

# How Globalised Production Exploits Informal-Sector Workers: Investigating the Indian Garment Sector

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**The rise of Neoliberalism** in the 1980s dramatically transformed the industrial practices of many developing countries, signalling the shift towards export-oriented industrialisation. Since then, the spread of globalised production has gone hand-in-hand with intensified exploitation of a decentralized, flexible and cheap labour force (Mezzadri 2008).

Flexibility has been obtained through the incorporation of the informal economy into transnational production networks. This Development Viewpoint draws on research on such trends in the Indian garment industry, focusing on workers employed in Delhi, one of the country's leading export centres.

In the 1960s, the Indian garment industry was virtually non-existent even though the country had had a long tradition of skilled tailoring. By the end of the 1970s, however, India's garment exports grew due to a combination of factors: the assignment of quotas to countries by the Multi-Fibre Agreement (MFA), rising labour costs in East Asian competitors, and an increased global demand for textile products.

## Workers in the Sector

India's readymade garment exports increased significantly as a share of the country's total exports (see table). Garment workers, who numbered 45,000 in the 1970s, more than doubled to reach 101,000 by 2004.

**Share of Readymade Garments in India's Total Exports,  
1960-61 to 2000-01**

Year	Value (million rupees)	Percentage of total exports
1960-61	10	0.2
1970-71	290	1.9
1980-81	5,500	8.2
1990-91	40,120	12.3
1994-95	103,050	11.6
2000-01	254,780	12.5

Source: Mezzadri 2008, adapted from Singh, Kaur and Kaur Sapra (2004).

In the 1990s and afterwards, Delhi accounted for 35-40 per cent of the value of the country's total garment exports. Its traditional tailoring castes could no longer cope with the accelerated growth of the business. So it found large new reservoirs of cheap labour in footloose, male migrant workers originating from the poor neighbouring states of Uttar Pradesh and Bihar. By 2004, these workers represented over 80 per cent of Delhi's total workforce in garment factories.

The Delhi garment sector is extremely fragmented: the number of production units totals around 3,000-4,000. In contrast, the number of exporters of garments—those who deal directly with international buyers—totals only about 600-700. Exporters own multiple production units and also regularly use numerous subcontractors.

Even at the end of the MFA in 2005, production was still highly informalised. The combination of subcontracting and the utilisation of a poor migratory labour force have given the industry a great deal of labour flexibility—a cherished Neoliberal goal.

Poor migrant workers are preferred because they pose little risk of unionisation. Generally, they come from rural backgrounds and are first-generation industrial workers. They are recruited and organised by *tekhedaars*, or labour contractors, and not directly by the exporters. These workers generally do not settle in Delhi but migrate back to their home states each year after a production cycle.

## Household Labour

While male migrants predominate in garment factories, the workforce employed in household labour for the industry is more diversified. Embroidery provides a good example of such work. Much of it is done by hand and can often constitute half of the unit cost of a garment.

The main types of embroidery done on Delhi garments are called *adda-work* and *moti-work*. The former is an intricate form of embroidery performed on a traditional Indian handloom, usually in Muslim communities. Some *adda-work* is done in Delhi, but this is mostly performed by child labour, often imported from Bihar and paid half the wage of an adult.

However, the largest share of *adda-work* takes place inside households in villages outside Delhi and is paid according to piece rates. Such workers are invisible members of the global supply chain.

*Moti-work*, or beading, is also based on a network of homeworkers, the great majority of them females working together in groups, and often including their children. This task is considered to be at the bottom of the employment ladder and is paid miserable rates.

So the Delhi garment industry is a complex network of production sites, most of them informal. It also employs many types of workers, most of them poorly paid. While including so-called 'modern' urban industrial clusters, the sector also relies heavily on rural artisanal work sites, relying predominantly on very cheap household labour, including that of women and children.

Workers' social profiles determine where and how they will fit into the global supply chain and how much they will be exploited. Old traditions of social organisation, based on factors such as caste, ethnicity, gender and income status, have been wedded with globalised production patterns to provide a large pool of very cheap labour that can be easily controlled, disciplined and exploited.

## Reference:

Alessandra Mezzadri (2008). "The Rise of Neoliberal Globalisation and the 'New Old' Social Regulation of Labour: the Case of the Delhi Garment Sector", paper presented at the conference 'Transition to neoliberalism in middle income countries: policy dilemmas, economic crises, mass resistance', Middle East Technical University, Ankara, Turkey.