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The Indian Leather Industry: Culture, Ambivalence and Globalization

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The Indian Leather Industry: Culture, Ambivalence and Globalization

by

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Dedication

To Arthur, Hannah and Raymond

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The Indian Leather Industry: Culture, Ambivalence and Globalization

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The conflict between two major ideal types of Indian leather production – the “historic” and the “global capital” has created a classic case of sociological ambivalence in recent decades. This dissertation relies on interviews, content analysis of leather industry journals, and secondary data on Indian society to examine the sources and consequences of this ambivalence and the ways in which key actors in the industry are trying to address it. First, I outline the characteristics of what I call the “historical type,” that is, the leather industry of the past through 1990 following Max Weber’s comparative historical method of the “ideal type.” Next, I explore the characteristics of the “global capital” model of leather production emerging as India becomes increasingly integrated into the global economic system. These industry journals present an image of the new global capital type of leather industry. They provide a mechanism for socializing the industry’s managers into the world of contemporary industry by providing the reader with information about the latest fashion trends and technological innovations that a successful global exporter must understand if their company is going to survive the sea change occurring in the global scene. The journals also present to their prospective markets, the new face of Indian leather: a sophisticated, rational, and creative industry that parallels the well-known quality of the Indian IT industry, in contrast to the small-scale, village industry where much of the production takes place in small facilities. The final chapter explores the implications of the structured ambivalence created by the clash between these two models: the industry’s managers who are caught between a labor-pool rooted in rural India and the winds of global capitalism and how they mediate between the two. It examines the inevitable oscillations between a historic India with its kinship-based, small-scale village oriented culture that protects the cow, and the fast-paced world of global capital with its rational-bureaucratic large-scale social organization and a corporate culture that protects the generation of profit. This study provides an up-close look at the consequences of global economic change for local cultures and the daily lives of individuals who face it.

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Chapter 1 Introduction and Background

Somewhere within her had risen an atavistic revulsion against the whole polluting business of hides and carrion and everything associated with leather.

An uncle of mine in Delhi thinks that I have become polluted, that I have lost my caste by working with leather. Caste! I think he is a fool and I think he thinks that I'm one.

Vikram Seth's, A Suitable Boy

INTRODUCTION

Though a small percentage of the overall global trade, the leather industry is the seventh largest earner of foreign exchange in India. Global leather trade accounts for about 116 billion US dollars a year, whereas India accounts for only 3.5 billion US dollars. The growing importance of the leather industry to the Indian economy appears to contradict a long held Western belief that the cow is sacred in this predominantly Hindu country. The changing nature of working with carrion and leather, moreover, has led to a redefining of what is *pure* within Hindu society. These developments raise a number of sociologically significant questions such as:

- What is the present state of knowledge regarding leather workers and the leather industry in India?

- What are the basic social, cultural and structural patterns that shape and affect the quotidian activities and long-term directions of the leather industry and its workers?

From these two questions comes the focus of this inquiry. Can Robert Merton's concept of *sociological ambivalence* help explain the effects that globalization has on cultures and how indigenous cultures in turn shape the way globalization processes unfold in particular places around the world? How do we study globalizing forces and their impact on the daily lives of people? Large-scale social changes at the global level have precipitated internal struggles at the social psychological level as India enters the twenty-first century. Merton (p. 7) focuses on "processes through which social structures generate the circumstances in which ambivalence is embedded in particular statuses and status sets together with their associated social roles." Simply, when there is great social change at a structural level, individuals experience tension between the old and new societal expectations. **This societal tension creates role strain for individuals as they are unsure of their expected paths during times of intense societal change.**

The two quotations from Vikram Seth's *A Suitable Boy* above illustrate what is at the center of the relationship between leather and its production in the ever changing and diverse Indian landscape, the tension between economic opportunity and cultural *pollution*. It is the sociology of this tension and the structural ambivalence created by the conflict between the historical model of Indian commerce, on the one hand, and the emerging global capital paradigm, on the other, that is at stake here.

Mary Douglas, in her classic work on Purity and Danger (1979), notes, “Caste¹ pollution is only what it claims to be. It is a symbolic system, based on the image of the body, whose primary concern is the ordering of a social hierarchy.” Symbolic or not, *purity* and protection from *pollution* are very real concerns in Indian society. Traditionally, so-called “Untouchables” were once not allowed to enter Hindu temples to worship, nor were even their shadows to fall on a higher-caste individual, as it would pollute the higher caste member – a belief shared by both groups (Béteille, 1996). As an integral component of Indian society, the significance of caste must not be overlooked particularly when discussing stratification. Dipankar Gupta cautions that a discussion of social stratification should not be subsumed by a discussion of the caste system (1991). Social stratification in India includes a lot more. It is not only the internalized but also the externalized traits—marriage rituals, dress, and customs—that help define stratification. Though there is this extreme form of social stratification in caste, — now illegal but still operative – India also shares occupational stratification, gender stratification, economic stratification and religious stratification with other cultures, just to name a few.

Religious stratification adds to the complexity of understanding the leather industry in light of economic globalization. While the Hindu caste system undergirds much of what guides Hindu behavior in respect to working in leather or not working in

¹ In ancient Indian literature, Indian society is divided into *varnas* or social groups: *Brahmins*, *Kshatriyas*, *Vaishyas* and *Sudras*. The *varnas* are further subdivided into castes and *jatis*. I will use caste as a way to reference Indian stratification as a general group ie untouchables or scheduled castes and in a specific sense as in *chamar* or *madigas*.

leather, it also impacts non-Hindus. Muslim Indians have a long history of participation in the Indian leather industry and occupy many prominent industry roles as they are outside the Hindu caste system and therefore do not have the religious prohibitions against working with leather, cow, and carrion. Their role in the industry, however, does contextualize their place in Indian society and further reinforces boundaries between Hindus and Muslims. It would be a mistake to think that Muslims alone participate in the industry or are attempting to profit from it.

India's leather industry provides a good case study for examining the link between macro-structural elements in society and social-psychological elements in individuals. Further exploration of the industry would provide an understanding of global economic changes at the grassroots.

The sociological ambivalence that the individuals and caste-groups participating in the industry experience in relation to the institutional structures of the industry emerge as they navigate between two simultaneous, discordant trends: emerging globalization with its emphasis on economic growth and profit, on the one hand, and the revulsion towards leather which emanates from centuries-old cow protection sentiments, on the other. This provides a classic case of sociological ambivalence in which individuals find themselves structurally pulled in opposite directions, inevitably resulting in contradictory behaviors as they try to adjust to both poles (Merton, 1976). What appears to be an inconsistency between culture and economy is a complex and diverse dynamic that has India's historically disadvantaged groups and its materializing new class of managers

struggling to find ways to cope with socio-religiously embedded cow protection sentiments² and the emerging effects of globalization on India's liberalized economy.

THE PEOPLE

The sins of Girdharilal Maurya are many, his attackers insisted. He has bad karma. Why else would he, like his ancestors, be born an Untouchable, if not to pay for his past lives? Look, he is a leatherworker, and Hindu law says that working with animal skins makes him unclean, someone to avoid and revile. And his unseemly prosperity is a sin. Who does this Untouchable think he is, buying a small plot of land outside the village? Then he dared speak up, to the police and other authorities, demanding to use the new village well. He got what Untouchables deserve.

-- Tom O'Neill (2003), "Untouchable"

This clash of systems between socio-religiously embedded cow protection sentiments and the emerging effects of globalization on India's liberalized economy – affects all strata of Indian society. The lower strata have more direct contact with the “polluting” aspects of the leather industry, and consequently, they are affected more profoundly. In the Hindu caste system, the worst jobs, those most stigmatized, are usually reserved for members of the lowest social groups, referred to as “scheduled” castes,

² These feelings of cow sacredness have survived in diverse groupings—religious, political and ideological—the legacy of the Cow Protection Movement of the late 1800s.

Dalits, or untouchables. Given the importance ascribed to purity and cleanliness in Hindu society and the social degradation associated with lifting and skinning cattle hides or any dead animal for that matter, it is no surprise that the leather industry has largely employed members of these social groups as well as persons outside the Hindu social system—scheduled tribes, untouchables or *Dalits* and Muslims—those defined as unclean. In an effort to shed the stigma of uncleanness and achieve a position of better value, leather workers have made conscious decisions to leave their former caste-oriented tasks. This process referred to as *sanskritization* by M. N. Srinivas is the process by which lower caste members have attempted to elevate their status in Hindu society by emulating the behaviors and rituals of castes above them (Parameswara, 1990). In doing so, however, many have faced fierce antagonism from other parts of the community, as they no longer perform their very necessary societal functions (Prasad and Rajanikanth, 1991). Some have even paid for their actions with their lives.

Conversely, the Indian government has targeted the leather industry for a “concerted export promotion effort” in an attempt to better compete in the global capitalist system (Saxena, et al., 1990). Consequently, what once was a cottage industry supporting rural-based lower caste members now includes large-scale economic actors in the form of firms and government agencies. Scheduled caste members and *Dalits* are being pressured into participating in economic activity that is culturally repugnant and politically problematic. In cases where these groups or individuals choose to continue in their traditional occupation—carcass collecting, flaying, tanning, leatherworks, or in some instances all of the previously mentioned tasks—they are deprived their traditional rights to do so by government intervention in the name of liberalizing the economy. State

government agencies have auctioned off carcass-collecting rights to the highest bidder (Saxena, et al., 1990).

On another level, a new class of *managers*, or more precisely the neo-managers is having greater contact with a population that was at once avoided at all costs. Not much is known about this class. Who are they? What is their relationship to their workers? What problems are they experiencing as India's economic system changes to accommodate global consumer demands? As the primary source for interviews, this group represents a relatively unknown quantity as most prior studies of the Indian leather industry focus on elites or on the artisans who are almost entirely from the lowest castes.

THE COW

India is home to one-fifth of the world's estimated cow population—over three hundred million (FAO, 2003). One can find these gentle creatures everywhere—pulling the rural farmer's plow in anticipation of the monsoons; bringing traffic to a complete standstill in one of India's many crowded, bustling cities; or stealing fruit from an unsuspecting street vendor. They serve functional roles by pulling carts filled with children on their way to school or by providing poor families with needed income from the sale of their milk. For Hindus, the cow is protecting and nurturing. In the nineteenth century, cow protection became a rallying cry in a cultural resistance movement that resisted European colonization. In the twenty-first century, they also form the foundation of a large, important sector of commerce in what some would call the neo-colonial era — the leather industry. Leather goods now comprise India's fourth largest export earner (Choudhury, 1998). Cows not only *represent* life in India; they *are* life.

According to Secretariat for Industrial Assistance, a Government of India division set up by the Department of Industrial Policy and Promotion in the Ministry of Industry, India's leather exports have grown from Rs. 32 *crores* in the year 1965-66 to Rs. 5798 *crores* in 1996-97.³ India's growth in the leather industry is part of an overall growth in the developing world (FAO, 2003). As so-called first world countries move away from this industry and on to light industries or technology driven industries, the developing countries have moved to fill this economic vacuum. Why does a growing Indian leather industry exist given India's pervasive and historic belief in the sacred cow? Is this the correct question to ask? Is it correct to assume a sacred cow in India? Why is India's sacred cow, as Marvin Harris puts it, one of our favorite sacred cows (1974)?

The importance of the leather industry to the Indian economy, of course, appears to contradict a long held belief that the cow is sacred in this predominantly Hindu country. What appears to be an inconsistency between culture and economy is a complex and diverse dynamic that has contributed to modern India's social composition. In fact, given Weber's contention that rationalization leads to the displacement of religion by specialized science as the major source of intellectual authority, our confusion about the leather industry seems misplaced. In other words, given the leather industry's place in a rapidly growing global economic system and the means-end rationality needed to succeed in the system, one should wonder how cow protection sentiments have survived despite India's efforts at modernization and secular democracy. These feelings of cow sacredness have survived in diverse groupings—religious, political and ideological—the legacy of

³ Rs. denotes rupees, India's currency. A *crore* is an Indian measurement equal to ten million.

the Cow Protection Movement of the late 1800s. The Cow Protection Movement as a social movement in India and the cow as the physical embodiment of the movement's ambitions form a dialectic. The intersection of this social movement and cultural icon serves as a significant site for a sociological inquiry.

ORIGINS OF THE STUDY

The impetus for this study began while I was doing fieldwork in India on a Ford Foundation grant during the summer of 1998. I was there to look at recent development strategies of self-identified Gandhian development groups, notably to ascertain whether or not environmental concerns factored into their decisions. The study lasted two and a half months and concentrated on four areas of the country: Delhi, Jaipur, Wardha, and Madurai and their environs.

I spent nearly a month in Madurai, where I developed a close working relationship with local university students and faculty as well as staff at the Gandhi Museum. Madurai is an historic temple city and the site of a famous nonviolent campaign led by Mahatma Gandhi against untouchability to which Martin Luther King, Jr., and Coretta Scott King paid homage in their trip to India. On nearly every field excursion a member of the aforementioned groups accompanied me and I had been promised assistance in the study from Professor S. Jeyapragasam, head of the Department of Gandhian Studies and Ramalinga Philosophy at Madurai Kamaraj University.

While conducting this fieldwork, I encountered several tanneries using cow hides as raw material. This situation perplexed me as I had always assumed that the cow's sacred status in India would preclude this practice. After making some inquiries of my

local contacts, I received conflicting answers about the existence of the leather industry and the cow's sacredness in India. The situation puzzled me in light of my own preconceptions and the insights provided by my local informants.

- Why is there such a large leather industry in India where the cow is considered sacred?
- How do workers cope with the stigma of working in this industry?
- Is the industry experiencing any shortages of labor or is it finding too much labor a problem?
- What role does gender play in the industry?
- What about social status/class?

Lacking the answers to these questions, I concluded that I would need to augment my observations.

Once back from the fieldwork experience, I undertook a rigorous inquiry of numerous texts at my research institute. I conducted a systematic survey of published primary materials on the Cow Protection Movement and relevant scholarship in anthropology, history and political science with an eye toward constructing a social history of the cow in India and explaining an overemphasis on the sacred cow concept in the West. This preliminary research allows a certain baseline of knowledge from which there can be a comparative analysis with respect to the effects of globalizing forces.

CENTRAL QUESTIONS TO THE INVESTIGATION

- What is the impact of economic globalization on Indian culture as seen through the Indian leather industry?
- What are the basic social, cultural and structural patterns with regard to leather workers and the leather industry?

To answer the second of this study's two main questions, a set of guiding questions have been created (Appendix DD). These are the questions based on the limited information available on the Indian leather industry and are intended to guide the process that will sharpen the interview schedule. The questions are divided into two roughly defined groups. The groupings generally represent the macro-level and micro-level issues involved in the study. Specifically, *individual* level questions deal with the individual workers and their managers. The answers can be limited to the industry. The issues raised in this section are more concrete and less abstract. *Firms and Organization* level questions concern the broader sociological implications of the study. These questions concern *ambivalence*, *technology*, and *sociology of the future*. Lastly, the questions are all aimed at the managerial class as they are uniquely positioned between the ever increasing demands of a globalizing economy and the limitations and strengths of the local cultural framework.

CURRY TABANCA: THEORETICAL ELEMENTS

In addition to contributing to the rich body of ethnographic studies done on deprived segments of India's population (Ram, 1992; Thakur, 1992; Parameswara, 1992; Ganguly-Scrase, 1994), this study draws upon and informs sociological areas such as social theory, economic sociology, socio-psychology and the sociology of development. Far from failing to find a single theoretical perspective from which to analyze this case, the study recognizes the complexities with which this area displays. Failing to address the various sociological areas of inquiry, dooms the study to a reductionist perspective that reifies a false perception of post-colonial Indian culture (Said, 1981).

Merton on Sociological Ambivalence

The sociological theory (of Ambivalence) deals with the processes through which social structures generate the circumstances which ambivalence is embedded in particular statuses and status-sets together with their associated social roles.

Robert Merton, 1976.

The importance of a social-psychological perspective is ever-growing as one of the products of modernity is the increasing contact individuals have with bureaucracies. Georg Simmel (1972) talks about it as the growth of "objective culture" which has a profound impact on the daily lives of individuals. Robert Merton takes careful steps to distinguish between psychological and sociological ambivalence. He uses the example of apprentice love to illustrate his point. Psychologically, "the apprentice esteems the master

and takes him as a role model while aiming to replace the master who, after a time, stands in his way” (Merton, 1976, 4). Sociologically, the relationship between master and apprentice may be one where, for structural reasons, there is no place to go for the apprentice after completing his training except the place occupied by the master. If, however, the apprentice were given an ample supply of places to go that were as highly esteemed as the place currently occupied by the master, then, Merton argues, the apprentice will be less motivated for structural reasons to develop ambivalence towards his master.

A status is simply defined as “a social position” e.g. manager, son, Chamar, worker. Roles are the expectation, rights and obligations that are associated with statuses. One expects a worker (status) to be punctual and work hard (roles). Merton argues,

that in its broadest sense of inconsistent normative expectations embodied in a social status or status-set, sociological ambivalence has been thoroughly investigated. But very little attention has been accorded ambivalence in its most *restricted, core sense of conflicting normative expectation socially defined for a particular social role associated with a single social status.* (1976, 8)

Simply put, it is the relationship of individuals to large-scale firms and organizations. For the Indian leather industry, the theory deals with the processes through which firms, government agencies and a changing economic structure generate the circumstances in which ambivalence is embedded in individuals and their castes or religion together with their associated social roles. This societal tension creates role strain for individuals as they are unsure of their expected paths during times of intense societal change. For example, the *Chamar* caste has historically had a “customary

obligation and right to render carcass recovery services to the village society” (Prasad and Rajanikanth, 1991). As a consequence of modernizing practices, the *Chamars* are leaving their societally defined role as carcass collectors. Interestingly, it is not just because of social mobility as mentioned earlier. Contract carcass collectors hired by large firms severely deplete the *Chamars*’ earning potential” (Prasad and Rajanikanth, 1991). Ambivalence about modernity is not new, nor are the ubiquitous “protest theologies” (Kurtz, 1995) and social movements that resist modernization and Westernization around the globe as late capitalism expands dramatically at the turn of the 21st century. The transitions from planned to market economies around the world are fraught with complexities (see, e.g., Roberts and Rodriguez, 1997; Roberts et al., 1995). In the midst of that turmoil, our understanding of the nature of sociological ambivalence and the social change processes that they address or precipitate will require a close look at the kinds of paradoxes that we find in the very idea of a leather industry in India.

Culture and Economy

The model case study of the interface between the economic and religious and cultural movements is Max Weber’s classic treatise on The Protestant Ethic and the Spirit of Capitalism. As Wendy Griswold notes, “if human beings require meaning to organize their lives, then culture, as a bearer of meanings, must make something happen in the social world” (36). For Griswold, Max Weber’s classic work on The Protestant Ethic demonstrates this perspective. Weber examines the mechanism by which a religious movement might influence material culture. His perspective places more emphasis on culture’s influence on the social world rather than the other way around. In this case,

Weber is not arguing that religion caused capitalism, but he is interested in the extent to which religion influenced the formation and expansion of the spirit of capitalism (Griswold, 1994). Weber argues that Protestantism helped to usher in the capitalist economic system. An aversion to wasting “God-given” time coupled with the Calvinist concepts of predestination and a calling promoted hard work and a justification for wealth accumulation. Unable to spend earnings on luxuries and frivolities, wealth was reinvested in the enterprise. Thus, religious belief and economic rationality, so frequently in tension, are fused in the spirit of capitalism.

This pattern of action, when repeated and institutionalized, eventually loses its religious underpinnings and results in a world that Weber argues contains: “Specialists without spirit, sensualists without heart; this nullity imagines that it has attained a level of civilization never before achieved” (Weber, 1958). What then is the relationship of culture to reason? In Weberian terms, one would expect instrumental reason to “win.” In the case of India’s leather industry, many of the statuses that individuals occupy in maintaining the industry have seemingly lost their religious relevance. What was once religiously based – issues of purity/pollution, cow protection – appear to be unimportant. Is this really the case?

Robert Wuthnow furthers Weber’s argument to connect religion with economic life (1994). According to Wuthnow, Weber cites the tension between ethical religion and economic life as resting in the distinction between “value-oriented rationality and the systematic coordination of *means* and *ends* that characterizes modern instrumental rationality” (Gerth and Mills, 1958). In the case of the Indian leather industry, this tension manifests itself in conflicting goals of desirability. For instance, Hindus find

tension in their desirability to protect the cow for religious reason and their desirability to profit from cow slaughter, flaying, or leather works. They are torn between the value rationality of cow protection, on the one hand, and the instrumental rationality of economic gain through the leather industry, on the other. The institutions of Indian culture and the global economy thus create, for the leather worker, a classic case of sociological ambivalence which must be worked out on the ground by those working in the leather industry. Muslims, conversely, are torn between the between the instrumental rationality of economic gain through leather production (as they have no religious prohibition against cow slaughter or working with leather) and value rationality of the stigma associated with leather in Indian society which is infused with a Hindu ethos.

Stigma: Issues of Pollution

A consequence of doing culturally polluting work is being stigmatized. Stigma refers to “the permanently discredited (or discreditable); those with some attribute that leads them to be ‘reduced in our minds from a whole and usual person to a tainted and discounted one’” (Goffman, 1963). For Goffman “the stigmatized individual tends to hold the same beliefs about identity that we do” (1963). In her work on “drama artists” in Tamil Nadu, Susan Seizer points out that “stage actors are stigmatized and know it. Indeed, ‘knowing it’ is a constituent part of the full-on phenomenon of stigma” (2005). Stigma is important in this context as historically working with leather or carrion has been stigmatized in India’s social hierarchy as “polluted” work. For Hindus and Muslims alike there is a stigma associated with working in leather. Seizer continues, “both parties equally share an awareness of the dominant values of their culture and can play out the

fearsome scenarios of stigma both on the ground and in the head” (32, 2005). The stigma associated with leather and cow slaughter is systemic and continues to influence stratification in Indian culture. The vast majority of Hindu workers in the industry still come from lower caste Hindus and untouchables or *Dalits*. Muslim workers are also from the lowest rung of society as a recent report *Social, Economic and Educational Status of the Muslim Community of India* (Prime Minister’s High Level Committee: Cabinet Secretariat, 2006) highlighted that *Dalits* were better off overall than Muslims in India. Muslims usually occupied a space above or near *Dalits*, but now had fallen terribly behind and was located at the bottom of the socio-economic status ladder. While Muslims do occupy important statuses in the leather industry, they also constitute a large segment of the workforce that participates in the less hygienic and environmentally dangerous part of the work. This activity further stigmatizes Muslims along professional as well as religious lines.

Economic Globalization

Much has been written recently about globalization. Some debate whether it has always existed or never existed or if it does, they debate its nature. Saskia Sassen uses the global city as her node for analysis of neoliberal practices associated with globalization. The global city is part of a transnational network that serves as a basis for transacting business (2000). The Indian leather industry is too diffused geographically for this model to bring much meaning to understanding social change in India. In other studies of Chinese workers, it was found that American managers in Shanghai wanted to change the ‘software’ of the Chinese employees. This task was “more difficult than reengineering a

computer, since foreign companies have to deal with a host of individual agendas, styles of entrepreneurialism, and ethical interest” (Ong, 2006). Ong’s study is analogous to the Indian leather industry in that the industry has to change its practices, thinking and production to meet a myriad of western consumer demands but they are accomplishing these tasks in both systemic and individual ways dependent on the Indian economic structure and Indian cultural expectations. So what then is globalization?

For our purposes, we make a distinction between cultural and economic globalization. Cultural globalization has more to do with mass media/communication: television shows, movies, songs. Economic globalization however, is defined “as the intensification of international economic exchange and the label for the contemporary era of international economic integration. Thus, globalization involves the current economic environment shaping welfare states and the heightening of concrete economic exchanges between countries (Brady, Seeleib-Kaiser, & Beckfield, 2005, 922). Joseph Stiglitz provides a more accessible description when he says, “it is the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge and (to a lesser extent) people across borders” (Stiglitz, 2003, 9).

A focus of economic globalization has been “the rules which mandate or push things like liberalization of capital markets (the elimination of the rules and regulations in many developing countries that are designed to stabilize the flows of volatile money into and out of the country)” (Stiglitz, 2003,10). It is this area that provides the context for examining the change occurring in India’s leather industry and in Indian society.

METHODS

We believe that the case study occupies a special place in the conduct of social research and that his achievements cannot be matched by the large-scale sample of many cases.

A Case for the Case Study (Feagin et. al.1992, 22)

In order to investigate the dynamics of the transforming Indian leather industry, I rely on two major sources of data – two journals published by the industry itself and a series of in-depth interviews with industry managers. Using information gathered on the internet and from my Indian contacts, I chose to focus primarily on tanneries and leather product manufacturers (LPM) in Tamil Nadu. The interviews were conducted primarily in Chennai (formerly Madras), the site of several major national leather institutes including the Council for Leather Exports, Central Leather Research Institute as well as several exporting firms. South India and specifically Tamil Nadu represents an ideal location from which to conduct this study as the region has a high concentration of tanneries, leather product manufacturers as well as national leather institutions. The Periamet neighborhood in Chennai is considered by many to be the epicenter of the leather trade in India. Shankaran explains,

Chennai is the gateway to one of the most important leather manufacturing pockets of the country...Like most commodity businesses, the trade felt the need for a central market place. Easy access to transport hubs such as the port and the railway station seem to have been key reasons for a wholesale market taking root in Periamet. (2003)

As leather goes in this region, so leather goes in the rest of India.

An adequate exploration of this complex topic required the use of multiple methods that provided information from several different angles. Part one of the project was a broad synthesis of existing literature on the leather industry in India. Prior to engaging in fieldwork, I created a compilation of cases on the leather industry using an exhaustive library search of books and articles at the University of Texas libraries, but also through inter-library loan and with the assistance of researchers in India who helped me obtain sources difficult to access in the United States. This part of the study focused primarily on publications concerning the actual tanners, flayers, carcass-collectors: social surveys, community studies, government reports (local, state and national), ethnographic studies and internet sources. Some of these sources included but were not limited to the following: *UNIDO Guides to leather and leather products*, *International Labor Organization publication to the leather industry*, India's Central Leather Research Institute's *Survey of India's Export Potential of Leather and Leather Products*.

An important component of the project was the data examined in two journals of the Indian leather industry. These journals provided the very basis for determining the characteristics of the global capital type. In other words, it tells us what economic globalization looks like from the perspective of the Indian leather industry. The journals articulate what is important for the industry or what should be considered important. They provide crucial information to help the leather firms prepare for the coming economic changes in India's economic system and ways to compete successfully under the already existing rules and regulations.

The journals highlight just how complicated this industry can be when one sees the huge array of styles, colors and textures that leather can have. Style and fashion are

very critical elements in the Indian leather firms competing successfully in the global market. Gone are the days when the industry produced leather or parts of leather products. The industry wants to move up the commodity chain to capture greater profits. The journals is very instrumental in keeping its readership aware of the latest styles, colors and fashions as determined by the fashion houses in Europe. Finally, trade journals are an often overlooked source of data about an industry. In this case, the journals provide primary accounts about the Indian leather industry itself. The journals, as a source for the traits of the global capital type, will have some of its positions articulated in the manager interviews as they are its primary readership.

I examined two journals, *Leathers(L)* and *Indian Leather(IL)*. *Leathers* is published monthly by the Center for Leather Exports (CLE) a quasi-governmental agency charged with promoting the exports of leather goods. Its audience is primarily Indian leather goods producers who export their products and secondary, their consumers. Some of the Industry's leaders are affiliated with CLE. The Chairman of CLE is usually a president and owner of one of the bigger leather firms. *Leathers* is very much focused on global trade and is primarily interested in increasing exports. *Indian Leather* is an independently published trade journal aimed primarily at tanners and more generally at those in the leather industry. It is published monthly in Periamet, Chennai. This journal has strong connections to the Central Leather Research Institute (CLRI). CLRI is concerned with research and design and generally improving the science of leather making. This organization is very much connected to the tanning sector of the industry. They have been very involved in helping the tanneries become environmentally compliant – both under Indian law and global environmental regulations.

In one of my many conversations with my strategic respondents, I made a comment about *Leathers* providing good information for understanding the industry and its future under globalizing conditions. One strategic respondent asked if I knew why it was so. I answered that I did not know. He then pointed out that the Chairman of CLE is almost always an owner or manager of one of the largest, most profitable leather firms. “They rotate,” he told me. These chairmen travel around the world to leather fairs and meet with large importers and government officials. The organization subsidizes their networking activities. It is this group that primarily dictates the themes of the journals to the industry. One group, he continues, the Farida group is making for Wal-Mart. Their volume is very large, but their profit margin is very small compared to other companies. He thinks that this group is killing themselves to make such a small profit-margin.

Because the leather industry has been examined primarily from an economic perspective without regard for sociological ambivalence, the study of this phenomenon needed to rely on primary data gathering. No existing panel or national survey contained the needed data. In this study the researcher interviewed individuals working at the managerial level of the industry as well as industry and company officials. The latter is necessary to determine what role, if any, the officials played in generating the circumstances which ambivalence is embedded in particular statuses and status-sets together with their associated social roles. Finally I supplemented my interviews with lengthy discussions with two strategic respondents who helped provide a context for the data as I gathered it (Smith, 1999).

I interviewed 24 managers of tanneries and leather product manufacturing companies. The managers, as they are at the intersection of economic globalization and

Indian culture, can articulate best the tension that arises from intense social change. As we will see in Chapter two and three, the manager narratives will articulate elements of both types as 1) Indian society is changing to integrate the demands of economic globalization and 2) the industry is attempting to create a new type of industry. The complexities of the Indian leather industry required a methodology that could uncover some of the layers of changes occurring there and the cultural and personal contradictions that they were precipitating. The interview schedule consisted of a general set of guiding questions rather than standardized questions in terms of a stimulus/response paradigm (Mishler, 1986). The managers were very patient with me as I took copious notes and asked them to repeat certain comments for clarity and accuracy. On a previous trip to India, I learned that recording interviews would be highly problematic as there is constant noise from the shop floor and numerous interruptions by peons and other underlings. We were patient with each other as I endured their work interruptions and as they endured my note-taking. All of the managers gave me permission to use their identity, but for purposes of this study, pseudonyms are used.

Although I examined documents and studies regarding globalization processes and the leather industry, the core of the project was an ethnographic case study (Feagin et al. 1991; Visweswaran 1988) rooted epistemologically in Herbert Blumer's symbolic interactionist approach (1969). Symbolic interactionism places importance on the meanings people give to things and actions and uses "sensitizing concepts" to shed light on complex social phenomena. This approach is consistent with Merton's suggested orientation towards studying sociological ambivalence; extensive interviews that consist of both directed questions and more general open-ended inquiries are necessary to

facilitate the examination of social psychological and structural dynamics that cannot be found in simple survey data or statistics on the economic sphere (See appendix DD). My interviews included primarily *elite* samples. I focused on managerial-type workers. At this level, English-speakers were relatively easy to find especially given south India's widespread use of English though the individual level of fluency varied.

Weber's "Ideal Types" Concept

An ideal type is an analytical construct that serves the investigator as a measuring rod to ascertain similarities as well as deviations in concrete cases. It provides the basic method for comparative study.

Coser, 1977, 223-4

Weber's *ideal types* are "abstractions from, and hence simplifications of, concrete social reality, rather than mirrors or full depictions of it" (Camic, Gorski, & Trubek, 2005). As such, the term is useful in examining the changes that have occurred in Indian society and culture through the changes in the Indian leather industry. They seek to capture from the analyst's viewpoint 'typical' features of a complex reality. "In Weber's usage, then, ideal types are analytical tools that help the investigator to identify recurring features of the sociohistorical world: action patterns, kinds of social actors...organizational structures, developmental processes and so on" (Camic, Gorski, & Trubek, 2005).

The study employs this concept to construct two ideal types: the *historical type* and the *global capital type*. The historical type describes the Indian leather industry

during the period beginning with independence from British rule and continuing until the period that is characterized by the beginning of industrial modernization⁴ in the 1970s. The *historical type* represents the leather industry before the economic liberalization of the early 1990s that ushered in the era of globalization in India. It provides the baseline from which we can better gauge the impact of economic globalization on culture. Using this method, what we lose in empirical precision we gain in theoretical precision (Camic, Gorski, & Trubek, 2005). The type has the following traits:

Mostly rural. Workers are provided by occupationally-based caste. Pulled from the *Dalits*, castes like the *Chamars* and *Chakkiliyars* etc. perform tasks associated with carcass collection, flaying, tanning and shoe-making.

Small-scale. As a nod to Gandhi, the Indian government has promoted small-scale business, of which most of the leather industry in the historical type are small businesses.

Over-specialization. Tanners tan one kind of skin and they only tan. Shoemakers only make shoes. There is not a custom or desire to control more than one part of the commodity chain.

Gender. Women that worked in the historical type were wives of *Chamars* and other untouchable groups responsible for leather work. They worked in the home as unpaid labor.

⁴ By modernization, I don't mean to make a distinction in opposition to traditional. Modernization in this sense refers to a modernization of machinery and processes in a national effort to increase production in the leather industry.

Labor. As the labor pool is drawn from the lower castes, the attitude towards them by management is that they are low-caste, uneducated and unprofessional. Labor laws are restrictive to business. Firing is difficult and has a consequence of limiting growth. Unions, frequently caste-based, enjoy protections.

Religion. The organized sector of the industry is mostly controlled by Muslims as they have no prohibition of working with cowhides. Stigma, however is unavoidable.

Cow. The cow is still sacred and has been used as a putative Hindu symbol in cow protection movements. However, cow hide are heavily source from India in this period. Because of a drought, and the pressure brought on by the need to earn income, many people sold their cows as the cows' hides were now worth more than the emaciated cows. This event spurred a pattern of exporting Indian hides that continues.

The second type, the global capital type, describes the Indian leather industry as characterized in the two leather journals published by the leather industry: *Leathers* (L) published by the Council for Leather Export and *Indian Leather* (IL) an industry journal with a tanner's perspective. This type is a characterization of the industry both as it wants to be and be seen. It represents a general view of the industry from the 1970s modernization period through the advent of economic liberalization in 1991 and beyond. This type has the following characteristics:

Semi-rural and urban. This industry is less cottage-industry and more formal, and organized. The workers still come from the same caste-groupings. However, now they include other scheduled caste-groups or *Dalits* that are poor e.g. agricultural workers.

Large-scale. In an effort to match the Chinese leather industry and meet the needs of the Wal-Mart and Targets of the world, the Indian leather industry wants the ability to get larger faster. They believe economies of scale are more efficient and profitable under large-scale industry status.

Diversification. There is a custom or desire to control more than one part of the commodity chain. Many tanneries own shoe or garment production units or vice versa. Though some tanneries specialize in specific types of hides or skins, the trend is to be flexible and meet the needs of any customer to work with any kind of leather – calf, goat, cow.

Gender. Women are now encouraged to work in the factories. The leather industry touts its ability to higher weaker segments of society part of which includes women. Women in this type creates ambivalence for communities that are concerned about women's reputations and "honor."

Labor. The labor pool is still drawn from the lower castes. Labor is losing much of its power. Many industrialist would like sweeping labor reform particularly in "hire and fire" policies.

Religion. The organized sector of the industry is still dominated by Muslims as they have no prohibition of working with cowhides. However, Hindu managers and owners are entering the industry. The journal narrative sees no

religion in the industry. Stigma, however is unavoidable though somewhat diffused in its impact on the individual.

Cow. The cow is still mostly protected by popular Hindu sentiment. However, the industry regularly sources its cow skins from abroad. Managers and owners avoid local sentiments by sourcing their cow hides from abroad.

In a Goffmanian sense, the global capital type represents a presentation of self on a macro scale. By studying these two periods of the industry, one can identify a simplification of rather than a mirroring of the change occurring in Indian society due to globalization processes. Greater empirical precision means less theoretical precision and vice versa (Camic, Gorski, & Trubek, 2005). The two types also provide the frame from which to examine the sociological ambivalence experienced by managers that accompanies this change. I will use the two *types* to measure, at least descriptively, the change in Indian culture due to globalization and to represent the intersection of the types as the site of sociological ambivalence. It is this change, from one type to another, which precipitates the experience of sociological ambivalence that emerges out of the structure of the leather industry of independent India.

ECONOMIC POLICY SINCE INDEPENDENCE

India possesses what is arguably the most complexly mixed economic system in the world. On the one hand, with the possible exception of rural sub-Saharan Africa, it is the world's largest repository of the Old Traditional economy, a system of nearly self-sufficient villages operating within the socio-economic context of the caste system associated with India's predominant Hindu religion. Within these villages the *jajmani* system of reciprocal labor exchanges partially persists, and most people

continue to work in the professions assigned to them according to their caste by birth. (Rosser, 2004, 453)

A major part of understanding the impact of economic globalization and consequently the resulting changes, it is helpful to explore briefly developments and tensions in India’s economic sphere from the time of independence (See the timeline in Table 1.1). Indeed, independent India’s political leadership was struggling to chart a path that included two sharply divergent models of economic development.

| | |
|--------|--|
| 1840s | French Eurasian Charles De Susa sets up tanneries in Pondicherry and Madras Presidency |
| 1876-7 | Famine. Increased expansion in export of hides and skins |
| 1917 | Chrome tanning gains popularity |
| 1947 | Independence |
| 1951 | Socialism and small scale industries; license permit Raj |
| 1966 | Indira Gandhi becomes prime minister |
| 1969 | Increase in License permit Raj system: reservation system that greatly restricts the size of firms in certain industries |
| 1970s | Environmental issues and high labor cost begin shift of leather from West to India and others |
| 1972 | Seetharamaiah Committee. Ban export of Raw Hides and Skins and promote export of finished leather and leather goods with higher value addition for foreign exchange earnings |
| 1991 | Liberalization begins. Tariffs fall |
| 1995 | India enters WTO |
| 1996 | Supreme Court of India directs closure of tanneries without Effluent Treatment Plants |
| 2000 | Tannery Modernization program begins in India |
| 2005 | I conduct interviews |

Table 1.1: Timeline of the Indian Leather Industry

On one hand, there was the small-scale, labor-intensive village industry model promoted by the father of the country, Mahatma Gandhi, as part of the freedom struggle, mobilizing India’s vast pool of labor as its major asset and putting people to work at the grassroots to become economically independent from the British colonial system that saw

India as primarily a source of raw materials and labor for a larger global economic empire. On the other hand, there was the socialist model of large-scale, centralized, state-controlled industrial development model that promised economic prosperity controlled on behalf of the people by a large state bureaucracy. The Gandhian model pushed economic development toward a grassroots, domestically-oriented *swaraj*, that is a self-sufficiency that begins at the village level. The socialist model, which appealed to the young Nehru and other members of the Indian elite studying at Cambridge and Oxford as a dissenting, anti-imperialist system in the colonial days, pushed India toward the global economic system with its emerging international markets. The result was a mixed economy with severe restrictions on the movement of capital and influence across the borders of the new politically independent India.

THE MOVE TOWARD CENTRAL PLANNING AND SOCIALISM

The Bombay Plan of 1944 served as a precursor of the inherent tension that would exist at the start of independence between Nehru and industrialists such as J. R. D. Tata. In an effort to form cohesiveness in the business community, the Bombay Plan articulated a path to increasing national productivity. The priority would be to develop heavy industries and reduce dependence on foreign countries. However, it was also suggested that all economic activity be controlled by the state. Under this plan, the business community did not have the kind of freedom they desired in managing their business affairs. “The authors of the Bombay Plan were in fact far from sharing the Nehruvian concept of planning. For them it was the state that was at the service of capitalism” (Vaugier-Chatterjee, 2004, 80).

NEHRUVIAN SOCIALISM

After independence, it was important for leaders to redistribute wealth and to prevent the extreme concentration of wealth that would come with industrialization. “The All India Congress Committee (AICC) reiterated its preference for an economy guaranteeing maximum levels of production but without private monopolies or concentration of capital” (Vaugier-Chatterjee, 2004). What eventually happened in the Industrial Policy Resolution of 1948 was an affirmation of the state in the process of industrialization and an acknowledgement of the state’s dependence on private enterprise. This process was applied to the five-year plans from 1951 onwards (Vaugier-Chatterjee, 2004). Nehru’s support for parliamentary democracy kept him from implementing full egalitarianism due to opposition from well-organized landlord groups opposed to land reform. Likewise, there was a severe clash between elements of the Gandhian approach and the Soviet model. Gandhi opposed the development of heavy industry, supported small enterprises and decentralized labor-intensive activities, and also generally supported private ownership rather than state ownership of enterprises. However, Nehru and Gandhi were in agreement on the need for import substitution policies and national self-sufficiency (*swaraj*), and in opposing sectarianism (Rosser, 2004, 466).

Also in 1951, the law was passed that established the system of licenses and permits for private industries that would expand to an enormous set of detailed regulations and controls, collectively and derisively known as the *License-Permit Raj*. This system would be expanded under Indira Gandhi by a law in 1969 that allowed controls on the size of firms in various industries and a law in 1973 that controlled access to foreign exchange by firms for importing inputs. Although gradually being relaxed,

both of these latter two came to be associated with extreme inefficiencies and distortions in the economy, with, for example, access to imported raw materials being negatively tied to a firm's capital stock utilization rate, leading to excess accumulations of capital stock while restraining production (Rosser, 2004, 467).

INDIRA GANDHI'S LICENSE PERMIT RAJ

In 1966 Nehru's daughter, Indira Gandhi, became prime minister and increased the role of Indian bureaucracy in managing and realizing five-year plans. This bureaucracy was the architect of a system of controls designed to regiment economic activity. Gradually, the administration fell into the habit of red tape, which effectively put a brake on industrial growth" (Vaugier-Chatterjee, 2004). Starting with banks in 1969, the year that the monopoly control act was passed limiting the sizes of private firms in many sectors, a wave of nationalizations swept through industry after industry,. This was the *reservation system* that eventually extended to over 800 commodities. The reservation system gave protection and large incentives to small-scale industries even going so far as to reserve entire production lines in some industries. Indira Gandhi, reelected in 1971 on a pro-nationalization platform, proceeded to nationalize the coal industry and also general insurance that year, although life insurance had been nationalized in 1956. 1972 saw nationalization of the second largest steel company in India and the beginning of nationalizations of copper extraction and refining through management takeovers that were completed in 1976. Finally, between 1972 and 1976 there was a major wave of nationalizations of cotton textile mills. Most of these nationalizations were made to protect employment and the interests of organized labor. The remaining private cotton

textile sector was placed under strict regulatory controls (Rosser, 2004, 470). This period of nationalization and regulation trapped India's economy in its own *iron cage*.

THE CHANGING 1980S

In 1984 Indira Gandhi was assassinated and Rajiv Gandhi was elected Prime Minister. "In economic terms, a change of direction was observed, marked by a hardening of the attitude towards the public sector and compensated by a more favourable approach towards the private sector" (Vaugier-Chatterjee, 2004, 90). Rajiv Gandhi's election marked a move away from Nehruvian socialism. Rajiv Gandhi, educated abroad and married to a foreigner, decided to open India to the world market. He was able to secure loans from the International Monetary Fund (IMF) and initiated the process of deregulation and import liberalization (Vaugier-Chatterjee, 2004, 91). He also loosened controls of the state-run computer and software industry which led to the development of the Bangalore computer boom (Rosser, 2004, 471).

Economic Reforms in India, Liberalization and the WTO

In 1991 Rajiv Gandhi was assassinated. The new government inherited an external debt that barely had any foreign exchange reserves. This situation precipitated the inevitable shift to a market economy. A number of reforms ensued including the virtual abolition of the 1969 anti-trust law which now allowed large businesses to exceed prior limits placed on expansion without prior approval. The License Raj was severely limited in its former capacity to regulate business. Many businesses could now expand

freely. The investment of foreign capital in India was also liberalized. “All industrial activity had to be open to competition” (Vaugier-Chatterjee, 2004, 93).

Among the most striking of the reform policies was the effort to reduce tariffs and import restrictions more broadly. It has been widely claimed that India had the most highly protected economy in the world against imports, or at least one of the most, as of 1991. Between 1991 and 1998, the average unweighted tariff rate fell from 125% to 35%, while the average weighted tariff rate fell from 87% to 20%, a dramatic fall by any measure, although rates were also declining in neighboring countries and trade partners. (Rosser, 2004, 472-3)

Lastly, the World Trade Organization ordered India to remove the remaining restrictions on trade such as quotas. This process of trade integration has continued in a relaxation of limits on foreign direct investment (FDI), a practice that is slowly coming to the leather industry. Consequently, many new joint ventures have started. “Despite these moves to reform there remain many restrictions on trade and investment that simply seem irrational. Thus, there are export restrictions on some raw materials to keep their price low for domestic customers” (Rosser, 2004, 473-4).

There has been a substantial reduction of the reservation system that has restricted the size or expansion of firms in many sectors. This practice has not been completely eliminated and remains in place for cotton textiles. Some speculate that this is a nod to Gandhian economic thought although critics note that this is a potential export industry that is being held back (Rosser, 2004, 474).

Despite these reforms, many other areas remain little changed, with labor policy being an especially significant one. A series of laws are in place to protect non-agricultural labor from unemployment. Workers can be fired only with government permission. Unsurprisingly this makes firms reluctant to hire workers. The lack of bankruptcy laws and the restrictions

on firm closures sometimes leads owners simply to abandon plants.
(Rosser, 2004, 474)

These conditions prove to be major considerations for leather producers as will be evident the interviews discussed later.

There continue to be many other restrictions that have similar counterproductive effects, leading many to conclude that India has had the worst effects of both socialism and capitalism in its experience. The rent-seeking License-Permit Raj may be reduced, but it is far from dead.
(Rosser, 2004, 474)

It is this duality that further articulates the context for the changes in the leather industry.

LEATHER INDUSTRY

In India the leather industry utilizes a byproduct of slaughterhouses (domestic and foreign) as well as the collection of fallen animals and then processes the raw materials into various types of leather and manufactured products. There are three general stages in the process. The first stage is the recovery of raw materials—hides and skins—that have been recovered from fallen, dairy, draught animals or animals from slaughter houses. In India these animals are primarily cows, buffaloes, goats and sheep. Leather tanning and finishing is the second stage that involves a major investment in chemicals and access to large amounts of water. In this stage, the raw material is dehaired and preserved before actually turning the raw skin into leather. The third stage which is the production of leather products—belts, wallets, purses, gloves, shoes, jackets—can vary from ‘cottage-industry’, handmade products to more mechanically produced products.

Many studies have been done on the *Chamar* caste of North India (Waardenburg 1988, Haider 1997, Pal 1980, Knorringa 1999). These and other studies provide the data

for constructing the *historical ideal type*. While the data on leather as an industry, the studies done on leather workers provide not only information on the day to day activities of the *Chamar* and their specific caste occupation, but it also sketches out the structure of the historic leather industry. Given the claim that traditional castes are leaving their position as leatherworkers (Thakur, 1992; Prasad and Rajanikanth, 1991; Kumar, 1997), who are the new leather workers? Are they like the *Samagars* of the southern state of Karnataka where upper caste masters have been replaced by *Samagar* masters (Kumar, 2000)?

Pre-1970s

At the time of independence the leather industry – like much of India’s economy – was torn between the small scale Gandhian and cottage type of production units with their emphasis on employment and poverty reduction, on the one hand, and the development of modern large scale industry. As Waardenburg (1988, 133) observes,

there is quite a difference between modern small scale industrial unit of production, which differs more in size and than in technology—more precisely capital-labor ratio—and modern large scale units, and a traditional scale industrial unit—including household and cottage units—which has not only a technology, but also a style of management which differs considerably from any modern, large or small scale unit. While the traditional type of units may be sitting in the draught of modern industrialization, they appear to employ relatively more and poorer people.

The initial phase of the leather industry was a series of units created by the Europeans in the early nineteenth century, with an emphasis on supply skins to European leather producers in Great Britain, France, and the Netherlands (Flamant, 2003, 103). It

was a classic colonial exercise in which the colonies were used as a source of raw material for the European industrial machine.

The colonizers recruited Muslims, who did not have the same notions of purity and impurity as the Hindus, to manage the units and the procurement of hides. But leather was handled strictly by certain lower castes. Very soon the region was not able to supply enough skins to satisfy the needs of the European markets. It became necessary to look further afield and tap sources in north India. But transport delays and the rather hasty curing methods caused much of the stock to rot during transportation. Business became less and less profitable and working conditions very uncertain. In the mid—nineteenth century, the few European tanners in the area abandoned their tanneries.

The Muslims then gradually gained a foothold in this sector. Some of them had been trained in management by the Europeans. Others started to create their own units. Along with the development of tanneries, they took over control of the networks within the British Empire. By the mid-nineteenth century, Muslims had the monopoly of both tanning and manufacturing, which they slowly mechanized. For approximately a century, that is till the end of the 1960s, these tanneries produced semi-finished leather according to the traditional vegetable-tanning methods.

From the 1950s on, the government began to promote the modernization of the leather industry. After independence, leather ranked fourth in importance among Indian exports. It was sold as semi-finished leather to Great Britain, which enjoyed a quasi-monopoly on the product and its transactions. The quality requirement for intermediary tanning was not very strict. Leather pieces were simply graded and sold in lots. For the tanner, the relative advantage of this minor quality-requirement (Flamant, 2003, 104) was

accompanied by the certainty of selling his products. But this situation strengthened the British position and subordinated production (Flamant, 2003, 105). Most industrialists jibbed at making fresh investments and preferred to submit to the British monopoly, which despite its drawbacks, ensured the sale of their goods (Flamant, 2003, 105).

The Indian government encouraged industrialists to deal in finished leather, whose value-added for exports was greater than that of semi-finished leather. In 1972, the Seetharamaiah Committee, composed of experts from CLRI and some pioneering industrialists, proposed a draft bill whose objective was to stop the export of skins and semi-finished leather through fiscal deterrents, and facilitate leather exports of finished products (garments, shoes, fine leather goods).

The production of the finished leather increased thereafter in India and broke the British monopoly (Flamant, 2003, 105), setting in place the kind of changes in the leather industry that are the focus of this study. Ironically, the move by the government to make India's leather industry independent from British control and to facilitate the growth of an indigenous industry set in motion a chain of developments that resulted in the creation of an industry increasingly dependent on a global capital model whose standards and corporate culture were constructed outside of India and foisted upon not only the captains of the Indian industry, but also its vast network of very poor, largely uneducated, and traditional workers.

Post-1970s

The 1970s witnessed a change in industrialized nations and their domestic leather industry as well a real shift in Indian policy towards the leather industry.

Rising real wages in the USA and many European countries and their concern about environmental damages from tanneries, and the availability of chrome tanning process, basic materials, and chemicals in India favoured the growth of the tanning industry in India in the 1970s. (Sankar, 2007, 108)

This development is articulated in the journal articles and is a common pattern of industries shifting from post-industrial countries to developing countries.

The government accepted major recommendations of the Seetharamaiah Committee in 1972 such as ban on export of raw hides and skins, quota-restriction on semi-finished leather, an increase in finished leather manufacturing capacity, and a comprehensive scheme of incentive for boosting exports of finished leather and leather product. (Sankar, 2007, 108)

With this development, the leather product manufacturers lost their captured base of raw material.

During the 1980s, large industrial groups owned by a few Muslim families, the new local dynasties, were formed: several firms began to manufacture the complete shoe, and the shoe industry really took off and radically modified the socio-economic landscape of the towns of the region. A growing minority of high-caste Hindu entrepreneurs (Chettiars and Brahmins) now developed an interest in this sector (Flamant, 2003, 106).

1990s Liberalization and Environmental Crisis

The 1990s witnessed important changes, both in the domestic and external environments, requiring policy responses from the Government of India as well as from the leather industry. At the domestic front, the Government of India initiated the New Economic Policy in June 1991. Domestic concerns about environmental pollution from

tanneries culminating in public interest litigation resulted in the Supreme Court order of closure/relocation of tanneries not complying with the revisions of the Water (Prevention and Control of Pollution) Act of 1974.

On the external front, a new trading regime with the WTO as a global institution came into being on 1 January 1995. India, as a Member of the WTO, has an obligation to conform to its commitments on the trade policy. Environmental considerations were brought into the world trade agenda. Developed countries, particularly the USA and members of the EU, tightened the environment requirements on imports of goods of polluting industries such as leather (Sankar, 2007, 139).

THE PLAN

The chapters that follow will outline the two major ideal types of Indian leather production and conclude with an exploration of the sociological ambivalence created by changes in the industry in recent decades.

Chapter Two, based primarily on other studies and secondary literature on the industry, supplemented by interviews with leather industry managers, outlines the characteristics of what I am calling the “historical type,” that is, the leather industry as it is organized in the early 1900s-1960. The industry’s managers were caught between a labor pool rooted in a very traditional India and the winds of global capitalism and were forced to mediate between the two.

Chapter Three, based primarily on a content analysis of Indian leather industry journals, explores the characteristics of the “global capital” model of leather production emerging as India becomes increasingly integrated into the global economic system. The

authors and editors – as well as advertisers – in the journals present an image of the new global capital type of leather industry. They provide a mechanism for socializing the industry's managers into the world of contemporary industry, with its eye on the latest fashion trends and technological innovations that any new captain of industry must understand if their company is going to survive the sea change occurring in the global scene. The journals also present to the world and their prospective market, the new face of Indian leather: a sophisticated, rational, and creative industry that parallels the well-known quality of the Indian IT industry, in contrast to the small-scale village industry where much of the production takes place in small facilities one could scarcely deem a factory, and some of it even in the modest village homes of the leather workers.

The final chapter explores the implications of the structured ambivalence created by the clash between these two models, both for the industry at large and for those who face it in their daily lives. It examines the inevitable oscillations back and forth between a traditional India with its kinship-based, small-scale village oriented culture that protects the cow, on the one hand, and the fast-paced world of global capital with its rational-bureaucratic large-scale social organization and a corporate culture that protects the generation of profit.

Chapter 2 The Historical Type

Sometimes he saw cart-loads of hides coming in from villages or marketplaces being pulled by buffaloes who were almost dead themselves.

Vikram Seth's A Suitable Boy

Historically, the Indian leather industry has been founded on small-scale, kinship-based enterprises organized along caste lines and with highly ritualized practices and procedures, but little rational bureaucratic organization. It was a “rural craft performed mainly by a rural serf” (Roy, 2002, 119). This model of leather production rests uncomfortably in a culture in which its workers and even managers are stigmatized for engaging in polluted work. The very social organization of the industry consequently relies heavily on a caste-based and communal-based division of labor replete with sociological ambivalence even before the transformation of the industry by its so-called modernization in recent decades. For Roy leather production (2001, 14) “was originally a rural craft. It was performed by quasi-serfs under conditions of extreme inequality. In most places hides were subject to barter. Even where a market formally existed, servitude arose both from caste-hierarchy and the interlocking of markets. That is, it arose from the fact that the main customer of the leather artisan was also the peasant-employer.”

CHARACTERISTIC OF THE HISTORICAL IDEAL TYPE

This chapter outlines the characteristics of the ideal type of this model in the first stage of our effort to examine the differences between the *historical* type and the emerging global capital model as well as to provide a context for understanding the sociological ambivalence faced by leather company managers. The chapter relies on published primary and secondary sources that highlight working processes and conditions in the leather industry just before, during and just after British rule. I supplement these materials with data from my interviews with managers because some of these same conditions exist in their current workday. I begin by providing an overview of leather production in pre-Independence India before moving to a pre-liberalization view of the industry using the manager narrative as a backdrop supplemented by the few published studies of the industry. The representative business of this *type* is the business characterized as belonging to the small-scale industry.

The *historical* type is characterized by rural, small-scale operations. The worker specialized in his trade whether it is in tanning, curing or dehairing the skin or hide. Labor in this type is caste-based and centered around lower caste groups generally from the *Dalits*. Muslims are in many strata of the industry as they have none of the religious prohibitions to working with leather or to cow slaughter. Women have no formal role in this type. They are limited to informal roles in the family economy. Drought conditions spurred the rise of exporting raw hides and skins as a characteristic of this type.

Roy (2001, 117) breaks down Indian Industry to two main groups—large-scale industry and small-scale industry. While most studies on Indian industrialization have focused on large-scale industries, Roy highlights the importance of a study on small-scale

industries, “the mainstream has either ignored or been very sketchy about small-scale industry, despite the fact that about 90 percent of the industrial workforce at independence was engaged in small-scale industry (2001, 115). He further distinguishes between the *modern* small-scale industry and the *traditional* small-scale industry. This typology proves most useful in understanding the main elements of the *historical* type. While it might appear to be two distinct *types*, there is indeed for our purposes only one type which shares *ideal* characteristics that seem different.

A quote from a reprinted old *Journal of Leather Science* 1963 article in *Indian Leather* highlights another salient feature of the *historical* type:

Gujarat is one of the states where the persons connected with the leather industry are looked down upon as social outcasts and the industry itself exists mostly at the village level. This is mainly due to the foul smell emanating from the tanneries and also the leather sold in the market and the unhygienic working conditions in the tanneries. (IL 39, 2, 34)

A fundamental feature of the *historical* type concerns the leather worker, his low social status and the various polluting elements of the industry which inform our understanding of Indian culture and the leather industry.

A COMMODITY CHAIN SCENARIO: FROM COW TO FINISHED LEATHER GOODS

The industry has historically been unorganized and small-scale. It made use of caste distinctions in organizing its labor. Part of the untouchable group, the *Chamars* were responsible even obligated to collect all dead animals. Most landowners did not care how they were removed, but that they were removed. Prasad (1986, 10) describes the *Chamar* as follows: “He is still the field slave, the grasscutter, and the carrion-eater of the Indian village.” These groups would collect the animals, skin them and tan the raw skin

for water buckets, whips, thongs and other leather items used in agriculture. A *Chamar* could perform all of the tasks related to the production of leather and leather goods or they could specialize in just one. Those that flay the dead animal are considered the most ritually impure. Consequently, shoemaker *Chamars* consider themselves above the *Chamar* flayers (Prasad, 1986, 11-12). Gupta articulates this very point when he states, “a leather worker...is convinced that he has wrongly and unjustly been pushed below the pollution barrier, but has no hesitation in endorsing the low-caste status of other so-called untouchables” (2000, 2). So even among the *Chamars*, there exists stratification “based on occupational role and ritual considerations which places the flayers at the bottom followed by the tanners, shoe-makers and agricultural labourers” (Prasad, 1986, 12).

Later in places like Bengal, *Chamars* would collect the skins of fallen animals and sell them to a tannery where eventually they would buy back the leather from the fallen animal to make shoes. During this time where skins fetched a price from tanneries, some farmers stopped calling on *Chamars* to collect their skins as they wanted the profit for the dead animal’s skin. Through the years many of India’s hides and skins were lost to this process. Animals would rot thereby reducing the quality of the skin or in many cases, they would not be found for days when the skin would be useless. Because of India’s high livestock population, the issue was not considered serious by those in the industry.

When a cow died in a central Indian village, the owner tied a rope to it, dragged it as far to the edge of the village as he could, and informed the Mahar. The latter then dragged it out of the village and flayed it. He could ‘keep the hide free in return for services performed for the village community’. The hide was then cured and either tanned by the scavengers themselves, or sold to tanners. The latter, in turn, either were themselves duty-bound to supply their ‘patrons’ with a fixed number of shoes, ox-goads and irrigation implements, or sold the leather to the leatherworkers,

who were those duty-bound. The intervention of a market, or the extent of division of labor, seems to have depended on the region, and, relatedly (sic), on the tanning processes followed in different parts. In the villages of the northern plains, the three actors quite often collapsed into one caste, the *Chamar*. The Madigas and the Chakkiliyans of the south too were frequently leatherworkers as well. In Gujarat, flayers and tanners merged but leather artisans, Mochis, were distinct. In the Deccan, flayers were the Mahars, tanning was done by the Dhors, and leather was the Chamars' responsibility. This increased division of labor might account for the great reputation of Dhor bag-tannage in Kolhapur-Satara-Poona area, the origin of the Kolhapuri sandal. (Roy, 1999, 161)

On the surface, Dumont's (1988) treatment of caste in India seems to match the roles played in the leather industry, but as Gupta (2004) cautions, caste is not the pure hierarchy that Dumont envisions. While hierarchy does exist, the lower castes do not line up neatly behind the Brahmin caste and accept their position. They **do** accept that there is hierarchy and stigma associated with various levels of the hierarchy. This partially explains how those that participate in the industry, Hindu and Muslim, can find ways to cope with ambivalent feelings. Everyone is aware of the stigma attached to the industry but they do *necessarily* not subscribe to the belief that the stigma places them at the bottom of the hierarchy.

Collecting the Skins

The collection of skins for leather products is an obvious place to begin examining the process of leather production in the historical Indian context. Tied to this issue, of course is a set of issues surrounding animal husbandry and the collection of skins. Skin collection is polluting work because it involves dealing with dead animals and if the skin comes from a slaughtered cow, the stigma would magnify because of the taboo against cow slaughter.

Traditionally, most of the historical animal husbandry in India consisted of the farmer grazing his goats and cows and milking them accordingly. As there was not much cow slaughter, at least by Hindus, and there was not much need to worry about the skins of the animals. Consequently, for centuries no one thought of the skin as anything but a byproduct. Sankaran (1995, 16) notes

Hides were of small size as cattle was mainly reared for dairy products and agriculture work, they were not slaughtered for food except in some states. In later years certain states prohibited cow slaughter, but somehow raw hides merchants were able to circumvent the act and procure their supplies. A large number of quality hides were wasted. There were no proper flaying techniques and removal of carcass to recovery units. *Crores* of rupees worth of recoverable hides were being damaged due to the above causes.

I asked Mr. Narayanan why India, with all of its cattle wealth and strength in raw materials for the leather industry, is not more dominant in the global leather trade. He thinks that India should be ruling a substantial portion of the overall business. “I think it’s a culmination of the weaknesses that has spread across the entire spectrum of this industry,” he observes. He offers clarification. No one is paying attention to animal husbandry for the sake of producing good skins. Everyone treats the skin as an incidental product. He complains that most of the animals are cared for by the farmer with a loin cloth tied to his waste that carries a walking stick. They’ll walk along the highways with five or six cows and about fifteen to twenty goats. They walk almost aimlessly he continues. If the sun is hot, they find some shade and sit down. After he eats, he will leave in the evening and take the animals to graze. “What does he do it for?” he asks.

The last question has no answer, but from Mr. Narayanan’s tone, he finds the whole process a waste of time and inefficient. It seems pointless to him. He considers

this typical of India. He is not describing some large ranch located in south Texas with many cows grazing on open flatland. These are animals that are walking along with an individual from place to place, vulnerable to accidents. They could be hit by a car or truck; attacked by another animal or simply get cut by metal trash.

To the same question, Mr. Krishnasswamy agrees too that India should be better off with its raw material, but the quality is poor. However, he offers up a slightly different explanation. In America they slaughter 600,000 cattle every week, **every week** because they are meat eaters. So you get a regular source of good quality skins.” He points out that West Bengal and Kerala allow slaughter and so at least in those states there is a somewhat regular supply of skins. However there are also fallen animals, dead animals that are not well-fed and looked after that adds to the supply of raw skins.

On an individual level, it is not always a desire for meat that leads to slaughter. Mr. Krishnasswamy tells me that Indian farmers feel considerable economic pressure. Suppose there is a man who has two animals and he has to pay for his daughter’s wedding; suddenly he sells it for slaughter to get money. Whereas Americans feed their animals correctly and when they are the right size, only then will they slaughter the animal. Americans have some predictability over the supply of hides and skins because of meat consumption and animal husbandry.

Slaughter

While many animal skins are collected from fallen animals, many skins are collected from slaughterhouses or local butcher shops. While one would never mistake a modern slaughterhouse with a bank lobby, there is still a certain amount of mechanization

and cleanliness one expects. Many of India's slaughterhouses have existed since before independence and the methods of slaughter employed have not changed much more than the buildings. For Hindus, the *Jhatka* method of slaughter is used. Marthur (1992, 69) describes it as follows, "the animal is secured by a rope looped around its horns to a heavy wooden block or pole and then beheaded with a single stroke by a sharp, broad and heavy blade." Unlike the *Halal*⁵ method, the idea is for the animal to die quickly with a sharp blow preventing suffering.

Cow-cutting

Though cow slaughter is thought to be illegal, Muslim butchers are given permits to periodically slaughter a cow for consumption. Almost no one openly recognizes it. After some planning, I was able to secure a visit to a butcher to observe a cow-cutting. This is an account of that event.

Setting

The journey begins in the still of night. We leave the Museum around 3:45 AM. Everything is quiet and it is actually a little chilly. The coldness only intensifies while riding on the motorcycle. Only lorries are on the road at this point with the occasional "bike-truck". We stop briefly at the tea stall on the main road for coffee and bananas. Around 4:15 AM, we arrive at MahabuPaalayam or Maapaalayam. Mahabu is a Muslim

⁵ Using the *Halal* method, "the animal is secured on the ground and the blood vessels of the neck are severed by a sharp knife accompanied by incantation of verses from the Quran. The animal is then left out to bleed before flaying and dressing" (Mathur et. al., 1992, 69)

name and *paalayam* means “place” in Tamil. When we arrive, the place is dead quiet. As we enter the area, I see through a window a group of women sitting in the living room of a dwelling. The light in the room is either a lamp or a candle. I do not think that it is electric, as it seems too diffused and dim to be electric. We pull up to the right and stop. Arumugam speaks to a couple of men in Tamil briefly explaining that we are not there to buy meat but to observe the killing. One place is lit and it is the slaughter room/house. The slaughterhouse, we later learn, has been built by the British and been in use since then. At the entrance is a butchered buffalo hanging from a wooden beam. The hide lies next to it in a crumpled mass. It is headless and gutted. I do not see the head anywhere. The walkway leading up to the house is around ten yards long and six yards wide. In that area are some sleeping livestock. There are cows, goats and buffalo. There are about eight calves in the lot. After a couple of minutes, we are called forward. I brought my camera to take pictures, but as I approach, I feel that it is inappropriate not to mention too dimly lit. As we walk toward the men, I see blood in various places on the wet concrete walkway. It is not what I would call a sterile place. There is dirt in various places. Some parts of the floor appear to be hardened mud. The ceiling is very tall: perhaps ten feet tall. There are various chords and rope hanging from the beams. We approach the hanging carcass and I smell the very pungent odor of blood - like when you are washing meat before cooking and there is a lot of blood in the meat. The smell was not overpowering but it was strong. Arumugam is asking me if I do not want to take pictures. He indicates that he will ask for permission. I make it clear that I have changed my mind and that I no longer want to photograph anything. It felt disrespectful—to the animal! This surprises me now, as I am a meat eater. I am non-veg.

The Cutting

As we go into the slaughter area, one of the men has the cow by the head and it is lying quietly on its side. A second man then helps to hold the cow down on the ground so the neck is exposed. The third man comes in and pulls out a knife. I cannot tell how sharp it is, but it looks longer than 6 inches and tapers to a point with the blade's widest point being over an inch. He leaves the slaughter area briefly to get some water in a cup. He returns and pours the water on the mouth of the cow. At this point, he whispers some prayers for *Halal* purposes. He feels the neck for the artery and when he locates it begins cutting. I am not squeamish but I feel myself detaching slightly from the moment while telling myself that I am detaching so I can record the moment objectively. There is no sound by anyone. The cow is also silent and after the third motion or so blood splatters on to the men. The third man continues cutting until he almost severs the head from the cutting alone. After a few choice words from the cutter for a fourth man who was at the water area, the three leave the slaughter room and the fourth man starts collecting the blood.

Aftermath

At this point, the cow starts to gurgle and occasionally would loudly groan. I look over to Arumugam to get a handle on the moment, as I have never seen anything like this. As a child, relatives would slaughter goats for Christmas, but they would always make me leave the area, as it was not an appropriate thing for a child to witness. The discomfort shows on Arumugam's face. Perhaps it shows on my face as well. After a few moments, we leave the room and proceed to talk to the cutting man. He has been doing

this cutting for about 10 years. I could smell alcohol on his breath. His face looks tired. It is late, but I wonder about the toll the slaughter has on him. Arumugam tells me the man is Muslim. We ask about the government doctor who is supposed to come by and approve the animal as healthy before it is butchered and sold in the market. He did not come tonight. We learn that the doctor is not always present at the slaughter. Arumugam inquires about the blood collection and we learn that it is collected for later sale to local restaurants for cooking. A cup of blood goes for five rupees. This marks our second trip to this place. We came earlier in the week during the day, but were told to return at night as the cow-cutting is not done during the daytime as to not offend the local sensibilities. With Ramazan (Ramadan) approaching, there would be more of a demand for cow-cutting and for beef.

Departing

We leave after a short discussion. The man seemed pleased to talk to us. Arumugam and I got on his motorcycle to depart. The start of the engine reverberated, as there still was little activity at this time of night. After a brief jaunt on the bike, we stopped at a tea stall for coffee and for me to frantically write notes. After I completed jotting down my notes, I paused and ‘switched off’ my social science objectivity button. I really wanted a drink. I settled for a nice cup of tea.

Mr. Narayanan briefly describes his experience in the slaughterhouse echoing the above cow-cutting. He tells me that he has actually stood in the slaughterhouses and has seen the buffalo and cow slaughtered right in front of him. He’s witnessed the carcass removal process and how the hooves and horns are cut off. It is a gruesome scene he tells

me. Every single component of the animal is used for some form of convection including the horns and the hooves, which have medicinal values, he believes. The horns and hooves produce some pharmaceutical ingredients.

After the slaughter, the slaughterer there actually collects all the parts and then he gives it to an agent. The agent then buys the skin, meat, horns, hooves, etc. as a trader and brings it to the market. He then applies salt and some preservatives on it to make sure it does not begin to rot. Lastly, he brings it to the market and dumps it. People will then buy from him based on where he is from. If he is from a “good” area (the animals skins are generally of a good quality in terms of the breed of the animal and the preservation of the skin), then people will buy from him at a better price.

Fallen Animals and Flaying

As mentioned earlier, not all hides and skins come from slaughtered animals. While slaughter houses existed, they were more likely located in urban areas. Again the *Chamar* of the *historical* period had occupational duties that centered around the collection of fallen animals. After collecting the dead animals, the *Chamar* would flay the skins or hides. The flaying itself is a very crude process whether done by the butcher or by someone who collected a fallen animal. “The separation of the hide from the carcasses begins by cutting from the lower part of the chest towards the neck and then from there to the naval” (Mathur et.al., 1992, 72). The process is not very scientific and when done in a hurry the skin can be damaged and meat lost. The flaying occurred on special lands specifically marked for that purpose by the local *panchayat* or village

government. The land was situated on the outskirts of the village and far from the residences of the villagers. Mathur describes one location

the flaying operations of the animals were carried out in an open space causing a nuisance in terms of vultures and flies gathering there. The menace of vultures and flies was so acute that it adversely affected the natural environment of the nearby villages. In Madhya Pradesh, the menace of vultures was so pronounced that it had adversely affected air traffic operations, particularly at Indore and Gwalior regions. Also it was observed that at the flaying centers, most of the workers involved had their residential premises without water and electricity facilities. (1992, 81-2)

Over time as populations grew and people built houses further from the center of the village, these lands marked for flaying would move to even more remote locations. As the animals were heavy, the *Chamar* faced new difficulties getting the animal to the flaying area. Prasad describes the process as

The method generally adopted till a few years back for carrying the carcasses to the flaying area was by passing a wooden pole (*Saang*) through its tied legs and hanging it inverted between 2 to 4 carriers who lift the pole on their shoulders at either end of the pole and carry the carcass to distances of up to 5-6 km. through narrow winding village lanes. The task of carrying the carcasses especially during monsoon when the animals die in large numbers is more strenuous. Although the *Chamar* need not pay anything to the owner to part with the carcasses, its transportation up to the flaying site itself involves him an expenditure of Rs. 12 to Rs. 15 per carcass. The carriers (*Gauthia*) of the carcasses are generally members of the *Chamar* community either from the non-flaying families or from flayer's family itself. In the former case, payments are made to them depending upon the size of the carcass and distance to be covered. (1986, 23)

As part of improving the process, the *Chamars* now use a horse or bullock cart to transport the fallen animal to this new, remote location. Owing to their status in society, *Chamars* were often refused service by bullock cart drivers which added to their economic hardship. In lieu of transportation, they would have to drag the animal to the

location. This process, of course, caused great damage to the skin severely decreasing the value of the skin or rendering it worthless.

In this *historical* type, a large number of cattle died a natural death—poor animal husbandry, famine, drought.

Since the dead cattle becomes the property of the *Chamar* of the village, sometimes the *Chamars* become greedy to poison the cattle in order to get hide. Though this evil is met with everywhere, it was more common in Madras. Owners of cattle, in order to save the loss of their cattle, took to branding their cattle to the extent that the hide when removed may fetch very low price. The evil though now has disappeared yet the branding has remained with result that the value of the hide is very much effected. (Prasad, 1991, 95)

Roy also mentions the allegations of poisoning cattle to get hides. In his account, the poisoning of cattle became an “inseparable part of the image of the *Chamar*” whether deserved or not. It is not clear whether the allegation was meant to create hostility further reinforcing traditional claims by *Chamars* to fallen animal skins. The possibility of selling the hides at market is mentioned as the possible motive for the poisoning (1999, 168). Either way, the net result was farmers branding their animals to discourage the poisoning. Of course, the branding decreased the value of the animal’s hide.

Market

Mr. Narayanan tells me that the farmer I see wondering through town or some rural street with his animals eventually, at the end of 2 or 3 months when his goat or sheep has gotten a little fatter, takes them to the market—a place called a *sandhai*. It is like a traditional market. There are no bills. There are no computers. There is no sales tax. “It’s a *pre-historical* market.” There is a congregation of people at a place who come to

buy every month or every fortnight on a particular day and at a particular time. There are buyers and there are sellers.

“There are lots of them,” he says. “You go there, then you put a handkerchief, then you hold lot of person hands, and then you do a deed.” The seller tells him how many skins he has and then Mr. Narayanan will go and look at it. Then the seller will put the handkerchief on and do a deal, and will arrive at some price and take my hand out. The handkerchief is part of a Muslim business ritual. The buyer and seller place their hands face up and face down on each other so that they can use their finger to convey price on each other’s opened hand. The handkerchief is used to cover their hands so no other buyer can see the price being quoted and demand a better price.

“I’ve seen this handkerchief nonsense. I have seen it myself when you buy anything.” He is not sure if they still do it but that definitely about seven or eight years back they were doing it. He continues, “This place is a collection point for raw skins. There are these small 10 year-old boys, 15 year-old girls, a 20 year-old man, a 60 year-old man... They may bring in one skin, three skins, four skins, five skins. This is how the skins can be collected.”

Skin Procurement

Now comes the tricky part. Buying raw skins can be a very tricky business. It is not like buying raw cotton where the cotton is packed in bales that are virtually the same. These raw skins come from animals that are not kept in the same conditions. Skins are damaged from branding. As mentioned earlier they walk along busy streets and can have scars from injuries. Some animals come from areas where they are bitten by insects that

leave sores on the animal's skin which eventually scar. Aside from scarring, there is always the possibility of the skins coming from a fallen animal and the skin having too much decay. The scarring on the skin will not affect the quality of the leather, but it will affect the grade. The grade determines how much time will be needed to cut the leather later in the manufacturing process.

Bijju finds that purchasing raw skins is definitely an area which is very complicated, because the skins are a natural material, and climatic conditions play a major role in its quality. "People may not intend to cheat you but they cannot control the quality of the hides even if you are buying from the same source at the same price over a long period of time." Bijju tells me that it is something that has to be studied seriously (buying skins); that you need expertise to do it. "I find it difficult and quite complicated to do it and sometimes I have my problems in that area." I get the sense that the process is difficult for him not only because he has not spent enough time doing it (something he definitely acknowledges), but because it requires a different kind of thinking which does not suit his more immediate need of running the factory. It is a thinking process that is more routinized and ordered by labor processes with its predictability. "I would say that it's (buying skins) more or less like playing cards. You have the possibility to do better than other people as long as you know to play the cards correctly and I need more experience in doing that."

Mr. Narayanan, who does not have a tannery, has done a lot of backwards integration to have more control over his production process. He has gone so far as to go to the slaughterhouses to source his own raw skins. He did this for three years and was very successful. After purchasing the skins, he contracted out to someone to convert the

skins to wet blue. He used this same person to help him in selecting the raw skins, as he did not have any competence in knowing what was a good skin or a bad skin. Ultimately he realized that “you do not need any competence because nobody was competent in it. It was more of a guessing game frankly.” According to Mr. Narayanan, you just went by the region of India from which the skins came or the climatic conditions of the area. As certain areas allowed cow slaughter, the skins came on a regular basis without much spoilage. Mr. Narayanan elaborates that since Kerala is beef-eating and meat-eating, there has been a movement of skins supply from Tamil Nadu to Kerala. Other geographic features of an area can influence the quality of skins. Mr. Narayanan says, “you get better quality skins because the people who rear those animals treat them better or it’s not a thorny area, it’s more of a grassland so it does not go and rub it’s ass on something where they get stuck.” There is no consistency in getting raw materials. It is like throwing dice he continues. “If it is a double six, good. If it is not (a double six), tough.” Again, like in cards, getting the right quality of skins is a game of chance. Another problem with buying raw skins is that the hair on the animal hides prevents a good inspection for defects: scratches, pox marks, brands. The seller tries to hide these defects he argues. You need patience as the sellers try to pass off the inferior material. “Sometimes at 12 o’clock in the night, I do not think it’s worth doing this kind of business.” Mr. Narayanan supplements this process with the purchase of wet blue which is already in a preserved state and easier to grade. It costs more but offers some protection.

Mr. Sankar tells a story to illustrate the importance of skin procurement.

One day I was discussing an important subject with a leading tanner. His assistant informed him that the raw hides lorry had arrived. He abruptly

asked me to excuse him and hurried to the raw stock yard. He stood there personally supervising the unloading, dusting off the hides to free them from salt, oversee the weighing (weighing) and other details. He was not an exception. Every tanner followed this practice. If they were able to flourish, braving ups and downs and remain in business, one of the reasons is their attention to raw material area. Another leading tanner with a number of tanneries in various parts of the country himself wrote letters to the suppliers in his own hand. (2007, 23)

Buying raw skins in India is more than risky. Some believe it requires dumb luck. And others believe that knowledge of the commodity can lessen risk. Either way, it is a crucial step in leather production. Once the skins are obtained, the next step is the tanning process, which preserves the skin and prepares it for the next stage of leather production.

Tanning

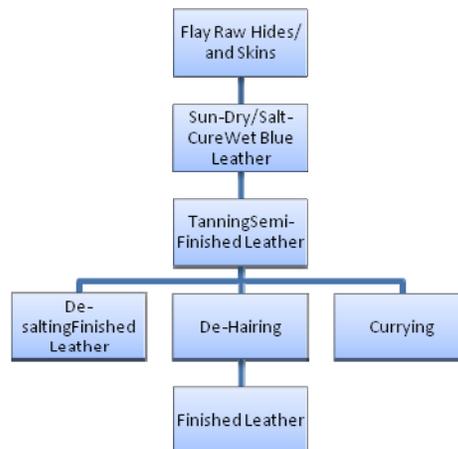


Figure 2.1: Historical Tanning Process

The Tanners and their Process

Though the British had set up some large tanneries in urban centers and a few large tanneries grew up to support British needs, the vast majority of tanneries were

village tanneries. The *Chamars*, responsible for tanning the raw hides and skins, primarily employed vegetable tanning. The tanning process—in part included soaking (the skin), liming (to open pores for *dehairing*), *dehairing*, fleshing (removing excess flesh), deliming (removing excess chemicals used for *dehairing*) and currying (smoothed, scoured, oiled and dyed finished leather)—was very polluting. “The method is crude, dirty and obnoxious” (Prasad, 1986, 45).

As far as we can tell, tanning in the early nineteenth century was almost wholly a rural industry. Although a large tanner colonies were known to have been settled on land grants in or near some North Indian cities at least as late as the eighteenth century, these were exceptional. By and large, tanning was rural because it needed to be so. Consumption of beef being restricted, so was the slaughtering of cattle for consumption. The government-owned urban slaughterhouse was a later institution, so the raw hide came exclusively from ‘fallen’, that is, naturally dead, cattle, or *murdari* as opposed to *Halali* in north Indian trade parlance. Such cattle were, of course, all rural. The ‘green’ hide, or the hide in its raw state, if not cured within a few hours of death becomes irretrievable as leather. The risk is so great that even in the age of the railways, the green hide was never transported. This necessitated the tanner, who was usually the curer, to stay in close proximity to the cattle population. The tanning substances, moreover, grew in the wild, were collected by the craftsmen and were rarely traded. (Roy, 1999, 158)

As early tanning was done exclusively with natural materials, of which India had good supply, it made sense for tanning to be done near the fallen animal and source of natural tannins. Roy cites a government report when describing this arrangement,

The tanning Chamars are frequently to be found in a separate little hamlet, the huts of which form a ring, in the middle of which are set to pits, wells and large earthen vessels, belonging to the trade. These settlements are generally in the neighborhood of *malguzari* jungles, whence the supply of tanning material can be drawn. (1999, 159)

The Tannery Structure

Like most things in Indian society, the tannery process had its own stratification system. Roy cites an unpublished report about the tanning hierarchy in the Punjab province in 1940. The description is applicable to most parts of India.

At the smallest scale was the 'village tannery'. This was still mainly an artisan-owned unit. It worked with family and neighbourhood labour, used local cattle, but was contract-bound to the hide merchant from the small town. At the middle was the 'town tannery', factories with 5-10 hired workers each. The owners took part in both contractual and spot markets. A fair number of them were of artisan background. But the majority was hide traders, usually Muslim. At the top of the scale were the 'big factories' employing 100 or more workers each. There was some European capital in these ventures. But the main source was the larger of the Muslim merchant firms. The first type could be found scattered in rural North India. The second occurred in small towns, but usually those with slaughter-houses and large spot markets or auctions (mandi) in hides. The third was a feature of major ports and industrial towns such as Calcutta and Bombay. The labour recruitment practices in the largest tanneries were probably similar to that in the mills. But this history is yet to be written. (2001, 19-21)

Here are some of the basic elements of the *historical* type. This production chain is bottom heavy as there are many villages in India under the *jajmani* system. Animal husbandry is not a central feature of this industry landscape and the participants are Muslim middlemen and lower-caste Hindus.

In general wages of the least skilled worker inside a tannery were not very different from the wages of an agricultural labourer. In that sense, the tanning workers' low opportunity costs helped the owners of factories. On the other hand, the tanning worker benefited from a freer social environment and steadier work. There is evidence to suggest that economic mobility was faster and more likely inside a tannery than in agriculture. About 1900, the wages of the ordinary 'coolie' was about Rs. 4 a month. The unskilled labourers could easily command a wage of Rs. 5 to Rs. 8, and the skilled Rs. 10 to Rs. 30. Either of them could live comfortably on Rs. 5 a month. (2001, 19-21)

While the factory setting offers greater economic mobility and social environment, the factory options are not numerous enough to impact the lives of most leather workers. The vast majority of workers were still in rural village areas.

Custom did not completely vanish, but often persisted in the tannery in the form of direct or indirect hierarchy. Hierarchy could permit not only low wages but also poor working conditions inside the factory. Further, the distance between the workers and the managers was apparently quite sharp inside a tannery, and remained so for a long time. Inside factories in Madras, for example, the main body of manual workers was drawn from the agrarian labour castes, chiefly the Paraiyans. The white collar jobs, on the other hand, were sometimes performed by people who owned land. In such cases, the interactions between the ‘tannery men’ and the ‘factory men’ reproduced, in a much milder way, the hierarchy in the villages that both had left behind. (2001, 19-21)

Tanneries became a new site of replicating caste-inequalities and embedding them in a structure. In this case, the physical location of the tannery took old forms of stratification and replicated them in a worker-manager relationship based on caste locations. This sharp distance between worker and manager is an important characteristic of the historical type.

Because of a strong demand in Europe for East India leather, and the beginnings of an infrastructure for the collection of skins, a number of tanneries were established in south India. Because tanning processes require a great deal of water, the tanneries had to be located near water sources. In Tamil Nadu, for example, several tanneries were set up in Pallavaram near a “bug lake” and along the banks of the Palar River, which provided plentiful water supply during the rainy season for new facilities in Ranipet, Vellore, Ambur and Vaniyambadi. (Sankar, 2007, 18)

“Being a rich cattle wealth country, early tanners had no problem for their raw material,”

Sankaran notes (1995, 16). “Apart from meeting domestic needs,” he reports,

goat and sheepskins were in surplus and they were exported as such. Later there are tanned with indigenous avaram, konnam, myrabolam, and other materials and exported as tanned skins. Still Indian kips, small size hides suitable for converting into finished leather or leather products, were the ideal raw material which overseas buyers much preferred. In raw hides, there are many factors that determine the quality. For example, if skins from Calcutta were large in area, South Indian pelts gave good yield. (Sankaran, 1995, 16)

Tied to this issue is the lack of animal husbandry in India. Old tanning was done with natural products like wattle and bark. The working conditions were very difficult, as the process requires de-fleshing and *dehairing* the skin. Exposure to the chemicals was a constant to the worker. Tannery locations were not clean places.

Not far away, there was a whole locality with tanneries on both sides of the road, whose wastes and effluents were left in the open to dry or stagnate. At one time there had been a drain that took the stuff to the river, the holy *Ganga*, itself, but there had been objections, and now there was no outlet at all.” In addition, people accept what they have seen since childhood for granted, “shavings of leather and other offal strewn all around.... And of course in a week or two, when the monsoons come, it will not be worth drying these shavings, so they’ll just let them lie and rot. And with the heat and the rain—well, you can imagine what the smell is like” (Seth, 577).

That is one part of it. Second, there is the quality of tanning itself. A consistent water supply is not available. As one manager puts it, he finds that tanning done in Erode comes out differently than tanning done in Vaniambadi. Wet blue requires a standardization that can be affected by the water quality in an area. If the grain in the leather is wrong, then you get big problems. The leather will need to go through a setting machine again and consequently the leather will have an unnatural look.

Chemicals are needed to deal with the poor skin conditions in India. Mr. Venkataramanan observes that “the chemical technology is very important to get to offset the problem of poor skins and give Indian tanners the desired results. So the role of chemicals is very, very important. For years they have replaced lower quality chemicals with better quality chemicals to get better results; to make higher quality leathers.”

Skin Supply

India’s original strength in the leather industry concerned its raw skin supply. India had a large animal population and had a eager buyers in England, Germany and the United States. Following “great famine of 1876-1877, which was attended with immense mortality among livestock, an enormous expansion in the export trade in hides and skins took place and has ever since been maintained” (Chatterton, 1905, 6). Digby describes the conditions of the famine.

This morning I spent some time in the Tuesday’s cattle market. There were perhaps some 1,500 or 2,000 head. But people scarcely care even to drive them a few hundred yards into the market. There are no buyers but butchers, who buy them for two or three annas, solely for their skin. (1878, 268)

He continues, “In one village a cow was actually sold for a cake of jowaree. In the town itself the Hindus were forgetting their prejudices and the butchers were busy slaughtering the beasts that were literally brought to them for nothing” (Digby, 1878, 265).

INTRODUCING THE MANAGER NARRATIVE

I interviewed 24 men in managerial roles at tanneries and/or at companies that manufacture leather products. These interviews were almost all at their place of business and lasted several hours. Most interviews required multiple visits and I found most to be generous with their time. All but one gave verbal consent to be identified although I told them for the purposes of this study, they would not be identified. All 24 managers manufactured some kind of leather product for export. Sixteen of the managers manufactured leather products and also tanned leather. Only eight managers stayed away from tanning. The information provided by the managers has three features. First, it provides a description of the *historical* type. Their voice helps to supplement what is already known about the social conditions surrounding leather in India. It makes sense that the managers are familiar with the industry through the eyes of the *historical* type. In many cases the managers were socialized in their roles from their fathers or grandfathers. In turn, these men learned their management style under the *historical* type conditions. It is the coming change that is under scrutiny. Second, the information conveys evidence that the journals' message is finding its audience as the industry seeks to create/portray the *global capital* type. And third, the manager narratives expose the sociological ambivalence experienced by those in the industry as Indian society confronts the demands of the ever-increasing pressures of global trade. The managers, while trying to meet the complex demands of the global consumer, must struggle with the impediments on the ground rooted in culture.

SMALL-SCALE INDUSTRY (SSI)

A critical feature of this study relies on small-scale industries continued survival in India's economic structure. As a critical component of the *historical type*, it is important to understand how small-scale industry is defined (large-scale industry will be discussed in Chapter 3). First, there is a legal designation of small-scale industry in India. While the actual parameters change over time, there are three basic characteristics that help define it: technology, organization and government regulation (Roy, 2000, 114). "In contrast to large-scale industry, in numerous industrial firms in India neither machinery, nor large factories, nor government regulations played significant roles. These formed the relatively more labour-intensive component in manufacturing" Roy, 2000, 115).

MODERN SMALL-SCALE INDUSTRIES

As pointed out earlier, the definitions of small and large-scale industries are predicated on the basis of capital employed in plant and machinery. The data are collected from time to time on sample/census basis regarding modern small-scale industries (Pradhan and Saluja, 1998, 35). The modern small-scale units were defined as those having capital investment of Rs 7.5 lakhs⁶ or less in terms of original value in plant and machinery having Rs 10 lakh or less in the case of ancillary units. (Pradhan and Saluja, 1998, 35). The definition of small-scale units has undergone changes over time. Investment ceilings in plant and machinery for a unit to be a small-scale one were Rs 7.5, 10, 20, 35, 60 and 100 lakhs, in 1966, 1975, 1980, 1985, 1991 and 1997, respectively. Over time, a number

⁶ A unit in the Indian numbering system equal to 100,000. 21 lakh equal 2,100, 000.

of units got shifted from medium-scale to small scale units. (Pradhan and Saluja, 1998, 36).

For Roy he distinguishes between the modern and traditional small-scale industry in a more commonly understood way.

The dividing line between traditional and modern small-scale industry was not a very sharp one. Most types of modern small-scale industry, in fact, supplied old products. Thus, grain milled by machinery, and that milled by hand were both meant for the same consumers, but supplied by different technologies. (2000, 116)

This same distinction can be applied to the leather industry. In fact, the distinction makes more sense in describing the *historical* type when considering the tanning process. Although East India or vegetable tanning is an older process, chrome tanning has been a part of Indian leather manufacturing for the better part of one and half centuries.

KINSHIP-BASED ORGANIZATIONS

There are some important components structuring the socio-cultural world of Indian businessmen, namely the family and the community and some of their “value-concepts”. Indeed the joint-family is first and foremost a classical Indian institution that many traders and industrialists still tend to favor. The rules and prerogatives of this family structure must be clear because the Hindu personal code depends on them as well as the joint-family business and its specific manner of functioning. Moreover most prominent business families can trace their origins back to certain castes or communities with a business calling (Vaugier-Chatterjee, 2003, 65). India is the birthplace of huge family-owned industrial empires, the most famous ones being those of Tata, Birla, Godrej, Bajaj and Ambani. These Indian kinds of industry are today practically on equal

footing in terms of power and networks, but they do not for all that constitute a sociologically homogenous group. This joint-family structure is a primary feature of many Indian Muslim families as well. As there is no religious prohibition to cow slaughter or working with raw hides and skins, Muslim entrepreneurs were early beneficiaries in the growth of the Indian leather industry. They usually grew their businesses through family ties. It is in part this business structure that is criticized later as a key weakness of the Indian leather industry: too many family-run businesses and a lack of professionalism in those businesses.

INFRASTRUCTURE OF THE HISTORICAL TYPE

Fundamentally, whether exporting raw skins and hides; tanning these skins for leather production; or producing leather goods for export to garner higher profits and foreign exchange, the leather industry favored small industry. Whether through labor laws, incentives for small-scale industries or the continued presence of village handicraft industry, the basic infrastructure remained the same.

MARKETING AND THE ROLE OF THE TRUST

Marketing

Marketing for the *historical* Indian exporter is a misnomer. Leather production in India has always been dependent on the foreign consumer. Hides and skins initially were used for British needs in terms of saddles and boots. Then many raw hides and skins were sent to Germany and to American tanneries that employed chrome tanning. Even with the shift to producing finished leather, the type of leather was dictated by the foreign buyer.

So confides Mr. Annamalai. “We do have problems” in selling our products, one manager tells me, but in the end he admits, “I am not marketing my product. Mr. Pathak is not marketing its own product. We only produce what the customer approves. They just give the sample, we make a counter sample and take it to their people for approval and only after getting their approval, do we go in for bulk production.” The customer, an international leather producer, sends quality inspectors who go to the plant before the shipment is made; “they check all the uppers and only when it has been passed by their people are the boots shipped.”

This unequal relationship whereby Indian manufacturers depend on international buyers is illustrated further in the use of accessories/components in creating leather goods. The fashion fairs are held in Italy and once the style is determined for the coming season there is little time for Indian manufacturers to copy the style. By the time they copy it, the new season has arrived and they have added even more new styles. Though some of the styles repeat, the Indian component manufacturers are always behind. Consequently, the leather goods manufacturers have to import the components thereby incurring import duties.

Because the leather industry was established in the beginning as part of the colonial system, there is a sense in which the marketing of its products was always related to the creation of relationships with international buyers, an issue that becomes prominent in the global capital type we discuss later. At the root of the more *historical* model is how business has always been done in India: through personal (and sometimes kinship) relations. Business transactions proceed only after a cup of tea and a

conversation: how are the wife and kids? Is your mother still doing well? How is your father's business?

In the end, it is one's personal and, of course, family reputation that is paramount. "So, no matter how long you are here, you are just as good as what yesterday brought," one manager intimates. "It's not to say that you build up some grand reputation, that you can rest on your laurels. And with the exception of possibly two companies in our leather industry, nobody can live on their laurels because I feel we are basically job worthless. The whole design development is done somewhere else in the world. We are just executing that job. And we do not have any great marketing setup; any one of us in the industry."

How Price is Created: Trust

Trust is a central feature of business transactions. Whether it is trust in the man from which you buy your materials, or in the trust you wish to build in a customer so he returns for more business. From his cramped office in a Periamet building where he oversees a garment making business, Nasser offers, "This leather industry, everything is based upon trust. All the time. From the time we buy raw skins to the end of it. We have been buying from the same person for a long time." He relates how because it is so easy to be cheated in skins, it is important for you to have a seller you can trust. As a result of consistent quality purchases, Nasser's company continues to source skins from this seller.

When asked if he does anything special to market his products, Mr. Malhotra answers that he does no marketing. He prefers to work with people he knows and develop a trust with them. He wants to be consistent as to further this trust. "People think you can

buy a factory and put machines in it and then you can export,” he says. He stresses that the key to successfully exporting is developing personal relationships (something that Council for Leather Exports tries to do by promoting international leather fairs). “The whole shoe industry, leather business is very personalized business. For ages, it has been like this.” He adds, “There is nothing great between your product and the product coming from another factory”. All things being equal, it is about the personal relationship. Marketing, for him, is not about putting up a factory and buying machines. Marketing cannot happen without knowing someone. You need to know someone for the marketing to work. If a big man is having success in the industry today, it is not because he has better knowledge of products or of marketing, it is because of the trust gained through the “more people he knows who will buy his product because of his long stay in the industry.”

Business was based on trust in the *historical* model, rather than written contracts and agreements. “From tanneries bales were sent to tanners’ chosen mundies,” a slang term for bazaar or market. “They were assorted and shipped. They were again re-sorted into suitable packs for sale to continental buyers. From the source to final sale, every transaction was done on trust and this trust was honored. Suppliers of chemicals, tanning extract, raw hides were executed on oral indents. Credit system was in vogue and generally it worked well.”...When trust was violated, there was a traditional method for handling dispute. “Erode, Dindigul, Vellore, each tanning center had its own group of elders who settled disputes, a practice later replaced by letters of credit (Sankaran, 1995, 11).

THE HISTORICAL TYPE: CULTURAL ISSUES

Our people are not like the Europeans where the meat industry is a big plus and we have a cultural restriction on the cows. Here we pray to the cow.

Plant Manager

The Cow impact on Industry

Though leather production is not entirely based on cow hides, cow leather is still important for leather products. India's large cow population also makes the choice to use cow hides more advantageous to leather firms in India as it is a readily available natural resource. As Sankar (2007, 105) observes, "Due to religious reasons, cow slaughter is banned in some states and hence hide supplies in these states come mainly from fallen animals." Even when permitted, "modern slaughterhouses are present only in major towns. Progress in modernization of slaughter houses and abattoirs has been slow. As a result, nearly 50 percent of cattle hides might originate from fallen animals" (Sankar, 2007, 105).

In response to wholesale slaughter of cows during the great famine of 1876-1877, one account recalls,

a lecture last week was given by a pleader, inciting the people against the butchers. "The cow", he argued, "is our mother. When we leave our mother, the cow supports us. She gives us milk, and she gives us ghee, the only relishable food of our vegetarian diet, and to others she gives meat; and the butchers are killing off all the cows for the sake of the hides alone." A raid was made on the unfortunate butchers, and they were driven out of town. (Digby, 1898, 268)

The account highlights a historic importance of the cow in the India and that during times of economic hardship this importance can be ignored. During the early 1900s, the cow became a putative Hindu symbol through the cow protection movements of the time. However instead of disappearing over the years, cow protection sentiments have survived as cycles of protest (Lalgee, 1999).

“In view of the ban on cow slaughter, farmers have no incentive to rear cows when cow cease to produce milk. They are abandoned and undergo some hardships. As a result the quality of hide of the fallen animal is affected” (Sankaran, 1995, 106) The Task Force on Animal Husbandry for the Tenth Plan identifies a number of types of defects. Ante mortem before slaughter and post mortem after slaughter. Ante defects “arise due to branding, pin holes/good marks, hump sores, yoke marks, and scratches and damages due to skin diseases. The major post mortem defects are flayed cuts, drag marks, hair slips, and damages due to animal bites” (Sankar, 2007, 106).

One manager tries to articulate peoples’ attitude to the cow and how it exemplifies a way of thinking that impedes Indian progress. He relates a story from his trip in to work this morning. Poonamallee is an area with a concentration of leather units. While it is not unusual to see bullock carts in India, it is the preferred mode of transporting tanned skins and hides between tanneries and leather product manufacturing plants. In Poonamallee this morning, a bullock cart blocked one lane of a two-lane road. The traffic backed up behind the cart as no one could pass due to oncoming traffic. The manager complains, “even if he has a place to move to the left, he’ll stay in the middle of the road.” He believes India would “beat” China in a second as demonstrated by their

success in the IT industry. However the lower middle class people who live in the villages “are not up to mark yet.”

Some of the managers I interviewed told me about the stigmatization of being in the industry, even though I did not ask them about it explicitly. “In India, you are not respected if you are in the leather shoe industry,” one of them intimated, “because the leather shoe industry, traditionally, is for our lowest caste in India. So that mind set has not changed. You are not respected. I am not respected in this society when I am only a leather shoemaker. If I made garments or exported textiles, I’d be a respected person.”

Mr. Malhotra names a major Indian company and explains, “They never came to leather because they are a traditional Rajasthan family business house and they do not touch leather. They will never do anything connected to leather; it is religiously not allowed for them to do as a family.” So, this old, traditional mindset has not allowed a large industrial house to flourish and the government rule also protected as the small scale-industry.” Although... “The language now is money.”

Another issue getting attention in developing countries, particularly India, has been child labor. When I ask about consumer issues, Bijju finds the Indian regulations, which are strong, are not even followed in most of the foreign countries. “We should not want children to start working early, he states. We should look at the situation seriously, but other countries should let us decide on our own what is best for our people and not just put some international norm into place and say ‘this is child labor and this is not child labor.’” Fundamentally, he feels that it is an Indian issue. Indians know the specifics of the issue and should be the ones who are best equipped to solve the problem.

“It does not mean that children should be allowed to work. There should be certain norms which are set which maybe are more suitable for our country.”

Most of the cultural/animal restrictions on the Indian Leather industry have thus far been framed in a Hindu context. One area that highlights Muslim restrictions is as follows:

Garment exports are another area of strength for China and exporters from that country score handsome gains, and major markets such as the US, through large volume of exports made from items such as pig skins. These items are priced lower than the raw material used by Indian exporters who face competition on this front, in the international arena, since on religious grounds Indian exporters face problems using this raw material. The only area of straight competition is in leather goods and leather gloves. (IL 38, 4, 13)

It is not clear whether the restrictions are due to the sentiment of Muslim workers in the industry or to Muslim factory owners and their reluctance to work with pig leathers. But it does highlight the importance that religious beliefs of all kinds may play in the future development of the industry.

Kinship Base

As Muslims in India did not hold the same view of purity, impurity and the cow as Hindus, the British recruited them to work in Indian tanneries. While a numeric minority, South Indian Muslims hold a dominant position in the Indian leather industry. “Muslims have had a nearly monopolistic control of the hides and skins industry at one time” (Mines, 1972, 92). Flamants (2003, 2004) work on the Labbai Muslim community look at how entrepreneurs influence and shape management at different levels of enterprise. His work adds to our understanding of the Indian Muslim community’s

economic behavior (Mines, 1972). A critical component for both studies is that family plays a key role in business development. Relatives can offer financial support in a new place and there are built in social sanctions for any violation of trust.

Mines' (1972) description highlights the economic importance of kinship ties.

Relatives cooperate closely with each other even if they are operating competing shops. Abdul and his brother-in-law are cases in point. They are competing cloth merchants on Bazaar Road. Despite this, their personal relationship is warm and they often cooperate with one another in the purchase of cloth which must be bought in larger quantities than is convenient. Buying it together enables them to share the cloth and to reduce their individual cash layout. (75)

Furthermore, when the family specializes in a trade or industry, they tend to marry only those in the same trade or industry a practice that produces sons that follow in the trade or industry (Mines, 1974, 81).

It is in part this dependence on family ties and kinship networks that continue to form the basic structure of companies in the leather industries. The recruitment of labor and managerial staff is determined by what Flamant calls a "circle of solidarity". In this circle is close and extended family.

Operational jobs (such as factory manager, workshop manager, foreman) and the general administration of the factory are thus reserved for close (such as brothers, sons-in-law, first cousins) or distant relatives, whose level of education is not very important at this stage. On the other hand, their proximity to the factory owner greatly determines their career prospects. The very close relatives are given top jobs in the middle level hierarchy or in the administration, where they can familiarize themselves with the working of the firm. After this they rise in the hierarchy by getting "hands on" training. Distant relatives are generally given less important posts, as ordinary workers or clerical staff. In the latter category, there is a possibility of them rising to the position of chief supervisor. The closeness of the family relationship with the owner also determines the degree of indulgence that the latter shows his relative in

offering him the post. Some of the owners confessed that relatives could be quite useless in the firm so much so that it would be more profitable to pay them a pension to remain at home. But a particular relationship with these employees (for example the son of the owner's elder brother) prevents this kind of step from being taken. (2003, 126-7).

Flamant describes the family-owned company's structure of power as centralized and coming from the proprietor - in this case, the father and son.

In traditional family-owned enterprises, company control is seen as a guarantee of rationality in the organization's management. In all firms, decisions are taken at the head office, by the proprietor (the chairman of the group), the son and heir to the factory... The chairman intervenes at all levels in the enterprise, from the group's strategy to the production workshops in the factory. On the one hand, he defines the overall policy and working of the group. He draws the guidelines for future growth, enlisting the support, if necessary of the leather export-promotion councils on whose board he serves. On the other hand, he regularly monitors the running of the factories and the tanneries, visiting production units at least twice a week. (2003, 129)

It is this very dynamic that forms the basis for the manager narratives. Though the critique leveled at the industry is that it lacks professionalism, the behavior described has more to do with familial ties structuring economic organization and behavior.

Mr. Malhotra informs us by way of complaint how the *historical* model continues to function. "The problem with the leather industry," he contends, "is that too many families are running firms. As a result, you cannot have a professionally run business. "If you bring a professional in he does not like that owner's wife is interfering in everything."

Bijju concurs that a major weakness of India's leather industry is that it is a family-run industry and not professionally-run. This is ironic considering Bijju is himself the son of an owner. However, I learn that Bijju spent a lengthy time in Germany training

at a German-owned leather factory. This helps explain his next comment when he further critiques Indian businesses by saying that they have no “systems and practices” like those one would find in international companies. He tells me that because the Indian industry is a family-driven industry, owners are not motivated to grow beyond a certain size. This comment echoes that of another manager who told me that the older generation calculated their yearly profit and once the target was met, they ceased working even if a client wanted a large order filled. It is interesting that Bijju attributes the failure to grow on management style and not on economic policy that effectively stifled growth. He further speculates that businesses may not have the expertise to grow beyond a certain level. In his experience, the only companies that can grow larger effectively are those that are professionally run. Bijju, who knows the owners of some of these large firms, talks to them about what they face every day and they all agree that they really are at a crossroads and do not know how they can proceed further.

Bijju looks to his father for answers and wonders if that is the root of the problem. He feels that when his father was running the factory that his father made all decisions. There was not delegation of responsibility to anyone. That model did not help him or create a model for him to use with his workers. Bijju has many trouble spots in his company which needs his immediate attention but he is “stuck” with his daily issues. He is not able to give enough attention to these areas and that is what he would “really love to do”. Ideally, he would close himself off from everyone and focus on the trouble areas until the problems were solved, but so far that has not been possible. Inevitably what happens whenever he is trying to problem-solve is he gets bombarded with day to day things. ‘Sir, can I do that?’ ‘Sir, he is calling me. Is that ok?’ So far he has been able to

avoid any major catastrophes by ignoring these problems. However, he fears that the problems, while unattended, will grow past a point which he can control.

Turning the discussion back to his colleagues in the industry, Bijju identifies with their problems. They are all around the same age he tells me. "I look at myself more or less and when I hear them talking, I hear myself talking. It is so funny, you see." Everyone in the shoe industry talks about the same issues. Some have some issues covered. Some have other issues covered. Some even have most of the issues covered. No one has all the issues covered. His generation discusses the problems they face in the industry whereas their fathers did not. "Older generations kept a lot of work issues close to their hearts. They were friends but they did not discuss everyday problems." Maybe they did not realize they had problems. Today he and his colleagues discuss their problems and one hears the same from everyone: family, worker, lack of initiative etc.

Industry Culture

Labor and the worker

Only the very lowest castes will do manual work in a tannery and even they, as a rule, only taking up when they cannot obtain employment elsewhere. At the present time the general complaint of Madras tanners is that labor is very scarce owing to the fact that the season has been a good one and there is plenty of agricultural work to be obtained. In bad seasons, labor is plentiful, but at other times it is insufficient. Practically, tanning is monopolized by poor Muhammadans and Pariahs and if any

improvements are to be introduced or changes made, either these people must be educated and their intelligence developed, or a supply of labor must be obtained from other sources; neither of which alternative seems practicable on a large scale at the present time.

Chatterton, 1905, 44

Again, when considering the *historical* model, there are characteristics that fall in a large time frame. Historically, leather workers come from the lower castes. The particular caste name depended on region. As with all polluting enterprises, leather work and those associated with it are kept far from respectable Hindus. Roy (1999) explains,

The ‘respectable distance from the villages of the caste people’ was universal, and necessitated by the Hindus’ aversion to the craft because of its association with flesh, while the Muslims found the Chamars’ habit of keeping ‘that foul beast, the pig’ equally offensive. Within the colony, work was usually cooperative and the pits are jointly used. Similar descriptions of the tanners’ colony suggest that, while the craft needed space, it had perpetually limited access to it. (159-160)

Even in this arrangement where the Muslims and *Chamars* are shunned by upper-caste Hindus, the *Chamars*’ keeping the pig, moves them lower in the social hierarchy. Nonetheless, both groups still are stigmatized. Roy continues:

The rural location of tanning was reinforced by caste. The Chamars of the northern plains from Bengal to Punjab, the Mahars (Dheds) a central India and Gujarat, the Dhors of Bombay—Deccan, the Madigas of the Telugu countryside, and the Chakkiliyans of the Tamil country, were all castes that performed a variety of services in the village. Coarse weaving was one of these; agricultural labour in the busy season was another; scavenging and associated leather processes was a third. The Chamar was known to thatch roofs, and occasionally carry palanquins. The Chamarin was a midwife. The tanning castes were also found to be the village musicians, performing at festivals. Denzil Ibbetson hypothesized that the

integration of the vagrant and the tribal into settled rural life involved an evolution wherein scavenging, tanning and weaving were adjacently placed occupations. In 1916, he could observe various stages of this process completed in the Gangetic plains. Coarse weaving and tanning did not require great skills, and hence a specialist artisan caste. They were also ideal as of-season employment for agricultural labour. The Mahar was additionally, the village watchman and the general purpose labourer, commandeered 'whenever a pair of shoulders are required to bear some burden, it may be the revenue records from field to field or a petty official's kit. Payment took the form of customary entitlements like rights to reusable wastes, crop-share, and sometimes peace-rates, the mix being variable between regions and classes, and over time. As if to justify their function in rural society, the tanners also invariably carried a degraded image. There is, in fact, a surprising constancy in this image across distant regions in India. (160-161)

No matter their function in the local village, the *Chamar* occupied the lowest rung of society and highly stigmatized.

Bijju finds that the Indian worker is reasonably clever and skilled at doing things. He is not totally disciplined but reasonably disciplined. However they lack professionalism. He defines a real professional as someone, when explained their job function, understands his responsibilities and goes his own way. His workforce has enough discipline that when told what to do, that is all they will do! He appreciates that his worker will at least listen to instructions and try to do what his supervisors tell them to do. However he believes that a more professional work person will, once they are aware of their situation and responsibilities of the job, make an assessment of how to get the job done in their own way. In India you have to guide them “**every single step** of the way” (he emphasizes the first three words slowly). His delivery of the last line is measured and timed, tinged with a little frustration.

It is an ironic situation. The worker who needs very little instruction will leave and go out on his own. The worker who is “disciplined enough” will stay. Bijju is caught

in a situation where if he pushes the worker to develop the professionalism he desires of the worker, that worker will invariably feel “since my decisions are right, I can go out on my own. I should be my own boss.”

That is a big problem. One way he tries to train his workers is to encourage them to speak up when they see a problem. He urges them to tell him what they are thinking. He gets poor results. He gives the example of a design meeting. He has employees whose job it is to take the designs from his customers and make samples which then may become actual shoes for production. He tells me that in one such meeting the designers from the customers spent the better part of a morning discussing the designs with his developers. He was not at the meeting because he had something else to do. After the meeting they came to him and said, ‘Sir they asked us to do this and you know it is a big problem to do something like this.’ He asked them ‘Did you tell them?’ ‘No sir’. I look up and see Bijju is frustrated. He has told them a 100 times, he tells me, that the customer appreciates you coming out and telling them initially that their designs could cause problems. “Tell them we can do or not do!” he tells me. “But they just keep quiet.” At this point Bijju trails off as though reliving the moment in defeat. Of course, the problem comes later when the customer thinks everything is on schedule and then they find out that there are problems. Initially, Bijju thought the problem had to do with race as his customers were white, Europeans. However the problems persisted in other areas where race was not present. “I constantly educate them. I keep on telling them, ‘your input is very important. I cannot be your voice. I want you to be your own voice.’”

Bijju’s explanation for this behavior and lack of initiative, from the workers proves very interesting. He tells me that he thinks that the basic Indian mentality is once

the person realizes that he is capable or knowledgeable enough to do something on his own, he will not want to work for anybody anymore. The first thing the person does is to go out on his own. He has seen a lot of clever people who are very content working with mega-corporations even normal-sized companies. They get up in the morning. They go to their work. Come back home and they are happy. Very few Indians will settle for a life like that he tells me. “They would always dream about going their own way and putting up their own plant. That is the reason why I think that most of the Indian companies that really finally made it are still family-run companies. None of them are professionally-run companies.”

Using the ubiquitous Indian tea stall to illustrate his point, he continues. “Just look at any fellow on the road side. He’ll be working in a teashop and three months down the way, he’ll have his own teashop!” He does not understand why they cannot stay together and make the company or enterprise grow big. Bijju does not blame them entirely. Perhaps some of the blame should fall with management. Perhaps the owners and managers are not able to motivate these good people to stay with them and help them grow together or maybe it is just the mentality of an Indian—they just want to strike out on their own. Bijju is not sure. The worker just is not happy staying and thinking how to make things better here at the company, Bijju quietly complains. He seems genuinely frustrated and confused by these matters. “We are just not able to develop that feeling within our workforce that ‘this is your company.’ They always feel like they are working for someone else and they just do not like that.”

Perhaps in an effort to find an answer to the workers’ entrepreneurial spirits, Bijju frames the issue in terms of “loyalty”. He says that very few people in leather have been

able to create that kind of loyalty. “I’m not sure what the problem is because in India, we emphasize loyalty and I believe there is a lot of loyalty compared to foreign companies.” He tells me that if I were to go and question his employees, I would find that at one point of time or another, they would have tried something on their own. He says that maybe they will try something and it does not work and they will come back to work for him, but I can be sure they will try it again! It turns out this behavior is very close to Bijju’s work experience. He confesses three of his former technicians have their own tanneries right next to him. All of the tanneries are reasonably big. He says that he is very happy for them that they have “made it” but feels that if they had all stayed with him, they all would have been a strong force. “I have three of my former employees who are competing with me on a day to day basis!” he says with a bemused look on his face.

Mr. Narayanan view of the Indian worker is less conflicted and more negative as it relates to their work ethic. He characterizes their attitude as follows: “As long as I get my pay, I do not give a damn as to what I produce, and if I produce a thousand under the required amount, ten of which comes back defective, then that’s just part of the percentage that the owner factors in.” He does not think that you are able to tell the Indian worker that he is doing a bad job and that he, the worker, should do better- that he should fix the situation. “I do not think it is there in the Indian mentality. This is from my perspective and I’m convinced about it.” Mr. Rajendran confirms Mr. Narayanan perspective offering a reason for the poor work ethic. “The worker in India will never work fast as long as their salary is fixed for the month. You cannot motivate them to go fast.” Again, the “Indian mentality” takes the blame. “The mentality of the Indian worker is once he puts up 10 years, 15 years, he wants to live comfortably.”

Mr. Narayanan says that permanency of employment is only a piece of paper. Here he is referring to labor laws. He recognizes that the law can only promise to protect a worker's job, but it cannot guarantee enforcement of the promise. For Mr. Narayanan the relationship is simple. It is through Mr. Narayanan that the worker has an opportunity to earn as he articulates, "the worker still looks at me as I am out to screw him." If the worker does his work, he will get his money.

How the worker makes something out of that is up to him on his own ability. The worker should use his ability to keep the cost low and produce what is required on a day to day basis. Of course, the worker attitude is rooted in *historical* relationships of stratified power relations. It is clear that Mr. Narayanan has a stereotypical view of labor from management's perspective. He asks rhetorically, "why would a person making money off of me not actually dance to my tune in terms of quality?" He believes the worker should have a personal interest in making sure they do a good job since this translates into profit. Mr. Narayanan articulates his disapproval of the current labor laws when he comments on the salaried factory worker. He characterizes the worker as someone who gets a salary while sitting on their "fat ass doing nothing" and saying, whether he works or not, whether he listens to his boss, he cannot be thrown out of the job. "Who the fuck are you to tell me? 'Ah, seventh⁷ morning boss. I want my paycheck.'" Mr. Narayanan reacts as if in the moment or at least reliving a request for pay from a lazy worker.

⁷ The workers are generally paid on the seventh of each month and so the reference.

If Mr. Narayanan does not pay the salary, he then faces a situation where the Union gets involved and confronts him, perhaps when he is with a customer. They will come in numbers as a way to further intimidate him. The Union will now harass him for the wages. Again, the Union is painted as a coercive element in labor relations, but not seen as a way to protect the worker's rights. Mr. Narayanan has had enough with this behavior and has defined the situation in terms with which he can live. He tells his employees that their salaries come from their efforts and not his efforts. His equation for success is clear. First, his job is to bring in orders. It is the workers' job to complete the job. Finally, it is his job to collect the money from the client. If all three parts fall in line, and money comes in, then the worker will get their salary. If those events do not happen the way they are supposed to happen, then the worker's salary would not be paid. "I am very clear and I continue to function that way to make a living."

Ramesh echoes some similar sentiments about the worker attitude. In my conversation with Ramesh, he complains about the labor in India. He complains that the Chinese worker can make 2000 pairs of shoes in a day whereas the Indian counterpart makes only 500 pairs a day. "They are out-working the Indian." He complains that there is also a labor shortage in his area. The laborers will leave and go somewhere else. They will go to other companies. This is a recurring theme with the managers located in certain areas. The high concentration of leather product manufacturers (LPMs) in certain area does create shortages for the companies. He says his company and the industry are not meeting their potential as they only produce shoe-uppers. Full-shoe conversion will occur in foreign countries. Continuing on the worker he tells me that as things get bad in the economy, small companies run away. For three or four months there were no profits and

he still had to pay the workers in order to keep them. Labor is expensive. “If they would work for food and board, I could pay them. However they are not satisfied with rice. They want Biryani!⁸” He tells me that labor in China is cheaper. “There’s no unemployment in India!” Without the government subsidy there would be no profit. They, the owners, are barely making it now.

Training

And before any material improvements can be introduced into the processes by which leather is now manufactured, it will be necessary either to educate these degraded classes or induce more intelligent workmen to enter tanneries.

Alfred Chatterton 1905

For the leather industry, worker training is important. Even in the more un-skilled areas of the industry like tanning, *some* training is necessary. The managers tell me that their workforce is primarily rural in origin. Some come from agricultural backgrounds while some work seasonally in agriculture. Generally, the workers are uneducated or possess very little education, a condition that has changed very little when compared to written sources. In the organized sector, women are found primarily in leather product

⁸ In my experience in Tamil Nadu, Biryani, a Muslim rice dish with nuts, rice and a meat, is considered by everyone as a time-consuming dish to prepare that is very tasty. It is common to get it at restaurants on Sunday.

manufacturing and if found in tanning, they occupy “helper” roles. The managers have to decide whether training will be part of their overall cost and risk losing their workers (and the investment they made in training in that worker) or if they will settle for poaching workers from other areas themselves. Overall, the manager narratives highlight the lack of education, rural-ness, and low-caste/class position of the labor force which is an articulation of the *historical* type.

Mr. Pathak is first to complain about worker mobility. He says that the workers do not stick to one place. They keep changing their work place. The main reason for this movement comes to pay. Wherever they get paid better, they go there. His company does not have this problem as much because his “factory is ideally located so it is not near to any other shoe factories.” If he was located in Chrompet or some similar place, his workers would get distracted on the way to work by seeing postings for higher wages from other companies. This temptation would eventually lure workers away from him. Mr. Venkateshan explains the situation when he says that there is a labor shortage because of the competitions from different factories. More and more factories are coming. To set up the factory production line they try to attract workers with higher wages.

Mr. Sakthi offers a positive view, if not gendered view of the worker. He *is* willing to pay higher wages it seems, for a smarter, trainable worker. He tells me that the girls that were plowing fields, “these people” are now working in export. He just has to teach her and immediately she grasps the information. So instead of paying her 1000 rupees, he will pay her 1500 rupees because she grasps the training easily, and she does the work fast. He can mold her to whatever shape he wants.

Mr. Kumar too hires women. His workers are mostly if not all trained in-house. They come to him with no training.

Basically the workers are from the poor families meaning all the women are from poor families. They are uneducated generally speaking. If they went to school it was not for very long and maximum they learned all their skills in-house.

He contrasts his understanding of the local workforce with what he knows of China. He says that in China people are trained specifically by their government or there is some institute who train them to work. You see that in the leather field. Indian workers do not have the ability to go for training. In China it has been the opposite. In China the government is training the workers. The Chinese government sees the growth potential of the industry. They see the possible growth for the next 5 years. They keep training more workers to meet the expected demand. They see that in 4 years they will have to train X amount of people to keep the manpower ready for the requirement of the industry. But here, he continues, it has not been the case. Here, the companies literally search for people and give them training. He echoes a sentiment relayed by Bijju when he says,

Once the training is done, the people will feel very good and their attitude is not like other parts of the world. Not that they can do the job, they assume they are doing it well and that has been the problem.

Mr. Kumar is quick to distinguish between tannery technicians and the general workforce. The technicians are good, he says, but not the workforce. “A lot of the tannery technicians are working in China. If you go to some fairs, you can see a lot of technicians from India working for companies there.”

Mr. Ameen describes in part how they try to train workers. They have a small training center in their own unit where they do their samples. They keep about 30 people there and occasionally, they bring about 10 to 15 people and put them along with these 30 people. These 30 people are already trained people. They put these 10 to 15 people with the 30 trained people so they get to know how to do things correctly and quickly. “This is all we can do in the handcrafted industry. There is nothing else we can do. We cannot make it by machine. We have to do it by hand.” His unit is small and has some flexibility to adjust to shortages.

Mr. Malhotra’s workers too need training and lack professionalism. Perhaps echoing Mr. Sakthi’s experience with agricultural workers, he tells me that the rural workers are better than the city workers though his worker pool is generally not very educated. In this case, he is talking about women – mostly 6th standard; at most 10th standard. Viewed as a raw material for production, he finds the workers in short supply and he does not know how to address this problem. “If the industry were to grow, there would be no problem getting materials, components, machines, leather. Getting a trained and ready workforce in the numbers needed however, is a problem.” Consequently he finds that factories are poaching workers from each other.

Technology

In the *historical* type, there have been technological advancements that have impacted the industry but it is arguable whether it transformed the industry. Though the first “modern” tanning unit was established in Madras (Chennai), until 1970 most of the tanneries were engaged in the small-scale sector and engaged in either East

India/vegetable tanning or chrome tanning to the wet blue phase (Sankar, 2007, 107). At the wet blue phase, the skin can be transported without decay and finished with the desired texture and color at a later time. With vegetable tanning, those processes must be done relatively soon after the tanning process. In manufacturing, while machine work was introduced, a large part of the process still relied on physical labor. *Modernization* requires capital. It requires long-term investment. As with many small business owners, there is less risk in keeping things as they are.

A story detailing a trip to some tanneries outside Chennai will help to illustrate the *historical* thinking towards technology. A chemical salesman took me on his rounds one day to show me what he called the “traditional” tanner thinking. For him a traditional tannery was one that did not make much investment in terms of modernizing the facility or in terms of job training for employees. These tanners’ business practices and facilities match what they did fifty years ago. Minimal investment is made in the tannery. In the first place we visited, the unkempt appearance of the area was cited as an example of the poor investment in the company. Grass was tall and the place had a look of undeveloped land. There was a dirt road leading to the unpainted complex. The complex, made of concrete, had a weathered look. After following the dirt road for a quarter of a mile from the main road, we arrived at the tannery complex. This company has been in business over eighty years. They do not put more than is necessary back into the company. “Very little in way of investing for the future,” says the salesman. I was shown some of the skins that were tanned and finished for export. Despite the outdated, unkempt appearance of the company grounds, the leather appeared first-rate. The salesman later told me that the leather we saw was bound for a high-end Italian manufacturer. This section will

articulate in part that technological advances in India is limited by the nature of leather as a raw material and the cheap cost of labor both of which promote the continuation of the *historical* type in the Indian leather industry.

Leather as a raw material is not a uniform material. Bijju describes some of the limitations in using machines. The characteristics of the material within an area of three square feet will change considerably. So it is too much for any computer to examine correctly. Machines cannot always make distinctions between the good and bad part of leather.

Mr. Venkataramanan explains why the leather industry is a labor-oriented industry and not machine-driven. He stresses that it is very essential that labor be properly trained since leather is not the same quality throughout the piece. It is not like a machine is set and you can feed the material through and get it out at the other end. For every piece, every skin, managers, production supervisors, and workers, they have to apply their full senses at all times and be watchful. They must be alert the whole time, right from the slaughter till the end.

As he continues, he stresses that they cannot ignore any part of the production process. Again, it cannot be left like any other industry where the product line is set and it comes out. A worker at every level matters. It is very, very important to monitor the quality at **every level** (emphasis his). These examples highlight that leather as a material requires a “human touch.”

Labor costs limit the relative advantages that machines might bring as highlighted by Mr. Krishnasswamy. He tells me that when you send leather abroad, you send it to the high-cost economy like Europe. In Europe, the worker’s salary is very high so every

minute counts. He clarifies, “Let’s say they would buy very clean leather of a very high grade. The product is the same between what we sell in India and what we sell to him.” He goes on to tell me that the product is the same but the one he sends abroad has very few mistakes in the leather. Therefore the worker there can almost close his eyes and cut it. In India, he would have to use his ability to **manipulate around those defects; avoid the defects and cut it** (emphasis mine). Therefore he needs more time to cut it but his base costs are so low, he can afford to put three times the cost and cut his leather slowly and still achieve the same quality as the man cutting it in America or Europe. I ask him to tell me the difference in *quality* and *grade*.

This is how he explains the difference. In the leather industry, people tend to mix up the word *quality* and *grade* of leather. The *quality* of the leather is the same between high *grade* and low *grade*. It’s only the *grade* that needs more time to cut and therefore unreliable in the western world but quite viable in the Far East. Many times his company will export to the same customer both grades. They will send them the best leather. The rest of the leather which is mediocre, or a little worse, he cuts and makes uppers out of them and sells them. The results are the same.

Again, investment in technology is not necessary as the low cost of labor prohibits the need to invest in too much machinery. In the *historical* type, the diverse nature of leather as a raw material and the low cost of labor perpetuate low tech/high labor behavior on the part of managers in the leather industry.

Absenteeism

Absenteeism as a part of labor market relations between industry and worker is a common feature of work life for the manager. Both Morris (1965) and Chandavarkar's (1994) works trace the emergence of Bombay's working class and their relationship to the factory. These two authors are part of a larger debate on explaining *historical* Indian worker behavior as well as limitations on capital development. While this study is not part of the debate, *absenteeism* is a working condition cited by those (including these two authors) that seek to explain or articulate working class behavior and its evolution as well as limitations to capital development in India. Morris generally looks at rural labor and its adaption to industrial labor. He takes a managerial perspective. Sumit Sarkar describes Morris' work as

Development along broadly unilinear, rightly and properly 'modernising', capitalist lines was assumed to be the norm. Indian departures from it – slow or distorted growth of industry, an unstable, inefficient, and volatile working class, backward styles of management—needed to be explained. Here, the big debate turned around whether the impediments came primarily from colonial constraints, or from the persistence of indigenous structures and values. (2004, 286)

As a contrast, Chandavarkar's 1985 essay instead

questioned the model of a linear, 'normal' track of development from handicrafts, through forms of putting-out and manufacture, to large-scale, machine and factory-based, industry. Despite their manifold other differences, theorists of 'modernisation' and Marxists had for long shared such an assumption. Deviations and retardations from this norm, derived from what was then thought to have been the paradigmatic British model of industrialisation, were assumed to be lags, signs of persistent backwardness. In the Bombay textile industry, however, the point of origin and for long the heart of Indian capitalist development, what remained characteristic virtually throughout was the combination of large factories with a considerable degree of putting-out forms, small workshops, and petty or artisanal units of production. Even in the 1920s and 1930s, seventy years or more after the foundation of the industry, one-

third or more of the work-force was hired on a daily or casual basis, and 'independent' industrial investment in factories went along with often the same businessmen engaged in putting-out as well as in 'comprador' trading in British piece goods imports.

Instead of having a linear path of development based on a positivist model or progress, the rationalization for worker behavior is tied to the structure of industry. The industry cuts across the formal and informal sectors - the organized and unorganized sectors.

Chandavarkar continues:

A major part of even second- or third-generation industrial workers retained strong links with their village homes. Instead of the perennial search for explanations in terms of assumed backwardness, Chandavarkar suggested, one should rather explore the considerable degree to which such flexible forms may not have been reasonably successful adaptations by both capitalists and workers to specific circumstances. Thus frequent short-term fluctuations in the price of raw cotton as well as in the demand for yarn and cloth made 'flexible' investment by capitalists an eminently sensible strategy. The highly oppressive conditions of factory work and uncertainties of urban employment made workers who still had some land prefer circular movements between village and city to one-way migration to industry. They tended to invest whatever they could save on land, kept their families in the villages (living conditions in the city slums were generally atrocious), tried to go back there during harvests and festivals, and looked forward to returning permanently upon retirement. (Sarkar, 2004, 291)

Again whether absenteeism is best explained in worker backwardness, or as cultural flexibility, absenteeism is another element of the *historical* type. The following are articulations of the type through the managerial narratives.

For Mr. Malhotra absenteeism is a very large problem. There are many reasons – festivals, family problems, gender problems. Incentives have been factored in for people to come to work. The people who were coming everyday are the only ones who get the incentive. Without the incentive, they still would have had good attendance. The only day

with full attendance is payday. Absenteeism causes delays in the work schedule and in meeting deadlines. One solution is to keep the workers late and pay double time, but obviously this adds to production cost.

Mr. Mala's explanation is more individualistic. He tells me that they are used to that type of work ethic. Not very positive; they will go to work when they feel like it. If they do not feel like it, they do not go and of course they have the family problems that go with it. Being poor people they probably will not have had their meals. They miss work sometimes because someone is sick in the family and there is no one else to look after them.

Mr. Venkateshan's absentee rate is an average of 15% every day, but you can see this suddenly dropping on pay day. He laughs as he tells me this fact. On payday the rate is around 3-4%. He emphasizes that one **knows** those people are really sick because they could not come to work that day. Obviously health is an issue for them. They do not eat well or good food. "I do not claim that I've been taking care of them well. There are hundreds of issues with them but we cannot help it."

Mr. Kumar echoes earlier sentiments. He says that absenteeism is there but you really cannot do anything about it. The workforce he has is from the low castes so they miss work and they give you a reason. Basically, he cannot say no to them. He does offer some sympathy when he says that they can be sick but there is nothing they can do about that. Overall, surprisingly, he does not find absenteeism to be a major problem for him. "There are some days when absenteeism will be more but you have to cope with that", he tells me. I tell him that in the US, the absenteeism rate is between two and three percent.

He replies, “For us it is not like ten percent, it is eight percent some days, very rarely is it fifteen percent.”

Finally Mr. Ameen agrees that absenteeism is a major problem. On an average it is about twelve percent, and it is for various reasons. Mr. Ameen tells me it is that the women do not want to come to work because her husband had a drink last night and he beat her up or it is the children are not well and she does not want to come or it is just that time of the month where she is having her period and she feels uncomfortable at work. It could be anything, he says, but the point is “yes, there is a lot of absenteeism.” When he plans for a new product, he always has that block set aside where he assumes he is going to have 12% absenteeism. So he overstocks his production line taking into account that he has absenteeism. Generally, this is what everybody does. The problem with that is he may not have enough people for a particular operation. He needs about fifty people for a line: for a production line. If he assumes twelve percent absentees, that means six people will be absent. So he takes two “stitchers” more, two “stylers” more, and two weavers more. But then one day all four of his “attachers” are missing and he only has two extra. (laughs)” So what do you do? So, it does not help you if you plan extra.” This is a major issue that I will examine in more detail below.

Labor Laws

As most of the industry falls under SSI designation, the Factories Act does not apply to most leather and leather product manufacturers. However, the Act has a direct impact on the companies as Large-scale industries are subject to greater government regulation and lose most of the ability to fire at will. Therefore to grow too large means

you are now obligated to pay your labor force regardless of your changing economic situation or your temporary need for the worker. Staying small also allows a company to stay unregistered and therefore out of reach of government regulation.

ORGANIZATIONAL CHANGE

Mr. Krishnasswamy while criticizing the industry is able to articulate the organizational setup of the industry as well as an economic structural element that fits with the *historical* type. He tells me that the industry is highly fragmented. No factual database is available to measure and compare anything with regard to the industry. All the businesses measure is turnover. They do not measure anything about efficiency. They do not file balance sheets. Because they are all small companies, they do not need to file a balance sheet publicly. So there is no information available. What are their margins? What are their deficiencies? No such information is available in the industry, which contributes to its weakness.

Another problem, according to Mr. Krishnasswamy, is that the industry is very inward looking. They only want to do the same processing. They do not want to go innovate or change how they do things, a sentiment also related to the issue of technology. Again, without intending to do so, he voices an element of the *historical* type when it comes to leather practices. A person tends to do one thing and do it well. There is usually not a tendency to diversify and try different things. Mr. Krishnasswamy illustrates, “A goat tanner will see that I won’t use Indian goat material and yet he will continue to tan only Indian goat. Once he knows goat tanning, he should be able to handle any material from anywhere in the world.” The tanner doesn’t think “I can

become ten times bigger if I took goats from Ethiopia, Sudan wherever.” Mr. Krishnasswamy finds that sort of thinking is very inward looking on a short-term basis. A second criticism is that financial confidence in the industry is very low. As an investor, one asks, “Are these figures really right? Are there comparisons for five years?” No data are available and nobody likes to share data with the rest of the industry so that they can deal with the industry competitively. He echoes an earlier sentiment that the workers in the industry need to professionalize. He considers the industry inward-looking. He is very critical of the ideology of many in the industry. He tells me that many in the industry don not know “what the hell is happening outside.” The industry does not want to absorb outside ideas or share their ideas with others. “So whether they are doing well or not, it’s a black hole.” Mr. Krishnasswamy echoes Morris in his interpretation of the industry though this behavior he articulates was quite common among leather companies in the *historical* type.

UNIONS: Legal protection for workers

As one can imagine, the managers don’t share a positive view of unions. As is the point of unions, workers gain more protection and power when dealing with management. Indian unions formed along craft lines which are a product of caste lines. The unions then got tied to political parties. Though this is changing, it is this political affiliation that represents this characteristic of the *historical* type.

Bijju acknowledges unions as a part of business and their impact on the industry when he says, “Though we have a disciplined workforce, we have also a strong union culture. That is also one of the setbacks in a very high labor intensive industry.

Mr. Kumar too has a negative view of unions. He tells me that in Tamil Nadu you can see people have unions just for no reason. Just to get money. Here the unions are associated with one of the political parties. The parties have 33 groups. They have offices and basically their own unions. If there is a problem in the factory, it is a problem for the people and they have to speak to management. Most of the union people go to the union office. In turn, the office people will come and speak to the management, and there will be a lot of money changing hands. These things happen. Most people do not realize that it does.

Mr. Narayanan spells it out more clearly. He connects unions to caste and to industry. His story is one I heard numerous times either as personal accounts or accounts of someone who knew someone. “I don’t know about other industries but I can tell you on leather, the kind of job we are doing right now, there are certain communities which actually come and take on those jobs.” He tells me that about seventy and seventy-five percent of labor force comes from the class that calls itself a scheduled caste. He thinks that those figures can be probably confirmed by Indian industrial sources. “You just need to go and look inside of a plant and you will see that.” The implication is that it is obvious to anyone. Mr. Narayanan elaborates that the problem is there is a lot of political clout that is being played where units go beyond a certain number.

According to Mr. Narayanan what happens is that people come in the guise of a union but then they actually could be an umbrella of the caste that they represent which is the scheduled caste, which means they have a lot of additional legal rights that other communities don’t enjoy. Laws created by Indian politicians give them much more political strength to ensure that they don’t get marginalized, exploited or abused. But, he

complains, that is now being used rampantly to their advantage in very vicious ways and is becoming a problem.

He relates that he has become a personal victim of that behavior because when he had to settle with his workforce, there was no union that came forward and tried to reach a settlement. It was some kind of a faction which represented all these scheduled castes and they were just out to make money. These people, the union, just want their money; their pound of flesh before settlements, he complains. “Even if I enter into an agreement with those guys, they will barge their way in and say that we got to pay our dues before you settle with them.” Ultimately, the worker doesn’t benefit from it. It’s the people who are in-between that take a chunk of the money and the government might not say anything. In the final analysis, it just takes less energy to bargain with the union than do what is “right.”

Mr. Narayanan offers an informal formula to decide if to deal with the unions. As entrepreneurs and employers, managers find it easier to deal with five or ten people in the union leadership in order to complete the settlement with the hundreds of workers. If in the bargain these workers lose out, then that must be the case. Either they (the hundreds) have realized that these people (the five) are going to take “their pound of flesh” or they (the hundreds) genuinely believe these people (the five) are giving them (the hundreds) a better deal by using the five as intermediaries instead of negotiating directly with management. Managers just want the process over and done with, because the union people are intimidating. It is a part of work life you must just accept. It is a part of doing business that Mr. Narayanan despises.

COMMODITY CHAIN

Tan OR Manufacture

In the *historical* industry, participants would not engage in several areas of the commodity chain⁹. For example, tanners would not manufacture goods and those that manufactured leather products would likewise not get into tanning. Taken a step further, tanners specialized in certain skins. The goat tanner would set his machines for the thickness of goat skins and would have the appropriate mix of chemicals ready for goat skins. He would not one day or season tan goat skins and the next cow or buffalo. Mr. Venkateshan who manufactures leather goods and tans cow leather has this experience in his tannery. He works primarily with cow leather. If a customer asks him to make some other leathers like sheep or goat, or buck for instance, then the customer will need to look for some other tannery to supply that material because his tannery are not experts in that material. He is unable to change his process and he can't change his purchase. So he is set for the cow. Any style or any article in the cow, he can do that. Otherwise he will pass on your business. This is very characteristic of the *historical* type.

This, of course, is the very condition that Mr. Krishnasswamy criticized earlier. He does not understand this inability to adapt.

Tanning was very specialized and afforded the successful tanners a very good reputation. Some of the managers I interviewed offered sentiments supporting a

⁹ Roughly, the commodity chain for leather products follows these levels: raw skins, tanning, manufacturing, brand-creation.

perspective that favors specializing versus controlling multiple levels of the commodity chain.

Mr. Venkataramanan is clear in his support of doing things more in line with *historical* practices. “The industry will be successful if people confine themselves to only one product. The road is clear.” He has a very role-oriented view of the industry and appreciates that everyone fulfilling their roles helped the industry function correctly. There was the manufacturer of goods; the person who collected and sold the raw supply; the stock house bought and stored material; everyone had their job. He recollects that is how a few years back things functioned. “Everybody was doing their roles correctly and they had their range of limitations which controlled the market price. Everybody had profits; they were satisfied with it and the next man also believed that profits were available and he did his job. Each person valued their role.” The uppers were made. It was exported and the customers were happy. Now, each company is trying to out-play the other. “This man is trying to do the other man’s job; I mean there’s been confusion.”

Mr. Malhotra believes that the development of the industry became problematic when the tanners moved into shoe production (or at the least they began manufacturing products higher up on the commodity chain). “A tanner should remain a tanner and a shoemaker should remain a shoemaker.” He feels that combining the two puts one or both businesses at risk. Mr. Malhotra points out that only India has this arrangement where tanners are shoemakers and shoemakers are tanners. Not even Italy with its high reputation in leather or Germany has this industrial integration he tells me. This arrangement makes one of the two businesses a captured plant. One most likely subsidizes the other.

As a consequence of this arrangement, Mr. Malhotra argues that the Indian leather has suffered and has been unable to develop itself to its capacity. He elaborates on his earlier point of needing to one thing and not two. He tells me that if you go worldwide, the leather industry could be sub-divided into two areas/jobs. One is tanners. Their job over the ages has been to arrange the raw materials and make finished leather and live only on the sale of the finished leather. Second are the shoe makers who have been sourcing this material from tanners and making only shoes. Now, here in India, the leather makers became the shoe makers. So the leather-making part of the industry is not growing because their purpose was lost. The shoe-makers that tried to also make leather also suffered the same fate and stagnated or “went down”. Mr. Malhotra describes a recent trend contrary to the *historical* type but one he does not support. He believes that a man that makes leather should only produce leather. Leather shoes are a different product and require a different skill set to produce. He tells me that in India, because of some tradition or whatever (like the Indian government subsidizing companies that produce value-added products for export), the same people that started tanneries decided to move into shoe-uppers and from there they became shoe makers. He feels that although people were now making shoes, they did not develop the skill to do so. The shoe-maker marketing skill is different than the leather marketing skill. So if Mr. Malhotra was to have had a tannery, he would have been bankrupt, because his factory needs only about five thousand square feet of leather every day which is not very much leather to support a tannery.

Mr. Malhotra then articulates another problem with owning both parts of the chain. A tanner is a specialized job; he can be a goat tanner or a cow tanner or a sheep

tanner or a buck tanner. The process in the machine may be the same but the technology, the chemicals; everything else is different. I ask him to clarify and he tells me, “It is like a cotton mill man and a silk man. They are all mill textile makers but one makes chiffon, one makes textile, one makes silk like that.” This product range can be marketed depending on the fashion industry of the world. Today goat is not in fashion. If he had a goat tannery, he can’t say to his customers, “look I am a goat man so I have to make goat uppers and goat shoes?” Not if he wants work. Mr. Malhotra finds that his setup affords him flexibility. He can tell anyone who walks in to make an inquiry, ‘tell me what type of leather you need. I can source that leather because I am catering to your fashion needs.’ He has in his factory in children’s shoes, cow suede and cow nubuck in ladies’ shoes; He uses goat suede, cow suede, everything! He does whatever he can for the customer.

But if he had a tannery, then he could not afford to think this way. The tannery business is a separate business and he should utilize the complete capacity of the tannery for sales or exports and not benefit the shoe-upper unit by mixing the needs of the tannery with the needs of the shoe-upper unit because the uppers may not need the same leather. Mr. Malhotra asks me if any of the big shoemakers worldwide ever have a tanner. He answers in the negative. He tells me that in Italy the tanners have never made shoes and the shoe makers never made leather. In Germany, names like ARA, Gabor, Barbo and Salamander—all these big names control the market over there and yet they do not have a tannery.

These are large factories with a capacity of 30,000 pairs per day. They only source their material, but they have managed to grow and be successful. He blames the

failure of the Indian leather industry to grow on following “this other model.” Again, Mr. Malhotra is emblematic of the kind of thinking that occurs in the *historical* type regarding commodity chain participation.

As we will examine later, the Chinese leather industry like other industries have become world leaders in production and so offers a model for the Indian leather industry to follow. In this respect, Mr. Malhotra wants to continue to follow *historical* thinking as it works not only in Europe but also in China. He tells me that if you go to China, the man who has a shoe factory is only interested in sourcing his leather. If he gets his price in Chinese tanneries, Indonesian tanneries, Indian tanneries or Italian tanneries, he buys it. He programs his purchases according to his dollars. The Chinese man is making 50,000 pairs per day. It makes economic sense for him to follow this new Indian model yet he does not. For him it is very easy to put up a tannery because his daily requirements are enough to provide work for the tannery but then it becomes a captured plant. He makes the point that a captured plant is very dangerous. Because even if he can become a goat tanner, the raw material of goat is different, tanning process is different and his shoe buyer may not want to have only goat shoes. Then what does he do?

Mr. Nawad offers different reasons for staying put in one part of the commodity chain. He thinks that there are other ways to stay competitive without having to own varying parts of the commodity chain. One way is to package your own products so you offer greater services to the consumer making yourself more attractive. After selling his product to the customer, he noticed that they were sending it to different places and packaging it there. He saw an opportunity to put the whole thing together in his factory. He divulges that he was encouraged to act by an element of fear. There was a danger

which led to an opportunity. He tells me that you do not have to be a Harvard graduate to realize that if you send the wallets to some other place and it gets packaged there, tomorrow, the wallets could be made there. Because of business ideas like *just in time* supply, he took it on himself and decided to make the packaging for the client as well.

He does not see packaging as another step in the chain but as part of the manufacturing process. It is simply extended their creativity to part of the product. He recognizes that this process does eliminate a step for the customer, but that the customer tends to pay more for his product. He does not underestimate the value of designing the packaging in getting the product to shelves faster. It is a mutual investment. He gets paid a little more and the customer gets to market faster. Underlying this practice, however, is total agreement with Mr. Malhotra's philosophy. "We are good manufacturers. Simple as that and that is our focus and that's what we want to be doing. I do not want to confuse that. I do not want the factory to get confused." Although Mr. Nawad manufactures for many well-known brands in the United States, he himself does not want to move up from manufacturing for others into manufacturing his **own** brand. By being a brand, he would have to subsidize the factory and he would not want the factory to subsidize the brand. He feels neither scenario does justice to the other. For Mr. Nawad, a brand is a separate thing altogether. "I would love to have the freedom to source anything from anywhere in the world to cater to that brand and not to limit that brand to my factory."

BUREAUCRACY/DUTY DRAWBACK

A major element of India's government is its many levels of bureaucracy. One area of its bureaucracy that structures much of its citizens' life is the economy. Indian businesses are subject to high levels of regulations in the form of duties and licenses for import. One way for export companies to recover some of these fees as part of their incentive to export and therefore earn foreign currency was in the form of the duty drawback. As an industry targeted as capable of earning foreign exchange, the export companies in the Indian leather industry dealt with both Indian governmental bureaucracy and the duty drawback.

Mr. Malhotra explains the conditions and process of the duty drawback. He gives me an example under which the duty drawback is needed. One industry and government limitation concerns the technology to make shoe soles. Because the Indian industry is unable to produce soles, leather producers must import these soles from Italy and France. Fashions change too quickly to allow Indian manufacturers to copy these styles in time to meet the seasonal demand of their customers and fashion requirements. As a result of having to import these soles, leather-product producers pay upwards of thirty-five percent import duties thereby affecting their competitiveness. To counter the negative effects of the import duty, the government offers a 'duty drawback scheme' which reimburses some of the import duties on an item if the item is used in a product that is re-exported. The duty drawback is not always applied uniformly as the drawback for men's shoes is forty rupees whereas it is twenty-eight rupees for children's shoes. This is problematic for children's shoes producers. Aside from importing the soles for children's shoes, manufacturers have to import decoration pieces that are not part of adult fashion. Ninety

percent of a man's shoe is sourced in India. There is very little imported and thus little need for a duty drawback. On top of that, there is virtually no difference in the production of men's, women's and children's shoes, yet there is this drawback discrepancy. Mr. Malhotra complains that this problem does not affect the 'lords of industry'. The ten families that comprise this group all produce men's shoes so this does not affect them.

Another problem with the bureaucracy lies in the recouping of monies. Mr. Malhotra complains that recouping the drawback is hampered by the process. He does not criticize the idea of the drawback so much as he does the process for getting the drawback. "So, I do not know when I will get it or even maybe finally, they will write a letter to me that this 'small coma is wrong in your application or this number is wrong' so the application is rejected." Not getting the money in time hampers growth. If he would have had the money, he could invest in his infrastructure. For example, if the euro is down, he could use the money to source material from Euro countries and take advantage of the down Euro. Instead he has to borrow money or wait and hope the Euro does not climb soon. A possible solution offered is that CLE could take the lead in this area and create a liaison of sorts to petition the government on cases of delinquent re-payments, but so far no one has taken this step. With some manufacturers, they are just following the customer's design and paying for materials is not as much of a problem. In other words, the customer has simply moved production to India and will provide his own materials as part of the cost structure. However some Indian manufacturers deal with this delay of remuneration by passing the cost on to the customer. This practice is risky and increases everyone's bottom line.

Mr. Rajendran articulates an even more pessimistic view of the drawback recovery process. Without the drawback, he will not make a profit. All other costs help him to break even. In this view, the drawback itself is a good thing. The price you quote the customer in the invoice has no profit margin built into it. The drawback is actually the profit and it could take up to a year to get your money from the government. This is the Indian situation. Mr. Rajendran tells me the Chinese exporter gets his drawback from the Chinese government as soon as he exports. The invoice goes out; he gets paid automatically from their bank. “But in India, this process takes one year, and you will get one percent here one percent there and finally you will end up with 7.5%.” Without this money, there is no money for rotation and one’s working capital slowly erodes. Mr. Rajendran is unable to make samples for customers. Without these samples, it makes it more difficult to show a customer that you have the ability to make the product to their specifications or to secure future business with designs of our own. So without profit, “slowly the bank people will start processing you for the plot and security you have given and not selling any exports.” It becomes a vicious cycle. Once you are doing well, the banks will give you lots of loans. It may not be correct. A sick person can only come out of debt if he gets a loan; however he will not be given a loan because they will say he is sick.

Mr. Narayanan too is supportive of the drawback idea and the government’s insistence on enforcement. He recounts that you have to give a declaration and bring the component in at no duty and you have to ensure that you can account for it when you export it. You have to satisfy that obligation. You are bringing hundreds of these buttons which go to form part of a shoe. You have to ensure when you send this product out,

these buttons are accounted for. Obviously, you cannot try to take it out and then sell it in the local market because you are then taking advantage of the fact that you did not pay duty on this. What is wrong with the government asking you to account for these buttons? He thinks it is basic decency that everyone should account for these components.

He thinks that there is a lot of hoodwinking going on which obviously means businesses will have to be regulated. One really cannot blame the government. The government put all these restrictions on people because the business leaders were not being decent citizens and if somebody says that these businesses were all accountable then that is sheer nonsense. If you say you are being honest, he thinks you are lying. Everybody knows that there's been major abuse in BB schemes. Even in duty drawback, he tells me that there is a lot of book juggling that goes on. Everyone tells him that India should get rid of the import duties. Even the most open of market like the US has duty restrictions he reasons.

For Mr. Narayanan the drawback regulations are a way to counter fraud and raise revenue. He is not sure where else the government can reduce duties as they have done a lot already. He tells me that the government of India has brought down the big duties, slashed them to such an extent, where the local market is getting jittery about it. Today, they are so scared about the Chinese imports because it slashed their duties down and people keep saying that they should reduce duties. "How does the government run?" he asks. He goes on to say that the government runs without getting any kind of revenue yet people keep complaining about what poor infrastructure India has and then say there is no power, and there is no drinking water available. Since joining the WTO, the percentage

of duty on many items which are being imported for manufacturing has dramatically come down.

ENVIRONMENTAL ISSUES: EMERGING PROBLEMS

Tanning is a very polluting industry. I have two sources who deal primarily with Tamil Nadu. One deals with the tanneries located in Dindigul and the other with Tanneries nearer to Chennai in the Velore District. The Tanneries in Calcutta were forced to relocate to a massive leather complex built especially for the leather industry because of their polluting ways. The main importance of environmental issues to the industry has to do with international standards and norms. In the historical type, the environment was not considered when conducting business. The threat to workers that hazardous chemicals used in tanning posed was of no concern to management. The workers were a disposable commodity as they were unskilled, uneducated and of low social status. They were easily replaceable with another *Dalit* laborer. Eventually the effects of these chemicals on the local populations and the large levels of water consumption will precipitate massive change in the industry's environmental focus-so much so that it is now a major educational point in the leather journals.

SUMMARY OF THE TYPE

The *historical* type of India's leather industry represents an important construct in understanding the changes occurring in Indian society/culture. Small-scale enterprises characterize the leather industry in the historical type. The worker frequently came from a lower caste or the most likely group outside the Hindu caste-system: Muslims. Because

of its revolting characteristics, the work associated with carcass-collection, flaying, and tanning were far removed from general living areas of the village. The pool of workers has been historically under-educated, poor and unprofessional. Absenteeism continues to be a cost of operation as in other Indian industries. The firm size has been limited in size due to the Factory Act and the Industrial Disputes Act of 1947, which put labor regulations on firms that prevented them from decreasing their workforce based on need. Economic conditions in India were such that over-regulation and bureaucracy prevented development of the industry. For instance, chemicals used in leather tanning were constantly changing for the better as new technologies became available. European chemical companies would gladly have given free samples to Indian tanners for them to try, but because the new chemical was not on a list of approved duty-free chemicals, the tanners were unable to try the product. The paperwork to add the new chemical to the list often took so long that new chemicals had already come out.

The historical basis of the industry is heavily influenced by a Hindu ethos. The very roles of the workers are based on religion. From low caste Hindus to Muslims, it involves those outside the four caste *varnas*. The stigma associated with working with carrion and the slaughter of cows, a putative Hindu symbol, also contributes to the attitudes about the industry and its workers. The industry is characterized by informal relationships where kinship and family ties play a major role. Though formal, legal contracts may have existed in parts of the industry, the vast majority of transactions were based on trust and informal in nature. The industry, itself, despite efforts to mechanize production processes, remains immune to certain levels of modernization as the raw material for leather products, animal hides and skins, is not uniformly produced. Leather

making is as much art as it is science. Consequently it remains resistant to complete predictability through mechanization.

Chapter 3 Global Capital Type

CONSTRUCTING THE IDEAL TYPE

The Indian leather industry after the beginning of economic liberalization in the early 1990s represents the global capital type, counterpoint to the historical type. It is the comparison of these types that provides an analytical lens to examine social change and the impact of globalization on Indian culture. The global capital type as articulated by the journals promotes the Indian leather industry as being global in perspective, professional, and sophisticated. In this chapter we explore how the managers and owners attempt to become aware of global consumer demands, the need to increase production and transform structure of the industry.

This chapter is framed within themes that appear in the journals and explicitly articulate various elements of the global historical type: it promotes a more skilled labor force combined with better technology, and the separation of the workplace from the home. Unlike the historical type, the global capital type privileges large-scale industry, which (it is claimed) provides better economies of scale and the production volume necessary to meet the needs of the Wal-Mart's of the world.

Building on Gandhian principles that help the disadvantaged in society, poor people and women, the Indian government is continuously seeking to promote job creation for these groups. The leather has been relatively successful in creating jobs for both groups – the former because of age-old forms of stratification and stigma, and the latter because they are a new source of cheap, paid labor.

In the journals, China emerges as a major concern for the industry expressed in two concurrent but contradictory themes: China as a business threat but also as a model business. The latter appears to be the emerging type. As the industry has moved more towards making finished products or value added products, the sophistication of marketing may not have increased, but its importance has increased. Finally, marketing these products display sophistication and savvy that few if any leather producers in the historical type possessed.

India's leather industry has always considered its huge labor force to be one of its strengths, but it has suffered through the years from not having an adequate supply of skilled labor. In fact the general education of the population engaged in leather and leather goods manufacturing has historically been low or even non-existent. In part to take advantage of increasing globalization, the leather industry journals messages have advocated higher levels of learning. As one article puts it,

We do not seem to be preparing our youth to face the international challenge of an open economy, which will happen for the next two to five years. One can find engineers, accountants, lawyers, MBAs, graduates in science, commerce and arts -- but no skilled manpower in 1800 different fields required by enterprises, to run the nation! People are available. Most of them are not employable in India or outside. Education in India is still considered as social cause only. Education and training is a lifelong process and not meant to stop at any age of 20 or 21! For the progressive countries of world, nearly 1 month per year. Resource for training/retraining and reeducation, right up to an age of 55 or 60. The advantage of training has still not been understood by the people of India. In this background, institute like IILP (Indian Institute of Leather Products), can definitely contribute in terms of employable and job oriented vocational training and leather product manufacture arena. We only need the initiative in support of the industry to take their best foot forward and take this article as a wake-up call for the industry to prosper (IL 37, 12, 59).

India *is* producing high, raw numbers of degreed professionals. However, the leather industry lags in the national pecking order both in terms of prestige and pay as we will learn later. Therefore it is important that the nation as a whole get educated not as a ‘social’ cause, but as a part of the national good. India must internalize the need for formal education as that is the only way to meet the nation’s growing demands for skilled, educated labor.

PRESENTATION OF THE NEW INDUSTRY SELF

Drawing on Weber’s ideal type of capitalism, we find the leather journals are constructing this *type* in the themes we will analyze here. Specifically they discuss: a presentation of self; a free market; a rational technique of production; commercialization of business; and separation of business from household and accounting systems.

In the early 1990s, India began a process of economic liberalization. Later on in that decade, in 1995, India formally joined the World Trade Organization (WTO). As a result of these two developments, the Indian economy began a process of more closely mimicking Western capitalist behavior. No longer were protectionist economic practices allowed. In fact,

government bureaucracies in particular have a very bad reputation for too much red tape and paperwork; for incompetence, inflexibility, and overcentralization; and for housing too many anonymous, impersonal, and inefficient bureaucrats. Given the folk wisdom that associates large organizations with inefficiency, it is curious that so much of economic life in modern capitalist nations is dominated by large organizations. (Carruthers, 2000, 71)

It is this scenario that was to transpire with the India’s government and business community. Through privatization and deregulation, businesses faced finding more

efficient ways of operating so they could compete with foreign companies. As discussed earlier, these practices coincided with a desire of the Indian leather industry to modernize and to capture a greater share of world global leather trade. Consequently, there developed a desire for those in the Indian leather industry to conform to world capitalist behavior in an effort to capture greater profit, and to be successful in global trade and export. This process of changing economic behavior of those in the industry is accomplished through socialization from governmental agencies in the form of changing economic policy and reduction of trade protections and perhaps more directly through the industry's leaders and participants themselves.

An important source of these socialization processes is found in some of the industry's trade journals. The chapter uses *Leathers* (L) and *Indian Leather* (IL) journals as the primary way to demonstrate this conscious attempt by the Indian Leather Industry to 'present' itself to its customers. As the managers in this study are part of the journal's readership, it makes sense that they would articulate some of the journal's message as this is one of the journal's major functions: to socialize its readers. The industry itself will articulate the elements of the global capital type through an analysis of two journals. That will be the first part. Part two of the discussion will consist of supplemental information from the manager interviews, which will reflect some of the journal narrative and complete the description of the global capital type.

THE JOURNAL NARRATIVE OF THE GLOBAL CAPITAL TYPE

How are industry journals situating the leather industry to move towards this global capital type? What does the industry itself have to tell us? What messages are they

trying to craft and what are their underlying assumptions? The examination of these two journals, *Leathers* and *Indian Leather*, serves as an initial reference point. The journals provide a valuable source of data for a number of aspects in an attempt to understand the leather industry and how it is transforming itself.

First, as a point of information, trade journals are bound to have specialized information not normally available to the layperson. It is a very specific kind of information with its own terminology etc. and gives us a glimpse into the discourse of the global capital type of Indian leather management. Second, the journals provide information about the industry in its own words, essentially unfiltered and subjective, a representation of how the global capital advocates in the industry wish to present themselves to themselves, as well as to others. Third, the journals function as a socializing agent for those who participate in the Indian leather industry. Indian producers and exporters of leather learn what is expected of them in their current and future roles as members of global capital trade. Customers in foreign markets learn that the Indian leather industry is attentive to global business norms and expectations. These trade journals are an important source of data as they are a little used source of primary data in studying particular industries. In examining the narratives these journals offer, we are asking the question of India's leather industry, how are these journals situating the industry to move towards a more global capital mode of production?

I examined two journals, *Leathers* and *Indian Leather (IL)*. *Leathers* is published by the Center for Leather Exports (CLE) a quasi-governmental agency charged with promoting the exports of leather goods. Its audience is primarily Indian leather goods producers who export their products and secondary, their consumers. *Indian Leather* is an

independently published trade journal aimed primarily at tanners and more generally at those in the leather industry. As trade journals, their manifest functions are to bring necessary information to their subscribers and to facilitate sales of their products.

In examining these journals, the aim was not to do an exhaustive content analysis, but rather to identify a narrative(s) or broad themes that not only inform us factually about the industry and its members, but also identify what was important to them; what they thought should be important to them; what they knew about the changing global economy and their place in it and how they were responding to it, if at all. Of course, by only examining the manifest functions of the journals, one would miss valuable insight provided by two of their more important latent functions. The journals are an important source for socializing both relevant actors in the Indian government and members of the leather industry itself about their roles in the new, global economic structure. Bruce Carruthers argues in *City of Capital: Politics and Markets in the English Financial Revolution* “not only do economic interests influence politics, but also the opposite” (Smelser & Swedberg, 2005).

The journals also serve as a running critique intended to prod the government into modernizing their economic and social policies, on the one hand, and on the other to push the captains of the industry into modernizing their business practices in such a way as to meet the demands of global capitalism. These narratives concern such central themes as dealing with on-time delivery, quality products, availability to the consumer, and importance of environmental standards. The journals have many ads for ongoing training and education for workers in the leather industry. It has information about workshops for

workers on shoemaking, machine operation, and design. What follows is a discussion of these themes.

IMPRESSION MANAGEMENT

Following a Goffmanian model of presentation of self in everyday life (1959), we can see the Indian leather journals' narratives as an attempt to manage the impression of the industry so as to present the most favorable image. In this case, the journals want to present specifically an image of an industry that is more in keeping with the global capital type. The journal discourse, in other words, is itself a deliberate attempt to construct the ideal type of global capital. It is a reflexive attempt by a sector promoting the global capital model to frame the way in which that form would work and to socialize its actors into how to play their roles in it. The industry needs to have access to modern machines and equipment and consequently a better-educated, skilled workforce to take advantage of this technology. Advertisements in the journals' pages supplement the official narrative, promoting such socialization mechanisms as courses in shoe making, computer assisted design courses and general leather certifications. Ads that display a sensitivity to environmental issues parallel numerous technical articles provide information for tanners attempting to meet the environmental needs of customers.

We now turn our attention to the central themes that the journal narratives proffer, starting with the core concept of the large-scale enterprise of a global industry intended to replace the small family business of the past.

LARGE-SCALE INDUSTRIALIZATION

Large-Scale Industries

Roy's typology describes *large-scale* industry as having defining characteristics relating to technology, organization and government regulation (2000, 114) as opposed to what is explicitly labeled in the narrative as "Non-SSI," that is "non-small-scale industry" or as large-scale industry emerged, it used machinery and steam-powered technology and was a relatively more capital-intensive sector and involved in manufacturing products. It was organized in large factories sometimes employing several thousand persons, rather than in small factories or "households," that is units where members of the owner's family are the main workers that we find in the historical type of the industry.

Representative of the new, global capital type, the growth of Non-SSI firms represent a shift in the industry according to Sankar (2007, 103), who observes, "Our industrial policies in the past favoured the growth of tiny, cottage, and small-scale industries (SSI) and dispersed industrial development."

These large factories satisfy the official definition of a "factory," which has changed over time. Today it applies to any unit employing 10 or more workers and using electricity or 20 or more workers are not using electricity. Once such a unit is registered officially as a factory it becomes subject to government regulations under the Factories Act concerning the wages and welfare of the workers. The unit officially registered as a factory can sometimes escape implementing these regulations, but overall the Factory Act has quite strongly influenced employer and employee contracts inside large factories in India (114-5).

The DGTD¹⁰ (originally known as Development Wing) was set up in 1951, to cover units licensed or registered with its directorates in all the industries except iron and steel, sugar, tea, coffee, vanaspati, cotton textiles, jute textiles, petroleum products, etc. As against the entire factory sector covered by the (Annual Survey of Industries) ASI, the coverage of the DGTD was restricted to large and medium scale units having certain minimum investment in plant and machinery. The units covered by the DGTD are also called non SSI units. The minimum investment limit changed from time to time. The DGTD was disbanded in 1995. The work on collection of data has been taken over by the Department of Industrial Policy and Production. Only production data on the items of the index are regularly being collected and supplied to the (Central Statistical Organization) CSO in addition to being published in (Secretariat for Industrial Assistance) SIA on monthly basis. (Pradhan and Saluja, 1998, 38-9)

In part what we are seeing is a diminishing need to differentiate between SSI and non-SSI in the future. As industries lose reservation status, the SSI designation is no longer beneficial. SSI status for many firms actually becomes undesirable.

The government policies in the 1970s stimulated investment in tanneries and manufacturing of leather products. However, licensing was required for manufacturing of leather and leather products by medium and large units and for small-scale units depending on imported raw materials. Most of the items were reserved for the SSI sector to promote decentralized development and employment generation. (Sankar, 2007, 108)

As companies struggle to grow to match the daily production of Chinese manufacturers, employment generation is still desirable. However, growing too large too quickly leaves one vulnerable to labor laws under the Factory Act. Contrasting with the image of an industry desirous of growth is the reality of the *historical type*.

“Even though the first modern tanning unit was established in 1845 in Madras (now Chennai), until 1970 most of the tanneries were in the small-scale sector and were engaged in conversion of hides and skins into East

¹⁰ Directorate General of Technical Development.

India tanned or chrome tanned (wet-blue) leather, primarily for exports.”
(Sankar, 2007, 107-8)

It is important to note that despite the proffered image of the global capital type, in reality small-scale industry still dominates the Indian leather industry. According to a CLRI 1990 report on capacity utilization and scope for modernization of Indian tanning industry, “India had 1083 tanneries of which 1008 were in the SSI sector and 75 under the Directorate General of Trade and Development (DGTD) sector. The survey found that 62 percent of the tanneries in the SSI and 48 percent of the tanneries in the DGTD sector were established after 1973” (Sankar, 2007, 108).

According to the Central Leather Research Institute (CLRI) located in Chennai “there were 2091 tanneries in India in 1998—939 in Tamil Nadu, 538 in West Bengal, and 392 in Uttar Pradesh” (Sankar, 2007, 108).

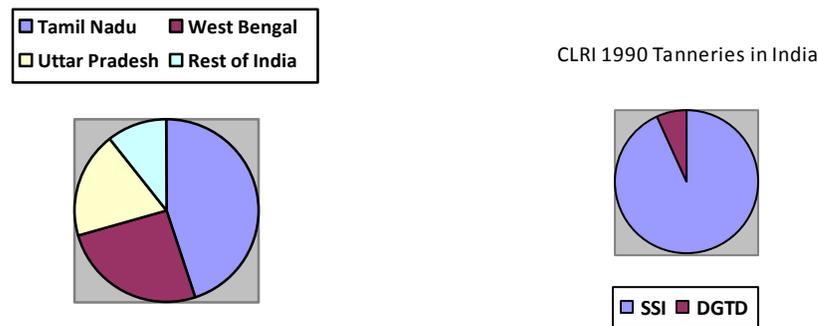


Figure 3.1: 1998 Tanneries in India

These figures illustrate vividly the impression of the historic industry that the journals are trying desperately to manage. Small operations cannot take advantage of the benefits of mechanization and technology as the cost of labor outweighs the cost of

technological upgrades. The reader of the journal is systematically informed of the benefits of growth in order to survive in the new economic climate of the global economy.

ECONOMIC GLOBALIZATION

We now turn our attention to two related issues, the global economic structure, on the one hand, and on the other the consumer issues related to the General Agreement on Tariffs and Trade (GATT), the WTO, banking regulations, monetary issues, and so forth. A significant proportion of the journals' topics deal with educating the reader about global economic issues. As stated in the introduction, the Indian economy is shifting away from its past planned economy and becoming more integrated into a market-oriented global economic structure. For years, like many other industries, the Indian leather industry received subsidies from the government as an incentive to export its products in order to earn foreign exchange for India's bank reserves. As the Indian economy falls increasingly under the control of GATT/WTO regulations, subsidies are disappearing. The journals feature articles educating the reader of changing regulations at both national and international levels. It also serves as a platform for criticizing these new regulations. For example, the WTO and GATT should theoretically 'level' the playing field. However, the belief is that this has not happened.

Although the stated goal of GATT is ultimately to create a 'level' playing field free of government interference, it does not stop the journals from asking for some protection for auxiliary fields, that is, the chemicals, dyes, threads, and so forth required to produce leather goods—shoes, jackets, purses, etc. The initial stages of leather

production for de-hairing and the preservation of hides and skins, require chemicals. The right quality of chemical will do the job adequately while limiting negative effects to the worker and to the environment. The myriad styles for the season require dyes of different colors . Leather takes a special thread that is more durable than the thread used in making textiles. Finally, purses, jackets and bags require zippers, buttons, and clasps. These are some of the auxiliary products go ‘into’ the final product.

One other key area of journal discourse has to do with the machinery that makes leather and leather products. These can include the various machines involved in stretching and cutting leather (cutting leather for shoes or for jackets and purses can be very mechanized or done by hand in some instances) and the industrial-strength needles used in stitching the thick leather. Heels and soles for shoes are also a component that is usually imported. All materials are factored in the cost of production and these auxiliary products are no different. In addition to the cost involved in shipping these products to India, producers must pay for the storage of surplus materials that may not have a long shelf-life either literally or due to fashion tastes. Another major issue has to do with the time involved in getting replacement materials or parts to India.

Since much of Indian leather production goes to export, Indian leather companies must meet the demands and expectations of foreign customers. Many of *Leathers’* pages present color photos and drawings of the future styles and colors of shoes, purses, jackets etc., of which the producer must be aware. Though attention is paid to men’s styles, the greatest diversity and number of styles can be found in women’s products. In order to get sales, Indian companies must be able to meet the customer tastes of their target countries. These color page stories educate the exporter in what those styles and colors might be.

This becomes important later as the exporter can make models of products using these styles and colors for customers to see. If an exporter is able to show a potential customer a finished product, it conveys that the exporter already has the ability to make the product in the desired style and color. Recently fashion cycles have shortened from five years to one year. Consequently, the journals are very important in keeping the leather industry informed about this crucial element of manufacturing and selling leather products and involve a representation that facilitates efforts to move up the commodity chain, one of the key tasks of the “thoroughly modern manager” in the industry.

Indian Leather writes heavily on issues having to do with chemicals. One issue related to chemical use in the leather making process deals with chemical content in children’s shoes for the German market and illustrates nicely the kinds of dilemmas created for Indian leather companies for their participation in the global marketplace. The locus of decision-making is no longer located in the hands of a company owner or his family, but in a complex set of social relations that transcend national boundaries and cultures. In this light, there has been pressure from the European Union (EU) countries to begin using eco-friendly labels on leather. Indian companies have problems with this labeling, as there is great confusion as to what the label would actually identify. Would it identify a process or a product? Beyond those issues lies a diverse set of country-specific standards.

Other retail consumer issues involve such matters as the alleged mistreatment of cows in India. PETA, People for the Ethical Treatment of Animals, launched a vigorous boycott of Indian leather getting several major retailers (including GAP and Gucci) to participate. PETA called the process that got cows to slaughterhouses ‘death marches’

and held the leather industry responsible. The industry's response was to call on those in the cow-slaughter part of the commodity chain to make changes. Beyond that, they felt unfairly targeted by PETA. The leather industry also pointed to cruelties towards animals within the United States' and EU's meat industry.

One last major area where the Indian leather industry experiences global retail-consumer criticism is in the area of labor conditions. Many customers make demands on Indian factories to institute western labor practices such as bathroom breaks, ventilation etc. While the Indian manufacturers agree in principle about labor conditions, they resent being required to do so as a condition of doing business. One specific labor issue addressed by the Indian leather industry is child labor. Child labor is an issue for all manufacturing areas in India.

The economic issues affecting the Indian leather industry discussed thus far have been global in nature. However, the journals also cover national issues such as the proposed implementation of a value added tax (VAT) system throughout India. Not all states initially participated, but like all commerce in India, the leather industry would have to factor this new taxation system into their business budgets.

Similarly, the journals regularly report on the industry's place in the national budget. Each month *Leathers'* chairman report begins with a state of the industry and particularly with any national legislative change that will affect the industry. Articles focus on government regulations or deregulations that affect the industry. Most businesses in India are categorized as small-scale industries—a vestige of Gandhian economic thought and the historic type of economic organization. The Indian leather industry, like other industries, is dominated by small-scale industries. Historically

businesses were encouraged officially to stay small and actually given incentives by the government to do so. Gaining or losing this distinction has profit margin ramifications. Other articles deal specifically with export/import changes the industry members need to know about.

The industry has an interesting dilemma. Components and machines that are foreign-made are taxed with import duties in an effort to discourage importing **and** to encourage the local industries. Some of this tariff money is recouped by the Indian leather exporter once the finished product is exported, but not all of it. Part of the reason for the import duty is to help protect the local manufacturing base, which could produce products cheaper and provide local availability of components. While leather product manufacturers might prefer to get their components from India, they are not always able to get the right specifications or quality of product in India. Nevertheless, importing the components requires them to pay duties that affect their bottom line. It seems like they want their duties removed at the expense of the local ancillary industries. They risk eliminating a maturing auxiliary manufacturing base thereby making them more vulnerable to foreign companies at the cost of surviving economically from day to day.

GLOBAL ISSUES

Another major theme presented by the journals that posit a global capital definition of the leather industry as a whole is a set of global issues, starting with the elephant in the room, as it were, China. Given their close proximity to each other, it comes as no surprise that China is a major source of concern in India.

China

It might seem a curious place to begin an examination of the Indian leather industry were it not for the dominating place China holds in the world's leather market. The question could be asked, why not study China's phenomenal growth in the leather industry. Why study India? India, after all, has managed a small growth in the last five years whereas China has gone from being comparable to India twenty years ago to now dominating the world leather industry, as shown in Table 3.1. As a result of this dominance, it is impossible to study the impact of economical globalization on the Indian leather industry without understanding, the place China holds in the psyche of the industry.

| Country | Export Total | | Share of World Export % | |
|---------|------------------------|------|-------------------------|-------|
| | Value in Billions US\$ | | | |
| | 2001 | 2005 | 2001% | 2005% |
| China | 14.6 | 25.7 | 18.22 | 24.73 |
| Italy | 13.1 | 15.3 | 16.28 | 14.79 |
| India | 1.96 | 2.77 | 2.40 | 2.59 |

Table 3.1: Comparative Shares of the World's Leather Exports

Source: CLE website (<http://leatherindia.org/>)

The leather journals' message on China is very complicated. It clearly represents the major threat to India's leather industry and is the major competitor in the region. The Chinese were virtually non-existent in the world market 25 number of years ago and now are the world's largest producer of leather hides and skins. China has been accused by Indians of 'dumping' leather goods in India and stealing EU customers from India. The Chinese are the largest exporter of shoes in the world, with the United States being the largest shoe importer of Chinese shoes. On that end, China is also a model of how India could or should grow. The Chinese leather industry is seen as a major threat by Indian tanners. Recently, however, there have been Indian/Chinese joint ventures with China outsourcing some leather production to India. With increased wealth, there is also an increasing market for luxury goods in China, including high quality leather. As Indian

exporters are known more for their quality leather, China is increasingly becoming a destination for high-end Indian leather goods despite its high volume of domestic leather production.

China as a Threat/Competitor Model

Mr. Mani Almal, President, IFCOMA¹¹ said that shoe manufacturers in advanced countries are closing down their operations due to high costs and stiff competition from China.

—IL 38, 2, 16—

Of the two reactions to China's emergence on the leather industry scene, that of being a threat and that of being a non-threat, China as a threat emerged as the first model response by the Indian leather industry. This attitude plays out in various quotes in the journals. China's high export numbers by themselves represent a major threat to the industry.

The overall sum total performance of the leather industry's export value increased from US\$ 1626.16 million in 1994 to 1995 to total a value of US\$ 2094.33 in 2003 to 2004, which works out to an increase of 28% in 10 years, despite the various disturbing factors like eco restrictions, labeling, stringent WTO regulations and the alarmingly increasing competition from China. (IL 38, 7, 22)

Not only is the Indian leather industry concerned about China, but so are the Italians. The following quote illustrates that what was once Italian domination in the

¹¹ Indian Footwear Components Manufacturers Association.

industry, is no longer the case and they too, share China's dominance in the industry. So even Italy, with its great reputation in leather and previous dominance of the industry echoes India's leather industry as presented in the journals.

In the past they had won the challenge of globalization against fierce competition from Taiwan, South Korea and South America. But today rules no longer exist. So "made in Italy" must be protected from attacks that cannot be defined as protectionism. Italy must export its products, technology, culture and lifestyle. He focused greatly on the "risk of China" imports from which have grown by 81% in the last two years. A risk that will become an open chasm from January 1, 2005, with the abolition of restrictions on categories of products extremely important to typical Italian production: leather uppers and rubber and leather soles. (L 20, 8, 14-15)

As part of its usual journal offering, *Leathers* has a section 'Titbits' that provides the reader with small, happenings in the industry. Generally, the stories are limited to one or two stories per country participating in the leather trade. However, in this particular issue, two out of three pages were devoted to various stories about China. One topic was the *EU Refuses to Grant China Market Economy Status (MES)*. The article goes on to site reasons why China was denied this status. India and China are themselves embroiled in their own MES issues with each other. Following that article comes another that represents the other end of the spectrum of India's relationship to China. There is a brief note alerting readers to a trade promotion organization event in China *India at ACLE/MODA in Shanghai*. "ACLE has become a showcase for the leather industry that is seeking business with Chinese manufacturers and gives the industry an opportunity to access the China market. Then comes the news that China has overtaken the United States as an investment target: *China overtakes US as investment target*. A piece entitled *China has become world's third merchandise importer*, explains that according to the

WTO, China has surpassed the United States and Germany as the largest merchandise importer. The next story, *Wal-Mart opens first Beijing location*, is about the opening of a Sam's Club store, part of a Wal-Mart chain, in western Beijing, offering about 4,000 products. "Retail sales in China, the world's fastest growing major economy grew 8.8% to 4.1 trillion Yuan in 2002 and the government is aiming for 10% growth this year." At the time of this publication, \$1 was worth 8.277 Yuan. Finally, Danish ECCO, one of the world's five largest leather manufacturers, settled down in Xiamen. ECCO invested US\$ 29.1 million initially with plans to set up three companies in China totaling US\$ 79 million: *Danish, ECCO the world leather manufacturer settles down in Xiamen* (L 20, 8, 41-2).

It should be clearly pointed out that China's reputation as the fabled "threat" to the rest of the world footwear industry is not only attributable to its vast production and export potential, defining it as a clear threat in the minds of Western manufacturers. The perception is also due in part to the mass smuggling of Chinese (and other Asian) footwear to emerging markets where endemic corruption and customs officials and procedures has engendered a major "invasion" of Asian manufactured goods.

Perhaps the best examples of this phenomenon is Mexico, where the government imposed a 1000% import duty on Chinese manufactured footwear in 1996 to protect the local factories. Nevertheless, from 2001 onwards Chinese footwear was still making inroads into the Mexican supply chain despite strict import controls and sky high customs duties. How? Simply explained the "triangulation" of Chinese footwear via the United States to Mexico, taking advantage of the zero tariffs ruling under the NAFTA agreement signed in 1994, which initially benefited Mexican shoe exports to the US. Chinese manufactured footwear contracted by US companies and not sold in the home market was simply "dumped" into the Mexican marketplace resulting in the closure of some 500 small to medium manufacturers in that country. (IL 37, 12,165)

China is the context for a lot of what is going on in India. Both countries started out roughly in the same place but China has exploded its global share from about two percent to about twenty-four percent whereas India has remained at two percent despite overall growth in production and dollar exports. Things like currency, labor laws, import duties, economic zones and internal infrastructure are things all cited in interviews that China does better than India. The implication (and sometimes explicit desire) is that India should follow suit. Just what the industry should do in response to China is unclear. Some seem prepared to accept a place behind China as evidenced by the following: “The development in Chinese leather industry will have to be closely monitored and appropriate strategy will have to be adopted by India to maintain at least the second place, in future (IL 39, 2, 15). Others like Mukesh Ambani, head of Reliance Industries and India richest person, while seeing China as a threat decline to follow its model of growth.

But Mr. Ambani is indeed thinking beyond his current portfolio. One of the more intriguing ideas swishing around is a quixotic plan for making India a rival to China in manufacturing. The Chinese model consists of large factories in urban areas, populated by millions of migrant laborers who produce goods at cheap prices. Similar efforts have lagged in India, because it remains difficult to acquire land from farmers here, because corruption hinders large infrastructure projects, and because red tape remains so sticky.

Mr. Ambani’s vision is to turn India’s weakness on its head. If manufacturing remains small-scale and fragmented, let it stay that way, he says. “The next big thing is how do you create manufacturing with decentralized employment,” he says. “The Chinese have got very disciplined top-down systems. We have our bottom-up creative systems. (Giridharadas, 2008)

Mr. Ambani too recognizes that both China and India can have different paths to success in a global economy.

China as a Non-threat/Partner Model

China is already a big importer of Indian finished leather. And the first three quarters of 2003-04, Hong Kong bought Indian finished leather worth \$138.4 million accounting for the single largest share -- 37.3% -- of India's total exports of this item. India is China's main source for cow hides and goat skins, sources said.

—Indian Leather 38, 4, 13—

The other journal message on China is that it is a potentially large market for Indian leather and leather products. With growing energy costs, China's proximity can also cut down in shipping cost and time. China's economically improving large population also provides India with a market for its goods. As two emerging Asian economies, they can be mutually beneficial as Indian Leather states, "India and China, the two countries which are slugging it out in the international leather market, are now mulling cooperation in certain areas of common interest, including technology, training and tackling environmental and other global issues" (38, 4, 12).

China can also be a model for India's future growth in the leather industry. The following quote maps a path for the industry to better position itself in the global market. India has already begun this process by moving from processing semi-finished leather to

finished leather. It also does not limit itself to Indian hides but sources hides from around the world.

The emergence of China in leather map of the world, as a major player within a span of two decades will serve as an ideal eye opener to the rest of the world. As long as China was producing only low value large volume market sector, China was not able to project and build up an image as a major supplier in the field. But with the sourcing of raw materials from almost all the Eastern, South East, and Far East countries China enhanced its production base to medium and high value products in addition to its low value large volume supply production. Such a judicious combination of the production has enabled China to forge ahead as a reliable supplier of the products for the commoner, middle-class and elitist consumer markets, and widening the raw materials base in the entire Asian region. (IL 38, 5, 13-4)

Echoing the need to change India's economic structure, the journals support the industry getting foreign direct investment (FDI), a business arrangement relying on foreign investment to spur growth. The Chinese have been able to take advantage of Foreign Direct Investments (FDI) in helping its various industries grow.

The importance of foreign investors. Foreign investors are critical to the development of the leather industry in China. They have brought in new resources, technology and management skills that are important to the modernization of the industry. These investors also influenced the attitude of the locals towards quality and international market entry. Foreign enterprises have captured market share from government owned firms, and now occupy pride of place in the Chinese leather industry. (L 20, 8, 9)

Here we see that the Chinese model of FDI partnerships provide working capital and a qualitative shift in expectations. The hope is that the partnership shifts attitudes towards producing a higher quality product. A country profile of China reveals the journals' belief in the power of FDIs to transform the overall strength of the Indian leather industry.

It would not be off the mark to say that the dominant position enjoyed by China in the world leather market is on account of the contribution of foreign invested enterprises. With China's changing political environment, it can be said that this trend will probably gain momentum. (L 20, 8, 9)

A recent shift in both countries has been in efforts to participate in industry fairs in one another's country as well as finding ways to tackle problems facing both countries' leather industries. We see this growing relationship elsewhere in the journal. "The recently concluded first China Guangdong products exhibition not only set a new paradigm of India and China trade relations, but also witnessed Indian and Chinese businesses working towards establishing links" one article exclaims (L 20, 5, 57). Another suggests, "As national associations, we agreed in principle to cooperate more closely in tackling several common issues like technology, training, environment, non-tariff areas etc. We have also been offered a focus country status at the upcoming All China Leather Exhibition" (L 20, 4, 5). As represented here, the journals also highlight that India will have a special designation at the Chinese exhibition. This delight over a favored position in a Chinese trade fair reflects a growing appreciation for the Chinese market and a move away from hostile rhetoric in the journals' presentation of Indian leather's relationship with its Chinese counterparts.

India

Industry

Although steeped in a philosophy that encouraged businesses to stay small through the reservations system, the red tape of the license permit raj and the punitive

nature of labor laws under the Factory Act, the Indian economic system has begun to change. Given its relatively new membership in the WTO, the Indian economic system has begun a process of rapid change towards a more liberalized economy. The government has started to remove protections from many industries that favored small firms and from industries that the government favored. The bureaucratic 'iron cage' that was the license permit raj still exists but in an effort to streamline the process for growth, many of the previous preconditions to expanding the firm have been removed. The journals convey the message that India is ready to embrace free market capitalism and that the leather industry is not only embracing the same philosophy but able to meet the demands of free market capitalism. One article in *Indian Leather* claims: "For the first time, there was no inter-sectoral controversial discussions raised. This indicates that the industry is getting ready to liberalization and global free-trade concepts (sic)" (IL 38, 1, 15). The writer of this article may not believe his words are true, but, at the minimum, he wants readers to believe that the industry is ready to embrace globalization. A subsequent article highlights a need to change former normative beliefs about the economic structure in India and the desire to move away from small-scale industry and the protectionist practices associated with these businesses in India.

With WTO regulations coming into operation there is no scope for any type of protectionism by imposing duties and offering incentives for discouraging exports or imports. There cannot be any scope for any reservation for small or any other sectors. The global market has become equally accessible to all countries and hence the importance on quality consistency and pricing has increased considerably. (IL 39, 2, 14)

Production of leather goods and not its supply of raw materials, India's strength in the past, should be the focus in the present. The leather producers should move up the

commodity chain to manufacturing products. Protectionism will not work in the ‘WTO regime’ the journal warns its readers.

Driven by access to materials: In the past access to raw hides and skins was an advantage in leather processing sector. Various governments could pass policy decisions against the mobility of indigenous raw hides and skins and restrict the access to raw materials for buyers from other countries. It is no longer possible. In WTO regime, free access to raw materials and processed intermediates to tanners from other countries will become available and necessary. Therefore protected access to indigenous raw hides and skins is no longer (an) advantage unless there is a specific cost benefit. Many small and medium as well as tiny enterprises enjoy the benefits in leather sector because of policy protections and limited mobility of raw hides and skins. Under changed circumstances, prices of raw hides and skins will reach a global maximum. (IL 37, 12, 16)

Of course, the journals are aware that further economic integration will subject them to a new set of rules and regulations. As we will see later, environmental regulations and consumer demands for safe levels of chemicals present their own set of normative behavior. Several managers expressed frustration over demands from consumers over *how* and under what conditions they produced their goods. We see that the journals are all too aware of the new ‘norms’ and their impact on the industry.

There is an increasing pressure on Indian firms exporting leather and textile products to the European Union to comply with the environment, health, safety and social norms as prevalent there to retain their market share. These norms have a significant impact on trade due to the costs involved in adjusting products and production facilities to comply with differing legislation and technical requirements in the European Union and the cost of demonstrating compliance with these requirements. For exporters from the developing countries, particularly from India, one could say legislation and technical requirements incorporate new barriers to trade, albeit with a different character. (IL 38, 6, 13)

One way to take advantage of the newly developing economic structure in India and the requirements of the WTO has been to court foreign investment—foreign direct

investments (FDI) and joint ventures (JV). Sankar states, “FDI and JVs are necessary not only for capital and technology but also for easy access to western markets” (2007, 112). He goes on to describe that the Forward Group, located in Chennai, was able to enter into a JV. This type of relationship has many advantages for Forward Group.

First FDI in tanning sector was Forward Group. “This is the first bovine tannery in India with Italian technology and expertise. CVI (Conceria Virginia Italy) provides the manufacturing technology, sources European raw hides and wet-blues, provides technical know-how for manufacture, and market for finished leathers. This JV fulfils a long felt need of a superior cow leather tannery on the lines of Italian cow tanneries. The current off-shoring boom of the European shoe business into India is expected to generate demand for superior leathers from India. (2007, 112)

A Muslim father and son run Forward Group and the company enjoys a very solid reputation. Sankar reiterates the Indian structural changes that are happening in order to help the industry compete globally. “Almost all items of manufacture in the leather sector are now de-licensed. Also, the majority of items of manufacture in the leather sector have been de-reserved from the small-scale list in June 2001 and in June 2003,” he writes (2007, 113). Here we see the dismantling of some of the regulation and permit raj that has, according to the managerial elites, crippled the industry for years. “Foreign participation in the form of FDI, technology transfer and JVs are being encouraged” (2007, 113). While encouraged, there is little evidence that this is happening on a large scale in the leather industry. In the case of Forward Leathers or the Forward Group, *Indian Leathers* explains the tie-up with an Italian firm.

The Forward Group of companies, Chennai, and leading manufacturer and exporter of specialty finished leather, shoe uppers and shoes has entered into a joint venture with Conceria Virginia, a 10 year old Italian tannery

promoted by Matteo Depalma and Mario Cantini with revenues of €20 million. This is the first FDI in the training sector in India.

For Forward group, this is a giant leap towards technologically and aesthetically superior leathers from its current product range. The JV will have a captive customer in Forward shoes, the full shoe business of Forward group.

Announcing this at a press conference held recently in Chennai, Mr. Yavar Dhala, managing director of Forward group, who will also head JV as its MD has said, "there are good tanneries in India producing goat and buffalo leathers, but the quality of finished leather from the best of Indian tanneries is not comparable with the quality of leather from an Italian tannery. This new tannery will combine India's traditional tanning strength with the legendary Italian expertise to produce the highest quality cow leather at competitive Indian prices". Mr. Yavar Dhala further said the off shoring boom of the European shoe business into India has already created a decline in leather consumption in Europe and a consequent demand for superior leathers in India. Now Indian shoe manufacturers will be more benefited as they could source superior quality cow leather of Italian standards in India itself whereby they get benefits of price advantage, better logistics and shorter lead times. (IL 38, 1, 57)

The extent to which this kind of joint venture enterprise will be diffused throughout the industry remains to be seen, but it is highlighted in the journals, reported as news but implicitly endorsed as a model to emulate in the global capital era.

Government

Another major issue addressed by the journals concerns the Indian government and economic globalization. Two main issues emerge here: the WTO and industry subsidies. From one journal story we learn that

In line with the WTO commitments, the Government of India is gradually reducing the import duties. Accordingly, peak rate of customs duty was rationally brought down from 25% 20%, and 4% SAD (special additional duty) was altogether exempted, resulting in net reduction of 11.60% of

total custom duties. This will enable the Indian leather products to gain significant competitive advantage in the global trade. On the EXIM policy front, policies and procedures have been rationalized and simplified to a great extent, aiming at reduction and transaction cost and time. However, considering the suggestions of the industry, the Council submitted proposals seeking customs and central excise duty concessions/exemptions on certain essential inputs and also on capital goods including machinery and equipment required for effluent treatment plants, for consideration in the ensuing Union budget. Proposals for further simplification of certain schemes under the EXIM policy were also submitted for consideration during annual review of the policy. (IL 37, 12, 23)

The government of India is complying with WTO requirements and reducing import duties. While this action benefits the export dominated leather industry, it is certainly bound to hurt the development of local industry.

As the industry is seriously concerned about the withdrawal of CVD (Countervailing Duty, a customs duty) exemption on import of machinery and equipment used in leather industry, the council has taken up this matter with both honorable Union Commerce Minister and Honorable Minister of State for finance. They have been impressed upon the fact that it is imperative to exempt Central excise duty on machinery and parts as well as to provide due encouragement to the domestic machinery manufacturing industry. This will automatically lead to CVD exemption on imported machinery and parts. (L 20, 8, 4)

The industry does not want to pay on the import of machines used in industry at the expense of helping develop the local industry of machine-manufacturers. They are willing to sacrifice the local machine industry to meet their immediate needs to import machines.

The next quote concerns the European Commission's (EC) use of a Generalized System of Preference (GSP) in determining trade status. India feels that the system is more politics-based than economic-based and thus challenged their practice. In light of

liberalization and playing on an 'equal field', India is challenging what it feels is a set of unfair business practices.

The initial reaction to the verdict of the appellate body against the EC on its GSP scheme was one of celebration. Though the appellate body rejected the GSP scheme as violative (sic) of the WTO provisions, the verdict, more importantly, recognize the right of developed countries to discriminate between the recipient -- developing countries provided it was based on 'transparent and objective criteria'. The verdict has come to be widely regarded as a major setback to the guiding principle of nondiscrimination of the erstwhile GATT and the present WTO. The verdict could have actually set a wrong precedent to those wanting to use trade policy as an instrument to achieve political ends. (L 20, 6, 55)

This reaction highlights that India knows its place in global trade. India wants favorable trading status with Europe. India is sensitive to losing trading power because of "political" reasons. The even playing field the WTO promises can be circumvented by these trading conditions so long as they are "transparent."

Currency

What we see in the journal articles about currency issues is a sophistication on the part of the managers to understand how global finance affect their businesses. One such story: *Special Feature: Rising Rupee and Exporters Discomfort* (L 20, 4, 74) highlights a heightened sensitivity to world currency markets by Indian exporters. The value of the rupee *vis-à-vis* the Yuan is a source of complaint and concern from managers. We see this point furthered in a column that discusses the first Credit Review Policy by the Reserve Bank.

Once these political uncertainties take the backbench and government policies are known the rupee will start firming up. But we need to watch the political scenario in India, US economy's growth and US dollar's

strength *vis-à-vis* other major currencies, which might have a say, albeit in different percentage, on the value of the rupee. (L 20, 6, 8)

It is important for a country like India that is heavily dependent on exports that the rupee does not fluctuate. During this period, there had been a strengthening of the rupee versus the U.S. dollar which had some Indian businesses men underbidding on future currencies on what they thought would be a strong rupee. A stronger rupee has the effect of businesses lowering prices to make Indian more attractive to importers. Steady currencies allow for more predictable price negotiations and are less speculative. Like the lucrative Indian software industry, the Indian leather industry too keeps its eye on the value of the rupee.

Next we see a more detailed discussion of the Yuan and the rupee. The goal is to simultaneously address China's competitive advantage and the possibility for Indian growth from a revaluation of the Yuan.

Will the Yuan be revalued? The need for a comprehensive Indian response. The crux of the issue is that by pegging its currency firmly to the US dollar at artificially lower levels, China is engaging in what amounts to subsidizing its exports through an exchange-rate protectionist policy. If China were to revalue its currency by 25 to 30%, then India could well emerge as an exciting destination for FDI flows. In the modern integrated world, what matters is not only one's own competitiveness but also that of our competitors. The concept of absolute competitiveness has given way to the theory of relative competitiveness. However, one should not be naïve enough to believe that the revaluation of the Yuan would automatically translate into some sort of competitive advantage for business India. As a nation we cannot be supinely indifferent to such a major economic development. We need to be proactive on this matter and one is indeed surprised at the complete lack of any initiative from any on this vital issue. Strategically, it would suit India to align with the US on this matter and try to pressurize China in accepting the revaluation. Since the dynamics involved in international trade and currency valuation are complex it is felt that the trade, business and the government must come

together at the earliest and aggressively take up this issue and come out with a comprehensive strategy. (L 20, 9, 67-9)

MODERNIZATION

Though the journals may intend ‘modernization’ to mean the progression to a more complex system in a Durkheimian sense marked by democracy and free markets, it is my intention to focus on modernization as it relates to business processes and machinery. In other words, I am not concerned with modernity in a positivist sense of the word. I am referring more to increased mechanization in the workplace and a greater homogeneity in process replication. A prevalent theme of the journal concerns this kind of modernization. The journals both highlight and attempt to socialize the industry’s managers and owners into favoring ‘modern’ practices. The next quote pushes for a better internal infrastructure in order for Indian manufacturers to be globally competitive. It comes from an external audit provided to the industry.

Competitiveness of India Inc (CII). The other key area of focus for CII was infrastructure. CII has stressed the need for removing of bottlenecks; catalyzing much higher investment; and effective public -- private partnership; transparent regulatory and legal framework; and addressing financing issues including user charges. Mr. Munjal mentioned that improving the infrastructure of the country was key to our industry becoming more competitive, as also in attracting foreign investments. Mr. Munjal mentioned that the stress should be on making Indian companies globally competitive by providing world-class infrastructure and reducing transaction costs. (IL 38, 6, 38)

Echoing some manager sentiments, the journals want better livestock management (animal husbandry) and access to raw materials. The journal also wants to see an entirely different way of thinking in the industry. Again there is a latent attempt,

perhaps manifest attempt, to change the industry towards the global capital type through normative messages.

Some indicative directions of changes in paradigms in leather processing have been examined in this work. It is becoming imperative that changing paradigms should commence from the livestock management, strategic sourcing of raw materials, inventory control pathways, financial management practices, vendor development systems and many other inputs to business processes. Leather processing as a methodology has evolved without taking recourse to scientific principles known to modern sciences and technology practices. The sector cannot hope to coexist peacefully with the sub optimal output -- inputs ratios for long. If the sector does not modernize the mindset and implement strategic changes, the sector itself may be changed by the forces of macroeconomics and market. Change paradigm in leather processing sector is not likely to be the cherry on top of the ice cream. It will be bread and butter itself. Questions ahead of the sector include as to how manage this change paradigm. (IL 37, 12, 20)

The next quote is urging the industry to move away from the lower-end products and towards the high end products catering to elite customers. This approach not only makes financial sense in terms of higher prices and greater manufacturing prestige, but it moves the Indian industry up along the manufacturing hierarchy.

The already languishing tanneries producing far below capacity are facing further threat. In this context, it may not be entirely correct to allow the natural market forces to dictate the future trend. Hence a conscious and concerted effort will have to be made to sustain and develop the future of the leather industry.

There are three main distinct options open (1) large volume, low cost, low profit product marketing (2) medium value, middle-class, moderate profit yielding products marketing and (3) high-volume, elitist catering higher value and profit yielding limited marketing. (IL 38, 5, 13)

As part of this presentation of the “global capital self,” we see an example of the industry moving towards a digital signature on sales. “The council (CLE) organized an

awareness program on digital signature launched by Director General of foreign trade and a presentation on FOREX risk management” (L 20, 7, 18).

In another presentation by T. Ramaswami, head of CLRI, at LERIG (Leather Research Industry Get-Together), he pushes for the development of a database to assist the industry in efforts to source raw material in an effort to identify how to appropriate the goods of production. Previously, the Indian government put a ban on the export of hides and skins in an effort to keep a ready supply of raw material on hand for the leather industry. This was part of a larger effort to move up the commodity chain and earn greater sums of foreign exchange. However, under the WTO regime, India was sued successfully by the EU for violating free trade provisions. This position by Mr. Ramaswami is a marked difference in approach to securing hides and skins.

India has enjoyed conventionally a vast indigenous raw material base. Indian tanneries are, however, facing a shortage of raw hides and skins. Supply chain management system is undergoing sweeping changes.

When duty structures for exports of raw hides, skins and processed intermediates alter, flight of material is likely if the Indian prices are lower than global average. Currently, import of raw hides and skins and low-end market is not highly profitable.

A reliable and updatable database on raw hides and skins potential as well as well as strategies for sourcing materials from global sources are needed directions of change for Indian leather sector. (L 20, 2, 72-3)

Identifying weaknesses in the industry promotes a way to rationalize production techniques. This SWOT (*Strengths, Weaknesses, Opportunities, Threats*) analysis frames certain characteristics as unfavorable. Again this frame has a normative effect on managers as no one wants their behavior to be cast in the light of “industry weakness.”

For this a SWOT analysis of the Indian leather industry may be relevant: The weak points are: low productivity, waste accumulation, lack of adequate technology for TDS (total dissolved solids) reduction at reasonable cost, stringent implementation of effluent treatment disposal, lack of proper marketing technology. (IL 38, 6, 4)

What has previously been strong in the historical industry is now characterized as a weakness. The industry wants the ability to source their skins from anywhere at any time—to become global players. There are also environmental concerns as tanning is very polluting and if performed in another country, precludes India from absorbing environmental damage. Sourcing leather from another country also avoids offending any local religious taboos against cow slaughter.

Since the local availability of raw materials in India is almost static or inelastic, India should adopt a policy of outsourcing the materials from other countries in raw, pickled or wet blue chrome state to supplement our production base.

For the product sectors like footwear and garments, we may perhaps adopt a policy of importing the cut components and fabricated parts and concentrate on final footwear or finished garments for export.

(6) To reduce cutthroat competition from among Indian manufacturers and to reduce the risk of buyers exploiting this aspect, adopt a consortium approach fixing a minimum benchmark level in the pricing of various types and grades of leather and products. (IL 38, 6, 11-12)

Despite its better efforts to move to free market practices, there is still the fear of foreign buyers pitting Indian producers against each other – a rare moment of ambivalence in the journal.

ISO¹²

ISO (International Organization for Standardization) certification is one of the normative practices the journals hope to spread to the Indian Leather Industry. This embodied knowledge creates a type of industrial cultural capital with consumers and producers alike. Interviews with the managers confirmed that the message of desiring ISO certification have gotten through. “Message to the world that YOU CARE for your employees” (L 20, 1, 70) promote the industry as socially conscious and similar to affluent western consumers. The following is a detailed plea in *Leathers* calling for more ISO certification.

Dear Member, in today’s WTO era to compete with the best from all over the world, it is necessary to have both our products and manufacturing facilities to conform to the highest quality standards. Such certification for manufacturing units does also serve as a selling point to be used in negotiations with international buyers. The council often receives inquiries from overseas buyers who insist on dealing only with ISO certified companies. For this, the council is compiling a list of manufacturer -- exporters of leather and leather products that have obtained ISO certificate in for their production units from certified agencies. The database would also be helpful to the council in making presentations about the capabilities of the Indian leather industry and in promoting its brand image overseas. (L 20, 1, 66)

Dr. T Ramasamy, Director, CLRI speaking at Leather Chemical Fair, Erode, India said, “that the government would, if needed, assist tanners in bringing technical experts

¹² Because "International Organization for Standardization" would have different acronyms in different languages ("IOS" in English, "OIN" in French for Organisation Internationale de Normalisation), its founders decided to give it also a short, all-purpose name. They chose "ISO", derived from the Greek isos, meaning "equal". Whatever the country, whatever the language, the short form of the organization’s name is always ISO. ISO.org (website)

from broad to improve their productivity enabling their products (to) attain international standards and gets ISO certifications” (IL 38, 5, 45).

Earlier we saw an example of work standards ISO. Here we see that an award has been created for environmental and occupational standards.

As per the revised export award scheme, an award will be presented to the following leather product manufacturing units that secure ISO 14001-environmental management system and OHSAS 18001-occupational health and safety management system certification. (L 20, 10, 70)

Like most awards, this one too, when received, is displayed with pride with competitors and customers.

Here we have an example expanding on the idea of ISO certification. The journal wants to illustrate that ISO is part of a way of thinking. Here we see that their desired change is not superficial but a more internalized, structured way of thinking.

ISO 9000:2000 has illustrated following eight quality management principles which can make you roadmap for any organization for TQM: Professor Nonaki Kano developed concept of multi-dimensional quality. He speaks of expected quality, which if absent will cause serious dissatisfaction. For example, we expect clean catering in the restaurant. This expectation does not have to be stated by the customer. Another kind of quality is delighting quality when the supplier provides something extra such as cold water on the table in the restaurant. The customer does not specify such service characteristic, but it delights the customer, if available. Today, many shops offer cold water as soon as you enter. Some even offer cold drinks. Recently, people have started making arrangements for kids playing so that parents become free for shopping. All these services, play an important role and place the provider in a superior position to competitors. Of course, it must be realized that today’s delighting quality may be tomorrow’s expected quality. (IL 37, 12,108)

The Indian companies have to learn that expectations are changing and anticipate what will please the customer. The importance of ISO is not limited to business practices.

It really represents a whole new way of thinking that puts value on the abstract. It seeks to exploit the consumer's affective rationality used in determining what they are willing to pay for consistency and levels of quality. These levels of quality do not necessarily reflect the instrumental cost of the product but is varies based on the individual consumer ethos. The Indian manufacturer must internalize this trait of the global consumer if he wants to keep their business.

ENVIRONMENT

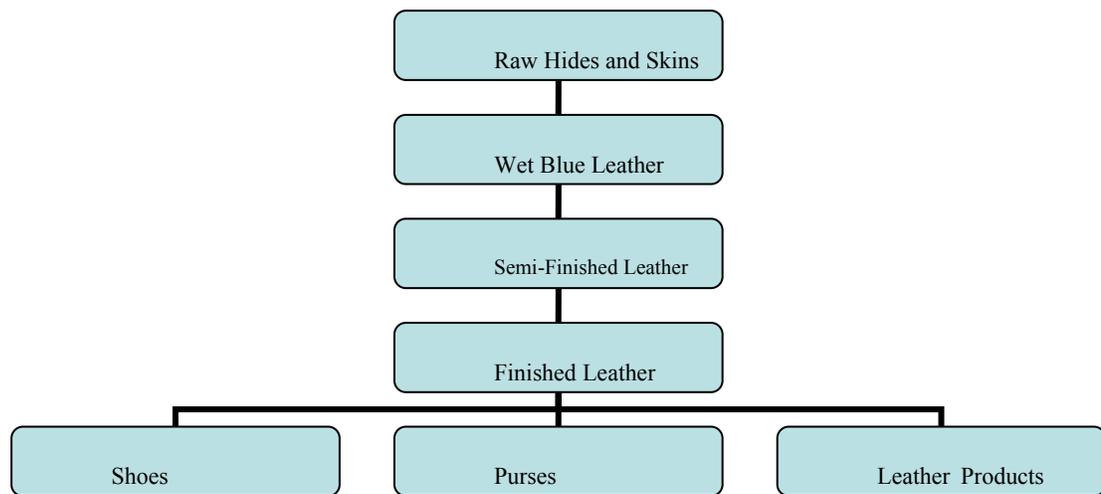


Figure 3.2: Modern Leather Goods Production

Leather production, specifically tanning, is very polluting. Tanning requires large amounts of water. While tanning can use natural tannins to soften the skin for softer leather, Chrome makes the leather softer. The end result is that tanning produces a large amount of water pollution. Ground water is either used up or polluted with chrome, salt or other waste products. In 1996 Indian courts ordered the Indian tanneries to clean up

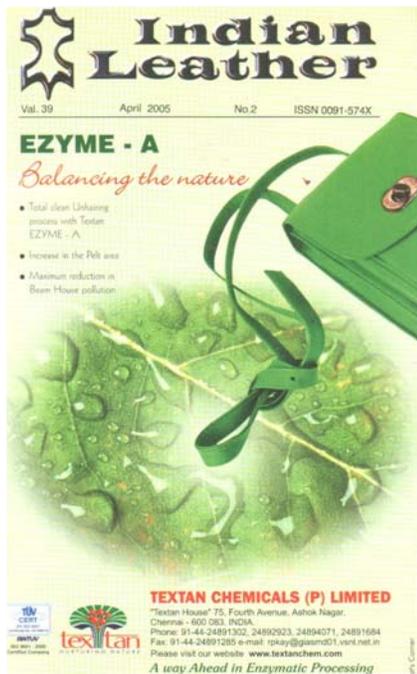
their act or close. Effluent treatment plants were considered too costly by individual companies in the industry. Pollution control boards (PCB) were set up to monitor tanneries. Eventually almost everyone came into compliance. Water treatment plants and other environmental safeguards were absorbed into the cost of doing business.

Leathers virtually ignores this aspect of leather production. One area where they implicitly recognize the environmental issue is in their ads for chemical companies. Chemicals play an important role in leather goods production as the production of quality leather is vital in producing a quality leather product. Tanning is perhaps the key process in producing quality leather products. It is in this key auxiliary product area that environmental concerns focus. Ads for chemical companies—Textan, Clarian, Smit, Stahl, BASF, etc—are a regular feature of *Leathers*. The ads are aimed at those manufacturers of leather goods that own tanneries. Textan, an Indian based company, is one of the few of the advertisers that focus primarily on natural chemicals. Besides using “eco-friendly” in its ad copy, the company promotes its development of natural enzymes used in de-haring hides and skins. Other ads frequently use “nature” in their copy.

Indian Leather, as it is aimed specifically at tanneries and tanners, spends more time explicitly dealing with environmental issues. Chemical ads appear with greater regularity and from more companies than in *Leathers* reflecting their target audience. “Eco-friendly” and “nature” appear regularly in the ads. Textan, an Indian company, frequently has the cover of *Indian Leather* and is one of the few advertisers that produce chemicals for vegetable tanning, a more traditional approach to tanning. The articles in IL are more technical in nature. They not only explain how to tan leather, but it pays specific attention to environmental issues e.g. minimizing waste; waste disposal; implementing

cleaner technologies (enzymes and chemicals); quality differences between leather produced by synthetic chemicals and those produced naturally and the trade-off to environmental issues. It urges the industry, specifically tanners, to be more pro-active in relation to government environmental regulation. Tanning and tanneries are a very early stage in the commodity chain of leather goods production. Tanning is also one of the older existing parts of the Indian Leather industry. Their methods have not changed much for decades and they have a reputation, generally speaking, as being more resistant to change or they are only looking to improve 'cosmetically'. For example, one chemical agent related while touring several complexes in the Chromepet area the differences between a newer 'forward-thinking' tanner and the more traditional tanners. He noted elements of landscaping in the newer tanner's property. Older tanners, he noted, want to put as little money into their business as possible, while getting as much profit. As an example, he pointed out all the overgrown vegetation on their properties as well as the very old condition of their buildings. These buildings have not changed much in 30-40 years, he noted. When it is mentioned that the leather industry is facing environmental regulations, it generally means the tanning sector is facing the brunt of the change. Leather goods manufacturers can and do source finished leather from outside India. Leather itself is the finished product for many tanners. Of course, for those leather goods manufacturers that source leather from their own tanneries, they face the burden of increased cost in production. A great deal of the articles featured in IL give very technical reports on tanning methods that meet environmental standards cost effectively. Lastly, the journal has a strong aim in educating its readers along the following lines: 1) Environmental issues are important 2) it is possible (and imperative) to meet

environmental standards set forth internationally and nationally 3) here are specific ways how you can meet environmental regulatory standards 4) here are some specific issues that will affect your business that you should know about e.g. eco-labeling and what it means/defined.



The cover illustrates the ongoing importance of the environment to the industry. The advertiser specializes in tanning that is natural. The purse-bag is a *natural* green just like the leaf next to it—the leaf that is sprinkled with clean rainwater. Enzyme-A balances nature and promises total, *clean* un-hairing while increasing the pelt area. Finally, the product promises to bring the maximum in Beam House pollution reduction. The Beam House is the part of the tannery where the skin goes after *fleshing* to remove the hair. These two processes create a lot of waste and is a very dirty job.

Illustration 3.1: Textan Ad

Industry

In the 1990s India's leather industry faced a growing backlash for its environmental practices. Tewari and Meenu discuss how the small-scale companies with the aid of the government, CLRI, CLE and large firms were able to organize a response

to the environmental crisis. Sankar provides an overall treatment of the industry and the environment. Sankar details the main points of the crisis saying,

Growing environmental awareness among farmers and citizens in tannery towns about the impact of untreated tannery effluents on agricultural land and water sources and the emergence of public spirited NGOs and judicial activism changed the situation by 1996. The Vellore Citizens Welfare Forum filed a public interest Writ Petition under Article 32 the Constitution of India before the Supreme Court in 1991. In its order dated 19 April 1996, the Supreme Court directed the closure of tanneries without individual ETPs or IETPs which were not connected to CETPs. In its landmark judgment dated 28 August 1996, the Court directed the Central Government to constitute an Authority under section 3(3) of the Environment (Protection) Act, 1986 to implement the 'precautionary principle' and the 'polluter pays principle' and to compute the compensation for reversing the ecology and for payments to affect individuals. It imposed an immediate fine of Rs 10,000 per tannery. The loss of Ecology Authority of Tamil Nadu asked the tanneries to pay Rs 300 million as compensation to the affected population and for restoration of damaged land. (2007, 121)

The journals are again managing its impression by recognizing that its customers view the environment as a serious issue and by making efforts to meet international standards. The following passage helps manage the industry's impression as part of the global capital type trait: rationalizing the techniques of production. *Indian Leather* states: "to realize that investing with the equivalent of less than a year's resources pays for their solution (modern, appropriate technology)" and

As it relates to process control and efficiencies and tanning process...the main problem areas of the Indian finished leather industry are:

- 1 scarcity of process water
- 2 output of effluent and pollution.

The solution therefore lies in the four pronged approach of:

1 precise control of manufacturing processes

2 application of "low float" processes and recycling of floats.

3 integration of production control with administration management software (ERP)

4 efficiency, cost cutting and the avoidance of waste. (IL 38, 2, 13)

The Indian leather journals are also aware that European countries face the same eco-restrictions and that other Asian countries are benefitting from this advantage as the following two quotes illustrate.

Generally, the Polish shoe industry is in reasonably good condition. Polish leather manufacturing sector is increasing. But the biggest headache for the tanneries is increasing environmental restrictions. (IL 37, 12, 129)

The Spanish leather industry is facing increasing competition from the Third World countries in the Asian region, because of the lower labor costs and not so stringent eco-restrictions as is prevalent in Europe. (IL 37, 12, 130)

Ultimately the tanneries needed Effluent Treatment Plants, either common or individual or face closure and severe fines. The investment needed to adhere to these legal requirements far outstripped the resources of many leather companies which are far too small to have the necessary capital on hand. Based on the journals, one could conclude that the environment now occupies a central location and the industry is now proactively dealing with the issue. The articles cover technological advancements as well as a possible shift to vegetable tanning and away from chrome tanning. The next quote

illustrates one of the new, pro-environmental messages by Dr. T. Ramasamy, director of CLRI.

He advised the tanners to strictly adhere to the norms of PCB (pollution control board) and control the effluents. Switching over to Enzyme assisted dehairing, liming, bating and other operations would help in controlling BOD (Biochemical oxygen demand), COD (Chemical oxygen demand) levels in discharged effluents and provide a clear environment, he said. Speaking at Leather Chemical Fair, Erode, India. (IL 38, 5, 45)

And reiterated,

Dr. T. Ramasamy who has been participating in this program every year since its inception said, on seeing the number of participating chemical manufacturers, four out of nine companies are manufacturers of enzyme-based products. He said the transition from chemical to bioprocessing is a welcome sign. (IL 37, 11, 23)

Bio-processing and natural tanning takes a prominent role in the journal message harkening back to days when India excelled in EI leather (East Indian vegetable tanned leather).

In any case, the emphasis will shift to making the leather industry as a "biotech-based" industry from the existing status of "chemical-based" processing, or combination of both, to become an "effluent free" industry. Then all the stigma attached to this industry as the main culprit damaging the environment will disappear. Let us hope that day will come in the near conceivable future or not too distant future. (IL 37, 12, 34)

The industry is clearly sensitive to the 'stigma' of being a polluting industry. In this case, the stigma is attached to the industry through the dirty and polluting effects of the tanning process. Certainly western consumers have become sensitive to 'green' products and the journal message has the leather industry moving away from chrome tanning and 'chemicals' towards eco-friendly enzymes. "There is a tendency to go back

to natural products and interest is increasing to adopt more a vegetable tanning” (IL 39, 2, 15). “There is also a beginning in demand for totally chrome free finished leather” (IL 39, 2, 15).

With increasing emphasis on the reduction of pollution load and eco-friendly processing, one can expect a moderate shift towards a gradual reduction in the use of the harmful chemicals following increasing emphasis on the introduction of eco-friendly enzyme technology based depilation, salt reduction, lime saving, eco-friendly dyeing or uses of solvent-based dye solutions reduction in the in percentage use of all the chemicals as a general trend. (IL 37, 12, 70)

This last quote, though referencing automotive leather, has ramifications for leather used in shoes, jackets and gloves. European customers have placed restrictions on the amount of dyes and chemicals one can have in the product. The EU customer does not want potentially hazardous chemicals in leather products that will come in to contact with naked skin.

The "bio leather" or "eco-leather" (also known as "chrome free" or "metal free" leather) is a leather which along with its comfort and aesthetic beauty is expected to have no harmful effect on the end-user, either through contact with his skin or by the volatile substances emitting from it. The chrome free leather is largely used in automotive upholstery production. (L 20, 7, 62)

These are all questions posed in a lengthy article proposing a paradigm shift in the way tanners go about their job – particularly from an environmental point of view. The article at times was very technical but was clearly proposing a major shift in ‘business as usual’.

Have we really found out a method of salt free and safe curing technique?

Have we found out safe and sure a depilation technique totally free from using lime and sulfide?

Have we an answer to the problem of totally ammonia free, boron free, low cost deliming technique?

What is the ideal pickling method that will open up the optimum number of reaction groups in the pelt to enable a total quantitative absorption of chrome or other tanning agents?

What is the absolute minimum quantity of chrome, which will leave an effluent totally chrome free. In such a case, what will be the ideal combination to produce a functionally satisfactory and usable varieties of leathers for different and uses?

Have we found out exactly what is the absolute minimum quantity of water to be used in leather processing, which will enable a totally effluent free leather processing method at least from the beam house? (IL 37, 12, 29)

The following are LERIG (Leather Research Industry Get to together) topics/papers discussed at meeting. Again, environmental issues are of paramount importance **and** the topics are being reported in the journals.

Salinity reduction and tannery effluents in India and Australia.

Productivity in leather industry -- here is tool magazine.

Modernization and productivity enhancement.

Hazardous waste management, solid as landfill.

Safety in leather industry.

Eco-labeling in leather industry. (IL 38, 1, 16-19)

Presentation and poster session by CLRI documented in the journal further highlights the issue:

Halophytic bacteria free reusable salt from soak liquor.

Study of fungal damage on E. I. Leather.

Recovery of chrome by emulsion liquid membrane.

Theory and pragmatism of eco-label standards in leather manufacture.

Digital information management on leather science abstract.

Total dissolved solids TDS reduction in leather processing by a novel technique.

Eco-tanned Mitra -- Asian paints.

Effect of neem extract on native flora of buffalo hide.

Microbial activities during storage of raw buffalo hide with relevance to leather processing.

Influence of power of ultrasound in soaking and liming process.

Development of iron tanning system for the production of soft leathers.
(IL 38, 1, 23-25)

The topics are a mix of technical topics, natural technologies and alternative processes.

The industry is not always quick to accept all responsibility for polluting the environment and if you believe the following short article, they may be right.

The salt manufacturers and the leather-processing industrialists got together and exchange views appraising each of the problems. They

decided to form a joint committee to pursue to find a lasting solution, as no ready solutions could be formed immediately because of the complexity of the problem. The salt Manufacturers Association expressed their concerted opinion, that even if the use of salt is totally stopped in leather industry, they will not be unduly concerned about it because of the negligible consumption in leather industry, which is only about 1% of the total production or less. It will not be an acceptable suggestion to them to set up salt recovery plans and clusters of tanneries, nor will it be economical proposition to transport the concentrated liquor to the existing locations, as it will add to the cost of manufacture. A corollary of this observation is that, it can be safely concluded that it is not the leather industry alone which contribute to the TDS (Total Dissolved Solids) appreciation in the groundwater, all over the country because the entire consumption in leather and raw hide curing works out to only 1% or less. There are other industries also contributing to the TDS. (IL 38, 1, 14)

The journals offer yet another solution to the environmental problem attributed to the leather industry. Instead of bringing raw materials in to the country and processing it in India, where the most pollution process and water usage occurs, they will bring in semi-processed or finished leather thereby bypassing the chemical elements of the leather manufacturing process. Of course, the implication is that another country will absorb the environmental impact currently borne by the Indian leather industry.

A careful and calculated approach is required in this direction in principle, the import of materials in raw stage has to be discouraged and avoided as any increase in processing from raw stage, will tantamount to only importing more of polluting load and will only add to the complexity of the already complicated pollution problem. Hence it will be worthwhile to promote more outsourcing from other countries, if necessary by collaborative ventures, and import the semi processed leathers and wet blue or vegetable tanned conditions. China has already established a stronghold of Far East countries of Asia like Thailand, Taiwan, Hong Kong, Korea, Vietnam, Indonesia and Malaysia all these countries almost serving as a captive collaboration satellite units for Chinese leather industry. (IL 37, 12, 68)

This practice also reveals India's desire to remain higher on the commodity chain. It also represents a new form of production stratification as certain countries can become responsible for certain levels of the commodity chain.

The only deterrent factor is that by importing additional raw materials will mean, importing of addition pollution load. But concerted efforts are being made in India to tackle this problem in its entirety, and hence we can hope the severity of the problem will be successfully tackled in the not-too-distant future. (IL 37, 12, 69)

GLOBAL CONSUMER

Part of the global capital type is a greater sensitivity to the demands of the global consumer. The Indian leather industry would like to market their products using eco-labels. "This practice is becoming widespread, particularly among such marketing companies and department stores which are highly sensitive to consumer perceptions" (L 20, 1, 71). The journals also try to socialize its readers about the industry's image with consumers.

Strategy 1 Aggressive marketing efforts for promotion of finished leather export.

We need to look at preventive measure and adopt process and procedure to make leather production eco-friendly process this could be our ongoing process and must continue with the blessing of all leather stakeholders, research industries, industry, government, Pollution Control Board. There should be a paradigm shift as Dr. Ramasamy has pointed out in his lecture and remove the stigma of highly polluting industry.

For several years, those involved in selling to German markets have had to ensure their products are free from certain dye stuffs which can center at the AZO¹³ linkage to form one of a number restricted aromatic amine¹⁴. These amines are considered to pose a cancer risk. Following the legislation in Germany, other EU countries such as Denmark, Austria and the Netherlands introduced their own laws.

There is need for adopting uniform standards and tolerance limits for all these factors. The methods of analysis should be so standardize as to give comparable results when tested in different test houses. (IL 39, 2, 15)

In a 'regional news' section for Europe we find the following: "however, he (EC commissioner Liikanen) cautioned that over emphasis on EU environmental legislation will cause a heavy burden on the industry and will be self-defeating policy. The emphasis should be creating wealth from the waste" (IL 38, 6, 52). These preceding passages highlight the EU sensitivity to chemicals in leather.

In a technology-related article, we get the following consumer message:

There is much greater awareness of environmental consequences of various manufacturing activities all over the world. Consumers have become demanding in respect of not only the quality of the products they but also of the sources from where these are bought. An attempt has been made to present the product specifications for leather required by the large importers namely USA and EU. (L 20, 5, 65)

One manager that produces children's shoes highlights his sensitivities to global consumer concerns. He tells me that children's shoes have a definite market for production in India, but its production when compared to a man's shoe is more difficult

¹³ AZO dyes are used in textiles that have under scrutiny for health reasons.

¹⁴ Used as a starting material for the production of AZO dyes.

and takes more time. They are also held to stricter environmental standards as they touch the feet of children.

GENDER

Social empowerment related: gender equity and empowering weaker segments is an area of need. Proactive compliance to environmental and social audit norms along with roles in social empowerment be used with advantage in both market and the country.

—L 20, 2, 72-3—

As part of its ongoing commitment to job creation, the leather industry makes a concerted effort to employ women. On its website, CLE cites that the industry employs 2.5 million women or thirty percent of its workforce. Considering the rapid advances taking place in the industry, matching manpower in terms of skilled, semiskilled and trained workers is lacking in the industry. Women play a major role in production activities in the product sector. Awareness programs for women became a necessity for high-level training as supervisors, quality controllers, managers etc. One official tells me that women workers may prove to be India's strength and this could be fully exploited by employing more and more women wherever possible. This employment of women is part of a process that further erodes the household economy. It is not that the household economy in leather has disappeared. J. Jeyaranjan's (2002) book on child labor in Chrompet's Leather production discusses how child labor exists in the home where the family does work brought home by a male worker. Apart from their mention on the CLE

webpage concerning the priority of the industry to hire women, there is very little evidence in the leather journals that women participate in any capacity other than runway model. There are no articles on women's issues or contributions as a group to the industry. This, however, is more representative of India as a whole than as an indictment of the leather industry.

COMPONENT PRODUCTION

The element of ideal type characterized by the following quotes: Appropriation of the goods of production. India is positioning itself to acquire and provide the necessary components for leather product manufacturing. By having access to high quality components—zippers, buttons, clasps, buckles, straps—and a variety of designs, the Indian leather product manufacturer is dependent on one less link to produce his product. He has one less thing to import, and he saves time in manufacturing and shipping time if he can source the component locally.

Mr. Mani Almal, President, IFCOMA (Indian Footwear Components Manufacturers Association) said that shoe manufacturers in advanced countries are closing down their operations due to high costs and stiff competition from China. Many units have started sourcing the requirements from India, China and other developing countries. He said the success of Indian shoe manufacturers depend on getting the right components as per international standards. (IL 38, 2, 16)

The industry has identified the cost of continuing along the path of meeting the components needs of the leather industry as this quote illustrates. “The Ministry of commerce has revealed that the footwear component industry would need funds nearly rupees 200 *crores* for expanding its capacities and also upgrading technologies to match

global standards” (IL 38, 2, 17). The journals continue by specifying the changes necessary in shoes.

He identified insole material and synthetic shoe linings as the main areas where Indian shoe component makers are facing threat from China. He said the Indian shoe component manufacturers would have to treble their capacity in almost all segments, especially, shoe last, soles and metal fittings which are the major components in shoe manufacturer. (IL 38, 2, 17)

The industry has to balance its short-term needs with those of indigenous manufacturers. Removing protective tariffs too quickly puts the local component makers at risk and makes leather product manufacturers wholly dependent on foreign component makers.

In our anxiety of offering a level playing ground to the foreign suppliers of machinery, the import duties and all other duty reductions have resulted in imposing an imbalance and unbearable burden on the indigenous manufacturers of quality leather processing machinery manufacturers, whose quality compares very favorably or on par with imported machines. (IL 38, 3, 19)

Is this the concept of offering a level playing ground, and in our anxiety to remove the imbalance and disadvantage of importing leather processing machineries, probably we have overdone the chivalrous act, over tilting the balance in favor of imported machines, which to the detriment and disadvantage of indigenous manufacturer, almost throwing them of business.

Of course, this is not a method of offering a level playing ground, which essentially means providing equal opportunities to both the imported and indigenously manufactured products, without burdening on any of them an extra disadvantage or providing extra advantage. (IL 38, 3, 20-1)

Fundamentally the quotes illustrate a willingness to comply with WTO rules and regulation. The industry accepts the global structure and favors it to the historic modes of production. The component makers are the embodiment of the characteristics the industry prefers to embrace. The following quotes more carefully articulate this position.

In line with the WTO commitments, the Government of India is gradually reducing the import duties. Accordingly, peak rate of customs duty was rationally brought down from 25% 20%, and 4% SAD (special additional duty) was altogether exempted, resulting in net reduction of 11.60% of total custom duties. This will enable the Indian leather products to gain significant competitive advantage in the global trade. On the EXIM policy front, policies and procedures have been rationalized and simplified to a great extent, aiming at reduction and transaction cost and time. However, considering the suggestions of the industry, the Council submitted proposals seeking customs and central excise duty concessions/exemptions on certain essential inputs and also on capital goods including machinery and equipment required for effluent treatment plants, for consideration in the ensuing Union budget. Proposals for further simplification of certain schemes under the EXIM policy were also submitted for consideration during annual review of the policy. (IL 37, 12, 23)

COMMODITY CHAIN

As part of the global capital type, the journals support the practice of tanners moving up the commodity chain to more value-added products. Do not just make leather. Make leather and leather goods. Do not make leather goods, make leather goods for a high-end market.

Driven by access to market: Market forces have driven manufacturing of leather and leather products in many countries. Cost leadership nations have commanded prices and created a market for specific types and qualities of products. Meeting an existing and quantified demand has been the model in the segment of market driven manufacturing. In this segment leather is faced with non-leather materials for price positioning. Brand building in leather products also is influenced strongly by market force

dominance rather than clearly spelt out differences in value propositions. In other words, the same product labeled differently seem seem to command different prices based on the names of labels. Perhaps this trend will decrease in time (IL 37, 12, 16). We must look to move from low end leather to more upscale (at least mid level quality of leather) as synthetics are competition, selling goods. Brands are ultimately more important than quality—move towards a finished product in the commodity chain. (IL 37, 12, 16)

The message from the journals is for companies in India to produce higher end products. Other countries are using synthetic materials to manufacture products for a low-end market more efficiently and much cheaper. The journals highlight the three paths to dealing with competition.

The already languishing tanneries producing far below capacity are facing further threat. In this context, it may not be entirely correct to allow the natural market forces to dictate the future trend. Hence a conscious and concerted effort will have to be made to sustain and develop the future of the leather industry.

There are three main distinct options open (1) large volume, low cost, low profit product marketing (2) medium value, middle-class, moderate profit yielding products marketing and (3) high-volume, elitist catering higher value and profit yielding limited marketing. (IL 38, 5, 13)

Again T. Ramaswami at LERIG explains that company size is also a factor in not meeting capacity. Soon the industry will not have access to the local raw supply.

India has enjoyed conventionally a vast indigenous raw material base. Indian tanneries are, however, facing a shortage of raw hides and skins. Supply chain management system is undergoing sweeping changes.

When duty structures for exports of raw hides, skins and processed intermediates alter, flight of material is likely if the Indian prices are lower than global average. Currently, import of raw hides and skins and low-end market is not highly profitable. A reliable and updatable database on raw

hides and skins potential as well as well as strategies for sourcing materials from global sources are needed directions of change for Indian leather sector. Indian leather sector has remained small and medium enterprise on account of several factors. Sizing limits the linkages to both high-volume and high-value segments. (L 20, 2, 72-3)

One manager tells me that there are several ways to get skins. He imports 70% of his skins because of the thickness of the leather. He gets the skins anywhere. Whatever he needs from where ever is the best place to get it. It's up to the season. Sometimes he gets skins from New Zealand. Sometimes he gets them from China. The following is an article describing the global commodity chain for leather.

The leather global value chain in the world leather footwear market.

This is the era of development of production systems capable of meeting the challenges of pollution, quality, efficiency, logistics, and cooperation. Innovations came still from technical knowledge, but managerial aspects started to gain importance in practical applications. The last decade of the millennium is about marketing and trading whereby established trade contacts, brands, promotion and financial power are far more valuable assets and technology and related knowledge. (L 20, 10, 73-75)

This article is proposing that in the future the buyer-driven commodity chains organized around labor will see its power lie in something other than labor. It will be in brands, etc.

GLOBAL MARKETING

In both journals, the marketing of Indian leather abroad is obviously most importance since thrust of government policies have been production for export. The journals want its readers to understand 1) where to sell their goods 2) their customers and specifically products these customers are likely purchase and 3) how to sell their products.

Where to Sell Goods

Leathers primarily focuses on this issue in the form of country profiles. As a regular feature of the journal, these country profiles provide basic information about a country—geographic location, government, language currency etc. It also provides an economic profile of the country specifically related to leather. From an import perspective, the journal provides information regarding which particular leather goods, if any, the country exports; what is state of its current leather industry and a rough economic outlook. On the export end, we learn what kinds of products the country imports and which countries provide the bulk of these products for them, specifically what India's share of the market is for that product in this particular country. In that context, the reader can learn what products generally sell in this country including details concerning colors e.g. some countries prefer bold colors to muted colors; textures e.g. weather conditions do not favor suede products; and accessories/fixtures e.g. brass clasps versus silver clasps.

Their customers and what products these customers purchase

The country profile information allows the exporter to understand where there might be opportunity untapped as well as where the Indian exporter might meet with easier success. Specifically the country profiles highlight India's ranking in exporting particular products to the country. For example, Spain might import 30 percent of its shoes, but of the 30 percent, China provides 66 percent and India the other third. 10 percent of the overall market might be profitable enough for an exporter to risk marketing to Spanish customers. Conversely, they might view the situation as dominated by Chinese

shoemakers and decide to sell elsewhere. There is advice in the journals about buyers in specific countries e.g. Spain values on-time shipments. French customers value style and quality; so start out with women's handbags. The journals may suggest an exporter visit some French leather fairs to familiarize themselves with French fashions.

How to sell their products

Both journals regularly feature ads for leather fairs across the world. Leather fairs are a very important place for Indian exporters. It is not only a place to be seen and to make contacts, but the fairs provide an opportunity to learn about potential buyers and their consumer tastes. These leather fairs and expos are a standard feature of the journals. *Indian Leather* prints a special issue to coincide with major Indian leather fairs particularly the one held in Chennai every January.

The fairs are also promoted in articles which highlight number of Indian attendees. The point of the fairs is to put buyer and seller in proximity with each other. These interactions between buyer and seller serve to create, maintain or perpetuate the market for both actors.

India, to and of

In addition to their task of socializing the reader, the journals also market "India" as business destination of the future and it markets this idea to India. In these examples, they are marketing to India and marketing India to a global audience. The following quotes explain why India will become a featured destination for global leather.

American leather chemists Association. One noteworthy observation made was the leather industry of the West and the US would get relocated in China, India and Brazil. (IL 38, 6, 52)

Assuming that this tendency for relocation is being shared by South American (Latin) countries and some countries in Africa and Middle East, there is every possibility of India being a preferred destination for relocation, in view of the high-level and technological skill availability and comparatively less expensive labor costs involved, and a consistent and a conducive government policies for industrial growth. (IL 37, 12, 69)

The production is being phased out in Europe. The common factor in these four countries (Brazil, Russia, China, India) is rich raw material sources for leather industry. Out of the four BRIC countries India has the best chance to lead and grow in this labor-intensive industry because of its (a) huge raw material base (b) strong technical base (c) rich human resources. (IL 37, 12, 86)

World shoe production is concentrated in the three leading manufacturing countries of China, India and Indonesia. Lower wage scales and overall production costs make these countries attractive manufacturing bases for companies operating out of the United States, for example, that require large volumes of footwear manufactured to strict specifications both in terms of the components and materials used as well as tight quality controls. (IL 37, 12, 163)

Commercial (Trends Changing in world leather).

(A) leather industry in the West is steadily declining. Reasons: pollution control restrictions and expensive labor costs.

(B) There is a tendency for relocating that only the tanning industry but also leather chemical industry and Asian countries.

(C) The demand for the products continues an uptrend, but more in the footwear area of special interest to youth and fashion. (IL 39, 2, 13)

Finally T. Ramaswami at LERIG markets the industry's needs to India.

National opportunities. Brand India needs to be built. Social empowerment related: gender equity and empowering weaker segments is an area of need. Proactive compliance to environmental and social audit norms along with roles in social empowerment be used with advantage in both market and the country. (L 20, 2, 72-3)

The message is clear. Europe and the United States have gotten out of production of leather and the industry is shifting abroad. India is a favored location because of its large manufacturing base, technological expertise, and low wages/large labor pool!

Industry (to and of)

Besides selling “India” to its readers, the journals target the **Indian** Leather industry. These quotes market the industry to customers and also attempt to market to/socialize members of the Indian leather industry. There is no greater prize than Wal-Mart. “Retail giant Wal-Mart has started sourcing leather products from Indian companies” (L 20, 10, 10). The industry is taking a proactive position and educating some suppliers about issues important to Wal-Mart the customer.

These workshops were organized to acquaint these suppliers toward social and environmental conditions in their production processes. We’ve been carrying out regular articles on the growing importance of corporate social responsibility and minimum adherence to the social and environmental conditions. Generally, one can say that corporate social responsibility (CSR) as a concept is still mainly seen to be driven by large companies. Though socially responsible practices exist in all types of enterprises and especially in India this is led through our SMEs (small and medium enterprises) involved in export and allied sectors. (L 20, 6, 54)

This quote applies directly to the leather industry and highlights that they understand their role in playing the part of a “modern”, progressive industry.

The Indian leather industry is gradually evolving from unorganized, family-based, highly polluting industry into an organized, professionally

managed and environment friendly process and chemical users industry, which is as sophisticated as any other industry with its value addition, surpassing many of the export oriented industry. (IL 37, 12, 87)

This quote is at the heart of the differences between the historical and global capital type.

It is the desire to represent the global capital type that is articulated in the journals.

For this a SWOT (*Strengths, Weaknesses, Opportunities, Threats*) analysis of the Indian leather industry may be relevant: the strong points are (1) large raw material base (2) strong technology and man power backup (3) less expensive labor (4) abundant supply of leather chemicals and auxiliaries. (IL 38, 6, 4)

What is needed most is the right strategy to compete with China, Brazil, and possibly Russia. Leather industry has the lowest investment required for per capita job creation, and in this country of scare financial resources. Indian leather industry could employ 10 times more women and weaker section and contribute to the employment generation and non-urban area where the employment opportunity is scarce. (IL 37, 12, 86)

Again, for the journals, the leather industry provides to consumers and investors the most opportunity with the least risk. What the journals do not want is for India to lose this opportunity to other developing countries.

TQM stands for the total quality management, and it was a buzzword in the early 1990s. Incidentally TQM became popular in India along with globalization of the economy in 1990 when government decided to open up the economy, quality became immediate focus for Indian industry for its survival. TQM became a subject of talk in every industry forum. All the industrial captains suddenly started thinking that TQM is the only thing that can save them in the changed scenario of competitiveness. These quotes are marketing to/socializing the industry.

Traditionally, the concept of quality was confined to the production activities only, but in TQM the quality is spread over to all activities including marketing, management functions, designing, process and housekeeping, even in software development. (IL 37, 12, 107)

The lesson that can be learnt from this is that our Indian leather industrialists should create a better image and improve his reputation as a reliable business partner, eliminating the need for personal inspection, frequent business travels which mutually causes wastage of time and money. This will mean greater attention to TQM concepts, image building, brand reputation and improved ethics in business transaction. With the reputation of India scoring high in IT and communication industry coupled with the additional proficiency in English language and communication, India should be in a position to quickly change over to e-commerce concepts with better ease. Our long traditional business relationship with reputed buying nations will certainly be an additional advantage. It is up to the younger generation entrepreneurs to gear themselves to suit the marketing strategy of the future. Let us be ready to meet our competitors in this new business aspects. (IL 38, 2, 12)

The lesson that can be learned is that a rigid and fixed approach to marketing may not be the appropriate solution. Instead of trying to sell what you make or what you can make, the approach should be to make/produce what is required by the market. A market driven product demand should dictate the production base and also the sourcing. (IL 38, 5, 14)

This JV will succeed because of our strong individual businesses and our shared vision for supplying the best bovine leathers from India (IL 38, 1, 58)

Mr. Krishnasswamy reiterates that delivery time is important. A lot of focus has now gone into good pre-planning of production and material organization. This has enabled him to meet all of his deliveries on time. His compliance for deliveries is about ninety to ninety-five percent.

Goods

Another marketing theme which emerges from the journals has to do with marketing the leather goods themselves. The journals give very good conceptual information on what the exporters should know without spending too much time on the actual steps.

Suppliers and buyers consider international trade fairs as an excellent platform for us and for facilitating business tie-ups. (IL 37, 12, 21)

The Union Commerce Ministry evolved the "Market Access Initiative scheme"(MAIS) largely aiming at major international markets based on country-specific and product-specific approach. The Council has been taking advantage of this Scheme in the last two years to comprehensively penetrate the US market. This is besides the current year's initiative to regain India's strong presence in Russian market.

As the US alone commands 27% of global imports of leather and leather products, comprehensive export promotion efforts have been made in the current year. These activities include establishing design studios, warehousing, display in departmental stores, publicity campaign, identification of targeted groups of buyers, reaching the identified buyers through various outreach means, organizing buyer -- seller meets both in the US and India. The business outcome includes a visit of senior sourcing executives from Wal-Mart, the \$245 billion retailer with strong presence across world markets, to India in November this year. Significant gains for the Indian leather sector are expected. Following this a few more retail chain stores are showing interest in India leather products. (IL 37, 12, 22)

TECHNOLOGY

Technology is an important theme for the journals. Technology helps the industry appear 'modern' to a global customer. It is a tool by which the industry can solve the

“problem” of pollution. The following quotes highlight the importance of being technologically savvy for the industry.

There was a large attendance of the tanners and representatives from all the sectors and regions on previous occasions. When there was less attendance of the industry. The explanation offered by the industry was that the clients visiting a hotel are not interested in knowing how the food is being cooked in the kitchen, but are only interested in having the tasty food being served to them on the table. Similarly the industry probably wants only the results or the fruits of research, and they were not concerned about how the research was being done. (IL 37, 12, 14)

But this year’s inaugural function has truly exploded this myth in this concept. The attendance of the industry in the technical sessions was encouraging which itself was really indicating yet another paradigm shift on the part of the industry apart from the importance of the subject of LERIG itself. Congratulations to the director of CLRI Dr. T. Ramasamy and all the organizers and conveners for achieving the unique distinction of these two dual paradigm shifts. Keep it up, the entire industry and all the stakeholders are with you and look up to you to take the lead for further progress forward. (IL 37, 12, 14)

The breadth and depth of the applications, and the sheer numbers of industrial examples, ensure a degree of innovation, a level of reliability and an economic cost which has never been more favorable and in the interests of the Tanner. It is time we made the application of this technology equally widespread in the leather industry. **Let India show the way!** (IL 38, 2, 14)

This article is about a workshop that was attempting to help tanners use chemicals and equipment to eliminate waste and become more efficient in their tanning processes.

Originally printed in 1962.

In this country, the light and lightweight tight buffalo hides are normally considered to be suitable only for making kattai, bunwar and sole leathers. The process presented here aims at providing the Tanner with technical know-how for the production of other types of leathers from such hides. In this process, the buffalo hide is split into three layers of which the first

layer is taken for producing shrunken grain leather and the middle layer for utility type upholstery leather; the last layer can be used for screenprinted leathers. In this way, the Tanner cannot only achieve economic utilization of such hides, but augment his returns. (IL 38, 5, 50)

India to get German expertise in making upholstery leather. The other reasons for looking at India for sourcing this item was that buffalo hide was ideally suited for processing for use in the auto sector and India has the highest buffalo population in the world. (IL 38, 5, 60)

Journals highlight technical processes to fill growing global demand for product and then try to alert the producer that the demand is there waiting to be filled.

There is also a probability of obsolete technology of developed nations being passed off and transferred either on payment or free of cost to the less developed or developing nations. This is likely to take place under the guise of or patronizing attitude of the advanced countries to developing nations with a big brotherly attitude. The net result will be that the developing nations will always continue to lag behind the developed nations, giving an edge over others to the developed nations permanently. When once a nation has decided to modernize the existing systems, it will be better to start with the latest and most bands modern technology, rather than a discard obsolete technology of yesteryears from other nations. Simultaneously, there is also a need for interacting further R&D work from the current latest technology as a starting point, then only the developing and less developed nations can keep pace with the global standard of development. (IL 38, 6, 33)

The computerized operations will become more important. It is not only in the tanning process, but also in the field of leather products manufacture. (IL 39, 2, 15)

ADS AND SEX



Illustration 3.2: TYTAN Ads

Witness this group of ads for Chemicals (!) from TYTAN, an Indian chemical company specializing in ‘natural’ chemicals and enzymes used in the initial stages of dehairing and tanning. The ads represent a level of sophistication and sexuality not associated with the historical type. The middle picture is labeled “the **touchables**” (emphasis mine). The double entendre is unmistakable. Instead of this leather glove being *untouchable*, it is now touchable—particularly when paired with a beautiful woman. In *Leathers*, there are several pictures of Indian leather fairs using Indian models (Appendices E, Z). The models are beautiful and can be dressed very provocatively.

Fashion

Everything will be related to the fashion. We have a certain bodies in CLRI who are working on these issues and doing us a service by telling us what the trends are going to be, the fashion trends. They tour all the countries and study how the trends are going to change. So they come and tell us.

—Plant Manager—

Appendices A-CC represent images that highlight the importance of fashion in the leather industry. In the pictures of women's shoes (B, C, D, Q, R), men's shoes (O, P, AA, BB, CC) and purses (F, I, J, K, L, T, U, Y) what we see is a small sample of the many varieties of these products that exist. There are several colors used in the products and a myriad of color combinations. The leather products require different components that can be made from different materials and colors of their own. Purses come in different material combinations and sizes.

The women's shoes illustration (C, D) show both a great variation in style and also that they have established terminology. The Industry is also conscious of brand image (M, N). These styles obviously change from season to season so managers must constantly work to stay ahead of their sourcing needs when it comes to the various dyes and components needed to manufacture the leather products. Leather (G, H, X) can also have different colors, textures, and grain: a metallic look or fish-scale look are but two

examples. Even thread (W) as a component/raw material has to match the leather goods in color and be of appropriate strength.

It would be difficult were these the only styles that leather products came in, but the fashions change every few months—color, components, cut of the leather. The successful manager that has access to a research and design department must spend a lot of his time educating himself about the impending changing styles. It is in this area that the Indian leather industry faces some difficult challenges. India does not create the season's fashions or colors. As such, the industry is always struggling to catch up the customer's timeline. For example, if a color or zipper type is not readily available, it takes time to find the component or color and copy it correctly in India. This additional time can make the difference in getting your goods to the customer so he can then get the goods on the shelves. The inability on the part of the leather industry to dictate these terms, keeps India further down on the commodity chain, thereby perpetuating a neo-colonial relationship with Europe. In an effort to combat this relationship, CLRI has taken steps to help leather manufacture colors that can be chosen by European fashion groups as colors for the new season. The advantage to participating in these contests is that if their color is chosen, the Indian company has already demonstrated to the buyers that they are more likely to meet production deadlines as they already have the color in stock. The company can also develop styles that incorporate this color scheme.

Fairs

Fairs are advertised in the journals. These fairs are meeting places for vendors to sell their products as well as opportunities to stay in touch with old customers or to make

new sales. Generally only the larger firms can afford to send an employee to international fairs. The quotes describe the fairs and what they might offer the Indian exporter.

The fair will showcase, as in the past, a comprehensive range of products and services relating to the leather industry -- machinery for leather tanning, shoemaking, dryers, stitching and sewing machines, finishing machines; chemicals for leather industry; shoes and shoe components like shoe uppers, soles, insoles, non-leather shoes, rubber soles, heels, counters, synthetic lasts; leather garments; fashion accessories, leather goods like travel goods, purses, wallets, belts, gloves, portfolios, handbags and finished leather. There will also be a focus in publications and consultancy services related to the leather industry. Seminars on recovery of payback, process control and efficiencies and tanning processes and the global analysis of footwear sector on February 1 and use of CAD -- CAM in shoe industry on February 3rd CLE calls has also planned a buyers sellers meet with buyers from Latin American countries and Africa at Hotel Le Royal Meridian on February 1. (IL 37, 12, 25)

This quote highlights the diversity of machines that are needed in the industry as well as educational opportunities to learn of incorporating new technologies – CAD, CAM – in shoe production. CLE is also supporting buyer-seller meets to facilitate relationships between Indian manufacturers and foreign buyers.

To the Indian leather goods industry, the international leather goods fair in Offenbach occupies an important place in the annual business calendar, as it renders a comprehensive insight into the internationally up-to-date market for leather goods. The fair also enables discovery of trends and presents opportunities to establish new business contacts and foster reliable business relationships. (L 20, 3, 35)

Again the leather fairs are an important location for networking and educating oneself about the constant changing in fashions and styles. The next quote illustrates the educational aspect of the fairs. Not only are the journals themselves an important source for information and normative behavior, but so are the fairs. The fairs represent a more ‘hands on’ opportunity to learn.

The fair yet again proves that it is one of the important events for leather goods segment, offering innovative basics and global novelties and leather goods, travel articles and bag fashion. The fair presented the current ideas of the suppliers worldwide, and seen as the forum for global innovations as to design and function of leather goods and accessories. (L 20, 3, 36)

Again, the fairs are touted as a place to meet buyers. Most of the small businesses will not be able to afford attendance at these fairs. These fairs are accessible to those businesses with the financial resources to attend the fairs on an ongoing basis.

The council will be continuing its aggressive market development and export promotion programs both in the traditional and upcoming markets during the current year. In fact, the council has planned an ambitious program of participation in 19 international affairs and organizing BSMs (Buyer-Seller Meets) in 14 countries during the current year, as against participation in 14 international affairs and organization of 8 BSMs during last year. (L 20, 4, 4)

Finally, the attendance of Indian participants at these fairs helps to build the “Indian” brand of leather.

Italy is one of the fashion dictators of the world. MIPEL Show is gaining more importance from one edition to another edition. The Americans, Japanese, Spanish and Russians are the targeted business visitors in the MIPEL. MIPEL provides an excellent opportunity for Indian exhibitors to showcase their latest fashions and trends in the leather goods. MIPEL, the bag show considered to be the biggest leather good show in the world with promising results for the exhibitors. Indian companies should participate in the ensuing MIPEL Editions in large number and thereby showcase India’s capabilities in a big way. (L 20, 4, 17)

Participating in well-established product specific trade fairs: the strategy often helps the well-established companies in not only renewing their business relationships with existing buyers, but also in establishing contacts with prospective new buyers. Here too, the new companies find it difficult to make an immediate impact, as buyers are often reluctant to enter into any immediate business relationship. The tendency of the buyer is

to assess the reliability of the seller/supplier by adopting a wait and watch attitude. Hence, new companies can succeed in their market penetration efforts only by ensuring their continuous participation in a particular fair to make their presence felt in stamp their image as a reliable partner. The European buyer wants to see if “this guy will last”.

Buyer - seller meets thus give a special focus to the sellers since they attract only potential customers who are interested in developing business relationships with companies of a particular country. Buyer - seller meets provide an opportunity not only to project the developments of an industrial sector but also to promote the country image as well and thus the reliability factor is ensured (L 20, 5, 10) The Council for Leather Exports (CLE) is expected to lead leather trade delegations to Spain, Italy and Portugal in the current year 2004-05 with an objective of seeking FDI's, JV's and business partnerships. This is for the eventual promotion of Indian leather industry with specific focus on enhancement of leather products export. (L 20, 7, 19)

Markets/Country profiles

These country profiles are an opportunity to provide tangible evidence that the journals are offering the reader something in the way of market information. “Special feature: Latin America is growing and, so is India’s engagement with the region” (L 20, 4, 71) This article points out that Latin America is a place with growing business ties to India and is a good destination for Indian exports. The other quotes provide information that an Indian exporter can use to sell their goods.

If every Indian starts wearing footwear, the total quantity of raw material available will not be sufficient to meet the domestic requirement and it may have to be supplemented by imports, then India will be the second largest consumer of footwear in the world. (IL 38, 4, 64)

UK: Yet another factor is that the style of the footwear is considered to be predominant factor, more than the comfort. High heeled designs are

preferred rather than the flatties with paddings. Strange but true indeed (IL 38, 4, 64) Departmental stores (50%) and mail-order companies (20%) account for 70% of all leather products sold in the UK. No exporter can afford to ignore these entities if he has to make inroads into the UK market. (L 20, 3, 44)

...indicating a shift in consumer preference to high price, high quality fashionable leather goods. Hence options for exporters include contract manufacturing for British, French and Italian Swiss American players. (L 20, 3, 45)

The global market for safety footwear has been increasing as a result of stricter safety regulations being introduced in many countries and developing countries becoming more industrialized. (L 20, 3, 59)

Exporters should aim at a long-term relationship with buyers. It is advisable to approach the importers with a colorful brochure stating the company profile and illustrating the product/products for export. Experience in exporting to other countries, prices of various products in terms of trade may also be included in information materials. (L 20, 4, 54)

Japan is enjoying a resurgence of wealth, cultural ideas and fashion status. Tokyo retail has seen some exciting developments recently with the arrival of new state-of-the-art shopping malls and futuristic flagship stores. International luxury brands in particular from the USA, England and Italy are highly prized and command hefty price tags, inflated to twice the usual costs. (L 20, 8, 31)

On the one hand, the superior ranges are enjoying moderate growth in a marked rise in prices due to the cost of costlier materials; on the other, we have a broad swathe of ordinary, midrange products which have found favor with younger consumers. The good-quality segment, represented by the more traditionally styled products, is suffering, by contrast. (L 20, 10, 19)

Spanish industry is steady and they continue to show interest in leather and leather products. There is a general tendency for relocating the industry from Europe to Asian countries -- especially to China, and India. The chemical industry and the machinery manufacturer also shows the

same trend. The Western counterparts are looking for reliable partners in the Asian countries, particularly in India and China. (IL 39, 2, 13)

For entering the Japanese market, the exporter must ensure high standards of quality and after sales service. (L 20, 6, 51)

Shoe costs: in Germany, the average price of men's shoes is about 56 EU see the locally manufactured shoes whereas imported shoes from Far East countries cost around seven to eight euro per pair. The wages paid to a worker in a shoe factory in Germany is about euro 26 per hour, which is almost equal to one weeks wages of a worker in China. (IL 38, 4, 64)

This education is ongoing and global in its perspective. The industry journals pay attention to general trends in foreign countries as well as class-based spending habits. The information is very specific for the reader and cuts across various layers of the industry.

Manager Narrative on Global Capital Type

Thus far we have examined the various narratives found in two leather industry journal that describe the traits of the global capital type. We next turn our attention to the interview data from the managers. This data will help describe an articulation of the global capital type from the leather managers who are located between the macro forces of a globalizing economy and the potential limitations and catalysts to growth on the ground. What we find in part is corroboration of the journal narratives and articulation of issues that are conspicuously absent from the journal narratives that nonetheless are crucial elements of the global capital type. Energy is needed for economies to grow and like China, India needs energy to power its production plants. The journals, however, do not spend any time of consequence on the issue. Another area that the managers articulate an element of the global capital type of the leather industry concerns with the firm

structure of leather companies. Specifically, how diversified they are as a company. In other words, are they producing leather goods, tanning, or both?

China as threat model

Like the journals, the managers reflect dual perspectives on China. Mr. Nawad, a manager, tells me that the biggest source of worry for him is when his major competition, China, has an unfair advantage because of a very basic thing like undervalued currency. He goes to tell me that India's leather industry is not a sophisticated or difficult industry to replace or relocate. The rupee is more or less floating free now on its own for close to a decade and one hears different reports about the Chinese currency being under-valued from five to thirty percent. Despite this, however, he tells me that he's been able to compete thus far and thinks he will definitely be able to do a whole lot better in the future even if they revalue at five percent. But how long can a business survive in an unfair environment like that? Even the Indian government cannot do anything about this issue. From the reports he reads, the "U.S. secretary" (secretary of commerce) makes a complaint about the under-valued Yuan and the Chinese will flatly say they do want they want, when they want. That's his single biggest area of concern. The moment that happens, if they revalue the Yuan, he thinks that the Indian leather industry becomes an attractive industry. He concludes, "It may never be as attractive as an Infosys or a Wipro (Indian software/high tech firms), but attractive enough for a foreign investor to come. This will signal a huge growth for this industry."

China as Partner (non-threat model)

China is a market of the future. We are near to the markets of the future. China is a big market of the future. If I was somewhere in South America, and the market was China, then I would be very far away from the market. So that's a very big plus point for the future.

—Plant Manager—

The managers referenced China several times during my conversations with them. It was not always clear what position they held on China, but what clear was China's dominance in the leather industry made it a critical reference point for measuring their own company's position globally. Some managers complained that the duty drawback is at a higher rate in China than in India. The Indian duty drawback rates have dropped over the years whereas China's has remained relatively higher. One manager mentioned rates as high as 18% for China and low as 6% for India. Another tells me that the Chinese have taken over production of basic machinery for leather manufacturing by producing them cheaper. They've left the Italians to make these highly technological machines that are not sold anywhere because the cost of innovation is so high. This means that the cost of the machinery becomes very expensive and no one can afford to buy them. The Chinese have basically taken over the bulk sales of machines. They've copied them and manufactured them so cheaply that most of the Italian machine manufacturers are now totally lost and have shifted their manufacturing base into China.

While discussing weaknesses in India as it relates to the industry, China is referenced again in this area. Mr. Nawad tells me that logistically the Chinese are able to get huge mother vessels (ships) into ports and turn them around in a very short time. Their turnaround time has been cut down dramatically. He cites an article he read which told that New York port was being revived because of huge cargo vessels which were especially built to bring Chinese cargo to the east coast. These vessels started to shave time down to the American west coast by fifteen days and east coast by five days. India's shipping time to the U.S. is around 32/33 days. He tells me that Indian shipments have to take a feeder vessel to either Colombo or Singapore where they catch the mother vessel which then takes the shipment on from there. He complains that with tighter schedules and 'just in time production', ten days is too much. China also has a very open import policy. Their manufacturers can get anything from anywhere in the world. He concludes by telling me about China's advantage in ancillary industries. China has all the industries required for accessories in the shoe industry like soles, lasts, and molds. "It's all there in colossal quantities." He explains that this why China has a head start over India. He believes fifteen years ago, both countries were around two percent. India is now close to three percent and China is around twenty-five percent." Along these lines Mr. Nawad calls for more 'parks' that serve as industrial support. The Chinese had no problem establishing these parks that greatly aided their leather industry growth.

Mr. Sakthi tells me that in India, there is no support from the government. There is no electrical support. Raw supply. He pays six rupees for one unit of electricity. For 2000 units he has to pay 12000 rupees. He needs government support in all aspects. For example, in China, if one wants to start an industry, the government helps. As far as

electrical supply, they give five years tax rebate. “They give you the land; they give you the work force,” he explains. Local *panchayats*, like Guindy are created through these industries (company towns). In that particular place, the work force may be 5000 people to 10,000 people. So that is a major, major strength in China. In India, it is not like that. Whatever you want, you have to start on your own. You have to put down your own money. You have to work hard and do everything on your own. You have to get the contacts; get the work done; get the people; finish the thing and send it back. He tells me that he once heard about a situation where a Chinese businessman lost a buyer and how he fixed the problem. The product’s cost was 8 dollars. The Chinese factory charged 8 dollars. The German buyer, whoever he was wanted to pay seven dollars. If there was no room for negation, the business would be “broken” because of 1 dollar. The Chinese businessman goes to the government and asks for them to make up the difference and was able to meet the customer’s request! “See one *lakh* has gone from my hand because of only one dollar!” Mr. Sakthi exclaims. He cannot believe that this is not the case in India. If this scenario had happened in India, he tells me, he would have lost the customer. His impression is that in China the government acts quickly to rectify the situation. Unlike India, they wonder how they can help you. Can they reduce your power rates? Do you want more manpower? Will a salary reduction help? The Chinese government just wants to help.

I ask Mr. Sakthi if this story about the Chinese is something he read. He’s heard similar stories from people who have gone to China. His friend is drawing (earning) sixty thousand rupees (a month) in China. He is working in a company as a manager. He told Mr. Sakthi that once the gates are opened on Monday, they close the gates and will not

re-open them until the end of the week when the shift ends. After seven days, the gates are open and the workers leave. All seven days, the workers bathe, eat, and work inside the campus. A thousand people are all inside working. It is the only reason he can make the delivery schedule very prompt. In India once the workers leave the factory and go to the house, they have 101 commitments. Tomorrow they may come, or they may not come. In China, it's not like that. Once you go inside the factory, that's it. The next seven days, it is certain you have to work. So in India, the workers are not treated like that. In India the big factories have only five hundred people. In China the big factories have 5,000 people, 4,000 people, 3, 000 people. Of the 3,000 you have 1,000 inside the grounds. They are not going outside. "Once they start to work, they work, work and work again." There are no more excuses about why you cannot come to work. Mr. Sakthi mimics the Indian worker, "See my father has got a fever, my kid has got a problem; I have to go, sir. Permission, sir. Leave, sir. In India, it is not like that."

India

Industry

Mr. Malhotra agrees that the industry could benefit from foreign investments. The way for the industry to grow despite cultural impediments, he tells me, is for a FDI to build a large production base in India and send the product back home for sale. In this case Forward Group makes shoes and leather for Conceria Virginia and sends them home to Italy.

Mr. Krishnasswamy too would like FDIs but offers a sobering analysis as to why this is easier said than done. He explains that the whole industry today is controlled by a lot of small and family-owned businesses. He has no problem with this fact. He feels that what is happening is that these people can take the industry to two percent to three percent growth. If one wants ten to fifteen percent growth like China, you will need a lot of outside investment from other people who would come and invest their money. It has to be at least two million. He does not think that investors will have the confidence in the industry to make this investment because there are no large corporations in the industry. He queries, “You think an investor would come and put money in any of these companies—as a joint venture? In these companies, families see well but you do not know what’s on the other side of the curtain.” Mr. Krishnasswamy continues his critique. First, he reassures me, the industry will not collapse. It will earn between two billion and three billion in the next ten years but it will not suddenly earn three billion dollars. “Whatever the guys tell you at CLE and other places will not happen because the base is not there.” He does not see an investor making a one hundred *crore* rupees investment and without this massive investment, the industry cannot make large strides. But if a big corporation invests, other people will invest. Second, with small investments, things will improve in the industry, but the industry will never become another China overnight. He illustrates his point by telling me about Wal-Mart in India. This is the same reason, he says, that a lot of small retailers in India are up in arms against FDI retail and they do not want Wal-Mart to come here. They do not want Marks and Spencer to come here. Because what Marks and Spencer and Wal-Mart will do with some of the basic commodities, they will bring the price down by one third. They will pick up all the

potatoes in India and say ‘look I’ll give it you for one buck a kilo.’ They have the power and they have the strength to do it. So these small retailers may be very efficient, but he only buys twenty kilograms of potatoes a week. “So who is going to listen to him? To say that Wal-Mart should not come does not benefit the consumer. If that benefit is there, I say everybody should come.”

Mr. Krishnasswamy briefly explains how his company is courting foreign investment. He tells me that he is looking for joint venture partners. And to mitigate the risk of “India”, of doing business in India, he is telling good companies with whom he wants to become partners, “let me sell you fifty percent (of my) share.” If the investor is worried about India or *becomes* uncomfortable, he asks for two or three days notice and he will pay them back their shares at par even if the company is making a loss! Even if the company is losing money, they’ll get their money back at par. So the risk in the investment is *zero* from his perspective. Investors will have a good chance of making money but will never have a down side. He is giving them that assurance. He wants to get partners and use them. He has the money to invest in himself, but there are other reasons to get a partnership. “The time is critical. If I bring a partner, he brings skills, experience, wisdom everything. The market grows faster. Markets. Everything. And that’s the only reason why we want to do this with partners.”

Infrastructure

A common complaint when discussing how the industry can take advantage of globalization has concerned India’s infrastructure. Mr. Malhotra surprisingly directs his comments to entertainment and foods. He tells me that some clients started to ‘drink’

when they came to India. All things being equal with India and China, clients would rather go to China where they can get different foods to eat. Things are slowly getting better in Chennai as there is Pizza Hut and Subway in Spencer Plaza. These few changes have been spurred by the software industry though it might be too late!

Mala's comments are more in line with my expectations. The biggest problem he faces is delivering on time. Sometimes the steamer is not available or the steamer is available and there's a port strike. If it is not a strike, it is some delay because of traffic congestion. "There is always something or the other."

Mr. Nawad's comments follow the port issue. If India had two good ports on either side where they would just get a mother vessel turn it around and send it back, business would improve dramatically. It should be easy for the country to do he tells me.

His plan is to place one port in Bombay on one side of the country and the other in Madras or Calcutta on the other side. Any vessel that comes in should be turned around in one day and sent back. If these two things are there, he believes India will thrive.

At the time of the interviews, India was about to introduce a Value Added Tax (VAT) sales tax. There was great debate on the matter, but many felt it would be one way the central and state governments could collect taxes it needed to run the government more efficiently and to provide the necessary infrastructure for a growing economy.

From the government's point of view, there will be a greater tax compliance, and there will be greater transparency and trade. From the consumer's point of view, they should not make things costlier and the benefits if any should reach the customer ultimately. VAT (value added tax) is expected to benefit the unorganized sector and export oriented units

and the special economic zones and traders with less than rupees 5 lakhs turnover. (IL 39, 2, 11)

Energy

Meeting a country's energy demands is becoming increasingly more difficult. In examining the journals, energy was conspicuously absent. Given India's growing demand for energy and an ever increasing with China for new energy sources, the topic is hardly addressed in the journals. The managers, however, did take to talk about energy but only after I pursued the line of questioning. What is interesting about the following manager quotes is how they frame their answers to me regarding energy supply. Most of the managers took time to explain why they did not **have** an energy problem. I would mention how the neighborhood where I resided had frequent power outages. *Then everyone* had an energy problem! What I found out eventually was that an inconsistent energy supply is a taken for granted cost of business. Power goes out an average of 3-4 times a day. It does not go out for very long, but with the interruptions, every minute counts. Mr. Malhotra tells me that energy is a problem. Everyone in the industry has to carry a backup generator so that when, **not if**, power goes, they can immediately continue with production. This still causes a problem at some stages of production whether in tanning or in shoe production. Mala is one of many people who saw having to use a generator as a "taken for granted" part of doing business. He (and others) never characterized blackouts as a problem. They chose to highlight that they had taken measures to ensure that their production would never stop due to fluctuations in

electricity. He did recognize the water supply as being a problem. This is a problem primarily for the tannery.

Mr. Nawad was more forthcoming after my clarification when he told me that he is very sensitive to the energy issue. Every single factory he owns has a one hundred percent backup generator which automatically comes on the moment the power goes. He is grateful that the leather industry does not need a massive bank of generators to run a shoe factory. Companies that have not done invested in generators are surely suffering and cannot survive in today's economy where you sit and tell your customers 'the power went out'. This is an important factor when operating in the global capital type. In order to overcome the reputation of having the traits of small-scale, family-run (non-professional), poor quality, Leather product manufacturers must overcome the energy limitations they face and create some certainty and rationalized processes. He has several backups and stresses that they are solid-powered generators: diesel-generating sets in every single place, including his office.

Bijju tells me that his complete unit is totally backed up by power generators so that at any time he can run the whole factory from his own generators. Compared to his normal electric bill, electricity could cost three to four times more on the generator. He cites this as one reason he will not invest in machine-driven technology.

Mr. Venkataramanan confirms eventually that he too has backup generators since he has no control over the power cuts. "If the power is shut down for a day, we're finished. We can't go and demand it be turned back on." The authorities, he tells me, have their own restrictions and they must periodically cut the power for maintenance purposes or load shedding. If the government does not have enough power supply during

the summer season, they will have some power cuts and so he must have backup generators. The situation is similar to his water problem. He just gets used to it. He stresses his dependence on generators. He laughs when he tells me those that manufacture power generators, they are thriving very well. He repeats that he is patronizing these manufacturers because he needs them. He cannot afford to have a break in production time. It is a crucial thing that the tanning process be continuous. For example, if there is a break and some raw material is running in the drums and they stop the dye-feeding process- the job stops. A lot of material will spoil. “We cannot allow it to happen. We cannot stop the job.” Mr. Venkataramanan confirms this risk when he tells me that the power cut affects the mechanized processes on leather production and it affects the finishing of leather. If there is a power cut and he is unable to finish the lot; to bring it out to the table, it affects the entire shipment and affects his deadlines.

In keeping with the push for bigger companies, we find Mr. Sakthi’s comments telling, “When the power goes, we shut down. We don’t have generators as we come under small scale units. SSI. Small-scale industry.” While Mr. Sakthi is small in the legal sense of the word, he is also a struggling unit that cannot afford a generator.

Environment

The managers offer evidence of the journals’ messages reaching its audience and confirmation of the journals’ message as their comments echo the journal narratives. Mr. Nawad quickly offers that the leather industry is a very environmentally friendly industry today and that effluent treatment plants are the norm! Mr. Krishnasswamy has a positive response to the environmental challenges. Because environmental laws are becoming

stricter and stricter, it would be extremely expensive to process the material in the western world and meet western environmental compliance. India has a reasonably good set up in the leather industry to cope with environmental regulations. Therefore the cost of complying with the environmental regulations and cost would be far cheaper in India than the western world and this is a big plus point for India.

I wonder out loud about the feasibility of meeting the requirements. Mr. Krishnasswamy exclaims, “It is nonsense that it can’t be done because when the Supreme Court put a stick up everybody’s ass, everything was done!” If it were not possible, they would all close their tanneries, but the Supreme Court forced compliance with the law. The industry had no other alternative and everybody found a way to comply.

In his own plant, he recycles ninety percent of the water and thinks it is better than drinking grade water. There is no reason, he feels, why you cannot recycle water. It is very possible. He has issues with the cost-effectiveness but prefers to leave that issue for another time. “It is possible to do green tanning without any problem and there is no reason why people should worry about it.”

Bijju tells me that the responsibility towards making sure that you are following all the social standards required legally in this country definitely exists because the moment you do not follow the rules, you put yourself and your buyer at a very major risk. He sees environmental compliance as a responsibility which he has towards his buyers. He feels that it is a moral responsibility to meet environmental compliance. Mr. Kumar tells me that he has not had any problems. He has had a few problems but not really enough to affect production. Once the plan was in place for the common effluent plant in Pallavaram (where he has his plant) things got better. There were problems in the

beginning with the effluent plant. It was not functioning to the full capacity or was not efficient. So his production was shut down periodically during pre-production. The PCB kept shutting him down so he was not able to run the drum units Friday, Saturday or Sunday. *He had problems but now it is solved.* At first, he was unable to comply with the standards set by the pollution control board, but he was eventually able to get the necessary water for the effluent plant budgeted in his production costs.

Skin Supply

The supply of skins is a major and complex issue. “Mr. T. Rajappa strongly condemned the smuggling of skins and leather to Bangladesh and Pakistan from the Eastern region (of India)” (IL 37, 11 23) At a tanners’ association meeting it was reported that too many raw hides and skins are leaving the country and are not available to tanners. One manager told me that he looks for skins from many different sources. “We import seventy percent of our skins because of the thickness of the leather. We get the skins anywhere. Whatever we need from where ever is the best place to get it. It’s up to the season. Some time we get from New Zealand. Sometime we get from China,” he adds.

Another manager emphasized that raw skins and hides are expensive even in India. Supply and demand determines the cost of the material and because it is a natural product that there is only so much material available. “Slaughtering is coming down in the world,” he claims, “because consumption decreased due to the cost.” If the slaughtering had remained high and the consumption had come down, he explains, then the material price would have become cheaper. “But then slaughtering is coming down

and the consumption is coming down because of the economic situation in Europe.” That is why substitute materials can compete against leather as a base material. So, in spite of all this, the cost of material is still maintaining its high percentage in production. In terms of overall meat production, I have not found this to be true based on internet stats found on FAO website.

Problems of shortage are only during the peak season time, the months of April, May, June and July, another manager explains. Moreover, suppliers have their own expenses as they are using their stock for their own leather production. “They keep the good selection of raw skins for themselves,” one interviewee told me. “So, we have to literally source the good selection. So basically, where before the suppliers sell the skin and there is fifty to sixty percent ‘A’ grade, now they are just selling 10% ‘A’ grade and the rest ‘B’ and ‘C’ grade.”

Mr. Annamalai feels that the leather product manufacturers were supported by the government in their efforts to spur exports and gain foreign currency to the detriment of the tanning industries and animal husbandry. The necessary infrastructure just is not there, he complains. “We are importing the raw skins from other countries. This has to be stopped.” The availability of raw material is unreliable. If you ran a cotton gin then you would make sure you had plenty of cotton. If you owned a sugar mill, then you would make sure you had plenty of sugarcane. Consequently, if you own a leather factory, then “you should make damn well sure that you have plenty of skins.”

He asks, “Do you know what determines whether there are skins?” Raw skin availability depends on the calendar: religious holidays. Some holidays call for sacrifices of an animal or there is a lot of celebrating and people want to eat something special. *Eid*

will have more killing of animals. Other holidays call for a somber mood or there is austerity. As a result, there will be many fewer raw skins. Indians “haven’t gone in for this refrigeration business in their meat. The meat-eaters want fresh meat. The consumer won’t go for refrigerated meat.” As a result, he explains, the butchers have to kill daily or weekly, daily for smaller animals, chickens and sometimes goats. Cows and buffalo are killed mainly on weekends. The use of refrigeration would require a major infrastructural change. “You can’t just refrigerate meat if you don’t have the freezer space in these small stores or the constant electricity to power the freezers. Improvements are needed in animal husbandry, refrigeration, electricity production, buildings, monitoring of the freshness of meat, and financial system to allow merchants to stock unsold meat.”

Leather Production

India has a reputation for having good leather manufacturers. Because of the cheap cost of labor, an Indian worker can take his time working around defects in the leather when he cuts the leather. Mr. Pathak tells me as far as the boots are concerned you can hide the damages in the skin. If there is a slight hole in the skin, you can use it if you take your bag and put it on the back side of the strap. That whole part, the damaged part, you can use all of the leather he continues. There are many parts where you can use the damaged strip. If you take the shoes, the whole piece of leather is more visible. With bags you can use leather with more damage. With shoes you can use slightly damaged leather if you use it inside the shoe. If you take all this into consideration, wastages occur more in shoe production than in other leather goods.

This labor issue in cutting leather is important as Bijju explains. In terms of leather shoe manufacturing in India, it is a very high percentage of the cost. It is not a general rule for shoe-making because if you go to the Far East countries, the material cost would probably not be that much more expensive than the labor cost because the quality of material they use is mostly synthetics and textiles which are very cheap materials. So this formula only pertains to India. “Our material cost, when you take it as a percentage of total cost, is very high.”

Gender

Mr. Rajendran tells me that the parliament in India says that ladies can now work in the night shift. Previously that was not the case. Only men could work at night. Now, just in the last month, there has been an ordinance passed that ladies can be work in the night shift. After seven at night, you were not allowed to keep ladies. They could only from seven in the morning to seven at night.

Mr. Venkateshan feels that the main weakness of the industry is in the social setup. I ask him if he could be more specific. He tells me that in his factory they hire mostly women. These women have home problems and financial problems. That is two reasons they come looking for work. Those that have home problems are not looking to work but get away from their home problems. Whether it is home problems or financial problems, they mainly come for the 1000 rupees in their hand. It is a must for them. That is the reason they come in. Otherwise, they are happy to stay home. They will not come to the job. The ladies are not mentally prepared to work. “This is a product of our Indian culture.” But now the trend is changing. He continues by saying that it is a recent change

for the past five to six years, a dramatic change. He thinks this is changing because of television. The women all come from the villages. In the early days, there were fewer televisions; there was only the radio. Now they see a different life on televisions and they want it. So they see this as a way to earn money even though they are not literate because most of the people who come here are school drop-outs. Not qualified. Some of them are qualified at higher levels of education. Some of them are not because of their personal, family reasons. There are a lot of things like that. The men are not supportive enough for them to go to work and even if the women go and they earn money, these guys spend the money. The men are not disciplined themselves. Most of them have personal issues, but now it is changing. Now it is changing and people are coming up with good intentions to work. They have specific reasons for coming. The women come to work because they want to save money for their marriage dowry. They want to have the money ready when it is the right time as their family will not be able to contribute. So they have to make the money themselves. There are smart girls who come here and work and save money for themselves and I know couple of girls and their families very well. The fathers come and bring them and stand in front of the gate until they get their pay. So this is the personal life issue which cause them to not perform as well as they could. They are human beings. Sometimes we have workers who marry. They have plans to leave the area. So they ask for a settlement from the company (severance). They get the money from the company and they leave. They hardly make six months to seven months when they come back saying they want their job with the same company. The reason they give Mr. Rajendran is that the husband thought that the settlement was going to be enough to

support them for some time and then it was not enough. So they come looking for work again to support their family. It is like a game. They come back to the job and they work.

In contrast to the labor policy in China, India has limitations with their female workforce Mr. Nawad tells me there are labor policies concerning women which are fifty years old. There is also the social structure. “You cannot bring 5,000 girls from three villages deep inside Madhya Pradesh to work and house them in your dormitory,” he tells me. You live and work in the dormitory in China. He sees this difference between the countries as based in culture.

Mr. Venkataramanan tells me that his female workers are more dependent on the factory for help. He has to collect them sometimes...nearby. They do not travel too long a distance. They all come from the surrounding villages. Women are hired as helpers. He has two categories: skilled and unskilled. Most of the women are unskilled. The women tend to come because their husband may go far away and it is through his job that ladies are free. So they would like to come and spend their time usefully. They spend eight hours in the factory. Earn a day’s wages and then they are happy, contented with it.

Mr. Venkateshan paints a less rosy picture of the female worker. The female work force can be unstable he tells me. The girls have up to married life to work. They have that time and a little time after marriage before they have to move out. So seventy percent of the work force is stable until they marry at around age eighteen. They used to marry at an earlier age, but it was too young. Nowadays, people have time to work up to twenty; twenty plus. The law says they must be eighteen to get married, but now people are trying to stick to that standard whereas in the earlier days they married too early but today it is not a problem. Sometimes they delay their marriage to a slightly older age.

When the girl is sure that her family will not be able to help with her dowry, they work as much as possible while they look for a good alliance; suitable boy. That can take a while and they may be twenty-two or twenty-three before they find a suitable match. When they get a match, they may choose to leave the job. It depends on the husband. He may not want them to work or the factory location may be too far from his village and he wants them closer to his place. Then he says, “Come on. You do not go further down. You will find you get a better salary if you stay here.” Sometimes she goes away and then comes back. There are several cases where a girl came here to work. She is very poor, but she is a qualified girl. She worked up to the age of twenty-three and she got married. Then for three years, she discontinued her service and after that she returned to the job at twenty-six. The reason has more to do with children. She conceived, delivered and now is ready to come back to work. Sometimes these people may not work also.

Mr. Ameen takes advantage of a particular skill set with some women nearby. He says that he hires women because there are some jobs which use mainly women since their labor is cheap plus if there is no work, it is easier to tell them to come back later. This is something which you cannot do with men. His product requires a special weave, but the material is cheaper since it is cut into strips. I ask about the cost. What advantages he gains in leather, he loses in labor cost because each pair that he makes, on an average, costs him almost 150 rupees because this particular art is not known by everybody. It is an art in which you cannot train any and everybody. It is a unique strength of Chennai. Chennai has lots of coastal areas and lots of these coastal areas are dominated by fishermen. So their wives are used to making the net for the fishing people with boats. It is these fisherwomen that he has trained because they have that intricate knowledge of

making the net. It is only the select people down the coast they employ for this shoe. He elaborates that is why when the tsunami came his production was particularly affected more than the rest of the leather industry because a lot of his work is done at the coastal areas. The women who make the nets, they know it is an art which few know. So, their demands are a little high. He pays a lot more for this skill. So what he saves on leather, he loses on labor.

Employing a female workforce in India brings some special considerations. Mr. Ameen has avoided problems in his units where he does the weaving by providing the female workers a fan and a television or providing them a fridge with cold water. He feels if you bring in this incentive system where the worker feels the more she works that the more she is going to earn, maybe it will slowly bring more of a change, because in today's modern work life, women want to come and work. They do not want to sit down at home. Compared to the labor force ten years ago today's labor force is very different. Ten years ago women would come to work without slippers. Women would come to work without a bath. Today women will have the latest slippers. Women will wear reasonably nice clothes to work. They look very smart. They are made up well. So everybody wants to continue doing this. They cannot make do with only what their husband and father gives to them as that money goes to running the family. To have money for themselves, they have to earn it. He has a mix of workers: married and unmarried; village and city. Even the behaviors of married women are changing. He thought it was a major problem ten years ago (problems with married, women workers) but today he employ a lot of women and not all of them are married. They are not girls that have completed "plus two" education. The girls coming to work, they cannot

continue to study. Mr. Sharif story now converges with Mr. Venkateshan's as he continues. So what happens is we lose a lot of workers when they get married because they do not remain in the same place. The husband is probably from somewhere else. So they have to move out. Today even if they get married, they would still prefer to come back and work here but still, we lose a lot of workers because of this situation. When they get married and leave. They do come back but not very often and again, what happens we only get them for a year because when they become pregnant, you can be sure they are definitely not coming back.

These characterizations are similar to those made in a Muslim-owned leather factory. Hiring women "and other weak areas" of society has been a major thrust of the industry as a way to get government support and to do a public good. The industry does indeed hire women but ultimately, their labor is cheaper and they are more compliant in a labor setting. In the global capital type women are part of the workforce and are wanted by the industry both as a way to provide a service to India and as a cheap source of labor.

Government structure and change

Bijju has never had the problem of keeping his factories running. He thinks it is because he offers a very good product at a competitive price. He is definitely not cheap but he is also someone who follows good business practices. He feels that he could fill up one other factory if he had the capacity and the infrastructure available. He tells me that he could easily go and fill up a factory of the same size. He does not understand people when in today's present situation they say they do not have orders. It is hard to understand because he has so many inquiries which even knowing that the customer is a

good company and it make good sense to work with them, he turns them down because he does not have the capacity to fill the order. And that is one of the reasons he feels that he as an Indian will again “miss the bus” because Indians are not utilizing all the opportunities which come their way. It is not because Indians do not want to or because they think it is not a good thing to do. It is just that they do not have the infrastructure and they do not have the financial power to utilize all these opportunities which are now coming their way. There are so many opportunities today and if Indians could grab them, they would remain on top. He is the only factory in Ranipet which is doing well. “I can’t do well by myself, he laments. Everybody has to do well and they are not. I feel sad about this situation. I sometimes look at other people say, ‘get on your feet and go’. And they don’t and it’s sad.”

I ask him to explain what he means when he talks about infrastructure. Bijju elaborates. He would like to see common facilities for companies to use. The leather industry needs not only industrial areas but good plants with good working areas for the workers. Proper power and water supply are needed in these industrial areas. The industry needs subsidized land. He tells me that Countries like Portugal, the eastern bloc countries, and China – they invite people and they give away land for free and they subsidize the power for the factories. He does not have these advantages in India. He has to buy his own land. He has to build his own factories. He has to get his own power and pay the regular rate. If you go to Pallavaram, Ambur, or Ranipet with all the industrial areas, if you look at the road, at the street lights, the cleanliness in these towns, “it is quite sad”. The leather industry is employing a large number of people and generating jobs and most of the time, they feel they are doing a good thing for India. However they now

feel like the more people they employ, the more problems they have. They do not feel that kind of support they think they should have from the government. What we have here is a situation where people have been motivated by the good of the country in the past. Those in the industry have employed people as a matter of national pride. Cost has become the motivating factor when hiring. Without the subsidies, the leather factory is not as competitive against other countries.

Size of company

The global capital type requires a large factory with a commensurate work force. The managers too require larger companies to compete globally. Bijju tells me that his plant faces the risks of not being competitive enough in the global economy when compared to plants in China and Vietnam. The other risk is basically being in a country where the accessory industry and tooling industry are not advanced enough to compete with the same kind of industries in the other countries which supports plants like his. Bijju pays import duties and spends time on paperwork and time is definitely a major factor in determining his cost. Communication also becomes difficult over long distances which increases cost. In addition, he faces the problem of getting manpower to take his company into the next level to compete with the global player. Second, he needs to determine how to keep his labor costs under control. The third problem which he faces is a financial issue. He needs investments to further improve his facility's technical capabilities.

Mr. Nawad tells me that he is continuously challenged to produce a better and better product at the same price if not a reduced price. The market dictates that way of

thinking. He asks me hypothetically if I had my own company in the US, could I survive if I bought something cheaper in China than from him. The answer is no, I could not survive. I would have to buy from China otherwise I will not survive. It took him a while to understand that idea as a company and even as an industry. He has understood that point for three or four years now. The only way to cope with stiffer competition is through quality and productivity. Wages are increasing at least fifteen percent every year and the cost of living increases. Leather is definitely the underprivileged section of society. Productivity is going to be the answer and one has to eliminate wastage in any form and maximize everything in every sense. Most companies, including his, have cut out fat. But for him, it has become an ongoing thought process. “Do we need this or that? Do we cut something out?” This was not always an Indian way of thinking he tells me. The thinking was too traditional in the past. One never looked at a person and asked, “Do we need to have him here? He was there. “With globalization the thinking had to change.” Companies had to adapt or die. Efficiency had to be rethought.

In trying to meet economies of scale, Mr. Nawad wants to get bigger. The first thing he would like to see happen in his plant is instead of having a number of small plants, he would like to have one giant plant. He thinks he has reached a size where exit policies and non-exit policies and all those things no longer matter as much. He has got to take it a risk and have one large factory. He would like to do it from India as opposed to moving production to some other country. He sees that happening if not in the next few months, then in a few years. If he can have one big plant, in the shoe business, he can address the majors in the US which he has no hope of addressing now. He does not think

Wal-Mart is even buying one percent of their shoes from India, and if he can have 1% of their business, that would lock up half of the plant!

Mr. Krishnasswamy tells me that in order to comply with the environmental rules, there is an investment required to get back your investment and today any tannery that produces less than 250,000 sq ft of leather will not have the money to be able to spend on the environment because they do not have the economies of scale. The economies of scale will come only at 250,000-plus. The more you make, the better the economies of scale will be. Therefore a lot of people who are under 250,000 or around 250,000 are very vociferously arguing that meeting environmental standards is not possible, not viable, not achievable and so on only because they are looking at their own inability to cope. Instead they should spend their time deciding to extend the business, sell it off or scale up to go to 500,000 but rather than do this, they prefer to blame the technology.

Tan AND Manufacture

The British people, the foreigners, still rule India. They went out from here, but they still rule India. No export: No India. No export: no leather. No leather product.” We have a great potential of population. We don’t have that much of infrastructure to supply our own people. We depend on export. It is very pathetic. The foreigners, they do now, only trading. They closed down in Europe. They pulled down all the shutters there in Europe. They are just manufacturing in India. Order: fill them. No order: keep quiet. So what we do, we have the infrastructure, if there is no order, we have to support our workers.

Observations of a plant manager

In the historical type most people tanned leather and only tanned. In the global capital type, most Non-Indian leather factories tan OR manufacture leather goods. In the Indian model, companies tan AND manufacture.

Mr. Mala believes that one should own the commodity chain for one to be successful. What he is looking forward to doing is manufacturing the full shoe, because that is the end of the product. He expects to be making a million pairs eventually. He would like to make two million pairs of shoes and as a result increase his capacity in tanning so he can challenge the Chinese. That is the first program. The second program is in all three units: tanneries, full-shoe unit and shoe uppers. He now has the ambition to also produce the insole. He is making outsoles. He is also going to make insoles in India with a Chinese collaboration. So these are all improvements which ultimately make his full-shoes more popular and desired. The insole determines the comfort factor. You can make these soles in India but the foreigners have the expertise for making these shoes; they are more thorough with everything they do, so you get that technology for nothing. They just have to pay a royalty and they become your partner and you pay them their share of the profit. They give you all the credit. That is what we are trying to do; they get as much as from the relationship. His sentiments are supported by the following,

On their part, large-scale firms try to get rid of the subcontractor status. Indian industrialists consider the dependence on Western clients as a repetition of the colonial situation. The more dynamic among them intend to position themselves directly on the international shoe market without any intermediaries. This independence as part of the initial logic underlying vertical integration strategies, followed by business firms since the modernization of tanneries: semifinished leather → finished leather →,

shoe uppers → full shoe. The new phase corresponds to the development of shoe prototypes as part of the new business procedure. (Flamant, 119-20)

Mr. Krishnasswamy argues that this arrangement is how some owners try to beat the ups and downs of the market. When leather is cheap, the tanneries make little profit, but the leather goods manufacturers can buy their raw material cheaper and make bigger profits as they can sell a little cheaper. When leather is expensive and the leather goods producer is hurting, the tanner can make more money. This industry is slightly cyclical and people do not have the patience to see a downturn. So, he has to be careful to ensure that he grows slower but he has to mitigate the risk more. When the hotel industry is in a bad cycle, this is the time they are putting in all their investments. And when the big cycle starts, then they are truly ready to make their money. Again, they invest during the bad cycle. That is an aggressive way of handling a recession. In leather, during the bad cycle, you are already in trouble, so everybody goes into a shell and they “sit and moan and cry” but then they are not really equipped to handle the good part when it comes around. They have become flabby and out of shape. So there is a difference in the approach between the organized industry and the leather industry. Everybody tries to go inward and a few people are now starting to speculate in the downturn and they go bust. See there is a difference between investment and speculation he emphasizes. People who speculate in downturns end up going bust and they have to be watchful. Traditional tanners who have one generation ahead in the business, they were more careful and they would not make investments but at the same time, they would go into a shell and would not do many transactions. They would wait for a good time and only operate then. Now, these young owners feel “the time is low, let me buy more material and keep it and so on

and then the low time lasts longer.” They then have to sell it in distress and lose big money. One has to be careful and not speculate. The key thing is when the products are down, the tanning is up, and when tanning is down products are up. When the leather prices fall, you can buy leather cheaper and you make more money. So you should balance your business to keep fifty percent in leather and fifty percent in products. That is one of the ways to mitigate the risk because you have an upside through good and bad times. You have a down side through all the times and you can still live with it.

Leather Fairs

The journals both highlight the importance of fairs, however not everyone is “big” enough to attend fairs on a regular basis. Mala tells me that his son goes abroad to maintain their company’s market tie-ups. He travels almost twice a month and he goes and then he calls the prospective customers what he needs to tell them. They know plenty of established companies. So people would rather buy from companies that are established and India has a reputation of being one of those countries that have established companies—especially in the south of India. They are strong in tanning. They are traditional sellers to Europe. So normally they are looking out to buy shoes and everybody knows that shoes being manufactured are good quality and they go to India and they find out Forward Group is one of those groups. It is good for the customer to go to Mala. “Nothing very difficult; we are being on our feet all the time, trying to stay up with the latest in technology with our partner collaboration. So that added on to our being able to sell better than our competitors.”

Mr. Pathak tells me the fairs are the primary way of meeting customers. Apart from that, he has his own agents. So until now, he did not have much difficulty getting customers. But leather fairs are the primary way of getting new customers.

SUMMARY OF THE TYPE

The Global Capital type of the industry is best articulated through the journals/voice of the industry. As they are more aware of the coming global demands and regulations, the journals at once call for change in the industry and direct the industry to the kind of change that those writing the journal want to see happen in India.

The journals, while socializing the Indian leather industry and defining normative behaviors and expectations, also act to present the industrial “self” to global customers. It is the very messages in these journals which reflect the responses to and changes from economic globalization and India’s changing economic landscape. These messages are a significant part of understanding the central features of the new global capital type of the industry. It is this new type that is in tension with the historical type.

A major theme of the journals involves China. China’s close proximity to India has made it a historical rival in the Asian region. However, the recent leaps forward in economic progression have made the Indian leather industry both worried about China’s leather industry and impressed by it. Indian leather manufacturers are concerned and upset over the new Chinese dominance in leather. They cite all kinds of reasons for China’s success—devalued currency, fake leather, slave labor, and unfair business practices. On the other hand, they would love to ramp their production levels up to match China’s output. The Chinese high volume production has catapulted the industry to first

in world percentage of leather and leather product exports. Italy is now a distant second. India's leather facilities are all small relative to Chinese leather facilities. Even the smallest Chinese tannery or production unit would rank as mid-scale or large-scale in India.

The journals continue their narrative with an explicit acceptance of the new WTO regime and the impact it will have on the Indian leather industry through subsidies, duty drawbacks and protectionist laws. The journals' narrative educates the industry about global environmental standards as it relates to chemicals in leather garments. The global customer wants a material against their skin, or their children's skin that does not have dangerous levels of carcinogens. They also want materials that are produced in an eco-friendly manner. This point has been contentious as some in the industry would prefer customers say what they want and leave the methods of obtaining the product up to the Indian producer. However, the journals want full compliance from the industry on environmental issues and want its potential customers to know that is the normative expectation in the Indian leather industry. Along those lines are articles touting the Industry's use of the latest, safest chemicals in processing its leather. The overall message is that the industry is proactive on the environment and safe. They are a responsible industry.

The leather industry, for many people, is a dirty, unsophisticated industry made up of uneducated men. However, by reading the journals, one finds a very different image presented. The journals' ads paint a picture of eco-friendliness. Green is used quite often as a color on the cover. There are many pictures of babies with various products indicating how safe the chemical, leather or dye might be next to the skin of a baby. The

baby is always a fair-skinned European baby. Adding to the eco-friendly message are covers depicting, leaves, clear water, and rain forests. There is also a preponderance of images depicting the coming styles in the new fashion season. These pictures are printed in part to give exporters an opportunity to make samples that can be taken to industry fairs. If the customer sees a shoe he or she likes, they are more likely to order the shoe as they already know the Indian manufacturer can make the shoe in his factory. However, the attention to the myriad of styles, color, materials, and textures really illustrates just how complex the industry can be. Making sense of the constantly changing styles and fashions takes lots of planning and understanding not just of leather as a material but of design and production.

The journals assist the leather product manufacturers by regularly including country profiles. These profiles highlight basic information about a country specifically their leather fashion likes and dislikes as well as which products Indian manufacturers could export to this country and have success. This information not only educates the Indian exporter, but alerts the foreign buyer that Indian exporters already have knowledge of his needs and are working on meeting those needs. Again, the journals have multiple audiences—the Indian leather industry and their customers.

Product quality is another important point the journals stress. Articles continue to encourage companies in India to receive ISO certification. This certification process not only attempts to standardize practices in the plant and by extension the industry, but it tells the buyer that there is an attention to quality of methods and product by Indian manufacturers. Thus far, what we see is the journals' narratives implicitly integrating the Indian leather industry with global consumer demands. These narratives highlight values

the industry has or would like to have but also projects these values as already existing to global buyers. The narratives highlight what will be the characteristics of the global capital type of India's leather industry.

Chapter 4 Tensions

“My childhood friends from Bengal are all doctors, lawyers, engineers... They still come to me when they want money. Do you know what they call me? They still call me cobbler.”

Hindu Manager from Calcutta

IMPLICATIONS

The two ideal types of the Indian leather industry, the historical and global capital, provide the context from which to address the overarching question of this study: what is the impact of economic globalization on Indian culture? While the consequences can more easily be measured in material terms, the long-lasting changes in Indian culture and society are not so easily seen or measured. By examining the responses of the managers who are caught between the demands of global capital and the conditions “on the ground,” however, we can get an idea of what is happening as a result of India’s further integration into the world economy.

The ideal types give us the conceptual framework for making clearer sense of what has changed in Indian society and culture by looking at this change through the Indian leather industry. The use of these types helps us examine the actual changes taking place while at the same time avoiding what Joseph Gusfield calls the “misplaced polarities” of traditional and modern societies. Coser clarifies the method, explaining that

an ideal type is formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent *concrete individual* phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified *analytical* construct. (1977, 223)

As such the historical types present us with a clearer understanding of the social transformation occurring in India as the result of a radically changing global economic structure and India's participation in it. The types are not meant to mirror all of society but only to bring clarity to part of what is examined.

This chapter's data, based primarily on manager interviews, will highlight the changes in Indian culture *vis-à-vis* the Indian leather industry precipitated by a globalizing economy and its structural changes, as well as the resulting sociological ambivalence experienced by individuals in the leather industry. For the Indian leather industry, the theory deals with the processes through which firms, government agencies and a changing economic structure generate the circumstances in which ambivalence is embedded in individuals and their castes or religion together with their associated social roles. **This societal tension creates role strain for individuals as they are unsure of their expected paths during times of intense societal change.**

This chapter will explore the tensions between Indian culture and the corporate culture of global industry; how the ambivalence it creates expresses itself in the lives and narratives of the managers, and the kinds of structural adjustments made, such as "jobworks," to accommodate conflicting demands. "Jobworks" is an Indian version of subcontracting work to smaller firms. The term "jobworks" is used to describe a process and used to refer to the actual subcontracting firm. The managers are caught between the historical type's support for small-scale industries and the global capital type's desire to

meet the needs of the Wal-Marts of the world. Jobworks is the most obvious response to economic globalization. The chapter will conclude with some of the issues concerning labor, technology and cost.

INDIAN CULTURES, GLOBAL CULTURES

The cultural complications of this study begin with the multiple cultures in India itself, particularly the different attitudes toward leather work in Hindu and Muslim cultures. The cultural changes in the leather industry, and all of their ambivalences, start there. As discussed earlier, Hindu culture associates leather work as culturally polluting and historically only the lowest members of society participated in it. Given Hinduism's veneration¹⁵ of the cow, those who slaughtered the cow or ate it were also stigmatized. This stigma was also attached to Muslims, even though they have no cultural or religious prohibitions against cow slaughter or beef consumption.

Partha is a Hindu from Bengal. Muslim domination of the leather industry, he claims, is due to the "Hindu belief that the cow is a holy animal in India. Hindus are not supposed to cut it, process it, or eat it." The situation has changed, however, and the reason the Muslims started the industry is no longer the case and Hindus provide the newest wave of leather companies. For him the start of the industry is just immediately after independence in 1947. He tells me that in most of the industries where Muslims are

¹⁵ This has been a point of contention as there are those that argue that beef eating was not sinful in ancient India (Jha, 2002). The cow and cow protection movements cycles periodically as part of maintaining a Hindu identity vis-a-vie Muslims in India (Lalgee, 1999).

dominating now, the companies are twenty-five years old. The current owner's grandfather, not his father, started the company.

There are no new Muslim entrants to the industry, Partha explains, but they are holding on to the old largest factories that have been in their families. The new entrants into the industry, he goes on, are medium-scale factories, but are all run by Hindus. These factories are all ten or fifteen years old, so are relatively new. "That is the time when the revolution came in Indian shoe industry, and that is the time when I switched over from leather to shoe. I was leather maker. I was the tanner, by profession, by education, by background."

As a Hindu in the leather industry, Partha attributes negative attitudes about the industry to "the backwardness of Hindus." He explains further, "You consider cow as a God, but now what is happening is that Hindus are also getting enlightenment. Yeah, we are handling cows day in and day out, we are making money out of it, we are eating it." Partha contends that things have changed in the past ten years. "Lots of Hindus have joined the industry," he contends. "Let's say maybe thirty to thirty-five years back, there were only twenty-five factories. Twenty will be belonging to Muslims. Now, this balance seventy-five percent of the small-scale, they mostly belong to Hindus."

Partha seems to have resolved some of his cognitive dissonance associated with being a Hindu leather industrialist by attributing the obstacles to his status to outmoded ways of thinking and the rise of new Hindu-owned leather companies to a shift in the culture regarding attitudes toward the cow.

Mines' findings support Partha's assertion.

Despite its association with ritual pollution among Hindus, in the past twenty years members of several castes, including Brahmins and *Chettiars*, have moved into this field on the owner and managerial levels. But Muslims and low-caste Hindus continue to monopolize the industry's labour force. (1972, 92)

The historical type of the industry continues to exist alongside the global capital type. This condition is acknowledged in an editorial in the editorial section of *Indian Leathers*. Despite efforts to present the global capital type, large parts of the historical type of the leather industry still exist. "It is not enough if you simply have the access to high technologies only," the editorial claims.

But for a country like India where industries are located in the tiny, rural, semi urban and urban sectors coexist, with of an admixture of totally unorganized, semi-organized and organized sector, industries at the cottage, village, tiny rural small-scale, medium scale sector production, with different capabilities, and capacities, and scaling up possibilities, it is also necessary to identify "appropriate technologies" suited to the particular sector rather than opting for a total modern updated technology uniformly. Then only the coexistence of all the different sectors are possible. Just like the doctor prescribing the appropriate dosages for the different kinds of patients, the nodal agency should also be interested with recommending the most viable "appropriate technologies" suited to the particular sector, within their respective capabilities of the particular setup using the improved technology. (IL 38, 6, 34)

The sociological ambivalence created by the coexistence of the two types is usually addressed by attempting to socialize the managers and industry elites into the global capital model. While other voices and journals give tacit recognition to the various small levels and types of industry, the thrust of the journals has been to support the growth of more upwardly mobile companies.

This *Indian Leather* editorial is actually somewhat rare in its effort to grant a legitimate place in the industry to a broad spectrum of organizational types and tolerate

individual differences. For the most part, the journal articles, editorials, and advertisements explicitly or implicitly promote organizational change within the industry, from small to large scale, from informal family management to more formal professional management and bureaucratic organization.

ORGANIZATIONAL CHANGE

To survive in the industry, you could scale up your operation to such a level where the Wal-Marts, the Targets and others would actually be willing to do business with you. I personally think that you are asking for trouble with this approach because they will just dump you like a ton of bricks the moment Pakistan opens up or Bangladesh opens up because Bangladesh is even cheaper than India and it's only a question of time because this business depends on unskilled labor.

—Plant Manager—

Company Size

One area that immediately echoes ambivalence is in company size, with the historical type favoring small-scale industries and the global capital model creating pressures for large-scale companies that can reap the advantages of scale and absorb the vicissitudes of a global market. The managers I interviewed expressed this tension repeatedly when discussing the problems they encountered on a daily basis.

As discussed earlier, despite the counter-intuitive belief that large-scale organizations are inefficient and slow to react, large-scale organizations dominate much of the economic life in capitalist societies. Some interviewed managers had a clear position that they should remain “small-scale” and cater to niche markets in Europe. Others were not so certain about their positions. There is a definite message that the

Indian Leather industry needs to address the Wal-Mart's of the world or risk losing a further share of the market to China or to become entirely a manufacturing base for Chinese companies.

Smaller is Better

Bijju starts out his discussion of the topic of size by supporting the argument for larger-scale organizations. He tells me that the medium to big Indian factories today like the size of his company or a little larger are actually in a very viable state. They are producing good products. They are not so huge that they have to make a very diverse product line, which inherently jeopardizes product quality as the owner becomes increasingly removed from the direct supervision of the production process. He clarifies that it is always better to specialize in certain products that give a better quality. From an Indian perspective, Bijju's company is a medium to large company. At this stage of his development, he feels that he is well equipped to provide his customer very good quality and to put a system in place which will ensure consistent quality.

Anything bigger than his current size, Bijju believes, would cause him problems. Unless you work with Nike or Reebok, he explains, nobody will be able to buy such a big quantity from you. In part, it would appear, he bases his decision to limit his size on potential customers. Alternatively, one could work with twenty-five customers and two, three, or four different product-categories to keep the factory full, but that would definitely put a strain on your quality standards.

Based on those assumptions, therefore, Bijju thinks that in terms of size, he is at an optimum level. He confides that he knows his quality suffered when he grew larger

previously. His quality suffered in part because he grew too fast but also because of “the mind.” I asked him what he meant by that. His response is measured and tinged with frustration. He tells me that, the family-run companies always feel that they can still control this process. Managers do not delegate. The most difficult thing for him, he confides, is to put people at a very high salary level in his factory without his father asking him if he is out of his mind because his father’s generation have grown up employing people at lower wage-levels.

When his father ran the company, he controlled all the important issues mostly on his own. His factory has grown five times that of his father’s company, “but my father does not realize that I am incapable of doing so many things in the short time I have in the day!” Bijju then goes back to an earlier point. Most of the solutions he offers himself are tinged with the possibility of a more reliable employee leaving him to do the tasks that will allow him to become a competitor in the global market. The possible solutions raise more questions and doubts, however, and an oscillation produced by structural ambivalence comes through in the narrative he provides. Elder managers of the industry, told me that in the “older days”, their fathers would determine how much profit they needed for the year and they would work for that amount and stop. The rest of the year would be for relaxation. If a buyer came to them and asked them to produce another order, they would kindly refuse and say they were unable to do so at the moment. “They were satisfied with what they had,” they told me. Now the new owners only think about growing and taking loans that put them in debt. The new owners do not grow at a slow, responsible rate, they claim. Bijju is caught between these two perspectives. The thinking in the historical type supported a small industry with very little risk. The Indian

government's economic policy did not encourage firms to get too large nor did the economic policy allow companies to contract or expand quickly so that they could adjust to changing economic conditions. The very character of the small firm and Indian society would also preclude an owner from paying a "stranger" and someone of a different caste or religion a large salary to run the company. That money should go towards the family.

"I've been thinking, 'would they do it?'" he asks. "Irrespective of whatever you pay them? Sometimes I feel we pay them enough but not really enough," so that they begin wondering if they could form their own company and make more money. "Sometimes, I felt is it the salary-level which makes them reasonably rich but not really where they want to be. So I have now really started taking four or five people at extremely high wage level equal to the western standard in my own factory." This dynamic of rising expectations often gives rise to a sense of relative deprivation, a sense that one is entitled to more than one has and often a source of significant discontent that emerges after things are actually getting better (Merton, 1938).

Bijju, despite his doubts about his ability to retain his employees, decides to raise their salary in an effort to grow the company. He has too many daily responsibilities to attend to and still find time to plan for the company's future. His solution is to pay some workers more money and give them more day-to-day responsibility. This solution is not devoid of consequences, however.

The first reactions come not from the workplace, but from Bijju's family. Bijju's tone shifts from frustration to one of bemused annoyance as he continues, "I am doing this, the first reaction I get out of my family is, 'Do you know what it is going to cost you every year to have these four people working for you?'" Bijju tells them, "Yes, I know."

“And do you think you are generating enough money as a company to cover these costs?” they respond. Bijju says, “I would just barely manage to cover their cost at my present structure but their job is to make sure my profits increase.” So, if that does not happen, he tells me, he will have to let them go, but he has to try it out. There is now a slight strain and fatigue in his voice. He informs me that he is not getting better, where he is; unless he does something radically different, he will not know if this is where he is going to be for the rest of his life, which “I don’t want to be.”

What is clear at this point is Bijju wants to grow larger than his current position, but he is unable to do so given his current company’s organizational structure. Paying some of his workers more money in return for them taking more responsibility seemed an obvious solution to him, but not to his family members, who were socialized and remain in the historical model of the industry.

Bijju tells me that he knows he can afford these people at a certain cost to his own luxury, which he is prepared to do, because he thinks it is necessary to try it out. He is not giving away money. He knows that he is taking away a substantial profit margin from his company in terms of higher labor costs because of these four expensive people. He told them that he has to do this to see if things get better and that their job is not to just earn a high salary. Their job is to earn him more money and make him better off than he is now. If they do that, naturally he would be able to cover their costs. Momentarily, however, his certainty turns back to doubt.

“I do not know if this is right to be very honest with you. As you listen to me, you might be convinced this is right. ‘You should do this.’” He thinks of all the European companies with whom he has had business dealings. That is what they did. However, as

he continues, this process starts a chain reaction. First, these companies started hiring expensive people. Then everybody started getting a company car. Then everybody started getting company clerks, which Bijju's company has started doing now. "Slowly the employee's cars go from Fiats to Fords to Mercedes and then you have all these people coming to work who need a bigger parking area than your factory area." Bijju continues to reflect,

He is thinking, "Am I going this road? Am I going this road?" So, he is looking at putting himself at such a high cost-level in five years that he might be a great factory. He might make a beautiful product but even with the best systems in the world, he is not competitive. He does not know what to do. He feels he is on the verge of burning up. "Just get up in the morning. That is all I can do."

Bijju has a plan that is based primarily around the global capital type, while his family and his workers are situated in the historical type while Bijju is attempting to operate the business according to the global capital type. The new model has its problems as he has identified and his family's objections raise enough doubts that he is filled with ambivalence. He feels that he had to do what he did, employing four new people at a higher salary level. He has a sense of relief, as he knows that if the people do their jobs correctly, he will be free to attend to other areas that need his attention. It will "ease" his day. The obstacles in his local culture, however, are formidable and the fact that his family's contrary opinions matter so much to him shows that he, too, has one foot in the historical type.

In trying to solidify his decision in his mind, Bijju returns to the critique of Indian businesses: "they are not professionally run enterprises but family-run." It is probably his

generation, he tells me, which is “turning, trying to change from a purely family-run business where the father was the boss with the phone and sitting out there” to somebody who is willing to give major responsibilities to other people and have them try to pull a heavier load. He paints a vivid imagery with subtlety of the patriarch, the boss, sitting ‘out there with the phone’- not really located anywhere specific but everywhere, someone whose word is law.

Here again Bijju’s feelings reflect the tensions between the *historical* and *global capital* type. Does he follow his father’s model and ‘sit out there with the phone’ or does he delegate responsibility and pay employees accordingly, thereby increasing the level of bureaucratization in his company with a more specialized hierarchy as his company grows larger in scale and operation?

Bijju’s frustration stems in part from having no model to follow to achieve his goals – a point highlighted by the previous discussion. He tells me that he is learning to make this change in thinking. He wants to do it, but he does not know how to do it because he did not have his father’s example to see how his father delegated the work to the workers and how the factory *structure* was made up. He does not know how the *structure* is to be done, how the structure has to be formed, how the structure is to be formed to make the company professional. Therefore, he is actually trying to learn this process. What Bijju is struggling with again is how to grow despite the cultural limitations of his workforce. He wonders aloud how he should professionalize his staff. “What are the steps?” he wonders. He talks again about how he has no model to turn to for guidance. We see an initial reaction to the rapid changes occurring because of economic globalization. Bijju thinks that one day his son might improve on his methods

and procedures. He doesn't have that luxury, however. Bijju, in order to survive this change and succeed, he is having to drastically change his father's system of operations. This leap away from the familiar leaves Bijju filled with ambivalence. He is constantly wondering if he is doing the right thing. Most of the time, those close to him also ask him, "Why are you doing it this way?" He looks at me and laughs. "I don't know."

Bijju has very little room to express doubt openly with his family or with his workers. As part of his own presentation of self, he must appear confident in his role as manager. It is, after all, a major aspect of the manager role. He knows that it has to be this way, because it is something very radical for the workers and they think most of the time that he knows what he is doing, so they look to him for giving them confidence; for telling them, 'look this is the way to do it. Let's do it.' And it has come to a point where they accept it. He goes on to tell me that the workers are still a skeptical at times. He can see the looks in their eyes of "what are you doing?" He employed somebody the day we spoke who takes home more money than his whole family spends together in a month. Again, he is filled with self-doubt as he questions himself. "*Are you in your right mind? Why do you need that person? Can't you employ somebody else?*"

It is not about money at this point for Bijju. Part of the problem for him that is becoming apparent is how the company and societal structure shapes behavior in people. As a worker, to what degree do you feel you can challenge authority without fear of severe sanctions? Are you socialized to accept your place in a societal hierarchy that promotes obedience from those in higher social strata? In other words, Bijju himself recognizes the sociological ambivalence faced by the workers in his factory, although he does not, of course, call it that. Bijju has made a paradigm shift in his thinking about the

business – due in part to the tremendous difference in the profit scale provided by international trade – but it is a change in mindset that his family does not understand.

It was becoming apparent that hiring an individual or two might not solve his problem. The problem was much deeper. Bijju emphasizes that he does not just want to employ somebody else who would definitely be cheaper but at the end of the day would still have to be supervised in what they were doing. He has seen that happen. He once put one person to look after a job and then had to look after what the worker was doing. Then he put another person to look after the first person's job; then he had to look after what **he** was doing! Moreover, at the end of the day, he complains, he still did not get any work done. So now he really wants somebody, who when he says to the worker, "You look after them," he can have complete trust in this person's ability and knowledge to make the right decision. Bijju feels that if he can get this person, it will be good for him, which is good for the company. He wants to have the peace of mind that this worker has the confidence in their abilities to make decisions.

Bijju tells me that he has given a lot of people power over the course of time. Sometimes he has given the worker more power than even they want to have. They not only lack confidence in making independent decisions but may value their social relations with co-workers more than the increased financial compensation or authority. Bijju has concluded that if they do not want to have the powers, then there is no point in giving them the power because they will still not utilize it fully. Therefore, that is why he needs to get people who are very confident about their ability. If they are confident, he will also be confident. These are the kinds of people he is now getting into his workforce.

Interestingly, he previously tried to hire from within and it did not work. He identified people who had the particular independence he desired and promoted them. Out of twenty people he promoted, nineteen of them did not even want to do the job. They just did not want the responsibility, much like the earlier managers who were asked to take on new projects once their basic needs were met. They felt overloaded by the duty and they had to be reminded again, that you did not have to go to him for decisions. He would tell them that they could make the decision and they did not need him. “I want you to and I know you are capable of doing it,” he would tell them. “I know the only thing that is going to be different is you trying to waste three days trying to meet me when I am traveling or call me when I am traveling to hear the same answer which you already had in your mind three days ago.”

”So, they just need confirmation,” he tells me. This situation is very frustrating for Bijju. He tells me that he wants to empower his people, but finds it very hard to do so. Bijju is thus finding resistance to his plans to expand from both his family and the workforce. This situation requires a structural explanation: structural limitations shaped by India’s economic system are responsible for shaping this kind of organizational dilemma within the industry. Previous government policies encouraged businesses to stay small. When a business is small, one can manage most, if not all aspects of the business by oneself. Consequently, there is no need to pay any employee too high a salary. In these small work settings, the boss is a powerful figure as we saw in the historical type in chapter two. Another structural explanation has to do with the family-run business. Whether large or small, family businesses have a patriarch that makes major decisions. This model does not necessarily produce a professional ethos in company.

Flamant's (2003) description of management in a joint-venture enterprise should read closer to something in the global capital type. There should be a more rational type of management. Instead, despite 'professional management', there is a tension with the historical type of management. He says that even in an

Indo-American joint venture, managed by professionals, the group's chairman firmly believes in the primacy of the family in the overall management process. Claiming dissimilarity with other factories where the family model prevails, the Indian partner affirms the principle of "controlled professionalism" (2003, 129)

So even where professional management is supposed to dominate, elements of Indian culture persist. The joint-family structure maintains its own dominance perhaps in different forms despite mounting pressure to change. Vaugier-Chatterjee states that over eighty percent of "Indian registered companies are still family-owned businesses" (2003, 100).

Labor laws

According to managers, orders slow down considerably or stop all together two times of the year, corresponding with the changing of seasonal fashions. Because of this work stoppage, the leather industry must continue to pay their workers for little or no production. The labor laws do not allow one to fire a worker if the company is over a certain size. It used to be one hundred workers but has recently been increased to five hundred. The current labor laws encourage companies to stay small so they can deal with the inconsistencies of the market, but make it very inefficient for them to meet the needs of big orders. The economies of scale are not possible under current standards says Mr. Nawad. However, there still seems to be a market for a "small" company to fit the

European customer. They do not want to be one customer in line of ten. They want personal attention or in practice what they want is to “own” the Indian leather production company. They want, in effect, to have transported their factory in Europe to India.

Mr. Sakthi describes the internal rhythm of the industry that puts the burden on smaller manufacturers. The season lasts four months and then there is a two-month break. During these four months, people will come at you like beasts, he says. They treat you like a god. When the work is done, however, and the exporting is finished, they say goodbye. When the work is over, he still has his workforce. He still has to pay them. “Salaries are fixed. Rent is fixed, Current (electricity) is fixed and then tea costs are fixed.” These are all fixed costs for him that he pays regardless of his circumstances. He supplies tea and access to a telephone for all the workers. So if he does not pay them, they leave. Once the work starts up again, you will only have the machines and tables. There will be no workers. What does the company do in this situation? Normally, there could be a temporary layoff but not in the Indian scenario. Mr. Nawad says that despite the risk, he is now *thinking* of employing one large factory of 1,000 workers. Otherwise, he plans not to grow beyond 300 or 350 workers. Under the old labor laws, there was, he claims, an inflexible union thinking. He worked hard to keep his labor. He has always paid maybe fifteen percent more than the market to keep his workforce. He tells me that his company has always tried to be as responsible as they could be.

Labor policy is an age-old question in this country and he insists he has been trying to address it one way or another. But now, again, market forces have dictated things. He sees the old unions that just wanted to be a “stick in the mud” are not there anymore. This reason is part of why they are now considering a unit of a thousand people

which never would have been possible earlier. Why did he set up so many units instead of having one? He had them because if one unit got into problems he would always have the other units on which to fall back. There have been numerous stories about people striking and getting into trouble, but in the past decade he has not see this scenario and labor policy has not changed. His conclusion is that labor has gotten more enlightened, more educated about jobs opportunities. He thinks that extortion by labor is history, except in some remote areas. The concern of anti-globalization forces, however, is that labor has lost its power. That the protections set up by government have been stripped away in the name of free-market, neo-liberal economic policies.

I am a bit skeptical about this new relationship and ask Mr. Nawad what happens if he just wants to close the company and retire. He agrees that would not be possible in real terms. You have to offer the workers a warranty retirement scheme, which of course you have to negotiate whether you have the money, or not. It does not matter. He wishes it could be as simple as a company saying that it is no longer cost-effective and that they want to move on or “I don’t need so many of these workers.” He does not advocate a hire and fire policy but maybe something like “last in, first out.” To close a factory is a very huge process, which takes years. That is why everybody is hesitant to put in big money.

The leather industry is labor-intensive. If it were automated, it would not have come to India in the first place, Nawad explains. The seasonal nature of the business will also affect the need for a constant labor force. An individual owner cannot address that issue. It is very difficult. This is where these changes to the labor laws are required and it is going to take some time. He was hoping he would get it with the last government, but they were not able to push it through.

You can't downsize here. We all understand the thought process being slow. You see where we are coming from is poor country where the few who have should not exploit those who are helpless. That's where this whole thing stems from and it's gotten to be a more and more complex issue. Our labor policy has not kept pace with the globalization that has taken place in other areas. He would like to see some portion of contract work set aside for workers who know that they can be fired without notice is they are no longer needed. Of course, they will earn higher wages for these impermanent working conditions. He desperately wants flexibility in a new 'exit policy' for labor.

Mr. Nawad sees a huge opportunity available in India. He cannot understand why anyone would not want to invest in India. In a labor-intensive business if there were an attractive labor policy, things would just grow. For him, this policy would have to reflect the cyclical (seasonal) nature of production. "And then if you kept getting better and better at making your product, which customer would want to move out?" Unlike the other managers, Mr. Nawad believes that his industry is not in competition with the software business. He observes that software trade or call-centers would never employ the kind of people he hires. "Never." This goes back to an earlier discussion on caste. While caste-roles are no longer as explicitly functional as in the historical type, the workers in the leather industry are still coming from the historical strata of society that filled these roles previously: *Dalits* and Muslims.

Two major factors prevent the Indian economy from exploding, Mr. Nawad contends, which is why there is only steady, incremental growth. The first is the inability of a company to decide the size of its own labor force to maximize its advantage in terms of the market. He would like to see Indian factories have eighteen thousand factory

workers like big Chinese shoe factories. If he had 5,000 workers to 20,000 workers, nobody could touch him, he says. If he could employ this large a workforce, it would still be a flawed system if he were not able to lower the workers by even three hundred. This makes it appear like there is no exit policy.

Second, he argues, the government lacks the political will to change the labor laws. “In a sense, all of us are laborers,” Mr. Nawad laments. If the consumer he decides not buy from you, you have no way to recover from losses, he notes, which constitutes the industry’s single, biggest problem, as well as India’s. It breeds a fear that prevents risk and growth, to which the government representatives in the industry’s informal discussion say, “How many cases does that affect? How many of you have gotten into situation where you got to back track and close down?” The government’s reasoning is that the industry has always had work. Mr. Nawad becomes irritated by that logic, as there is no contingency plan for what happens in an economic downturn.

Whereas companies are limited in their ability to fire workers, the worker has no such limitation in selling their labor power. Mr. Rajendran feels the government should require, if a person is going from a company, that he or she get (formal permission) leaving orders from the company to join another company. This creates a very negative environment for competing companies. He compares two companies. Factory A has the capacity of training people. It is training people. They are giving 1,000 rupees salary. Once the worker has trained for six months, he or she will be capable of doing a job that a person can do who has two years experience. The worker jumps to factory B, and says he has more experience and gets double the salary there. Factory A, which is training people, has to keep on training other workers.

Once she is trained, immediately she jumps to another factory because there are many factories like this, but this kind of skill demand is always there. Factory B just waits and Factory A puts all the resources into training. Factory B just waits and will pay the workers more but does not have to worry about bringing the worker up to quality standards. Factory B says, according to Mr. Rajendran, “Just go to their house, what is their salary? We will pay this much, from tomorrow, get in our bus and come. Finish. Nobody can prevent this.” This scenario is not good for growth Mr. Rajendran argues. Before the owners of a factory lay the foundation stone, they have agreed with the government about their hire-and-fire policy.

I am not sure that the situation is perfect for the worker as Mr. Rajendran describes. Some factories that exist in clusters do face competition for workers although over time, villagers migrate and the bidding war can stabilize. In Mr. Rajendran’s case, he may be in such a location where too many factories operate. We see here again market forces are a scary proposition for managers. While they welcome the prospect of large earnings on the global market, they are reluctant to face the same pressures from their labor pool; content to rely on the same social class working in the industry as laborers for the same wages.

Mr. Narayanan too has adopted the jobworks compromise. His manufacturing plant is for making samples otherwise he uses jobworks for the bulk of his production. As you will see, the system he employs, whether consciously or not, is perfectly set up to deal with the limitations of Indian economic policy and labor laws. One could interpret his actions as simply avoiding governmental regulations or he has found a way to negotiate the demands of two competing types.

He tells me that he used to have 120 employees but the labor laws have made it difficult to meet the demands of quality and cost. Mr. Sharif admits that he too has trouble with the labor laws. He is not saying that India should have a hire and fire policy but at least one should be given the opportunity to decide who they should keep and not keep because you tend to hire workers despite your best efforts which are not good workers. You are not permitted to simply fire them because the law does not permit you to do that. So what happens? He confides, “You tend to do things which are not ethical.” For example managers tend to not put workers’ names on the roll or they might lock other facilities, like the toilet, that the workers may be entitled to as a right. “I mean *it’s not that we do not want to do it, we are coached to do it.*” I have not been as critical of the managers during my interviews in an effort to gain trust. However, I’m incredulous to the ease with which Mr. Sharif makes this admission.

Clearly violating the Factories Act and the Industrial Disputes Act is an option for some managers. The ability to admit this condition as if they were powerless to prevent their breaking of the law only highlights the historically low status of the people that work in leather and the powerlessness workers have in enforcing rights guaranteed to them by law. *So how does the industry mediate between global consumer demands and the conditions on the ground?*

THE JOBWORKS COMPROMISE

The clearest manifestations of sociological ambivalence appear in the structural compromise between the historical and global capital types known as “jobworks.” Work is subcontracted out to smaller units to satisfy both the demands of the global market, on

the one hand, and the laws designed to protect workers in much the way they were under the historical model, on the other. In short, companies can hire new workers, but cannot fire those they have. It is, in a sense, a modern nod to the historical model, in which personal relationships are more important than profits, but it is the state rather than civil society that provides a safety net for the worker.

Given India's historical support for small-scale industry and the difficulties employers face in laying-off workers, it would appear impossible for small businesses to meet the fluctuating needs of its customers. However, the leather industry has created a system of jobworks to satisfy Indian labor laws while satisfying its international customers. In my analysis, jobworks, as a process, represents both the impact of economic globalization on culture and a case study in ambivalence.

First, leather firms needed a way of meeting the changing demands of global customers; given the structural limitations of Indian economic regulations, jobworks was that path. It allows the firms to remain small and comply with governmental regulations designed to protect workers, but flexible enough to meet the fluctuating vagaries of the global economy. Second, it is by no means ideal as there are inefficiencies and risks associated with small, unqualified firms that cannot meet international quality requirements. As such, the managers expressed their own ambivalence with this structure.

As Flamant (118) explains it, "The increase both in production capacity and in flexibility, enabling the manufacturer to meet the increasing diversity of order, is accomplished by giving out the less qualified jobs to subcontractors." The structure of the industry evolved so that in one geographic region "Three or four big enterprises thus assume the status of 'giver of orders' in relation to a plethora of small units in the

vicinity.” Some of the companies will require subcontractors to work exclusively for them as a way of ensuring the quality of the work. In such cases, the small units exist in a dependency relationship with the large ones; as Flamant puts it, “their existence depends on the ‘giver of orders.’” As unsatisfactory as this relationship is, it provides a more stable flow of work; “for subcontracting units working with several clients, business is uncertain and there are periods, long or short, when they may have no orders” (Flamant, 118).

In the late 1990s, legislation protecting workers from job layoffs addressed the problems that global capital’s demands created for the workers; the jobworks system became the norm in the industry. Flamant (119) contends that “The desire to make a fast buck led many to resort systematically to job work instead of developing an industrial strategy, which would enable them to fulfill their potential and meet their orders.”

Moreover, many owners of small units aspired to grow in size and become major producers. Flamant explains,

As soon as they reach the critical size enabling them to produce 500 pairs of shoes per day, these units reproduce the job-work scenario, descending to lower levels of work, but rising that much more in the local business and family hierarchies. Thus, social ambition and lack of real managerial skills encourage them to come up with schemes, which give short-term benefits without any long-term planning. To avoid this dark scenario, the biggest shoe companies dealing directly with the international market demand that their subcontractors work exclusively for each of them. In this way, they are able to control the process and to ensure quality production. (Flamant, 119)

The jobworks system thus protects the companies from those government regulations designed to keep the global capital structure from exploiting workers. This structure both reflects and shapes the sociological ambivalence of the leather industry in

India. The historical industry was characterized by small scale industry which gained further acceptance as a structured part of economic policies through Gandhian principles. The Industrial Disputes Act of 1947 further placed unintended restrictions on growth as factory owners were fearful of growing too large and having to pay high compensation to labor groups if they were to terminate workers in bad economic times. Factory owners preferred to remain small, thereby avoiding the effects of the Industrial Disputes Act of 1947. Jobworks is a response to the growing demands of economic globalization. It pushes the industry for larger economies of scale as a belief that this is the best strategy to compete with China. Ultimately, jobworks is a compromise for managers that want to meet the demand of their global customers but are limited by the economic conditions on the ground. The ambivalence embedded in this situation is that although jobworks solves some of the economic structure's limitations on the industry, it also prevents it from moving towards their desired growth. The tensions between Indian culture and the corporate culture of global creates an ambivalence that expresses itself in the lives and narratives of the managers, and the kinds of structural adjustments made, such as "jobworks," to accommodate conflicting demands.

STRUCTURAL AMBIVALENCES

Process

Mr. Krishnasswamy takes time to explain how the jobworks **process** works for his company. His is a large company where business requirements could be seventy percent of the normal production rate, but could also swing up to one hundred thirty

percent of normal production. That means suppose that his capacity is one hundred, then at one point in time, it could be seventy percent and at another one hundred thirty percent. Moreover, the swing is not gradual. In the same month, he could be producing at seventy percent and now the customer may ask him to make one hundred thirty percent instead. He explains why this happens: In a department store, the guy who runs the department store does not care whether he sells tomatoes or shoes. As long as he gets a large square footage, he will even sell eggs. He does not care what he sells. So he tells his buyers, 'if I give you this much space, I want this much turnover. I want this much profit.' Now, if he does not do well, the guy who sells tomatoes next door will be taking over the shop in the next month. The unwritten rule in the department store business is when this space becomes half as profitable as it was before profits started to fall; you put in your papers and look for a new job. Therefore, when he plans badly, he needs to focus the seventy percent at the same time like the tomatoes man. If it were a leather man, or a full shoe man, he would like to grab the share and earn more and more of the bonuses. So if you cannot cope with the one hundred thirty percent and tell them look my share is one hundred percent, he does not want to work with you. He wants you to work at seventy percent as well as at one hundred thirty percent, and that is the need of the customer, so you should have this ability to swing from seventy percent to one hundred thirty percent. This is one essential requirement of the business.

But in a business of his size, "you can't swing like this." His processes are fixed. He has fixed labeling and fixed stitching. Scaling-up and down is not possible. Therefore, what he does is to fix his capacity at seventy percent because this will always be there and the factory will run smoothly. He calculates that there is a decent chance he

will get orders to meet seventy to one hundred percent of capacity. He labels these orders “A category”. “A category” orders are important and they are essential. That means if these orders are not there, he will not make the money he has budgeted. If they are not there, he will not meet his projected capacity. Therefore, they are both important and essential for his bottom line. The next category takes care of the one hundred percent. He has a “B category” supply chain where they are important but not essential. He explains the difference as he needs these customers for the capacity of his projections but it is not that they make a big dent on his profits and loss. Therefore, they are not essential. He can still make money if they were not there. He could not make much money if they were not there. That is the difference.

Therefore, this takes him up to one hundred percent. At this stage, he only works with important and essential customers, but production does not take place in his factory. For the customers who are asking for orders that exceed his factory specifications, he will have a unit where he will take the place on rent. He will bring all the machinery the place needs for the order, and then you will have a *dummy* who will run the company for you. “Dummy is a crude word, but really the word is correct.” This person will run the company operationally for you, and follow all the laws of the land. “It’s legal, perfectly okay. Nevertheless, at the same time, you do not have the employment of the workers on your head. You must have one hundred percent legal compliance.” In Mr. Krishnasswamy’s arrangement, he has control over the production line in the dummy factory/jobworks. He has full control over his books and pays him a fee for doing this job. From there on, everything is straight up absolutely on time. The *dummy* employs the workers and yet if Mr. Krishnasswamy tells him to put the table a certain way, he puts it

that way. If he tells him to employ ten people, he employs them. If he tells him to take out ten people, he will do that.

I am not sure why Mr. Krishnasswamy would have to hire a *dummy* at all. The answer lies in the Indian labor laws. He cites a newspaper story he read where IBM got rid of 10,000 jobs in Europe. He explains that in the Indian system, “theoretically this is possible but practically, you don’t have even one in one million chance of doing it.” There is a clause in Indian law that if you have more than 500 workers in your factory, it used to be 100 now they have made it 500, you need the government’s written permission to close your company or the unit. Moreover, the government, politically motivated, will never in their lifetime deal with issues like that. Therefore, they just keep hiding your letter or they say that they do not give you permission to fire anyone. Now because they do not give you permission, however *sick* you are, you cannot close your company properly. So, what many people do is literally abandon the factory and run away. Because his company is so large, however, he cannot do that. Therefore, he is hesitant to employ laborers or fire in any of the units. As discussed earlier, the Industrial Disputes Act of 1947 was initiated to protect worker rights and compensate them when they lost their jobs. No one wants to fire people or lay them off in a poor country, but the high compensation afforded such workers make the risk too high for many small businesses to take. Managers make efforts to point out that they are not in favor of a pure “hire and fire” policy, but there has to be some give and take between labor and management. One suggestion is to have contracts with workers that stipulate short-term employment in jobs that are seasonal—contracts where the worker is expected to resign with little notice. This way the worker is compensated with higher wages for the seasonal nature of the job and

the manager is free to hire as many people as may need to meet the demands of a large order without fear that he would have to keep these workers when the job was finished.

Because of the restrictive nature of labor laws, the leather manufacturers need a way to meet global demands. The jobworks solution has its own set of problems as Mr. Krishnasswamy further explains. He is not able to get these economies of scale because if he has to employ 5,000 people he puts himself at risk. What can he do? He puts eleven units of 450 workers each. So now, he has eleven custom managers; eleven supervisors and so on. His factory can only employ 450 to be under 500, so he has to look for a building that can house only 450, so he looks for a shed. Then he has another one that is two kilometers away and another two more kilometers away, and he starts applying to get all the raw materials the whole day. If he had four such units in one place, he could build the building himself, have a truck in the warehouse right there, and then deliver immediately to them. Now he has a warehouse here, a legal entity that he separates. "So I have four or five all round the table and therefore this inefficiency." If he had, on the other hand, no hassle on this 5,000, he could have one large factory. "So India is. in that respect, not cost effective because of these problems which are coming in." So therefore, he puts the *dummy* in here and he has as many *dummies* as he wants!

Again, this situation is one way the managers have reacted to the demands of the growing market. At one time, managers had a fixed output that they neither increased nor decreased. However with the shift of leather production from Europe to Asia and Latin America, the opportunity for large profits has increased in India. Managers are afraid to turn away opportunities. If a customer goes to someone else to fill an order, they may never return. The pressure, then, is on to get around structural limitations.

The problem with this system is quality control. Flamant contends, “The accumulation of subcontracts is synonymous with poor quality and a very high rate of defects. Two out of three pieces are rejected” (2003, 119). In the case of Mr. Krishnasswamy, he is personally responsible for the quality himself, rather than the subcontractors in the “A class” supply chain. “Therefore, if he tells someone to put the table like this or to do the work like that”, he will do exactly what Mr. Krishnasswamy tells him to do. Because Mr. Krishnasswamy is in control of quality, he claims he can do what he wants and reach a very high level of quality. Mr. Krishnasswamy continues that if he needs tool machines for this dummy factory, he will buy them tomorrow. If the customer requires a safety system in the factory, he will put it in tomorrow. So in terms of environmental compliance, in terms of quality requirements systems, everything, he has no problems because he spends the money everywhere and therefore, he is now able to reach the highest levels of quality and become the number one supplier to many companies that he works for in terms of quality and delivery.

Mr. Narayanan has a more favorable opinion towards jobworks. He tells me that you have to be ruthless in this business, but that he cannot afford to do so because that will create other problems. There are clusters of jobworks. He gives them his work. All they need is a decent working space and a nice sewing machine. He does all the pre-production work on the components and gives it to them to manufacture only. He provides them with the background and a sample that he has produced, and for the cluster to manufacture. The person who is actually making the product for him is making it along with his relatives and friends in a cluster of ten or fifteen people and for him that is his

livelihood. He knows that if he produces fast enough and well enough, Mr. Narayanan is going to come back to him and this man is going to make his money.

Mr. Narayanan explains the tradeoff in doing business this way. He might be paying about fifteen or twenty percent more in terms of actual cost for the same product, but the price he is paying is “nothing” because that is only on the labor that he is paying that percentage, rather than on his total product cost. If his product costs a hundred rupees, the labor constitutes about fifteen percent. He is only paying fifteen percent more on fifteen, rather than on a hundred. He tells me that the overhead that he would have to pay if he had a team of one hundred or more workers is far in excess of the premium he has to pay for this kind of work. Secondly, if he gives the jobwork a hundred components and those sets of components do not come in intact and he is left with ninety-two decent products and eight that are defective, he debits the jobwork for the entire cost of raw materials and his pre-production charges. In any case, he does not pay for the labor. “So, what do I lose?” He does it all in Chennai.

“What I do is I produce the material; cut it; inspect everything and put it in sets of one hundred or whatever,” he explains. He has already planned who will do which specific task in the production process. He knows the strengths and weaknesses of each jobworks.

Mr. Malhotra feels that in the next five years the leather industry will have a shake-up. In a sense, there are many very small units who are mostly doing outsourcing. He feels that these companies will become stronger, because not all the companies that want to grow are going to get the necessary manpower. Consequently, they will need the jobworks companies to supplement their production. They will not need much production

out of them, but enough that the jobworks will be in a position to bargain for a good price. “This is going to happen,” he projects.

When asked about the possible inefficiencies in jobworks, Mr. Narayanan virtually ignores my framing of the situation. Trade offs are very simple he says. He wants us to ignore the problems of handling labor, at least for now. “We all know that in India you can only hire and you can’t fire. So, let’s leave that aside and let’s assume a utopian situation in the labor front.” Given a choice where you have a unit where you have one hundred workers and then you have clusters, which are willing to do work for you, he chooses the cluster. He does not want to be saddled with the hundred workers of his own because he does not know if he will be able to sustain the kind of work that he can give them. He also faces the problem of having to supervise the workers and ensure that the quality standards are maintained. To do this would require a “huge amount of staff because I don’t think there is an innate sense of responsibility to produce a decent product.” Here we see that Mr. Narayanan has a poor impression of the Indian workforce. He articulates what he sees as the worker mentality when they have a guaranteed monthly wage. As long as they get their pay, “they don’t give a damn as to what they produce” and if they under-produce with defective a certain amount of defects they do not care. They just think that it is part of the percentage that Mr. Narayanan factors in to his cost. He tells me that it is very difficult for people to go and tell the worker that he is doing a bad job and that he should fix his mistakes. “I do not think it is there in the Indian mentality to work correctly.” He is convinced about this. It is this position on the worker that Mr. Narayanan uses to justify his reliance on jobworks. He accepts the worker mentality as a given whether true or not. It is a cost of business. He

does not appear ready or willing to invest in any kind of training. Jobworks, for him, is the most efficient way to deal with the reality on the ground while meeting global demands.

Mr. Rajendran also uses jobworks and confirms that there are many factories that only do subcontracting work. “You give them the materials to produce the uppers. They finish it and they charge you their expenses plus a small profit. Getting the order in on time makes the customer happy too.” He tells me that this solution to the labor issue started in textiles¹⁶.

While describing his problem with securing cow hides, Mr. Kumar reiterates the importance of jobworks to the industry. Previously Mr. Kumar would get a constant source of hides from his supplier. Recently, however, the supplier has taken to producing his own leather from his own supply of raw hides. Mr. Kumar says it is not that his supplier is setting up his own tannery; they are also taking advantage of jobworks. The strength of the leather industry has been in these jobwork units, he insists. Most of the small players like his hide supplier do not set up their own practice. Instead, they rely on the jobwork units. The raw material supplier abroad does not have to set up a full

¹⁶ Only there, it was easier, because textiles did not have the same manufacturing problems as leather. They do not have the problem of matching grains or colors. Textile is bought by the manufacturers so the whole batch will be the same color. All they need to do is send the material out for stitching. If the stitcher makes a mistake while stitching a shirt, they simply start over. Leather, as a material, does not lend itself to errors. When the material is punctured by the needle, it is ruined. That material at best would be cut into strips and used in some other product. Otherwise, the more likely scenario is that it is thrown away.

factory. All he has to do is get a jobwork. Get the hides finished and export them. He does not have to risk his own capital by setting up a tannery.

What has happened to Mr. Kumar and others is that the rawhide supplier has gone into business for himself in producing finished leather by utilizing small tanneries that need the work. They see some struggling tannery somewhere, somebody who just needs money and they say that they will pay them X amount of rupees and he wants them to tan this material for him right now. They have no go-between. They are the direct supplier: they get it finished and exported and consequently make more money with a more finished product. In this way, jobwork units may make it difficult for some people to hold on to both a tannery and a shoe factory or some other leather product-manufacturing unit.

A slightly different shading of the jobworks compromise comes from Tewari and Meenu in an interview with the head of CLRI.

A striking example comes from the story of the Tata group and its involvement in the leather sector—a story that harks back to the employment and foreign exchange focus of the government’s leather policy. The Tata group, known for its engineering and related businesses, was not originally involved in leather. As part of the government’s policy to find appropriate sources of employment creation, a former president “urged” the Tata group to get into leather to contribute to job generation, “even if at a loss” (Ramasami interview, May 2001). The Tata group did enter the industry, but sought different ways of doing business so as to not operate at a loss. The group entered into long-term sub-contracting ties with smaller firms to undertake major aspects of the production process – cutting, stitching, and assembly. To ensure quality, the Tata group sent a representative to the supplier who worked with them on-site to supervise the job, and train the supplier firm. If the small firm lacks capacity in specific areas, Tata provides—or arranges for expert consultation. If the firm lacks capital to upgrade or suffers cash flow problems, again, the Tata group provides favorable loans. This has allowed the firm to form a network of highly capable small producers whom it can rely on for high

quality work. As in several other sectors such as apparel, auto-components and electronics, when these long-term relational ties work well—as they have in the Tata Leather case, they succeed in ‘professionalizing the smaller leather firms through “coaching and mentoring.” Eventually, the Tata supervisor leaves, but the small supplier is expected to—and is able to—meet all the quotas that the Tata group requires (Ramasami interview, April 2001).” QUOTED IN unpublished paper Tewari, Meenu 2003.

Tewari and Meenu thus frame the jobworks process benevolently as a mentoring relationship in an effort to create jobs. For them it **is** a solution to an existing limitation in the corporate and economic structure of India.

Company

Higher Profitability for Large-Scale Industry

Now that we have seen how companies use jobworks to their advantage, it is informative to find out what that process is like from the jobworker’s perspective. Tewari and Meenu’s perspective, while not completely wrong, is not as ideal a compromise as they would have you believe. Mr. Sakthi is a company that does nothing but jobworks. He makes shoes: men’s, women’s and children’s. The larger company supplies him all the materials. All he does is stitch and glue. Sometimes customers may want him to cut the materials himself. When asked to by the larger shoe companies, he will cut the material and finish the shoe uppers in his factory.

I ask him about his relationship with the export companies. Mr. Sakthi’s reply is simple. “Do the work. Whenever he gives work, do the work.” He goes on to say that one should also act politely as part of satisfying the contractor. He tells me that earlier in the day, a situation occurred where the contractor changed plans. An order of shoes was

actually supposed to go on Saturday and the contractor called and said to have it ready on Thursday. He told the contractor that it was not possible. The contractor asked for Thursday. Mr. Sakthi agrees to next Thursday. “Sometimes it happens,” he says. “Not every time, but sometimes.” He knows his position. He feels that he can sometimes change delivery times from 6:30 to 8:30 but that he has his own limitations on how late he can keep his workers. So if the contractor wants him to stay late to complete an order, he knows that 10:00 is not possible. “That time I cannot commit. It’s *pakka* you want to say, it’s nothing but wife and husband.” This analogy is telling. He is the wife, of course, in a taken-for-granted patriarchal hierarchy, and is simply told what to do by the husband/contractor!

Mr. Sakthi explains why he keeps getting work. He tells me that there is no other reason than because he “gives them quality.” He meets his scheduled delivery times and he works politely. “They’re not coming because he speaks well, wears good clothes, or drives a car or scooter, not like that,” he explains. “They say, you go to Mr. Sakthi and he’ll get the work done. That’s the only reason.” He has the capacity. He has the influence over the workers. Not all the factory people will stay up to 8:30, 10:30, or midnight. It is not possible. They leave at 5:30. They will stay a maximum of two hours until 7:30. The workers do not like to stay over. So it is difficult to handle the thirty, forty, fifty people when it comes time to working extra to meet the delivery schedule. You should export by the time you are supposed to export. Mr. Sakthi employs a variety of measures to meet delivery schedules. “If you have to make the workers laugh, then you make them laugh. If you have to entertain them, then entertain them.” It is important to spend time with them, he explains. “Do whatever to mold them on your hand. A-B-C,

finish.” He is the only person and does not have any support. He does the company’s marketing by himself and is solely in charge of daily production. If he needs something at the bank, he has to prepare all the documents. “So in all aspects, I use my brain in such a flexible way. I cannot be hard.” It is exhausting just listening to all the tasks for which he is responsible.

I ask Mr. Sakthi if he sees day when things are more settled and his orders are big enough that he would go off on his own. His answer that he would not surprises me. He explains. You do work in your factory. You can give subcontract work outside. Which one is cheaper? The answer is that subcontracting is cheaper. He explains. When you have workers in your place, you have to pay them a salary. You have to pay double time for overtime; you pay Sunday allowance; you pay rent allowance, you pay ESI (Employee State Insurance); you pay PF (Provident Fund) and then you pay bonus. In every pair you produce, the cost will contain these seven items. So for example, if a contractor is paid 180 rupees by a foreign customer to make a pair of shoes, it will cost them 100 rupees to make the pair of shoes inside his factory. Therefore, he is making 80 rupees profit. He would pay Mr. Sakthi fifty rupees to make the same pair of shoes. Mr. Sakthi then has to make it for forty rupees if he wants to make any profit. That is the reason people want sub-contractors. They make a good profit on it. The contractor has little risk. “I agreed to make it. I make it; that husband and wife thing. He just tells me, here is fifty rupees, go buy some ghee, come home and cook the meal. I’ll eat and fuck.” While graphic and a bit hostile, Mr. Sakthi provides an illustrative metaphor.

Jobworks may exist because it is an Indian response to global consumer needs and the limitations of the Indian economic structure, but it persists, in part, because it is

profitable in its own right. It lowers the cost of labor and allows industry owners and managers to maximize their profits and minimizing risks and obligations because they pass off the risks to vulnerable subcontractors who, in turn, pass on the costs of the system to the workers, whose legally protected rights are subverted.

Production/cost

As part of the globalization process, India's economy has seen steady growth and as a result, its working populations have seen some benefits. However, it is not the purpose of this study to determine who has benefitted from the economic growth and to what degree they have seen gains. These gains have invariably affected certain industries. The leather industry is one such industry.

Small-scale industries have had difficulty in keeping labor. Mr. Kumar explains that there never used to be a problem with the labor supply in the past three to four years, because the economy was doing well in manufacturing especially in garments, textiles, shoes and shoe uppers. However keeping new labor has been difficult the past two-three years – specifically very good labor. People are increasing their rates by ten to twenty percent. The big companies can afford to raise their pay rates. The others, small or medium companies cannot afford to do so.

Mr. Sakthi tells me that you will get workers, but it is a huge competition for them because he cannot go into the village to get them. Big people like India Shoes, Farida Group; these are big people. They have fifteen to twenty buses. The buses will go look for workers in the villages. They pick up people and come to the work area. He can pay 500 rupees tomorrow and still he does not get workers. They pay five hundred rupees less

and because of the mode of transport; they will have no problems getting workers. If at 6:30 pm they leave the factory, they get home by company bus at seven o'clock. It takes half an hour to forty minutes journey. There are no interruptions and transfers. The workers do not have to go stand in the bus stand with the crowd particularly the girls. Mr. Sakthi is at a great disadvantage in his search for labor, due to the larger companies.

Mr. Ameen has had the same experience. He explains the growing sophistication of the workers and their demands. What happens now is he gets designs that the worker would not be able to do in one day. She has to finish the work on the shoe the next day. In that case, Mr. Sharif's cost automatically goes up because she, the worker, says to herself. "I will not earn one hundred rupees in the day," (the worker earns one hundred rupees per pair and takes a day to finish the pair thereby earning one hundred rupees per day) so you have to give me one hundred fifty rupees for a pair (three pairs over three days at one hundred rupees per pair equals three hundred rupees; two pairs over three days at one hundred fifty rupees per pair equals three hundred rupees). That is what decides the cost. It is not that if he gives it to her, she is going to make it at a faster rate. She is going to make it at the same rate and ask for more pay to make up her difference. "So these people are becoming a little wiser about these things. So our labor cost is naturally getting a little high." His rising cost is not just due to labor costs. He also has to invest in his overall worker infrastructure like the facilities in the units outside. He is trying to see that the workers have fans and that they have a television going. They tend to watch whatever they want to watch and they work. "They hate to miss their serials. We do things like that to make it easier for them to come to work rather than stay away." I ask if these kinds of things improve productivity. Mr. Ameen is quick to respond when he

says, “I would say it improves attendance. So there, it improves productivity. Once they are here, they will work.”

Mr. Ameen tells me that if you ask his stitcher why so many foreigners are bringing their orders here, she will tell you it is because it is expensive to make the shoe there. It is only a matter of time before she realizes that it is expensive because they are paying more to their workers. How many years can he hold on to that advantage (of her not knowing the reason) he wonders? He knows he is going to lose this advantage eventually because he has worked very closely with the work force. He has handled the factories that have a union and he is with the unions. He has interacted with the workers and created a personal rapport with them. He tells me that he knows how they are thinking and what they are thinking. So if he keeps getting more and more work, the workers will eventually know why. The moment orders start to decrease, he knows that he is going to feel that pinch. He offers a reason why labor costs are currently low: “The biggest advantage for us is our population. That is why your labor cost is low. The moment the *population* (emphasis mine) decreases, the labor cost is going to go up. It’s natural.”

Training and technology

For certain kinds of work, machines are absolutely essential as they turn out work far better and far cheaper than any hand labor can possibly do. But, on the other hand, in countries like America where labor is expensive, machines often supersede hand labor with a very much narrower margin of advantage and when those machines are introduced into Eastern countries where labor is cheap, the advantages, derived from their employment entirely disappear. It would therefore seem probable that a judicious combination of machinery and hand labor would enable tanning and leather dressing to be carried on with advantage; but the difficulty is to obtain a sufficient amount of skilled hand labor. (Chatterton, 1905, 44)

Training

While the pressure is on to modernize and take advantage of technology, the large pool of labor creates a tension that the managers must negotiate. Chatterton's quote reflects that technological advancements have always been available and have been in tension with the availability of cheap labor. The current emphasis by the industry itself and the change in the Indian economic structure, is toward having a trained workforce, but that means a more highly paid one as well, undermining the bedrock of the Indian industry: its cheap labor.

Bijju tells me that he has had many difficulties in employing the labor force. Hiring the worker is not really the most difficult part but rather keeping the worker is sometimes difficult. His factory has an in-built training program for the workers. He picks people who start up from the unskilled category, the unskilled minimum-wage level and starts training them. Many factories which do not have this system in their own facilities tend to poach these workers after awhile. It is not difficult for the other factories. Once the worker feels “Yes, I know how to do this,” they immediately try to upgrade their salary levels by going and offering their skills to the next company and saying, “I’m trained. I can do this.” It is an on-going process. He does not let that dishearten him. He feels that he always tells his workers “you could always leave us at this point of time and get a higher pay but it will be a short-lived thing.” He tries to tell them that he can give them a ‘carry over’ plan to know where they are going to be and that they could leave now and get a five percent increase in their salary or stay and grow with him and his company. But, what will make the worker look at next year?

People are like that. They live for today. It is India. You live for today - for your next meal. So, it is very hard for the worker in those conditions to ask themselves ‘where am I going to be next year?’ Where I’m going to be the year after that? How much are my skills going to be upgraded if I remain in this factory?’ They just think about the five rupees more per day and go to the next company.

Therefore, he tries to tell the people that the other companies are poaching and that it may be good for them in the very short term but not in the long term. He keeps telling his people that they have to look at their growth prospects. They have to look over a longer period and not look at the short-term benefit. That is what most of the people are

offering them, whereas he is offering them a growth plan. He is offering them a future. He has almost 1,400-1,500 people working for him today and he tries to get his message across to them on a continuous basis. He hopes that people will realize when they see their friends and companions who left the company to go somewhere else that two years from today, they feel they made the right choice by staying on at his factory. Even that process helps him in creating a better work culture and higher retention rates. "So, it is not something that the people understand. It is not something you explain to somebody and they think about it and say 'yes, I will try it.'" Bijju tells me that he does not expect the workers to stay forever. If a person stays for between three to five years, it would be very ideal. He could recoup his cost of training. Most of the workers that leave him leave within a period of one to two years. The workers who cross that time frame tend to stay. That is the most important thing for Bijju. He just has to get them through the first year because the first year is the year that they learn the skill and have the greatest temptation to leave. The first year is where they can immediately get a raise by just jumping across to another company and selling themselves accordingly. When they first are hired, they have no knowledge and work experience. They are also young people. The moment they know something, they go to the next place and tell them they have experience. He explains to me that this is why he says they do not have a road map to see the future because they just think 'if I go there with my knowledge today, I could get a higher pay,' and they just leave.

Bijju sees a shift occurring in the industry. He thinks there is a generational change-taking place in the industry right at this point of time. Other people his age are finding similar problems to him and are dealing with these problems totally differently

from the way his parents dealt with it and the way their parents dealt with it. “So we all look at professionalizing at least to a certain extent.”

Technology

The question of upgrading technology runs parallel to that of training and also structures a set of ambivalences. Bijju also has his difficulties with implementing a factory setup that relies on technology. Technology is now at a standard that is more or less equal to worldwide standards, he tells me. The Indian leather industry is not anymore a cottage industry. It has the technology and it has people who know how to use it, he claims. The industry is not totally on the forefront but that is because it does not want to be. “We want to utilize our strength of cheap labor. We don’t want to rationalize it to such an extent.” Besides a large labor pool, power fluctuations help minimize the advantage one could gain from technological advancements. He feels that as far as machine technology, India is technically quite an advanced country in shoe making-- probably more advanced than traditional shoe-making countries like Italy or more advanced than most of Italy. As far as the production side is concerned, he definitely feels that India needs to really look at its labor force. India needs to educate them and make them aware of what consequences arise from their doing the job good or bad. Sometimes he feels “our people are not aware of what they are doing.” They just blindly follow instructions without thought. Sometimes the instructions are themselves not very clear and then the workers end up doing something very bad. The managerial forces need training and education also. “We always think anybody who can make a good shoe on his own, would be a good production manager or supervisor, but to run production-- to

manage people is a totally different thing.” This is the model traditionally followed. The industry has not trained its supervisors and managers to be supervisors and managers. They have trained them to be experts in shoe making, but their supervisors and managers need not be experts in shoe-making and that is one of the reasons their productivity level have been consistently lower than the rest of the world. “We are good shoe makers but we do not produce enough shoes to make us competitive.”

Mr. Pathak recognizes that the labor pool is large, but he seems willing to take advantage of a more mechanized factory. He knows with increased mechanization, he will need a worker that is more skilled and consequently higher paid. He tells me that the workers are paid less everywhere. So, it is not only Mr. Pathak that is doing it. It is the normal trend everywhere. The main reason for doing it this way is that if one person quits there are four other people waiting outside the factory for the job. It is not difficult for the employer to find the worker in Mr. Pathak’s case. “If a worker wants to quit, saying he is not paid well, fine, you can go. Four others are waiting outside. So why are you quarrelling about work. There will still be workers.” Now, slowly the workers are getting more knowledgeable about pay levels. They know that skilled workers should be paid more, something that was not the case before, he tells me. Skilled workers are identified and are paid more. Their status is improving, particularly those who can operate the machines and can perform some operations in leather-cutting. That is a major area of need. However, he tells me that too many mistakes still get made when cutting the skins so that is where the cost-control is lost. Therefore, in this area, he needs workers that are more skilled.

Bijju finds that sometimes chasing technology becomes a mentality of the factory. It is not a prerequisite for success. “People just want to be on the forefront and they do not need it! Sometimes, people are just driven by the dream of being the most technically advanced company, which does not make the product any better,” he insists. Moreover, he claims that buying the latest machinery does not necessarily improve product quality and lower costs. It will be obsolete in a certain period and you will have to do it again because you are chasing a height that you will never reach, he explains. In other words, the chasing of technology is a bottomless pit that cannot be filled. The technology always improves, so you have to get a new machine!

It is best simply to concentrate on making shoes, because that is possible. If the new machine could make a better shoe, then consider buying it, but do not do so just because it is the latest in technology. He tells me that at the moment, he does not see machines saving money. Shoe-making will always be a highly labor-intensive industry. It will never be automated or mechanized to such an extent that one can save money from it. “A man has to still stay there and cut.” For one reason or the other, leather is just a product that is very different in this way.

Mr. Venkateshan, however, believes that the production process in the future has to be more mechanized and automated, leading to a need for higher skilled workers. Companies still need manpower to run the machines, however; it will be a semi-automatic process. They need to train the people to be multi-skilled; the one-skill level worker is not adequate. For example, a folding girl or a stitching girl should be multi-skilled. A stitcher can be a folder and a folder can be a stitcher—a stitcher of components, for example. If he can do that, the worker will get more money because he

does not need to give a hundred people jobs in that case. He needs to give only 70 people jobs but will pay for 100 people. Because the output is good, they will keep their share of the money. They need to be trainable at a higher skill level so they will get more benefits and Mr. Venkateshan will have less manpower with more production. The productivity increase will benefit the company as well as the workers.

De-Skilling

As we have seen, some managers are trying to hire a higher skilled worker to take advantage of modern machines. Others, however, take a different approach, using rational, social organization and new technologies to reduce the amount of skill required by the average worker. Harry Braverman (1974) coins the term *de-skilling* to describe this process. As part of a larger deprofessionalization that is occurring in bureaucratic settings, de-skilling serves, in part, to get skilled labor removed from the production process by breaking the process into smaller pieces that require little to no skill. The net result is paying unskilled labor instead of very skilled labor. In the United States where there is a large pool of skilled workers, de-skilling is seen as a way to cut labor costs that displaces the skilled worker. In India however, the process may actually serve to take advantage of its large, unskilled labor force.

Mr. Krishnasswamy describes his approach. He takes many illiterate people in his area but will only get a little out of them. It takes about three to four years to train a worker. He does not have time to train them that long so he has changed his tactics. He takes only high school laborers and pays them better. He pays them much better. Mr. Krishnasswamy says that he picks high school laborers and then “we de-skilled the level

of employees.” He uses a lot of jigs and fixtures, which takes down the skill of the employees by thirty to forty percent to ensure high levels of accuracy. This process yields very good results because his quality levels are very high and much better than before. This is a major step that requires significant restructuring of the factory.

He clarifies that he does not hire high school laborers because he is trying to get a higher educated person. The high school worker can learn his company skills faster. If he takes the less educated worker that may have worked in another factory previously, then most of the time the worker has to unlearn what they have learned there and Mr. Krishnasswamy has to teach them anew. He provides a good illustration. Like a painter, the worker will know how to paint with a brush, but give him a roller, and it will never work. He will swear, and make sure the roller will never work. So, either you take a new man and train him on the roller, or you spend a lot of effort to train the paintbrush person on a roller. He finds this mindset problematic. He clarifies that in leather products manufacturing, you will need more skilled people than educated people, but in tanning, you can do with much less skilled people and you will be okay because it is more dependent on machine work.

Mr. Venkataramanan expresses a similar practice. The women he hires are usually unskilled. Each machine needs a skilled operator and the people who are helping them would be unskilled. When he takes more unskilled labor, he tries to mechanize them in other words, “de-skill” them. He tries to reduce the skill they need by putting in a proper conveyor system so that he can reduce the scope of each worker’s involvement in the production process. Most of the women he hires are unskilled and out of that, a few get into the skilled group by brushing up on their learning and by being smart. He

clarifies that it is not that we do not recognize them. He gives them an opportunity and they also can take advantage of it.

Mr. Venkataramanan also observes a gender element to the work, claiming that he does not have many problems with female workers. Indian women have a habit to socialize a little bit, he admits, but in the end they are more reliable. He is able to find a balance with them and socially, he is happy to know he is employing women.

Mr. Ameen's specializes in a handcrafted leather product requiring a process does not follow the same production as the traditional leather product. What he does is a "very high labor-oriented product." He does not have large production units, because it is difficult to manage so many people in one area. So, what he does is create small clusters where he has a manager or a person in charge of that unit and that person controls the work, twenty to thirty people. He supplies the raw material for that process. He cuts the leather into strips because for the shoe he produces, the process is like braiding hair. For that shoe, the raw material is leather strips. In this way, he does not have to train the women in cutting the leather into pieces or once braided, gluing the sole.

Industry losing high end talent

As much as the industry is arguably benefitting from economic globalization, it is also losing out to other Indian industries. Mr. Malhotra says that the industry is losing India's talented people. At one time very talented people were going into leather, but now Indian IT as well as other industries are taking them.

Mr. Krishnasswamy concurs with this pattern. He tells me that it is becoming very difficult for the industry to get good people in the future because you have to get your

hands dirty. It is a tough floor job. “It is a difficult job,” he explains, “and there is hardly any owner if you ask him, ‘Would you like your son to come into the business?’ Ninety-five percent of the guys would say no.” These owners themselves are sons of former owners, but they do not want their sons entering the business. His son went to engineering college in India. His wife asked him, “Aren’t you being foolish by not allowing your son to come into the leather industry?” He tells his wife that the best thing he could do for his son is to tell him to “buzz off” from the industry. He doesn’t want his son to come anywhere near the industry.

Mr. Krishnasswamy is glad that his son did not go into the industry because the sort of salary the industry is willing to give a new leather graduate from university is only ten thousand rupees. The software guys come and pick recruits “by the bus load.” Three thousand people a month are recruited and they pay a starting salary of twenty to twenty-five thousand a month minimum. “So unless the guy’s head is in the wrong place, he won’t choose this industry.” So to attract good people, it will be difficult. One wonders how much the stigma of the industry plays into this decision.

Conclusion

The Indian leather industry, in moving from a historical to a global capital model, is creating a sociological ambivalence reflected in the performance of the industry itself, the personal and professional lives of its managers, and addressed in the pages of its journals. Caught between conflicting role demands of traditional Hindu culture, with its stigmatization of leather work on the one hand, and the expectations of a global capital manager on the other, the captains of the leather industry in India face conflicting demands and oscillate between the requirements of the historical model in which they were trained and the global capital type into which they are now thrust by a rapidly globalizing economy. The managers at times seem eager to embrace this change and at others appear confused about how best to proceed.

What follows is a comparison of the types.

| HISTORICAL TYPE | GLOBAL CAPITAL TYPE |
|--|--|
| <p>Mostly rural. Workers are provided by occupationally-based caste. Pulled from the <i>Dalits</i>, castes like the <i>Chamars</i> and <i>Chakkiliyars</i> etc. perform tasks associated with carcass collection, flaying, tanning and shoe-making.</p> | <p>Semi-rural and urban. This industry is less cottage-industry and more formal, and organized. The workers still come from the same caste-groupings. However, now they include other scheduled caste-groups or <i>Dalits</i> that are poor.</p> |
| <p>Small-scale. As a nod to Gandhi, the Indian government has promoted small-scale businesses. Most of the leather industry firms in the historical type are small-scale businesses.</p> | <p>Large-scale. In an effort to match the Chinese leather industry and meet the needs of the Wal-Marts and Targets of the world, the Indian leather industry wants the ability to get larger faster. They believe economies of scale are more efficient and profitable under large-scale industry status.</p> |
| <p>Over-specialization. Tanners tan one kind of skin and they only tan. Shoemakers only make shoes. There is not a custom or desire to control more than one part of the commodity chain.</p> | <p>Diversification. There is a custom or desire to control more than one part of the commodity chain. Many tanneries own shoe or garment production units or vice versa. Though some tanneries specialize in specific types of hides or skins, the trend is to be flexible and meet the needs of any customer and to work with any kind of leather.</p> |
| <p>Gender. Women that worked in the historical type were wives of <i>Chamars</i> and other untouchable groups responsible for leather work. They worked in the home as unpaid labor.</p> | <p>Gender. Women are now encouraged to work in the factories. The leather industry touts its ability to higher weaker segments of society part of which includes women. Women in this type create ambivalence for communities that are concerned about women's reputations and "honor."</p> |
| <p>Labor. As the labor pool is drawn from the lower castes, the attitude towards them by management is that they are low-caste, uneducated and unprofessional. Labor laws are restrictive to business. Firing is difficult and has a consequence of limiting growth. Unions, frequently caste-based,</p> | <p>Labor. The labor pool is still drawn from the lower castes. Labor is losing much of its power. Many industrialists would like sweeping labor reform particularly in "hire and fire" policies.</p> |
| <p>Religion. The organized sector of the industry is mostly controlled by Muslims as they have no prohibition of working with cowhides. Stigma, however is unavoidable.</p> | <p>Religion. The organized sector of the industry is still dominated by Muslims, as they have no prohibition of working with cowhides. However, Hindus are entering the industry. The journal narrative sees no religion in the industry. Stigma, however is unavoidable though somewhat diffused in its impact on the individual.</p> |
| <p>Cow. The cow is still sacred and has been used as a putative Hindu symbol in cow protection movements.. Because of a drought, and the pressure brought on by the need to earn income, many people sold their cows as the cows' hides were now worth more than the emaciated cows. This event spurred a pattern of exporting Indian hides that continues.</p> | <p>Cow. The cow is still mostly protected by popular Hindu sentiment. However, managers and owners regularly source their cow skins from abroad to avoid slaughtering indigenous cows and disturbing local sentiments.</p> |

Table 4.1: Summary of the types

It is at this point, where economic globalization meets Indian culture, that we find the focus of this inquiry. Can Robert Merton's concept of *sociological ambivalence* help explain the effects that globalization has on cultures? How do we study globalizing forces and their impact on the daily lives of people? Large-scale social changes at the global level have precipitated internal struggles at the social psychological level as India enters the twenty-first century. Merton (p. 7) focuses on "processes through which social structures generate the circumstances in which ambivalence is embedded in particular statuses and status sets together with their associated social roles." Simply, when there is great social change at a structural level, individuals experience tension between the old and new societal expectations. **This societal tension creates role strain for individuals as they are unsure of their expected paths during times of intense societal change.**

Our examination of the trade journals and manager interviews reveals how these tensions are played out and addressed by individuals straddling contradictory worlds on a day-to-day basis.

Overview

The Indian leather industry has long been a foreign exchange earner for India's economy. It ranks eighth in foreign exchange earnings among India's industries. The workers in the industry have historically come from the lowest castes and from Muslims who do not have the Hindu prohibition against working with leather. Because of the Hindu prohibition against cow slaughter, India has historically had one of the largest livestock/cattle populations in the world – even the Hindu nationalist BJP government recognized the economic potential that represented. Despite this large raw material base

however, India's share of the world's leather exports have remained relatively low at one or two percent, although it recently reached a new high of three percent. China, in contrast, has rapidly moved from a share similar to India's thirty years ago to leading the world in export percentage at just below twenty-five percent. In terms of economic success, China presents the more fascinating case. It is the cultural elements of Hinduism and the related issues of caste, stigma and pollution that undergird the India leather that makes this case the more sociologically significant of the two. While the manager and journal may not mention caste or religion as a problem, it permeates most aspects of the industry in a domestic setting. Both the journal and manager narratives ignore energy problems, but there are problems related to consistent energy supplies in India.

With the liberalization of the Indian economy in the 1990s, its industries had unprecedented new opportunities for growth. Some sectors, notably the information technology (IT) industry, have grown very successful and enjoy an exemplary international reputation. The leather industry, in contrast, despite possessing an excellent raw material base in goat skins and an abundance of cattle has remained constantly low in terms of the world share in leather exports even though its total dollar amount has increased to around 3.5 billion USD in 2008 after earning around seven million USD in the late 1950s and jumping to 600 million in the early 1990s as a product of the government's desire for the industry to produce value added products. The industry has underperformed given its inherent strengths. It suffers from many of the problems other Indian industries face—a lack of capital investments, poor infrastructure, little ancillary support and overly bureaucratic government regulations. The leather industry, however, faces the stigma associated with Hindu notions of purity and pollution.

The historical type of the industry is characterized by a reliance on the lowest castes—*Chamars*, *Madigas*, etc.—collecting hides and skins of fallen animals and tanning their hides. This work was foul, polluting and unhealthy. Lower castes, untouchables or *Dalits*, were expected to do society’s “polluting” work. They were the recipients of the impurities in society. They cut hair, swept streets, cleaned latrines and handled carrion. The historical leather industry labor pool was dominated by workers from these Hindu groups and by poor Muslims who did not have the religious prohibitions against cow slaughter or working with carrion and lacked economic opportunity elsewhere.

The industry operated in an economic structure that supported the maintenance of small-scale industries as a legacy of the nation’s father, Mahatma Gandhi. This promotion of small and village industries – combined with Nehruvian socialism – created conditions in which the firms in the leather industry remained historically small. India specialized in vegetable tanning—the famous East India leather (EI leather)—as they possessed the necessary raw materials in abundance. However, in the 1970s the government decided to implement a program to move the industry up the commodity chain in an effort to gain more foreign exchange. Support for small-scale industries and the license permit raj instituted under Indira Gandhi’s rule severely limited the ability of the industry to grow.

After the liberalization of the economy began in 1991, India’s leather industry moved towards a global capital type modeled after the large-scale organization privileged by international trading practices. Many of the bureaucratic regulations that had slowed growth and innovation were removed. As part of GATT and the WTO, the Indian

government was forced to remove restrictions on the export of hides and skins and they began the process of reducing subsidies to leather product manufacturers. Duty drawbacks were eliminated for duties charged on imported materials. In the global capital type of the industry, the industry benefits from the relocation of leather product manufacturing from European countries to India, a process facilitated by rising labor costs in Europe and growing environmental regulations there.

While India's leather companies initially benefited from their lax attention to environmental issues, the industry has not been able to escape dealing with the issue. First, the industry came under fire in India for polluting water tables with their tanneries. Then the global consumer demanded lower levels of toxic chemicals in exported leather. Indian leather producers struggled at first to adjust to these "extra" requirements.

As India's economy became more integrated and dependent on foreign markets, their companies faced growing pressures from global retail customers to change social conditions. The leather industry, as already mentioned, faced growing difficulties in meeting the environmental regulations from the EU. PETA put pressure on the industry for the way cows were treated on the way to slaughter. And manufacturers faced growing scrutiny from large buyers for child labor and poor factory working conditions.

The industry in this type is moving towards a Chinese model of production in that they are promoting policies that allow for more liberal labor laws. Managers want to hire and fire with more flexibility so they could respond more effectively to the world market demands. The small companies are not able to meet the needs of the Wal-Marts and Targets of the world with their current labor situation. They want to expand their ability to produce mass quantities. In this ideal type, bigger is better.

The Indian leather industry is also trying to control certain aspects of the world market process by paying attention to fashion trends. The industry is producing its own colors and styles of leather for the fashion world to accept or reject. They want to dictate to and shape the industry rather than just reacting to it. The ability to produce these colors and textures ahead of time saves the manufacturers' precious production time when getting their product to market. A globally fashion-conscious manufacturer can also anticipate his customers' needs more effectively when he knows the importing countries' tastes.

The role of technology in this type is not yet clear, since a major strength of the Indian leather industry is still its large labor force. Because of the surplus labor force and its ability to exploit female labor for the most unskilled, simple jobs, Indian leather product manufacturers are able to keep labor costs down and consequently make very competitive bids to foreign customers. There are some indications that the larger firms would like to move to more mechanized production processes but to do so would be to discard an important resource in its local labor force.

In the historical type, companies chose either to tan or to manufacture leather products. In the global capital type there is a tendency to control both parts of the commodity chain. Some managers use one plant as a captured plant to produce leather for their products or have the other plant to take advantage of cyclical price drops between leather and leather goods. The growing narrative, however, as seen especially in the industry journals, is to produce a fully finished product so as to not continue a neocolonial relationship with European customers. Some companies are trying to control

many levels of the commodity chain while others are satisfied sourcing materials from anywhere the cost is affordable.

The workers in the new global capital type continue to come from the usual low caste groups. At least in this area of Indian industry, there has been little social mobility. As it was in the *jajmani* system where upper caste and lower caste Hindus had a reciprocal relationship based on functional obligations, conditions have changed very little for lower caste groups. While it is no longer the responsibility for these caste groups to pick up dead animals for tanning, the factory labor pool still comes from this traditional source. As a group, they are still poor, under-educated and unhealthy. They continue to carry the stigma of working in a polluting profession though they may see some small benefits in wage increases.

Muslim workers fare no better as they too come from a poor, uneducated background. A government report (Prime Minister's High Level Committee: Cabinet Secretariat, 2006) recently showed that Muslims are worse off economically, socially and educationally than the *Dalit* ("untouchable") groups. Some consider Muslims India's new under-class. In this respect, very little has changed for the potential workers in the leather industry. These are not the groups that the IT firms of India will recruit.

The industry in the new global capital type is presenting itself – especially in the pages of its journals – as a sophisticated, modern, technologically advanced industry. The presentation of self is aimed at both a global audience and an Indian audience. The old image of a backwards, low caste driven industry is The reality is situated between the two types discussed in chapters two and three and the conflicts between the two are mediated on a daily basis by the managers and journal editors. The industry's response to

globalization and indeed India's response has been diverse, because its traditional workers and the industry itself are taken-for-granted resources of modernity.

Findings

The captains of India's leather industry are striving to mediate the two contradictory social organizations within which they live and work. The most obvious example of an attempt to structure a compromise between the two types examined here is the development of "jobworks", a social organizational product of the tension arising between the constraints of India's economic and cultural structure, on the one hand, and the demands of the global market, on the other. In other words, it embodies the very tension that exists between the historical type of the leather industry and the global capital type that is rapidly emerging. It reveals the structural strains between an industry that was highly decentralized, unregulated, unorganized and small-scale versus one that is more mechanized, professionalized, and global.

The global capital type has driven India's leather industry up the commodity chain to earn larger profits while trying to capture the shifting manufacturing base of the global market. This interaction of (not the transition between) the two ideal types is a product of economic globalization. The historical type of the industry still exists, especially in India's villages where most of its population resides as supported by the following description,

But for a country like India where industries are located in the tiny, rural, semi urban and urban sectors coexist, with of an admixture of totally unorganized, semi-organized and organized sector, industries at the cottage, village, tiny rural small-scale, medium scale sector production. (IL 38, 6, 34)

The transition to the global capital type is far from complete – though the traits of the type are repeatedly articulated in the industry journals.

At the intersection of these two types we find *sociological ambivalence*—the processes through which firms generate the circumstances in which ambivalence is embedded within individuals' social roles. The managers are situated in society to *know* the global expectations of the consumer and the rules under which they will now have to operate as per GATT and the WTO. The managers are charged with translating this newly emerging set of demands into action under the historical expectations of a manager – hire from lower castes; use unskilled workers; and for Muslim-owned companies, do not pay a large salary to people outside the close family. Another area of ambivalence concerns women working in the industry. The CLE webpage and materials tout among their accomplishments that they hire many people from the lower strata of society including women. One issue that is absent from the manager and journal narrative is the potential for fraternization among the workers. In a study on female workers in a Muslim-owned Tamil Nadu tannery, the author contends that a major change in society rules have occurred in the factory setting that challenges the assertion of religious and social traditions (Venou, 2004). On the factory floor of this factory situated in a small, south Indian town, the women have an opportunity to form relationships based on affinity rather than along the traditional lines of neighborhood, caste, and family. This interaction initially gave factories a bad image as women, single and married, mixed in a *man's world*. This environment became problematic particularly for Muslim women in this town who follow *pardah* and wear the *burqa* (Venou, 2004). The strict sexual division of society is difficult to maintain in this kind of environment. This new work arrangement is

a feature of the global capital type that was not existent in the historical type of the industry where women worked at home as assistants to their husbands as part of the family economy. The village cobbler or tanner of the historical type used the family to deal with work orders.

The author of this study briefly addresses management and their strategy to deal with women in the workplace.

To prevent reticent towards them and potential problems, some establishments' management organizes a separation of men and women (e.g. separate rings or rooms, staff buses exclusively for women) in order to reduce mixing among workers of different sexes. In that way, companies who employ a majority of women may appear more secure in their families' eyes and to members of the Muslim community. (Venou, 64, 2004)

In the global capital type, women do not just work in leather or work for their husbands who are caste-obligated to work in leather. Women are working in the organized sector and in factories which bring them in contact with different religions, castes and with men. All these things challenge local, religiously enforced social roles. As the quote illustrates, management is sensitive to this new expectation causing a negative reaction in the community as, again, we see the tension between the two types. Women were not expected or even permitted to work in the organized sector in the historical type. Conversely, in the global capital type, female employment in the industry is promoted and supported as a positive development. The tension between these conflicting polarities must be negotiated by the managers as the local communities experience their own ambivalence about women working. There may be religious manifestations of female control in Hindu and Muslim households, but both communities

have reason to mistrust having women in the workplace where they are out of reach of familial control. The individual families or communities experience sociological ambivalence, but it is the manager class that is positioned to find ways to negotiate the change.

The managers are faced with new expectations that conflict with old models of addressing labor and production issues and the industry journals are crafted to assist them in the process. The very organization of their product line is changing. They no longer can expect to *just* tan leather or *just* to produce shoes. They must now decide if they should own the tannery that sources leather for the shoes they make and if they should also design the packaging for their product. Bijju typifies the managers' ambivalence in this tension between the two types and provides a summarizing case for this entire exploration.

I ask Bijju if he will hold on to his tannery. The Indian trend is to participate in leather production *and* leather products manufacturing. However, as some of the managers point out, no other country follows this model. Bijju elaborates. In the traditional Indian perspective on leather shoe-making, then the tannery is the engine that drives the process. The biggest shoe factories in the world don't own a tannery. They know almost nothing about making leather. For these large factories, leather is like a lace, an eyelet, another material. "For us, like you said, the Indian, it's our material. It's the main material."

As a third-generation participant in this field, he would like to follow his father and grandfather and concentrate on the tannery. However, he finds that he concentrates mainly on the shoe factory and spending more time there; consequently, he finds that his

knowledge in the tannery is not as extensive as it should be for someone who runs a tannery. He now faces the task of running the tannery without really having a good knowledge base about how to do so. In contrast, he has been in the shoe factory ever since the time he started to work. Predictably, he has a very good working knowledge of how things run but feels he needs help on the tanning side. Bijju feels that he has a reasonably capable tannery but in terms of productivity and new product development, they are not as good as they are in the shoe-manufacturing side of the business. He takes personal responsibility for that failure.

Because Bijju's father and grandfather are both moving out of the business, and because he tends to concentrate all his time in the shoe factory, he wonders if he should hand the tannery over to a specialist to run it and not use someone who has to report to him constantly. This, of course, addresses his question of professionalizing the industry. If he does not hand over the tannery to a specialist, he will have to learn more about the tannery with the help of consultants and technicians and not spend time on trying to grow the shoe-manufacturing part of the business, an area which needs his urgent care. Bijju clearly wants to spend his time in the shoe-manufacturing side of the business, but is concerned about closing the tannery. Bijju tells me that it is very, very important that his shoe factory does not suddenly face the possibility of his tannery suddenly closing down. The company was originally based more on the tannery, but since Bijju took over the company about seven years ago he has changed the company's face totally. The company has gone from being a shoe-uppers supplier to a manufacturer of full shoes. A sign of their advanced position is the presence of a full-fledged designed department. When he took over the company at the end of 1998, he employed about four hundred

fifty people. Since then the company has grown about 25-30 percent each year. He now feels that he is at the forefront of the industry not in terms of size but because of its quality and stature. He is not as optimistic, however, about the tannery. He has the structure, he tells me, but not the research and development capacity. Bijju comes back to the issue of professionalization. He believes that he is at a crossroads and believes that a lot of other companies run by men in his generation are facing the same choices. These people are dealing with basic issues in a totally different way from the way their parents dealt with them.

I ask Bijju if he is prepared to meet the demands of a growing industry once economic globalization takes root in India. He tells me that he would be very happy if that happens because it would substantiate his decision to keep the tannery and the shoe factory – if he did not believe that things would grow in India, he suggests, he would have gotten rid of his tannery. He really considers himself a shoemaker and not a tanner but realizes that the tannery is backward integration that potentially helps him. Unlike his father and grandfather, the tannery is a division for Bijju like his sole plant, his cutting back manufacturing unit, or his embroidery unit. These units are all supportive units to his shoe factory. Though each of these units is an individual profit center, their main function is to support the shoe-making unit. That is his primary goal and that is the reason he still keeps the tannery. He still envisions a future where the demands on Indian leather will be huge. He needs the tannery if the explosion happens. The tannery becomes very important if India's industry takes off.

Explanation

In his discussion of sociological ambivalence (1976), Merton first generally distinguishes it from psychological ambivalence. Next, he points out that sociological ambivalence can occur when roles associated with different statuses come into conflict. Bijju's case exemplifies this conflict as he occupies the multiple statuses of son and factory manager. The role of the son, on the one hand, is to remain dutiful and obedient to the father. The role of the manager, on the other hand, is to govern his workforce efficiently to maximize profits-part of which means paying the workforce a competitive wage for their work even when his father objects to his doing so. There are different roles associated with the manager status that are in conflict. Historical type managers fill a paternalistic status with their employees whereas in the global capital type as articulated in the manager narratives, there is an emphasis in having a more professional relationship with the workers.

What about the conflict within the status of Indian leather industry manager? Again, Bijju's case is exemplary: he is caught between two sets of competing expectations, rights, obligations and duties. In the historic type, Bijju's father kept the company a certain size; one where he made all the important decisions and his decisions were seldom questioned by anyone. Because of his high level of responsibilities, he had no obligation to pay his staff very high wages. In the global capital type however, the son Bijju wants to grow. He is already at a size where he is not able to manage all aspects of the company. He must delegate responsibility to qualified staff, but he is operating on a new model for which he has no precedent or socialization, as are his employees. Despite getting more responsibility and pay from Bijju, the workers remain hesitant and even

outright resistant to their new roles. Bijju is exasperated as he recalls how they keep calling him to ask very basic questions. The workers are unwilling or unable to take on their new roles in the global capital type. The managers must now negotiate this tension.

A similar tension emerges in the issue of the commodity chain. Not all Indian managers have decided to follow the Indian model of controlling the commodity chain. Some have decided to remain owners of either a tannery or leather product manufacturing unit only. Bijju tells me that the Chinese are currently weak in tanning leather and have decided to make use of Indian tanneries to remedy the situation quickly. If India were to eliminate their tanneries to move up the commodity chain as they did in the past when they moved from semi-tanned leather to finished leather and leather products, then they would be giving up the only ace in their hand. Bijju tells me that everyone is aware of this fact. Consequently, the industry needs to keep the tanning segment going. Bijju believes that the tanneries need to remain flexible. I ask him to elaborate and he explains that the tanneries need to be able to work with different hides and skins. They should not limit themselves to just one specialization. Of course, this sentiment is reflective of the global capital type. Bijju also wants to keep this part of the market in Indian hands as even the Chinese realize that India has good tanners and will source leather from India.

The trend has moved not towards sports shoes but towards casual shoes where the materials are similar to sports shoes. Most of the people today wear casual shoes and not the traditional moccasin or the derby, the oxfords with the high shine. Things are more casual especially in America. He tells me how you can see people go with Nike shoes to the office. He believes that is why the Chinese have been doing quite well in shoes. As such the tanneries are the only ace India holds in competition with China. That is why

most of India wants to retain the tannery. They want to retain that special part of shoe making and hope that it becomes stronger in the world so that they will be kept busy for some more years to come and it does not move totally towards alternative materials and alternative shoe making.

Economic Globalization

Some people have seen economic globalization as a harbinger of freedom and democracy while others have vilified the process as damaging to local cultures and disastrous for indigenous peoples. In the Indian leather industry, we see that the industry has been presented an opportunity to grow and earn substantial capital in the global market place. Despite gains, their success has thus far not approached the rapid success met by the Chinese leather industry. India has the history in its industry to match the craftsmanship and style of the Italians but it wants the capability to match the high volume production of the Chinese. It appears, for now, they are attempting to do both things. Their historical strength has been in niche marketing to European customers. However, because of their desire to take advantage of economic changes in India, the industry is promoting a Chinese model of production amongst the manufacturers in the leather industry.

If one assumes that globalization is now everywhere, then what has been the impact in India? Has India impacted globalization? There is a dialectic in the interaction and it may be difficult to discern which way the causal arrow is pointing. However, in an effort to meet the demands of global customers for larger orders and protect themselves from the risky proposition of hiring more employees, managers have opted for the

jobworks compromise. While jobworks appear exploitative of labor as it circumvents legal protections for workers and it is considered an ineffective way to produce goods, it does offer greater flexibility in the short run for leather product manufacturers. Until the industry, labor and government can find a solution that allows workers to be compensated for temporary or seasonal work, then jobworks will continue to thrive.

Many elements of culture will ultimately have to change for the leather industry to fully realize its capacity. The usual suspects have kept the industry lethargic for many years. Poor roads, shipping, communications, all elements of material culture, have contributed to the modest rate of success. Despite the need for better-educated workers, the industry continues to hire from the usual groups of underclass citizens. The workers, facing their own ambivalence about working in a culturally and physically polluting industry, exert what some consider cultural flexibility in their absenteeism. It is not necessarily a sign of backwardness and unprofessionalism amongst the workers of these lower castes but a kind of subtle resistance. This is an area that could be furthered explored by other researchers as it was beyond the scope of this investigation.

The relationship between the Indian worker and the manager is very paternalistic. Despite statements concerning the lack of education, training, or professionalism on the part of the worker, it is the managers who often engage in behaviors characteristic of the historic type of the industry. This relationship is perhaps more pronounced in Muslim-run companies as the data suggest that Muslim companies are family-structured and pull from the local Muslim community. As Hindu-owned companies are more a part of the global capital type, it would be beneficial to examine whether stratification along caste lines are continued, exacerbated or simply reified.

An early hypothesis of the study was that as economic opportunity increased for the leather industry, the pressure to slaughter cows would increase. I felt this could cause problems for the workers as well as the industry. There could be growing frustration aimed at Muslims and lower caste Hindus profiting from cow slaughter. However, based on necessity as well as expediency, managers have simply sourced their cow skins and cow leather from other countries. When confronted with the need for more cow skins, the managers avoided the issue in India altogether by importing the product. India still continues to have a large bovine population with little animal husbandry and will face growing pressure to improve that area as skins become more and more expensive to import—particularly when India already has its own large source available. This pressure to use indigenous skins continues to challenge the cow protection sentiments in traditional Hinduism.

The industry in the global capital type will take its own shape in India. Although the global type is diffused worldwide, it is received differently everywhere and local cultures shape its form. As the industry moves in the future to poorer countries in an attempt to exploit cheap labor, they too will exhibit their own unique form of the global capital type. India is finding its own manifestations of the type, reflected in the industry's journal articles and the responses of managers to my interview questions. As discussed earlier, China had similar levels of production and global leather share as India 30 years ago. However, China has moved well ahead of India in a very short time. Using the ideal type as a methodological framework, it would be an interesting area of inquiry to compare India and China's leather industries' transitions from the historical type to the global capital type.

The dissertation makes use of Weber's ideal types as a methodological tool for examining the impact of globalization on culture. While the temptation may exist to quantify the change in Indian culture, quantitative measures fail to capture subtle changes in thinking that have longer-lasting impact. The ideal types are a construct whose strength is in illuminating one type of causal connections. The two types represent types of the industry as it may exist in developing countries seeking to take advantage of economic globalization. As such, the types provide a ready category from which to examine social change.

Economic globalization has been blamed for exacerbating the problems of the poor as they lack the capital to take advantage of changing economic rules. This dissertation offers a research site for examining the changes in culture brought about by economic globalization. Sociological ambivalence is a product of this rapid change. Sociological ambivalence is the embodiment of the tension resulting in the collision of the two types. How this tension is resolved is not the focus of the dissertation, but is a topic for future research. What are the coping strategies that workers during this transition? How are these strategies for workers different than the strategies for managers?

A central feature of the industry has been its employment of the lower castes and poor Muslims. Though people may not explicitly state that caste is an issue or that notions of purity and stigma affect the workers, very little has changed in terms of social mobility for the worker. The managers, however, have less stigma attached to their work, but still have to manage their impression in society. Again, what is the difference in terms of social mobility as it relates to caste and class? Does culture win in the Weberian

framework or does the rationality of economic globalization? Again, cow protection sentiments and the stigma associated with the leather industry and with leather work specifically have not disappeared and is not expected to do so anytime soon. At the same time, change is occurring and economic globalization is precipitating change at the structural level.

The change in Indian society is easy to see in material culture. Many families have access to two-wheelers (scooters and motorcycles). Women and young women are driving these two-wheelers. On Sunday nights, many families eat in the local restaurants where one would only find men-only groups in the past. Many people own cell phones and have access to the internet. One can find Subway franchises, Pizza Huts and McDonalds in major cities. However, the more subtle, but longer-lasting, change has to do with non-material culture. The managers are striving to re-define risk. In the *historical* type, there was no social security and with the planned economy guiding economic behavior, managers and owners had very little reason to take large risks e.g. take large loans to grow larger. Credit was a concept the fathers and grandfathers of the *historical* type in which they did not believe. An area of inquiry I was unable to pursue is the generational conflicts concerning business practices. The differences are being talked about in informal discussions but no systematic, academic account has been given. One older man told me some irritation that the young people today “only want to go for loans. No one is happy with slow, steady growth.” The older generations are happy with their projected earnings whereas younger owners are willing to gamble on getting bigger, faster.

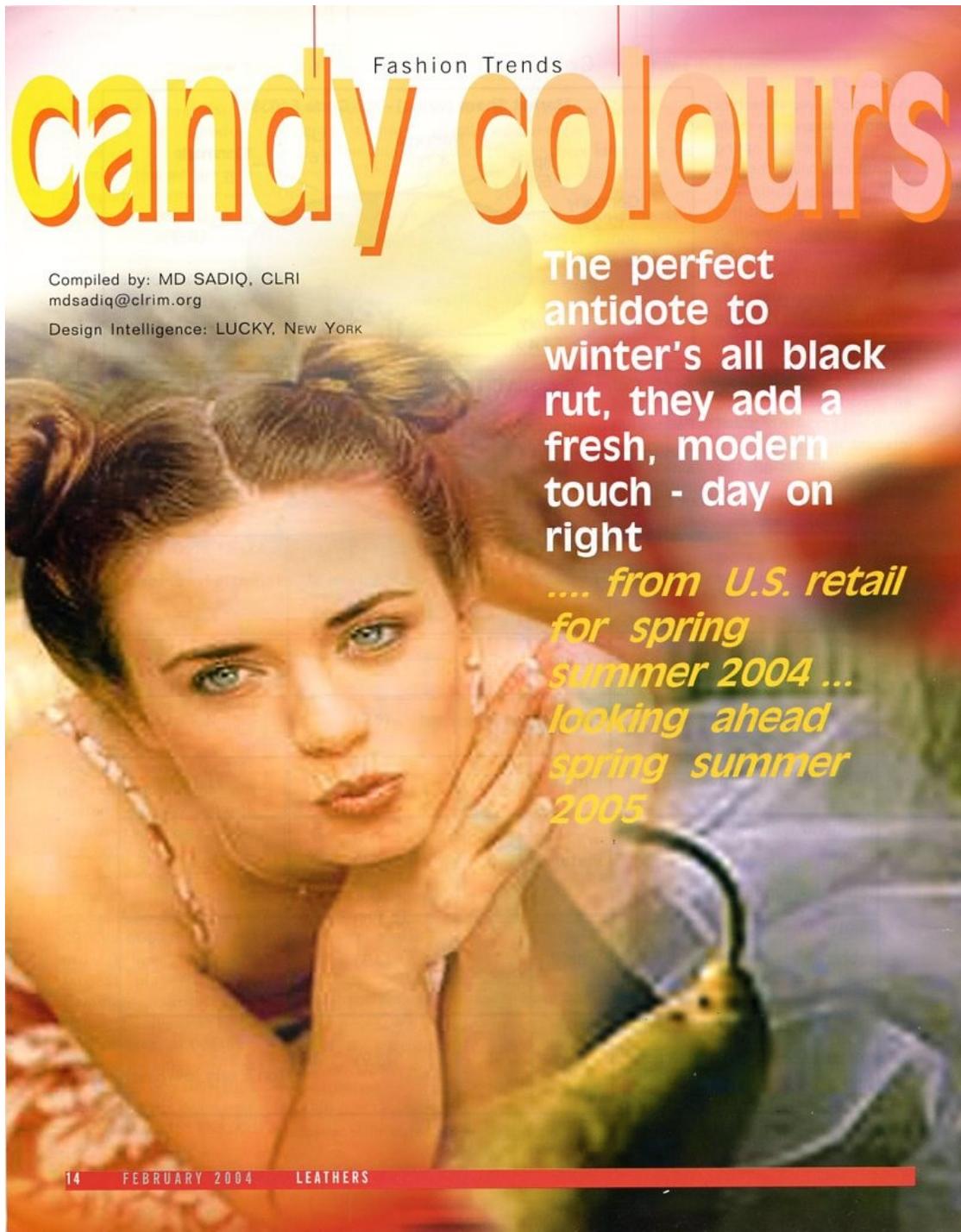
Bijju once again articulates some of these differences. He is clearly trying to move his company in a different direction than where he found it when his father ran the company. He wants to pay his upper employees more money so that they can assume more professional responsibilities. The expectations necessitate a change in worker/employee relations. The managers in the *historical* type have a paternalistic relationship to their workers. Bijju at times demonstrates this trait, but he clearly wants to move towards more professional relationships associated with new responsibilities. This is the way he thinks he can find the time to make the business better and more successful.

Cultural change in India is clearly happening, but culture is far from dead! Just like the cyclicity of cow protection movements in India, Indian culture is not losing or winning, It is changing in some instances; changing globalization; and finding ways to accommodate the demands of a globalizing economy.

The “jobworks” compromise temporarily resolves the tension between the types as government regulations meet global consumer demands. De-skilling, while a negative development for workers in the United States, might prove to be advantageous to India, which has an over-abundance of unskilled, uneducated workers that could benefit from labor-intensive production methods. I do not think cow protection sentiments will disappear and participation in the industry will continue to incur some stigma for workers and managers alike. Much like the stigma associated with performers in the adult entertainment industry in the United States, there will continue to exist a significant portion of the Indian population that will disapprove of cow slaughter and those who work in leather. The wealthy Hindu leather manager will still be called “cobbler” by his less successful friends.

APPENDICES

APPENDIX A



Fashion Trends

candy colours

Compiled by: MD SADIQ, CLRI
mdsadiq@clrim.org
Design Intelligence: LUCKY, New York

The perfect
antidote to
winter's all black
rut, they add a
fresh, modern
touch - day on
right

*.... from U.S. retail
for spring
summer 2004 ...
looking ahead
spring summer
2005*

14 FEBRUARY 2004 LEATHERS

(Leathers 20:2, 14)

APPENDIX B

Fashion Trends

SUEDE KITTEN HEELS



A cool sherbet shade with a comfortable mid - heel

LEATHER T-STRAP HEELS

As sweet and demure as high heels can get



PATENT - LEATHER T - STRAP HEELS

Asymmetrical, and very sexy



LEATHER "MELON" HEELS

A classic d'Orsay design in bold yellow stripes



LEATHER "DOUBLE DOWN" SANDALS

Gutsy platforms, softened by a wash of peach



LEATHER "OSSINING" SLINGBACKS

Slingbacks with a walkable sliver of a heel



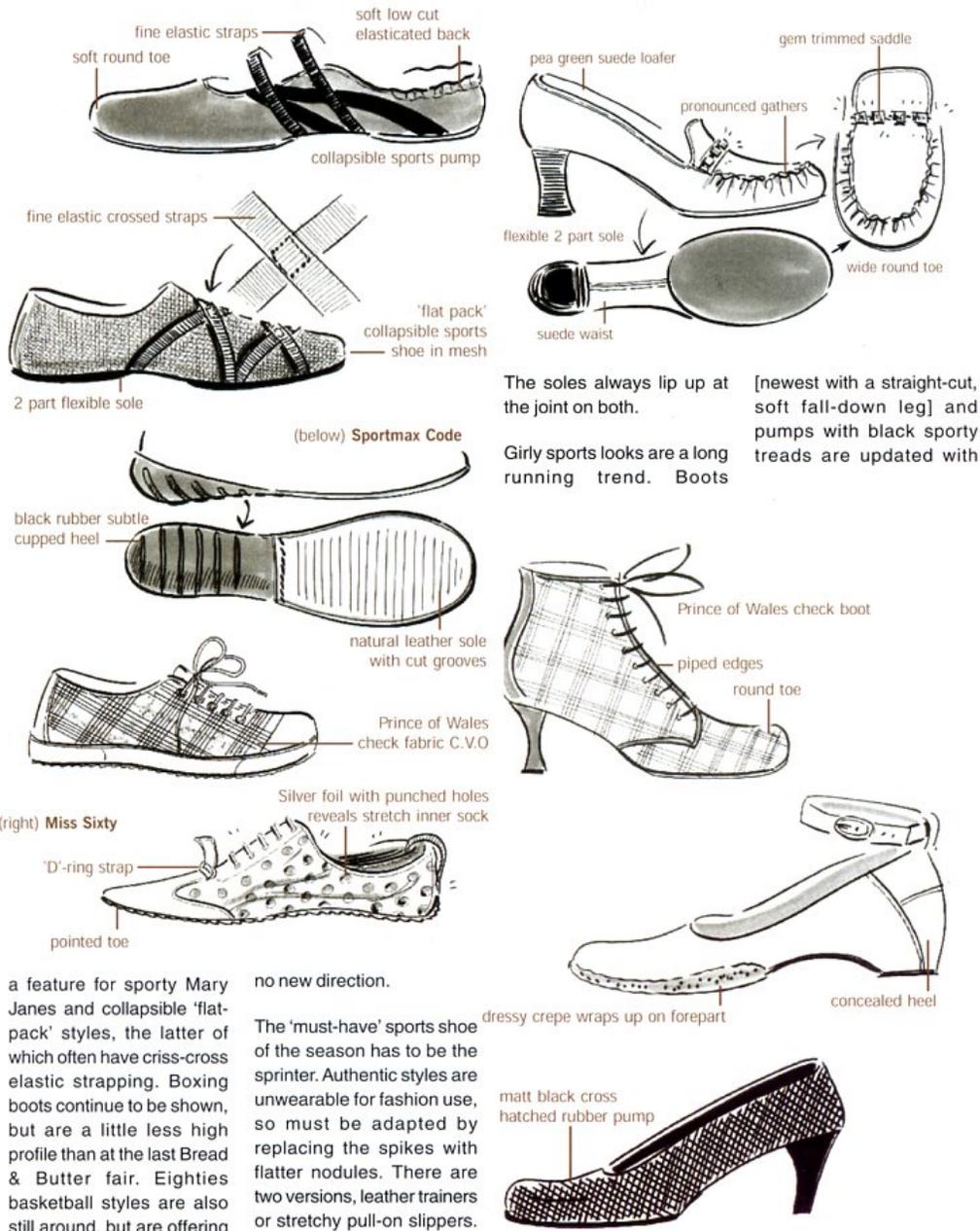
PYTHON "ABSOLUTE" SANDALS

Full of texture - and lime - green zing



APPENDIX C

Fashion Trends

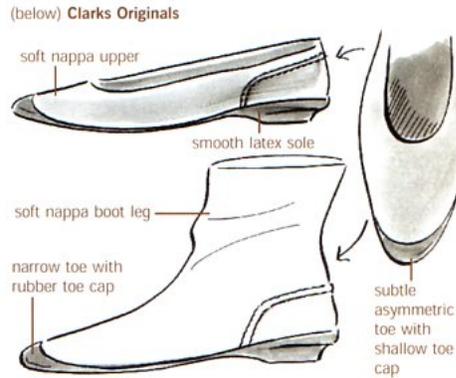
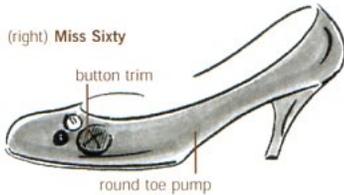
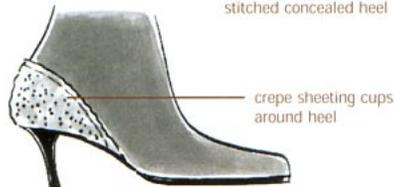
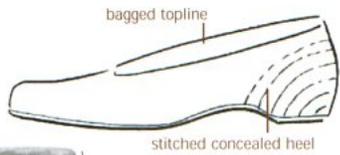
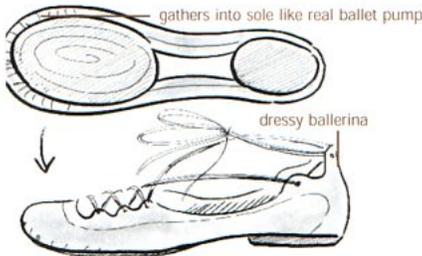
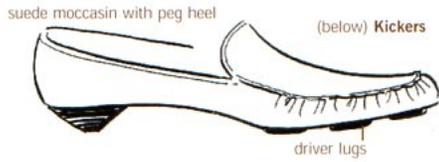


The soles always lip up at the joint on both. [newest with a straight-cut, soft fall-down leg] and pumps with black sporty trends are updated with running trend. Boots

a feature for sporty Mary Janes and collapsible 'flat-pack' styles, the latter of which often have criss-cross elastic strapping. Boxing boots continue to be shown, but are a little less high profile than at the last Bread & Butter fair. Eighties basketball styles are also still around, but are offering no new direction. The 'must-have' sports shoe of the season has to be the sprinter. Authentic styles are unwearable for fashion use, so must be adapted by replacing the spikes with flatter nodules. There are two versions, leather trainers or stretchy pull-on slippers.

APPENDIX D

Fashion Trends



bright shiny heels in red, yellow, orange or hot pink. Slim soled fashion sneakers with thin leather uppers and pointy toes, such as Miss Sixty's punched silver foil version are popular.

WOMEN'S FORMALS

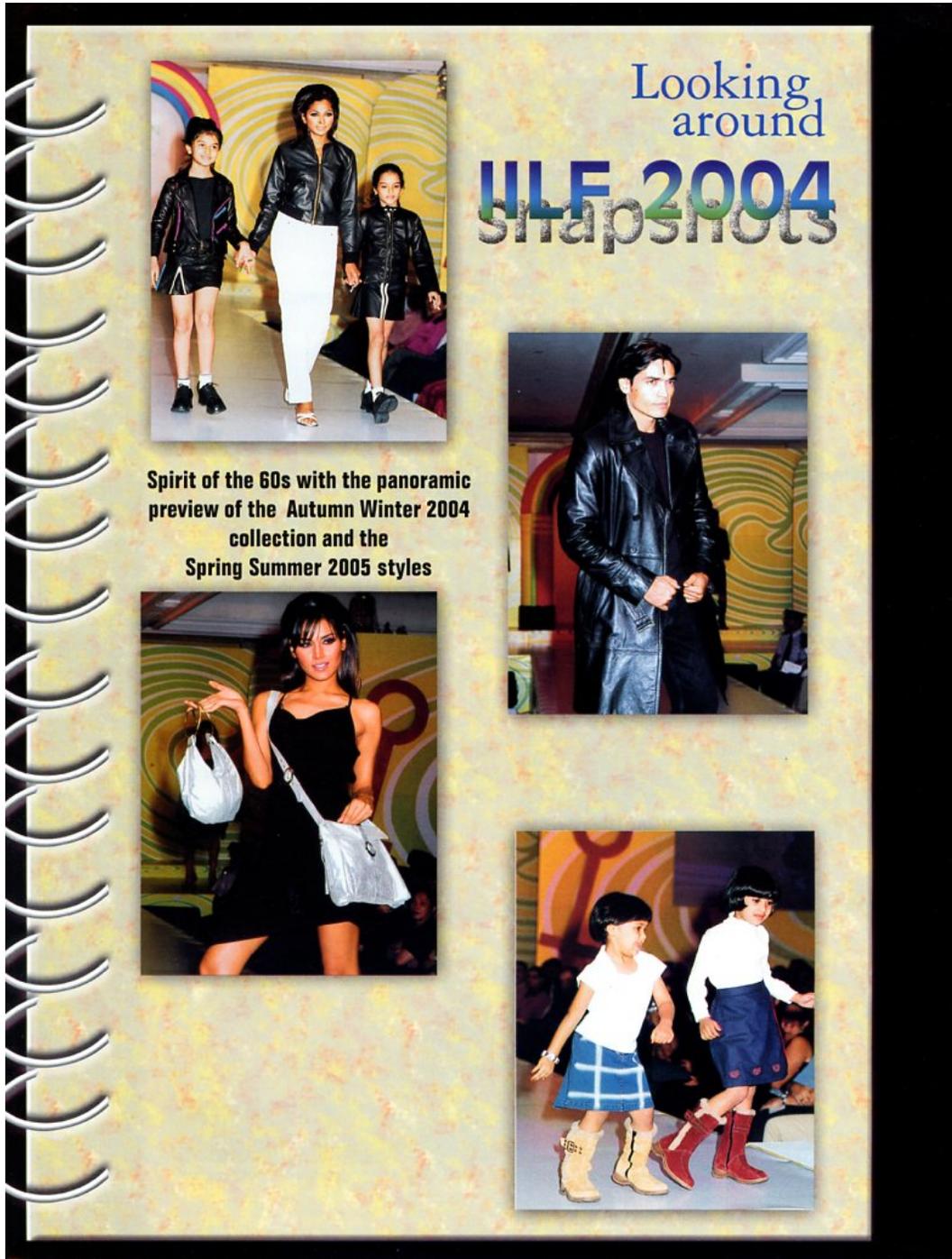
Round toes are the latest shape for women's formals. There are foreshortened Mini Mouse styles, rounded bumps and ballerina toes, which pleat underneath, like

the real thing. Thin crepe sheeting wraps up around the forepart, or cups the heel of dressy pumps. Crepe looks really new when taken out of a casual context. Moccasins get a makeover with soft unstructured suede uppers and two-part, high heeled soles, which are so flexible, they fold in half.

WOMEN'S CASUALS

Unstructured uppers are also a key trend for casuals.

APPENDIX E



Spirit of the 60s with the panoramic preview of the Autumn Winter 2004 collection and the Spring Summer 2005 styles

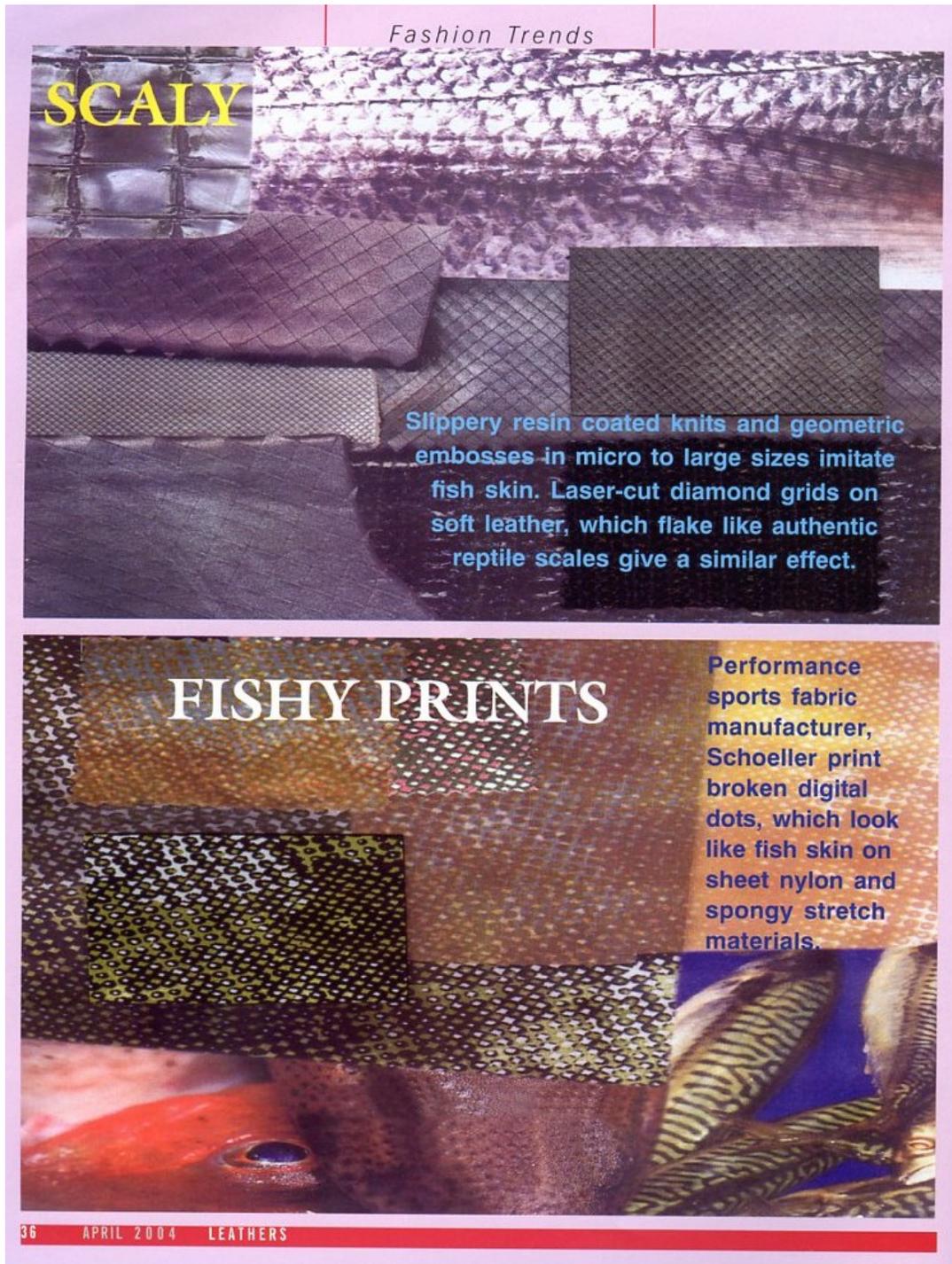
(Leathers 20:2, 49)

APPENDIX F



(Leathers 20:4, 13)

APPENDIX G



(Leather 20:4, 16)

APPENDIX H



(Leathers 20:4, 37)

APPENDIX I

Fashion Trends

COMPILED BY
Md. Sadiq,
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DESIGN INTELLIGENCE
LUCKY NEWYORK

the Lucky bag guide



bright Whether tangerine or taxi yellow, a burst of color adds fun to function
White trim looks fresh on sky blue



White belting gives this style a nautical feeling. Canvas and leather



Grommets straps take pink to a whole new place. Grommets leather



The bag to buy if you lug lots of stuff around with you.



This shade is very cool with black



Sleek and constructed with supershiny hardware.



A bucket shape in a '70s avocado hue. Leather "LIME"



Durable canvas and sturdy handles make this a go-anywhere option. Leather - Trim canvas



Streamlined in a rich tomato red - just right for the office.

APPENDIX J

Fashion Trends

shoulder

Fun colors and bold buckles shake up this easy - to - carry, everyday style

Has a supersoft suede lining that's as posh as its thick leather exterior. Leather Bag



Classic as can be, but in a decidedly nontraditional color.



Traditional tassels and chunky side hoops are unusually stylish together



The heart shaped buckle is a youthful touch



Contrast top stitching lends casual style



Magenta gives you - and your wardrobe - a life touch



White patent leather has a swinging - London vibe



Silver studs convey instant attitude



Pair this crayon yellow option with something lighthearted and fun



Hefty gold embellishments on kelly green leather - so lavish and rich



The short shoulder strap fits snugly under the arm



Muted pink is feminine without being too girly



A modified hobo design that's as functional as it is chic



Clean and simple, with a shiny modern clasp



Subtle pearlized leather is incredibly sleek

APPENDIX K

Fashion Trends

metallic

New shimmery shades provide the perfect finishing touch
A simple tote made funky and fashion-forward



The gilded flap has a one-of-a-kind spray-painted look



Classic evening mesh in a slinky pouch shape



Side pockets add function to glitz



A duffel construction makes it more casual than dressy



Just the right size for a night out



High voltage turquoise with a grown-up gold buckle



Built like a wallet, complete with compartments for your credit cards

canvas



Colourful and trim and designer touches heat up this warm - weather classic

Springly, grass green trim meets gutsy brass hardware



Baby blue on white surprisingly feminine



Chic, with a thick gold chain running up the side



The tiny heart stud sweetens an already cute clutch



Tons of pockets-both inside and out-make it an organizer's dream



The saddle bag redefined



Sleek streamlined, and mod



Sporty with rich leather trim



Looks like a splurge but won't break the bank



Elegant details make this suitable for work-and beyond



Whipstitching creates a work-and beyond



Compact enough for an evening out



Red accents add sophisticated edge



A traditional shape in soft stouchy canvas



Bridle details and brown leather give this an equestrian feel



Sky blue leather provides a crisp counterpoint to beige

mini



Chains and studs dress-and punk-it up

Tough details and a go-anywhere size make these ideal for a night out



Roomier than it looks, with several compartments within



The horn, handle is a standout; so rich and regal



Flowers belie this style's hardcore edge



Supertough, with studs, chains, and hardware



An applied blossom, provides a feminine



Supersize grommets make a bold statement



Gold studs on orange leather - brilliant combo



Traffic stopping, in ultrabright yellow

clutch



Paisley goes wild for evening

These are fancy and elegant without being over-the-top dressy



Rhinestones and sequins keep it playful



Polka dots give this a funkier look



Drapes like a sexy evening gown



Drapes like a sexy evening gown



Superthin and compact-perfect for carrying just money and lipstick



Two bags in one. It comes with a detachable beaded handle



Fifties inspired, with an elegant bow

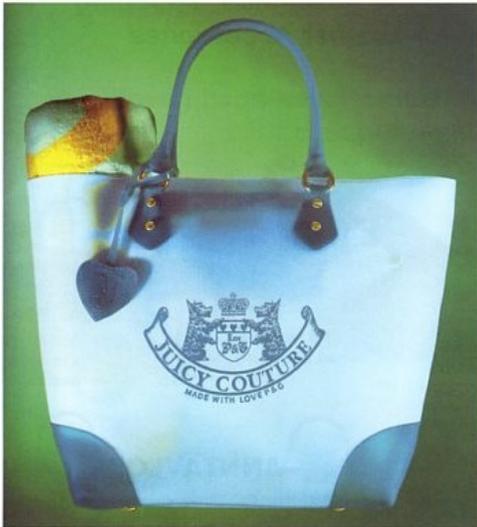


Mint green with a rhinestone encrusted clasp - very old hollywood

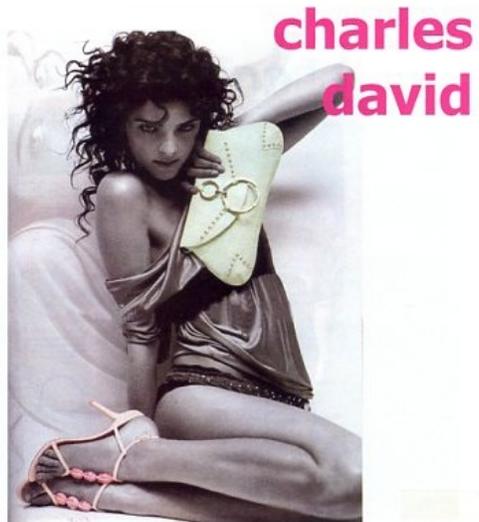
APPENDIX M

Fashion Trends

Juicy Couture



Cole Haan



50 MAY 2004 LEATHERS

(Leathers 20:5, 50)

APPENDIX N

Fashion Trends

Dillard's



Dooney & Bourke



naturalizer



Taylor Cole



LEATHERS MAY 2004 51

(Leathers 20:5, 51)

APPENDIX O

Fashion Trends

COMPILED BY: MD SADIQ, CLRI, MDSADIQ@CLRIM.ORG

DESIGN INTELLIGENCE : INSIGHT LTD., U.K.

Sports Shoe Trends - A W 2005/6

This overview covers established trends and major influences at both retail and the trade fairs.

COLOUR CODE

After such a long domination of brown vintage leather, the explosion of bright colours comes as a welcome change for the sports market. At retail some fluorescents remain, often teamed with pure white, but the real drive is for strong paint box colours, especially lime, orange, yellow, turquoise,

red and hot pink. Mesh uppers are high profile; the best are lightweight and unstructured. At the Premiere Vision trade fair previewing S/S 05 delicate pales were one of the freshest stories. These barely-there tints will be the next colour development on from brights.

1 Amsterdam Retail // Onitsuka Tiger 2. **Los Angeles Retail** // Puma 3. **London Retail** // Burberry Prorsum 4 **New York Retail** 5 **London Retail** Boss 6 **Florence Retail** // Quick 7. **Florence Retail** // Walsh



28 JUNE 2004 LEATHERS

(Leathers 20:6, 28)

APPENDIX P

Fashion Trends

IN PRINT

It is unusual to see so many prints on shoes, but the past two seasons have been the exception to the rule. Trainers, C.V.O.S and even skate shoes are a blaze of colour and pattern. African tribal, Oriental, Pop Art and retro graphics are the main themes. This is because prints are so strong

for fashion and interiors just now. By the amount shown at the leather and fabric fairs for next summer, there is no sign of a slow down until A/W 05/6.

1 **Paris Retail** // Gola 2. **Trade Fair** // Evisu 3. **Dusseldorf Retail** // Clarks Wallabees 4. **Paris Retail** // Onitsuka Tiger 5. **Antwerp Retail** // West End 6. **London Retail** // Offspring



APPENDIX Q

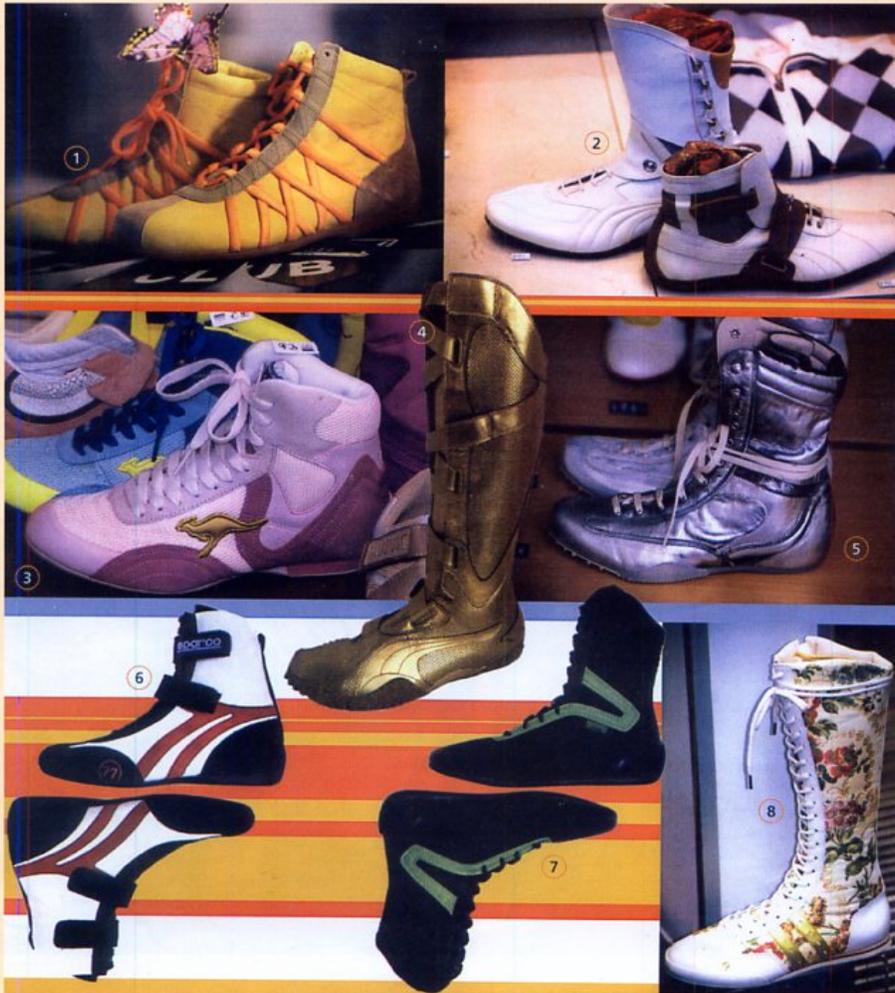
Fashion Trends

BOXING RING

The boxing boot trend was seen in autumn 2000, when Everlast and Yohji Yamamoto for Adidas launched them at retail. Whilst leading edge names such as Puma, Le Coq Sportif and Quick were fast to get into the look, mainstream brands. Particularly in the U.S. have been reticent to follow suit, the feeling being that they are a fringe product. Finally they are becoming acceptable at all levels and are still in the line up for next winter at the trade fairs, especially

WSA, in Las Vegas. Brands to watch are Kangaroos, who are getting a good name for themselves in both Europe and the U.S. Also Puma, who have launched a limited edition knee high gold wrestler and an interesting boot with detachable side-lacing leg.

1. **Florence Retail** // Diesel 2. **Dusseldorf Retail** // Puma platinum line 3. **Antwerp Retail** // Kangaroos 4. **London Retail** // Puma 5 **Milan Retail** 6 **Milan Retail** // Sparco 7 Milan Retail // Magnum Motion 8 **Paris Retail** // Quick



30 JUNE 2004 LEATHERS

(Leathers 20:6, 30)

APPENDIX R

Fashion Trends

CANVAS

Striped, checked, floral and abstract print CVO's continue strongly from brands including Converse, Gola and Paul Smith. Clarks have printed illusionary eyelets and stitch lines onto theirs. Boot length canvas products are also a trend. Faith, London has already got a version of Marc Jacob's colour blocked knee high style in store. Look out

for narrow foxings (also known as wrappers) and deeply ribbed or subtle asymmetric toecaps.

1 **London Retail** // Paul Smith 2. **London Retail** // Dolce & Gabbana 3 **London Retail** // Gola 4. **London Retail** // Faith 5. **London Retail** // Clarks Originals 6. **London Retail** // Energie 7. **London Retail** // Yohji Yamamoto



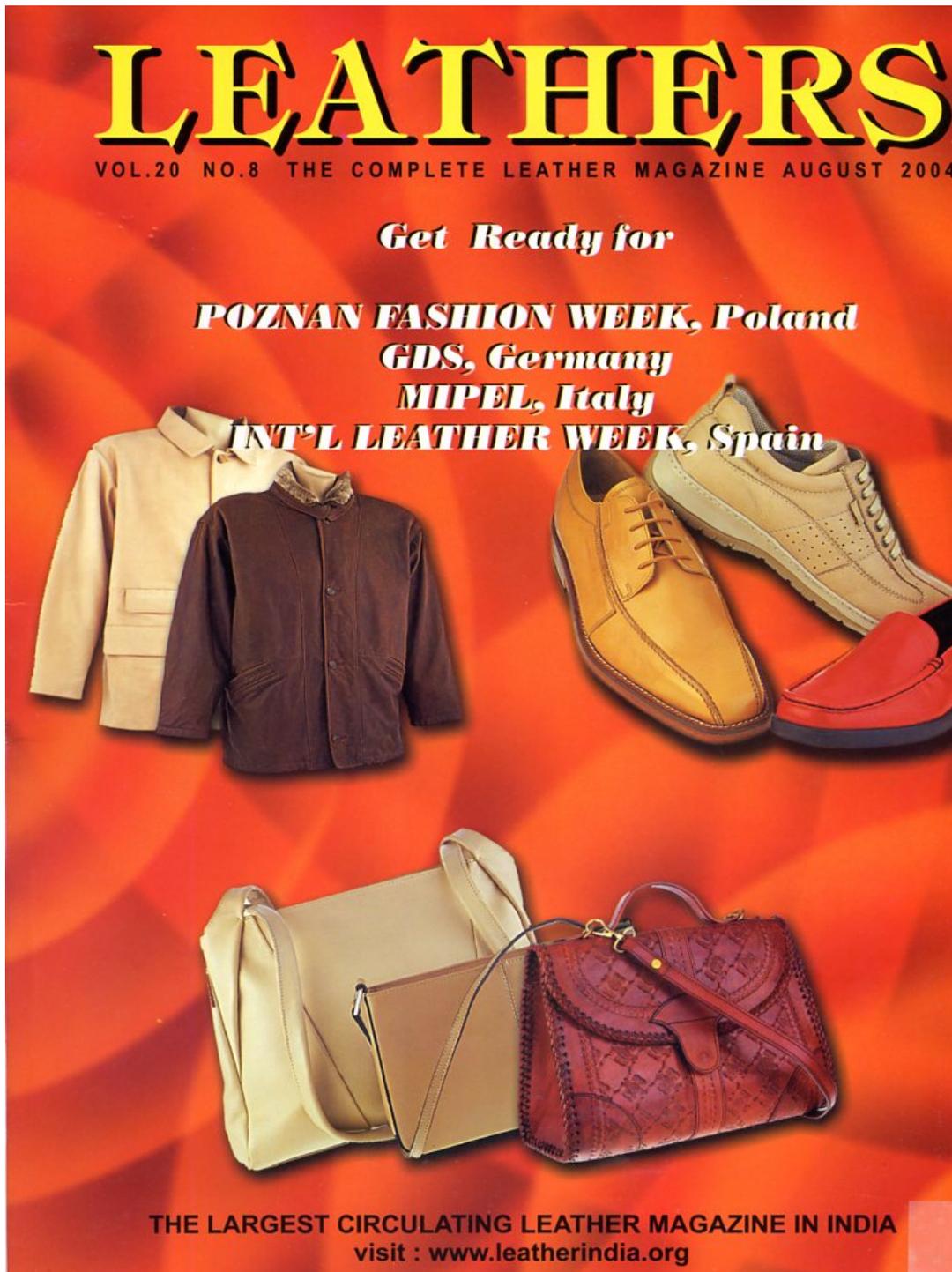
LEATHERS

JUNE 2004

31

(Leathers 20:6, 31)

APPENDIX S



LEATHERS
VOL.20 NO.8 THE COMPLETE LEATHER MAGAZINE AUGUST 2004

Get Ready for

POZNAN FASHION WEEK, Poland
GDS, Germany
MIPEL, Italy
INT'L LEATHER WEEK, Spain

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(Leathers 20:8, cover)

APPENDIX T

Fashion Trends

BOLD COLOUR

Colour is high on the agenda at retail. Shocking pink, apple green, turquoise, tangerine, citrus yellow and tomato jostle for attention in store windows. Swirling pucci prints both original, and look-alikes add another blast of colour onto the retail landscape. A new brand to note is Zoe knit, formerly the accessories designer at Chloe, who has launched her own eponymous range of handbags. Currently available at Selfridges, London, the bags come with a detachable shell clasp which doubles as a belt (No 2). Bright colours will reach a peak this summer. From then on fresher or subtler use of colour will gradually take over.

80's STATUS BAGS

Remember back in the 80's when any self respecting YUPPIE or DINKY would not be seen without the latest designer bag. Labels were meant to be flashed and Chanel made a fortune with their chain strapped quilted handbags. 20 years on and it's gone full circle. Chanel have updated the famous quilted style and have also issued a frayed edge boucle tweed bag based on the classic chanel jacket. Logos and branding take a lead from the 80's with larger than life sizes such as Dolce and Gabbana's reveted metal 'DG', which covers the entire side of the clutch bag. Even baby changing bags go designer. Sarah Jessica Parker was seen with the Louis Vuitton monogrammed style.

LEATHERS August 2004 24

(Leathers, 20:8, 24)

APPENDIX U

Fashion Trends

IN MINIATURE

Tiny handbags, no bigger than a note book, emphasize the current feeling for femininity. Classic ladylike shapes such as Gucci's monogrammed fabric style trimmed with an oversized snaffle trim or Calvin Klein's slim line lizard purse are great for a night on the town, but totally useless if you have a brood of young children. Ferragamo's miniscule patent Kelly bag is small enough to fit in a teacup.

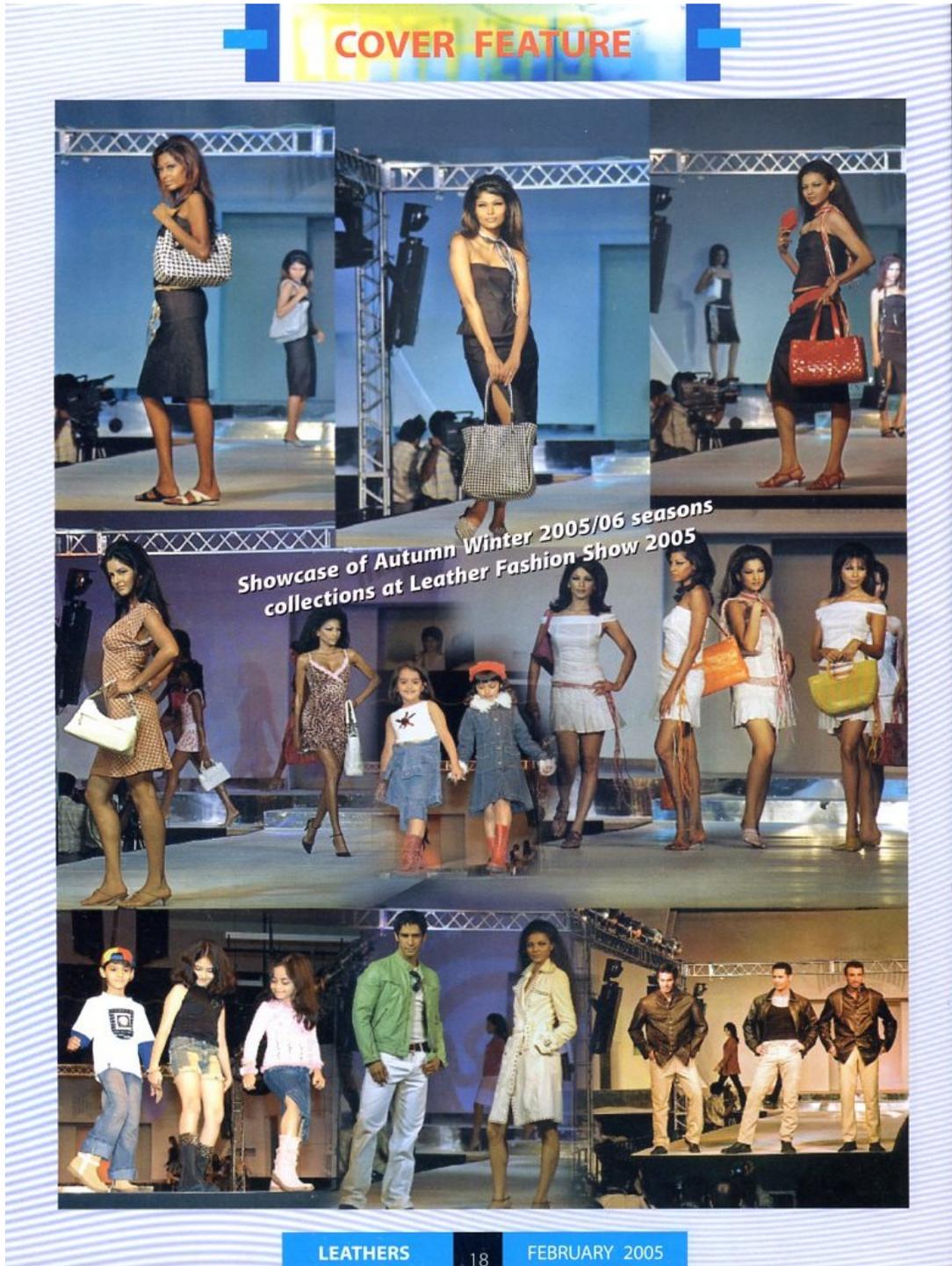


NEW HARDWARE

Punk studs are updated with a new kid of hardware. Gold or copper is preferred to silver and the overall effect is much less aggressive. Studs are applied to softly coloured suedes and leathers or natural croc rather than shiny black P.V.C. Prada chooses square cut faceted studs, the shape of chocolate chunks. Celine opts for dense rows of small nail head studs. Large flat metal hardware, as seen on the Fendi bag pictured look new in a copper rather than silver finish.



APPENDIX V



(Leathers 21:02, 18)

APPENDIX W



*The finest Threads for
the finest leather.*



Vardhman has the complete range of threads, specially engineered for the leather industry. Speciality Threads available in Nylon 6.6, Nylon 6 and CF Polyester-Bonded /Lubricated/ Anti-wicking. Also available high quality CF Polyester Braids.



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Fax : 23227540, Indore. Ph.: 2478944 Fax : 2463563, Jaipur. Ph.: 2624022 Fax : 2620543, Kanpur. Ph.: 2523278/88 Fax : 2523278, Ludhiana. Ph.: 2642616/2662543-46 Fax : 2664550,
Mumbai. Ph.: 28572513/28578356 Fax : 28576572, Noida. Ph.: 2545192. Fax : 2531119, Patna. Ph.: 2228985 Fax : 2228809, Pune. Ph.: 27050485 Fax : 27050848, Tirupur. Ph.: 2228283/84

(Leathers 21:03, 7)

APPENDIX X

LEATHERS

VOL.21 NO.04

THE COMPLETE LEATHER MAGAZINE

APRIL 2005



THE LARGEST CIRCULATING LEATHER MAGAZINE IN INDIA
visit : www.leatherindia.org

(Leathers 21:4, cover)

FAIR UPDATE



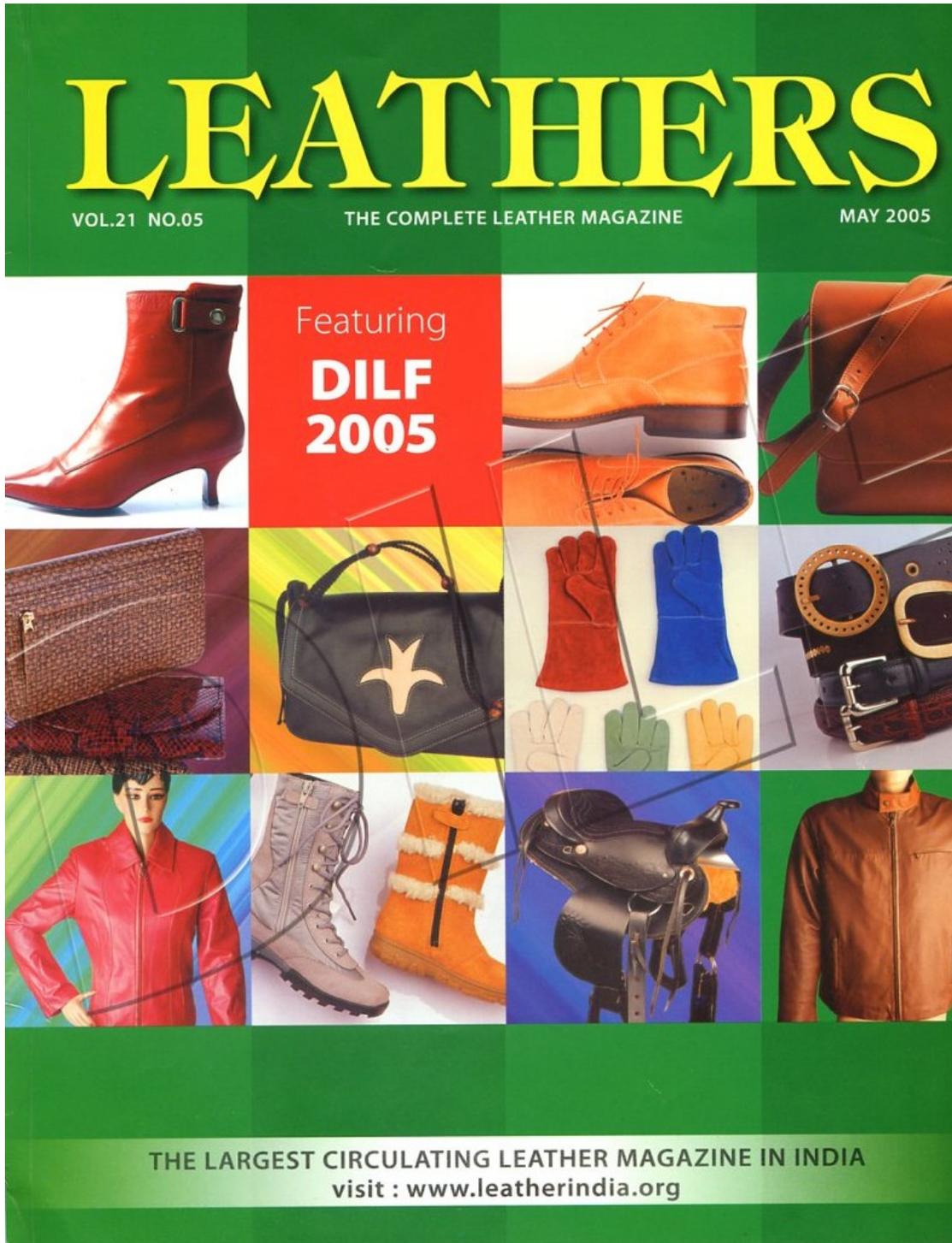
Best of Autumn-Winter Collections for 2005/2006

The photographs of the best of collections for the next Autumn-Winter seasons 2005/2006 released by Aimpes Servizi srl. for the is published herewith for information of the members.



(Leathers 21:4, 26)

APPENDIX Z



(Leathers 21:5, cover)

TRENDS

Key styles - Formals



ROUND TOE WINGTIP

Broguing and saddle stitching is the usual method of giving a hand finished touch to formals. A number of brands are offering more quirky formals than usual. Handcrafting is a long running trend. Interlaced details are a topical way to give a crafted look to formals.



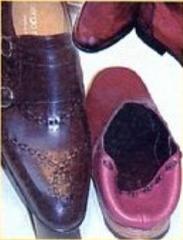
Paris / Louis Vuitton



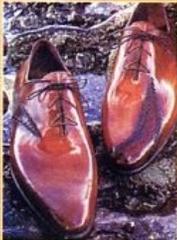
London / Ravel



London / Berluti



Milan / Sergio Rossi



London / Berluti



New York / Sergio Rossi



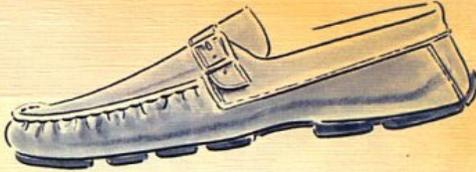
Florence

LEATHERS 20 **MAY 2005**

(Leathers 21:5, 20)

TRENDS

Key styles - Casuals



DRIVER / MOCCASIN

Moccasins are heading back into fashion at full speed, so it is no surprise that driver moccs are also seeing a renewed interest. Drivers are given new momentum because of the current interest in moccasins. Drivers will continue but it's moccasins in particular that are the big story.



London / Ravel



New York / Louis Vuitton



New York / Sebago



London / Bottega Veneta



London / Tod's



Milan / Car Shoe



New York / Tod's



Dolce and Gabbana for Citroen



Milan / Car Shoe

LEATHERS 21 **MAY 2005**

(Leathers 21:5, 21)

TRENDS



Key styles - Sports



SLIP-ON CVO / LACED CVO

Printed CVOs were the biggest look last year. Plain coloured Converse classics, Vans checkerboard styles and P.F. Flyers are cult items. CVOs will continue to be a huge category. Leather uppers are popular.



New York / Amani



Milan / Raspini



Antwerp / Dries Van Noten



Dusseldorf / Puma Rudolf Dassler Collection



New York / PF Flyers



Milan / Vans



London / Jack Purcell at converse



Dusseldorf / Puma Rudolf Dassler Collection



New York / PF Flyers

LEATHERS
30
MAY 2005

(Leathers 21:5, 30)

APPENDIX DD

INTERVIEW GUIDE

Section I. I would like to ask some general background questions.

1. What specific items do you produce?
How long have you been producing them?
 - a. Size of plant
 - b. # of workers
2. How did you become a manager or manager/owner?

Section II. I would first like to ask you some general questions about the Indian leather industry and after that some more specific questions. I am interested in how you as a manager see the situation.

3. What do you believe are the main **strengths** of the Indian leather industry?
4. What, in your view, are the main **weaknesses** of the Indian leather industry?

Section III. *I now turn to more specific questions about your own plant.* Managers everywhere are crucial in dealing with the supply of labor and raw material for the plant, with the production process within the plant, and with the marketing of the finished products.

5. Looking at the production process within the plant, have you recently taken any steps to change the way you manufacture your products? Have there been changes in the technology, in the labor force, or in how you organize specific production processes?
 - 5a. Do you see a difference in supplying goods for the elite market abroad in contrast to the mass-market abroad?
In general terms, what are the main differences?
 - 5b. Are you prepared for the possible high demand for leather once the economy opens up? OR How are you preparing to meet larger orders as the Indian economy further liberalizes?

5c. Will you be able to get the sufficient raw materials to keep pace with the demands of the market? Are you close enough to materials, labor? Why are you not closer to resources? What about power needs? Is the power supply constant?

6. Within the next few years, what changes would you like to see in the production process? Specifically, do you see the need for change in the technology you use, the make-up of your labor force, or in how you organize the production process in the plant? Please explain.

7. Have problems of energy and the environment affected production in your plant? If so, how?
Have you experienced any problems in securing (quality) hides or other supplies? I would be grateful if you would elaborate on this point?

8. What difficulties have you had in employing/keeping an effective labor force?

9. What is the primary market for your products? Is it mainly in India or is it abroad? Also, are your products being produced for an upscale market or for a mass market?

10. Have you had any problems in selling (or marketing) your products? How have you dealt with these? Or what do you think you've done to not have these problems.

Section IV. I would like to end by inquiring about how you view the future of the leather industry in India, and more specifically the future of your company?

11. In the years just ahead what are the biggest risks/challenges your plant faces as a result of the global economy that so many people are talking about? What are the problems you are likely to experience?

12. What major changes do you expect to make in your plant as a result of the globalization process? Although you are looking into an uncertain future, I would appreciate your being as specific as possible.

Glossary

Currying - the name given to the process of stretching and finishing tanned leather, thus, rendering it supple and strong for the use of a saddler or cobbler.

Flaying – removing the skin or hide from the dead animal.

Jajmani system – a reciprocal system of labor exchange between upper and lower castes where most people continue to work in occupations assigned at birth.

License-Permit Raj – A system of regulations, licenses and bureaucratic red tape that were required to set up business in India from 1947 to 1990 when the economy liberalized.

Rupee – Indian currency.

Chrome tanning creates a blue color in the leather and there is a natural safe resting stage just after tanning when the leather is both wet and blue. A significant stage in which leather is traded semi-processed worldwide.

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