

Strengthening the Discourse on Economic Policy to Generate Good and Better Jobs in India

Note on Approach and Methodology for Pilot Field Inquiry in Textiles & Apparel Sector

1. Background

- The project '*Strengthening the Discourse on Economic Policy to Generate Good and Better Jobs in India*' aims, among other things, to generate knowledge about necessary conditions for creating good and better jobs in India, based on evidence from the field.
- For this purpose, a series of field inquiries will be undertaken. Each inquiry will focus on a particular set or subset of economic activities. The target unit of economic activities will be a value chain spanning different clusters and geographies.
- The field inquiries are intended to constitute a continuous learning process, where learnings from each inquiry will inform the design and execution of the next one.
- Wherever possible, comparative studies of regions with similar industrial characteristics and different levels of growth will be undertaken.
- Over the course of the project, the micro-level narratives developed through the inquiries will be stitched together to form a macro-level narrative on jobs and the economy.

2. Approach and Method for Field Inquiries

- The field inquiries aim to develop an understanding of **enterprises** in a given **value chain**, and their relation to the existing **ecosystem**.
- The inquiries will explore one '**node**' of the ecosystem at a time, with each node representing a set of economic activities at a specific location. The findings from the first node will inform the location and inquiry of the next node.
- The inquiries will be **exploratory** and **qualitative** in nature.

- The inquiry will be conducted through **semi-structured interviews** with target stakeholders.
- The sample of relevant stakeholders in each node will be identified through non-probability sampling (including convenience sampling and snowball sampling).

3. Pilot Field Inquiry

The pilot field inquiry will be used to test the approach and methods described in this note. The following section details the approach for the pilot inquiry.

3.1 Identification of sector/industry

- The pilot will focus on value chains and clusters of the **cotton textiles and apparel sector**.
- Cotton textiles and apparel has been identified as the focus for the pilot inquiry for the following reasons:
 - Textiles is a labour-intensive industry, and generates one of the highest levels of employment among industries in India
 - Women form more than half the workforce in textiles
 - Textiles has a large share in India's export earnings and also caters to the domestic market; therefore, it offers the opportunity to study both domains
 - The nature of enterprises in textiles is highly varied, ranging from small handloom units to large mills and factories
 - Within textiles, cotton is a predominant sub-sector, forming 59% of the total raw material used in the industry.¹

The textiles industry contributes **2%** to India's GDP, **7%** to total industrial output, **15%** to total export earnings, and provides employment to over **45** million people.

(source: Ministry of Textiles)

3.2 Mapping the value chain for textiles and apparel

- The overall ecosystem for textiles in India is large and complex. The value chain of textile and apparel production comprises multiple activities which are dispersed over different locations.
- The following image depicts an illustrative value chain for the textiles industry.

¹ Ministry of Textiles (2018), *Annual Report*, accessed on February 18, 2019, <http://texmin.nic.in/sites/default/files/AnnualReport2017-18%28English%29.pdf>

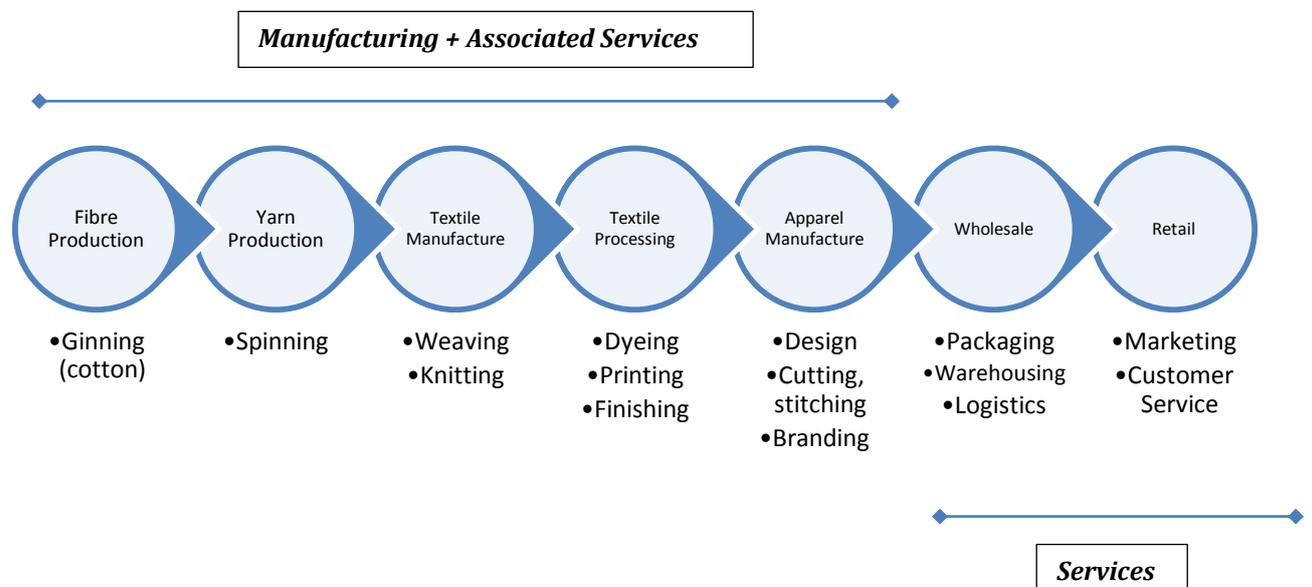


Figure 1: Textiles Value Chain

- The activities vary greatly in terms of the number, size and nature of enterprises that engage in them.
- For instance, the spinning sector in India is largely organised, with independent spinning mills accounting for 75% of total capacity.² In contrast, only 5% of the weaving and knitting sector is organised. This sector comprises powerlooms and handlooms which are largely decentralised in terms of location, with most handlooms located in rural areas.
- Apparel manufacture is the stage where the maximum value addition is done to textiles. Most units of apparel manufacturing are small and medium-sized firms, and most production is concentrated in clusters like Ludhiana, Delhi NCR and Tirrupur, among others.

3.3 Mapping a cluster for textiles and apparel

- Clusters may develop in certain locations because of regional advantages such as favourable natural resources, infrastructure, human resources or other similar factors.
- As clusters develop, other stakeholders emerge such as suppliers of specialised inputs, or associations of manufacturers and traders.

² India Brand Equity Foundation (2008), 'Textiles and Apparel: Markets and Opportunities,' accessed on February 18, 2019, https://www.ibef.org/download/Textiles_Apparel_220708.pdf

- Figure 3 presents an example of the different types of stakeholders in a cluster. It is based on a case study of the Ludhiana hosiery cluster.³

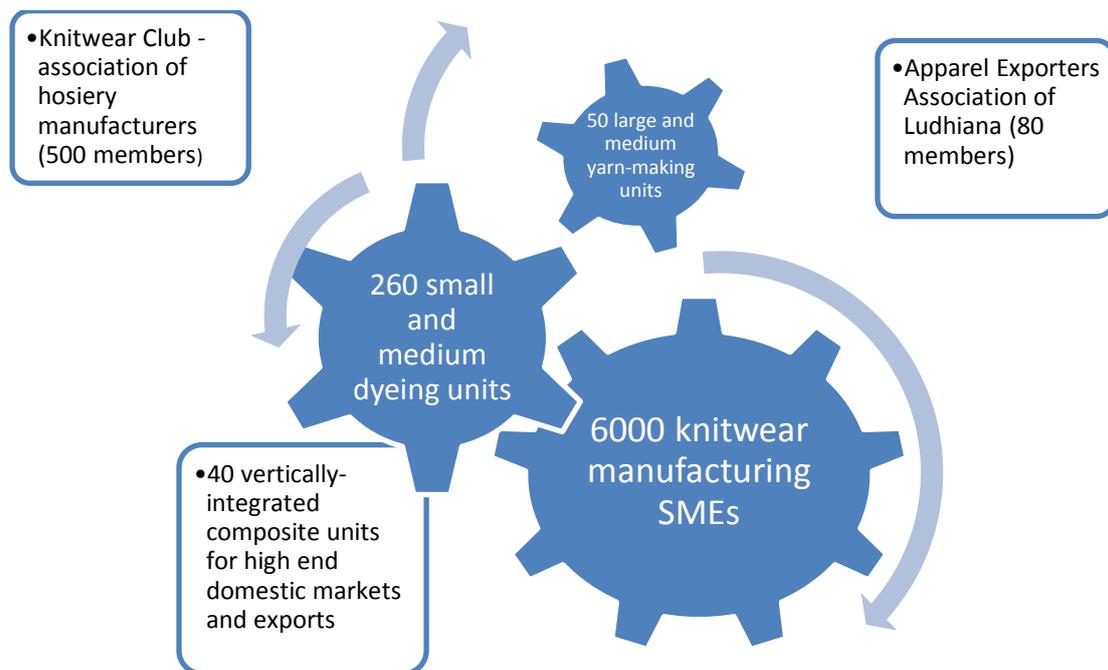


Figure 2: Mapping of Ludhiana Hosiery Cluster

3.4 Mapping the ecosystem for jobs

Background

- There are several forces or drivers that determine the number and quality of jobs that are created in an economy.
- A 'systems thinking' exercise by a group of eminent experts has identified eight critical drivers for job creation in India: shapes and sizes of enterprises, lifelong learning systems, access to finance, social security systems, technology as an enabler, innovation for inclusion, and policy and governance.⁴ These drivers are mapped to outcomes such as 'patterns of employment', among others.
- The underlying notion here is that jobs are created in the dynamic interplay between these drivers.
- Such a dynamic and multifaceted approach is particularly useful in the present context, where new technologies are changing the relationships between different factors of production, and the link between economic growth and job creation is increasingly under question.

³ Foundation for MSME Clusters (2006), 'Working Together Works: Cluster Case Studies,' accessed on February 18, 2019, <http://fmc.org.in/wp-content/uploads/2012/10/Working-together-works.pdf>

⁴ Confederation of Indian Industries (2017), 'Future of Jobs in India: Enterprises and Livelihoods.'

For the purpose of the pilot inquiry, a few important **drivers** have been mapped together to approximate an '**ecosystem**' for jobs:

- The quality of jobs created in a particular sector or industry is directly impacted by the nature of the enterprise. Therefore, workers and enterprises become the primary units of inquiry.
- The location of the enterprise as well as its scale of operations are determined by a variety of factors such as climate conditions, availability of raw materials, availability of skilled labour, access to credit, regional infrastructure and many others. Favourable conditions lead to the emergence of clusters of enterprises. Therefore, it needs to be understood how an enterprise interacts with these factors, and how these interactions affect the quality of jobs in the enterprise.
- Further, there are overarching drivers that affect the enterprise, such as regulation, technology and export markets. Together, all these factors/drivers constitute the ecosystem for jobs.
- An examination of all these, in relation to the enterprise at the centre, would produce a holistic understanding of necessary conditions for the creation of good and better jobs.

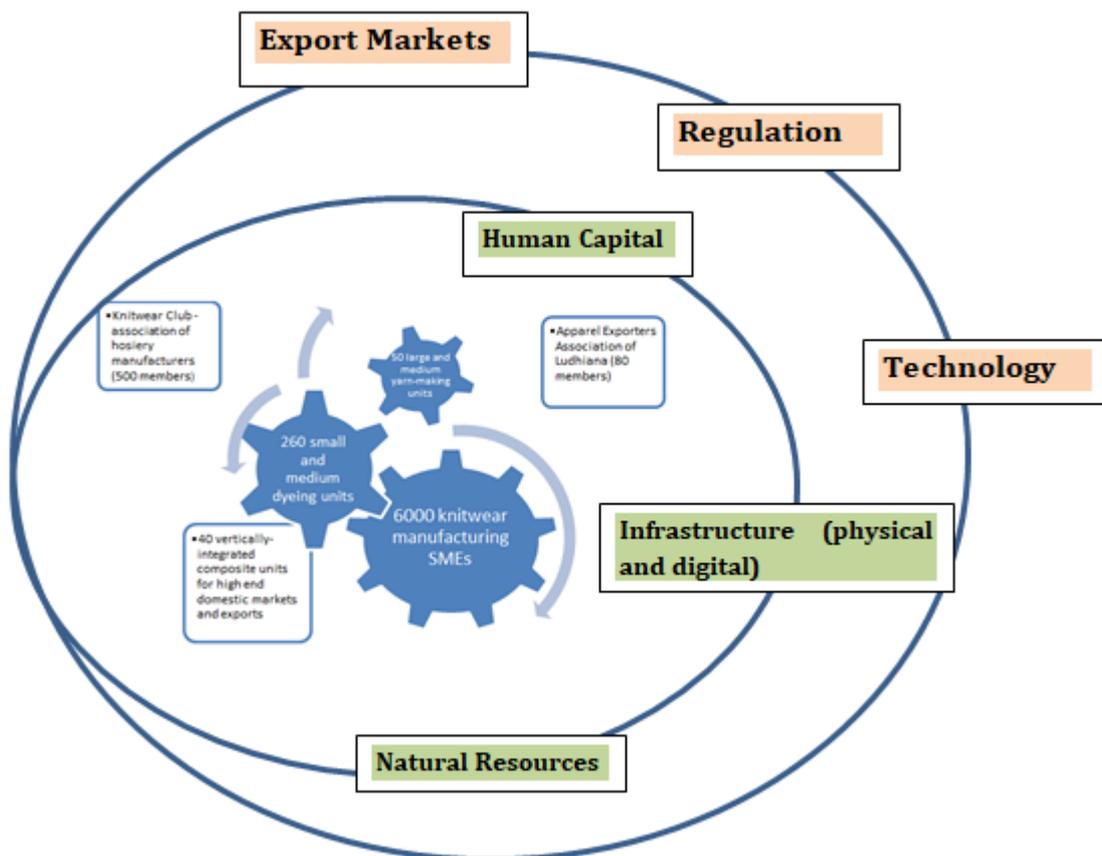


Figure 3: Ecosystem for Jobs

3.5 Framework for good and better jobs

- The definition of ‘good and better jobs’ was initially conceptualised in a series of discussions under this project, as jobs which provide higher incomes (good), and better social protection and capability enhancement (better).
- A review of literature on this subject reveals that the understanding of what constitutes a ‘good’ job has evolved through the years, and the perspectives vary significantly between developed and developing country contexts.
- Based on this review, a framework for good and better jobs has been conceptualised, comprising six key parameters, corresponding benchmarks and corresponding indicators.⁵
- The indicators listed will form the broad basis for questions posed to the stakeholders during the field inquiry. In the course of the inquiry, the perceptions of stakeholders will be tested against the existing benchmarks, to develop an enriched understanding of what defines a ‘good’ job.

⁵ The list of parameters and indicators is provided in Annexure 1.

3.6 Stakeholder mapping

Table 1 provides an illustrative list of primary stakeholders and key informants that may be targeted for the pilot field inquiry.

- For each primary stakeholder category, the relevant backward and forward linkages will also be examined along with the associated stakeholders.
- The ecosystem for jobs, and framework for good and better jobs, will form the basis of inquiries posed to relevant stakeholders.
- The gender dimension of jobs will also be studied in the course of the inquiry; therefore, both male and female stakeholders will be targeted.

Table 1: Stakeholder Mapping

	Stakeholder Category	Stakeholder Sub-category
<i>Primary Stakeholders</i>		
1	Large-scale enterprise	Proprietor
		Manager
		Salaried worker
		Casual worker
		Contract worker
		Unemployed person (seeking this kind of job)
2	Medium-scale enterprise	(same as above)
3	Small-scale enterprise	(same as above)
4	Micro-enterprise	(same as above)
5	Household unit/self-employed worker	Owner
<i>Key Informants (non-exhaustive)</i>		
1	Trade union member	
2	Manufacturing association member	
3	Service provider	

3.7 Scope of inquiry

- The inquiry will follow the value chain of cotton textiles and apparel production, with a local cotton mandi acting as the starting point or first node. The findings from the first node will inform the location of the next node, and so on. The sample of enterprises in each node will be determined along the way.

3.8 Expected Learnings

The pilot inquiry is expected to produce the following learnings:

- An evolved understanding of 'good and better jobs', informed by perspectives from a variety of stakeholders associated with this sector including employers, employees and unemployed persons
- A preliminary understanding of necessary conditions for the creation of good and better jobs in India, in the context of the cotton textiles and apparel sector
- An evolved understanding of the research framework and overall approach to be adopted under the project, for strengthening the discourse on good and better jobs

Annexure 1

Framework for Good and Better Jobs⁶				
	Domain	Explanation	Existing benchmark(s) in India (formal)	Indicators (formal and informal)
Good				
1	Income	<ul style="list-style-type: none"> • The job should provide an adequate real income for the worker and her dependents • Incomes should increase with gains in productivity 	Poverty line; minimum wage; cost of living; government pay scale (aspirational)	<ul style="list-style-type: none"> - Wages/earnings - Income from other sources - Assets - Number of dependents - Access to credit (for self-employed workers)
Better				
2	Security and Social Protection	The risk of job loss should be low, and there should be some social protection available in case of job loss	Labour laws; EPF, pension schemes etc.	<ul style="list-style-type: none"> - No. of days employed in a year - Written contract - Social protection (PF, pension, paid leaves) - Ownership of land/assets (for self-employed workers)
3	Working Conditions	The working environment should be safe and healthy; working relations should be good (in case of self-employed workers, this would include relations with buyers and sellers)	Labour laws; laws against harassment at the workplace	<ul style="list-style-type: none"> - Provisions for health and safety (formal or informal) - Peer support - Relations with manager
4	Capability Enhancement	The worker should have opportunities to enhance her capabilities	?	<ul style="list-style-type: none"> - Training/skilling programmes - Learning on the job - Prospects of promotion
5	Voice/Agency	The worker should have a platform to voice her interests and concerns	Labour laws on unions	<ul style="list-style-type: none"> - Presence of trade union - Presence of informal associations
6	Job Satisfaction	The worker should feel reasonably satisfied at the job	N/A	<ul style="list-style-type: none"> - Comparison with previous job - Perception about future prospects - Other things the worker values (peer network, nature of work)

⁶ This framework has been adapted from a literature review of various definitions of 'good' jobs or quality employment. In particular, it draws from the following studies: Azim Premji University (2018), '*State of Working India*' (<https://cse.azimpremjiuniversity.edu.in/state-ofworking-India/>); Carnegie UK Trust (2018), '*Measuring Good Work*' (https://d1ssu070pg2v9i.cloudfront.net/pex/carnegie_uk_trust/2018/09/03132405/Measuring-Good-Work-FINAL-03-09-18.pdf); Unni et al (2006), '*Decent Work Deficits in Informal Economy: Case of Surat*' (<https://www.epw.in/journal/2006/21/review-labour-review-issues-specials/decent-work-deficits-informal-economy.html>)