



Powerloom workshop in Tiruppur District, Tamil Nadu

## Bonded labour in South Asia's textile industry: findings from the South Indian powerloom sector

### Summary

In the aftermath of the recent collapse of the Rana Plaza building in Bangladesh, a series of factory fires in Asia and a major garment workers' strike in Cambodia, serious concerns have once again been raised about the conditions of labour in global supply chains. Not only are textile workers across South Asia being poorly paid and employed in unsafe working conditions, they continue to be subjected to forms of bonded or un-free labour that tie them to employers and work environments that they struggle to escape from. Given that little is known about where in the supply chain bonded labour occurs or how it operates,

this briefing explores the persistence of such labour in global garment supply chains by focusing on the Tamil Nadu powerloom industry, integrated in India's wider networks of garment exports. It describes the main characteristics of bonded labour in this industry, identifies some of the consequences for the workers involved, and makes a number of recommendations for intervention and policy making. Corporate social responsibility (CSR) interventions in particular continue to lack information on where bonded labour occurs in their supply chains, what forms it takes and how it affects the workers involved.

### Key findings

- The diversity of forms of bonded labour within supply chains is currently not acknowledged by corporate and state actors whose CSR/supply chain interventions rarely extend beyond first tier suppliers such as exporters and CMT (Cutting-Making-Trimming) companies.
- Bonded labour is persistent in rural small-scale industries, such as the powerloom workshops in Tamil Nadu that produce woven cloth for both domestic manufacturers and global suppliers.
- In Tamil Nadu, bonded labour takes the form of debt bondage in which rural powerloom labourers are tied to the owners of workshops through the payment of cash advances.
- In powerloom workshops, the bonded labour force is largely made up of the rural poor, including members of Dalit groups and other poor communities; it involves both men and women, and both local villagers and migrant workers; employers are almost exclusively high caste landowners and industrialists.
- Bonded workers are captured in a debt trap and remain tied to their employer until they can repay what for many amounts to a year's wages.
- Debt bondage is frequently accompanied by harsh labour conditions, low wages, violence and coercion, and reduced bargaining power. Bonded labour reproduces relations of dependency between the low caste poor and their high caste employers.
- Workers bonded in this way have, to a large extent, lost control over their own labour as debt prevents them from accessing more desirable and better paid employment opportunities outside the village.
- This form of bonded labour remains largely invisible and escapes the scrutiny of CSR interventions, partly because it is located further down the supply chain and away from the final stages of garment manufacturing that receive corporate attention and partly because it is geographically dispersed across countless villages and small-scale workshops.

### About this policy briefing

This policy briefing was written by Geert De Neve and Grace Carswell and is one of the outputs of a DFID-ESRC funded research project entitled 'Transforming Livelihoods: work, migration and poverty in the Tiruppur garment cluster, India' (RES-167-25-0296).

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## The research

The research underpinning this briefing was conducted as part of a DFID-ESRC funded project and consisted of field research carried out in 2008-9 and 2011 in Tiruppur, one of India's largest garment export clusters in Tamil Nadu. A key aim of the project was to examine the impacts of the Tiruppur export cluster on the rural population and the wider region, and to explore different labour relations in the urban and rural economies. The urban research explored the impact of CSR interventions on garment factories, and the ways in which workers perceive such interventions and react to them. The rural research focused on changing livelihoods, and the ways in which the rural powerloom industry shapes villagers' livelihoods. Qualitative and quantitative research was carried out in Tiruppur and in its rural hinterland, in villages with and without powerloom workshops. A combination of research methods was used including village household questionnaires, worker surveys, formal and informal interviewing, and participant observation. Findings presented here were primarily drawn from interviews and questionnaires with powerloom owners, workers and their family members.

## Tamil Nadu's powerloom industry

Since at least the 1980s, textile and garment manufacturing regions across South Asia grew extensively under liberalisation policies and expanding world markets for garments. Western brands and retailers increasingly outsourced production to those parts of the world where labour was cheaper and more flexible to employ. The Tiruppur region of Tamil Nadu forms such an industrial cluster that has boomed almost uninterrupted since the late 1970s and is now India's largest cluster for the export of knitted garments to high street brands. However, alongside this highly visible urban cluster with its thousands of garment factories, an equally substantial rural powerloom industry has mushroomed in the region, producing woven cloth for

sale and further processing in Chennai, Bangalore, Delhi and beyond. This part of the industry has also benefited from liberalisation policies and expanding consumption markets.

In a belt of villages west of Tiruppur, higher caste Gounder landowners started up powerloom workshops producing woven cloth, which spread as a small-scale industry across the region during the 1980s and 1990s absorbing an ever growing rural labour force. Local traders based in nearby towns provide the cotton yarn and buy the plain woven cloth produced by the powerlooms. This cloth is then further processed within the region, traded across India, and finally transformed in garment companies into clothing for domestic and export markets. In the study village 18km south-west of Tiruppur, workshops typically contain between 10 and 30 looms, with a few owners running up to 50 looms. A village survey revealed that 90 per cent of the workshops are owned by the higher caste Gounders and that 96 per cent of the total number of looms are in their hands.

## Labour and debt bondage

The powerloom industry is a labour intensive one, and three phases of labour recruitment to the looms can be identified. The first units in the village were run with family labour and by fellow caste members. As the number of workshops began to expand and production increased, powerloom operators were recruited from outside the immediate family, and soon local Matharis (aka Arunthathiyar), the main Dalit community, were employed too. For the landless Matharis, who used to work on the land of Gounders, powerloom work offered first-time access to non-agricultural work within the village. Women primarily work as cone winders while men operate the looms. Finally, as the industry boomed during the 1990s, powerloom owners began to attract migrant workers from nearby districts to complement the local Mathari labour force. Today, 30 per cent of the powerloom workforce are locals and 70 per cent are migrants. Caste-wise, 51 per cent of the workforce are Dalits, 14 per cent Gounders and 34 per cent belong to a range of low-ranking castes.

Labour shortage remained a perennial problem, not in the least because the

booming garment industry in nearby Tiruppur, with higher earning potential and much valued freedom, attracted ever larger numbers of rural commuters from the 1980s onwards. In this context, powerloom owners started giving out cash advances to attract workers and prevent a complete labour drain to town. Through debt Gounder employers sought to bind labourers to their workshops. For poor and landless local Matharis, and increasingly also for migrant workers, cash advances formed a one-off opportunity to access a lump sum of money, needed for health-related crises, weddings and other life-cycle rituals, or house improvements.

Initially, cash advances were small sums of money, but over the years the amounts escalated. By the time of the research in 2009, powerloom workers routinely received advances of INR 30,000-40,000 (\$500-670), equal to about an annual salary for a powerloom worker. Some families – where two or three members of the household work for the same employer – received advances of approximately INR 100,000 (\$1650). A village survey showed that advances had been received by 83% of powerloom workers. As a result, the vast majority of both local Matharis and migrant workers are tied to their employers through debt.

## Impact on workers

The impact of debt bondage on workers is considerable. Firstly, as cash advances amount to about a year's wages, it is almost impossible for powerloom workers to buy themselves free. While workers do shift between workshops and employers, transferring their debt with them, they are unable to repay the advance and leave powerloom work altogether. Faced with life crises, workers often have no choice but to ask employers for further advances, getting even deeper into debt as a result. Secondly, powerloom workers are very aware that they are trapped in debt bondage and that as a result of debt they have lost control over their own labour and the freedom to access more desirable job opportunities elsewhere. Thirdly, being located within the informal economy, powerloom work is poorly paid, organised in 12-hour shifts in dusty and noisy workshops, and prone to accidents and ill health. Workers are not only subjected to strict surveillance by employers, but the latter do not hesitate to turn to coercion





Operating a powerloom

or violence when workers fail to turn up or try to leave the industry altogether. Finally, for Dalits the workshops remain a site of caste discrimination, where they are given separate drinking glasses and refused entry to certain spaces. The youngest generation of workers are well aware of the traps of powerloom work and prefer to take up garment work in Tiruppur, away from the village, the Gounders and the bonds of debt. But even for them this path out of debt remains hard to realise (see Shanmugam example below).

### Lack of corporate, state and civil society action

Western brands and retailers have started to make attempts at regulating labour conditions within their supply chains through the enforcement of corporate codes of conduct and voluntary labour standards. Such efforts, however, have remained limited to labour conditions in first-tier export companies, such as the Cutting-Making-Trimming (CMT) units that supply finished garments to global brands and retailers. Producers and

manufacturers further down the production chain, such as subcontractors and suppliers of raw materials, yarn, and cloth (including woven cloth from powerlooms), have received little corporate attention. Issues such as bonded labour in powerlooms, while persistent and widespread, remain beyond the radar of brands and retailers who focus on first-tier suppliers.

Similarly, despite the existence of the Bonded Labour System (Abolition) Act of 1976, which explicitly sought to abolish instances of bonded and forced labour in agriculture and small-scale industries in India, the state has made little effort to prevent persistent practices of debt-related labour bondage across sectors. While soon after the Act was passed bonded labourers were freed across the country, current instances of unfree labour – such as those found in the powerloom sector – are rarely penalised under this Act.

Finally, the ability of civil society and non-governmental organisations to address bonded labour within global supply chains has been limited. Recently, a number of

international NGOs have drawn attention to labour recruitment practices in the Tamil Nadu spinning mills where free labour relations have been compromised by post-payment contracts (known as Sumangali). Yet, the persistence of other forms of bonded labour, such as the one discussed in this briefing, remains largely invisible, even to civil society actors keen to draw attention to labour right offences in supply chains. The dispersed, rural and small-scale nature of much bonded labour practices makes them a challenge to identify, map and address.

### Shanmugam's attempt to escape the bonds of debt

Shanmugam, a 26-year old Dalit, worked in powerlooms from the age of 14. During a four-month powerloom strike in 2008, he began to work in Tiruppur as a lowly paid 'helper' assisting a tailor. He considered this 'better' work than operating powerlooms as 'garment work is cleaner, there is no oil and dirt and dust, and one can wear trousers [rather than lungis]'.

His parents encouraged him to give it a try in Tiruppur, and allowed him to pledge his sister's jewels in the bank so he could repay his outstanding debts and continue working in Tiruppur when the powerloom strike ended. In late 2008, he took a free government training course in tailoring and subsequently began work as a garment tailor. But as he was new to it and relatively inexperienced, he worked too slowly and made many mistakes.

He lost his job as a tailor and had no choice but to return to being a helper. He found this very difficult, partly due to the low pay and partly because he felt too old to work as a helper next to much younger tailors. By the time researchers met Shanmugam in 2009, he was back in the village and once again operating powerlooms. Although he wanted to avoid accepting a new advance and getting back into debt, he needed money to repay the bank to get his sister's jewels back and feared he would soon have to ask his powerloom employer for a new cash advance.

# Policy implications

- Corporate, state and civil society actors need to urgently move away from a limited focus on first-tier suppliers and acknowledge the persistence of bonded labour practices at different nodes of the textile and garment supply chain.
- There is a need to recognise that bonded labour practices can take a number of different forms, depending on where in the supply chain they occur, who is involved, and the nature of workers' socio-economic position in society.
- Retailers and brands need to widen their view of global supply chains and map their chains beyond the Cutting-Making-Trimming (CMT) units that supply them. In particular, the different recruitment and employment practices need to be identified at different stages of the chain, including among subcontractors and suppliers further down the chain.
- Low caste and poor villagers often have no choice but to ask for cash advances and to bind themselves to employers. A coordinated approach is required that brings different stakeholders together, including brands and retailers, civil society organisations, and the institutions of the state. For interventions to be successful they will have to offer support to workers, whose poverty and informal employment make them vulnerable to exploitation.

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