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# Linking decent work with economic growth: a case study from the South Indian garment industry<sup>1</sup>

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## What is the issue?

The South Indian garment industry clustered around Tirupur is a major manufacturing hub accounting for around 60-70% of all knitwear exports from India. Major global brands and retail chains including Adidas, C&A, H&M, Nike, Primark and Walmart import clothing and textiles from the region. The continued success and growth of the cluster is important for local and national economic development. However, Tirupur also faces challenges, including labour-related ones. There is a widespread belief in the industry (among employers, unions and workers) that pay and working conditions have improved and that the worst forms of exploitation have declined in prevalence. Yet, extreme exploitation persists in a variety of forms, including forced, bonded and child labour, and there are also restrictions on workers' freedom of movement. These problems are a result of persistent structural conditions, such as gender inequality, limited economic opportunities and a general lack of rights protection, which allow for exploitation. They threaten the further growth of the cluster and are of concern to international businesses who are, or could be, investors in, or exporters from, the region.

## The research evidence

This project suggests several ways forward in combatting manifestations of modern slavery in the South India garment industry. The research revealed that drivers of exploitation are deep-seated and structural, comprising economic pressures from along the value chain, but also social and cultural (within worker communities). The severe shortage of skilled workers threatens the success of local businesses and their ability to maintain current levels of employment growth. Yet, employers are reluctant to employ internal migrants arriving from poorer states of India. The research has also shown that extreme exploitation continues to exist in a variety of forms, including

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<sup>1</sup> This note is based on a British Academy-funded project '*Combatting modern slavery through business leadership at the bottom of the supply chain*'. The project is part of the British Academy/DFID programme on [Tackling Slavery, Human Trafficking and Child Labour in Modern Business](#).

<sup>2</sup> Professor Brad Blitz led the British Academy/DFID programme on *Tackling Slavery, Human Trafficking and Child Labour in Modern Business* between 2017 and 2019.

forced, bonded and child labour, together with restrictions on workers' freedom of movement. To address these challenges, local actors have launched various initiatives. Based on their interventions, four main alternative pathways to change have been identified: (i) economic upgrading; (ii) responsible recruitment of migrant workers; (iii) relocation of manufacturing; and (iv) diversification. These methods offer a range of opportunities and challenges for addressing issues around decent work and economic growth.

## **Policy and practice implications**

- A collective approach on the part of the garment industry is needed to enhance growth and at the same time reduce labour exploitation.
- Businesses in the sector should acknowledge and take responsibility for the labour implications of the 'fast fashion' model. They should structure contracts with suppliers in ways that allow suppliers to maintain a healthy, adequately compensated and full-time workforce. This could increase labour predictability and is likely to profoundly impact on working conditions.
- Transnational companies should provide training to their suppliers on the long-term positive impacts of more formality in employment relations, particularly related to hiring and day-to-day employment practices. They should also provide support to local exporters to develop and provide skills training programmes to workers.
- More avenues should be created for monitoring, and businesses should be encouraged to report on key indicators of exploitation experienced by workers (including low wages, gender discrimination and verbal abuse).
- Businesses should tackle audit cheating with the elimination of box-ticking audits, moving towards more in-depth audits in high-risk areas.
- The UK should promote best practice and partnerships with business networks overseas.
- Governments should join up development policy with international trade policy by recognising and addressing the links between local economic development, labour exploitation and supply chain pressures from international brands.