9.7
Without Contract	78.7	82.9	85.8
Unspecified	5.9	8.1	4.5
Total	100	100	100

Source: Computed from various NSS EUS unit-level records

Table 2.8 Percentage of Paid Workers in Garment Manufacture

Reporting Paid Leave

	2004-05	**2009-10**	**2011-12**
Organised Sector			
Regular / Salaried	30.2	30.3	21.2
All Paid Workers	26.9	27.4	19.7
Unorganised Sector			
Regular / Salaried	6.4	6.8	24.6
All Paid Workers	4.4	5.9	17.9
Total*			
Regular / Salaried	19.9	15.9	22.8
All Paid Workers	15.5	12.8	18.7

Source**:** Computed from various NSS EUS unit-level records

Table 2.8 shows the percentage of workers who report paid leave. Such leave is mandatory in the formal sector. Nevertheless, in 2004-05 only 30.2 per cent of regular workers and 26.9 per cent of all workers in formal sector establishments reported getting paid leave. In 2011-12, the corresponding percentages had fallen to 21.2 per cent and 19.7 per cent respectively.

The NSS collects information on social security benefits accessed by paid workers in the non-farm sector. These results are presented for garment sector workers in Table 2.9. Workers who do say that they have no knowledge of any benefits are likely not to be receiving any social security. In the formal sector, where workers would be eligible for retirement benefits and, in most cases, some form of health benefits, in 2004-05, 70.3 per cent workers either did not receive any benefit or did not know of any. In 2009-10, the percentage of such workers went up to 75.9 per cent; and in 2011-12 this percentage went up to 77 per cent. This is a staggering figure. In 2011-12, 10.8 per cent of workers received a retirement benefit, 11.5 per cent received some form of retirement as well as health benefit and 0.7 per cent received only a health benefit. In the informal sector, 99.4 to 99.6 per cent workers did not receive any social security benefit in any of the years. In the garment industry workforce as a whole, the percentage of workers not receiving any benefit or not having knowledge of any such benefit increased from 95.3 per cent in 2004-05 to 96.1 per cent in 2011-12.

Table 2.9 Per Cent of Paid Workers in the Garment Industry, with and without Any Form of Social Security

Types of Benefits	2004-05	2009-10	2011-12
1. Organised Sector			
Any retirement benefit	15.9	13.9	10.8
Any retirement and health care benefit	11.7	8.6	11.5
Only health care benefits	2	1.6	0.7
Not eligible for any social security	64.4	67.8	71.9
Not reported / not known	5.9	8.1	5.1
Total	100	100	100
2. Unorganised Sector			
Any retirement benefit	0	0.4	0.1
Any retirement and health care benefit	0.2	0.2	0.4
Only health care benefits	0.2	0	0
Not eligible o any social security	16.6	99.5	18.4
Not reported / not known	83	0	81
Total	100	100	100
3. All Workers, including unclassified			
Any retirement benefit	2.3	1.9	1.7
Any retirement and health care benefit	2	1.1	2.1
Only health care benefits	0.4	0.2	0.1
Not eligible of any social security	24.1	93.6	26.3
Not reported / not known	71.2	3.3	69.8
Total	100	100	100

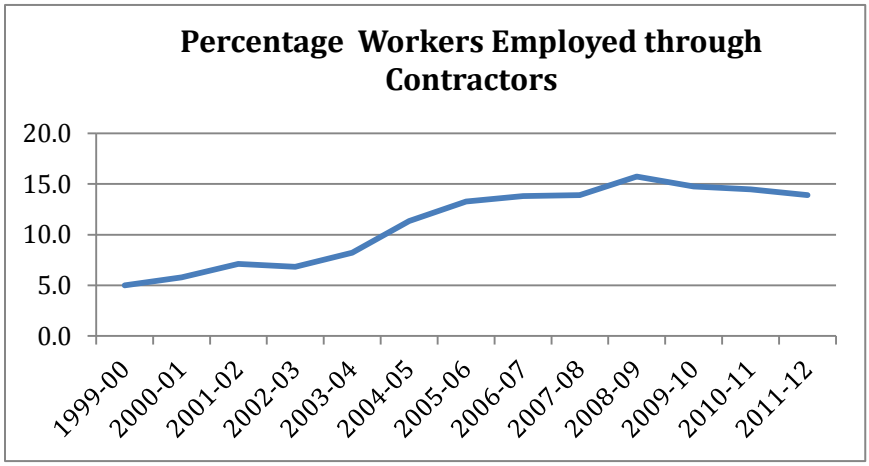
Source: Computed from various NSS EUS unit-level records

Not only are these figures staggeringly high, it is astounding that the percentage of workers not receiving any benefit has actually gone up in the formal sector within a short period of time. This has probably to do with the changes in the employment structure in the formal sector in favour of casual and piece rated workers and workers hired through contractors.

Figure 2.3, which is computed from the Annual Survey of Industries, shows that documented contract workers rose from 5 per cent of total workers in 1999-00 to 15.7 per cent of total

workers in 2008-09 (the post crisis year) in the factory sector and was 13.9 per cent in the latest year (2011-12) for which results from the survey are currently available.[12]

Figure 2.3 Percentage of Workers Employed Through Contractors



Source: Annual Survey of Industries.1990-2000 to 2011-12

Garment Manufacturing and the Workforce: Key Characteristics in the National Capital Region (NCR) of Delhi

Firm data on key characteristics of the industry in the NCR are not readily available. This is because the garment industry has a small number of observations for small states like Delhi in sample surveys that focus on broader characteristics (such as the NSS employment-unemployment surveys); because the other parts of NCR are small parts of larger states; and because other census surveys, such as the Economic Census, also have specific limitations on covering some types of economic activity, notably that carried out within homes. However, existing data have been utilised in this section in order to provide a profile of the industry in the NCR.

As outlined in Chapter one, according to a study by the Garment Export Promotion Council (AEPC),[13] 80 per cent of the production of garments in India is concentrated in ten clusters, viz., Kolkata, Mumbai, Tirupur, Ludhiana, Indore, Bellary, Jaipur, Bengaluru, Chennai and Okhla (Delhi). Another 15 per cent of production is located in nine smaller clusters, viz., Kanpur, Ahmedabad, Jabalpur, Salem, Erode, Madurai, Noida, Gurgaon and Nagpur clusters.

[12] Factories are required, by law, to report details of contractors as well as workers recruited through contractors, only if the number of workers exceeds twenty. Contractors supplying twenty or more workers to a factory are also required to be registered with the Department of Labour. As we show in this study, not all of the contractors that meet these criteria are registered with the authorities, nor do registered contractors report on all workers supplied by them. Hence, the ASI estimates are also likely to include only "documented" contract workers, i.e., workers reported by factories and contractors as having been supplied through registered contractors.

[13] See the note of caution regarding the AEPC figures in Chapter one.

Tirupur, Kolkata, Ludhiana and Bangalore, along with the NCR, are the top business centres for garment products. The top 12 clusters are estimated to account for 89 per cent of the garment market whereas the top 19 clusters account for 95% of production and are estimated to produce 6.8 billion pieces for domestic production and 2.1 billion pieces for the export market. The export market fetches higher unit prices. The production performance and the employment in the top clusters, as estimated by the AEPC study, are given in Table 2.10.

Delhi and the areas around it have been important textile and garment producers for several centuries. The Okhla industrial estate was founded in the late 1950s and several garment units were set up in the estate. The cluster experienced fast growth since the 1970s and commenced exporting in the 1980s. It continued to grow rapidly until the 1990s. It is export-centric and 90 per cent of its units are export oriented.[14] It specializes in high end woven fashion garments. The product mix also includes knitted garments (AEPC, ibid.). The AEPC study (ibid.) estimates the cluster's turnover at about Rs. eight billion in 2009, with a manufacture of 32 million pieces--of which 70 per cent is ladies wear and the remaining children's wear and men's garments. The cluster is estimated to have about 500 buying houses and 260 manufacturer-exporters, with a large number of fabricators and jobbers (namely, around 400) and around 250 machine embroidery units, with thousands of hand embroidery units in nearby areas also serving the cluster. Cotton is the most popular fibre. The cluster has seen a growth of fabricating units in adjoining areas of Govindpuri, Kalkaji and Tughlakabad Extension.

Table 2.10 Production Performance and Employment in Top Clusters for Garment

	Turnover (m. INR.)		**Export %**	**Employment**		
Cluster	**Domestic**	**Export**		**Direct**	**Indirect**	**Total**
Tirupur	350	995	74	350000	250000	600000
Kolkata	1120	100	8.2	254700	350000	604700
Gurgaon	75	425	85	79500	20000	99500
Noida	100	350	77.8	NA	NA	NA
Okhla	12	68	85	60000	40000	100000
NCR	**187**	**843**	81.8	**139500**	**60000**	199500
Ludhiana	560	140	20	200000	150000	350000
Bangalore	100	400	80	150000	300000	450000
Chennai	50	200	80	140000	100000	240000
Mumbai	126	84	40	367500	300000	667500
Indore	114	6	5	70000	30000	100000

[14]As stated in Chapter one, only embroidering and fabricator units are not export oriented.

Jaipur	5	65	92.9	35000	65000	100000
Bellary	25	2.5	9.1	15000	15000	30000
Total	**2637**	**2835.5**	**51.8**	**1721700**	**1620000**	**3341700**

Source: AEPC (2009)

The Gurgaon and Noida clusters initially took shape as extensions of the Okhla clusters, due to space shortage and rising land prices in Delhi. Both Gurgaon and Noida specialise mainly in woven garments. The units in these clusters are considered to be relatively advanced in terms of scale and technology (AEPC, 2009). The centres also have a lot of knitting units (ibid.). According to the AEPC study, Noida has 750 units (exports 550; domestic 200); and Gurgaon has about 675 units (export 600; domestic 75). See Table 1.7 in Chapter One.

The NCR specializes in manufacturing fashion garments and accounts for about 25 per cent of the country's garment exports. Exports are 85% of its production. However, as outlined in Chapter one, due to volatility and shrinking margins, more and more exporters are slowly tilting towards the expanding domestic market. The region's exports are tilted more towards the EU, which has smaller batch orders than US buyers (see Table 1.4). The AEPC study notes that the firms are integrated horizontally and not vertically. The limited scale of operation and sub-contracting arrangements has resulted in flexible specialization. However, greater emphasis on compliance issues by international buyers are forcing units to set up vertically integrated operations.

The Economic Census, which is based on a complete enumeration of all establishments in the non-farm sector, provides an overview of employment in the NCR (Delhi, Noida and Gurgaon). Unit data from the Census are available for two recent points of time (1998 and 2005). Results from the most recent Economic Census, carried out in 2011 are still not available.

Table 2.11.1 Characteristics of Garment Sector in Delhi

	Size/Type	**No of enterprises/ establishments**	**Workers**	**% to total Workers**	**% of Women Workers**
1998					
	OAUs	898	898	0.2	7.1
Establishments	**<10**	8425	46678	12.3	3.8
	10-19	4104	53083	14	7.5
	20-99	3831	162904	42.9	11.2
	100-499	560	97226	25.6	7.4
	500-999	27	15636	4.1	2.5

	>=1000	3	3000	0.8	90
	Total	**17848**	**379425**	**100**	**9.1**
2004-05					
Establishments	**OAUs**	7595	10338	3.3	14.3
	<10	23040	105831	34	12.7
	10-19	276	3642	1.2	5.4
	20-99	1319	80127	25.8	7.2
	100-499	586	110200	35.4	12.1
	500-999	2	1000	0.3	0
	>=1000	0	0	0	
	Total	**32818**	**311138**	**100**	**11**

Source: Estimated from unit records, Economic Census, 1998 &2004-05

Delhi saw a decline in garment sector employment between 1998 and 2005, from about 379,000 to 311,000 workers. At the same time, there was an increase in the number of Own Account Units (OAUs) and units employing less than ten workers, along with the number of persons employed in them. Total employment in OAUs increased from 898 workers (0.2% of those employed) to 10,338 workers (3.3%). Employment in units employing fewer than ten workers increased from about 46,000 workers (12.3%) to about 105,000 workers (34%). There was also a downsizing of employment in large-sized units employing more than 500 workers. Their share in employment declined from 4.9 per cent in 1998 to only 0.3 per cent in 2005 (Table 2.11.1).

Compared to Delhi, both and Gurgaon and NOIDA experienced an increase in employment in the garment industry. Noida employment increased from about 9,100 to 38,800 (Table 2.11.2 and Table 2.11.3). In Gurgaon, garment industry employment increased from about 7,000 to 13,900 (Table 2.11.3). In Gurgaon, the share of OAUs and units employing less than ten workers increased from only 0.9 per cent in 1998 to 30.8 per cent in 2005 (Table 2.11.2). In Noida, the corresponding increase was from 8.1 per cent to 11.1 per cent (Table 2.11.3).

Table 2.11.2 Characteristics of Garment Sector in Gurgaon

	Size/Type	**No of enterprises/ establishments**	**Workers**	**% to total Workers**	**% of Women Workers**
1998					
	OAUs			0.0	
Establishments	**<10**	16	60	0.9	8.3
	10-19	21	283	4.1	4.2

	20-99	45	2006	28.7	13.6
	100-499	21	4128	59.2	20.7
	500-999	1	501	7.2	29.9
	>=1000			0.0	
	Total	**104**	**6978**	**100.0**	**18.6**
2004-05					
	OAUs	1273	1588	11.5	8.1
Establishments	**<10**	998	2680	19.3	7.5
	10-19	5	74	0.5	6.8
	20-99	27	1381	10.0	20.4
	100-499	31	6430	46.4	16.0
	500-999	1	700	5.1	0.0
	>=1000	1	1000	7.2	0.0
	Total	**2336**	**13853**	**100.0**	**14.8**

Source: Estimated from unit records, Economic Census, 1998 &2004-05

However, there was also an increased concentration of employment in larger units. In Gurgaon, the share of employment in units employing more than 500 workers increased from 7.2 per cent in 1998 to 12.3 per cent in 2005. Changes in Noida were still more striking. Until 1998, the share of employment in such units was nil but this increased very rapidly to 37.6 per cent by 2005 (Table 2.11.3).

These changes depict a situation where there has been a rising share of the unorganised sector in total employment in all three clusters in the NCR, along with a rising share of employment in larger units in Gurgaon and Noida, but a downsizing of employment in Delhi, for the reasons mentioned earlier. Of course, even with the possible underestimation of home-based enterprise in the Economic Census, OAUs account for a very small share in total employment in the industry in the NCR.

Table 2.11.3 Characteristics of Garment Sector in Noida

	Size/Type	**No of enterprises/ establishments**	**Workers**	**% to total Workers**	**% of Women Workers**
1998					
	OAUs	29	29	0.3	3.4
Establishments	**<10**	150	709	7.8	6.8
	10-19	89	1098	12.1	6.7

	20-99	114	4410	48.5	8.7
	100-499	18	2842	31.3	17.9
	500-999				
	>=1000				
	Total	**400**	**9088**	**100.0**	**11.1**
2004-05					
	OAUs	730	1010	2.6	6.8
Establishments	**<10**	868	3306	8.5	9.3
	10-19	51	734	1.9	14.0
	20-99	134	5278	13.6	13.3
	100-499	70	13925	35.9	16.1
	500-999	10	6489	16.7	10.6
	>=1000	2	8100	20.9	
	Total	**1865**	**38842**	**100.0**	**11.0**

Source: Estimated from unit records, Economic Census, 1998 & 2004-05

We have also analysed unit records from two rounds of the Annual Survey of Industries to examine the structural changes that have occurred in the factory sector since 2004-05. The changes can only be analysed at the state level. Hence results presented below in Table 2.12 are for Delhi, Haryana, and Uttar Pradesh. However, given the size and predominance of the NOIDA and Gurgaon garment clusters in the two states, we can surmise that the state level results also present the general picture in these two clusters.

Our results confirm continued rapid growth and change in the Haryana and UP factory sector, with some continued decline albeit with structural change in Delhi. Both Haryana and Uttar Pradesh show an increase in the number of factories, i.e., by 64 per cent in Haryana and 57 per cent in Uttar Pradesh, in the period of five years. While the number of factories has increased in all size segments, the larger the size segment, the higher is the percentage increase in the number of factories. However, Delhi shows a decline in the total number of factories (by nine per cent). But this trend is due to the decline in the smallest segment (factories employing less than 100 workers). All other size segments show an increase in this period, the maximum (45.8%) being for units employing between 250 and 999 workers.

Table 2.12 Number of Factories in the Garment Sector

State	Employees / Year	<100	100-249	250-999	>=1000	Total
Haryana	2004-05	107	53	31	24	215
	2009-10	124	87	75	67	353
	% Increase	**15.9**	**64.2**	**141.9**	**179.2**	**64.2**
Delhi	2004-05	342	63	48	12	466
	2009-10	277	65	70	13	424
	% Increase	**-19.0**	**3.2**	**45.8**	**8.3**	**-9.0**
UP	2004-05	205	36	19	3	263
	2009-10	237	89	73	15	413
	% Increase	**15.6**	**147.2**	**284.2**	**400.0**	**57.0**

Source: Computed from unit records of ASI 2004-05 and 2009-10.

The change in the number of workers follows a somewhat similar pattern. Both Haryana and UP show an increase in employment in all the size segments of factories, the total increase being 94.2 per cent in the case of Haryana and 157 per cent in the case of Uttar Pradesh. The percentage increase in employment is higher for the larger size segments. Again, the magnitude of the increase is impressive, given that it occurred over a period of only five years (the last two years also being somewhat abnormal for the industry due to the impact of the global crisis). Delhi is the only one among these states where total factory employment in garment manufacturing shows a decline (by 18.5%). This decline has occurred across all size segments except the medium to large one, which employs 250 to 1000 workers. Employment of workers in this segment has increased by 25.1 per cent (Table 2.13).

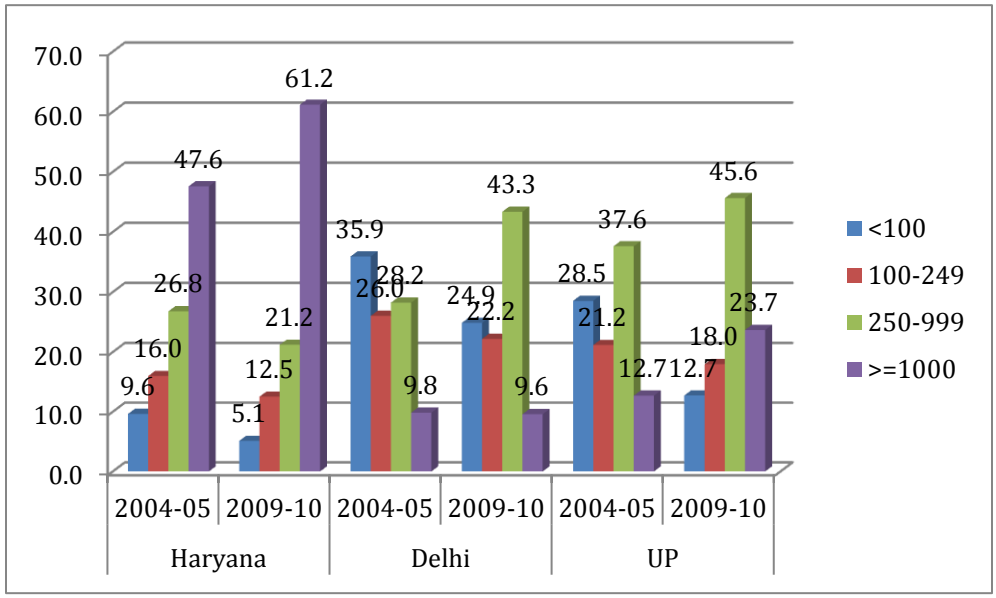
Figure 2.4 shows the pattern of distribution of employment across the different size groups of factories. In Haryana, the employment in the largest size class of factories went up from 47.2 per cent in 2004-05 to 61.2 per cent in 2009-10. In UP, the corresponding increase was from 12.7 per cent to 23.7 per cent. The next size class (250 to 1000 workers) also showed an increase in the percentage of total workforce employed in UP, from 37.6 per cent to 45.6 per cent. All smaller size classes showed a decline in the percentage of workers employed. In the case of Delhi, only the medium-large size class (employing 250 to 1000 workers) showed an increase in the relative share of workers i.e., from 28.2 per cent in 2004-05 to 43.3 per cent in 2009-10. In general, the changing size distribution of the factory workforce provides clear evidence of a more pronounced scaling up of garment factory production in the Delhi NCR in the most recent period. More than half of factory employment in Delhi and more than 70 per cent of factory employment in Haryana and UP are in the medium-large segment (as defined here), with possible implications for labour standards, which we will examine in this study.

Table 2.13 Numbers of Workers in the Garment Factory Sector

		<100	100-249	250-999	>=1000	Total
Haryana	2004-05	4336	7199	12073	21440	45048
	2009-10	4477	10948	18554	53518	87498
	% Increase	**3.3**	**52.1**	**53.7**	**149.6**	**94.2**
Delhi	2004-05	10184	7382	8007	2793	28366
	2009-10	5744	5129	10016	2216	23105
	% Increase	**-43.6**	**-30.5**	**25.1**	**-20.7**	**-18.5**
UP	2004-05	6388	4739	8421	2841	22389
	2009-10	7323	10337	26265	13638	57563
	% Increase	**14.6**	**118.1**	**211.9**	**380.0**	**157.1**

Source: Computed from unit-level records of ASI 2004-05 and 2009-10

Figure 2.4 Distribution of Employment across the Different Factory Size-Groups



Source: Computed from unit-level records of ASI 2004-05 and 2009-10

Another feature (with possible implications for labour standards) which we have already noted at the national level is the increased presence of a contractor-hired workforce in factories. The ASI provides data on this category albeit the data are restricted to registered workers recruited by contractors. Within the five year period examined here, the use of contract labour has gone up in

all three states under study. The highest use is in Haryana where the percentage of contract labour (to total workers employed) went up from 44.5 per cent in 2004-05 to 51.4 per cent in 2009-10. In UP, there was a sharp increase from 28.1 per cent to 41 per cent in the percentage of contract workers over this period. The incidence of contract labour recorded in Delhi is lower. In 2004-05, this percentage was 3.8, but it went up to 14.1 in 2009-10. Notably, both Haryana and UP record a much higher use of contract labour compared to the figures for the country as a whole, which we had examined earlier in this report (in Figure 2.3).

The analysis of unit data also allows us to examine the incidence of contract labour reported across the different size classes of factories. The reported use of contract labour is distinctly higher in the larger size segments in all three states and so also, generally speaking, is the order of increase between 2004-05 and 2009-10. Nearly half of the workers employed in the two largest size groups of factories in Haryana and UP are contract workers. In Delhi, this percentage is about one-fifth (Table 2.14). The adherence to labour standards and labour regulation is much more difficult among contract workers, and this is an issue that we examine very closely in this study.

Table 2.14 Percentage Change of Contractual Workers in the Garment Factory Sector

State	Year	<100	100-249	250-999	>=1000	Total
Haryana	2004-05	25.2	49.6	39.5	49.6	44.5
	2009-10	7.3	41.2	46.4	58.9	51.4
Delhi	2004-05	0.7	4.0	1.8	20.3	3.8
	2009-10	7.5	10.4	18.6	19.4	14.1
UP	2004-05	22.9	22.9	24.7	58.6	28.1
	2009-10	18.2	35.2	49.4	50.0	43.0

Source: Computed from unit-level records of ASI 2004-05 and 2009-10

We now examine labour costs in the organised garment industry from the ASI data from the three states for we have data. Labour costs are presumed to be important in the production strategy adopted by firms, which aim to lower these costs to increase competitiveness. We have used, therefore, the Annual Survey of Industries data for 2004-05 to estimate the cost of labour relative to total cost, production value, and gross value added, across size groups of factories (Table 2.15).

The overall wage cost is 5.5 per cent of total cost and 4.7 per cent of the gross value of production across the three states, with some variation across them. Wages are only 3.4 per cent of the value of production in Delhi, 5 per cent in Uttar Pradesh, and 6.2 per cent in Haryana. Wage costs relative to total costs as well as production value are low in the two smallest size classes of firms, and higher in the two larger size classes. The medium-large and large size classes of factories in Uttar Pradesh have the highest wage to production value ratio, i.e., 10.2 per cent and 11.2 per cent respectively (Table 2.15).

Table 2.15 Labour Costs by Size Class of Employment

	Size Class of Employment				
Head / State	**<100**	**100-249**	**250-999**	**>=1000**	**All**
Wages/ Total Cost					
Haryana	3.5	5.5	9.5	10.3	7.6
Delhi	2.4	5.6	7.4	6.5	3.9
Uttar Pradesh	3.2	5.9	11.6	13.4	5.8
All three states	2.7	5.6	9.2	9.9	5.5
Wages / Value of Production					
Haryana	3.1	4.8	8.1	7.6	6.2
Delhi	2.1	4.8	6.3	5.3	3.4
Uttar Pradesh	2.8	4.5	10.2	11.7	5.0
All three states	2.4	4.7	7.9	7.5	4.7
Wages / GVA					
Haryana	19.4	25.0	36.2	22.5	25.2
Delhi	13.8	26.1	29.2	22.0	19.8
Uttar Pradesh	18.3	15.9	45.3	49.0	25.4
All three states	15.9	22.8	35.7	23.9	23.2
Wages/Worker					
Haryana	41578	39127	41504	38980	39930
Delhi	46289	45656	43788	40360	44834
Uttar Pradesh	43313	32775	39372	40707	39270
All three states	44403	40064	41516	39304	41228

Source: Computed from unit-level records of ASI 2004-05 and 2009-10

The ratio of wages to gross value added is 23.2 per cent across the three states, though higher in Haryana and Uttar Pradesh than in Delhi. Wages to value added are lower in the lower size classes of factories and higher in the higher size classes (Table 2.15).

At the same time, unit wage costs are not lower in the smaller factories. Indeed the reverse appears to be true (see Table 2.15). These results appear to connote a higher degree of vertical integration in larger factories (increasing wage costs) and more standardised production (with

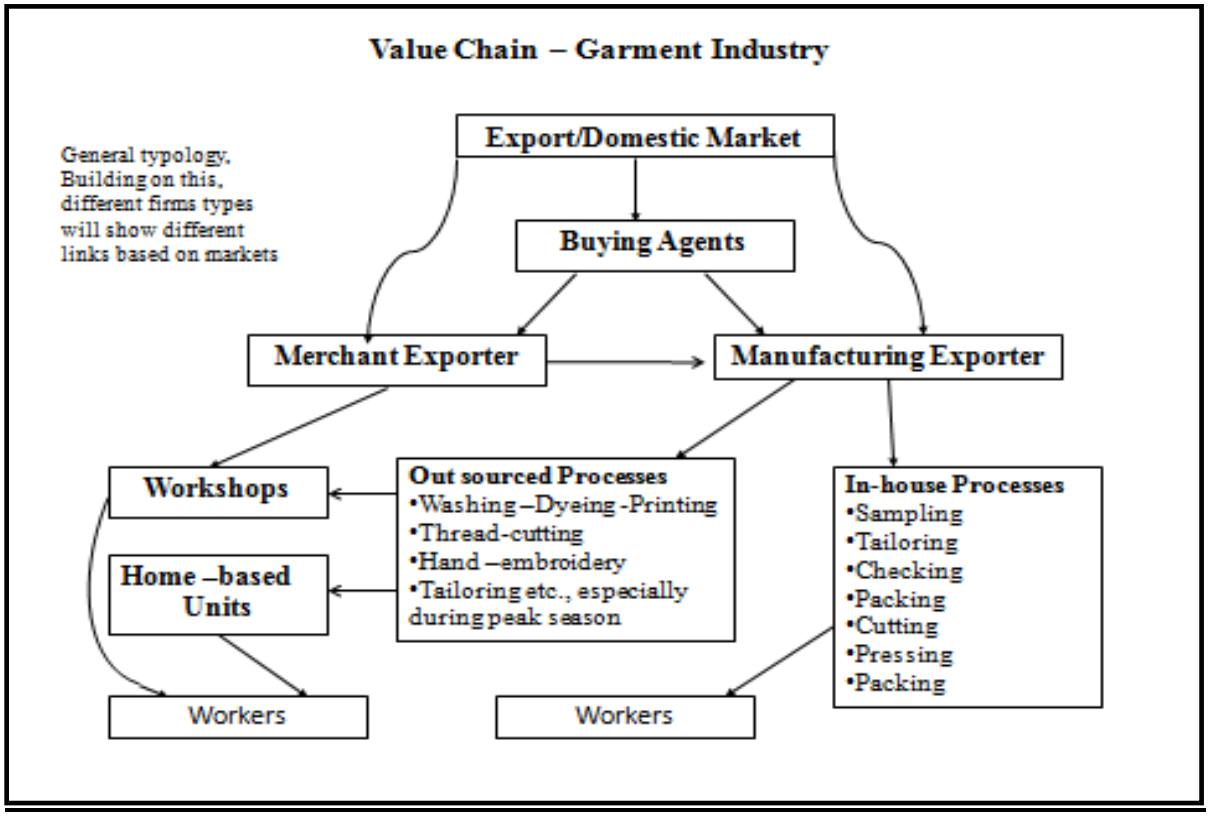
lower unit value realisation and higher wage to NVA ratios). Field data will be used to examine some of these issues.

2.2. Fieldwork Methodology

As already outlined, garment manufacturing is organised into buyer-driven value chains, with retailers (domestic or foreign) at the head of these chains. These chains are multi-layered and operate through a network of merchant as well as manufacturing firms through a variety of sub-contracting relationships. The larger manufacturing firms are formal firms whose factory environment, industrial relations, employment relations, working conditions, workers' remunerations, and social security are regulated by the state under a plethora of laws. These firms deal directly with large buying houses or retailers.

We have noted in the introductory section that until the early 1990s, both the international and the Indian policy environment encouraged multiple registrations and the splitting of manufacturing capacity, while the latter also encouraged the growth of tiny informal units, especially in the handloom sector. These policies began to change in the 1990s, with the phased end the Multi-Fibre Agreement and the gradual ending of the government's policy of reserving garment production for the small-scale sector. As shown in the preceding section, there has been a process of consolidation and concentration of capital within the factory garment sector in the NCR and in the country, although the overall preponderance of the informal sector remains.

Figure 2.5 Value Chain in the Garment Industry in India



Source: Field Mapping and Interviews

The stylised value chain in the garment industry in India is shown in Figure 2.5. The formal sector manufacturing firms, which carry out various manufacturing and finishing activities, deal directly with buyers, their agents, or with buying houses. They also sub-contract processes and even manufacturing capacity to various other formal and informal sector firms.

Below the formal sector firms are different layers of manufacturers in workshop type enterprises, who undertake fabrication or job-work, or smaller home based enterprises and even home workers. The larger workshops have some factory style characteristics (for example in terms of numbers of workers employed) but are usually less modern and are located in peri-urban surroundings. They are also usually dependent enterprises, engaging in work sub-contracted from the factory sector. But some workshops also produce for the final market in the domestic segment and sell directly to smaller retailers.

The National Commission of Enterprises for the Unorganised Sector (NCEUS) has taken the view that all enterprises and establishments employing ten or more workers, including partnership and proprietary enterprises, should be considered as being part of the formal sector (NCEUS 2007, 2009). As also mentioned, the larger workshops have factory-type characteristics. Therefore, we have in this part of the study covered manufacturing units (factories), which are part of the formal sector in India, as well as larger workshops employing ten or more workers on average, which are currently not treated as being part of the formal sector. There is an important difference between the factories and large workshops included in this study. The former are subject to labour regulation under various legislations which relate to the organised sector, to be outlined later, whereas the latter escape the impact of these laws. Smaller workshops, home based enterprises, and home workers, which are at the lower end of the value chain in the garment industry, will instead be covered in Chapter 3 of this report. The typology of manufacturing units covered in the field survey in this chapter is given below:

Table 2.16 Typology of production units

Producing Principally for Exports	Producing Principally for Domestic Market
Factory Type Enterprises (Stratified by Size / Scale)	
Workshop based Jobbers / Sub-contracting Firms / Fabricators *with ten or more workers on average.* Generally with no independent access to the final market, or access only to small domestic retailers	

Selecting Firms

This study entails using *firms as a prism for studying labour regimes and variations in labour standards.* The study also mandates a sample of about 35 firms. However, a firm is simply a

business organisation, which may be registered or unregistered. It may be incorporated under different legislations that provide its governance framework (hence it may have a limited or unlimited liability, and may be a private or a public limited company). It may carry out different types of businesses and may operate one or more enterprises. In India, firms may be registered under the Partnership Act or the Companies Act (1956, amended in 2013), and with the Registrar of Firms (and hence receive a registration number). An individual or group of individuals may register different firms, and through cross-holdings own and operate a group of firms. Since in manufacturing, labour enters into specific types of employment relations with capital within the setting of an enterprise, we have started our investigations with the enterprise (in this case a factory or a large workshop as defined earlier) and have attempted to situate enterprise level practices within the overall strategy of capital, at the level of the firm or group of firms, as the case may be.

Our aim in the study has been to analyse labour in about 35 *enterprises* in the Delhi National Capital Region (NCR), focusing on Delhi, NOIDA, and Gurgaon.

Since the objectives of this study include an assessment of the impact of scale, technology and markets (export versus domestic) on labour standards, we have attempted to stratify our sample by *size* (an indicator both of scale and technology) and *markets*. A top down exercise in selecting enterprises for the study proved unsuccessful. Directories of firms available with industry associations, exporter associations and the Garment Export Promotion Council (AEPC) contained a large number of non-existent firms, and telephone enquiries and correspondence did not elicit a satisfactory response. In addition, no data were available on enterprise characteristics that were required by our study. As far as workshops were concerned, no directory or listing, however imperfect, was available for them.

We therefore used the following methodology in this study: areas in which garment manufacturing enterprises and workshops were known to be situated were extensively mapped by us with the help of local informants, who included trade union activists and researchers. We also collected information on the characteristics of enterprises in each area. Furthermore, the research team also mapped the areas of habitation of the garment workers. For scale of enterprises, we decided to use the crude indicator of reported number of workers employed (which is also difficult to assess). Delhi (Okhla), Noida and Gurgaon contain mainly export oriented enterprises and we found it very difficult to locate enterprises catering principally to the domestic market. For this purpose, in addition to the mapping, we also contacted large domestic retailers to find out whether any manufacturing facility in the region catered to them. Admittedly, we could not obtain a clear idea of the distribution of employment in different size classes of firms. We therefore decided to cover a sufficient number of large, medium and small enterprises, as well as a variety of workshops (jobbers, fabricators).[15] A total of 35 factories and workshops

[15] "Jobbers" are involved in functions such as knitting, stitching, embroidery, accessory fixing, ironing and processing on orders from manufacturers and work on a piece rate basis. On occasion, manufacturers, too, can

were sampled for workers in the survey. A list of the enterprises selected by us, along with summary characteristics of sample factories and workshops, is given in Annexures 2 and 3, whereas the characteristics of the sample firms are given in Annexure 1.

Our aim has been to interview mangers of enterprises or firm owners in order to obtain information regarding such issues as the firm's profile, markets, organisation of production, and responses to the economic crisis. But, as pointed out, access to firms has been very difficult, as has been also eliciting good quality information from managers or owners. Interviews are usually conducted in "main" premises of the exporter. Furthermore, manufacturers are selective in providing information. With industrial unrest and social compliance issues on the rise, firms have been more reticent about sharing information. We have tried to gain access to entrepreneurs in at least some of the firm's for which workers have been interviewed. But we have also used a number of other sources (apart from the workers' interviews mentioned below) to obtain details about the activities of firms. These include the use of published and internet sources, government records, and informant interviews.

The Workers' Survey

We decided to survey a certain number of workers from each type of enterprise. The number of workers to be surveyed from each type of enterprise was fixed so that we could be able to reflect the key traits of the workforce in a given firm. *We have broadly selected 2 to 4 workers per workshop; 4 to 6 workers per small-sized factory; 6 to 10 workers per medium sized factory; and 10 to 15 workers per large sized factory.*

In order to select the type of workers to be surveyed, we first asked our informants about the number of types of workforce in the enterprise. Using this as an introductory piece of information, the research team made initial contact with some of the workers outside the factory gate during lunch break or after working hours. It was usually not easy to spend any length of time with workers near the factory because of their long and irregular working hours and the presence of security staff. We began to use the initial contact with workers at the factory gate to make subsequent contact with them in their residential localities at the end of the day or during their off-day. After broadly establishing firm and workforce characteristics through the initial contacts, we tried controlled snow-balling to contact a representative group of workers for the survey. Often, however, our initial contacts were not able to help us contact other types of workers because of extreme segmentation of the workforce. So we had to go back to the firm-gates. Therefore, finally we used a mixed strategy to sample workers. In a sense, we have deployed a reverse strategy from the one that was envisaged initially, in which we have used the information gleaned from the workers to "reconstitute" firm characteristics in relation to employment structure, recruitment, working conditions, and other characteristics, which we also reconfirm (triangulate) from other sources during the course of the survey.

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function as jobbers. Fabricators are jobbers involved in the stitching of garments on piece rated orders from manufacturers.

But the workers' survey has also faced some significant challenges:

- We did not anticipate that the workforce would be so extremely segmented and fragmented. Establishing workforce characteristics from the initial interviews or snowballing through them was very difficult.
- We found that it was much more difficult for us to contact low skilled workers, especially women workers, because of their longer working hours.
- Garment production goes through seasonal peaks and troughs, although these vary from firm to firm. Peak season demand is met through additional hiring and sub-contracting. But it has been much more difficult for the research team to cover the more seasonal workers.

Table 2.17 gives the distribution of the sample respondents according to the size and type of enterprise and its location. Nearly a third of the sample workers were employed in enterprises located in Noida, 27 per cent in enterprises in Delhi and 39.5 per cent in Gurgaon. Two-thirds of the workers in large enterprises came from Noida and one-third from large enterprises in Gurgaon. Two-thirds of the workers in medium sized enterprises came from Noida. Workers in small enterprises were divided between the three locations and the workshop workers came either from Delhi (87.1%) or Noida (12.9%). Altogether, 289 workers were interviewed

Table 2.17 Distribution of Respondents by Enterprise Size and Location

Location of Firm (total number: 35)	**Enterprise Size/Type (%)**				**Total**
	Large	**Medium**	**Small**	**Workshop**	
Noida	67.4	9.1	27.0	12.9	33.6
Delhi	0.0	22.1	38.2	87.1	27.0
Gurgaon	32.6	68.8	34.8	0.0	39.5
Total	100.0	100.0	100.0	100.0	100.0 (289)

Source: Based on Primary Survey

Of the total sampled workers, 31.8 per cent were employed in large enterprises, 26.6% in medium sized enterprises and 30.8% in small enterprises. Only 10.7% workers were employed in the workshops. While workers in export oriented enterprises were spread across large, medium and small enterprises, those producing for the domestic market were employed only in small and medium enterprises, while workers in workshops produced for a mixed market (Table 2.18).

Table 2.18 Distribution of Respondents by Firm Size and Type of Market

Firm Size/Type	Type of Final Market (%)			Total
	Mostly Export	Mostly Domestic	Mixed	
Large	42.0	0.0	0.0	31.8
Medium	31.5	17.0	0.0	26.6
Small	26.5	66.0	0.0	30.8
Workshop	0.0	17.0	100.0	10.7
Total	100.0	100.0	100.0	100.0

Source: Based on Primary Survey

Timeline and Field Instruments

The main part of the fieldwork was preceded by a careful mapping of sites of garment production in Okhla and localities in Southwest Delhi, Noida, and Gurgaon, with the help of workers and trade union activists and interviews with key informants (such as academics, former government officials and trade union leaders). The principal part of the fieldwork consisted of interviews with firm owners and managers, contractors or supervisors, team leaders and structured interviews with workers of firms. This was carried out between April 2012 and February 2013. Follow-up interviews with workers, team leaders, and contractors were carried out between December 2013 and February 2014 in order to reconfirm some of the information relating to issues such as modes of recruitment and participation in trade union activity. Intensive interaction with labour departments, through direct interviews and applications filed under the Right to Information Act, was carried out between August 2013 and March 2014. Apart from the structured interviews with the workers and the semi-structured and open-ended interviews with other informants, a massive amount of qualitative information on living and working condition was also recorded during the fieldwork. The analysis that follows triangulates the information obtained from all of these sources.

2.3 Socio-economic and Demographic Profile of Workers

Most of the respondents interviewed in the study were young, male, and first generation migrants. They mostly belong to the middle and higher castes. This is in line with what has been reported in earlier studies carried out in Delhi and adjoining regions in Delhi and its adjoining regions in the last few decades.

While 12 per cent of the workforce was younger than 20 years of age, 59 per cent of the workers were in the age-group of 21-30 years. Those in the 31-40 year age group comprised 22 per cent of workers. Just over six per cent of workers were above 40 years of age (Table 2.19). The age distribution is related to the experience and functions performed by the workers. In workshops, those workers engaged in hand embroidery or in *addax* work tend to be younger, while in factories, more skilled workers tend to be older. This is not surprising since, as we show later, higher manual skills are mostly acquired on the job.

Table 2.19 Age Distribution of Respondents

Age	Per cent
Up to 20	12.1
21 - 30 Years	58.5
31 - 40 Years	21.8
41 - 50 Years	5.9
Above 50	1.6
Total (289)	100

Source: Based on Primary Survey

Given the relative youthfulness of the workforce, it is perhaps not surprising that only 55 per cent were married and about 43 per cent were unmarried. However, while almost half the male workers (47.7%) were unmarried, nearly three quarters of the female workers were married (72.9 per cent) and 6.3 per cent were separated (Table 2.20).

Table 2.20 Distribution of Respondents by their Marital Status

	Marital Status			
Sex	**Married**	**Unmarried**	**Separated**	**Total**
Male	51.5	47.7	0.8	100.0
Female	72.9	20.8	6.3	100.0
Total	55.0	43.3	1.7	100.0

Source: Based on Primary Survey

Only 16.6 per cent of the workers interviewed were female, and the remaining 83.4 per cent were male (Table 2.21). In our sample, the predominance of the female workforce increases from

workshops to factories, and along with the size of the factory.[16] The workshops are almost entirely male (in our case only one of the sample workshops had female workers).

Table 2.21 Gender-Wise Distribution of Respondents across Firm Categories

Firm	Gender		
category	**Male**	**Female**	**Total**
Large	75.0	25.0	100.0
Medium	84.4	15.6	100.0
Small	87.6	12.4	100.0
Workshop	93.6	6.5	100.0
Total	83.4	16.6	100.0

Source: Based on Primary Survey

As noted in earlier studies of garment workers in Delhi and the NCR, about 80 per cent of respondents are Hindus and the other 20 per cent are reported to belong to other religions. Regarding the caste composition among the garment workforce, more than half of the workers belong to the Other Backward Castes (OBC), which includes the traditional weaving groups, especially among the Muslim workers. In fact, among Muslim workers, 84.2 per cent report belonging to the OBC group. Only 11 per cent of workers belong to Scheduled Caste groups (together comprising about a fifth the population in the major states of origin of the workers). Another 31.8 per cent of all workers, as well as 38.8 per cent among Hindu workers, belong to the General castes, which are, therefore, over represented in relation to their share in the population. Around 6 per cent of respondents did not report their caste (Table 2.22).

Table 2.22 Caste and Religious Affiliation of Respondents

	Caste				
Religion	**SC**	**OBC**	**General**	**Not Reported**	**Total**
Hindu	13.4	43.1	38.8	4.7	100.0
Muslim	0.0	84.2	3.5	12.3	100.0
Total	10.7	51.2	31.8	6.2	100.0

Source: Based on Primary Survey

[16] However, these results need to be interpreted with some caution since our sample of large firms turned out to be somewhat idiosyncratic as one of the large factories sampled had adopted a strategy to have a feminized workforce (see also Chapter 1). If this large firm is excluded from the calculations, the percentage of female workers in large-sized firms falls to 16.9 per cent, which is only marginally more than the percentage of female workers in small/medium firms.

Table 2.23 Educational Level of Respondents

Education Level	Per cent
Illiterate/Below Primary	10.4
Primary	11.4
Middle	41.9
Secondary/HS	32.2
Graduate/Above	4.1
Total	100.0

Source: Based on Primary Survey

As also noted by Singh and Sapra (2007), illiteracy is low among garment workers and most workers have at least middle level (i.e., eight years) schooling, Around 10 per cent of workers are found to be illiterate, while another 11.4 per cent have a primary level of schooling. But 41.9 per cent workers have passed middle school and 32.2 per cent have Secondary or Higher Secondary level of schooling (Class10 or Class 12). Interestingly, around 4.2 per cent workers were found to have graduate or higher degree (Table 2.23).

Migration Characteristics

The garment sector workforce studied here comprises almost entirely first generation migrants, with only two of the 289 workers surveyed reporting themselves as non-migrants. Both belonged to Gautam Budha Nagar (of which Noida is a part) and were employed in Noida itself. Patterns of labour migration, which involve different groups of people involved in different types of migrations and existing social structure (which imply different inherited skills as well as constraints on occupational choice and mobility across gender and social groups) interact with patterns of employment and labour market segmentation produced in the garment industry in the NCR. This interaction leads to gender differences in labour market outcomes, as well as differences between more regular forms of employment and peripheral and seasonal employment for different groups of workers.

The mean duration for all workers since their first migration is 8.8 years. A fairly high proportion of the workers in the sample started migrating quite recently, with. 37.7 per cent of workers first migrating from their native place less than five years ago with another 26.6 per cent of workers first migrating six to nine years ago. Male workers, who are also younger on average than their female counterparts, show a more recent migration history, with 41.5 per cent having first migrated less than five years ago and only 32.4 per cent having migrated ten years or more ago. However, women workers show an older migration pattern, with only 18.8 per cent having first migrated less than five years ago and 52.1 per cent having first migrated ten or more years ago (Table 2.24). The latter result is consistent with the fact that women might have migrated for

associational reasons, to be with their husbands, and might have joined the industry workforce at a later stage. This conjecture is also corroborated by the result that 96.3 per cent of male workers report that they migrated for employment, while only 34.2 per cent of female workers said that they migrated for work related reasons.

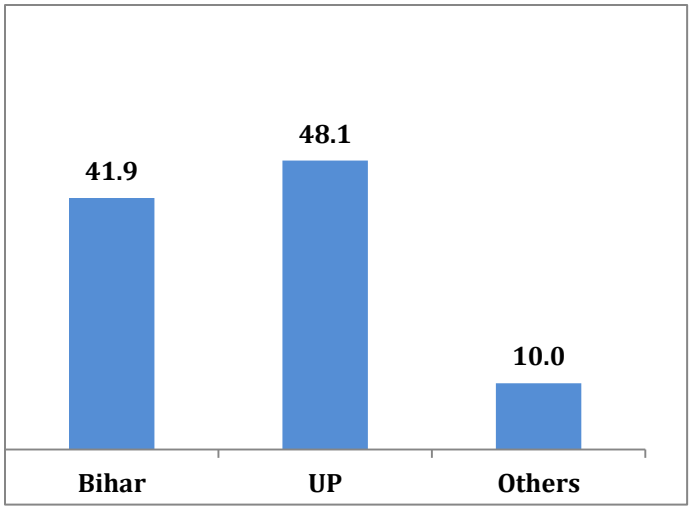
Table 2.24 Migration Characteristics of Respondents

Period of	**Gender**		
Migration	**Male**	**Female**	**Total**
<5yrs	41.5	18.8	37.7
5-9 years	26.1	29.2	26.6
10-14 years	14.1	27.1	16.3
15 or more years	18.3	25.0	19.4
Total	**100.0**	**100.0**	**100.0 (287)**

Source: Based on Primary Survey

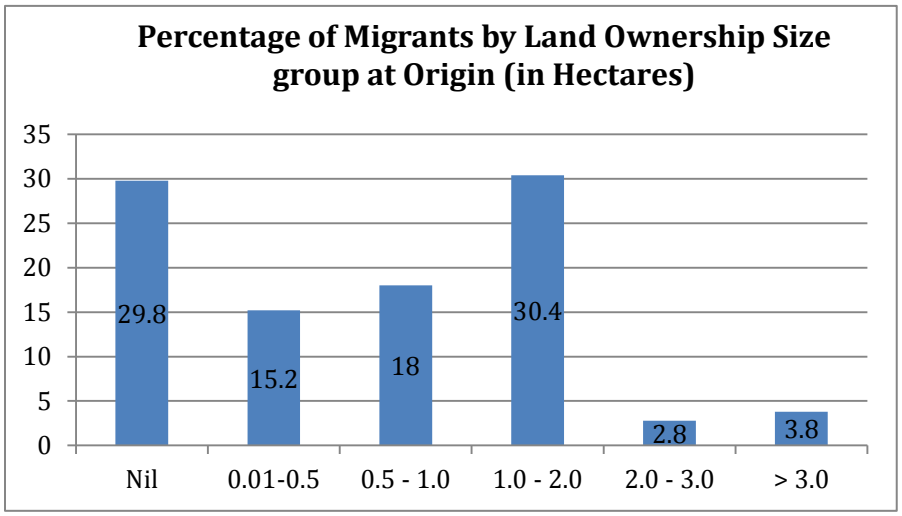
Findings show that 91.3 per cent of all migrants came from rural areas in other districts/states and only 8.3 per cent came from urban centres. Among all the migrant workers, 48.1 per cent came from Uttar Pradesh and 41.9 per cent from Bihar. The remaining 10 per cent of migrants hailed from such states as Jharkhand, Uttarakhand (both formerly parts of Bihar and Uttar Pradesh respectively), Haryana, Orissa, and West Bengal (Figure 2.6). The native places of the migrants were located in as many as 100 districts across these states, with a slightly higher contribution of migrant workers from Bareilly (6.2%), Chhapra (5.2%), Nalanda (4.5%), Gaya (3.8%), Patna, Madhubani and Ballia (each 3.12%), Motihari and Aligarh (each 2.8%), and Muzaffarpur, Maharajganj and Hardoi (each 2.4%).

Figure: 2.6 Native States of Migrant Workers



Source: Based on Primary Survey

Figure 2.7 Percentage of Migrants by Land Ownership Size Group at Origin



Source: Based on Primary Survey

Migrant workers own on average 1.91 acres (0.77 hectares) of land at origin. The class-size wise distribution of land owned by migrants' household/family at origin shows that 29.8 per cent owned no land and was landless, while 33.2 per cent owned less than one hectare of land. In addition, 30.4 per cent of households owned between one and two hectares of land, while 6.4 per cent owned more than two hectares (Figure 2.7).

Farming is/was their main source of livelihood at the native place only in 43.5 per cent of cases. Regular wage/salaried work was the main source of livelihood in 36.2 per cent of cases, while self-employment in non-agricultural activities and casual labour were the principal source of livelihood for 7 per cent and 11 per cent respectively (Figure 2.8).

Figure 2.8 Main source of Livelihood for Migrant Respondents

Source: Based on Primary Survey

The migrants retain a strong attachment to their native places. More than three quarters of the migrants (76.6%) continue to regard their native place as their primary place of residence and only 19.2 per cent regard their current location as their primary residence, while the remaining migrants were undecided (Table 2.25).

Table 2.25 Perceived Primary Place of Residence as Reported by Migrated Respondents

Perceived Primary Residence	Frequency	Per cent
Native Place	219	76.6
Current Location	55	19.2
Can't Say	12	4.2
Total	286	100

Source: Based on Primary Survey

Table 2.26 Migration Pattern of Respondents

Visit to Native Place	Frequency	Per cent
Once a year at the end of working season & when out of work	121	42.3
Sometimes in a year if unemployed or for holidays	51	17.8
Not at all/only for occasional holidays, special occasions	114	39.9
Total	286	100

Source: Based on Primary Survey

The pattern of migration is not unidirectional. We consider a little more than two-fifths of the migrant workers as short-term circular migrants, since they said that they return to their native places each year at the end of the working season or when unemployed. Another 17.8 per cent claimed that they return to their villages during a year in more irregular cycles, when unemployed or are taking holidays. But 40 per cent of the migrant workers only had intermittent contact with their naive place, returning only very occasionally for holidays or special occasions (Table 2.26).

In the sample, 55 per cent of the migrants actually returned to their native places at least once during the last one year. Out of these, 47.7 per cent spent two months or less at their native places, while 20.7 per cent spent two to three months. Only about a third of the migrants (31.9%) spent more than three months at their native place (Table 2.27).

Table 2.27 Migrant Workers in Their Native Place in the Last One Year and Time Spent

Period	Number	Per cent
Less than One month	29	17.2
1 to 2 months	51	30.2
2 to 3 months	35	20.7
3 to 5 months	42	24.8
More than 5 months	12	7.1
Total	169	100

Source: Based on Primary Survey

Table 2.28 Respondents' Decision to Migrate

	Male	Female	All
Amador/labour-contractor	0.4	0.0	0.3
Family members	27.8	67.4	34.1
Kinsfolk	36.1	15.2	31.7
No one else	34.4	17.4	31.7
Others	2.5	0.0	2.1
Total (287)	**100.0**	**100.0**	**100.0**

Source: Based on Primary Survey

The decision to migrate is an important part in the process of migration as well as in the selection of destinations. Findings reveal that the respondents were mostly influenced by their family members (34 %), followed by kinsfolk (31.7%) while 31.7 per cent took the decision to migrate on their own. Labour contractors have hardly any influence over the workers' decision to migrate to the garment industry. In the case of women workers, the decision to migrate was influenced by family members in two-third of the cases, while in 17.2 per cent of the cases, women workers took the decision of their own accord, and in 15.2 per cent of the cases their decision was influenced by kinsfolk or community (Table 2.28).

Although the decision to migrate might not have been directly influenced by others in a number of cases, few workers migrated alone, however. Usually the migration took place with other family members, kinsfolk, or others in the rural community. Female workers migrated mostly with family members (80.4% of cases) or with family members as well as other kinsfolk (6.4% of cases). In 13.4 per cent of cases, they migrated with other kinsfolk. Male workers migrated with other kinsfolk in 42.5 per cent of cases, followed by migration with family members (25.8%

of cases) and with both family members and kinsfolk (6.7 % of cases). No female worker migrated alone and only 3.3 per cent of male workers did so (Table 2.29). Thus, in the case of female workers, both the decision to migrate and the move itself were predominantly a family-based one, while male workers in the study were much more likely to take the decision by themselves and move without their families. This pattern is also consistent with the demographic profile of the garment workers analysed earlier.

Table 2.29 Person Accompanying the Migrant Respondents

With whom did you migrate	Gender		Total
	Male	Female	
Alone	3.3	0.0	2.8
With other family members	25.8	80.4	34.6
With other kinsfolk	42.5	13.0	37.8
With family members and kinsfolk	6.7	6.5	6.6
Others in the village	21.7	0.0	18.2
Total	100.0	100.0	100.0

Source: Based on Primary Survey

As shown earlier, migrants have close ties with their native place. More than three-quarters of them regard their native place as their primary place of residence. Nearly 73 per cent of all garment workers are able to save some part of their earnings to send it back to their homes (Table 2.30). Findings reveal that, on average, a migrant worker sent INR 33,980 as remittances in the last one year (Table 2.31).

Table 2.30 Remittances Sent by Respondents by Firm Size

Firm Size/Type	Remittance		Total
	Yes	No	
Large	67.0	33.0	100
Medium	72.4	27.6	100
Small	78.7	21.4	100
Workshop	77.4	22.6	100
Total (287)	**73.2**	**26.8**	**100**

Source: Based on Primary Survey

Table 2.31 Average Remittance per Remitting Worker by Caste and Firm Size

Average Remittance Per Remitting Worker (INR / year)					
Firm Size/Type	**Caste**				**Total**
	SC	**OBC**	**General**	**NR**	
Large	25,000	37,200	28,739	33,333	32,820
Medium	29,571	35,424	19,364	24,500	30,673
Small	48,286	32,150	38,955	25,000	35,800
Workshop	42,750	7,000	36,000		39,208
Total	**35,263**	**35,984**	**30,086**	**29,500**	**33,625**

Source: Based on Primary Survey

The mode of sending remittances has varied. Forty-five per cent of workers sent their savings through a bank and 11 per cent through a post office. Interestingly, 38 per cent of the workers sent their remittances through informal channels such as friends, relatives or kinsfolk. Six per cent workers used both formal and informal modes for sending remittances.

Thus, overall, almost three in four migrant workers make remittances (or take their savings home). The amount of these remittances is quite substantial, amounting to three to four months of average monthly earnings of the workers. Both the proportion of workers remitting money as well as the average amount remitted are higher in smaller firms and workshops, demonstrating that workers in these enterprises have comparatively weaker roots at their work destination and a stronger stake in their areas of origin.

2.4 Labour Processes

The internal division of work and the employment structure in enterprises depends upon the types of functions that are carried out within the enterprise and the level of integration of functions usually depends on the size of enterprise. Several of the large enterprises surveyed integrate a number of functions that include product design, marketing, manufacture of samples, fabric dyeing, layering, cutting, tailoring, embroidery (computerised or by, machine or even hand), checking, stain removal, button holing, button stitching, washing, pressing, packing, and shipping. Most of the embellishment work on fashion garments (sequin work or hand embroidery on looms known as *adda*) is outsourced. But many of the functions mentioned above, including tailoring or clothing manufacture (fabrication), can also be outsourced, both during peak seasons as well as on a routine basis. The number of functions carried out in smaller enterprises is fewer, and the workshops are the most specialised.

The sample of workers selected for the study include 37.4 per cent who are tailors, 12.1 per cent helpers, 11.1 per cent checkers, 10.7 per cent thread-cutters, 7.6 per cent pressers, 7.3 per cent embroiderers, 3.5 per cent cutters and packers each, and other smaller categories as shown in Table 2.32. Because of the choice of workshops, the sample of workers in these surveys consists of embroiderers (41.9%) and tailors (38.7%). There is not much variation in the types of workers selected across factory size. In total, 289 workers were interviewed.

Table 2.32 Distribution of Sample Workers by Functions and Factory Size

Functions	Large	Medium	Small	Workshop	Total
Cutting	5.4	3.9	1.1	3.2	3.5
Stitching	40.2	37.7	33.7	38.7	37.4
Checking	14.1	10.4	12.4	0.0	11.1
Thread – cutting	14.1	9.1	11.2	3.2	10.7
Mending	0.0	0.0	1.1	0.0	0.4
Pressing	7.6	9.1	7.9	3.2	7.6
Packing	1.1	1.3	7.9	3.2	3.5
Embroidery	1.1	3.9	4.5	41.9	7.3
Helper	15.2	15.6	9.0	3.2	12.1
Others	1.1	9.1	11.2	3.2	6.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Based on Primary Survey

Jobs in the factories are divided by perceived skill levels into low skilled, semi-skilled, skilled and highly skilled. The legislated minimum wages are set according to skill levels. The highly

skilled categories include master cutters, master tailors, technicians, designers and so on and are not included in the sample. The cutters, layerers, checkers, tailors, pressers, and machine embroiderers are categorised as semi-skilled or skilled and form about 80 per cent of the sample.

The use of specialised equipment is again higher in the large units. These include automatic boilers, washing units, equipment for testing fabric, dyeing, computerised embroidery machines and so on. Computer aided designing is common in the factory sector, but computer based controlling systems are less frequently used. The single most important machinery used in all garment manufacturing units is the sewing and embroidery machine (usually Japanese or Chinese, occasionally German). Among the workers, 55 per cent worked with machinery, 32.9 per cent worked with a single needle sewing machine, 3.5 per cent with a double needle machine, 6.2 per cent with embroidery machines, 2.4 per cent with cutting machines, and 8 per cent with presses. About 20 per cent of those who worked with a machine used an Indian machine. But overall the production process is highly labour intensive and the cost of plant and machinery is low so that virtually all the enterprises, including those categorised by us as "large", would qualify as Small and Medium Enterprises (SMEs) whose current ceiling of investment in plant and machinery is designated by the government as Rs. 50 million and Rs. 300 million respectively.

The largest percentage of workers (45.3%) in the sample reported working on the manufacture of western style women's garments, while 39.5% said that they worked on mixed types of garments, 5.9% worked on the manufacture of men's Indian garments, 4.5% worked on Western style men's garments, and 3.1% worked on Indian style women's garments.

In the factory sector, tailoring is usually organised in assembly lines, although some high fashion garments and samples are produced through group work. A decade ago, assembly line manufacture was just beginning to spread in the sector, but it is now clearly the main form of garment manufacture in factories.

Gender-based segmentation in the garment industry in the NCR is very well entrenched. Women are mainly confined to low skill and low wage jobs, and women workers predominate in thread cutting. They constitute 90.3 per cent of all thread cutters in the sample, while women thread cutters are a total of 58.3 per cent of all women workers (Table 2.33). There is a very small presence of women workers in semi-skilled or skilled jobs, including tailoring and machine embroidery. However, since two of our units had female oriented employment, 12 per cent of the tailors and 20 per cent of the cutters in the sample were women.

Table 2.33 Distribution of Respondents by Function and Gender

	Across Functions		Across Gender		
Functions	**Male**	**Female**	**Male**	**Female**	**Total**
Cutting	3.3	4.2	80.0	20.0	100.0
Stitching	39.4	27.1	88.0	12.0	100.0
Checking	12.9	2.1	96.9	3.1	100.0
Thread cutting	1.2	58.3	9.7	90.3	100.0
Mending	0.4	0.0	100.0	0.0	100.0
Pressing	9.1	0.0	100.0	0.0	100.0
Packing	4.2	0.0	100.0	0.0	100.0
Embroidery	8.3	2.1	95.2	4.8	100.0
Helper	13.3	6.3	91.4	8.6	100.0
Others	7.9	0.0	100.0	0.0	100.0
Total	**100.0**	**100.0**	**83.4**	**16.6**	**100.0**

Source: Based on Primary Survey

Table 2.34 Functional Division of Respondents by Caste and Religious Affiliation

Function	**Hindu – SC**	**Hindu - OBC**	**Hindu +General**	**Hindu –O**	**Muslim**	**Total**
Cutting	3.23	2	6.67	0	1.75	3.46
Stitching	29.03	39	31.11	18.18	52.63	37.37
Checking	3.23	15	15.56	9.09	1.75	11.07
Thread – cutting	16.13	6	15.56	45.45	1.75	10.73
Mending	3.23	0	0	0	0	0.35
Pressing	25.81	6	5.56	9.09	3.51	7.61
Packing	0	6	2.22	0	3.51	3.46
Embroidery	3.23	5	0	0	26.32	7.27
Helper	16.13	14	14.44	9.09	3.51	12.11
Others	0	7	8.89	9.09	5.26	6.57
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: Based on Primary Survey

The functional division of labour in these enterprises resonates with the traditional caste/community based division in which tailoring and embroidery were dominated by Muslim OBC castes. While Muslims were 19.8 per cent of the sample, they were 71.4 per cent of all embroiderers and 27.8 per cent of all tailors. As already pointed out, the formerly untouchable castes (SCs) form only 10.7 per cent of the workforce, which has a much higher proportion of middle and high castes and Muslims. But once the greater presence of Muslims in certain types of work, and the low presence of SCs in the workforce is accounted for, the functional division of labour does not provide strong evidence of segmentation among caste groups. For example, 29, 39 and 31.1 per cent of SC, OBC and General Caste workers, respectively, in the sample were tailors, but 16.1, 14, and 14.4 per cent respectively of these caste groups worked as low skilled helpers(Table 2.34).

2.5. Recruitment of Workers

Workers in the garment industry are recruited either directly by the enterprises or by contractors. They are recruited locally, whether at the factory gate or in the contractor's firms. Factories advertise vacancies locally or through gate notices or spread word of vacancies through word of mouth. Contractors recruit workers through advertisement, notices, and by word of mouth. We did not find evidence that labourers were sourced directly from their native areas. Only one of the large firms had set up a training unit in Jharkhand state and recruited workers trained by it.

Contractor based hiring in India is regulated by the Contract Labour (Abolition and Regulation) Act. The Act prohibits the use of contract labour in perennial processes. It also mandates the registration of employers wishing to use contractors and the licensing and registration of contractors with the labour department. Contractors have to ensure proper working conditions, while employers have to supervise wage payments by contractors and are liable to pay wage arrears if necessary. Both the contractors and employers have to provide detailed returns to the labour department. All firms employing more than twenty workers recruited through contractors and all contractors providing more than twenty workers have to be registered by law.

The Contract Labour Law has been progressively liberalised in most states, and contract labour is now permitted in all processes in the garment industry in the states of UP, Haryana and Delhi. The contract labour system in the garment industry works in a myriad of ways which are very difficult to unfold. In many cases, as we will explain, workers are not aware whether their employer is a sub-contractor or the firm owner. Workers may be recruited at factory gates but may appear on a contractor's muster-rolls. Contractors could be either registered or unregistered. More often than not, small contractors and small firms evade registration under the Act. The main question is why firms need contractors when labour is relatively abundant and recruitment costs appear to be very small. We will return to this question throughout this analysis.

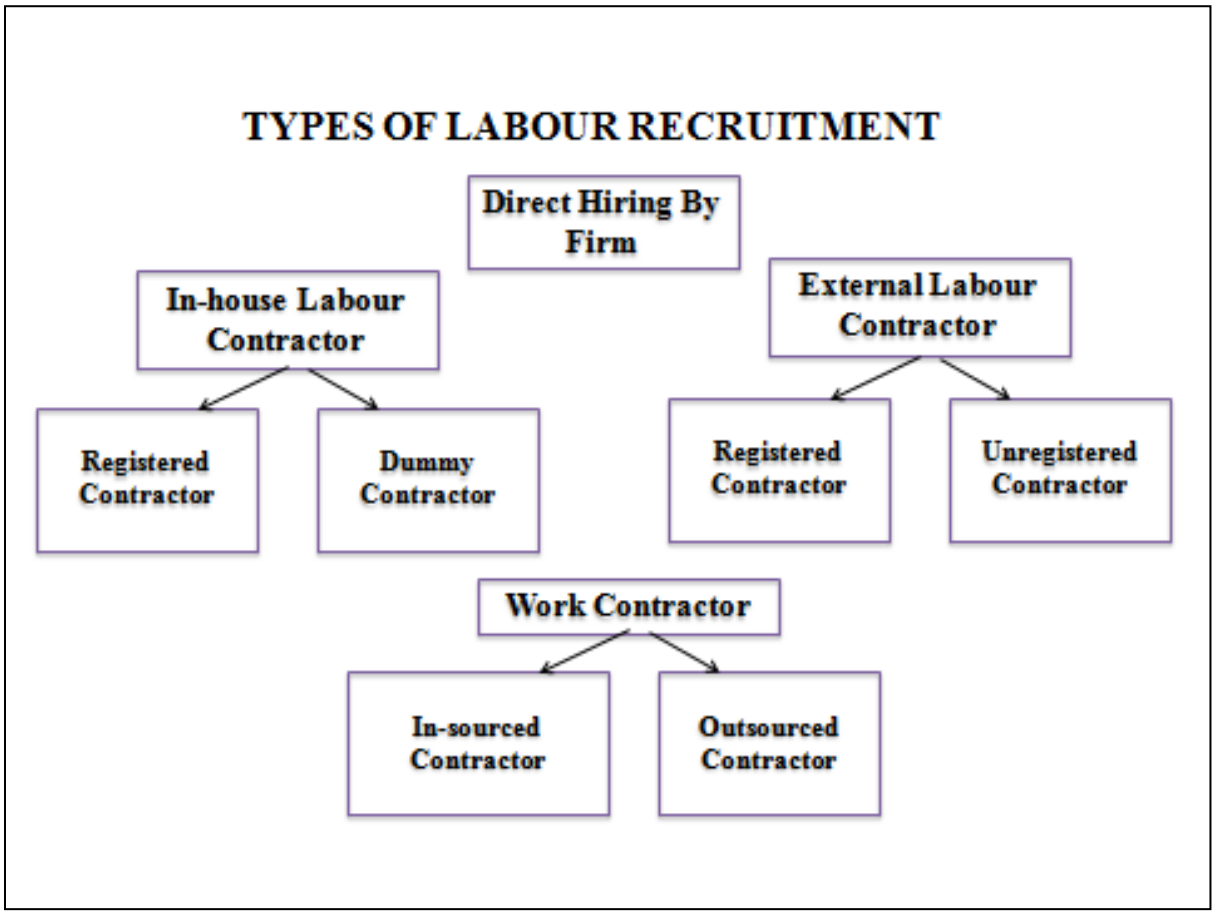
A significant amount of field effort was spent in uncovering contractor based relationships. These included follow up re-surveys, interviews with informants, and applications filed under the Right to Information Act. The slow pace and inadequate nature of responses by the labour departments and the incomplete and patchy information that we could find or failed to find is a significant indication of the (lack of) seriousness with which the Contract Labour Act is implemented in the three states.

The types of labour recruitment practiced in the industry are shown in Figure 2.9. A table showing the different type of contractors used and the extent of contractor based recruitment in the sample enterprises in the factory sector is given in Annexure 4.

Many of the firms in the industry—virtually all small firms and several medium-large firms—use in-house labour contractors. These contractors are production managers, accountants, supervisors, master tailors or master cutters in firms. Some of these (i.e., production managers and accountants) could be registered contractors. Some of them also operate their own fabricating units, set up with the assistance of the owner. Others are small unregistered

contractors ("dummies"), helping to hire workers either throughout the year or in peak seasons. These workers do not appear on the official roll of the enterprise. Workers hired by these in-house contractors could be approached by word of mouth or they could be hired at the factory gate and placed under the contractor. These are cases where the worker does not know whether his direct employer is a contractor or the firm, and the researchers have had to look at other supporting evidence in order to determine this.

Figure 2.9 Types of Labour Recruitment



Source: Fieldwork

External labour contractors are usually larger, and might supply several hundred workers to the enterprise. They could also be registered or unregistered. They could supply one type of worker (e.g., helper, thread-cutter, tailor or pressman) or several types of workers (usually either in the stitching or finishing departments). These contractors further fall into two categories--those providing workers who labour under the firm's supervisors or those who are in-contractors and undertake garment production inside the firm's premises on a piece rate or commission basis.

External labour contractors may also function as in-contractors, taking over the work of entire departments and even the entire shop floor and undertaking work in that capacity for the owner on a piece rate.

Some profiles of contractors are given in Annexure 4. The distinction between the three types of contractor-related labour supply is not water-tight. Production managers or accountants of a firm may be dummy contractors for that firm and simultaneously operate independent fabrication capacity where they can carry out sub-contracting work for the parent firm as well as for other firms. Labour contracting may often border on in-contracting since labour contractors may offer a package of services (for example, tailoring work, helpers, and supervision - required for an assembly line) on a piece rate basis. We have also found production managers of large firms doubling up as owners of manpower supply firms as well as labour contractors for the parent firm (see Box 1). All this provides a great deal of flexibility to firms in the ways that they can employ or manage labour and operate production lines. But the implication of this flexibility for industrial productivity remains unclear. Moreover, a large number of manpower agencies have merged in the NCR, supplying different types of workers to one or more industries, including the garment sector. There appears to have been slow and increasing concentration in labour supply by contractors. In some cases, contractors may supply up to several thousand workers to a group of factories of a single firm or to different garment firms.

The contractors receive a commission for the workers supplied or engaged by them. The amount of commission depends on the functions performed by the workers, negotiations with the owner or manager, and the type of payment involved. This could be ten per cent or more of the wages of workers.

Table 2.35 Source of Access to Present Employment by Location and Firm Size

How did you access the present employment?	Location			Firm Size			
	Noida (1)	Delhi (2)	Gurgaon (3)	Large (4)	Medium (5)	Small (6)	Workshop (7)
Through labour contractors	22.7	10.3	16.7	18.5	14.3	22.5	3.2
Acquaintances/ Relative	33.0	51.3	41.2	34.8	36.4	40.5	74.2
Directly approached employers / managers	44.3	38.5	42.1	46.7	49.4	37.1	22.6
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Based on Primary Survey

Workers in the garment industry can directly approach factories and employers on their own or through social networks. Very few first approach labour contractors or are approached by them. As per our survey, 41.2 per cent accessed the labour market through an acquaintance or relative and a similar percentage directly approached the firm (Table 2.35). Only 17.2 per cent first

approached a contractor for a job. Accessing a job through a contractor or through an acquaintance or relative was more common in small firms while a larger percentage of workers approached the medium and large sized enterprises directly. In the case of workshops, accessing jobs through social networks was the most common.

Despite the extensive use of contractors by firms, this practice is not universal. Some firms principally engage workers directly. Later we delve into the question of why firms exercise one of these options (i.e., direct hiring versus contractor based labour).

Table 2.36 provides details of the employer of the labourer as reported by workers. Overall (including in the workshops), 33.8 per cent of workers report that they are employed by contractors. We find a broad similarity in the use of contract labour across the three locations. There is a tendency for the use of contract labour to be higher in smaller firms. The percentage of contract labour reported by our sample is 28.3 per cent for large enterprises, 37.7 per cent for medium enterprises and 43.8 per cent for small enterprises. Firms producing for the domestic market use 42.6 per cent contract labour while those producing for the export market use 33.8 per cent contract labour.

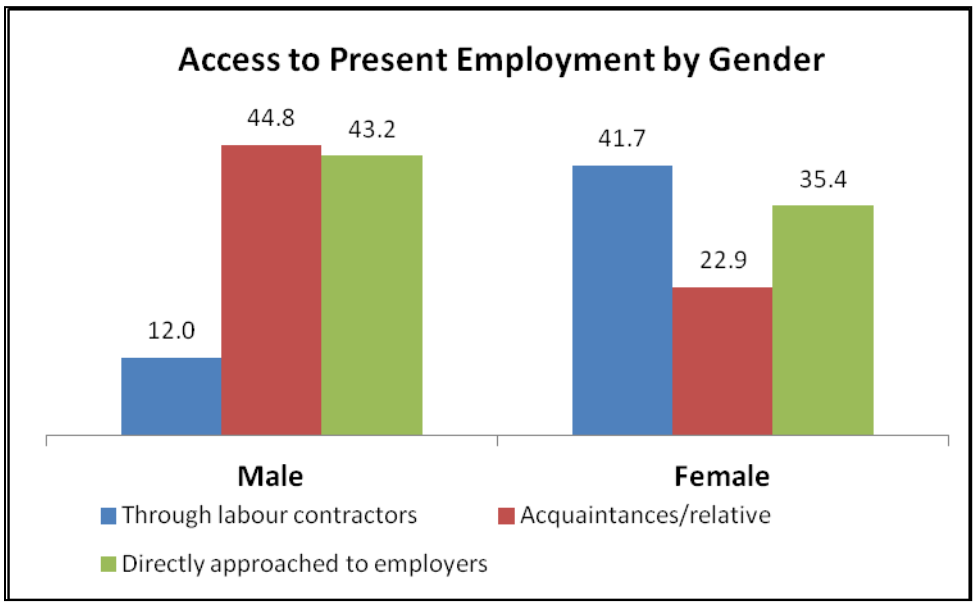
Table 2.36 Details of Employers as Reported by Respondents

		Employer		
Category		**Firm Owner / Manager**	**Contractor**	**Total**
Location	**Noida**	66	34	**100**
	Delhi	64.1	35.9	**100**
	Gurgaon	71.1	29	**100**
Factory Size / Type	**Large**	71.7	28.3	**100**
	Medium	62.3	37.7	**100**
	Small	56.2	43.8	**100**
	Workshop	100	0	**100**
Market	**Domestic**	57.4	42.6	**100**
	Export	66.2	33.8	**100**
	Mixed	100	0	**100**
	All	67.5	32.5	**100**

Source: Based on Primary Survey

Interestingly, women are more likely than men to access jobs through contractors. Male workers are much more likely to rely on social networks. In our sample, only 12 per cent of male workers accessed jobs through contractors, while 44.8 per cent did so through social networks and 3.2 per cent approached the factories directly. However, 41.7 per cent of female workers accessed jobs through contractors and only 22.9 per cent through social networks (Figure 2.10). This pattern is probably related to the more causal nature of employment of female workers, who tend to work, for example, as thread cutters or helpers. In Gurgaon, labour contractors hire and supply female helpers to factories on daily wages.

Figure 2.10 Access to Present Employer, by Gender



Source: Based on Primary Survey

Table 2.37 shows the distribution of workers by the nature of their access to the labour market and reported employer. As discussed earlier, workers directly approaching firms could well be directed to join with a dummy contractor (whom they may not recognise as a contractor) or an external contractor. Among those who directly approached the factory for employment, 17.2 per cent reported that they got employed by a contractor. But as we discuss below, we expect the survey to under-report contract labour since workers are not always aware (especially if dummy contractors are used) whether their employer is a contractor of the firm.

The purpose of this section has been only to describe the various types of labour contract systems in vogue in the NCR and the relative magnitude of contractor based hiring as brought out in our survey. In the sections which follow, we will also explore the relationship between recruitment systems and employment conditions.

Table 2.37 Type of Perceived Employer

Perceived Employer	Mode of recruitment (%)			Total
	Through Contractor	Acquaintance/ Relative	Directly Approached	
Firm Owner / Manager	4.1	78.2	82.6	67.5
Contractor	95.9	21.9	17.4	32.5
Total	100	100	100	100

Source: Based on Primary Survey

2.6 Contractual Relationships, Type of Employment and Payment Systems

Only six (1.7%) workers in our sample had written contracts. Most workers saw themselves as being casually employed (50.9 per cent) while 47.4 per cent saw themselves as being regularly employed (indefinite, oral contracts). Thus nearly half the workers see themselves as being in indefinite employment, although they do not have any contracts. When the contractor is the employer, nearly three-quarter of the workers are casually employed while slightly more than a quarter are retained on a regular, indefinite basis. But none of these workers has a written contract. When the firm is the employer, 57.4 per cent are regularly employed without contract while 2.6 per cent have contracts and 40 per cent are casually employed (without contract) as shown in Table 2.38.

Table 2.38 Employment Status of Respondents, With/Without Contracts

Employment Status	Firm Owner or Manager	Contractor	Total
Casual employment without contract	40.0	73.4	50.9
Regular employment without contract	57.4	26.6	47.4
Regular employment with contract	2.6	0.0	1.7
Total	**100.0**	**100.0**	**100.0**

Source: Based on Primary Survey

Casual employment is higher in small firms and workshops (which also comprise the mixed market segment among our enterprises). Such employment is also higher in the export oriented enterprises compared to those producing primarily for the domestic market (Table 2.39). It is also higher in Delhi-based enterprises (mostly small-medium and export oriented) than in Gurgaon and Noida.

Table 2.39 Employment Status of Respondents across Firm Size, Location and Type of Firm

		Employment Status			
	Category	Casual employment without contract	Regular employment without contract	Regular employment with contract	Total
Firm type	**Large**	43.5	53.3	3.3	**100**
	Medium	45.5	54.6	0	**100**
	Small	56.2	41.6	2.3	**100**
	Workshop	71	29	0	**100**
Market	**Export**	50.7	48	1.4	**100**
	Domestic	36.2	59.6	4.3	**100**
	Mixed	82.6	17.4	0	**100**
Location	**Noida**	46.4	50.5	3.1	**100**
	Delhi	61.5	35.9	2.6	**100**
	Gurgaon	47.4	52.6	0	**100**
	Total	50.9	47.4	1.7	**100**

Source: Based on Primary Survey

Regular employment and casual employment are broadly distinguishable by the manner of remuneration of the workers. Regular workers are usually paid monthly salaries, whereas the remuneration of casually employed workers is calculated by the day, either on the basis of wages calculated on the basis of a daily rate or on piece rates. Daily rates are applicable to low skilled workers while piece rates are more applicable to more skilled workers (Table 2.40).

Table 2.40 Remuneration Type by Employment Status of Respondents

Employment Status	Hourly or Daily time rates	Weekly/monthly	Piece rates	Other	Total
Casual employment without contract	10.9	49.7	38.8	0.7	100.0
Regular employment without contract	5.1	83.9	11.0	0.0	100.0
Regular employment with contract	0.0	100.0	0.0	0.0	100.0
Total	**8.0**	**66.8**	**24.9**	**0.4**	**100.0**

Source: Based on Primary Survey

All regular workers with contracts in the sample and nearly 84 per cent of other regular workers are paid monthly salaries. Just over 10 per cent are paid on a piece rate basis although they are on indefinite contracts. Nearly three-fifths of the casual workers are on daily rates (paid on a weekly or monthly basis) or on monthly salaries, while the remaining two-fifths are on piece rates (Table 2.40).

Note: Our figures for workers with wages fixed on a weekly/monthly basis probably include some daily-waged as well as piece-rated workers who are paid their piece rate wages and daily rate wages on a weekly or monthly basis. Hence we have likely underestimated both daily-waged and piece-rated workers and all further discussion should be understood with this caveat.

In all subsequent analysis, we have merged regular workers with a contract with all other regular workers, given the small numbers of the former.

As Table 2.41 shows that monthly rates and piece rates are common in the industry for the skilled and semi-skilled categories of workers, viz., cutters, tailors, menders, embroiders, pressers, washers and so on, whereas daily and monthly rates are more common for low skilled categories such as thread-cutters, button-stitchers, helpers and packers.

Furthermore, skilled and semi-skilled workers employed by contractors are more likely to be on piece rates whereas those employed by enterprises (with the exception of workshops) are more likely to be hired on monthly salaries. Among the skilled workers hired by owners, 29.9 per cent of workers in our sample were on piece rates, while among those hired by contractors, 46.7 per cent were on piece rates. Both skilled and unskilled workers hired by contractors are also more likely to be on daily rates (Table 2.42). As noted earlier, the weekly/monthly category comprises

an amalgam of workers on daily rates but paid on a weekly or monthly basis as well as workers hired on a monthly basis.

Table 2.41 Remuneration Type by Nature of Work

Type of Work	Hourly or Daily time rates	Weekly/ monthly	Piece rates	Total
Cutting	0.0	60.0	40.0	100.0
Stitching	9.3	46.3	44.4	100.0
Checking	0.0	96.9	3.1	100.0
Thread cutting	12.9	87.1	0.0	100.0
Mending	0.0	100.0	0.0	100.0
Pressing	9.1	77.3	13.6	100.0
Packing	30.0	70.0	0.0	100.0
Embroidery	9.5	19.1	71.5	100.0
Helper	5.7	94.3	0.0	100.0
Others	0.0	89.5	10.5	100.0
Total	**8.0**	**66.8**	**25.3**	**100.0**

Source: Based on Primary Survey

Table 2.42 Remuneration Type by Worker's Skill Level and Type of Perceived Employer

Type of Perceived Employer & Workers by Skill Level	Hourly or Daily time rates	Weekly/ monthly	Piece rates	Total
Firm Owner / Manager				
Skilled / Semiskilled	6.9	63.2	29.9	100.0
Low skilled	3.9	92.2	3.9	100.0
Total	6.2	70.8	23.1	100.0
Contractor				
Skilled / Semiskilled	11.7	41.7	46.7	100.0
Low skilled	11.8	88.2	0.0	100.0
Total	11.7	58.5	29.8	100.0

Source: Based on Primary Survey

Analysis by enterprise size and type (cf. Table 2.43) shows that while the percentage of workers on monthly emoluments declines with the decreasing size of the enterprise, that of piece rated workers increases. This is especially the case for skilled workers. Piece rated workers in large

enterprises made up 21.9 per cent of all such workers, compared to 29.4 per cent in medium enterprises and 26.2 per cent in small enterprises. But these figures are subject to a margin of error due to the probable mis-categorisation of piece rated workers. In workshops, piece rated workers were 92.9 per cent of all skilled workers.

Table 2.43 Remuneration Type by Enterprise Size and Respondent's Skill level

Firm Type	Skilled/ Unskilled	Mode of Payment			
		Daily time rate	Weekly/monthly salary	Piece Rated	Total
Large	Skilled	1.6	76.6	21.9	**100**
	Unskilled	7.1	92.9	0	**100**
	Total	3.3	81.5	15.2	**100**
Medium	Skilled	3.9	66.7	29.4	**100**
	Unskilled	3.8	96.2	0	**100**
	Total	3.9	76.6	19.5	**100**
Small	Skilled	23	50.8	26.2	**100**
	Unskilled	10.7	82.1	7.1	**100**
	Total	19.1	60.7	20.2	**100**
Workshop	Skilled	0	7.1	92.9	**100**
	Unskilled	0	100	0	**100**
	Total	0	16.1	83.9	**100**

Source: Based on Primary Survey

Piece rates suit more temporary and seasonal workers as they can maximise their daily earnings but it is also a reflection of less durable employment, and deprives workers of social security benefits, and other benefits which accrue through long term employment. It also suits contractor-based forms of work organisation since employers need not monitor work intensity. The higher propensity of smaller firms to have piece rated workers could be both a result of greater seasonality of demand (and hence a more temporary workforce) and smaller batch orders and more make-through production.

We turn next to examine the durability of the employment relationship and the rate of job-turnover among workers.

2.7 Period of Employment in the Industry and in the Current Enterprise

Among the workers interviewed, only 14.2 per cent had taken up a job in the garment industry for the first time. Of the 85.8 per cent of workers who had worked earlier in the garment industry, 4.9 per cent had worked in the industry for more than 20 years, 19 per cent had worked for a period of ten to twenty years, and 34.3 per cent had worked for a period of five to ten years. The remaining 41.9 per cent of workers had worked in the industry previously but for a period of less than five years.

Furthermore, of those who had earlier worked in the industry, 83.8 per cent continued to do the same type of job, and the remaining 16.2 per cent (40 workers) changed their job profile. Table 2.44 gives the period for which workers have been employed in the current enterprise. We have analysed the information for different sizes/types of enterprises, types of employment and types of employers. The time periods that we have considered are up to six months (to reflect seasonality or other hiring factors), six months to a year, more than a year (when workers could potentially claim a permanent status) and more than five years (when workers could potentially become entitled to pension benefits such as gratuity).

Workers have spent a much shorter period in the current job than in the industry. Across all enterprise types, nearly two-fifth of the workers (38.8%) were in employment for six months or less while another 21.1 per cent did not complete one year of employment. Thus, taken together, 59.9 per cent of workers had not spent one year in the current job. Of the remaining, only 9 per cent had been in employment for more than five years while 31.1 per cent had been in employment with the current employer for a period between one and five years. While as many as 49.6 per cent of workers had spent five or more years in the industry, only 9 per cent had spent 5 or more years in the current employment. Thus jobs in the industry have a high turnover (Table 2.44).

Naturally, employment through contractors is much more short term. For those directly employed by firms, 29.2 per cent had worked for less than six months and another 23.1 per cent had worked for a period of six months to a year. More than a third of the workers (35.8 %) had worked with the enterprise for one to five years, and 11.8 per cent had exceeded five years. But among those employed through contractors, nearly three in five workers (58.5%) had worked for less than six months, and another 17 per cent had worked for a period of six months to a year. Thus, altogether more than three-quarter of the workers had been employed in the enterprise for less than a year. Another 21.3 per cent had worked for a period of one to five years and only 3.2 per cent had worked for more than five years (Table 2.44).

Again, those employed on a regular basis, for an indefinite duration, are more likely to stay in a job for a longer period than those who are casually employed. Among the former, only about two-fifth had been employed for a year or less, 43 per cent for a period of one to five years and 16.2 per cent for more than five years. But among the casually employed, 78.2 per cent had been employed for less than a year, of whom as many as 57.8 per cent had been employed for less

than six months, 19.7 per cent had been employed for one to five years, and only 2 per cent for more than five years (Table 2.44).

Table 2.44 Employment in the Current Enterprise by Enterprise Size and Employment Type

Category	Up to 6 months	6 months to 1 year	1-5 years	More than 5 years	Total
Enterprise Size					
Large	35.9	26.1	32.6	5.4	100.0
Medium	19.5	28.6	39.0	13.0	100.0
Small	51.7	12.4	25.8	10.1	100.0
Workshop	58.1	12.9	22.6	6.5	100.0
Employment Type					
Regular	19.0	21.8	43.0	16.2	100.0
Casual	57.8	20.4	19.7	2.0	100.0
Employer Type					
Firm Owner / Manager	29.2	23.1	35.9	11.8	100.0
Contractor	58.5	17.0	21.3	3.2	100.0
Total	**38.8**	**21.1**	**31.1**	**9.0**	**100.0**

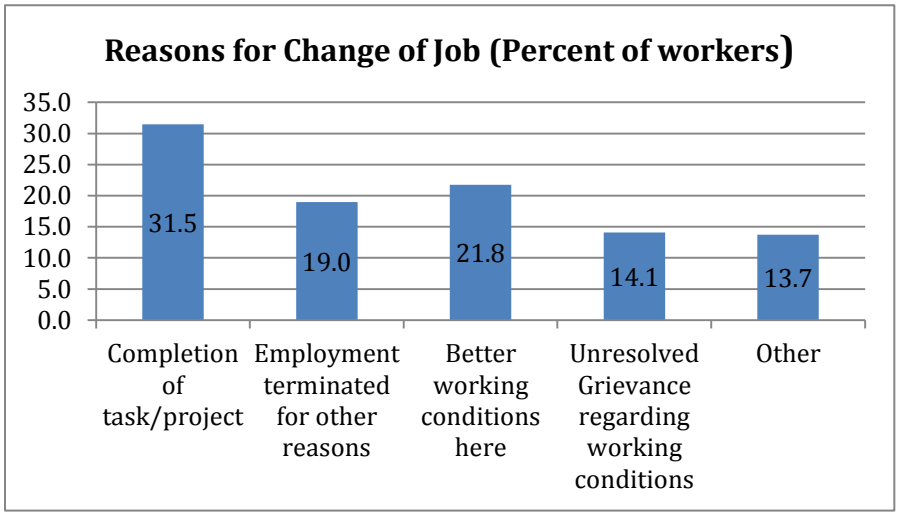
Source: Based on Primary Survey

By enterprise size/type, workshops and small factories predictably have the highest proportion of workers with short-duration employment of less than a year, 71 per cent in the case of workshops and 64.1 per cent in the case of small factories (Table 2.45). But between large and medium factories, our results are somewhat surprising. In our sample large factories have more short duration employment (62%) than medium sized factories (48.1%). The latter also have a higher percentage of workers employed for more than five years (13%) compared to medium sized factories (5.4%).

What are the reasons that workers give for changing jobs? Of the 85.3 per cent of workers in the sample (248 workers) who had changed jobs, the largest percentage had changed because the last job had been completed, 21.3 per cent had moved due to higher remuneration/wages or better working conditions in the current job, a high percentage (19%) had moved because their services were terminated and 14.1 per cent had moved due to unresolved grievances in the last job. Finally, 13.7 per cent gave "other" reasons for changing jobs. An analysis of "other" reasons shows that two-thirds of these workers had to give up jobs because they chose to go back to their native places (Figure 2.11). The other reasons given were child birth, preferring to work at home

(by women workers) or disputes over payments with employers. Thus, only about 30 per cent of job changes were due to voluntary reasons (moving to a better job or going home), while the rest were due to the seasonality of tasks, termination and grievances.

Figure 2.11 Reasons for Change of Job (in Percentage)



Source: Based on Primary Survey

Table 2.45 shows the reasons for job change by workers across types of employers, firm size or type, type of market, and location. As one would expect, job mobility among workers hired by contractors is at its maximum due to completion of the task (51.2%), but 17.4% of workers also give termination as the reason (although this might have been linked to the first reason) and 10.5 per cent of these workers moved due to unresolved grievances. A small percentage (7%) also chose this contractor because of better working conditions. Among those hired by the enterprise, job change occurred because the current enterprise employing them offered better conditions (in 29.6% of the cases) but completion of the task was the next important reason, followed by termination and unresolved grievances (generally relating to payments, overtime and leave).

Casual workers have a much smaller element of choice, with only 7.6 per cent of them recording that their last move was due to better working conditions, while 46.2 per cent changed job due to task completion, 27.3 per cent due to termination and 10.6 per cent due to unresolved grievances. But 37.9 per cent of regular workers changed to a better job. But 18.9 per cent also moved due to unresolved grievances, 14.7 per cent due to task completion, and 9.5 per cent due to job termination.

The differences in reasons for job change across size / type of enterprise are quite interesting. In small enterprises and workshops, completion of task is given as the main reason. Job mobility also occurs for positive reasons but termination and grievances also account for one-third and 27 per cent of job changes in workshops and small enterprises respectively. As far as large and medium firms are concerned, among the former, completion of task and termination represent

the biggest reasons for change, while in medium size enterprises, better working conditions (identified by 25% of workers) is followed by unresolved grievances and completion of task as the most important reasons (with a percentage of 21.9% each).

Table 2.45 Reasons for Job Change by Workers across Employer Type, Firm Size, Location and Market Type

Category	Completion of Task	Termination	Better Working Condition	Unresolved Grievances	Other	Total
Employer						
Firm Owner / manager	21.0	19.8	29.6	16.1	13.6	100.0
Contractor	51.2	17.4	7.0	10.5	14.0	100.0
Employment Type						
Regular	14.7	9.5	37.9	18.1	19.8	100.0
Casual	46.2	27.3	7.6	10.6	8.3	100.0
Size/Type						
Large	26.3	26.3	17.5	8.8	21.3	100.0
Medium	21.9	15.6	25.0	21.9	15.6	100.0
Small	41.6	15.6	24.7	11.7	6.5	100.0
Workshop	40.7	14.8	18.5	18.5	7.4	100.0
Market						
Domestic	18.9	0.0	27.0	29.7	24.3	100.0
Export	31.9	22.9	21.3	11.7	12.2	100.0
Mixed	47.8	17.4	17.4	8.7	8.7	100.0
Location						
Noida	22.2	32.1	21.0	6.2	18.5	100.0
Delhi	50.8	7.5	34.3	6.0	1.5	100.0
Gurgaon	26.0	16.0	14.0	26.0	18.0	100.0
Total	**31.5**	**19.0**	**21.8**	**14.1**	**13.7**	**100.0**

Source: Based on Primary Survey

The contrast between enterprises catering to exports and the domestic market is quite sharp. Among current employees in exporting firms, task completion is given as the biggest reason, but this is followed by job termination and then access to better working conditions. In domestic firms, job grievances are given as the biggest reason and this is followed by better working conditions.

Finally, among locations, termination is the largest reason for job change in Noida, whereas in Delhi, it is task completion, and in Gurgaon, it is unresolved grievances and task completion (Table 2.45).

Except for improved working conditions, which apply to the current job, all other stated reasons apply to the last job, and these results appear to be generally validated by field observations. Job completion is mainly due to the seasonal fluctuations in demand and affects workshops and small enterprises more. As one would expect, movement due to better working conditions is more common among directly employed regular workers. But it is the extent of change due to terminations and unresolved grievances that is quite surprising.

Employment in the garment industry is subject to seasonal fluctuations, but the extent to which an individual enterprise can even out these fluctuations depends upon the line of clothing that it manufactures and the geographical location of its markets. The garment factories in Delhi engaging in exports do not usually have a heavy winter line and, given normal lead times, there is usually some slack between May-June and August-September along with a definite slackening during July-August, which workers in our survey usually identify as a no-slack period (see Table 2.46.1).

Table 2.46.1 Seasonality in Employment by Firm Size

Firm Size	Busy			Slack		No work	
	From (1)	To (2)	# of Months (3)	From (4)	To (5)	From (6)	To (7)
Large	Aug-Sept	Apr-May	09-10	May	Jul-Aug	Jun-Jul	Aug-Sept
Medium	Sept-Oct	May	08-09	May	Aug-Sept		
Small	Aug	May	10	May-Jun	Jul		
Workshop	Sept	Apr-May	08-09	May	Jul-Aug	Jul	Aug

Source: Based on Primary Survey

Table 2.46.2 Seasonality of Employment by Market Type

Market	Busy			Slack		No work	
	From (1)	To (2)	# of Months (3)	From (4)	To (5)	From (6)	To (7)
Export	Sept	Apr	8	May	Aug	Jun-Jul	Aug-Sept
Domestic	Jul-Aug	July	11-12	Jun	Jul		
Mixed	Aug	Mar-Apr	8-9	Apr-May	Jul	Jul	Aug

Source: Based on Primary Survey

Table 2.46.3 Seasonality in Employment by Type of Employer

Employers	Busy			Slack		No work	
	From (1)	To (2)	# Months (3)	From (4)	To (5)	From (6)	To (7)
Firm Owner	Sept	Apr-May	8-9	May-Jun	Aug	Jul	Aug-Sept
Contractor	Aug	Apr-May	9-10	May	Jul	Jun	Aug

Source: Based on Primary Survey

The slack/no-work period varies across firms, between casually employed and regular workers, and between directly recruited and contract labourers (see Tables 2.46.2 and 2.46.3). On the whole, export oriented firms were able to provide the sampled workers 9.5 months of work, compared to 9.2 months for domestic market oriented forms and only 8.8 months for workshops. Again, large firms are able to provide steadier employment (9.8 months) than small/medium firms and workshops. Labourers who are directly recruited are able to expect 9.9 months of work, while employees of contractors get only 8.5 months of work. Regular workers get work for 10.4 months on average while casual workers get only 8.5 months. But here too there are differences between those workers who are directly employed and those who are employed through contractors. Thus regular workers who are directly hired get 10.6 months of work while those hired by contractors get 9.4 months of work. Directly hired casual workers get work for 8.8 months while casual workers hired through contractors are employed for only 8.1 months in the year (Table 2.47).

Firms use different strategies to deal with regular workers during slack periods. These include giving them a break and re-hiring them when demand increases, giving them unpaid leave, and retaining them as benched workers who are paid at some proportion of the normal monthly wage.

Table 2.47 Duration of Employment (in Months) by Employer Type, Market Type and Firm Size

	Employer								
	Firm			Contractor			All		
	Regular	Casual	Total	Regular	Casual	Total	Regular	casual	Total
Primary Market									
Domestic	9.8	8.2	9.2	10.1	7.4	9.2	9.9	7.9	9.2
Export	10.8	9	10.2	8.8	8.2	8.3	10.5	8.6	9.5
Mixed	10.3	8.5	8.8				10.3	8.5	8.8
Size / Type									
Large	11	9.3	10.5	9.5	7.8	8.2	10.8	8.6	9.8
Medium	10.3	8.1	9.6	9	8.2	8.4	10	8.2	9.2
Small	10.7	9	9.9	9.7	8.3	8.7	10.4	8.6	9.4
Workshop	9.8	8.5	8.9				9.8	8.5	8.9
Total	**10.6**	**8.8**	**9.9**	**9.4**	**8.1**	**8.5**	**10.4**	**8.5**	**9.4**

Source: Based on Primary Survey

As far as employment days per month are concerned, there is naturally a variation between peak and non-peak periods, but generally a majority of workers reported working for 25 or 26 days a month.

2.8 Working Conditions and Remuneration

The entry into and exit of the worker from the factory premise is marked by card-punching (usually by directly recruited employees) or signing in/out at the gate. Enterprises segregate directly recruited employees and contractor's employees by providing separate routes for entry and exit, and often separate production floors in larger operations. On the production floor, the worker is supervised by the production manager, floor manager, line supervisor, supervisor, master cutter or master tailor, depending on the size and nature of operations and the workers' tasks. If the worker is a contractor's employee, both the contractor and the enterprise maintain a record of attendance, while the contractor's employees may or may not supervise the worker.

The productivity of the worker is monitored and targets are set for each section of the assembly line but these targets are not necessarily interpreted as quotas. Only 19 per cent of the workers claim that they work with quotas although 30 per cent of the tailors say that they do so. Of those who say they work with quotas, 26 per cent say that they do not find it easy to meet them.

Work hours in the industry are long, particularly during peak periods, when they could be as high as 15 to 16 hours a day. In the workers' survey carried out over various months during 2012-13, 42.9 per cent of workers reported that their normal work hours were 6 to 9, while 50.9 per cent said that they worked between 10 and 12 hours and 6.2 per cent said that they worked an average of 13 to 16 hours per day. The highest work intensity is clearly in the large workshops, where 67.7 per cent of workers said that they worked for 10 to 12 hours and 29 per cent said that they worked for more than 13 hours a day (Table 2.48).

Table 2.48 Working Hours of Respondents

Normal Working Hour	Per cent	Perceived Employers		Firm Size			
		Owner / Manager	Contractors	Large	Medium	Small	Workshop
	(1)	Although 30 per cent (2)	(3)	(4)	(5)	(6)	(7)
8 - 9 hours	42.9	42.6	43.6	46.7	44.2	51.7	3.2
10- 12 hours	50.9	48.2	56.4	45.7	54.6	47.2	67.7
13 - 16 hours	6.2	9.2	0.0	7.6	1.3	1.1	29.0

Source: Based on Primary Survey

Table 2.49 Working Hours by Type of Market

Category	8 to 9	9 to 12	13-16	Total
Domestic	34.04	65.96	0	100
Export	49.32	46.58	4.11	100
Mixed	0	60.87	39.13	100
Total	**42.91**	**50.87**	**6.23**	**100**

Source: Based on Primary Survey

The average work hours were significantly higher in workshops (12.7 hours), followed by large and medium enterprises (9.7 and 9.6 hours respectively), with a lower 9.3 hours in small enterprises. Again, average working hours differ very little between enterprises producing for the domestic market (9.7 hours) and those producing for exports (9.6 hours). Since workshops dominate the mixed-market segment, here the normal working hours were reported to be the highest, at 13.3 hours (Table 2.49).

Table 2.50 summarizes work intensity (represented by normal working hours reported as a percentage of an eight hour working day) across type of unit.

Table 2.50 Work Intensity across Types of Factories

Mode of Payment	Firm Size				Market			Owner	
	Large (1)	Medium (2)	Small (3)	Workshop (4)	Export (5)	Domestic (6)	Mixed (7)	Owner (8)	Contractor (9)
Weekly/ Monthly Salary	1.2	1.2	1.1	1.4	1.2	1.2	1.7	1.2	1.2
Piece Rate	1.3	1.3	1.2	1.6	1.3	1.2	1.5	1.5	1.3
Others	1.5	1.1	1.3	1.5	1.3	1.2		1.4	1.2

Source: Based on Primary Survey

However, work cultures do vary and some firms (one small, two medium and one large), including two firms that have female employment, try to stick to shorter eight to nine hour work schedules. The compensation for the extra work hours is one of the most contentious issues in the industry. Piece rate workers are always paid by output, and these rates remain unaffected by working hours. Generally, workers feel quite short-changed with regard to overtime remuneration. Only five firms in the sample paid double overtime rates, as is the law, but three of these used very little overtime. The rest followed a mix of practices, i.e., not accounting for an extra hour of work, only counting the first two hours towards double overtime on record, and/or paying single overtime.

In our sample, 20.3 per cent of workers said that overtime was not applicable to them. These were piece rated workers. Another 14.2 per cent of workers said that did not get an overtime rate. These included some piece rated workers. But of this figure, 11 per cent were time rated (i.e. non-piece rated) workers who did not get any overtime. Finally, 65.5 per cent indicated that they received some overtime payment. Out of these, 5 workers were remunerated on piece rates. In the results reported below, we analyse the information only for all time-rated workers (216 out of 289 workers).

Table 2.51 Overtime Rates by Market Type, Enterprise Type, Employment Type and Gender

	Overtime Rate					
	0	**100**	**150**	**167**	**200**	**Total**
Type of Market						
Domestic	14.3	62.9	8.6	0.0	14.3	100.0
Export	14.4	56.7	2.2	0.6	26.1	100.0
Size / Type of Enterprise						
Large	**14.1**	47.4	0.0	0.0	38.5	100.0
Medium	18.0	54.1	0.0	1.6	26.2	100.0
Small	9.9	71.8	9.9	0.0	8.5	100.0
Workshop	40.0	60.0	0.0	0.0	0.0	100.0
Employer						
Enterprise	13.4	49.0	4.0	0.7	32.9	100.0
Contractor	16.7	77.3	1.5	0.0	4.6	100.0
Type of Employment						
Regular	10.2	53.5	2.4	0.8	33.1	100.0
casual	20.5	63.6	4.6	0.0	11.4	100.0
Sex						
Male	8.3	61.9	4.2	0.6	25	100
Female	36.2	42.6	0	0	21.3	100
Total	**14.4**	**57.7**	**3.3**	**0.5**	**24.2**	**100.0**

Source: Based on Primary Survey

Overtime rates payable to workers with different employment characteristics is given in Table 2.51. Less than a quarter of the workers paid time rates receive the stipulated overtime rates. At the other end, 14.4 per cent of workers receive no overtime rates. Single overtime rates are most common in the industry and are received by 57.7 per cent of these workers. A higher percentage of workers in export firms received double overtime rates compared to those in domestic firms. Similarly, a higher percentage of workers in large and medium firms received double rates.

Among the contractor employed workforce, only 4.6 per cent say that they get a double overtime rate while 84 per cent get no overtime or only a single overtime. But about a third of the workers recruited directly by enterprises receive the stipulated overtime rates and about half are paid at the single rate. There is also a significant difference between workers on indefinite employment and those casually employed. Among the former, a third get double overtime rates while among the latter, only 11 per cent get these rates for overtime work. Women do less overtime, but a larger proportion are likely to remain uncompensated for the extra hours that they put in, and male workers are somewhat more likely to get proper overtime rates than women.

Thus, across firm size/types, recruitment and employment types, a very large percentage of workers do not receive stipulated overtime rates. But those that do are more likely to be among the directly recruited, regular workers, in large-medium export firms.

We now turn to an analysis of wages and remuneration received by workers. We describe these wages as take-home wages since workers do not add deductions or contributions made by employers. Workers (namely, daily or piece rated workers) receive wages at the end of each week or at the end of each month, but delays are quite frequent, and non-payment is also a frequent occurrence. These two issues, along with the accounting of overtime rates are the biggest sources of worker grievances in the industry.

Even though wages might be computed on a daily, monthly or piece rate basis, we have converted remuneration into three comparable figures, i.e., remuneration received for an eight hour working day, remuneration received per day, and remuneration received per month, the last being based on the number of days of employment per month reported by the worker.

We have analysed wages by worker characteristics as well as employment characteristics. Table 2.52 shows the earning of workers across education level, sex, and working experience in the industry. Education has a mildly positive impact on the three indicators of earnings used here for the categories of low skilled, semi-skilled and skilled workers, but only *between* primary/primary level of education, and middle or higher level of education. Females, crowded as they are at the lower segments of the work hierarchy, earn much less than their male counterparts in the industry. Finally, years of experience--despite the high job turnover--does appear to bring some premium in terms of higher earnings for workers.

Table 2.52 Wages across Education Level, Sex, and Work Experience

	Eight hours	Per Day	Per Month
Education Level			
Illiterate / below primary	194	237	6280
Primary	183	214	5858
Middle	208	259	6859
Secondary / HS	214	248	6926
Graduate &above	213	240	6921
Sex			
Male	215	263	7066
Female	161	170	4914
Period of employment in industry			
Less than 5 yrs	185	216	5945
5 to 10 yrs	213	260	6998
more than 10 yrs	238	291	7811
Total	**206**	**247**	**6709**

Source: Based on Primary Survey

Table 2.53 gives results on wages and earnings of workers in the industry, which are aggregated across all types of workers, and separately only for tailors, which are a relatively homogeneous category of workers. The latter category controls to some extent for differences in skill levels of the workforce, although there are differences in skill levels among them as well.

Workers' remuneration is the highest in Delhi for all workers and for tailors in particular. Statutory minimum wages in Delhi are higher but this also reflects the higher cost of living in that state. While Gurgaon's average wages are higher than Noida's, the wages and earnings of tailors are on par. Results across other employment characteristics are surprising and counter-intuitive. By market orientation, wages are the lowest in export oriented enterprises among all types of enterprises for all workers, while enterprises catering to the domestic market have the highest wages, followed by those which cater to a mixed market. But among tailors, the latter score better than the former. Equally surprisingly, average wages and the size of firm are inversely related. Workers in workshops have the highest wages and earnings, followed by small and medium firms, and lastly by large firms. The gap is larger for tailors than for all workers.

Still another surprising result is that there is only a small gap between workers hired by contractors and those directly recruited by factories (in favour of the latter). But the direction of this gap is reversed when we consider only tailors. The difference in wages and earnings between

regular and casual workers is exactly similar, slightly higher for all regular workers taken together, but higher for casually employed tailors--including those who worked on piece rates--than for regularly employed tailors.

Table 2.53 Wages across Various Employment Characteristics

	All Workers			Only Tailors		
	Eight hours	**Per Day**	**Per Month**	**Eight hours**	**Per Day**	**Per Month**
Location						
Noida	180	218	6047	212	264	7136
Delhi	248	295	7886	264	334	8669
Gurgaon	199	240	6467	212	263	7024
Market						
Domestic	241	278	7526	233	283	7585
Export	199	234	6473	224	275	7362
Mixed	205	315	7288	221	337	8352
Size / type						
Large	189	227	6238	216	265	7160
Medium	206	242	6568	221	276	7242
Small	224	256	7150	239	287	7748
Workshop	204	297	7189	224	333	8360
Employer						
Firm Owner / Manager	206	249	6743	210	269	7150
Contractor	207	244	6637	257	309	8226
Employment Type						
Regular	213	253	7007	208	262	7189
Casual	199	242	6421	238	297	7719
Payment Mode						
Daily time rate	214	271	6874	223	333	8075
Weekly/monthly salary	193	221	6255	200	233	6554
Piece rate	237	310	7856	251	321	8317
Total	**206**	**247**	**6709**	**225**	**281**	**7479**

Source: Based on Primary Survey

Short duration employment—namely, piece rated or daily wages—yields higher wages and earnings than employment on monthly salaries, both for all workers and tailors. Because of the downside of employment risks being higher for workers in smaller enterprises, those casually employed or hired by contractors, these workers appear to be able to secure higher wages for shorter total duration of employment.

Legal minimum wages are not set on the basis of any scientific principles. But they do establish at least regulatory norms. Table 2.54 compares the actual (net) average wages to the minimum wages. In Delhi, the actual wages are much lower than the legal minimum for all categories of workers. In Noida and Gurgaon, actual wages are lower than the minimum wages for low skilled workers but marginally higher than the minimum wages for skilled workers.

Table 2.54 Statutory Minimum Wages in NCR & Worker Reported Wages

Category	Per day Min. Wage and Reported Wage (Rs.)								
	Noida			Delhi			Gurgaon		
	Rep. Wage (1)	Min. Wage (2)	Gap (3)	Rep. Wage (4)	Min. Wage (5)	Gap (6)	Rep. Wage (7)	Min. Wage (8)	Gap (9)
Unskilled	140	156	-10.3%	247	279	- 11.5%	177	191	- 7.3%
Semi-skilled	162	178	- 9%	235	308	- 23.7%	204	196	+ 4.1%
Skilled	201	197	+ 2%	263	339	- 22.4%	213	211	+ 0.9%

Source: Based on Primary Survey

Leaves and Holidays

The 1948 Factories Act provides for a limit on the hours of work, rest periods, weekly paid holidays, and the earned leave at the rate of one day for twenty days worked if the worker has been employed for 240 days. Workers are usually entitled to a short lunch break (30 minutes in 95 per cent of cases) and a tea-break (10 to 20 minutes in 80 per cent of cases). Toilet breaks are short and monitored.

Fifteen per cent of the workers in the sample say that they do not get breaks on public holidays and a similar percentage (14.2%) indicate that they do not get a weekly day-off while 15.6 per cent “sometimes” get a weekly day off (Table 2.55). The status of paid leave for workers is analysed in the Table below.

Table 2.55 Percentage of Workers Availing Paid Holidays

	Weekly Off	Public Holiday	Casual Leave	Earned Leave	Sickness Leave
Market Type					
Domestic	57.4	57.4	12.8	10.6	10.6
Export	71.2	70.3	42	11	32
Mixed	0	0	0	0	0
Firm Size					
Large	76.1	75	52.2	20.7	46.7
Medium	76.6	75.3	40.3	3.9	22.1
Small	55.1	55.1	21.3	7.9	16.9
Workshop	16.1	16.1	0	0	0
Employer					
Firm Owner or Manager	68.7	68.7	47.77	13.3	35.9
Contractor	52.1	50	5.3	3.2	5.3
Type of Employment					
Regular	84.5	84.5	54.2	19.7	40.1
Casual	42.9	41.5	14.3	0.7	12.2
All	**63.3**	**62.6**	**33.9**	**10**	**26**

Source: Based on Primary Survey

2.9 Safety and Occupational Health

There is evidence that a few safety and environmental measures have been introduced on the shop floors. Many departments in the factories are equipped with exhaust fans, and one can see workers wearing dust masks in the cutting and layering sections. But temperatures rise during summer and there is a thick haze of dust and particle pollution in some departments, especially in large factories. The main health risk undoubtedly comes from the nature of work - requiring focused attention and fixed postures, as well as long hours. Hours, as we have seen, are especially long in the workshops. Dust and particle pollution is regarded by workers as the main cause of health risk in the garment industry (i.e., by 79% of workers across all firms), followed by eye strain (39.1% of all workers). Accidents are regarded as a smaller but a significant source of health risk, with 7.9% of workers perceiving these to be the major health risk (Table 2.56). In the workshop segment, however, eyestrain is seen as the biggest source of health risk, and the percentage of workers complaining of dust/particle pollution is highest in the export sector and in large enterprises.

No safety equipment is provided to workers in workshops but units in the factory sector do provide some equipment, mainly dust masks. This provision is higher for export units and the larger units (Table 2.57), perhaps also because of third party audits.

Table 2.56 Percentage of Workers and Perception of Main Causes of Health Risk

	Dust / pollution	Accidents	Eye Strain	Other
Principal Market				
Domestic	68.1	23.4	31.9	12.8
Export	90.9	4.6	34.2	3.2
Mixed	0	0	100	17.4
Firm Size / Type				
Large	89.1	5.4	39.1	4.3
Medium	88.3	5.2	36.4	5.2
Small	89.9	10.1	27	2.2
Workshop	3.2	9.7	80.6	22.6
Total	**79.9**	**7.3**	**39.1**	**5.9**

Source: Based on Primary Survey

Table 2.57 Provision of Safety Equipment to Respondents

	Gloves	Earplugs/ Muffs	Insulated Shoes	Dust mask	Nil	Total
Principal Market						
Domestic	0.0	0.0	0.0	10.6	89.4	100.0
Export	0.5	0.9	1.8	28.8	68.0	100.0
Mixed	0.0	0.0	0.0	0.0	100.0	100.0
Firm Size / Type						
Large	0.0	0.0	0.0	48.9	51.1	100.0
Medium	1.3	2.6	5.2	14.3	76.6	100.0
Small	0.0	0.0	0.0	13.5	86.5	100.0
Workshop	0.0	0.0	0.0	0.0	100.0	100.0
Total	**0.4**	**0.7**	**1.4**	**23.5**	**74.1**	**100.0**

Source: Based on Primary Survey

Exhaustion, eye strain, back pain and allergy are the most common occupational health problems mentioned by the workers (Table 2.58). Back pain and eyestrain were reported by more than half of the workers in workshops. Exhaustion was the main problem in export oriented and large units. In the former, nearly a quarter of workers reported back pain and allergies while in large units back pain was reported by a third of the workers while eye strain and allergies were reported by a fifth of the workers each. For most ailments, workers in large units reported a higher or similar incidence compared to those in small or medium size units.

About a quarter (24.2%) of the workers was provided with some kind of emergency medical facility or occasional medical check-ups. This provision, however, is exclusively provided in large and medium export units and is absent in small factories and workshops. It is also more commonly available to regular workers employed directly by units than to casual workers and workers hired by contractors (Table 2.59).

Table 2.58 Percentage of Workers and Perceived Health Problems Due to Nature of Work

	Cough	Back pain	Eyestrain	Allergy	Exhaustion	Other
Principal Market						
Domestic	2.1	19.1	8.5	4.3	17	4.3
Export	2.7	26	16	22.4	35.6	6.4
Mixed	4.3	78.3	69.6	0	17.4	21.7
Firm Size / Type						
Large	3.3	33.7	20.7	19.6	41.3	9.8
Medium	5.2	15.6	16.9	18.2	20.8	6.5
Small	0	24.7	7.9	21.3	34.8	2.2
Workshop	3.2	61.3	51.6	0	16.1	16.1
Total	**2.8**	**29.1**	**19**	**17.6**	**31.1**	**7.3**

Source: Based on Primary Survey

Table 2.59 Percentage of Workers Offered Periodical Medical Facilities or Check-ups

Periodical Medical Facilities	Firm Size				Market			Perceived Employers		Nature of Contract		
	Large (1)	Medium (2)	Small (3)	Workshop (4)	Export (5)	Domestic (6)	Mixed (7)	Firm Owner / Manager (8)	Contractor (9)	Casual (10)	Regular (11)	Regular with contract (12)
Yes	57.6	22.1	0.0	0.0	32.0	0.0	0.0	30.3	11.7	11.6	36.5	60.0
No	42.4	77.9	100.0	100.0	68.0	100.0	100.0	69.7	88.3	88.4	63.5	40.0

Source: Based on Primary Survey

2.10 Social Security

The two major social security provisions that cover the workers in factories and all establishments with twenty or more workers are the ESIC Act and the EPF Act. The ESIC and EPF cover all types of workers--permanent and casual, directly recruited and contractor hired, subject to income ceilings of Rs. 10,000 and Rs. 6500 respectively, but both ceilings are now being revised upwards.

The schemes are contributory. The ESI Act requires a contribution of 1.75 per cent of wages from the worker and 4.75 per cent from the employer. The contributions are collected each month and deposited twice in a year. Under the EPF Act, the contributions from each could be 10 or 12 per cent, as specified. Employers also pay a small percentage towards administration charges (1.1%) and to the employees' deposit linked insurance or EDLI (0.5%). The ESIC is expected to provide a number of benefits to its members including health care through a network of hospitals and clinics, sickness benefit, maternity benefit, disablement benefit (covering employment injury) and dependent's benefit. The scheme also provides for unemployment insurance for retrenched workers under the Rajiv Gandhi Kalyan Yojana. The EPF provides for a provident fund, pensions and life cover. Pensions accrue after ten years of total employment, on the basis of contributions from the employer (8.3 % from the amount contributed and 1.16% by government).

Being contributory schemes, both impose financial liability on workers and employers. If the schemes are not well run, then workers will have a low demand for them as well. Among the two schemes, the EPF confronts workers with special problems. First, they are not sure whether the amount that is deducted is deposited in their provident fund accounts. The process takes time, and the accounts are not easily transferable. Given the short employment tenures, high deduction, and high turnover, workers' enthusiasm for the scheme is low. Contributions to ESI are lower, but services through this scheme are considered poor by the workers and they would rather go to a private practitioner if needed and at their convenience, than spend time waiting for their turn at an ESIC clinic or hospital. Moreover, there is no automatic transferability of the ESIC card between jobs, and fresh cards take time to arrive.

There are other Acts which potentially cover the workers for injury, accidents or for retirement benefits. The Gratuity Act provides for payment of gratuity to workers employed for more than five years. Workers in factories are also covered under the provision of the Workmen's Compensation Act, but the Act does not cover those workers who are members of the Employees State Insurance Corporation (ESIC). But either their coverage or workers' knowledge regarding them is low, and few workers benefit from them.

Table 2.60 shows that ESIC membership covers 55 per cent of the sample, and EPF covers 47.8 per cent of the sample. But workers are not aware of any other retirement benefit and only 4.2

per cent report that they receive some other kind of injury benefit. In the analysis which follows, we therefore confine ourselves only to the ESIC and the EPF. The analysis is based on workers reporting making contributions to the two schemes. This is not the same as the workers being able to avail of the benefits of the two schemes.

Table 2.60 Coverage of Respondents under Some Form of Social Security

Are You Entitled to Get	Yes (1)	No (2)	Don't know (3)
Injury compensation	4.2	80.3	15.6
Membership of EPFO	47.8	51.6	0.7
Retirement benefit	-	87.2	12.8
Membership of ESIC	55.0	44.3	0.7

Source: Based on Primary Survey

Table 2.61 Percentage of Workers Making Contributions to Providend Fund

	Type of Employment		Employer		Sex		
N=289	**Regular**	**Casual**	**Owner**	**Contractor**	**Male**	**Female**	**Total**
Market Orientation							
Domestic	55.2	25	32	60	44.2	25	42.6
Export	80	35.8	81.5	12.3	55.4	47.7	53.9
Mixed	0	0	0		0	0	0
Location							
Noida	65.4	26.7	62.5	18.2	42.3	61.5	47.4
Delhi	60.7	0	29.2	15.8	22.9	12.5	21.8
Gurgaon	84.5	56.5	90.1	33.3	70	35.7	65.8
Size / Type of Firm							
Large	84.6	53.8	90.8	23.1	72.5	65.2	70.7
Medium	97.6	32	92.7	40	64.6	50	62.3
Small	44.4	20.5	45.7	11.8	30.8	9.1	28.1
Workshop	0	0	0	0	0	0	0
Total	**70.4**	**25.9**	**60.5**	**21.3**	**48.1**	**45.8**	**47.8**

Source: Based on Primary Survey

There is no EPF coverage for workers in workshops (and also in the mixed market segment). Between export oriented and domestically oriented factories, the percentage of workers reporting deductions for the EPF is higher in the former, i.e., 55 per cent compared to 44.4 per cent. Only a quarter of the casually employed in the domestic-market factory segment could be covered, and just over a third in the export-market segment. But 80 per cent of the regular workers in the export segment and 55.2 per cent of the regular workers in the domestic segment paid EPF contributions (Table 2.61).

By size of enterprise, more than 70 per cent of workers were covered in medium and large factories and the coverage of regular workers was higher at 97.6 per cent and 84.6 per cent in medium and large factories respectively. But nearly 70 per cent and 50 per cent of casual workers in the medium and large factories respectively did not subscribe to the EPF. Workers in small factories were much less likely to subscribe to the scheme: nearly 70 per cent did not, specifically about 80 per cent of the casual workers and 55 per cent of the regular workers. Directly recruited workers had more than 90 per cent coverage in medium and large factories but in small factories less than half of the workers had coverage. Contractor hired workers were much less likely to subscribe to the scheme across all enterprise sizes. But by market orientation, contractor hired workers have a higher coverage in domestic firms than owner hired workers. This is due to the fact that some of the domestic firms in the sample have followed prescribed norms for social security for contractor hired workers. Also, the gender gap is smaller in the larger sized enterprises.

Location-wise, a much higher percentage of workers in Gurgaon (65.2%) had paid EPF contributions, and the respective percentages were higher for both regular and casual workers. Noida had the distinction of a higher percentage of women workers in the sample (namely, 61.5%) paying EPF contributions than men (42.3%). The coverage in Delhi is the lowest and is zero for the sampled casual workers in that state (Table 2.61).

Contributions to the ESIC (see Table 2.62) follow a similar pattern to that of the EPF, with a slightly higher percentage of workers in almost all segments subscribing to the ESIC (overall a 4 percentage point higher membership contribution). This is not surprising since all workers in the sample subscribing to the EPF also subscribe to the ESIC, but 21 workers subscribe to the ESIC but not to the EPF.

Table 2.62 Percentage of Workers with ESIC Deductions

	Type of Employment		Employer		Sex		
	Regular	**Casual**	**Owner**	**Contractor**	**Male**	**Female**	**Total**
Market Orientation							
Domestic	55.2	25	32	60	46.3	25	44.4
Export	80	35.8	81.5	12.3	61	51.2	59
Mixed	0	0	0		0	0	
Location							
Noida	65.4	26.7	62.5	18.2	42.3	61.5	47.4
Delhi	60.7	0	29.2	15.8	26.7	14.3	25.4
Gurgaon	84.5	56.5	90.1	33.3	76.1	41.7	72.1
Size / Type of Firm							
Large	84.6	53.8	90.8	23.1	72.5	68.2	71.4
Medium	97.6	32	92.7	40	75	60	72.7
Small	44.4	20.5	45.7	11.8	34.8	9.1	31.3
Workshop	0	0	0		0	0	0
Total	**72.5**	**29.2**	**64.5**	**23.5**	**52**	**48.9**	**51.5**

Source: Based on Primary Survey

2.11 Gross Monthly Wage (Including Worker's Social Security Contribution) and Average Wage Cost to Enterprise

Worker's net wages do not reflect their total wages/earnings since their take home wages does not account for social security and other deductions. Net wages also do not reflect the true cost of the wage bill to employers since employers have to pay their share of social security contributions and also have to pay commissions to contractors. In this section, we have first estimated the total gross wages of workers by adding social contributions (for EPF, ESIC or both, as the case may be) to the wages of those workers who report making these contributions. We have then added the employer social security contributions in these cases. Finally, in the case of contractor hired workers, we have also added the contractor's commission. All calculations have been done for an eight-hour standard day.

The calculations contained in this section are based on a few methodological assumptions. For workers who are paid daily or on a piece rate basis, we have estimated the monthly earnings for an eight hour day by multiplying the eight hour wages by the number of days worked. For workers on monthly earnings, we have calculated the equivalent eight hourly (normal) salaries by taking the ratio of eight hourly to full day earnings. The reason is that we did not have a clear division between basic wage and overtime earnings. Secondly we have assumed that wherever workers report deductions on account of ESI and EPF, the employer has made his/her contribution as well. But this assumption is not correct in all cases. Third, since we do not know the contractors' commission in each case; therefore, we have assumed an average commission of 10 per cent on net wages. Further, in order to control for the heterogeneity in the composition of the workforce, we have carried out a second set of calculations only for tailors.

Table 2.63.1 presents the results only with workers' social security contributions added in. There is some difference in the results on net wages discussed earlier (Section 2.6). Monthly earnings in workshops are now lower than those in small-medium firms. But within the factory sector, workers' wages are still the highest in small factories, followed by their wages in medium size factories and large factories. The wage gap between small and large firms is 6.2 percentage points. In terms of market orientation, gross wages are still lower in export oriented factories compared to wages in factories catering to the domestic market. Contractors pay lower monthly wages/salaries for all sizes/types of enterprises and market segments. But the overall gap between the two gross wages is only 4.3 percentage points.

Table 2.63.1 Average Wages – All Workers, with Workers' Social Security Contributions

Gross Wage For All	Daily			Monthly		
	Firm Owner	Contractor	All	Firm Owner	Contractor	All
Market Orientation						
Export	217	206	213	6,120	5,630	5,954
Domestic	269	241	257	7,368	6,474	6,988
Mixed	205		205	4,868		4,868
Firm Size / Type						
Large	212	195	207	5,929	5,222	5,729
Medium	223	224	223	6,220	5,966	6,124
Small	248	217	234	7,025	6,085	6,613
Workshop	204		204	5,075		5,075
Total	**223**	**213**	**219**	**6,151**	**5,810**	**6,040**

Source: Based on Primary Survey

Do these results change if we consider only one (but the largest) category of workers? Gross earnings only for tailors are shown in Table 2.63.2. These earnings still continue to be lower in the export sector than in the domestic sector, but the former are now higher than those prevailing in the mixed-market sector. However, the gap between these sectors is only 2.9 per cent for daily wages and 4.2 per cent for monthly earnings. Classified by size/type of firm, tailors receive the lowest monthly earnings in the workshop sector. But this is followed by the results for medium and large factories. Small size factories pay, in fact, the highest gross monthly wages/salaries. The gap between small and medium factories is 4.7 per cent for daily wages and 9.7 per cent for estimated monthly earnings.

But the direction is reversed for contractor hired tailors and directly recruited ones, with the former receiving higher daily wages as well as higher monthly earnings. This is the case for all categories of firms except domestic-market firms. The overall difference between directly recruited workers and contractor hired workers is 15 per cent (for daily wages) and 12.2 per cent (for monthly earnings). Despite smaller social security coverage for contractor hired workers, firms actually appear to pay more for tailors hired through contractors than those hired directly. This result could be due both to a peak season effect and the short-period hiring of these workers.

We turn next to the comparison of monthly earnings of workers with employers' contribution added to gross wages. Wherever contractors are involved, their commission, which represents a cost to the firm owner, has also been added. These results estimate the unit monthly "cost to company" for these components.

Table 2.63.2 Average Wages for Tailors, with Workers' Social Security Contributions (Rs.)

Gross Wage For Tailor (N=108)	Daily			Monthly		
	Firm Owner	Contractor	All	Firm Owner	Contractor	All
Market Orientation						
Export	225	266	238	6,188	7,107	6,487
Domestic	253	231	244	6,667	6,311	6,519
Mixed	221		221	5,452		5,452
Firm Size / Type						
Large	233	247	236	6,389	6,555	6,425
Medium	224	252	235	6,033	6,520	6,234
Small	222	277	246	6,173	7,682	6,827
Workshop	224		224	5,608		5,608
Total	**227**	**261**	**237**	**6,134**	**6,986**	**6,395**

Source: Based on Primary Survey

For all workers within our sample, the unit worker cost is still lower for export oriented firms compared to firms marketing domestically. The gap in unit costs in percentage terms is quite high, i.e., 16.4 per cent for monthly earnings. According to enterprise size, the average overall payment by firm for workshop workers is significantly lower than for workers in the factory sector, but within the latter, on a monthly basis, the costs are highest for small enterprises, followed by medium and large enterprises. The picture is slightly different for daily wage calculations. These are similar for small and medium units but smaller for large units.

With both employer social security contributions and commissions to contractors added to the wage bill, there is very little difference in the firms' unit worker costs between contractor-hired labourers and directly hired labourers. In fact, the figures for daily wages are similar, but there is a small difference of 1.6 per cent in monthly unit costs, with the average overall payment by firm being higher for directly recruited workers (Table 2.64.1).

Finally, we control for work-functions and examine the total 'outgo' only for tailors. There is now a very small gap in this respect between export firms and domestic firms (slight for the latter on daily unit cost calculations and marginally higher for monthly unit costs). There is virtually no difference in average daily unit costs by size of unit. In terms of monthly costs, the outgo is still slightly higher for small firms followed by the outgo for medium size units and then the large size units (Table 2.64.2).

Table 2.64.1 Average Unit Worker Costs – All Workers, with Workers' & Employers' Social Security Contributions & Contractor Commissions

Cost to Company For All	Daily			Monthly		
	Firm Owner	Contractor	All	Firm Owner	Contractor	All
Market Orientation						
Export	248	236	244	7,016	6,439	6,821
Domestic	289	296	292	7,942	7,946	7,943
Mixed	196		196	4,656		4,656
Firm Size / Type						
Large	247	228	242	6,913	6,080	6,678
Medium	258	266	261	7,204	7,065	7,152
Small	271	249	261	7,690	6,985	7,381
Workshop	197		197	4,912		4,912
Total	**248**	**248**	**248**	**6,866**	**6,759**	**6,831**

Source: Based on Primary Survey

Table 2.64.2 Average Wages – Tailors, with Workers' & Employers' Social Security Contributions & Contractor Commissions

Cost to Company For Tailor	Daily			Monthly		
	Firm Owner	Contractor	All	Firm Owner	Contractor	All
Market Orientation						
Export	256	303	272	7,062	8,083	7,394
Domestic	268	283	274	7,050	7,681	7,313
Mixed	221		221	5,452		5,452
Firm Size / Type						
Large	270	286	273	7,399	7,537	7,429
Medium	256	295	272	6,930	7,627	7,219
Small	240	314	272	6,692	8,685	7,555
Workshop	224		224	5,608		5,608
Total	**253**	**300**	**267**	**6,846**	**8,022**	**7,205**

Source: Based on Primary Survey

However, our data suggest that contractor hired tailors continue to be more expensive to employers, once contractors and commissions are accounted for. The other result emerging from our data is that as far as directly recruited tailors are concerned, the gap between domestic firms and export firms is small, and large firms actually spend more per directly hired tailors than small firms while, at the same time, contract labour is more expensive for smaller firms.

What can we conclude from these results? Even after accounting for social payments and contributions, as well as contractors' commissions, large firms do not spend more per worker than small firms. When only take home wages are considered, workshops actually pay more per worker, for eight hours, as well as per day. But taking into account all types of payments, the unit wage cost in the factory sector is higher – with part of it being the cost of social security, and another part being the recruitment cost (through contractors). Furthermore, we also find that the use of contractors for skilled tailors actually increases unit worker costs for employers while for other type of workers it does lower the unit costs for most types of employers. Overall, differences in unit costs for employers cannot explain the use of labour contractors in the short run. But there are long term implications of the use of contractor based hiring for the enterprises with regard to transaction costs, workers solidarity and retirement and retrenchment costs, which can serve to keep wages low at an industry-wide level, and which have other significant implications.

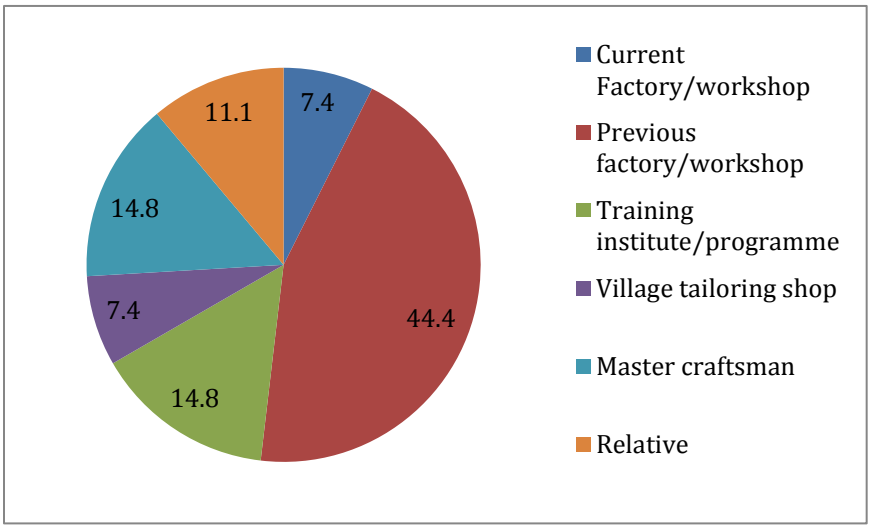
2.12 Skill Acquisition in the Industry

Although semi-skilled and skilled workers are hired in the industry only on the basis of prior skills, 85.8 per cent of the workers in the sample indicated that they had acquired their skills on the job while 9 per cent had undergone formal or informal training or engaged in an apprenticeship. Only one worker (i.e., 0.35%) indicated undergoing a formal certificate training programme and 4.8 per cent of unskilled workers indicated the non-applicability of training needs, given their current work profile.

Of the nine per cent of workers who reported having received some training/internship, 51.1 per cent (or about 4.8 per cent of the total workforce surveyed) had undergone some training in their current or past employment in an enterprise (see Figure 2.12). A few workers (14.8 per cent of those trained) had received training in a privately run training centre or institute. A similar percentage had worked as apprentices with master tailors/cutters who had trained them. Finally, in a few cases workers had been trained in a village tailoring shop, or by their relatives who were already skilled workers. While training in institutes had to be paid for, workers did not receive any stipend or pay while receiving training in the village shop, by master craftsmen or by their relatives, but they were paid a stipend or a wage during training periods in the factories.

The preponderance of workers indicating 'on the job' skill acquisition combined with the fact that some skills were considered a recruitment prerequisite for workers in the formal sector would suggest that skilled or semi-skilled workers (e.g., those working as tailors or machine embroiders) have learnt at least rudimentary skills in the informal sector either in the NCR or in their native places, but this effect is not fully captured by our results. We have only the case of one large firm in our sample, with women oriented employment, which provides *pre-induction* training to its recruited workers.

Figure 2.12 Source of Training/Internship of Respondents



Source: Based on Primary Survey

Of the workers who reported having received some training in their previous or present workplaces, 28.6 per cent each were working in large and medium enterprises, while 35.7 per cent were working in small factories and 7.1 per cent in workshops. But as we have seen (in Figure 2.12), most workers reported having been trained in their previous *places* of work. Our interviews indicate that some of the large export oriented firms do run training programmes in order to upgrade the skills of their workforce. But the responses in our survey indicate a very low rate of training.

The fieldwork also shows that there are a number of small training institutes which provide up to four weeks of training to workers, mainly in tailoring and embroidery. But the impact of these facilities on the skill acquisition of the sample workforce appears to be small. Overall, our results show a very small impact of any systematic training component on workers' skill acquisition.

Furthermore, the percentage of workers who perceive that there is a reasonable possibility of acquiring further skills is also small. Table 2.65 shows the percentage of workers across different categories according to their perception with regard to future skill acquisition.

Table 2.65 Percentage of Workers across Different Categories according to Their Perception Regarding Future Skill Acquisition.

	Perceived Possibility of Further Skill Acquisition			
Category	**Nil**	**Low**	**Fair/Good**	**Total**
Gender				
Male	29.9	46.1	24.1	100
Female	50.0	41.7	8.3	100
Socio-religious Group				
Hindu – SC	41.9	48.4	9.7	100
Hindu –OBC	33.0	44.0	23.0	100
Hindu +General	22.2	47.8	30.0	100
Hindu – Other	72.7	27.3		
Muslim	38.6	45.6	15.8	100
Firm Size/ Type				
Large	27.2	53.3	19.6	100
Medium	28.6	41.6	29.9	100
Small	46.1	36.0	18.0	100
Workshop	25.8	58.1	16.1	100
Market Orientation				

Domestic	27.7	40.4	31.9	100
Export	34.7	44.8	20.6	100
Mixed	30.4	60.9	8.7	100
Type of employment				
Regular	19.0	49.3	31.7	100
Casual	46.9	41.5	11.6	100
Employer				
Firm	23.6	48.7	27.7	100
Contractor	53.2	38.3	8.5	100
Total	**33.2**	**45.3**	**21.5**	**100**

Source: Based on Primary Survey

Overall, only 21.5 per cent of the interviewed workers rated the possibility of acquiring further skills as fair or good while a third rated this possibility as being nil. Female workers are not only mainly confined to lower employment categories but also only eight per cent of them (compared to 24.3 per cent of male workers) regard training opportunities as "fair/good". There is also a clear differentiation among workers in terms of acquiring skills on the basis of their social background. Higher caste Hindu workers felt that they were most likely to acquire further skills, followed by OBC workers, Muslim workers and SC workers. With regard to results by firm category, a higher percentage of workers in medium-sized and domestic-oriented firms (29.9 and 31.9 per cent respectively) consider their chances of acquiring further skills as "fair" or "good".

With regard to type of employment, 31.7 per cent of regular workers considered the possibility of skill acquisition as being satisfactory (fair/good), while only 11.6 per cent of casual workers did so. The share of workers employed directly by firms (namely, 27.7 per cent) saw themselves as being much more likely to be able to upgrade their skills compared to the share of workers hired by contractors (only 8.5 per cent).

To conclude: skills shortages have been identified in some major reports as being one of the key constraints facing the garment and textile industry. But only one worker in our sample had been through a formal and certified training programme. The training provided by factories and skill training in the private institutes, which are mushrooming, is woefully inadequate. Women workers and workers from low-status social groups rate their possibilities of skill acquisition as much lower than others so. Results are similar for casual workers and those hired by contractors. The fact that workers in large export firms with some paraphernalia of training rate their possibilities of skill upgrading as low is curious and is probably related to the labour market conditions in these firms vis-à-vis those in medium-sized and domestic firms that we have analysed earlier in this study.

2.13 Social Reproduction of Workers

Since most garment workers retain strong roots and connections with their native places, their families are also often split between the current location in the NCR and their native locations. Table 2.66 shows the pattern of co-residence of garment workers and their family members (including extended family members in the NCR).

Only 56.4 per cent of garment workers were accompanied by a family member and just over a fifth (22.5 per cent) were living with their spouses; while 20.8 per cent were living with their spouses and another family member. Half of the workers were living with other earning family members (their spouse or another earning member, such as a brother or father). The percentage of unaccompanied family members was roughly the same across the three states, but the percentage of workers living with their spouses was the lowest in Gurgaon (namely, only 14.9%), followed by Delhi and Noida (Table 2.66).

Table 2.66 Percentage of Workers Accompanied by Other Members (n=289)

Workers Accompanied By	Noida	Delhi	Gurgaon	All
Any Family Member	58.8	55.1	55.3	56.4
Any Earning Member	56.7	41.0	51.8	50.5
Spouse	30.9	23.1	14.9	22.5
Spouse + Other Family Member	27.8	21.8	14.0	20.8
Other Family Member	40.3	41.7	47.4	43.8

Source: Based on Primary Survey

Irrespective of whether migrant workers were living with a family member in the NCR, more than three-quarter of these workers, namely, 76.4 per cent, had left family members behind in their native places. Of these, only 3 (1.4%) had left one family member behind, and 11 (5%) had left two family members behind. About 11 per cent of workers had left three members behind, and 22 per cent had left four behind. More than 60 per cent of these workers had left behind more than four family members in their native places. While the left-behind family members also engage in some vocation, most garment workers save part of their income and remit or take home their savings to support their families in their native places.

In what follows, we focus on the living conditions of the garment workers in the NCR only.

Garment workers whom we have interviewed live in congested surroundings, often several workers to a room, which are located in urban and peri-urban villages and slums. The density of habitation in these localities is extraordinarily high and basic amenities are poor. Typically, land owners build tenements which are provided to workers on the basis of a monthly rent, and shared. Toilet and bathroom facilities are shared floor wise or across the building. Workers share these rooms with co-workers who could be related or unrelated.

Table 2.67 gives the type of accommodation used by workers. As the last row of this table shows, only 7.6 per cent of the workers live in the sheds/accommodation provided by employers, and only 3.5 per cent live in their own houses. All other workers, namely, 88.9 per cent, live in rented rooms. As one would expect, (male) labourers in workshops also generally use these for

Table 2.67 Type of Accommodation Used by Respondents across Firm and Market Type, Location and Employment Status

Category	Room/Shed	Privately Rented Room	Own House	Total
By Size/Type of Firm				
Large	2.2	96.7	1.1	100.0
Medium	1.3	92.2	6.5	100.0
Small	0.0	96.6	3.4	100.0
Workshop	61.3	35.5	3.2	100.0
By Type of Market				
Domestic	4.3	91.5	4.3	100.0
Export	1.4	95.4	3.2	100.0
Mixed	73.9	21.7	4.4	100.0
By Location				
Noida	6.2	91.8	2.1	100.0
Delhi	19.2	71.8	9.0	100.0
Gurgaon	0.9	98.3	0.9	100.0
By Employment Status				
Regular	4.2	92.3	3.5	100.0
Casual	10.9	85.7	3.4	100.0
By Type of Employer				
Firm Owner	11.3	85.1	3.6	100.0
Contractor	0.0	96.8	3.2	100.0
Sex				
Male	9.1	87.1	3.7	100.0
Female	0.0	97.9	2.1	100.0
Total	**7.6**	**88.9**	**3.5**	**100.0**

Source: Based on Primary Survey

their accommodation: 61.3 per cent of these workers are housed in the workshops. Among male workers, 9.1 per cent are housed by the employers, while female workers stay only in rented premises or in their own houses. There is virtually no difference in the proportion of workers in own housing across employment types, employers, or size/type of firms. But own housing is higher in the older location of Delhi (9 %) and among workers in medium-sized firms (6%).

On average, only 2.1 per cent of workers lived alone and 20.8 per cent shared their accommodation with one other person (Table 2.68). But 35 per cent lived with two other persons, 19.3 per cent with three other persons, and 23.9 per cent with four or more persons. Generally, female workers stay with their spouses, children or extended family units. Male workers generally stay with other male workers except in about a fifth of the cases where they stay with their spouses (1.2 per cent of all cases), spouse and children (10 per cent of all cases) and extended family units (ten per cent of all cases).

Table 2.68 Sharing of Accommodation by Respondents (in %)

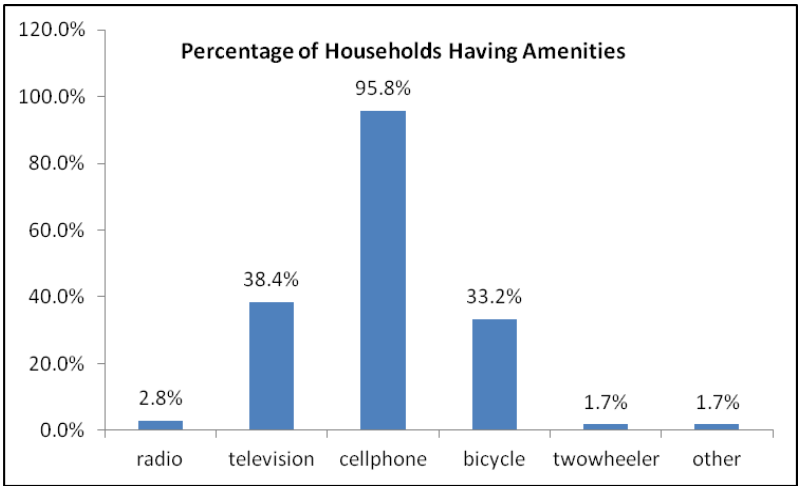
Staying Together	Male	Female	Total
Alone	2.5	0.0	2.1
Another male	21.6	8.5	19.4
Another female	1.2	2.1	1.4
More than one male	54.8	4.3	46.5
One male or female & children	10.0	61.7	18.4
At least one more male & female with or without children	10.0	23.4	12.2
Total	**100.0**	**100.0**	**100.0**

Source: Based on Primary Survey

The quality of housing for workers is also poor, with one-third of them describing the construction as semi-*pukka* and two-thirds describing the construction as *pukka*. Access to toilets and bathrooms and to drinking water is crucial. But only 7.6 per cent of workers had access to a toilet attached to the room or inside the house. In all other cases, toilets and bathrooms were common in the building premises or workers used public toilets. Only 38.1 per cent of workers had access to tapped drinking water inside their premises while 33.6 per cent used a tap water facility located outside the premise and 23.2 per cent used a handpump outside their premises. Another 5.2 per cent of workers mentioned other sources such as borewells.

Electricity was available to the workers in their premises. For cooking, 91.7 per cent of workers used LPG, with small (but more expensive) cylinders available in the open market or regular cylinders purchased in the black market. Lack of proof of a local address means that these workers cannot apply for regular LPG use and are not entitled to subsidized gas. A small percentage of workers used electric heaters for cooking (1.7 %), kerosene (4.5%) or wood (2.4%).

Figure: 2.13 Ownership of Household Assets by Respondents



Source: Based on Primary Survey

Table 2.69 Ownership of Selected Household Assets by Respondents (%)

Category	Radio	Television	Cell Phone	Bicycle	Two Wheeler
Market Orientation					
Domestic	2.1	61.7	100	51.1	4.3
Export	3.2	36.5	95.9	32.9	1.4
Mixed	0	8.7	87	0	0
Size / Type					
Large	1.1	38	98.9	30.4	0
Medium	1.3	42.9	90.9	41.6	2.6
Small	6.7	39.3	98.9	38.2	3.4
Workshop	0	25.8	90.3	6.5	0
Payment Mode					
Daily time rate	8.7	30.4	100	39.1	0
Weekly/monthly salary	3.1	44.6	96.9	33.7	2.6
Piece rate	0	24.7	91.8	30.1	0
Total	**2.8**	**38.4**	**95.8**	**33.2**	**1.7**

Source: Based on Primary Survey

The ownership of selected household assets is given in Table 2.69. The dominant picture is that there are only small differences across workers in firms with different types of market orientation and size, and across different employment categories. The ownership of cell phones among

workers is uniformly high – about 96 per cent overall (see Figure 2.13). Television ownership is also quite high – 38.4 per cent overall – but is lower among workshop workers and higher among workers in domestic oriented firms and medium sized firms. Ownership of a means of transport is uniformly lower among workshop labourers. These workers are also the segment with the lowest commuting requirements as they are most likely to reside in the workshops. Among all workers, a third own cycles but only 1.7 per cent own motorcycles or scooters.

Workers need proof of local residence and address in order to avail themselves of various subsidies such as those for LPG (see above). Higher levels of subsidies are available for those who qualify as being "Below the Poverty Line" based on criteria prescribed by the state governments. This status can entitle them to highly subsidised cereals and kerosene (through the PDS), and also free or cheap health services and social assistance, depending on the prevailing criteria. But migrant informal workers are rarely able to meet criteria of local residence and claim entitlements (Srivastava 2011).

In our sample of workers, only 11 workers (3.8%) possessed a PDS card and all except one PDS card was an "Above Poverty Line" Card. Only 2.7 per cent of workers purchased part of their cereal requirements from the PDS shop. About 90 per cent of workers purchased their food requirements from the market and 7.3 per cent were required to purchase their requirements from the shop owned or specified by their landlord.

Table 2.70 shows the percentage of workers who possess some identification document/card. The last row of the table shows that 27.1 per cent of workers claim that they possess more than one type of card (usually an ID card given by the firm or an ESIC card), while 21.2 per cent had ID cards issued by an employer, and 10.4 per cent had cards issued by the ESIC. The proportion of workers with employer-issued ID cards is distinctly higher for workers in large firms and export oriented units, those employed directly by firms, regularly employed workers and those on a monthly salary. In Table 2.70, the overall incidence of ESIC cards equals the ESIC column plus the "more than one type of card" column. The possession of these cards is broadly similar for export oriented and domestic firms, but higher for medium-sized firms. Possession is also higher for regular workers and those employed directly by firms and paid a monthly salary.

These cards are linked with the workers' employment status and are useful to them in a number of ways. But such cards do not provide proof of residence (although owners of factories can choose to attest to the workers' proof of residence). Cards which do so, such as the PDS card and the Aadhar, are only available to 4.4 per cent of the workers. In fact, 37.2 per cent of the workers have no local identification documents whatsoever. The percentage of such workers is much higher in small firms (55.7%) and workshops (93.6%). It is also high among contractor employed workers (56.4%) and casual workers (51.7%). It is also the highest among workers on daily rates (78.3%) and piece rates (58.9%).

Table 2.70 Possession of Identification Document by Respondents (in %)

Category	No card	Card issued by employer	ESIC card	Aadhar card	PDS card	More than one card	Total
Market orientation							
Domestic	53.2	2.1	8.5	0.0	6.4	29.8	100.0
Export	27.5	27.5	11.9	0.5	3.2	29.4	100.0
Mixed	95.7	0.0	0.0	0.0	4.4	0.0	100.0
Size / Type							
Large	15.2	48.9	7.6	1.1	3.3	23.9	100.0
Medium	19.5	15.6	5.2	0.0	5.2	54.6	100.0
Small	55.7	4.6	21.6	0.0	2.3	15.9	100.0
Workshop	93.6	0.0	0.0	0.0	6.5	0.0	100.0
Employer							
Firm	27.8	26.8	7.2	0.0	5.2	33.0	100.0
Contractor	56.4	9.6	17.0	1.1	1.1	14.9	100.0
Employment Type							
Regular	22.0	29.1	9.9	0.7	4.3	34.0	100.0
Casual	51.7	13.6	10.9	0.0	3.4	20.4	100.0
Payment Type							
Daily time rate	78.3	4.4	8.7	0.0	4.4	4.4	100.0
Monthly salary	24.0	27.6	8.3	0.5	3.7	35.9	100.0
Piece rate	58.9	9.6	16.4	0.0	4.1	11.0	100.0
Total	**37.2**	**21.2**	**10.4**	**0.4**	**3.8**	**27.1**	**100.0**

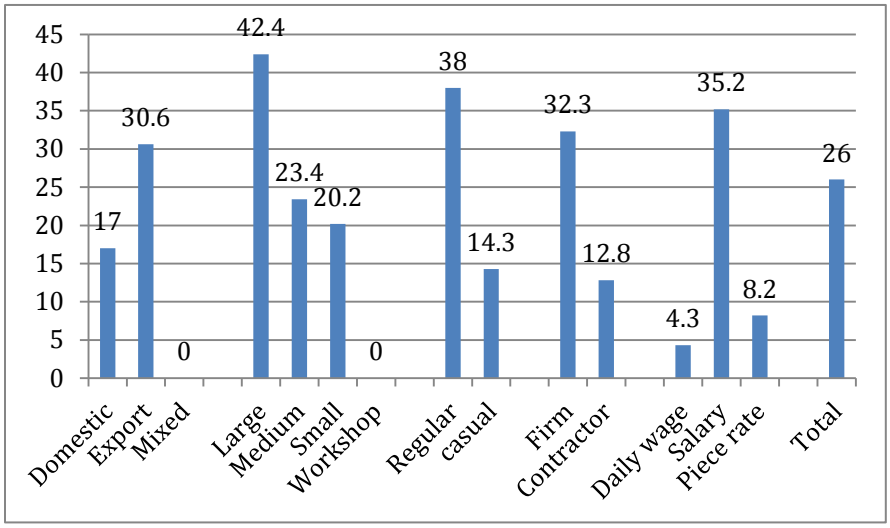
Source: Based on Primary Survey

The absence of any documentation condemns these workers to a double informality--at the workplace and in the cities in which they live, restricting their access to social protection programmes and to publicly-provided urban services.

During illnesses, 34.9 per cent of workers went to an ESIC clinic, 33.2 went to unregistered medical practitioners and 28.4 per cent went to private doctors. Only 3.5 per cent used other government health facilities. Of 11 children of workers in the age group up to three years, only one had access to a crèche facility and of 21 children in the age group 3 to 6 years, none went to

an Anganwadi. Of the 60 children in school-going age groups, 36.7 per cent went to government managed schools, 8.3 per cent to charitable schools and 55 per cent to private fee-paying schools.

Figure 2.14 Access to Banking Services across Categories (in %)



Source: Based on Primary Survey

Access to banking services is shown in Figure 2.14. Financial inclusion has been an important public policy objective in India for a significant number of years now. But only 26 per cent of workers in the sample have bank accounts. As can be seen from the figure, banking inclusion is above average for workers in large firms (42.4%) and export oriented firms (30.6%). It is also higher for workers hired by firms (32.3%), regular workers (38%) and those paid a monthly salary (35.2%). At the other end of the spectrum are workshop labourers, workers in small factories and so on.

We have computed the monthly per capita expenditure reported by workers (total expenditure per month divided by the number of co-resident family members). The per capita expenditure is highest in NOIDA, followed by Delhi and Gurgaon. It is the lowest for workshop labourers, many of whom do not have to pay for rent and also spend a smaller amount on transport and items such as children's education (Table 2.71).

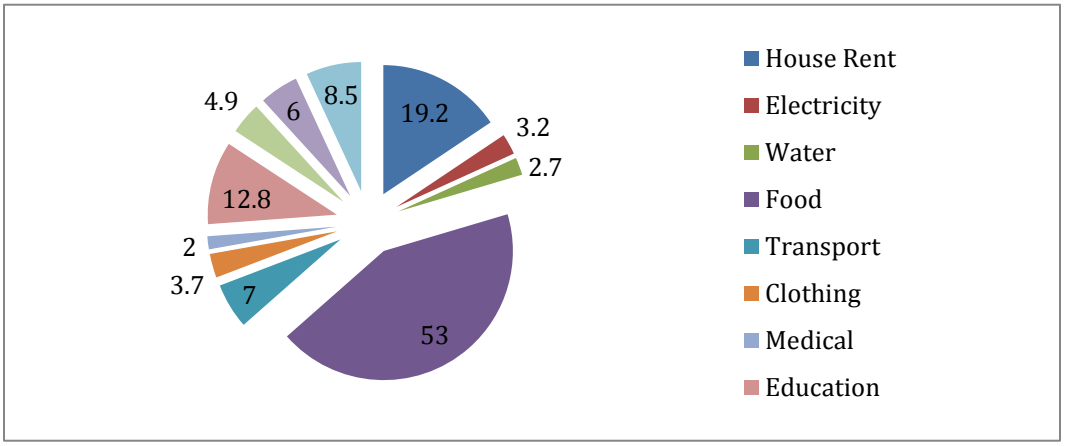
The proportion of expenditures on major items is given in Figure 2.15. Food items (other than *paan* and alcohol) take up 53 per cent of average household expenditures, followed by rents, which take up 19.2 per cent. Surprisingly, education, although applicable to only a few households, still takes up 12.8 per cent of average household expenditure.

Table 2.71 Per Capita Monthly Expenses

Classificatory Variables	Per Capita Expense in INR
Location	
NOIDA	2,382
Delhi	1,948
Gurgaon	1,659
Firm Size	
Large	2,267
Medium	1,764
Small	2,178
Workshop	1,090
Nature of Contract	
Casual employment without written contract	1,887
Regular employment without written contract	2,035
Regular employment with written contract	2,805
Employer	
Firm owner / Manager	1,993
Contract	1,933

Source: Based on Primary Survey

Figure 2.15 Expenditure on Major Items



Source: Based on Primary Survey.

The overall conditions described in this section and the earlier sections (where we focused on employment) are also reflected in the workers' own perceptions in comparing conditions in their

destination location and their native place. Destination areas score very poorly in the workers' comparative assessment of housing and other living conditions, with two-thirds perceiving the former to be worse. But the destinations score very well in terms of all employment related indicators (Table 2.72).

Table 2.72 Comparison of Living Conditions

Current vs. Native Place	Better Here	Same	Worse Here	Difficult to Say
Housing	5.2	27.0	66.4	1.4
Other Living Conditions	5.9	22.8	69.9	1.4
Working Conditions	85.8	10.4	3.5	0.4
Employment Opportunity	99.3	0.7	-	-
Remuneration / Earning	94.8	4.8	0.4	-
Feeling of Security	3.8	51.6	10.4	34.3
Freedom from Social Constraints	3.1	34.3	4.8	57.8
Overall	**87.2**	**6.6**	**2.4**	**3.8**

Source: Based on Primary Survey

2.14 Collective Action

Unionisation is minimal in the garment industry in the NCR. Among our sample workers, no one admitted to being a member of a union. The industrial relations climate in the industry is clearly also not conducive to workers joining a union. When asked why they had not joined a union, almost half of the workers said that they were apprehensive of the consequences, while a quarter simply said that they were not interested, but 28 per cent pointed out that there were no unions in their area, or none had approached them. While almost sixty per cent of the workers in Noida said that they were apprehensive of the consequences of being associated with a union, compared to about two-fifth of the workers in Gurgaon and Delhi, the percentage of those who said that they were not interested was higher in Delhi and Gurgaon (Table 2.73).

Table 2.73 Reasons for Not Joining a Union

Location	No union exists	No union approached us	Not interested	Apprehensive of consequences	Total
Noida	2.1	20.6	17.5	59.8	100.0
Delhi	11.5	14.1	33.3	41.0	100.0
Gurgaon	14.9	19.3	24.6	41.2	100.0
Total	**9.7**	**18.3**	**24.6**	**47.4**	**100.0**

Source: Based on Primary Survey

Only about a third of the workers (31.8%) were in favour of unions being formed at their work places. The percentage of such workers was the highest in Gurgaon (40.4%) and the lowest in NOIDA (24.7%). Workers in small factories and workshops were less interested in a union being formed (about 26% in each case) than workers in large or medium factories (about 36% in each case). The percentage of those interested in a union was also higher in export oriented firms. Interestingly, workers with less stable jobs (namely, casual workers and contractor-employed workers) were somewhat more interested in a union than those in more stable jobs (Table 2.74).

Although workers are not part of a union and less than a third are in favour of a union being formed, they still perceive a number of problems at the workplace. The survey asked workers to mention up to three problems which they faced in relation to their work (hence total responses below add up to more than 100 per cent). Low wages were a concern for as many as 81.7 per cent of workers. This concern was followed by "other problems" (34.3%), long working hours (32.9%), strenuous work (17.3%) and irregular payments (17%). Among those who cited "other problems", 76.2% of workers were concerned with annual bonuses not being given, 10.2 per cent mentioned lack of regular work, 6.2 per cent mentioned "no accommodation", 5.1 per cent mentioned "no provident fund", and 2 per cent mentioned double overtime pay not being given.

Table 2.74 Percentage of Workers in Favour of a Union

Category	Yes	No	No response	Total
Location				
Noida	24.7	39.2	36.1	100.0
Delhi	28.2	46.2	25.6	100.0
Gurgaon	40.4	36.8	22.8	100.0
Size / Type				
Large	35.9	30.4	33.7	100.0
Medium	36.4	45.5	18.2	100.0
Small	25.8	42.7	31.5	100.0
Workshop	25.8	48.4	25.8	100.0
Market Orientation				
Domestic	29.8	44.7	25.5	100.0
Export	33.8	37.9	28.3	100.0
Mixed	17.4	52.2	30.4	100.0
Employer				
Firm	29.9	42.1	28.7	100.0
Contractor	37.2	36.2	26.6	100.0
Employment Type				
Regular	28.9	47.2	23.9	100.0
Casual	34.7	33.3	32.0	100.0
Total	**31.8**	**40.1**	**28.0**	**100.0**

Source: Based on Primary Survey

The pattern of problems reported by workers in different work environments is somewhat unanticipated. Low wages are a concern across the board but are reported by a very high percentage of workshop workers (93.5%), followed by large-firm employees (84.8%). Long working hours are also reported as an issue, again the most among workshop workers followed by workers in large firms. Strenuous work is also reported as a problem by almost half of the workshop workers (Table 2.75).

Table 2.75 Problems Faced by Respondents at Workplace

Category	Low wages	Irregular Payments	Long working hours	Strenuous work	Others
Size/Type					
Large	84.8	10.9	43.5	18.5	26.1
Medium	80.5	22.1	22.1	10.4	31.2
Small	75.3	21.3	19.1	13.5	50.6
Workshop	93.5	9.7	67.7	41.9	19.4
Market Orientation					
Domestic	80.9	19.1	17	14.9	53.2
Export	80.8	17.8	32	14.2	32.9
Mixed	91.3	4.3	73.9	52.2	8.7
Employment Type					
Regular	79.6	6.3	31.7	22.5	33.8
Casual	83.7	27.2	34	12.2	34.7
Employer					
Firm	85.1	6.7	35.9	20.5	31.3
Contractor	74.5	38.3	26.6	10.6	40.4
Total	**81.7**	**17**	**32.9**	**17.3**	**34.3**

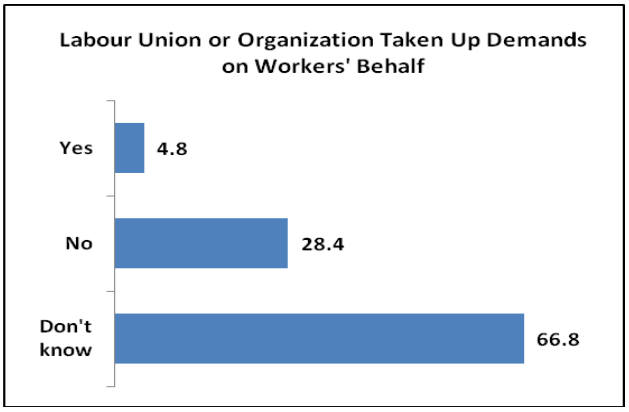
Source: Based on Primary Survey

When firms are classified by market orientation, both export oriented and domestic firms follow the general pattern of problems listed, whereas in enterprises producing both for export and domestic markets, long working hours and strenuous work were regarded as bigger problems than in any other type of enterprises across all classifications used here. Moreover, long work hours are also a problem in export oriented firms.

Surprisingly, a higher percentage of workers directly hired by firms reported low wages and long working hours as a problem but irregular payments was a far bigger problem among contractor-hired workers. A greater percentage of casual workers reported low wages, irregular payments and long working hours as a problem compared to regular workers, but twice as a high a percentage of regular workers were concerned with the strenuous nature of their work.

The low presence of unions in these circumstances implies that they play a small role in taking up workers' demands. When asked whether any union had taken up demands on their behalf, only 4.8 per cent of workers replied in the affirmative (see Figure 2.16).

Figure 2.16 Labour Union Taken up Demands on Workers' Behalf



Source: Based on Primary Survey

In the absence of collective bodies, workers do not often engage in bargaining or negotiating with their employers, although the number of times that they do so is substantially larger than the cases in which unions are known to have intervened.

In the absence of representative bodies, workers approach their employers—namely, their contractors, firm/workshop owners or managers, or their representatives—if they have a grievance. Among the sample of workers, 41.5 per cent said that they would approach the enterprise owner or manager if he/she had a grievance, 25.6 per cent said that they would approach the contractor, and 32.9 per cent said that they would approach others, including floor supervisors, HR managers and Master cutters/tailors.

About 30 per cent of workers reported having participated in some bargaining/negotiations with their employers. Again, the percentage of these workers is higher in Gurgaon (34.2%), and is the lowest in Noida (24.7%). It is higher in domestic firms and medium-sized firms and workshops. In addition, a high proportion of casual workers and workers hired by contractors participated in bargaining (Table 2.76).

The overall picture with respect to the presence and role of collective bargaining agents in the garment industry is thus extremely dismal. Although there is some variation across locations, modes of employment and types of employers, these variations are not large. In terms of location, workers in Gurgaon are somewhat more favourably inclined towards the formation of a union and also more likely to take up bargaining, but even then the percentage of such workers is still a distinct minority.

Table 2.76 Participation in Bargaining

Category	Yes	No	No response	Total
Location				
Noida	24.7	62.9	12.4	100.0
Delhi	29.5	59.0	11.5	100.0
Gurgaon	34.2	56.1	9.7	100.0
Market Orientation				
Domestic	44.7	48.9	6.4	100.0
Export	26.9	63.0	10.1	100.0
Mixed	26.1	43.5	30.4	100.0
Size / Type				
Large	27.2	62.0	10.9	100.0
Medium	35.1	54.6	10.4	100.0
Small	25.8	67.4	6.7	100.0
Workshop	35.5	38.7	25.8	100.0
Employer				
Firm	26.2	61.5	12.3	100.0
Contractor	37.2	54.3	8.5	100.0
Employment Type				
Regular	28.9	65.5	5.6	100.0
Casual	30.6	53.1	16.3	100.0
Total	**29.8**	**59.2**	**11.1**	**100.0**

Source: Based on Primary Survey

What is also extremely disconcerting is that workers did not reveal knowledge of any of several labour laws which regulate their working conditions, remuneration, social security or their industrial relations environment. For example, the survey asked them whether they were familiar with the provisions of the Trade Union Act, 1926; the Contract Labour (Prohibition and Regulation) Act, the Factories Act, the Minimum Wages Act, and the Workmen's Injury Compensation Act, and all workers relied in the negative.

The survey also examined pro-active interventions by government agencies and non-governmental agencies acting on behalf of buyers or third part audits. Just under a third of the workers reported that their firms had been inspected by government agencies. Government inspections were slightly higher in Gurgaon and Delhi than in Noida (where the sample consisted

of more large firms). More than half of the medium sized firms had been inspected, compared to 27.2 per cent of the large firms, 21.3 per cent of the small firms and 16.1 per cent of workshops. A larger percentage of domestic firms were inspected compared to export oriented firms in the sample. In a small number of cases, workers also reported that they were separately interviewed by government inspectors (Table 2.77). But the dominant impression among the workers was that the inspectors strike a deal with employers and then leave.

Table 2.77 Percentage of Workers Reporting Inspection of Firm and the Agency of Inspection

Category	Inspected	Inspected by Govt. agencies	Inspected by Unions	Inspected on behalf of Buyers
Location				
Noida	82.5	24.7	0	82.5
Delhi	60.3	33.3	1.3	51.3
Gurgaon	57.9	35.1	0	39.5
Size / Type				
Large	78.3	27.2	0	78.3
Medium	79.2	53.2	0	57.1
Small	60.7	21.3	0	55.1
Workshop	19.4	16.1	3.2	0
Market Orientation				
Domestic	42.6	42.6	0	10.6
Export	77.6	31.1	0	73.1
Mixed	13	8.7	4.3	0
Total	**66.8**	**31.1**	**0.3**	**57.1**

Source: Based on Primary Survey

Compared to government inspections, buyer-related audits/inspections were more likely to take place. The picture in these cases contrasted with the picture in the cases of government inspections. While 78.3 per cent of workers in large factories reported that their employing enterprises had been inspected on behalf of buyers or third party audits, 57.1 per cent of workers in medium enterprises and 55.1 per cent of workers in small enterprises also said so. Workshops were not inspected at all. As expected, these inspections were common only in export oriented enterprises (with 73.1 per cent of workers saying that these firms had been inspected) compared to domestic enterprises (with only 10.6 % workers verifying this result). Inspections on behalf of Buyers were reported by 82.5 per cent of workers in Noida, 51.3 per cent of workers in Delhi

and only 39.5 per cent of workers in Gurgaon. These inspections were quite prevalent in the export oriented firms, and more so in larger firms (Table 2.78). Workers had the impression that these audits were quite thorough and generally involved asking questions of them. But contract workers reported that they were asked to leave the premises during these inspections and other workers reported that they had been schooled extensively beforehand about replies that they were supposed to give.

2.15 Conclusion

The survey of conditions of work of labourers in the garment industry has tried to situate existing labour standards within the context of the production conditions in organized-sector production. The organized sector, as defined in this study, includes the factory sector (i.e., manufacturing enterprises with ten or more workers using power and registered under the Factories Act). But it also includes workshops that ordinarily employ ten or more workers but, because of their peripheral geographical location, are not registered under the Factories Act, and perhaps also not under any other Act, including the Shops and Establishment Act. The workshops engage in outsourced manufacturing activities but some also manufacture final garments for domestic retailers. Labour conditions and systems of labour recruitment and use are not independent of the wider conditions of production and State regulation. To gauge the influence of the latter, we have taken units in three states of the National Capital Region of Delhi.

Garment production in the region continues to be dominated by relatively homogeneous labour-intensive technologies, despite the use of computers and computer-aided machines in some processes. The Delhi National Capital Region employs several hundred thousand workers in the segment studied by this research. According to estimates from the Economic Survey of 2004-05, the garment sector employed 125,000 workers in the informal sector (i.e., in own-account units and establishments with less than ten workers) and 239,000 workers in the formal sector (i.e., manufacturing establishments with ten or more workers) in Delhi, Gurgaon and Noida.

The workshop sector forms a distinct segment that is characterized by higher seasonality, the recruitment of workers through informal networks, high work intensity (with average working hours being 12 or more), piece-rate wages, and no social security or any other form of public benefit or regulation of conditions. The sector is meshed with the formal sector in multiple ways. Apart from the outsourcing activity which links the formal and informal sectors, the setting up of workshops might have been facilitated by export units (since most workshop owners are former workers in larger units); and in several cases, workshop owners also continue to act as labour contractors or as in-contractors, both registered and unregistered.

Firms (or groups of firms owned by a family) are owned individually or in partnership, and all of the firms surveyed by us were Indian owned. The factory sector is differentiated by size, scale and functions. Larger firms in the garment sector can be quite diversified both across the garment and textile sectors, but also within the garment sector, and can also have be very diversified locations. Despite the on-going concentration of production that we have observed, garment firms, both big and small, operate in multiple sites, and smaller firms may also operate under multiple registrations at the same site. Although the sector is now de-reserved, the operation on the basis of multiple sites allows firms flexibility in dealing with clients as well as the regulatory framework.

Factories are the sites where the formal-sector garment firms organize their production. Like firms, factories can also be quite diversified in their functions. They can be specialized in terms

of the type of garments that they manufacture or the markets in which they operate. They can also operate primarily as production sites, sampling and design units, or finishing units. They can also be more or less vertically integrated. The types of workers and employment relationships in such factories would depend partly on the nature of the production space within them.

In this study, our workers sample is based on the characteristics of the production sites (factories).The types of factories that we have selected are based on their size and market. From the workers' perspective, we have taken the size of the workforce as a proxy for the size of the factory and have broadly characterized these as small (less than 250-300 workers), medium (300 to about 800 workers) and large (more than 800 workers).

The labour regime of the NCR is characterized by systematic patterns of labour recruitment and labour use. The unravelling of labour recruitment systems in the garment industry was one of the most challenging dimensions of this research. There is a blurring of boundaries between systems of labour recruitment as well as labour use by owners, their managers/supervisors and contractors which makes the unravelling of these relationships extremely difficult. Most of our research time was spent on uncovering these relationships, using interviews with labourers, owners, contractors and supervisors, as well as official records obtained through the Right to Information. Although the state governments in Delhi, Noida and Gurgaon have liberalized the use of contract labour in all processes in the garment industry, and there has been enormous growth in the organised manpower and contractor firms, the use of contractors remains subterranean and shadowy (See Box 1).

Box 1 Case of a Production Manager-cum-Manpower Agency Owner & Labour Contractor

X is a large factory in our sample employing several thousand workers. According to records obtained through the Right to Information Act, the firm uses the services of fifteen licensed labour contractors through whom the firm hires about 80 per cent of its workforce. We wished to examine the profile of these labour contractors and in following up on one of them, which was registered as a manpower agency, we discovered that the owner was the production manager of the large factory as well. We sought an appointment with him at the factory and went to meet him. Our investigator was then questioned for several hours about his credentials and motives, photographed and detained by security guards. He observed that the workers worked in a highly securitized environment, and were subject to the worst form of disciplining by the manager and the supervisors. At the end of this whole process, we were no wiser. Is the production manager also a paid employee of the factory? (We believe that he is). Is he an in-source contractor, using supervisors from his own team, or is he simply using labourers supplied by him and by other registered contractors? (We think that this is the case here).

Despite what some employers have claimed, the garment industry in the region does not face labour shortages. Most labour recruitment is done at factory gates. But at the gates themselves, workers are screened and recruited either by a variety of contractors or by the firm and its agents. There is hardly any case in which workers receive contracts, although when they are hired by

employers, they sign documents, which could be contracts, but are most likely resignation letters that employers can use at the appropriate time.

We believe that despite our efforts at careful scrutiny we are likely to have underestimated contract labour. The figures given by ASI, which are for registered contractors and workers reported by them only, are already quite high. But our careful triangulation with records suggests that we have not underestimated contractor-hired labour by very much. Nearly 60 per cent of the workers in our sample are on the rolls of employers. So our sample might not be truly reflecting the extent and magnitude of contractor-based hiring in the NCR. Nonetheless, we believe that we have captured accurately the nuances of employer-based and contractor hiring, as well the role that contractors play in firm strategies. Moreover, we have also shown earlier that even in the case of directly hired workers, their job continuity is low and labour turnovers are very high.

So, is contractor-based hiring a defining pattern of recruitment in the industry? We think that this is not the case, although all types of contractors are used extensively in the industry. Neither are we able to subscribe to any pattern of recruitment being the dominant form in this segment. Within the same size/scale/market orientation, firms may or may not resort to contract labour, or at least the extent of their reliance on contract labour may vary quite significantly. Annexure 5 summarises the key features of recruitment in our sample of firms. Results of a logistic regression, which was carried out to examine the characteristics of workers employed through contractors, shows that the odds of being a contract labourer are higher in our sample for women, workers in domestic firms and medium size firms, and workers employed in Noida or Gurgaon. However, it should be noted that women are employed primarily as thread-cutters in the NCR.

Most firms directly employ a core workforce consisting of more skilled workers who are paid a monthly salary. They may also hire helpers or low skilled workers on daily or monthly rates. But the proportion of directly hired workers can be quite high for some firms. A large proportion of the directly hired workforce describes itself as regular, i.e., it is indefinitely employed by the firm. Results of a second logistic regression exercise carried out for factory workers shows that the odds of being regular workers are significantly higher for workers in domestic firms and significantly lower for women, workers employed through contractors, workers that are paid piece rate or daily rates, and workers in small factories.

The proportion of workers receiving social security payments is very high for regular, directly employed workers. Again, a third logistic regression exercise confirms this relationship and shows that the odds of subscribing to ESI and EPF are significantly higher for the directly employed, for regular workers, and for workers in domestic firms. But the odds are lower for women workers (though not significantly so), for workers on piece rates and daily rates, and for those employed through contractors.

So what is the defining characteristic of the recruitment process in the garment sector in the NCR? Informality could be one way of characterising it. The ILO defines informal employment along two axes, viz., job security and social security. Job security can be defined in terms of a long-term contract which also prescribes reasonable conditions for termination of the contract.

The NCEUS (NCEUS 2007) used employer-provided social security as an indicator of formal employment. Subsequently, Srivastava and Naik (2014) argued that written job contracts, implying job security, are the primary characteristic of formal employment.

As we have discussed earlier, in Indian labour law conditions of job security are determined by the Industrial Dispute Act (IDA) and the Standing Orders on Employment. Workers require being able to demonstrate one year of continuous employment in order to claim protection under the IDA. A written contract facilitates establishment of employment status. But only five workers in our sample had written contracts. Alternative evidence can be provided on the basis of pay slips and attendance records. But the latter are with the employers. Pay slips or EPF and ESI records could be used, provided there are no breaks or workers can demonstrate that they have been employed for more than 240 days in the year. In a number of firms, workers are periodically given breaks and then re-hired. But we do know that in some firms all workers are not retrenched even in lean seasons, and at least a core contingent of skilled workers is kept on the bench and paid a retaining allowance or salary. So there is some likelihood that some firms do maintain a core workforce that has continuous employment and can claim protection under the law if required.

Some of the key conditions of labour standards are set by law and we have examined them in the preceding sections. The labour standards associated with formal employment are, in our view, associated with some of the following conditions: (a) a written contract; (b) continuous employment of a year or more; (c) paid weekly holidays; (d) a proper record of attendance; (e) social security payments; and for additional long-term retirement benefits, (f) continuous employment of five or more years. We have summarised these as various criteria for formal employment in Table 2.78. The table shows that:

(a) Only one worker in the sample had been in employment for five or more years and had fulfilled the other conditions.

(b) There were three workers (1% of the sample) who had been in employment for one or more years and fulfilled the other conditions.

(c) Sixteen workers (5.6%) fulfilled conditions in (a), with and without written contracts. Thirteen of them were directly recruited (see also (d)).

(d) 48 workers (16.5%) had more than one year of continuous employment with both EPI and ESI and paid weekly holidays.

(e) 42 directly recruited workers (14.5%) had more than one year of continuous employment with both EPF and ESI and marked their attendance with a card-punching machine.

Table 2.78 Various Criteria for Formal Employment

Workers' Characteristics	Frequency	Per cent
Formality 1: Workers with (written contract + more than 5 years of continuous employment + both EPI and ESI + paid weekly holidays)	1	0.4
Formality 2: Workers with (written contract + more than 5 years of continuous employment + both EPI and ESI + paid weekly holidays + directly recruited)	1	0.4
Formality 3: Workers with (written contract + more than 1 year of continuous employment + both EPI and ESI + paid weekly holidays)	3	1.0
Formality 4: Workers with (written contract + more than 1 year of continuous employment + both EPI and ESI + paid weekly holidays + directly recruited)	3	1.0
Formality 5: Workers with (more than 5 years of continuous employment + both EPI and ESI + paid weekly holidays)	16	5.6
Formality 6: Workers with (more than 5 years of continuous employment + both EPI and ESI + paid weekly holidays + directly recruited)	13	4.6
Formality 7: Workers with (more than 1 year of continuous employment + both EPI and ESI + paid weekly holidays)	48	16.9
Formality 8: Workers with (more than 1 year of continuous employment + both EPI and ESI + paid weekly holidays + directly recruited)	40	14.1
Formality 9: Workers with (both EPF and ESI + being directly recruited + marking attendance with a card-punching machine + more than 5 years of continuous employment)	13	4.5
Formality 10: Workers with (more than 1 year of continuous employment + both EPF and ESI + being directly recruited + marking attendance with a card-punching machine)	42	14.5

Source: Based on Primary Survey

Table 2.79 Workers With Some Shade Of Formality Across Location, Market and Factory Size

Workers' Characteristics	N	%	Market		Size			Location		
			Export	Domestic	Large	Medium	Small	Noida	Delhi	Gurgaon
Formality 7	48	16.9	18.5	17.8	16.9	29.9	11.5	11.7	17.1	21.1
Formality 8	40	14.1	18.1	2.2	15.7	24.7	8.1	10.6	13.2	17.5
Formality 10	42	14.5	17.4	8.5	16.3	22.1	11.2	11.3	15.4	16.7

Source Based on Primary Survey

Thus, by reasonable but strong criteria, only one per cent of workers could be considered as being formally employed. By any of the more liberal criteria, not more than 16.5 per cent of workers could be considered to have some claim to formal employment.

Workers with some shade of formality were spread across different locations and different types of factories (see Table 2.79).

The results of logistic regression using the above more liberal notion of formal employment are given in Annexure 7.

In the absence of any countervailing power and given generally weak state regulation (intervening more systematically in favour of capital), even the limited tendencies of formality could not be very helpful to workers if there were a dispute. As Chang (2009) argues, the absence of countervailing power virtually creates de facto informality across the board, and this is also true for the garment industry.

In effect, the formal garment industry has achieved almost complete labour flexibility, and informality in the sense that we have defined it here, both among the directly hired workforce and the contract labour force. Our results have shown that contract labour in the garment industry is not a means either to achieve lower recruitment costs or lower average labour costs in the short run. So why do firms resort to contract labour? The main reasons seem to be that the use of contractors maintains a very high degree of flexibility in a situation where the laws on the statute books could potentially lead to some 'inflexibility'. Furthermore, contractors reinforce control over labour and keep supervision costs and other transaction costs low, and the consequent labour market segmentation makes any collective activity among workers even more difficult. This affects overall wage dynamics, dampening the push for higher wages and lowering long-term wage-related costs.

Collective organisation by workers is resisted by employers at all costs. The security apparatus in the factories (both formal and informal) and the use of contractors is utilized to ensure that unions do not reach the ranks of workers. Workers known to be close to any union are dismissed from employment. When grievances multiply, workers might approach external unions, but no collective organisation is permitted within the precincts of the factory.

In the medium term, the absence of any collective activity and the segmentation of the workforce drive down the wage level. As we have observed in this study, there are no major differences in the formal sector of this industry in terms of wage level, and workers do not, and cannot, share in productivity increases, which are either skimmed off by the firm owners or their principals higher up in the value chain. Also, the logic of global competition comes in handy as industry bargains for more flexible laws with the government.

The role of the contractors in labour control and segmentation are important since firms in Delhi deal with a potentially militant *male* workforce. This appears to be one major difference between the NCR and other major garment clusters in India. In Bangalore, where the workforce is

feminized, hiring is mostly direct. In Tirrupur, labour contractors are principally used to bring in distant inter-state migrants. In the case of female migrant workers in the Southern clusters, there are significant life cycle issues that limit the working span of these workers to a few years, and employers are able to keep the workforce both informal and flexible. Even in the two feminized Delhi firms, female employment has been associated with direct recruitment.

As one trade union activist put it:

> The term unorganized truly applies to the present industrial workforce. A call for *bandh* (shut down) was given in the industrial area a few years ago. Workers who stayed away from work were mistreated by the security employees in a factory. Immediately, this incident turned into a major conflagration and the resentment of the workers against the security guards and their employers burst out into senseless violence on the streets. This would not have happened had the workforce been organised. But today's workforce lacks the characteristics of a disciplined industrial workforce. It is disciplined through the brute force of the employers and their agents, but when the dam bursts over specific incidents, we see a major conflagration.

Such a high degree of flexibility and the reproduction of a workforce that is caught between town and country are not without considerable costs to the industry and to the capitalists that own it. Given the high turnover that such policies generate, owners cannot invest sufficiently in skills, and given the resultant workforce characteristics, there is a negative effect on productivity. Daily absenteeism itself is as high as ten per cent.

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Annexes

ANNEXURE 1: PROFILE OF FIRMS

M7

The firm was incorporated in the early 1970s and is an ISO 9001 company, registered with AEPC. It considers itself as one of India's leading garment export houses today. It has seven factories. The firm has advanced product development and design capability and manages its own dyeing and washing processes. It specializes in high fashion ladies apparel, ranging from casual outfits of formal evening wear. Recently it has expanded its range to include men's wear and children's clothing. Its customers include reputed retail stores in the US, UK, Sweden, Holland and Canada. Among its noted clients are Ahlens , Bershka , Bhs Cortefiel, Cubus Debenhams , Dorothy Perkins, and El Corte Ingles. The company manufactures over 20,000 pieces per day and delivers over 500,000 pieces per month with a turnover of US $40 million.

S2

S2 is an export oriented small garment manufacturing firm with 26-50 employees. The firm manufactures Indian-style clothing and specializes in designer long dress, designer men wear, handcrafted products, designer sarees, designer lehengas, anarkali churidar suits, designer salwar kameez, Islamic women wear, bridal dress and men designer suits. It is equipped with in-house design unit with the required machines, facilities and workforce. It produces garments as per the following parameters: 1) design, 2) texture of fabric, 3) colour combination, 4) size, 5) prints, 6) embroidery and 7) embellishments. It is equipped with a large warehouse. The annual turnover of the firm is in the range of US$ 0.33 million to US$ 0.82 million.

S12

S12 is a small firm which is an exporter and supplier of designer home furnishing fabric as well as garment fabric. It has two garment factories in Gurgaon. Its product range includes cotton woven interlining fabrics, apparel fabric, cotton fabric, designer fabric, dress material, furnishing fabric, industrial fabric, cotton printed stitch suit pieces, printed fabric, nylon fabrics, rayon fabrics, cotton shirt materials Its annual turnover ranges from US $ 1.65 million to $ 16.48 million.

M1

M1 is an ISO certified manufacturing company of apparel. It is an export-oriented firm. It specializes in men apparels, women apparels and children apparels for all seasons. It produces a mix of woven, knits and sweater fabrics. It adapted local expertise. Workforce in this firm adds hands or machine embroidery, wash effects, digital prints and other techniques and processes. This firm produces woven garments (about 100,000 pieces per month), knitted garments (about 75,000 per month) and sweaters (50,000 pieces per month). Its production lead time is 9-16 weeks. It has six retail stores in India: New Delhi, Mumbai, Chennai, Pune, Bangalore and Chandigarh.

S11

S11 is a manufacturer and supplier of uniforms and sportswear. It uses both natural and manmade fabrics. Uniforms manufactured in this firm comprise School Uniforms, Work Wear, Healthcare and Hospitality Uniforms, Sportswear for Students and Security Uniforms. It also produces a variety of corporate wear, industrial wear, hospital wear and other establishments that require uniform code. It has an authorized capital of US $ 0.05 million and also paid-up capital of US$ 0.05 million.

S9

S9 is a manufacturer, supplier and exporter of fabrics, suits and sarees. It product range includes woven fabric, printed fabric, suits and sarees. It products are widely demanded in boutiques, fashion industry, showrooms and shopping malls. It provides in-house design and production services for buyers who need to outsource both services, and work with visiting merchandisers/designers who want "production only" services. Its annual exports are US$ 7 million. Its clientele ranges from countries in Europe including Belgium, France, Finland, Germany, Holland, Sweden, Italy and Spain to South Africa, Japan and substantial quantities of orders have also been shipped to U.K. and U.S.A.

M4

M4 is one of the leading garment manufacturers and exporters in India. It deploys over 3000 imported sewing machines for manufacturing garments. It produces apparels for men, women, juniors and outer wear. It has a denim facility and a woven facility. It also offers a wide range of finishes, such as anti-bacterial, anti-fungal, eco fresh, water resistant and stain replant. Production capacity of this firm is 6 million garments per year and a turnover of US$ 60 million. Its clientele includes Chambers, Sears, GAP, Nordstorm, Banana Republic, Mervyns and KOHLS.

S7

S7 is an exporter of readymade garments in India. It has two units, one is in Okhla and the other one, which is the main production branch, is located in NOIDA. It produces for two seasons: summer and winter. Mostly it produces ladies fashion garments, woven garments and fabrics. It has both in house and outsourced production capacity. The production unit in Okhla has 200 machines with 250-300 workers and it also outsources 350 to 400 machines and gives designs, material to the workers but keeps quality control of the whole work. It outsources the stitching and embroidery works to Bareily, Modinagar and Delhi. The raw cloth is purchased from Ahmedabad, Surat and Mumbai. Only printing and designing work is done by this Okhla unit. It has 4 buyers from Europe.

L5

L5 is an export oriented firm with five manufacturing units. It produces a large range of products including both men and women wear. Specifically, its products range includes ladies dresses, tunics, tees, skirts, trouser, pajamas, high value party wear and scarves. It has a full-fledged design studio. Besides, it has sampling facilities, printing, embroidery and garments dyeing & washing. L5 has highly sophisticated computerized embroidery machines and a CAD/ CAM system in this firm which cuts down the production lead time. The total output of all the five factories is more than half a million pieces per month. The most notable clientele of this firm includes Only, United Colors of Benetton, les petites, NafNaf, Vero Moda, ZARA, Prenatal etc.

S3

S3 is an exporter of garments with a main focus on children garments and ladies wear along with nightwear. It produces both woven and knitted garments. The fabrics used in woven category are Denim, Twills, Poplin, Linen, Voiles, and Crepe and the fabrics used in the knitted category are Interlock, Jersey, Ribs, Pointelle etc. The production capacity of the firm is 65,000 units per month with a lead time of 45-90 days. It has an independent sampling division.

S6

S6 is an export oriented manufacturer of a variety of products in high fashion and the home décor industry that ranges from garments, fashion accessories, hard goods, home furnishing to jewellery. The company's in-house stitching, embroidery, washing, packing and finishing units are located in Okhla in New Delhi. Major products exported by the company include readymade garments, textile accessories and fine jewellery with readymade garment accounted for a majority share of approximately 75% of the total exports for the company in the FY12. It covers needlework, zardosi, sequin, hand work, machine appliqué, buckla, aari, crochet, lattice bead work and hand painting. The fabrics used in this firm are Art Silk, Batik, Block printing, Brocade, Crepe, Poplin etc. Major export countries for the company include US, Canada, UK, Italy and Hong Kong with a major share of revenue from the US market. Revenue from the US market accounted for 64% of the total exports for the company in the FY12. The most notable clientele in the US are Chan, Nordstrom, Saks, Anthropologie. In Italy, the clientele includes Upim, Guess, Pinko, Christie etc; Plural and Carmello for Spain; and UK clientele includes NEXT, Jigsaw, Whistle etc. The firm says that it has policies on trial and probation, hiring, health & safety, anti-discrimination, anti-sexual and harassment, anti-child labour, no smoking, drugs and alcohol, environment and quality.

L5

L5 is one of the largest manufacturer, exporter and suppliers of garments in India. Its products include shirts, t-shirts, blouses, skirts, jackets, co-ordinates, children's wear, and soft furnishings. It also offers athletic sportswear, accessories, wear for men, and wear for women. It has 23 manufacturing units in Delhi, Gurgaon, Noida and Rajasthan and 51 international clients with 1.5 lakh pieces of garment manufacturing facility per day. The company had a turnover of over US$ 150 million in FY2010, which included export turnover of about US$ 148 million and domestic turnover of about US$ 6 million. Its major export markets are USA, EEC and Canada. Nearly 3500 people are employed. The company states that it gives all types of facilities to its employees like transport, canteen, medical and other incentives.

S8

S8 is a manufacturer and exporter of garments in India. The main products of this firm include fabrics and garments. It also produces accessories and organic personal care. The annual turnover is US$ 10 Million - US$ 50 Million. The main market of this firm is countries in South Asia.

M7

M7 is a manufacturer, supplier and exporter of printed products, printed labels, printed garment tags, printed barcode stickers, printed ribbons, hanging tag strings, fancy garment buttons, leather patches, metal badges, tag seals, woven labels, and promotional key rings. It has a 20-50 employees with an annual turnover of US$ 0.08 million to US$ 0.41 million approximately.

L3

L3 is a garment manufacturer which specially deals with ladies high fashion garments like high embroidery tops, blouses, skirts, dresses, sarees, including all kind of fabric like cotton, polyester, silk, georgettes, chiffon, jerseys etc. The company has a showroom with own-designed garments for European markets. The major exporting countries are Italy, Spain, France, London and Greece. The notable brands are Miss Sixty, Guess Woman, Charles Wogle, Ck, Valleria Cappuccio, Babylon, Mango, Zara. It has well established in-house production units with sound textile, embroidery machinery and it also has a merchandising department.

L2

L2 is one of India's largest vertically integrated textile firms. It is a US$ 129 million composite company today. Its two units produce 1500 tons of grey yarn, 125 tons of dyed yarn, 400 tons of knitted fabric and 500,000 pieces of garments every month. It also makes fashion-wear garments, which include hand embellished tops covering Sequin / Beads / Crochet / Ari - Embroidery besides machine embroidered logos. Different fabric structures & textures are used such as Single Jersey, Pique, Interlock, Rib, Honeycomb, Fleece, Jacquard, Flat Back rib, Zig-zag structure, Pointelle, Mesh, etc. in 100% cotton, Cotton blends, Polyester, Tencel, Modal, Micro Modal, Bamboo, Silk, Soya, Stretch fabrics etc. It uses different finishes such as Moisture management, RCC (Real Cool Cotton), Teflon, Resin, Enzyme, Bio, Anti-bacteria, UV, Breeze, Fragrance, Oxyrich, Vitamin E, Liquid Stretch. It also has garment dyeing & washing facilities including Enzyme, Acid, Stone, and distress wash for giving different looks to garments. It has an annual turnover of over US$ 1100 million of which 50% is coming from exports. It has 6 textile companies with 17 units in 5 states, which export 50% of their products to nearly 73 destinations worldwide. The notable clients are Marks & Spencer, Gap Inc., Banana Republic, Tesco, Timberland, Woolrich etc.

L1

L1 is export-oriented garment manufacturing company in India. It has four manufacturing units located in Delhi, Bangalore, Tirupur and Salem. It manufactures 3 million pieces of high quality wovens & knits per month and caters to all segments of the apparel industry. It manufactures 1 million pieces per month of knits & 2 million pieces per month of wovens. Its product range includes 1) knits and wovens for men/ boys, women/girls, kid range, ladies fashion wear and 2) home furnishing.

M5

M5 is a readymade garments export firm which produces woven, knitted, leather and home furnishing products. It is equipped with 10 fully integrated manufacturing units in Delhi, Gurgaon, Manesar. It has an annual turnover of US$ 90 million. It has a workforce of 12000 workers. It has exported its products to over fifteen countries including USA, UK and Canada. The most important clientele includes Gap, Wall-Mart, Target, Calvin Klein, Timberland, Mark & Spencer, Elle, Chico, Essentials etc.

M3

M3 manufactures woven readymade garments and home furnishing products. The company is operating from its units at Gurgaon. It is a professionally managed company engaged in the manufacturing of all kind of Narrow Fabrics for the more than 24 years. It produces the world class "NAFABS" brand of narrow fabrics for Garments, Shoes, Hosiery, Surgical, Sports, Driving Goggles & Automobile Industry. Its "NAFABS" narrow fabrics are manufactured on imported Swiss & Taiwanese Looms. Its narrow fabric product range comprises of Elastic (both Woven & Crochet), Cotton Laces, Reflection Tapes, Binding Tapes, Polyester Tapes, Jacquard Elastic, Jacquard Tapes, Hook & Loop Tapes.

ANNEXURE 2: SUMMARY PROFILE OF SAMPLE FIRMS

Table A2.1 Summary Profile of Sample Firms

Factory	Diversification/ Integration	Garments Produced	Production Capacity				Market / Clients	Other
			Units	Location	Pieces / Month	Turnover		
L1	Woven and knits	Men/ boys, women/girls, kid range, ladies fashion wear	4	Delhi, Bangalore, Tirupur and Salem	2 m pieces of woven and 1 m pieces of knit per month			Also produce home furnishing
L2	Vertically integrated textile firm garment dying and washing facilities	Grey yarn, knitted fabric, fashion-wear with embellishment	17	Noida, present in 5 states		$ 1138 m	73 counties worldwide	Export and domestic
L3	In-house production units with textile, embroidery machinery and also having merchandising department	Ladies high fashion garments, used all kind of fabrics like cotton, polyester, silk, georgettes, chiffon, jerseys	3	Noida			Italy, Spain, France, London and Greece.	
L5	Sampling facilities, printing, embroidery and garments dyeing & washing	Ladies dresses, tunics, tees, skirts, trouser, pajama, high value party wear	5	Noida	0.5 m pieces per month		UK and USA	
L5	Both woven and knitted	Shirts, t-shirts, blouses, skirts,	23	Delhi, Gurgaon,	1.5 lakh pieces of garment	Export: $ 148.29 m	USA, EEC and Canada	It also offers athletic sportswear,

		jackets, co-ordinates, children's wear, and soft furnishings		Noida, Rajasthan	manufacturing facility per day	and domestic : $ 5.93 m		accessories, giving all types of facilities to employees including canteen, transport
M1	Embroidery, wash effects, digital prints and other techniques and processes	Men apparels, women apparels and children apparels for all seasons	4	Noida, Okhla	100,000 pieces per month, knitted garments approx. 75,000 per month and sweaters 50,000 pieces per month		Exporter	An ISO certified company and lead time is 9-16 weeks
M3		woven readymade garments	5	Gurgaon			Exporter	Also produces home furnishing products
M4	Denim and woven facility	apparels for men, women, juniors and outer wear	6	Gurgaon		$ 60 m	Europe and USA	
M5	Woven, knitted		10	Delhi, Gurgaon, Manesar		$ 90 m	Over 15 countries including USA, UK and Canada	Also produces leather and home furnishing products
M7	Product Design; Washing Dyeing	High fashion lades; expanding into men's and children's apparel	7	Okhla, Gurgaon	500	$ 40 m	Large Brands in US, Canada, Europe	An ISO 9001 company
M7		Coat, pant, waistcoat, printed products, printed labels, printed garment tags, printed barcode stickers	4	Gurgaon		$ 0.08 m - $ 0.41 m		
S11		Uniforms and sportswear	2	Gurgaon, Faridabad		authorized capital of $ 0.05 m	Domestic	
S12	Home furnishing	Cotton fabric,	2	Gurgaon		$1.65 -	Exporter	

	fabric as well as garment fabric	designer fabric, dress material, cotton printed stitch suit pieces,				16.48 m		
S2	Indian style clothing with in-house design	Designer long dress for women and designer men wear, Islamic wear suit	2	Noida		$0.33 – 0.82 m	Exporter	
S3	Both woven and knitted garments	Children garments and ladies wear	1	Noida	65,000 units per month		Small exporting company	
S6	In-house stitching, embroidery, washing, packing and finishing units	Readymade garments with embellishment	2	Okhla			US, Canada, UK, Italy and Hong Kong	Manufacturer of variety of products in high fashion garments, accessories, hard goods, home furnishing to jewellery
S7	In-house and outsourced production houses	Ladies fashion garment, woven garment and fabrics etc	2	Okhla and Noida			4 buyers from Europe	
S8	Outsourced to UP, Bihar	Fabrics and garments	1	Okhla		$10 m - 50 m	Mostly countries in South Asia	Also produces accessories and organic personal care
S9	In-house design and production services	woven fabric, printed fabric, suits and sarees, etc	1	Gurgaon		$7 million	European countries, Japan, also UK and USA	

ANNEXURE 3: SUMMARY PROFILE OF SAMPLE WORKSHOPS

Table A3.1 Summary Profile of Sample Workshops

Workshop	Production Activity	Whether individual owned or partner-ship	Background of Principal Partner (founder)	District of Origin	No. of units operated	Annual Turnover (million INR)	Number of Workers		Whether work sub-contracted	Whether also labour contractor	Whether assisted by factory owner in setting up enterprise
							Lean Season	Peak Season			
W1	Stitching & Adda work (Ladies/gents/ kids)	Partnership	Tailoring & Adda work	Bareilly (UP)	Two	5 million	8-10	10-18	Yes Bareilly	No	No
W2	Stitching work (Ladies Kurtis)	Individual owned	Tailoring	Kanpur (UP)	One	3	5-8	12-15	No	No	No
W3	Adda work on Ladies garment	Individual owned	Tailoring	Bareilly (UP)	Two	6-7	40	100	Yes	No	No
W4	Stitching work (Ladies & gents)	Individual owned	Tailoring	Samastipur (Bihar)	Four	4.8	10	18-20	Yes	No	No
W5	Stitching work	Individual owned	Tailoring	Lucknow (UP)	One	3	6-7	10-15	No	Yes	Yes
W6	Hand (Adda) Embroidery Ladies/Gents Garment	Individual owned	Hand Embroidery	Bareilly (UP)	Two	4.6	10	18	Yes	Yes	No

W7	Machine Embroidery (Jeans/ Shirts)	Individual owned	Manual Embroidery workshop manager	Jahanabad (Bihar)	Ten	7-9	18	20	No	No	No
W8	Stitching work (Baba Suit)	Individual Owned	Readymade retail cloth shopkeeper	Hisar (Haryana)	Two	3-4	10-12	15-18	Yes	No	No

ANNEXURE 4: SELECTED CASE STUDIES OF CONTRACTORS

1. Labour Contractor (Stain Removers)

The respondent, an upper caste male, comes from Bihar and migrated from his native place about 30 years ago at the age of 17. His family has a small landholding which is leased out. His father was an accountant to a grain trader, and after his retirement, the position is held by his brother. He is married and has seven children. His wife, who is trained in stitching of ladies garments, has opened a tailoring shop near their residence. He started working as a thread-cutter in a garment export factory and then learnt spot removing work. He also worked as a washing supervisor in several factories over a period of 12 years. He now works as a spot washing contractor for the last eight years and has made contact with ten garment export factory owners. He supplies about 50 to 60 spot removing workers/helpers on piece rate. He is given Rs. 2.5 per piece as commission from factory. The piece rate for spot removal varies between Rs. 1 and 2.50, depending on the garment and the process required, and the negotiations between the contractor and the owner.

2. Registered Labour Contractor cum Workshop Owner

The contractor is in his fifties and hails from Bihar. His father was an agricultural labourer, and also they cultivated a one acre land holding. He has nine siblings, and he and his family lived in poverty in Bihar. He could not complete primary education. At the age of 12, he decided to learn stitching from a tailoring shop in the village and started working in the village itself. Still, the income was very low and he fled to Delhi at the age of 16. He searched for work in garment workshops in the Karol Bagh area and finally got a job as a helper (in the year 1974). After three years, he became a master tailor and started working for piece rate wages. He used to work for 12 to 16 hours a day. He called his younger brother to Delhi because there was no other employment option available at the village and the brother, too, learnt stitching under his supervision.

After five years in Delhi, the brothers started a small workshop in a slum area near Karol Bagh during 1980. They took a small room for Rs. 1500 per month and bought 11 second hand stitching machines. He collected orders from several local garment contractors in Karol Bagh area and worked as a sub-contractor. He gradually started expanding his business after 1985, took a house on rent and installed 50 machines. Also, he took orders directly from exporters and domestic manufacturers. Quite often, exporters did not pay money on time, so in several instances, he had to borrow from private moneylenders at 3% interest rate in order to pay his workers.

The business progressed well and he bought a plot in Sangam Vihar in 1990. He constructed a three storey building in which he operates his workshop with a capacity of 160 machines (stitching and interlocking – Japanese and Chinese). In 2001, he built another workshop with 150 machines in Faridabad. Besides this, he bought four houses in the Sangam Vihar area of New Delhi.

He and his two younger brothers are jointly looking after the garment workshops and contracting business in Delhi. All family members stay together at Sangam Vihar (total of 17 members). He is now also a registered (licensed) contractor for garment export companies. He always ensures the quality of work and so is in a better position to deal with managers and exporters directly. He has worked for several garment exporters in Okhla and NOIDA. He has been focusing on his workshop in Faridabad in the last two years.

He needs to get around Rs. 5 million (outstanding payment) from the exporters in Okhla and Noida area. According to him, delay is due to not giving commission to the managers in the units. Generally, he needs to have around Rs. one to two million of working capital to give wages and advances to workers. Due to the current cash crunch, he has taken over just three units of a large firm in Okhla. The responsibilities related to this are managed by his younger brother, who supervises the workers of these units and also manages the transactions with owners/managers. Since the youngest brother is more educated (probably a graduate), he is entrusted with all other field responsibilities such

as collecting orders from export companies, managing bank account etc. Besides this, he also looks after the workshop located in Faridabad.

As labour contractors, they supply around 800 to 900 tailors (including embroiders) and helpers in busy season and 400 – 450 workers in slack season to all of these three units. The composition is 90% tailors and 10% helpers. The tailors and embroiders are paid on piece rates. Others are paid a monthly salary. The contractor and the factory manager both keep the attendance record of contract workers separately. The card punching machine is used for regular workers. The contractor does not provide any written contract and the workers are free to leave the unit without giving any notice. An ESIC benefit and sometimes a Sunday holiday is given to salary based contract workers. There is no facility for periodical medical check-up provided by the contractor. He has been strictly instructed by his employer not to provide any type of identity to the contract workers.

There is no workers union in the factory and no unionised workers are allowed to get employment in the factory. Labour Inspectors usually come to check the factory record and also take an interest in questioning workers about PF/ESIC and bonus etc. The factory owner/manager bribes the inspector in case of any negative reporting by the workers.

He feels that the margins in contract work are getting eroded as tailors want a higher piece rate than the exporters are willing to give. Moreover, there is difficulty in retaining skilled workers as they join units offering a higher wage without any notice. If work is not done well/not finished within time, the exporter stops the payment to the contractor. The negotiation for the contract wage rate is done between the contractor and factory manager. The proposal is prepared by the manager with the consent of the contractor. So the managers have the main role in fixing the contractor's commission upon which he also takes a commission from the contractor. For example, if the rate fixed for contractor is Rs. 12 for a piece, the factory manager will take Rs. 2 per piece as a commission. And if the contract tailors ask for Rs.10 wage for a piece, it became very difficult for the contractor to get even 2% as commission. For recruitment, he puts up a notice at the factory gates. Only tailors who have necessary skills are recruited. He does not operate any facility for training workers.

3. Licensed Labour Contractor (Manpower Agency), Gurgaon

The respondent (31 years) is working as a contractor with a manpower agency in Gurgaon. The agency has been in operation since a decade and half and provides services including manpower (skilled, semi-skilled and unskilled) and facility management services (house-keeping, security guards, landscaping etc.). According to the contractor, there are around 8000 to 10,000 workers with the agency. It provides workers to the garment and automobile industry. They also have branches in two other cities.

He is a graduate and migrated from Uttarakhand in 2002. He tried several other jobs, including those of cashier, salesman, marketing staff etc. before joining as a contractor with another manpower agency. He worked there for three months and then shifted to his present employer. He earns Rs. 18000 per month and is a regular employee of the company. His duties include liaising with the firms (taking orders), arranging workers (through different networks) and providing the workers to the firms.

The manpower agency does not have to supervise the workers at the firms. The firms will look after all these matters. The agency has to maintain registers for ESI, EPF deduction from the workers and also needs to pay service tax. In some cases, the firms give the total agreed wage for the workers to the agency and later the agency calculates the deductions. In some other cases, the firms calculate and deduct the ESI and PF and give the rest of the amount to the agency. The firms provide 7-8% as commission to the manpower agency.

The workers are mostly migrants from Bihar and U.P. Around 10% are accompanied by their families. The peak season is from January to May. There is some labour shortage during this period. Otherwise, labourers are in excess during June to November/December (slack season). Among the workers, the share of women is less than 5%.

4. Licensed In-Contractor (Advertised Profile reproduced from the internet)

"Myself - is running various companies to cater various business needs. Various companies being run by me are – **Alina Enterprises, Royal Enterprises, Royal Source, Y.K. Associates,** and have a good business contracts with various large business houses in and around Delhi, for the last more than a decade. We are in the field successful because of our experienced staff and supervisors – to say icons in the fields. Besides providing service on regular basis to various business houses, we are registered with the Local/Central Government agencies to take care of the subordinate staff as well by providing them ESI, PF, facilities apart from leaves etc as and when required, in the circumstances warranting so.

Competency/Discipline

Ever since the date we have started the work in the field of in-house-stitching, we have never faced any problem of misconduct in the business or pilferage at the hands of the staff engaged by us. We keep our staff up to date and update and for this reason - Trade Union activities remains a big No at the hands of the staff. As a result there a good discipline efficiency and hard working tendency amongst the staff engaged/maintained by us.

Terms & Conditions Of Contract

(1) Production cost is decided according to the product/garment (whether piece rate or daily/monthly wages). The charges are negotiable/increasable with the rise/amendment in Minimum Wages. We make the payment to the piece rate tailors twice a month and to the daily/monthly wages staff by the 7th day of the English Calendar month.

(2) In piece rate contracts, we charge 25-30% over & above the Tailor charges. The said 25-30% being charged over & above the Tailor charges, shall be for providing a Floor supervisor over 50 machines, besides two helpers, while in the case of daily/monthly wages, we charge 10 % of the payment to be made to the Tailors. The said 10 % will be for the staff for recruiting the Tailors, completing paper work from time to time besides maintaining co-ordination with the Personnel department of the Principal Employer.

(3) The payments are expected to reach us through Account Payee cheque, Payable at Noida/Delhi before the 3rd day of the English Calendar month to enable us to pay off the staff on the due date. (4) Employers contribution towards ESI & PF is to be borne by the principal employer besides the service tax, if any, is also to be borne by the principal employer.

(5) We provide immediate replacement of the workman/tailor, if for any reason they quit the job or misbehave as discipline is the foremost aspect.

(6) If a\the manpower is to be increased/decreased, 2-3 days prior notice in writing, is required to be given to cater the need.

(7) On your behalf we also take the responsibility of the matters relating to ESIC/EPF, Minimum Wages Act, bonus, Service Tax etc. To sum up, it may be stated that we are the best contract labour service professionals."

[http://www.labourcontractor.net/about-us.html accessed on 11.11. 2014)

ANNEXURE 5: RECRUITMENT AND SOCIAL SECURITY PATTERNS - SAMPLE FACTORIES

Table A5.1 Recruitment and Social Security Patterns - Sample Factories

Firm	Recruitment	Social Security	Other
L1	Direct; predominantly female (80%)	Most workers	Training Policy. During slack season, some workers may be on bench
L2	Most through registered contractors, and 18-20 petty contractors during peak season	Most regular workers and salaried workers (hired and contract)	
L3	About 80% workers through external contractors and Dummy contractors	EPF for about half workers & ESIC for about 75%	
L4	Has changed from dummy contractors (80% workers) to direct recruitment (90% workers) after the reference year	EPF deductions for own and registered contractors' workers but no records found. ESI for about 60% workers	
L5	During first round survey: Mostly single large contractor; Now second contractor supplies workers on daily rate	About half the workers are registered for ESI/PF.	
L6	Dummy contractors for peak season recruitment (40%). External work contractor for pressing and spotting.	Only for recruitment by firms	
M2	First Round 80%. Second Round. About 50% recruitment done through two registered and unregistered dummy contractors mainly for peak season	Mostly firm-hired workers, and other salaried workers	Year round work

M3	70% workers hired through three external contractors for meeting peak season and other requirements	ESI appears to be deducted for all workers while EPF appears to be deducted for firm recruits only	
M4	Gurgaon unit does not use any contractor		
M5	Dummy registered contractor recruits 75% workers	ESI/PF/Bonus for company recruitment.	Skilled workers retained as bench workers. Contractors' workers laid off during lean season
M7	Most workers are recruited through two external contractors (manpower agency)	Workers report ESI & EPF deductions. Not reflected in records.	
S1	80% recruitment through dummy contractor who is their master-cutter and also fabricator and two small external contractors supplying thread cutters & tailors.	Some directly recruited workers only	
S2	During first Round survey - production unit & contractor used. Now functions as a sampling unit with 50-60 directly recruited workers (Second round)	EPF, ESI not deducted. Deducted during second round	
S3	80-90% through single external contractor		
S4	Has shifted from external contractor supplying 70-80% to direct recruitment on daily wage	Nil	
S5	Okhla unit appears to use dummy internal contractors		

S6	Two external contractors recruit 75% workers.	ESI, PF only for firm recruitment.	Low requirement of contract workers during lean season
S7	First round - firm hiring. Second Round - single external contractor. Supplies 30% workers for peak season	Only for firm recruitment and salaried workers	Contract labour principally for peak season
S8	Contractors supply labour on commission basis	Company claims that all workers receive due claims. But records show that about 40% pay EPF deductions	
S9	70-80% recruited through outside unregistered contractors	Only for firm-hired workers	
S10	Only 50-60 workers recruited through dummy contractor (master tailor)	No PF ESI	New firm
S11	Recruited directly	No EPF, ESI	
S12	Only Seasonal workers are recruited through dummy contractors (internal)	Directly recruited skilled workers. Cards changed in six months	

ANNEXURE 6: Overview of Labour Legislation

Table A6.1 Overview of Labour Legislation

Legislation	Objectives	Requires Factories Act	Coverage	Eligibility/Casual workers status
Social security				
Employees' Provident Funds and Misc. Provisions Act 1952	Old age or survivor's benefits *Compulsory Provident Fund *Family Pension and *Deposit Linked Insurance	Yes	Factories/establishments employing 20 or more employees (scheduled) and other establishments notified by Central government	Employees drawing pay not exceeding Rs 5000 per month; Casual workers and apprentices are excluded but contract labour included
Employees' State Insurance Act 1948	Health care, cash benefits in the case of sickness, maternity and employment injury	Yes	Factories/establishments to which the law is made applicable by the Govt; excludes seasonal factories	Employees drawing wages not exceeding Rs. 65000 per month; Every employee entitled including casual and temporary workers
Maternity Benefit Act 1961	Maternity protection before and after child birth	Yes	Factories, mines, plantations, commercial and other establishments to which the law is extended	There is no wage limit for coverage provided the women is not covered by the ESI Act
Payment of Gratuity Act 1972	Payment of gratuity on ceasing to hold office	Yes	Factories, mines, plantations, railways, commercial and other establishments to which the law is extended	Five years continuous service is required for entitlement
Workmen's Compensation Act 1923	Compensation of workmen in cases of industrial accidents/occupational disease resulting in disablement or death	Yes	Persons employed in factories, mines, plantations, railways and other establishments	Benefits are payable in respect of work related injuries to the workers/dependents covered by the ESI Act

Legislation	Objectives	Requires Factories Act	Coverage	Eligibility/Casual workers status
Industrial Relations and Working Conditions				
Factories Act 1948	Regulate working conditions in factories and ensure basic requirements for safety, health and welfare	Yes	10 or more workers with power and 20 or more without power	All workers - including contract, piece rate
Industrial Disputes Act 1974	Unemployment benefits – To secure "industrial peace and harmony"	No	Every industrial establishment carrying on business irrespective of number of workmen employed	Workmen as defined under the Act; Includes contract labour - every person hired to do any manual skilled or unskilled work, but excludes piece rate, daily and temporary workers
Contract Labour Act 1970	Regulating the employment of contract labour to place it at par with labour employed directly	Yes	Every establishment where 20 or more workmen employed as contract labour	Does not apply to establishments working on an intermittent or casual nature
Industrial Employment (Standing Orders) Act 1946	"Benevolent social legislation" aims to achieve a laudable objective for the protection of labour	Yes	Applies to every industrial establishment wherein 100 or more workmen are employed within past 12 months	Applies to all skilled and unskilled workers
Interstate Migrants Act 1979	Regulate employment; safeguard interests and provide for conditions of service	No	Five or more interstate migrant workmen are employed on any day during preceding 12 months	All interstate migrant workers - whether employed by establishment or contractor
Labour Laws (exemption) Act 1988	Regulate smaller enterprises and their labour – defining criterion for returns and registers	No	Defines small establishments in which not less than 10 and more than 19 people employed; Very small establishments in which not more than 9 are employed	

Trade Unions Act 1926	Provides for registration of trade unions to facilitate legal organisation of labour to enable collective bargaining	No	Minimum of seven workers can form a trade union; a trade union may be formed for imposing restrictions on any kind of trade or business	No specific criterion given; Any person above the age of 15 can be a member
Wage related				
Equal Remuneration Act 1976	Payment of equal remuneration to men and women workers for same work or work of a similar nature	No	Now applicable to almost every kind of establishment	Covers all employees
Minimum Wages Act 1948	To provide minimum statutory wages to prevent exploitation; provides for max daily working hours, weekly rest days etc.	No	Act covers every employee in any scheduled employment, including out-workers	Applicable to home based workers
Payment of Bonus Act 1965	Impose statutory liability upon employers to pay bonus; defines principles of bonus	No	Applicable to every factory	All kinds of work - skilled, unskilled, managerial, supervisory – are entitled. Includes daily wage workers as well

Source: ILO (2000), Nabhi's Labour Laws (2003), Bare acts (various)

ANNEXURE 7: RESULTS OF LOGISTIC REGRESSION WHERE THE DEPENDENT VARIABLE EXPLAINS VARIOUS FEATURES OF EMPLOYMENT OR FORMALITY

Table A7.1 Dependent Variable: Workers with both ESI and EPF where 0 = No and 1 = Yes

Independent Variables	B	Sig.	Odds Ratio
Gender			
Male (Ref)			
Female	-.704	.225	0.495
Market			
Export (Ref)			
Domestic	3.110	.000	22.426***
Payment Modality			
Weekly/ monthly rate (Ref)			
Piece rate	-3.325	.000	0.036***
Others	-4.136	.000	0.016***
Mode of recruitment			
Non-direct (Ref)	-4.136		
Direct	3.146	.000	23.233***
Size			
Large (Ref)			
Medium	-.845	.121	0.429
Small	-3.300	.000	0.037***
Employment			
Casual(Ref)			
Regular	.719	.083	2.052*
Constant	-.491	.330	.612

Source: Based on Primary Survey

Notes: -2Log likelihood = 174.095, Cox & Snell R Square = .507 and Nagelkerke R Square = .677

Significant level: *** = 1%, ** = 5% and * = 10%

Table A7.2 Dependent variable: Whether employed by contractor? 0 = No and 1 = Yes

Independent Variables	B	Sig.	Odds Ratio
Gender			
Male			
Female	.301	.434	1.351
Market			
Export			
Domestic	1.941	.000	6.965***
Location			
Noida			
Delhi	.277	.560	1.319
Gurgaon	-1.213	.005	0.297***
Size			
Large			
Medium	.692	.121	1.997
Small	-.085	.846	.919
Constant	.244	.487	1.276

Source: Based on Primary Survey

Notes:-2Log likelihood = 273.750, Cox & Snell R Square = .222 and Nagelkerke R Square = .303

Significant level: *** = 1%, ** = 5% and * = 10%

Table A7.3 Dependent Variable: Whether employed as regular worker where 0 = No and 1 = Yes

Independent Variables	B	Sig.	Odds Ratio
Gender			
Male (Ref)			
Female	-1.664	.000	.189***
Market			
Export (Ref)			
Domestic	2.413	.000	11.163***
Payment Modality			
Weekly/ monthly rate (Ref)			
Piece rate	-2.028	.000	.132***
Others	-1.880	.005	.153***
Recruited by Contractor			
No (Ref)			
Yes	-1.948	.000	.143***
Size			
Large (Ref)			
Medium	.271	.531	1.311
Small	-.936	.038	.392**
Constant	1.998	.000	7.377

Source: Based on Primary Survey

Notes:-2Log likelihood = 261.545, Cox & Snell R Square = .310 and Nagelkerke R Square = .414

Significant level: *** = 1%, ** = 5% and * = 10%

Table A7.4 Dependent Variable: Formality 7 where 0 = No and 1 = Yes

Independent Variables	B	Sig.	Odds Ratio
Gender			
Male (Ref)			
Female	-1.068	.129	.344
Market			
Export (Ref)			
Domestic	2.117	.045	8.302**
Payment Modality			
Weekly/ monthly rate (Ref)			
Piece rate	-19.664	.997	.000
Others	-20.398	.998	.000
Size			
Large (Ref)			
Medium	.374	.484	1.453
Small	-1.358	.071	.257*
Employment			
Casual(Ref)			
Regular	1.610	.005	5.004***
Location			
NOIDA (Ref)			
Delhi	2.455	.002	11.643***
Gurgaon	.535	.354	1.707
Recruited by Contractor			
No (Ref)			
Yes	-1.967	.031	.140**
Religion			
Hindu (Ref)			
Muslim	-19.394	.997	.000
Caste			
SC (Ref)			
OBC	.275	.671	1.317
General	1.044	.121	2.841
Not Reported	1.643	.161	5.171
Constant	-2.898	.001	.055

Source: Based on Primary Survey

Notes:-2Log likelihood = 147.432, Cox & Snell R Square = .322 and Nagelkerke R Square = .518

Significant level: *** = 1%, ** = 5% and * = 10%

Table A7.5 Dependent Variable: Formality 8 where 0 = No and 1 = Yes

Independent Variables	B	Sig.	Odds Ratio
Gender			
Male (Ref)			
Female	-.758	.278	.469
Market			
Export (Ref)			
Domestic	1.324	.419	3.759
Payment Modality			
Weekly/ monthly rate (Ref)			
Piece rate	-19.128	.997	.000
Others	-19.744	.998	.000
Size			
Large (Ref)			
Medium	.478	.371	1.612
Small	-.873	.264	.418
Employment			
Casual(Ref)			
Regular	1.347	.022	3.844**
Location			
NOIDA (Ref)			
Delhi	2.001	.017	7.400**
Gurgaon	.712	.226	2.039
Recruited by Contractor			
No (Ref)			
Yes	-20.331	.995	.000
Religion			
Hindu (Ref)			
Muslim	-19.220	.997	.000
Caste			
SC (Ref)			
OBC	.298	.674	1.347
General	.930	.203	2.536
Not Reported	1.464	.263	4.324
Constant	-2.808	.004	.060

Source: Based on Primary Survey

Notes:-2Log likelihood = 126.981, Cox & Snell R Square = .310 and Nagelkerke R Square = .532

Significant level: *** = 1%, ** = 5% and * = 10%

Table A7.6 Dependent Variable: Formality 10 where 0 = No and 1 = Yes

Independent Variables	B	Sig.	Odds Ratio
Gender			
Male (Ref)			
Female	-.426	.477	.653
Market			
Export (Ref)			
Domestic	-.996	.148	.369
Payment Modality			
Weekly/ monthly rate (Ref)			
Piece rate	-19.084	.997	.000
Others	-1.193	.285	.303
Size			
Large (Ref)			
Medium	-.037	.943	.964
Small	-.523	.413	.593
Employment			
Casual(Ref)			
Regular	1.612	.002	5.013***
Location			
Noida (Ref)			
Delhi	1.948	.003	7.015***
Gurgaon	.945	.080	2.572*
Religion			
Hindu (Ref)			
Muslim	-1.697	.129	.183
Caste			
SC (Ref)			
OBC	.294	.644	1.342
General	.853	.184	2.347
Not Reported	.706	.508	2.025
Constant	-3.333	.000	.036

Source: Based on Primary Survey

Notes:-2Log likelihood = 172.169, Cox & Snell R Square = .198 and Nagelkerke R Square = .337

Significant level: *** = 1%, ** = 5% and * = 10%

ANNEXURE 8: CATEGORIES OF EMPLOYMENT AS CLASSIFIED BY THE NSSO

Regular wage/salaried employees include persons receiving salary or wages on a regular basis (and not on the basis of daily or periodic renewal of work contract).

Casual wage labour are workers who are casually engaged in other's farm or non-farm enterprises (both household and non-household) and getting in return wage according to the terms of the daily or periodic work contract is a casual wage labour.

Self-employed workers operate their own enterprises or are engaged independently in a profession or trade on own-account or with one or a few partners.

The essential feature of the self-employed is that they have *autonomy* (i.e., how, where and when to produce) and *economic independence* (i.e., market, scale of operation and money) for carrying out their operation. The remuneration of the self-employed consists of a non-separable combination of two parts: a reward for their labour and profit of their enterprise. The combined remuneration is given by the revenue from sale of output produced by self-employed persons *minus* the cost of purchased inputs in production.

The self-employed persons may again be categorised into the following three groups:

(i) **own-account workers:** They are the self-employed who operate their enterprises on their own account or with one or a few partners and who during the reference period by and large, run their enterprise without hiring any labour. They may, however, have unpaid helpers to assist them in the activity of the enterprise.

(ii) **employers:** The self-employed persons who work on their own account or with one or a few partners and by and large run their enterprise by hiring labour are the employers, and

(iii) **helpers in household enterprise:** The helpers are a category of self-employed persons mostly family members who keep themselves engaged in their household enterprises, working full or part time and do not receive any regular salary or wages in return for the work performed.

The category of workers who work at a place of their choice which is outside the establishment that employs them or buys their product and are referred to as 'home workers', 'home based workers' and 'out workers' are also categorised as 'self-employed'.

3. Labour regimes in the garment sector in India: home-based labour, peripheral labour[17] *Alessandra Mezzadri*

3.1 Introduction and methodology

The final chapter of this report focuses on the most marginal segment of the garment labour regime in the NCR. Here this segment is referred to as 'peripheral labour'. We deploy the word 'peripheral' because this segment consists of workers in non-factory settings situated at the very periphery of the industrial system, either in home-based units or micro units. The approach to this segment of labour is in line with the overall rationale of this report, which has identified the 'space of production' as the primary unit of analysis, where the outcomes of a particular labour regime on the ground is investigated, in relation to both working conditions and livelihoods more broadly. However, as will emerge from the analysis that follows, the term 'peripheral labour' also serves the purpose of highlighting the vulnerability of workers in this segment, which is due to their *marginal incorporation* into the industry.

As in the earlier chapters of the report, our analysis of labour regimes accounts for both working conditions and rhythms and social reproduction. Some of the discussions in this section are inspired by Bernstein's (2007) concept of 'classes of labour'. The categories of labour analysed here, in fact, have a diverse relationship to the means of production, to subsistence, and to social reproduction, but, it will be argued, such relationships might all usefully be understood as encompassed by the category 'classes of labour'. While this concept has been deployed analytically by several studies (e.g. Mezzadri, 2009; 2010; Lerche, 2010, 2014; Pattenden, 2014; 2015), this analysis will demonstrate the possibilities for its operationalization in relation to the quantitative empirical findings presented here.

The empirical findings presented here are based on a round of fieldwork conducted in the NCR in August and September 2013, after the main fieldwork exercise focused on the more

[17] This part of the study received valuable research support from Debabrata Baral, Divya Nambiar, Francesco Pontarelli and Alexis Wearmouth. The author and Debabrata Baral conducted questionnaire interviews and qualitative interviews between August and September 2013. Divya Nambiar reviewed existing sources on homeworking. Alexis Wearmouth carried out an initial tabulation of data from questionnaires. After this work, Francesco Pontarelli and the author finalized the quantitative aspect of this study. Special thanks are due to Ravi Srivastava for his helpful suggestions on the questionnaire and survey design, and to Jens Lerche for his extensive comments and help during the preparation of this part of the report. Special thanks are also due to the China team for its feedback, and to SEWA Delhi for the help provided during the fieldwork phase. Most of all, thanks to all of the home-based workers who gave their time, shared their stories and opened their homes and workshops to us in the NCR.

organised segments of the industry was completed. Data collection was based on a semi-quantitative questionnaire. This was designed in ways that could ensure comparability of labour standards across more organised and more peripheral industrial settings.[18] At the same time, it also left considerable space for qualitative discussions with peripheral labour over the nature of the socio-economic realities that it faced. In fact, the aspiration to quantify given trends had to be tempered since our approach also aimed at capturing the variable and fluid nature of work relations in the most informalised settings 'at the periphery' of the NCR.

Data collection was preceded by a careful process of mapping of some areas of the NCR industrial formation in order to identify activities linked to garment production. Then, a sample of 70 peripheral workers was selected for questionnaire interviews, covering both their 'space of work' and activities. This approach stemmed from the fact that different forms of peripheral labour in the NCR are not only located in specific spaces of work but are also linked to specific activities of the product cycle. Our analysis identifies the main features of different forms of peripheral labour in the NCR, but without claiming statistical representativeness of each of these features due to the small sample size of the survey activities. The analysis also illustrates how specific pressures shaped by the urban economy might either favour or undermine the incorporation of peripheral labour into the production process.

This chapter is structured as follows. The second section aims at providing a brief overview of the typology of labour found 'at the periphery' of garment production. It starts by reviewing the literature on home-based work, since analyses have, in general primarily stressed this form of organisation of the more vulnerable segments of the garment workforce. This section provides background information on homeworking in the garment industry in general, discusses the widespread presence of homeworking in India, and illustrates some of the key features of homeworking in the Indian garment industry. However, this study suggests an analytical shift from the category of 'home-based work' to that of 'peripheral labour', with the latter comprising a plurality of labour relations across different types of home-based settings. The third section presents in detail the sample analysed in the NCR. It discusses field findings on the different types of peripheral labour that were identified, with a particular emphasis on working conditions and rhythms, recruitment, and social reproduction. The fourth section briefly discusses issues of labour organising, and illustrates the main problems with current approaches to labour standards that target peripheral workers. The fifth section concludes the chapter.

[18] See Chapter 2 of this report.

3.2 From home-based work to 'peripheral labour' in the garment industry

a) The periphery of garment production: home-based work

The garment industry has historically been characterised by a structure of production combining different 'spaces of work' and units. Its footloose character, discussed in previous chapters, not only results in multiple processes of geographical relocation but also in its articulation across multiple production domains. These considerations are a crucial starting point in addressing the features of production and work 'at the margins' of larger industrial set-ups, workshops and factories. The presence of a vast 'peripheral workforce' engaged in garment making is well acknowledged in the literature, and primarily classified under the loose category of home-based work.

In fact, home-based work has been considered for some time the dominant form of garment making at 'the periphery' of many industrial formations. From early discussions of the industry onwards, home-based forms of production and labour have been considered crucial constituent parts of the garment 'sweatshop', which has been defined as a system of production based largely on subcontracted work in home-based establishments and has been distinguished from factory-based organisations of production and work. Reference to this conceptualisation of the garment sweatshop can be traced back to the early 20th century (Howard, 1997).

Hence, the 'home' has appeared as one of the crucial spaces of production for the organisation of garment-making. At the same time, its connection to tailoring as a craft, practiced by artisan households in many different geographical settings, has been well known. In addition, the organisation of this household-based production has assumed rather differentiated forms, ranging from micro family units to more individualised forms of homeworking.

Since the very beginnings of the industry, home-work has been addressed and studied in relation to women's socio-economic conditions. In fact, women have represented the great majority of the workforce in home-based settings. They have been present both in family and micro units as family labour and/or helpers and as individual outworkers based in their own dwellings. This condition was already the case during the early development of garment-making in the US (Boris, 1994).[19] The intimate connection between gender and homeworking was found in many other geographical settings. In Italy, for example, armies of women homeworkers have been employed in garment-making across the numerous Italian industrial clusters since the 1960s, while industrial jobs have generally been a male preserve (Murray, 1987). Beneria (1987) describes similar patterns in Mexico during the same period, and pays particular attention to 'the crossroads of class and gender'. Since the 1980s, numerous studies

[19] Social action for homeworkers was also gender specific. In 1931 the Connecticut League of Women Voters and the Consumer League of Connecticut lobbied for the recognition of the widespread presence of homework in the 'sewing trade', which they argued was linked to high levels of exploitation and child labour during the Great Depression (Boris, 1994).

have continued documenting the highly gendered nature of garment homeworking (e.g., Doane, 2007).

Indeed, while there are multiple different 'contingent' ways in which gender matters for offshore production, the systematic, historical feminisation of homework appears as a sort of 'patterned regularity' (Bair, 2010) of the world economy. The flexible work performed at home can 'gel comfortably well… with social codes, that assign women to the confines of the home even if their status is that of workers' (Raju, 2013: 60). Moreover, the relevance of home-based work for specific ethnic groups – such as immigrant minorities or particularly low-status segments of the working class – is a fundamental factor in understanding *home-work as a particular regime of exploitation combining economic and social forms of oppression at work in the household*. In India, homework--in garment and other types of labour-intensive sectors--is indeed a crucial source of livelihood for millions of women. However, it still represents a key organisational form of the many craft-based, artisanal activities at work in the Subcontinent, which are also practiced by men, and which have been progressively proletarianised. Processes of liberalisation have provided many home-based craft activities with new channels of reproduction (Mezzadri, 2008).

b) India and home-based work

Home-based work has a long history in South Asia, having evolved out of home-based craft production (Sudharshan and Sinha, 2011). The penetration of capitalist relations of production does not seem to have erased or even reduced it; instead, such relations have increasingly incorporated it into wider economic circuits and into marketised forms of distribution. Today, home-based work is still extremely widespread in all Indian states. The incidence of home-based work is concentrated not only in industrialised states, such as Gujarat, Tamil Nadu and Maharashtra, but also in less industrialised states such as Bihar, Jammu and Kashmir, Odisha and Uttar Pradesh, all of which have weak export linkages.

While women face 'multiple vulnerabilities' in this particular form of work, linked to more restrictive conditions and lower bargaining power (Raju, 2013; Mohan, 2011; Mazumdar, 2007; Jhabvala and Tate, 1996), numerous male artisans also engage in forms of home-based production. Myriads of artisanal clusters of micro-units are scattered across India, engaged in variegated activities. UNIDO and the Government of India (GoI) list over 1,600 artisanal clusters at work to date in India (see Table 3.1).

Table 3.1 Distribution of artisanal clusters across Indian states and activities

State	Number
Andaman & Nicobar Islands	8
Andhra Pradesh	74
Arunachal Pradesh	11
Assam	20
Bihar	119
Chattisgarh	16
Delhi	18
Gujarat	67
Haryana	41
Himachal	35
Jammu and Kashmir	55
Jharkhand	36
Karnataka	75
Kerala	33
Lakshadweep	9
Madya Pradesh	74
Maharastra	121
Manipur	6
Mizoram	10
Nagaland	8
Orissa	97
Punjab	37
Rajasthan	96
Sikkim	9
Tamil Nadu	62
Tripura	74
UP	234
Uttaranchal	15
West Bengal	197
Total	1657

Source: clustered from data in DCMSME (2012).

These small clusters might specialise in pottery, wood-carving, furniture, jewellery, metalware, handlooms, carpets, *beedis* (Indian cigarettes), *agarbattis* (incense sticks), toys,

and so on (DCMSME, 2012).[20] The study of many of these artisanal formations shows that there are a number of common features, which are discussed by several authors, among whom are Knorringa (2005), Das (2005) and Harriss-White (2003). Key features are listed below:

1) Product specialisation: clusters are highly product specific. The physical materiality of the commodity produced influences the labour process and the groups involved in production. This physical materiality is defined as 'quiddity' by Harriss-White (2003) (also see Mezzadri, 2014a), or sectoral agglomeration by others (see Nadvi and Schmitz, 1998).
2) 'Viscosity' of capital (Harriss-White, 2003): capital tends to be 'sticky', i.e., to remain in a given local area. In fact, often those towering over artisanal clusters are not only the most powerful economic agents, but also influential local patrons more broadly (see also Harriss-White, 1996; Breman, 1996).
3) 'Embeddedness' within a caste division of labour: the division of labour in clusters is often also a caste-based division of labour (e.g. Knorringa, 2005), with certain caste groups performing what they consider as their traditional occupations. However, the incorporation of many clusters into larger economic circuits, particularly global markets, has triggered important changes in caste-based occupations (e.g. De Neve, 2005, on Tamil Nadu).
4) 'Embeddedness' in putting-out systems of production dominated by merchants: in many clusters, market distribution could be monopolised by merchant communities and castes (e.g. Das, 2005), who organise the production process by linking artisanal units in putting-out systems of production.
5) Different combinations of production and work: artisanal and informal industrial production can take multiple forms, ranging from cottage units with hired labour to family units with or without hired labour, or with individual artisans working in their own dwelling at the very end of the spectrum. Hence, these socio-economic formations are articulated across differentiated landscapes of 'home-based' production, performing different functions on the basis of the nature of their incorporation into wider economic realities (e.g. Mezzadri, 2014d).

This last point is important in understanding the ambiguity of current definitions of what constitutes home-based production in India. While in the NSSO 2004-2005 survey round, 'home' was defined as 'own dwelling unit', in 2009-2010 it was broadly defined as 'own dwelling unit, structure attached to own dwelling unit, open area adjacent to own dwelling unit, detached structure adjacent to own dwelling unit' (Raju, 2013: 62).

While changing definitions provide a serious challenge to monitoring the evolution of employment categories at this end of the spectrum, they nevertheless indicate an attempt to capture the complex processes of differentiation at work. Moreover, they do suggest the need to account for a broad spectrum of possible social relations when investigating the 'home' as a loosely defined space of production. The landscape of home-based work seems increasingly characterised by what Bernstein (2007) calls 'classes of labour', namely, a plurality of

[20] For a complete list of clusters' activities across states, see the website of DCMSME (2012).

relations of proletarianisation in relation to the ownership of the means of production, subsistence, and social reproduction.

The need to differentiate the category of home-based work is stressed by NCEUS (2007), particularly in relation to comparing self-employed and home-based outworkers (see also Srivastava, 2012). In fact, while the two categories may at times overlap, it is important to recognise that the 'employment status of the self-employed workers and of the homeworkers can be considered to be along a continuum of dependence, from being completely independent to be fully dependent on the contractor/middleman for design, raw material and equipment, and being unable to negotiate the price of the product' (NCEUS, 2007: 57).

Table 3.2 Number and percentage of self-employed and homeworkers, non-agricultural unorganised and manufacturing sectors 1999-2000

Status	**Male**	**Female**	**Total**
	All workers. Millions & percentages of all self employed (male/ female/ total)		
Self-employed: independent	49.5 (93.5)	11.2 (69.9)	60.7 (88.1)
Homeworkers	3.4 (6.5)	4.8 (30.1)	8.2 (11.9)
All self employed	52.9 (100.00)	16.0 (100.0)	68.9 (100.0)
	Manufacturing sector		
Self-employed: independent	10.1 (79.9)	4.6 (50.8)	14.6 (67.7)
Homeworkers	2.5 (20.1)	4.4 (49.2)	7.0 (32.3)
All self employed	12.6 (100.0)	9.0 (100.0)	21.6 (100.0)

Source: NCEUS, 2007, Table 4.9, page 57.

This focus on degrees of dependence of home-based workers is crucial, as it implies a reflection on the circuits and networks shaping their labour experience in relation to recruitment and payments. The contracting systems incorporating and 'managing' different types of home-based work can be more or less horizontal or vertical (NCEUS, 2007), with the latter implying a higher degree of dependence, less control over earnings and lower wages.

Wage deductions, in particular, are a powerful indicator of subordination, while also suggesting the complex chain of intermediation across the realm of home-based work. Studies suggest that middlemen, labour contractors and merchants are key actors in this chain of intermediation, which is also relevant to understanding circuits of circular migration (Breman, 1996; 2013). In turn, these actors might be part of production networks connected

to international markets, hence facilitating the subsuming of home-based work within global economic circuits (McCormick and Shmitz, 2001; De Neve, 2005; Mezzadri, 2008, 2014a; Barrientos, 2013; Mahmud and Huq, 2013).

Wage rates vary significantly across different forms of home-based production. On the one hand, wages are primarily based on piece rates for all categories. However, different deductions apply on the basis of the sector specialisation, contracting network hierarchies, and the number of intermediaries involved before the wage payment reaches the home-based worker. Obviously these systems themselves are embedded in caste and gender relations, which further diversify them. For example, a pilot study of piece rate workers in Gujarat in the 1990s highlights the existence of varying rates across 14 types of home-based work, including garment, *beedi (Indian cigarettes)* rolling, *bindi (decoration)* making, cardboard box making, *papad* (Indian food item) making, flower garland making, and mirror embroidery work. The study shows that the poorest rates were paid to *beedi* workers, embroiderers and tailors, with rates falling by respectively 17%, 20% and 50% after deductions were made. The same study also shows a decline of wage rates over time as a vast number of workers were employed to perform the same task (Jhabvala et al, n.d).

The Indian garment industry employs very significant numbers of home-based workers. In India, the complexities of the industry, in fact, are further magnified by the great regional unevenness of production and labour outcomes (Mezzadri, 2014a, Mezzadri 2014c), manifesting in distinctly different regional labour regimes. Home-based work has its distinct articulation within the context of these regimes, and there is a significant incidence of home-based work across many clusters engaged in garment production, as described in Chapter 1 of this report. But its high degree of differentiation suggests that while the 'home' loosely defined might still remain a useful unit of analysis in delineating a given space of production, it still has to be analysed in ways that emphasise and unpack the plurality of labour relations that this space can conceal. In other words, one has to *shift from an analysis of home-based work to an analysis of the multiple forms of peripheral labour connected, in different ways, with the realm of home-based production*.

c) From home-based labour to peripheral labour: the Indian garment sector in the NCR

The widespread presence of multiple forms of peripheral labour in the garment industry in India is either directly or indirectly acknowledged in the literature, and this highlights the higher degrees of vulnerability to which certain groups are exposed (Unni and Rani, 2004; Chari, 2004; De Neve, 2005; Mezzadri, 2008; 2014; Posthuma and Nathan, 2010; Carswell and De Neve, 2013). The paucity of macro-data, or their partial ability to capture the actual magnitude of the phenomenon, has meant that other methods have generally had to be deployed. Many studies combine local surveys and qualitative evidence in studying a particular garment cluster (e.g. De Neve, 2005). Others have made use of value chain

analysis as a useful *heuristic* tool, in order to stress the wider economic circuits in which certain types of peripheral labour have to be placed in order to improve understanding. The two avenues are not mutually exclusive.

The high social differentiation of peripheral labour in the industry is due to a number of different factors. To an extent, this differentiation can be addressed and understood in the light of the particular product specialisation that dominates different garment producing areas in India. Different product cycles involve the deployment of different labour forces across all segments of the industry, from the more organised to the more peripheral (Mezzadri, 2014a). Moreover, differentiation is also dependent upon the evolution of local industrial trajectories, upon geographical location, and upon the types of communities and genders involved in activities 'at the periphery' of the main garment product cycle.

While such an approach is valid in relation to the whole sector, it is particularly compelling in the case of the NCR. Here, the particular nature of the garment product-cycle, concentrating on ladieswear production (see Chapter 1), means that numerous ancillary activities are needed. Crucially, in the context of highly volatile and fast-changing product-cycles characterised by many small batch orders, garment producers need such activities in order to operate flexibly. However,, Delhi's long tailoring history also implies a great resilience of tiny and micro workshop-type units, which remain scattered across multiple residential and commercial areas, whereas larger industrial set-ups have relocated to the outskirts of the metropolitan conglomerate. Moreover, Delhi's geographical proximity to craft-based tailoring or embroidery centres favours the reproduction of linkages across 'modern' garment-making and artisanal tailoring cottage production. One of these centres is Bareilly in Uttar Pradesh, which is specialised in a type of hand-embroidery known as *zari*, or *adda*-work (from the name of the loom used, the *adda*), which is heavily incorporated into the garment product cycle (Mezzadri, 2008; 2014a; Unni and Scaria, 2009). Since the 1980s, and based on the scope to reduce production costs, garment agents in the NCR have shaped a functional 'value-addition' corridor connecting the metropolitan conglomerate with this small town and its surroundings.[21]

In terms of types of peripheral labour, and in line with what is discussed here and in previous sections, secondary studies suggest that at least three different peripheral labouring realities are present in the NCR:

1) Own-account workers (OAU, self-employed, family units) in their own dwelling: the literature seems to suggest that these units generally specialise in certain activities, such as machine embroidery, for instance, although these studies look primarily at export. In domestic production, the literature is unclear about the prospects of these units being able to survive and reproduce in the context of the metropolitan economy. Moreover, the

[21] Another centre recently emerged and favoured by closer proximity to the NCR is Sikandrabad (Mezzadri, 2014a).

extent to which their incorporation into garment markets allows for the degree of independence consistent with self-employment (see NCEUS, 2007: 57) is also debatable.

2) Workers in micro-units: these can be found in a vast array of activities related to the garment product cycle, both in export and in domestic production.

3) Individual homeworkers (outworkers) in their own dwelling: the literature clearly suggests that the majority of these are women. It also suggests that their presence is primarily tied to particularly repetitive activities, or to those considered as 'simple work', like *sitara-moti* (or 'beading', often involving the simplest hand-work embroidery).

Economic census data provide some preliminary information on the spread and concentration of own-account units and micro-units in the NCR (i.e., on the first two categories of peripheral labour outlined here), in the areas of Delhi city, Gurgaon and NOIDA, the three industrial locations on which this report has focused (see Table 3.3 below).

Table 3.3 Apparel workers in own-account units (OAU) and micro-units in the NCR

Delhi Apparel	**No. of enterprises/ establishments**	**Total No. of Workers**			**No. of Hired Workers**		
		Male	Female	Total	Male	Female	Total
OAUs	7,595	8,745	1,482	10,338	0	0	0
<10	23,040	91,008	13,465	105,831	67,561	10,180	78,886
Total	30,635	99,753	14,947	116,169	67,561	10,180	78,886
Gurgaon Apparel	**No. of enterprises/ establishments**	**Total No. of Workers**			**No. of Hired Workers**		
		Male	Female	Total	Male	Female	Total
OAUs	1,273	1,397	129	1,588	0	0	0
<10	998	2,348	200	2,680	1,521	142	1,740
Total	2,271	3,745	329	4,268	1,521	142	1,740
NOIDA Apparel	**No. of enterprises/ establishments**	**Total No. of Workers**			**No. of Hired Workers**		
		Male	Female	Total	Male	Female	Total
OAUs	730	917	69	1,010	0	0	0
<10	868	2,966	309	3,306	2,166	271	2,462
Total	1,598	3,883	378	4,316	2,166	271	2,462

Source: Economic Census, various issues; adapted from Tables 2.11.1, 2.11.2, 2.11.3 in Chapter 2.

The data suggest that there is a clear pattern of concentration of OAU and micro units in Delhi city. It also highlights that Gurgaon is the location with the lowest number of workers hired in micro units. This is an interesting finding since Gurgaon is also the location with a considerable concentration of larger industrial establishments. Data include both men and women in OAU and micro-units.

Disaggregation by gender indicates that there are other differences across locations. Women workforce participation rates (WWPRs) across the two categories of peripheral labour

analysed above vary substantially, with Delhi city the more 'female-friendly' location, across both categories, NOIDA the least female-friendly in terms of female labour in OAU, and Gurgaon the least female-friendly in relation to micro-units (see Table 3.4).

Table 3.4 Women workforce participation rates in OAU and micro units in NCR

(WWPRs)/ Locations	Total workforce OAU	Women workers OAU	WWPRs OAU	Total workforce micro-units	Women workers micro-units	WWPRs micro-units
Delhi	10,338	1,482	14.3	105,831	13,465	12.7
Gurgaon	1,588	129	8.1	2,680	200	7.4
NOIDA	1,010	69	6.8	3,306	309	9.3
Total	12,936	1,680	12.9	111,817	13,974	12.5

Source: Based on data in Table 3.3.

Information on the overall number of individual homeworkers or outworkers (i.e., the third category of peripheral labour) is far more complex to obtain. In fact, it is likely to be spread across the categories of OAU and micro-units and is the most invisible form of engagement in the labour market. Its highly feminised nature further complicates data collection. While the walls of the household are more or less 'porous' for different categories of workers, they are generally quite thick for women, who have to abide by stricter codes of practice and whose engagement in labour markets might be fully concealed when working from home.

Given the highly masculine nature of the labour regime in the NCR, a study of this type of peripheral labour can provide crucial information on the type of livelihoods that garment production can offer to women. As highlighted by a recent study by Tripathi and Mishra (2013), women's contribution to the factory segment of the garment industry is still quite low. Across India, women represent only 1.38% of industrial workers engaged in apparel in non-home-based settings.[22] In home-based settings their participation is higher, 6.25%. To an extent, in this industry women seem to qualify as 'peripheral', not simply in terms of their primary 'space of production' and types of tasks performed, but also in terms of their overall *marginal incorporation*, a point that suggests that India is an outlier in the whole history of garment production.

[22] Only Bangalore and Chennai have a feminised workforce (e.g., Kalagam, 1996; Mezzadri, 2012). Tiruppur has considerably increased its share of women workers in larger industrial set-ups, but still employs high percentages of male workers (Mezzadri, 2010; Chari, 2010; Carswell and De Neve, 2013). In northern, eastern and western India the industry is still characterised by a highly masculine labour regime, although the NCR is now showing signs of partial feminisation in some large units (see the first chapter of this report).

The next section will turn to the analysis of the sample undertaken in the NCR for this project, and will highlight some significant new findings in relation to the relative importance and resilience of different categories of peripheral labour.

3.3. Peripheral labour in our field sites

a) The field sites and the sample

Our sample focuses on areas around Okhla and NOIDA, and in Delhi city. It does not include Gurgaon. Partially, this choice was due to logistics and success in access. In fact, the analysis was initially facilitated by the Self Employed Women Association (SEWA). SEWA's offices and areas of intervention in the NCR are closer to Okhla and NOIDA than Gurgaon. However, the choice of field sites was not only based on logistical considerations. According to informants, the areas around Gurgaon, where larger factories are located, and where the new rising Indian middle classes live, do not host vast colonies of informal activities of the kind that this analysis wanted to capture.

Obviously, this is a bias in the selection process. But the picture provided in the following pages does not aim at statistical representativeness; rather, it seeks to unveil the different production and work realities to be found at the margin of certain complex industrial formations, their concrete differences and similarities, and the implications of these findings for labour standards and the analysis of conditions facing the working poor. The areas mapped and sampled here are: Tughlaqabad Extension and Sangam Vihar, which are relatively close and connected to Okhla and NOIDA, Sunder Nagri and Nand Nagri, which are in North Eastern Delhi, and New Ashok Nagar.

The sample included 70 cases. Classification for sampling purposes was not easy. Our efforts were twofold. On the one hand, as mentioned above, we tried to account for different forms of peripheral labour in relation to 'spaces of production'. Based on secondary studies, the factors discussed above, and our own mapping, we distinguished between 1) home-based own-account units (also defined as self-employed, or petty commodity producers, PCP), wherein categories of capital and labour combine (Bernstein, 2007, Harriss-White, 2003, 2010); 2) workers in micro-units (defined as units with fewer than 10 workers); and 3) single homeworkers (also referred to as outworkers).

We also had to account for different activities. Previous studies of the sector (e.g., Singh and Kaur Sapra, 2007; Mezzadri, 2008, 2014) highlight that non-factory settings, particularly at the very bottom of the garment production system, are linked to specific production tasks, such as embroidery, and other ancillary activities like 'button holing', collar-stitching, thread-cutting or knotting (making knots). At times, micro units mighty also stitch the entire garment; however, this is more likely to take place in garment production for domestic markets or in low-end export production, where standardisation and quality do not work as effective barriers of entry by very small players.

Notably, a focus on activities was also necessary in order to include women in the sample. Women are primarily involved in certain types of embroidery tasks. Overall, the activities we included in the analysis relate to two different types of hand-embroidery called *adda* (as already mentioned, hand-embroidery realised on a handloom called adda) and *sitara-moti* (or simple sequin work); as well as button-holing and stitching; and machine-embroidery. One of the categories of hand-embroidery *(adda*) is further subdivided by gender. This implies differences in the types of peripheral labour in relation to different 'spaces of production'. In fact, women *adda* workers work from home, while men generally work in micro-units.

The characteristics of the sample in terms of its spatial location and space of work are presented in table 3.5, while Table 3.6 outlines the markets in which the sampled peripheral workers are incorporated. Task and gender characteristics are presented in Table 3.7.

Table 3.5 Sample of peripheral labour in NCR, location and space of work (%)

Location	**Space of work**			
	Contractors' unit	**Own/ family unit**	**Home**	**Total**
Number of observations				
Sub-sample size	40	10	20	70
Percentage (numbers in brackets)				
NOIDA	63 (25)*	60 (6)	45 (9)	57 (40)
Delhi	38 (15)*	40 (4)	55 (11)	43 (30)
Total	100 (40)	100 (10)	100 (20)	100 (70)

Source: Project survey.

Table 3.6 Sample of peripheral labour in NCR, space of work and final markets

Space of work	**Sub-sample size (Observations)**	**Type of Final Market (%)**		
		Mostly Export (%)	**Mostly Domestic (%)**	**Total (%)**
Contractor's unit	35	59 (23)	63 (12)	60 (35)
Own/family unit	8	10 (4)	21 (4)	14 (8)
Home	15	31(12)	16 (3)	26 (15)
Total	58	100 (39)	100 (19)	100 (58)

*Based on 58 observations

Based on the postcodes of the areas selected, the majority of workers in micro-units and family units (own-account workers) were sampled in areas closer to NOIDA, while the majority of homeworkers were found in areas in Delhi city.

Not all workers are able to report on type of markets, as they are not necessarily aware of market distinctions. This means that data in Table 3.6 must be treated with caution since it only focuses on a sub-sample. However, data are complemented by information obtained through the mapping process, field trips and observations covering a wider range of informants. Workers in micro-units, for which we have the largest sub-sample, work across both markets, while homeworkers work primarily in export. The sample of own-account workers is too small to meaningfully identify the market in which the workers engage, apart from noting that they do engage in both.

Workers report labouring primarily on ladieswear (74%), with western ladieswear (accounting for 50%) dominating this activity. Also at the peripheral segments of production, the NCR has clear patterns of product specialization, reflecting the aggregate data discussed in Chapter 1, and also the findings of the more organised segments of the industry in Chapter 2. For example, 38 per cent of workers state they have no preference of markets and would engage 'in any work', 48 per cent prefer export markets, while only 21 per cent prefer domestic production. We will return to this issue when discussing wage rates across markets.

Table 3.7 Sample of peripheral labour in the NCR, activity and gender (%)

Activity/percentage	Male	Female	Total
Sitara moti (all women)	0	14	14
Button-hole	13	1	14
Adda in homes (all women)	0	14	14
Adda in micro/contractor units	29	0	29
Embroidery stitching	14	0	14
Stitching	14	0	14
Total	70	30	100

Walking around the enclaves and colonies that we mapped, one sees only men at work in micro-units. In own-account units, as discussed above, we were always welcomed by the male family-head. Large pools of women working in the industry are found working in their own dwellings as individual homeworkers. This is the most difficult category of worker to identify, as they are generally the least visible and the least mobile. However, enclaves and colonies work as highly informal clusters, and residents more or less know who engages in garment work. Helpful information was also obtained through informal interactions in local markets.

In terms of caste profile, the majority of workers belong to the category of Other Backward Castes (OBC), and a significant percentage of them are Muslim (see Tables 3.8 and 3.9).

Table 3.8 Social profile of peripheral labour: caste (%)

Activity/percentage	SC	OBC	General	Unreported	Total
Sitara moti (all women)	0	9	4	1	14
Button hole	0	1	11	1	14
Adda in homes (all women)	0	14	0	0	14
Adda in micro/contractor units	0	23	6	0	29
Embroidery stitching	3	7	4	0	14
Stitching	1	7	3	3	14
Total	4	61	29	6	100

While these results show that Muslim communities are likely to be overrepresented at the peripheral end of labour relations in the garment sector, the findings on caste are consistent with those from the study of the more organised segments of the industry, where SCs and STs are also poorly represented. Hence, in our case, Muslims, and not SCs or STs, are those more likely to be among the most vulnerable workers in the industry.

Table 3.9 Social profile of peripheral labour: religion (%)

Activity/percentage	Religion			
	Hindu	Muslim	Others	Total
Sitara moti (all women)	90	10	0	100
Button hole	80	10	10	100
Adda in homes (all women)	0	100	0	100
Adda in micro/contractor units	5	95	0	100
Embroidery stitching	50	50	0	100
Stitching	40	60	0	100
Total	39	60	1	100

The educational profile is substantially different from what was found in the factory segment (see Table 3.10) since illiteracy is more widespread here: 27 per cent compared to 10 per cent (see the findings in Chapter 2). Low education may be one of the factors contributing to the engagement of some workers in more peripheral forms of production. However, quite unsurprisingly, qualitative evidence also suggests that gender is a relevant factor. These two factors interconnect since many of the women surveyed for the scope of this project are illiterate. Illiteracy rates are also reported to be high across Muslim communities in the enclaves where production takes place. Generally, women always work from their own home as outworkers or family ‘aids’, and in specific activities. During the process of mapping production types across the areas studied, we only encountered one woman at work in a micro-unit.

Table 3.10 Social profile of peripheral labour: education (%)

Education	Percentage
Illiterate/Below Primary	27
Primary	16
Middle	47
Secondary/HS	10
Graduate/Above	0
Total	100

The great majority of workers reported to be migrants (90%), a finding similar to that for the more organised segment of the industry. As in these segments, we found a significant proportion of recent migrants, but also a higher proportion of long-term migrants. The peripheral workers are also predominantly young. Data on age and migration are presented in Tables 3.11 and 3.12. As in the more organised segment, the majority of workers are 20-29 years of age; however, the percentage of workers below 20 years of age is also significant. Very few of the workers surveyed still work past the age of 40; and these primarily were own-account workers, who also rely on the work of younger family members. The intensity of work is likely to be a significant variable in explaining age patterns. This is an issue explored in relation to working conditions and rhythms in the next section.

Table 3.11 Social profile of peripheral labour: age of peripheral workers (%)

Age	Per cent
Below 20	10
20 - 29 Years	53
30 - 39 Years	31
40 - 49 Years	3
Above 50	3
Total	100

Table 3.12 Social profile of peripheral labour: years since migration (%)

Number of years	Per cent
<5 years	30
5 - 9 years	23
10 or more years	47
Total	100

Across all categories of migrants, many workers often travel back home. This is also an issue that will be further explored in relation to social reproduction.

Figure 3.1 Provenance of migrant peripheral workers

Note: Numbers represent how many workers hail from a specific province

For men, migration is a group phenomenon, particularly for contract workers in micro-units. They rarely come to the NCR alone; instead they generally do so with relatives or friends, and they always seem to be part of migration networks starting in their place of origin.

In fact, fieldwork across the sites reveals that many micro-units employ workers in ‘blocks’, which correspond to specific villages or enclaves of specific towns. At the end of a given cycle of short-term migration, all workers will go back to their homes and a new ‘batch’, which is coming from a different village or enclave, will arrive. The workers interviewed come primarily from the areas reported in Figure 3.1.

The activity and the space of work both impact significantly on migration patterns, as well as the factor of age. Some own-account workers are older workers who primarily engage in

machine embroidery. On average, male *adda*-workers are the youngest in our sample (see Table 3.13).

Table 3.13 Social profile of peripheral labour: age and migration (years)

Activity	Average age now	Age when migrated
Sitara moti (all women)	28.5	21.8
Button hole	24.7	17.1
Adda in homes (all women)	26.7	16.3
Adda in micro/contractor units	23.3	16.6
Embroidery stitching	36.2	16.9
Stitching	32.7	15.8
Total	27.9	17.3

We now compare our findings with the aggregate data on the peripheral segments of the industry reported in the Economic Census (Tables 3.3 and 3.4).

Our evidence is in line with aggregate trends in relation to the incidence of own-account units vis-à-vis micro-units. More specifically, micro-units in the NCR seem to emerge as the dominant economic form that employs peripheral labour engaged in garment production.

In relation to gender, aggregate data suggest that women's participation in peripheral forms of production, which can vary across different areas of the NCR (see Table 3.4), is largely comparable across own-account units and micro-units (with variations based on location). But our field findings do not fully support this picture, since we use three categories of peripheral labour, rather than the two deployed by the economic census, but also because of our target group for own-account units (indeed those who 'represent' own-account production in our sample were the male family heads, while women generally participated in this kind of production as 'family aids').

In our field sites, women are primarily deployed as individual outworkers working in their own dwelling. Although this category is placed along a continuum of informalised relations that also include own-account work, it exhibits some key differences with own-account work. These differences primarily relate to investment in production and acquisition of raw materials, which take place only in own-account work, particularly in domestic markets. Own-account operators working in export do not generally buy raw materials since the contractor provides them with all inputs. The next section focuses on modes of recruitment and working conditions, with an emphasis on contracting, wages and social security issues.

b) Recruitment patterns and working conditions

The complex matrix of contracting types highlighted by our findings in the organised segments of the industry becomes further complicated once we account for peripheral labour.

The majority of workers work in someone else's home or in contractors' units (see Table 3.14). Qualitative findings clearly indicate that the two different types of spaces of work may overlap, primarily reflecting workers' perceptions of 'working for someone else', and outside their own home.

Table 3.14 Place of work as reported by workers (number / %)

Space of work	Home	Contractor		Own / family unit	Total
		Someone else's home	Contractors' unit		
Obs. N=70	20	15	25	10	70
Percentage (%)	28.6	21.4	35.7	14.3	100

At the periphery of the NCR industrial formation, contracting networks are highly informalised and based on kinship and neighbourhood relations in the place of origin and/or in the NCR itself. These two modalities might intersect, as it is often the case that recruitment relations start in villages and peri-urban enclaves where the workers come from and then continue in the NCR. Contractors themselves might move between different locations, or coordinate across different locations, again through their own kinship networks. For instance, workers coming from Bareilly, a crucial ancillary centre for embroidery for the NCR and one of the key areas where migrants in our sample come from, might work for the same contractor (or relatives of the contractor) at home and in the NCR, and move across the two areas during different periods of the year.

Table 3.15 Modes of recruitment as reported by workers (%)

Space of work N = 64	Mode of Recruitment (%)			Total
	Through Contractor	Acquaintance/ Relative	Direct Recruitment	
Contractors' unit	3	61	36	100
Own/family unit	0	67	33	100
Home	42	53	5	100
Total	14	59	27	100

Workers' own perception of their primary recruiter provides insights into contracting networks in peripheral segments of the industry (see Table 3.15). In fact, as indicated in the table above, the majority across all categories (59%) identify their own social networks, i.e., acquaintances and relatives, as their primary 'gateway' into work. At the same time, workers clearly identify contractors as their primary source of work, as they are those 'commissioning' the work; i.e., their employers (see Table 3.16). In the highly informalised contracting networks, workers perceive their recruiter and employer as two separate entities.

The recruiter is generally identified as the party providing them with the necessary information to access the labour market. This is usually someone that they know quite well, and has worked in the sector before. This connection reinforces also our findings on migration, which indicate that workers often move in groups from their place of origin.

Within migration networks, workers state that 'word-of-mouth' is a crucial means of recruitment, particularly for micro-units, which are characterised by a high degree of circular migration. However, 36% of workers in these units and 33% of own-account workers also report approaching the contractor directly (see Table 3.15). Also in this case, word of mouth might be involved, with more experienced workers providing new recruits with information on where to locate contractors. For own-account workers, actively looking for new business opportunities is crucial; they do so either through approaching contractors or traders (see Table 3.16). The latter are a more crucial point of entry into work for those own-account workers engaged in domestic production.

Table 3.16 Work-provider as identified by workers (%)

Perceived work-provider (N= 70)	Percentage
Trader	1
Retailer	0
Contractor	71
Agent	9
Workshop	1
Factory	10
Husband	0
Father	3
Unknown	1
Other	3
Total	100

For a considerable number of cases, qualitative evidence indicates that the distinction made by workers between 'recruiter' and 'employer' also relates to the origins of contracting networks, which, as mentioned above, often starts at workers' place of origin. In the eyes of the majority of workers, the contractor that they work for in the NCR is primarily seen as an employer, and not as an intermediary. The pettier layers of intermediation through which workers find work, and which are embedded in their own personal relationships, are not necessarily seen as 'contracting'.

The majority of women homeworkers report being recruited by contractors. As they are not as mobile as the rest of the workforce, contractors working in one enclave might ask around in order to find 'new hands' for their business and approach households directly. Then, women already working for local contractors may suggest friends and relative living close-

by, and also recruit visiting female relatives or friends as temporary helpers for the period that they will spend in the NCR.

The majority of workers (64%) report working for multiple parties, and not for a single 'employer' or contractor. This condition allows them to diversify risks as well as try to ensure regularity of work. We shall explore this issue further at the end of this section. In terms of access to multiple employers, findings indicate a highly gendered pattern. It is women that tend to work only for one party at the time (although they also change contractors over time). Again, this condition is primarily due to their more limited choice of employers.

Workers report that they change employers primarily in order to increase the availability of work (51%), or to increase their income (47%). In fact, the two issues may be related, as a contractor is considered a good employer when he is able to provide workers with more stable employment. Better rates are also obviously regarded as crucial, but perhaps secondary to the security provided by the access to more continuous work. In terms of contractual agreements and security, none of the workers has a written contract. In fact, 94% have no contract at all, while 6% report relying on verbal agreements.

Table 3.17 Modes of payment (%)

Type of work or activity N= 70	Payment type			Total
	Monthly	Daily wage	Piece rate	
Sitara moti (all women)	0	0	100	100
Button hole	60	10	30	100
Adda in homes (all women)	0	0	100	100
Adda in micro-units	6	11	83	100
Embroidery stitching	0	10	90	100
Stitching	0	0	100	100
Total	11	6	83	100

In the more organised segments of the industry, there is a clear negative correlation between piece-rate payments and factory size, with workshops showing the highest rate of piece-rate. However, in peripheral segments, piece-rates dominate overall (representing 83%, see Table 3.17). Embroidery workshops are always more likely to pay piece-rate, across both more organised and more peripheral segments of the production process. Button-holing activities, primarily organised in own-account units, generally pay monthly wages, but these correspond to targets and production quotas, and to rates for each single piece (such as one button and one eyelet), and these rates might vary.

The dominance of piece-rate payments, which vary substantially on the basis of the type of garments, the size of orders, and different contractors (since the majority of our workers work

for multiple parties), limit significantly our ability to calculate the wages of peripheral workers. In order to calculate estimates of daily or monthly wages, one should account for multiple factors; average number of pieces; average payments; and average hours worked during the day, week, and year. The majority of peripheral workers cannot provide all of this information, and this issue has always been a major problem in trying to calculate exactly how much they earn. However,, this problem underlines the vulnerability of peripheral workers, whose income is very unpredictable. Moreover, very few studies account for differences across lean and peak seasons, which are quite substantial. The majority of workers (67%) report that both peak and lean seasons last around half of the calendar year. Although the patterns of the lean season are somewhat scattered, with different workers reporting different months as 'work-dry' months, overall the pre-monsoon and monsoon period can be broadly classified as the lean season. Based on a sub-sample of workers who were able to report on variations across seasons of their working income, the information presented in Table 3.18 was obtained.

Table 3.18 Seasonal Variation in Monthly Pay of workers

Size/Type N=40	Peak Average	Lean Average	Variation %
Own Unit	9,100	4,800	47
Contractor Unit	6,998	5,443	22
Home	1,283	777	39
Total	5,546	3,963	29

The table underlines that seasonal variation in monthly earnings is quite high. Variation is much greater for own-account workers and homeworkers, suggesting that both of these categories are in fact greatly affected by market fluctuations. Workers in micro-units seem less affected by seasonal variation. However, crucially, these workers are also those more engaged in short spells of circular migration. Qualitative evidence suggests that during the lean season, many of these workers simply go back home, minimising the effects on them of market fluctuations.

The majority of workers (but far from all) did provide some information on orders, rates, markets and payments. Based on this information, accounting for lean and peak seasons (set at 6 months each), and assuming an 8-hour working day, we provide some indication on wages across the different categories of workers. This information is presented in Tables 3.19a and 3.19b. Table 3.19a is differentiated on the basis of markets (i.e., workers also reported the market segment in which they work), while Table 3.19b is not.[23] The data are by

[23] Only for 41 workers we have data on both markets and wages, while for 48 we have only data on wages.

no means statistically representative. However, this information does provide a pattern corroborated by qualitative findings and interviews with workers. In this sense, the tables must be read as a snapshot of qualitative findings, supported by some quantitative evidence.

Table 3.19a Average daily and monthly earnings of peripheral workers across markets

Size/Type N = 41	Daily/Monthly payment (based on 8 hour working day)	Type of Market		
		Mostly Export	Mostly Domestic	Total
Own Unit	Per day	246	341	284
	Per month	6,833	7,125	6,950
Contractor Unit	Per day	226	267	239
	Per month	5,952	6,835	6,220
Home	Per day	70	53	68
	Per month	1,119	1,525	1,182
Total	Per day	171	242	190
	Per month	4268	5922	4712

Table 3.19b Average daily and monthly earnings of peripheral workers

Size/Type N=48	Daily/Monthly payments (based on 8 hour working day)	Average Wage
Own Unit	Per day	265
	Per month	7,071
Contractor Unit	Per day	231
	Per month	6,089
Home	Per day	72
	Per month	1,256
Total	Per day	183
	Per month	4,621

Overall, even if they had access to regular employment, peripheral workers, as a whole group, would still earn significantly less (around one-third) than workers in more organised segments. However, this finding is significantly biased by the extremely poor wages paid to women homeworkers, who earn between 1,000 and 1,600 rupees per month. Somewhat unsurprisingly, in individual income terms, these workers remain the most vulnerable category of the working poor. If one excludes this category of workers, wage earnings would not differ substantially from those in the organised segment. However, crucially, this finding is only valid by *assuming the availability of work for 8 hours daily*. Indeed, this is not the case. In fact, only 11% of the whole workforce reported having access to regular employment. The absence of regular employment is reported by workers as their primary issue. As argued recently by Breman (2013), there may be a need to rethink the relevance of unemployment—and not simply underemployment—in informalised settings.

As discussed briefly in relation to the social profile of the workforce, many workers prefer working for export markets (see Table 3.20). However, information on wage rates

(normalised to account for different seasons and assuming regular work) clearly indicates that domestic production pays more (see Table 3.19). This is hardly a contradiction. In fact, despite higher rates, the domestic market offers smaller orders, and is possibly even more unpredictable. Workers clearly indicate that export markets provide more work. Considering that access to regular employment is the main problem that they report, workers prefer engaging in export, despite lower rates.

Table 3.20 Preference of market as reported by workers

Market/type of work	Percentage (%)
Any available	38
Export	41
Domestic	21
Total (N= 63)	100

A final consideration relates to own-account workers. They do earn more than workers in micro-units employed by contractors; however, the difference in salary is not massive (see Table 3.19).[24] This point informs the debates on self-employment in the informal economy. While legalist understandings of informality (see Rakowski, 1994) tend to represent self-employment as a sort of 'labour-aristocracy', this is hardly the case in the context of garment work. Moreover, the overrepresentation of this category in domestic markets in the NCR suggests that workers may even be more exposed to irregularity of work. Also, it is our view--based on field visits and considerations of overall industrial trends--that this category may find it increasingly difficult to reproduce itself in the NCR. Self-employment in the form of PCP (petty commodity production) in metropolitan settings is becoming an increasingly expensive endeavour; and in such circumstances, ownership of the means of production does not necessarily guarantee higher incomes. However, this last consideration has to be taken with some degree of caution since the NCR is a huge metropolitan conglomerate. Other areas may show different trends. Also, as discussed above, market distinctions are quite relevant, as own-account work is more likely to engage in domestic markets while seeming to be in decline in exporting activity.

Evidence from contracting networks linked to garment production in more peri-urban and rural settings suggest that peripheral workers are often tied to the contractor by advanced payments, although these ties are generally much more fluid and short-term than those which characterised bondage practices in the past. They are also more negotiated and contested by workers on the basis of their position in the employment ladder and their skills (see Mezzadri, 2014d). In the NCR, we found a lower incidence of advances overall, although

[24] According to Table 3.19 they earn about 14 % more than workers in micro-units. They would earn only 5% more than factory workers (who earn on average 6,709 INR; see Chapter 2) in the unlikely case of continuous employment.

rates are not insignificant. For example, 23% of workers reported that they received advances (Table 3.21). However, if we focus only on workers in micro-units, advances become more widespread. Here, around a third of workers receive them.

Table 3.21 Advances as reported by workers (%)

Place of work	Yes	No	Total
Own Unit	3	11	14
Contractor Unit	20	37	57
Home	0	29	29
Total (N=70)	23	77	100

As already mentioned earlier in this chapter, there is evidence that advances are generally paid at point of departure, and not at destination (see Breman, 1996; 2013). For instance, 80% of those receiving advances report that they cannot work for other parties once they receive the payment from their contractor. The average advance reported is 4,000 INR; hence it is not very substantial, and generally linked to consumption. At the same time, 56% of the workers report that they can still negotiate rates for new orders even once the advance is accepted. This might indicate the lack of 'disguised interests', or simply suggest that contractors cannot entirely curb the power of labour through bonding them through loans (Lerche, 1995).

Table 3.22 Payment timing once orders are completed

Payment Timing	Percentage
Immediately	6
After 1 week	11
After 2 weeks	10
Irregularly	20
After 1 month or more	**53**
Total (N=70)	100

However, even though advances do play a role, contractors in the NCR seem to have also developed other strategies for the retention of the labour force during peak season. In fact, workers lament that there is a great irregularity in final payments (Table 3.22). The majority of them report that contractors deploy a strategy of payment retention. Irregularity of payment and work and late payments are consistently identified by workers as the primary issues affecting their livelihoods in severe ways. This is also the case because they feel they

have very little bargaining power over anything else, such as fixing piece-rates, particularly in a context of limited other options. Workers in micro-units report being often paid only once they go back home, reinforcing our focus on the origin of contracting networks for many of these workers. This finding is also valid for the construction sector, which this research project has also investigated (see Srivastava, 2015).

Table 3.23 Social security entitlements as reported by workers

Space of work	Any type of social security (%)	
	Yes	No
Own/ family unit	10	90
Micro/contractors' unit	10	90
Home	15	85
Total	11	89

Given the general informality of the peripheral workers, it is unsurprising that 89% of them report having no access to social security (Table 3.23). In fact, qualitative findings indicate that even those who report being 'covered' by some form of social security refer primarily to their engagement with social networks rather than to access to formal entitlements. Access to social security entitlements signals another substantial difference between their situation and that of workers in more organised segments, although, as argued in Chapter 2, the high level of circulation of workers across units in the NCR effectively creates a considerable gap between entitlements and access. The vulnerability of peripheral workers stretches from the realm of work to that of social reproduction, and workers deploy complex strategies in order to survive in metropolitan settings, while still being significantly 'attached' to their place of origin. It is to these issues that the analysis now turns.

c) Social reproduction, health issues and coping strategies

All different 'classes' of peripheral labour identified in the NCR have kept ties with their place of origin. The majority of respondents still identify their place of origin as their primary residence, with the exception of own-account workers (see Table 3.24). These findings are consistent with those found in relation to labour in the more organised and visible segments of the industry. Moreover, they are also generally consistent with a number of other studies looking at living conditions in urban conglomerates in India (e.g. Breman, 2013).

Table 3.24 Perceived primary residence for peripheral workers

Response on perceived primary residence	Percentage (%)
Native place	70
Current location	26
Cannot say	1
Non-migrant	3
Total (N=70)	100

On the one hand, the identification with their place of origin is related to the fact that when many workers travel to the NCR, they leave their families back home, as discussed above. Others travel with some family members while leaving others behind. On the other hand, the identification of workers with their place of origin is also the outcome of patterns of ownership and livelihood strategies in the NCR and of the workers' place of origin. In short, it is the outcome of the patterns of daily and broader social reproduction of the workforce. The tables and the discussion below analyse such patterns.

Quite crudely, a major reason that workers still primarily identify with their place of origin has to do with ownership. In the NCR, the majority of workers rent, and do not own, their accommodation (see Table 3.25).

Table 3.25 Ownership of house in the NCR (%)

Place of work	Yes	No
Own Unit	50	50
Contractor Unit	0	100
Home	30	70
Total (N=70)	16	84

At the same time, for many workers this strong identification with their place 'back home' is also due to the poor living conditions that they face in the NCR and the fact that many have travelled to Delhi without their families, particularly workers in micro-units run by contractors. As is the case already for labour in the more organised industrial segments, the NCR is definitely not a welcoming place for the working poor.

Daily social reproduction, i.e., the living conditions faced by workers in their place of work on a daily basis, is difficult for them. The labour colonies surveyed are over-crowded. Different housing arrangements exist. Landlords can transform buildings into 'beehives' hosting migrant workers. Interestingly, many workers perceive their living space as 'adequate', while qualitative findings and, most of all, field visits reveal a reality of poor housing, wherein groups of workers or families generally have to share a single room. Table 3.26 below presents the living arrangements as reported by workers in the colonies and areas surveyed. The table indicates that peripheral workers primarily perceive their residential

arrangements as ‘pucca’ or ‘semi-pucca’. However, qualitative findings indicate, in fact, that semi-pucca and kachcha housing dominate.

Table 3.26 Housing arrangements as perceived by workers (%)

Place of work	Pucca (proper)	Semi-pucca	Kachcha (temporary)	Jhuggi-Jhopri (shack)	Contractor workshop	Total
Own Unit	20	70	10	0	0	100
Contractor Unit	40	20	10	3	28	100
Home	50	45	5	0	0	100
Total (N=70)	40	34	9	1	16	100

The best housing is that of own-account workers, who are either non-migrants or long-term migrants, and more often they may own their own house (see Table 3.25). This said, only a couple of workers in our sample were proper shack-dwellers. Informal residence in the NCR is highly differentiated, and while there is often a tendency (in the west) to refer to all informal housing as ‘slums’, such areas are a highly diversified universe, where different degrees of vulnerability in terms of access to basic services (formally or informally) and sanitation are possible.

Table 3.27 Landlords as reported by peripheral workers

Place of work	Contractor/ Employer	Relative	Private Landlord	Owner/ Not renting	Total
Own Unit	20	10	20	50	100
Contractor Unit	51	0	34	14	100
Home	0	20	50	30	100
Total (N=65)	31	8	37	25	100

The majority of peripheral workers rent from their contractor/employer, or from private landlords (see Table 3.27). Half of all own-account workers report owning their own residence in the NCR, as does a significant percentage of homeworkers, i.e., primarily women engaged in *moti*-work. Comparing the information in last two tables, we observe that a significant proportion of workers in micro-units indicate that their contractor/employer is involved in their living arrangements. These workers circulate between the NCR and their place of origin more frequently; and thus contractors and employers might be more involved in looking after their accommodation. Overall, Table 3.26 indicates that more than one quarter of all workers in micro-units sleep in the workshop itself. For other classes of

peripheral workers, contactors and employers are not involved in their social reproduction. Thus, these workers have to deal with their own housing. Indeed, employers are involved in looking after the livelihood needs of their workforce only when this is needed for production.

Table 3.28 Access to basic service in the NCR

Access to basic services N=69	Own Unit (%)		Contractor Unit (%)		Home (%)	
	Yes	No	Yes	No	Yes	No
Toilet/ bathroom in the house	80	20	79	21	50	50
Tap water	90	10	92	8	55	45
Electric Light	100	0	100	0	100	0
Gas for cooking	70	30	54	46	100	0

Respondents in our survey mainly report relatively good access to basic utilities, like toilets, water and electricity--unlike their counterparts in more organised and visible segments of the industry (see Table 3.28). Qualitative findings and field visits help explain this counterintuitive outcome of our research. The primary reason is the great diversification of informal living strategies, but an additional reason is that there appears to be somewhat better access to sanitation in informal, non-industrial settlements than in industrial ones, due to the overlapping of the productive and reproductive time of workers and their access to solidarity networks in informal colonies.

Field findings indicate that in many enclaves and colonies, full access to electricity is the outcome of the coping and somewhat enterprising strategies deployed by workers. While many do not have formal access to electricity, they manage to connect to the main wires available in their main street and colony. In terms of access to toilets, workers' own perceptions need to be qualified. Moreover, the analysis needs to account for different categories of labour. Both own-account workers and workers in micro-units have almost full access to in-house toilets and sources of tap water. Own-account workers are in Delhi for longer, and their housing is considerably better. Workers in micro-units are guaranteed access to toilets by the contractor; either in the workshop, or at the entrance of the building where the workshop is located. Access to basic facilities for homeworkers is more differentiated, and half of the workforce does not have access to in-house toilets or tap water. Qualitative evidence indicates that neighbourhood relations may help individuals in their daily struggle, according to principles of solidarity mediated by kinship or geographical provenance.

Workers' access to basic amenities is also the outcome of intersections (or lack of intersections) between productive and reproductive time. For instance, in settings where workers often work and live in the same space, access to toilets is crucial to reducing breaks, which interrupt the production process. This factor is something to consider in relation to workers in micro-units, who often sleep in their place of work. For the contractors, it is

important to guarantee their access to basic services. In contrast to this situation, the industrial proletariat generally works and sleeps in fundamentally different spaces. For them, access to certain services is not the employers' problems. In fact, in industrial colonies such as Kapashera, workers might have far worse access to toilets and water. They access basic facilities only at their workplace, i.e., the factory.

For many of the peripheral workers, social reproduction is important for the production process, whereas for the industrial proletariat, it is not. This signifies that, overall, in environments where productive time and reproductive time coincide, better access to certain facilities may not be such a counterintuitive finding after all. Indeed, accounting for social reproduction is also important also in explaining some labour market outcomes. Another pertinent example is that workers in micro-units are those less likely to have access to gas/LPG for cooking. Again, this can be explained by patterns of social reproduction since, in fact, these workers generally eat in eateries around their workshops, and do not cook.

The previous section has highlighted general trends in wages and payment systems for different 'classes' of peripheral labour. Now we move on to cover other financial considerations in order to capture the broader social reproduction cycle of workers. That is, we cover not only their living conditions in the NCR but also their wider livelihood strategies across the NCR and their place of origin. Notably, in the peripheral echelons of the industry, many workers seem to be earning less than they spend (see Tables 3.29a and 3.29b).

Table 3.29a Monthly wages & expenses of peripheral workers (based on averages)*

Type/space of work	Wages estimates	Total monthly expenses	Balance
Own Unit	7,071	9,954	-
Contractor Unit	6,089	5,832	+
Home	1,256	7,233	-
Total	4,621	6,804	-

* Obtained via data on average expenses per group, and wage calculations (Table 3.19b).

Table 3.29b Monthly wages & expenses of peripheral workers (sub-sample)*

Type/space of work N=45	Wages estimates	Total monthly expenses	Balance
Own Unit	7,500	12,170	-
Contractor Unit	5,988	6,556	+
Home	1,256	8,203	-
Total	4,507	7,861	-

* This table is obtained instead by looking at a sub-sample who reported on both wages and expenses (N=45).

Obviously, when comparing wages estimates and expenses, one has to take into consideration the fact that work-based income from garment activities only refers to individuals, while workers generally report expenses covering their household's needs, either in the NCR or at their place of origin. In particular, for homeworkers (women), it is clear that the income earned must be a subsidiary income only for the overall household, or else they would not be able to survive. For own-account workers, who tend to account for all income and expenses, it is plausible to conclude that minimal levels of debt (or better, a monthly 'deficit') are very much part and parcel of their overall livelihoods. Tellingly, only workers in micro-units seem to be earning slightly more than their expenses, although, generally, for these workers expenses are more significant at their place of origin since they are in the NCR for shorter spells of time. A significant proportion of workers report being in debt, although debt levels are not necessarily high, and change across the peripheral labour spectrum (see Table 3.30).

Table 3.30 Incidence of debt as reported by workers

Place of work	In debt (%)	Not in debt (%)	Total (%)
Own Unit	6	9	14
Contractor Unit	23	34	57
Home	9	20	29
Total N=70	37	63	100

More than one third of the workers in the sample report that they are indebted. Rates of debt do not vary substantially across categories. For each category, they may be due to different reasons. Qualitative information on workers in micro-units suggests that they often, in fact, move to the NCR for short spells of circular migration in order to break the debt cycle. In the NCR, they can earn more than in their place of origin, and thus can put some savings aside.

Table 3.31 Average debt cross categories of peripheral labour (in INR)*

Place of work	Average debt level (INR)
Own Unit	20,950
Contractor Unit	36,955
Home	57,600
Total	38,588

Across the different categories, the average level of debt reported increases on the basis of the vulnerability of work, with own account-workers reporting an average level of debt of 20,950 INR, workers in micro-units reporting 36,955 INR, and homeworkers reporting 57,600 INR (Table 3.31).

Remittances are our final topic in relation to workers' finances. The majority of workers do send some money home although estimates vary based on the workers' position on the employment ladder (see Table 3.32a).

Table 3.32.a Incidence of remittances and average remittance as reported by workers

Place of work	Yes (%)	No (%)	Total (%)	Average (INR)
Own Unit	40	60	100	5,833
Contractor Unit	78	23	100	15,365
Home	35	65	100	2,833
Total (N=70)	60	40	100	12,400

For own-account workers and homeworkers, remittances are negligible, while they are considerably higher for workers in micro-units. For the latter, work in the NCR is strongly connected to the possibility of sending money home to support their families. In one year, workers in micro-units manage to send home around 15,000 INR, which represents 21-26% of their monthly salary (depending on different estimates, see Table 3.32b and 3.32c). Also, for women homeworkers, remittances represent 16- 19% of their monthly salaries; however, these remittances are so low that such savings cannot be considered to impact significantly on the lives of their families.

Table 3.32.b Remittances as percentage of monthly wage (based on averages)*

Place Type of work	Average yearly remittance (INR)	Monthly Wage Average (INR)	Monthly share of remittances on wage (%)
Own Unit	5,833	7,071	7
Contractor Units	15,365	6,089	21
Home	2,833	1,256	19
Total	12,400	4,621	22

* Obtained via data on average remittances per group (Table 3.32.a), and wage calculations (Table 3.19b).

Qualitative findings reveal that women aspire to use these meagre savings for family health emergencies and/or education of their children. Since such savings are no more than a couple of hundred rupees, however, one should question policies that over-romanticise the positive impact of women's work on family health and education. While it is true that many women focus on their children's education (with some respondents even identifying their own level of educational attainment with that of their children), extremely low salaries still pose a great problem.

Table 3.32.c Remittances as percentage of monthly wage (sub-sample)*

Place/Type of work	Average yearly remittance (INR)	Monthly Wage Average (INR)	Monthly share of remittances on wage (%)
Own Unit	7,250	7,125	8
Contractor Units	19,500	6,255	26
Home	2,375	1,218	16
Total	15,457	5,278	24

* This table is obtained instead by looking at a sub-sample who reported on both wages and remittances (N=24).

The strong connection of many workers to their place of origin is further confirmed by a discussion of findings in relation to social entitlements and welfare. Only very few workers have social entitlements in the NCR. Firstly, the previous section has already indicated that the majority of them, quite unsurprisingly, have no access to social security. Secondly, workers also seem to have no access to social welfare schemes and to the public distribution system. In fact, only 13% of all workers have access to PDS shops in the NCR, while, in contrast, over 40% have access to the PDS system back in their place of origin. At the same time, 44% have no access to the PDS, neither in the NCR nor in their own village (see Table3. 33).

Table 3.33 Access to PDS system (%)

Place of work	Yes	Yes, in native place	No	Don't know	Total
Own Unit	10	30	60	0	100
Contractor Unit	15	48	38	0	100
Home	10	35	50	5	100
Total N=70	13	41	44	1	100

Only half of the workforce interviewed has access to some form of ID, while the other half does not. As longer-term migrants, own-account workers are those less likely to possess any

form of ID (see Table 3.34a). They may have lost their village ID (or not make use of it) and not applied for Delhi-based ones. Findings are inconclusive on this issue.

Table 3.34a Possession of forms of identification by peripheral workers (%)

Place of work/%	No Card	Some form of ID
Own Unit	40	60
Contractor Unit	53	48
Home	55	45
Total (N= 70)	51	49

Among those possessing some form of identification, the most common cards are Aadhar or identity cards (see Table 3.34b), with 69% of those possessing one also possessing the other. This suggests that those workers who already have access some form of identification are also more likely to access new entitlements and schemes, while those workers who are unrecorded struggle to access new schemes and/or entitlements.

Table 3.34b Possession of forms of identification by peripheral workers (type) (%)

Place of work/%	Aadhar	Voter ID	Aadhar & ID	Any other	Total
Own Unit	17	17	67	0	100
Contractor Unit	20	15	60	5	100
Home	11	0	89	0	100
Total	17	11	69	3	100

None of the workers interviewed were aware of artisanal schemes supporting the cottage industry (useful not only for own-account workers but also for homeworkers in general, see UN Women, 2013), nor did they have artisan cards.

Lack of access to health coverage reflects workers' lack of employment-based social entitlements, while also highlighting the inadequate provisions of public services. In fact, the majority of workers generally go to private doctors and clinics (see Table 3.35). Only 1% of the workforce has access to ESIC clinics. A number of workers also make use of traditional healers located in the colonies where they live. The majority of health issues reported by workers relate to eyestrain and strenuous work.

Table 3.35 Access to health services as reported by workers (%)

Place of work	Private Doctor	Government Dispensary/ Doctor	ESIC clinic/ Hospital	Other	Total
Own Unit	42	42	0	17	100
Contractor Unit	49	37	2	12	100
Home	60	40	0	0	100
Total (N=70)	51	38	1	10	100

As the majority of workers diversify their livelihoods strategies across the urban-rural divide, and also have family members living across this divide, we asked information about the employment and activities of family members in the NCR and in their place of origin, as well as their assets. This information completes our general social profile, which was discussed in the first sub-section, by shifting the emphasis from single individuals to their households (see Table 3.36).

Table 3.36 Occupation of family members in the NCR (%)

Type/Space of Work	Own Unit	Contractor Unit	Home	Total
Home-based work (same type)	43	50	9	28
Farming, self-employed	0	0	3	2
Farming, waged	0	0	0	0
Self-employed, trade	14	8	24	17
Salaried, garment	0	4	9	6
Salaried, public	0	0	0	0
Other salaried employment	14	0	9	6
Other employment	0	4	27	16
Student	0	21	9	13
Unemployed	14	0	6	5
Other non-working	14	13	3	8
Total (N=70)	100	100	100	100

The information presented here reinforces our findings on the diversification of peripheral classes of labour in the garment industry, and effectively indicates that there are different trajectories of 'proletarianisation' at work in the lower echelons of the industry. Starting from the activities of family members in the NCR, the picture that emerges is one whereby home-based work, petty trade and different types of casual work dominate. A significant share of family members of own-account workers and workers in micro-units engage in the same line

of home-based work. But family members of women homeworkers generally do not engage in the same activity; rather, they are involved in other forms of petty trade and/or casual employment. Engagement in other forms of garment work in the upper echelons of the industry was not significant overall. Own-account workers and workers in micro-units also reported a significant percentage of unemployed/dependent family members.

When attention is shifted to family members left 'behind' in the place of origin, farming becomes a more significant activity across all categories of peripheral labour, and relatively more for the families of own-account workers and workers in micro-units (see Table 3.37).

Table 3.37 Occupation of family members at place of origin (%)

Type/ Space of Work	Own Unit	Contractor Unit	Home	Total
Home-based work (same type)	0	20	4	15
Farming, self-employed	0	18	9	14
Farming, waged	31	18	13	19
Self-employed, trade	13	15	30	17
Salaried, garment	6	1	9	3
Salaried, public	6	0	0	1
Other salaried employment	0	0	0	0
Other employment	0	6	17	7
Student	0	6	4	5
Unemployed	0	2	0	1
Other non-working	44	14	13	17
Total (N= 70)	100	100	100	100

Workers in micro-units report having family members engaged in working on both small-holdings as well as casual work for others, while own-account workers report that family members primarily engage in waged agricultural labour for others – the latter being a condition that is normally perceived to be more lowly and less well remunerated than tilling one's own land. Moreover, nearly half of the households have other members of the household who are not working. One might speculate that this condition signifies that some of these households are relatively well off (and hence not all household members need to work) while others might, in fact, come from a very humble background. Homeworkers' family members primarily engage in petty trade activities, also in their villages, although some own some land. Overall, not many members are reported as studying, with the exception of young children. These children generally go to either private or government-run schools (see Table 3.38). Only a very small percentage of workers with children send them to religious schools. Instead, in some cases, neighbours or relatives (generally elderly) might more informally provide some form of religious education to children in informal colonies.

Table 3.38 Schooling of children as reported by peripheral workers

Type of school	Percentage (%)
Local government/ public	54
Private	43
Religious	4
Total	100

(Based on 28 observations, i.e., responses by workers with children)

A final consideration on social reproduction is related to workers' assets. Notably, when considering workers' responses on questions regarding assets, quantitative findings have to be complemented by qualitative interviews and informal discussions with workers. When asked as part of the questionnaire interview about assets in the NCR and 'back home', workers provide the picture listed in Table 3.39. However, when asked in more detail, workers indicate that for some commodities, such as televisions, radios, two-wheelers, or fridges, they refer to access them rather than own them. Instead, the workers' access to housing and land generally refer to ownership proper. This is because families and neighbours might 'pool' resources together. This issue emerges, for instance, in relation to ownership of refrigerators for women homeworkers (which are often shared with neighbours), two-wheelers for own-account workers and some homeworkers (also often shared), and televisions for workers in micro-units (generally provided by contractors in workshops).

Table 3.39 Access to and/or ownership of assets in NCR and place of origin (%)

Assets (N= 70)	Delhi	Place of origin
Radio	11	0
Television	59	0
Phone	80	7
Bicycle	30	20
Two Wheeler	13	3
Fridge	3	0
House	16	39
Land	0	16

Notably, ownership of housing is higher at the workers' place of origin. Moreover, in this location 16% of workers own some land. This is a considerably lower percentage than that for workers in larger industrial units and workshops (see Chapter 2), indicating that the landless are generally more likely to engage in the most informalised typologies of work in the industry. This finding is also consistent with data on the activities of workers' family

members, both in the NCR and in their place of origin. At the periphery of garment production, workers are more significantly separated from land and from agricultural livelihoods.

3.4 Organising and issues of national and international regulation

Based on the picture of conditions emerging from the sections above, it is unsurprising to note that peripheral workers do not in fact 'organise', formally or informally. Own-account workers are neither part of (micro) business associations nor form guilds or community-based groups. Workers in micro-units spend far too little time in the NCR to approach any organisation. Moreover, they are often housed in the same premises where they work. We found degrees of organising (but very low) only among female homeworkers, although the fact that some of these were organised at all was at least partially due to selection-bias, as in some locations (New Ashok Nagar and Nand Nagri), SEWA granted our research initial access to some homeworkers (although all workers interviewed worked for contractors).

Workers do not have faith in unions or political parties. With the partial exception of SEWA for women, unions, in fact, do not engage in organising informal workers. But rates of unionisation are abysmally low also in the upper echelons of the industry. Workers have also no faith in government policies and interventions. Overall, this segment of the workforce is effectively not 'touched' by social security measures, nor does it manage to claim social entitlements. When asked about their hopes that current or future policies by the government could ameliorate their lives, a significant share of the workforce was firmly dismissive, or did not comment. Still, another 40% did indicate some hope in future policies (see Table 3.40).

Table 3.40 Perception of impact of government policies on social welfare (%) (N=70)

Attitudes on government policies on social welfare	Percentage
Cynicism about government policies for the poor	34
Hope in some form of pro-poor policies in the future	40
Don't know	26

Arguably, until forms of flexi-security or sector cards will be made available in the industry, peripheral workers will remain substantially invisible (see also NCEUS, 2007, for different policy options for informal workers). As in the case of workers in the upper echelons of the industry, the inadequacy of social security interventions for peripheral workers should also be emphasised in relation to housing and access to health services.

However, perhaps the most pressing issues for them relate to the irregularity of their work and payments, both in terms of their access to employment and to salaries that they are due.

As highlighted earlier, payment retention emerged as a particularly crucial concern for workers. These workers also lack access to alternative 'business opportunities'. The majority of workers report these factors as the ones that impact more severely on their livelihoods. Low wage rates, although obviously lamented, tend to be treated as 'normal' by workers, who would prioritise having a more regular and predictable income. In addition to work irregularity, underemployment and unemployment, workers' grievances have been focussed on health issues. Some refer to actual physical strain, particularly, albeit not only, eyesight problems. Others mention the problem of health expenses, and working in unsanitary conditions. Overall, irregular employment and health issues represent, respectively, 23% and 29% of workers' grievances (see Table 3.41).

Table 3.41 Main problems as reported by workers (%)

Space of work/ Type of problem	Own-account Work	Workers in micro-units	Home	Total
No problems	0	18	10	28
Don't know	0	6	1	7
No response recorded	0	3	3	6
Irregular work (I)	8	7	0	15
Low wages/ income	0	4	1	6
Irregular payments (I)	0	1	0	1
Long working hours	0	0	0	0
Eye problems (H)	0	8	11	19
Back-pain (H)	1	4	1	7
Other health problems (H)	0	1	0	1
Business risks (I)	4	3	0	7
Pollution/unsafe work place (H)	0	1	0	1
Household medical costs (H)	0	1	0	1
Total	14	58	28	100

* H=health-related; I= irregularity of work, payment and business. N= 70

Notably, while lack of organisation for collective action indicates a lack of organised resistance, it does not necessarily signify lack of 'resilience' (see Carswell and De Neve, 2013 on this point). As a matter of fact, the highly diversified livelihoods of peripheral workers across urban and rural domains are testimony to their great resilience and 'informal organisation' in fighting against life's adversity.

For peripheral workers engaged in export markets, one should mention the rise of international projects targeting labour standards in home-based work--for instance, the Ethical Trade Initiative (ETI) project creating the National Homeworkers Group (NHG) in Delhi, and the Bareilly Homeworkers Group (BHG) in Bareilly. These projects, which focus on embroidery workers (and which have now been unified in the Handwork Foundation, HF), were originally part of the Responsible & Accountable Garment Sector challenge fund (RAGS) sponsored by the UK Government (ETI, 2013; website, RAGS website).[25]

While all interventions in favour of disfranchised groups of workers should be welcome, particularly those targeting women, who are undoubtedly the most vulnerable category of working poor in the garment industry (or even those affecting children, since they may be engaged in the craft at a very young age; see Unni and Scaria, 2009), the approach deployed by these new international projects must be questioned. Evidence from Bareilly suggests that these approaches do not manage to reach homeworkers, but instead mainly benefit their contractors (Mezzadri, 2014a). While we did not specifically assess the impact of such schemes in the context of the present research, our research does indicate that projects effectively focused on contractors will have limited impact on workers.

Workers engage with multiple employers, and many of the workers are migrants. Moreover, women have more limited occupational options, due to their lack of mobility in the colonies where they live. In fact, SEWA is currently engaged in commendable efforts to address these issues, and bargain for better piece rates and more regular work for women. Arguably, more effective projects could be designed by shifting the attention from contractors to workers and workers' organisations. The challenges of CSR approaches to homeworking are also discussed in the literature with reference to homeworkers elsewhere (Burchielli et al, 2009).

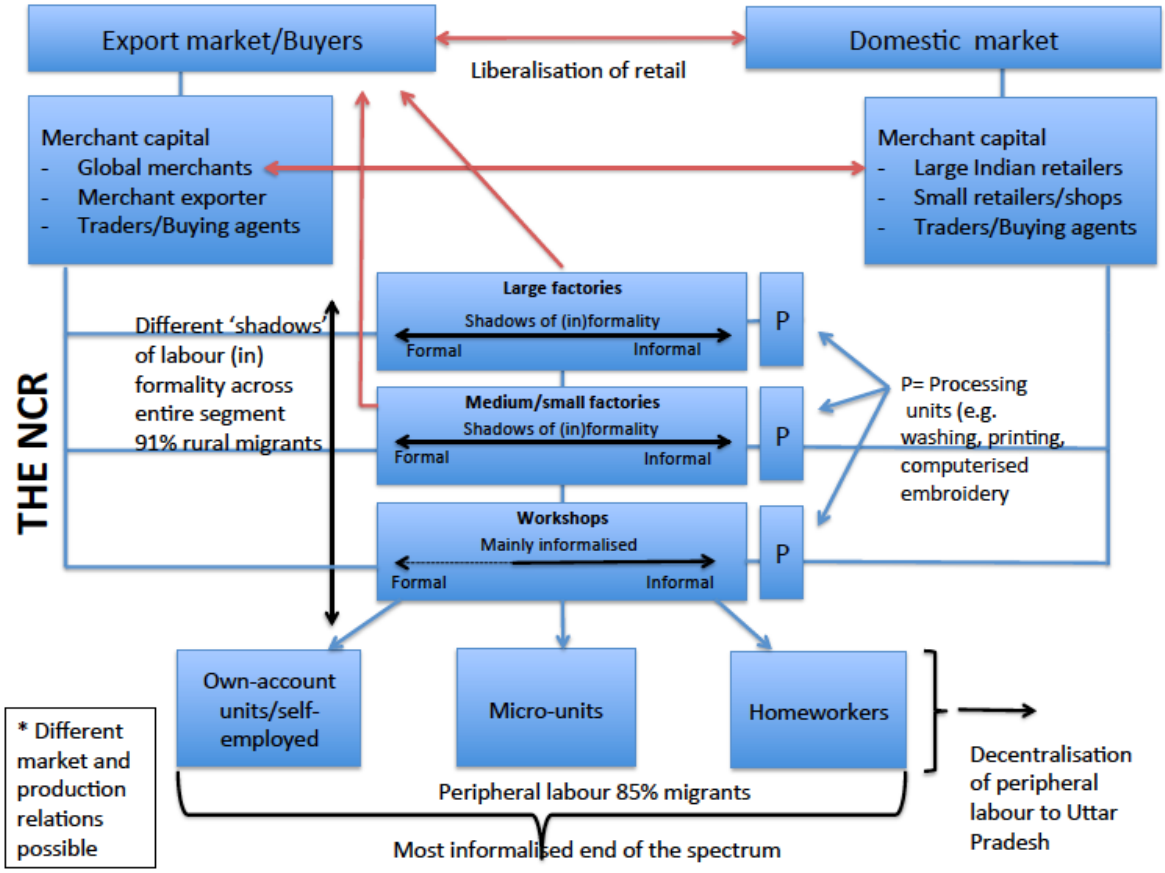
3.5 Conclusions

The analysis and findings presented in this chapter focus on workers in the lower echelons of the garment industry of the NCR. While some studies on garment production often simply place all of such workers in the category of 'home-based work', this analysis has tried to unpack this category and show how it covers quite differentiated employment relations and 'classes of labour'. However, at the same time, overall employment in the sector is based on a 'continuum of informal relations' (see Lerche, 2010 on this concept), which, as analysed in Chapters 1 and 2, is reproduced by different industrial and employment dynamics, and is at work across all the different segments of the industry (see Figure 3.2).

[25] Information on the RAGS initiative can be found at (https://www.gov.uk/responsible-and-accountable-garment-sector-challenge-fund; while information on the ETI projects on homeworkers can be found at http://www.ethicaltrade.org/in-action/programmes/the-indian-national-homeworker-group (last accessed on 13/03/2014); and http://source.ethicalfashionforum.com/article/eti-and-empowering-indias-homeworkers, (last accessed on 13/03/2014).

The different classes of labour working at the very margin of garment production are defined here as 'peripheral labour'. Our sample of workers from across parts of the NCR identified three types of peripheral labour, also related to different activities and tasks; own-account work, workers in micro-units, and homework proper (doing outwork). While the first two categories are considerably male-dominated, the latter is primarily a female preserve. The sample is relatively small, altogether 70 workers and only covers Delhi proper and Noida, the two areas of NCR that (as far as garment is concerned) appear to have the highest concentration of peripheral workers. This said, qualitative insights into the world of peripheral garment workers in the NCR indicate that we are reasonably certain that the picture painted here reflects the reality of garment peripheral workers in large swathes of these parts of NCR. The sample for own account units (i.e., self-employed workers) is particularly small, so the evidence for this group remains suggestive only. However, it should also be acknowledged that the mapping exercise, field trips and observations do seem to suggest a decline of own-account work and an increase of work in micro-units.

Figure 3.2 Current features of the commodity chain in the NCR, capital and labour



Based on findings in Chapters 1, 2 and 3

Overall, comparing the reality of work and livelihoods between the upper and lower echelons of the industry, some notable differences emerge. Firstly, Muslims are greatly over-represented among peripheral workers, partially, albeit not only, due to the activities in question (like embroidery). Also, peripheral workers are three times more likely to be illiterate, and they are overall young workers, with the exception of own-account labourers. As in the upper echelons of the industry, many peripheral workers are migrants, but primarily those in micro-units, with more mixed findings on mobility with regard to the other categories analysed here. In micro-units, evidence suggests that short spells of circulation dominate.

The majority of workers are recruited via highly informal mechanisms, based on friends, kinfolks and neighbours in their place of origin. In contrast, however, many own-account workers have to proactively look for work, approaching contractors. The majority of workers report having been employed by contractors, who are perceived as employers and not as recruiters, and report having worked for multiple parties. Only women tend to work for one single contractor. Around 23% of all workers report receiving advance payments; however, this estimate rises if we focus on workers in micro-units. For these workers, advances are generally paid at their place of origin, such as in other sectors employing the Indian working poor. However, despite the presence of advances, our findings suggest that in the NCR the primary strategy for retention of the workforce deployed by contractors is based on payment retention.

The entire peripheral segment of the industry is broadly characterised by piece-rate payments, with only button-holing workers being paid monthly rates (which might in fact hide piece-rate calculations). While the whole industry is still affected by significant seasonal fluctuations, the lean season in the peripheral echelons is longer, and thus defines longer spells of underemployment or unemployment. Only a meagre 11% of workers had access to regular employment.

Calculating wages and work-based income in the lower echelons of the garment industry of the NCR is a complex endeavour, as the unpredictability of work availability and piece rates is one of the main factors shaping the vulnerability of peripheral workers. Accounting for lean and peak seasons and assuming an eight-hour working day (needless to say, a problematic assumption in the presence of soaring underemployment), our findings indicate that the wage levels of peripheral workers are more or less consistent with wages paid in the more organised segments of the industry--except for women homeworkers, who are paid extremely low wages of between 1,000 and 1,600 INR per month. So, apart from women homeworkers, it is primarily lack of continuous access to work that prevents peripheral workers from earning the same as their counterparts in larger establishments. Irregularity of work is particularly a problem for own-account workers, who have higher expenses. Evidence suggests that export activities are increasingly severing ties with the realm of self-employment, while this labour category still finds work in domestic markets.

With regard to the differences across domestic and export markets, wage estimates indicate, interestingly, that domestic production pays more, and this is in line with what is found in the upper echelons of the industry. However, many workers prefer engaging with export markets due to its higher volumes. As Indian domestic clothing markets continue to grow and differentiate, this preference might change in the future.

Moving from the topic of wages to that of social security, the difference between labour in the upper echelons of the industry and labour at its periphery deepens. Peripheral workers have virtually no access to social security, neither employer nor state-based.

Findings on social reproduction provide insights into both workers' daily livelihoods in the NCR and into the broader context of migration and family strategies. Field trips and observations indicate that workers primarily live in semi-pucca and kachcha housing. However, only very few live in shacks, at the extreme low-end of the slum spectrum. Own-account workers tend to live in much better (pucca) housing and half of them own their home in the NCR. The majority of all workers rent (77%), either from private landlords or from contractors. The latter arrangement dominates in micro-units, where workers also often live in the workshop.

Counter-intuitively, access to water and sanitation seems to be better in informal colonies than in industrial workers' hamlets such as, for instance, Kapashera. Findings indicate that this situation is related to multiple factors. Firstly, it has to do with solidarity networks, which are stronger in informal colonies. Secondly, it has to do with self-employment, as on-account workers have considerably better access to toilets and water. Thirdly, it has to do with the overlap between productive and reproductive time. For instance, workers in micro-units have access to toilets and tap water in the contractors' workshops, where they often live. However, for those who rent, and for women homeworkers, who are at the very bottom of the employment ladder, access to water and sanitation is far more problematic.

Overall, the majority of workers (70%) still perceive their place of origin as their primary residence, despite different patterns of mobility. The explanation is that many own their dwelling in their place of origin, have numerous family members located there, and often go back. The majority of workers send some money home, although remittances are considerably higher for workers in micro-units. These are also the workers with the lowest overall expenses, and thus they manage to save some hundred rupees on a monthly basis. The rest of the workers live in a status of a low-intensity but constantly negative balance between monthly income and expenses. Hence, 37% of workers report being in debt, with debt rates not varying much across the employment spectrum. The highest levels of debt are found among women homeworkers although debt data for this group should be treated with some degree of caution.

With regard to government-sponsored social entitlements, only 13% of workers have access to PDS shops in the NCR, while 41% have access only at their place of origin. Around 40% of workers report having some form of identification, with Aadhar cards and identity cards

being the most common form, and generally those workers with such access possess both type of registration. Access to health services is neither socialised by employers nor by the state, but is externalised to workers and households, who have to primarily rely on private clinics.

With regard to the activities of family members of peripheral workers, the picture that emerges is differentiated across the employment spectrum. Overall, family members in the NCR tend to primarily work in petty trade and casual informal work, while the family members remaining at the place of origin primarily engage in farming and/or agricultural labour. However, overall, workers are generally not attached to the land anymore. Only 16% of all workers report owning some land. This finding points to a higher incidence of landlessness in the peripheral segments of the garment industry than in its upper echelons.

Finally, in terms of organisation and faith in either unions or government schemes, workers' responses show a substantial disfranchisement. The majority do not feel unions can help (with a significant proportion having only a vague idea of how they could help). A partial exception is some women, who mentioned the work of SEWA, which is trying to increase its already existing activity in informal colonies engaged in garment work. The lack of organised resistance and collective action does not mean a lack of resilience among workers. Arguably, the great diversification of livelihoods linked to garment production at the periphery of the NCR testifies to workers' engagement in daily struggles. Many engage in these acts of resilience with great creativity and enterprising spirit, and, most of all, in the full awareness of their limited options.

While the picture drawn here identifies clear challenges for social policies, ranging from enhancing access to employment to the need for flexi-security, it also serves the purpose of tentatively illustrating the main pitfalls of international approaches to labour standards in non-factory, highly informalised settings. In fact, in recent years an increasing number of projects have tried to improve standards in the home-based settings of the garment industry. Based on what has been analysed in this chapter, we feel that the design of these projects, which still overemphasise a top-down approach and target mainly contractors rather than workers and workers' organisation, appear to be profoundly limited in addressing the actual work and livelihood problems faced by peripheral workers.

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4. Conclusion *Alessandra Mezzadri and Ravi Srivastava*

This report has adopted a labour regime approach to the study of the Indian garment industry in the Greater Delhi area, the NCR. This focus was not only on capital-labour relations, but also on patterns of social reproduction of the workforce, brought together in order to investigate labour regimes, labour standards and livelihoods in the industry. Each chapter addressed specific aspects of the complex labour regime characterizing the industry. Chapter 1 looked at labour deployment and use on the basis of what was reported by employers, buyers, and other key informants, and on the basis of the transformations of commodity (or 'value') chains and production networks, and compared its findings to the picture painted by the existing literature. The Chapter 2, which was central to this analysis, presented the macro picture, discerned from aggregate data on employment in the garment sector, and situated the results of the main fieldwork exercise within this framework.

The main fieldwork focused on over 300 workers in the organized segments of the industry of the NCR, carefully selected across firms of different sizes, locations and markets. Throughout this analysis, the enterprise or 'space of work' is deployed as the main prism through which to investigate the labour regime and its workings. Chapter 3 built on and complemented this effort by focusing on workers in the peripheral segments of the industry. Also here, the category of 'space of work' is deployed as the main entry point for investigating labour relations and social reproduction. The analysis in this chapter is based on field observations and trips, and interactions and interviews with 70 peripheral workers. The combination of qualitative interviews, survey data and aggregate data enables us to highlight a number of the qualitative and well as quantitative trends within the sector.

This final chapter provides the main conclusions of the report. They relate to 1) capital transformations, 2) recruitment and patterns of informalisation, 3) wages and social security, 4) social reproduction and 5) regulation and organizing. Each of these areas has distinctive implications for labour standards. However, it should be reiterated that the findings of the field research report relates to the NRC only. There are different labour regimes in garment production across India, based on, for example, differences in product specialisation, the kind and the size of capital, the kind of workforce historically available, the size of production units, and the nature and extent of labour regulation.

The NCR is dominated by the production of ladieswear, which involves a number of highly specialised activities and short production runs, compared to activities such as t-shirt or jeans production. Both merchant capital and industrial capital operate in the NCR and the size of capital that is deployed varies significantly. The workforce is overwhelmingly male and circular migrant. Compared to the high level of self-employment in the sector elsewhere in India—where around 70% of the garment workforce is self-employed—this self-employed segment is not significant in Delhi while scale of employment in small factories is also lower

than the India average, with proportions across NCR ranging from 3-11 per cent for the self-employed and 8-34 per cent for workers employed in units with fewer than ten employees. Instead, the NCR draws on home-based labour in satellite centres, particularly in UP, where the bulk of embroidery production is carried out. In these centres, rates of self-employment are certainly higher.

With regard to the nature of capital, the industry has gone through important transformations during the last decade, since the end of the MFA, and during and after the financial crisis. From 1999 onwards the sector has been contracting in Delhi proper since as it has been squeezed by the higher costs in the centre of the conurbation, while it has been growing in the other parts of the NCR. Taking the NCR as a whole, the industry contracted from 1999 to 20004/05 in employment terms, but, judging from the available data, it grew from 2004/05 to 2009-10.[26] Along with this trend, a process of capital differentiation has taken place, as the top end and the bottom end of the industry have expanded the most.

At the top end of the industry, the large factories primarily involved in export are expanding. Some of them have even benefitted from the financial crisis, as buyers have focused on a smaller number of key suppliers. The aggregate data reflect this expansion while the specifics of this process have been uncovered through interviews with major garment producers with regard to their own strategies and the accompanying general changes in the industry. This underlying trend helps to explain why aggregate data have showed, in fact, a limited impact of the financial crisis.

The second new trend in the industry has been the expansion of domestic organised production and the rise of large domestic retailers. Linked to this trend export and domestic supply chains now intersect and articulate. This phenomenon has provided medium and small factories and workshops with new market links and has thus helped at least some of them to survive. But the quantitative evidence is less reliable here. It points to some growth of medium sized factories (with 100-500 employees) from 1999 to 2009/10. For small units, quantitative evidence is available only for the period of 1999 to 2004/05 but during that period there was very rapid growth of informal workshop units with fewer than 10 employees. Qualitative evidence strongly suggests a continuing steady expansion of the non-factory sector after 2005 as well.

Recruitment and patterns of informalisation: the finds here represent another key contribution of this study. Existing studies and aggregate data show high and increasing levels of contract labour in the industry in the NCR, reaching, for example, just above half of the garment labour force in Haryana state by 2009/10. The qualitative data of this study also shows that, according to the garment producers, the existing labour regime is based on informalised contract workers. Our labour survey confirms the presence of multiple layers of contracting in the industry but is able to paint a more detailed and nuanced picture. Recruitment patterns and relations in the industry are extremely difficult to unpack. There are

[26] The 2004/05-2009/10 data cover a wider area than the NCR, see Chapter 2.

many different types of contractual relations, and the employer-employee relation is generally disguised and hidden in different ways. Our study illustrates the differences between the different layers and types of contractors, from registered labour contractors to in-house 'dummy' contractors, and presents individual case studies of these phenomena. However, the study also shows that, despite the proliferation of contracting forms, today the majority of recruitment takes place at factory gates. It is at the gates themselves that workers are screened and recruited by a variety of contractors. In the sample factories, a majority of workers do then appear on the rolls of employers. In our sample, more than 60 per cent of all workers are directly employed in this sense. But the employers interviewed asserted that the organised garment industry in the NCR is still significantly characterised by contractor-based recruitment.

This study suggests that the *modus operandi* of the industry is hardly in line with the 'classic' functions of contracting. Contractors are primarily deployed in order to disguise the wage relation, and discipline *all* workers. In fact, the difference between direct recruitment and contract-based recruitment, by now also widespread, is blurred as the employers make use of a range of means to keep workers informalised. A core aspect of these efforts is the resort to short-term employment without written contracts and within a dominance regime with no labour rights. The defining feature of recruitment is the lack of job security and the absence of written contracts. Less than one per cent of the garment workers sampled can be considered to be formally employed.

We constructed a set of criteria representing different shades of informality, and even with the most liberal criteria we found that less than 17 per cent of workers could be considered to have some claim being formally employed. Across different types of factories, firms and workshops, different degrees of formality and informality are possible, as summarized in the conclusions of Chapter 2. However, with few exceptions, the whole workforce is exposed to extremely high degrees of insecurity. In fact, even the more formal labour relations might be articulated with staggering levels of labour turnover. The shared characteristics of contract labour and informalised, directly-employed labour is further confirmed by the fact that, for both sets of workers, the take-home wages are very similar.

At the peripheral end of the employment spectrum, workers generally report that recruitment is based on informal social networks and mediated by acquaintances and kinship. In many cases, these networks originate at the place of origin of the workers, who, as in the organized segments of the industry, are primarily rural migrants. Contractors are instead identified as the 'employers' of these workers. This finding further confirms the great complexity of contracting relations at work, and the need to carefully unpack the category of contractors.

Wages and social security: the study shows that, quite counter-intuitively, take-home wages for workers in the sector do not vary significantly with regard to the size of factory, geographical location in the NCR, or whether production is for export or the domestic market. Minor variations exist, of course, and are outlined in Chapter 2. The absence of significant wage variations is highly interesting. To highlight it further, we note that the

evidence from our study is that wage levels are the same irrespective of what kind of capital is involved, and irrespective of competitive pressures and consumer pressures in the different end-markets, be they domestic or international. There is a standard 'going rate' for the different kind of workers involved in the industry, and no significant segment of the industry is offering wages discernibly above this limit.

The absence of wage differences is no doubt a contributing factor to the high levels of labour turnover, from the perspective of the workforce. For workers, who shift from unit to unit on a yearly basis, working in larger or smaller factories makes, overall, very little difference to them. Larger factories, particularly those engaged in export, do provide social security, but this benefit is 'counterbalanced' by a slightly lower level of take-home pay and, maybe more importantly, by the lack of portability of social security contributions from one employment relation to another, which, given the high labour turnover in this industry, entirely undermines access to social entitlements.

At the peripheral end of the employment spectrum, own-account and workshop workers earn only slightly less than their counterparts in the organized segments of the industry working in the same parts of NCR, when calculations are made based on a working day of 8 hours for the sake of comparability. However, one segment of peripheral labour stands out as having extremely poor wages: women homeworkers are only paid a sixth of the wages of factory workers. Moreover, when accounting for the great irregularity of work for all peripheral workers, the wage-gap between organized and unorganized, peripheral segments of the labour force widens significantly. In addition, in peripheral segments, workers have no security at all.

Social reproduction: unlike existing studies, this project also focused on patterns of daily social reproduction in the industry. It is well known that in the NCR, garment workers are overwhelmingly migrants, and that male workers predominate. Overall, employers are not involved in workers' living arrangements, and workers live either in industrial or residential colonies around industrial areas. Life in these colonies is harsh, and access to basic services and amenities problematic. Many workers share tiny rooms with other co-workers. Only a miniscule proportion has local residence IDs and so the great majority has no access to welfare measures or citizen rights in NCR.

While some workers travel to the NCR with some members of their family, a significant proportion of workers leave their whole family behind. There are different migration patterns at work; some based on circulation, and some on longer spells of migration. The lowest caste groups, the Dalits and Adivasis, are underrepresented amongst garment workers, while the higher-ranking 'general castes' dominate. Muslims are also overrepresented. While this reflects the historical involvement of Muslims in weaving trades, it should also be noted that today their participation in garment work increases as one focuses more on the bottom of the employment ladder. Remittances are considerable for garment workers, on average amounting to more than four months' salary, and are highest among the groups at the lowest end of the caste spectrum and among those working in small factories and workshops. One

could hypothesise, as a result, that these groups are the poorest and thus most compelled to provide substantial remittances.

Regulation and organizing: The security apparatus in the factories (both formal and informal) and the use of contractors guarantees that unions do not infiltrate workers' ranks. Workers who are close to any union are dismissed immediately. Nevertheless, when asked about unions, a third of workers were in favour of unions being formed at their work places and a similar proportion had taken part in some form of collective bargaining without unions. In some cases, workers do approach unions for individual grievances, but there is little sign of systematic collective organisation. At the same time, most workers have no faith in unions and political parties. And indeed, so far neither organisation has done much to improve their conditions.

In the peripheral segments of the industry, unions belong to a world that is far away from the lives of workers. The one exception appears to be SEWA, which is the only organization found engaging with workers. Still, SEWA representatives also report facing great difficulties when seeking to organize workers, particularly in contexts characterised by staggering levels of underemployment.

With reference to regulation, our findings indicate that several changes are taking place in the industry. On the one hand, employers continue to lobby for a relaxation of labour laws, and for measures aimed to further institutionalize flexibility and lower costs. It is in this light that one should consider 1) the current lobbying to allow women to work night-shifts (since some large factories have, already, partially feminized their labour force, and this represents a new trend in the NCR) and 2) the on-going moves to liberalise and amend the Contract Labour Act in order to expand the use of contract labour in the core activities of the industry. On the other hand, there has also been intensification and deepening of the politics of social compliance in the industry. That is, the language of 'ethical' labour standards is increasingly more common in the NCR, among different tiers of employers, and even among some contractors. This intensification entails the current presence of different forms and 'layers' of compliance at work in the industry, as discussed in Chapter 1. The recent rise of India's national common compliance code, DISHA, considered by many observers as the first national compliance code in the developing world, confirms this observation.

Existing studies acknowledge that CSR norms have had quite limited impact in the NCR so far. The findings of our study certainly do not suggest an increasing impact. Moreover, the study indicates that CSR is increasingly deployed as a tool for competition, rather than to improve labour standards per se. CSR also has had no impact on wage levels and overtime pay. Findings on inspections in the organized segments of the industry, as reported by workers, continue to illustrate the ease with which compliance norms can be circumvented. CSR measures targeting home-based forms of work, which mainly affect women, are primarily geared at changing contractors' behaviour, rather than organizing workers.

These findings indicate some policy relevant lessons with regard to future interventions to ameliorate working conditions and livelihoods. First, the implementation of the portability of social security entitlements has to be considered a priority. In October 2014, the government has announced a system of Universal Account Numbers (UAN), which represents an important step in this direction. But the results of our study show that employers try to circumvent initiatives that can track the employment record of workers in firms.

Second, efforts should be channelled to improve workers' access to local residence ID documents and, through this effort, their access to local welfare and citizen's rights. Third, social security measures should target peripheral segments of the industry, for instance, through the use of social security cards, which is one of the measures recommended by the NCEUS for the informal sector. Both of these issues are, in principle, being addressed by the Universal Identity Number (UID) and the Aadhar Card, but there is a strong argument that Aadhar can be exclusionary for migratory workers, and as shown in this study, almost all workers in the garment industry in the NCR are involved in different types of labour circulation.

Social compliance measures should not simply focus on employers or contractors, but rather prioritise workers and their organization. Overall, there is the need for the development of tripartite forms of national bargaining, so that labour can be represented as a crucial stakeholder in the industry. In a context still characterized by a relatively slack labour market, and by high levels of labour turnover, we are aware that this last proposition will not necessarily come to fruition in the near future. However, even if high labour turnover does not presently lead to labour shortages (although some employers are starting to complain about such shortages), it is still likely to bear considerable costs for employers, particularly in relation to skill development, and productivity. This study suggests that, paradoxically, low labour standards in the industry are an important impediment to improving productivity and competitiveness in the garment industry in this region, and possibly in the country as a whole.