



Exploring Urban Economic Resilience

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“Savoirs et Mondes Indiens”

EXPLORING URBAN ECONOMIC RESILIENCE : THE CASE OF A LEATHER INDUSTRIAL CLUSTER IN TAMIL NADU

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Exploring Urban Economic Resilience : The Case of A Leather Industrial Cluster in Tamil Nadu

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Centre de Sciences Humaines

Exploring urban economic resilience : the case of a leather industrial cluster in Tamil Nadu

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Abstract

Most of the clusters located in small and medium towns in India suffer from several common and well-known problems: obsolete technology, non availability of credit, marketing challenges, missing linkages between industry and other research and technical institutions, etc...In spite of low levels of innovation in Indian clusters, we have to remember the large number of workers that are employed in the enterprises located in these towns and the impact that they have on rural and urban economic growth. Hence the performance of these clusters and their competitiveness in the globalised and liberalized economy become important. However a particularly narrow discourse of competitiveness has been constructed that has a number of negative connotations for the resilience of towns (Bristow, 2010).

Some recent studies on urbanization in India referring to Roy's theory, focussed on informalisation, impossibility of governance or others, have put the spotlight back on the peripheralisation of industry (Coelho, Vijayabaskar) keeping small industrial towns at low levels of dynamism and social welfare.

In contrast to those approaches, this paper has engaged with the resilience of a small industrial town well integrated into global networks since colonial times. It resonates with the framework of *subaltern urbanization* involving strong agency of local actors (social capital, business families, women workers) in spite of global circuits of capital.

In this context, the main objective of this study is to analyse why some small globally positioned industrial towns are economically resilient.

We have tried to show how new approaches to Economic Geography based on urban studies can provide a means of understanding the geographically differentiated and uneven resilience of places (Pike and al., 2010). As well explained by Aoyama and al, 2011, "Contemporary economic geographers study geographically specific factors that shape economic processes and identify key agents (such as firms, labor and the state) and drivers (such as innovation, institutions, entrepreneurship and accessibility) that prompt uneven territorial development and change (such as industrial clusters, regional disparities and core-periphery)."

A preliminary analytical framework based upon mechanisms, policies, actors can deepen our understanding of the factors that contribute to the resilience of industrial towns like Ranipet in Tamil Nadu. The present study focuses on the resilience of small industrial towns that are well integrated into global networks since colonial times.

Keywords: industrial town, Tamil Nadu, resilience, local capitalism, state policies, women workers

Introduction to The Suburbin Working Paper Series

The **SUBURBIN** Working Paper Series aims at disseminating the output of the ongoing *Subaltern Urbanization in India* (**SUBURBIN**) research programme on small towns in India.

The three-year **SUBURBIN** research project started in January 2011. It is a collaborative project with researchers of the Centre for Policy Research (New Delhi), the Centre de Sciences Humaines (New Delhi), the Centre for the Study of Regional Development (JNU, New Delhi), the Institut Français de Pondichéry, the University of Burdwan, the Department of Regional Planning at the School of Planning and Architecture (New Delhi), and the Indira Gandhi Institute of Development Research (Mumbai). This research network involves senior researchers, post-doctoral fellows, PhD candidates and several Masters students. The two French research centres in India - the Centre de Sciences Humaines based in New Delhi and the Institut Français de Pondichéry, are coordinating the programme. The project is primarily funded by the French National Research Agency.

SUBURBIN positions itself vis-à-vis a vision of global urbanisation reduced to metropolitanisation and competition between global cities, or “metrocentricity”. It aims at challenging the usual approach that tends to consider the urban world only through the prism of very large cities - even though half of the world’s city dwellers do not reside there.

SUBURBIN acknowledges the continuous increase of the urban population and its projected doubling in Asia between 2000 and 2030. However, current urban research tends to emphasise megalopolises, which are considered as the privileged site for the production and concentration of national wealth, innovation and talent, as well as the central location of social movements and environmental problems. This leads to public policies focusing on large metropolitan areas and promotion of economies of agglomeration as seen in the World Bank’s recent World Development Report 2009 Reshaping Economic Geography.

The **SUBURBIN** programme aims to offer additional perspectives on urban transition by focusing on small towns from a multiplicity of disciplines, linking macro and micro analysis. It questions the restricted representations and existing measures and explanatory models. It also strives to actively contribute to the debates about the plurality of development models, to provide analytical tools to policy makers and to inform public policy debates.

India is an ideal site to shed light on this question since one out of ten urban citizens is from India and even more importantly because the urbanisation dynamics here seem to diverge from the canonical centre/fringe model where large metropolises dominate. In addition, India has a stringent definition for classifying a settlement as urban within the census and additional criteria, which varies among states, before it is accorded administrative urban status. It has a large number of densely populated large settlements, which are classified as rural. The first results of the 2011 census indicate a decline in demographic growth of existing metro cities; while at the same time the number of new settlements recognized as census towns, i.e., settlements under rural panchayat administration with strong urban characteristics, appears very high (more than 2,500). The census towns’ account for about one-third of the demographic urban growth between 2001 and 2011, indicating that reclassification is at least as important a process for urban transition as rural urban migration. Overall, the process of recognising new municipal areas is very slow and consequently

the population benefiting from urban schemes grows relatively slowly. Only 242 new statutory towns have been recognized in the last ten years. This expanding world of small towns and big villages remain widely unknown, badly documented and ignored. There is a need to understand this subaltern urbanization as a specific part of India's settlement structure and to understand the ongoing social, political and economic processes.

This project discusses the relevance of definitions related to the distinction between rural and urban by utilizing the Indiapolis geo-localised database developed in a companion research project funded by the French National Research Agency, e-Geopolis. It uses a two-pronged approach: on the one hand, economic and social indicators provided by large existing statistic databases, notably recent National Sample Survey rounds, contribute to develop a more precise and comparative analysis of agglomeration dynamics; on the other hand, field monographs allow for a qualitative field-based analysis of the observed trends. The rapid transformation of economies and persisting analytical gaps call for a deeper understanding and renewal of certain important questions which will be the concern of this collection of working papers. A few of these are highlighted below.

- a. Where do we draw the line between the rural and the urban, i.e., the relative valorisation of administrative status, functional character and the experienced reality of residents? Accordingly, what is their level of social development when access to urban infrastructure is deficient, and how do these spaces relate to the containment of poverty?
- b. What is the relation between the proliferation of small towns and economic processes, i.e., to what extent are these settlements dependent on or autonomous from the metropolitanisation process? Are they just the recipients of diffusion processes and of the (re)-location of low productivity activities or do they have an independent economic rationale? Three related questions assume importance - (i) the extent to which these small towns are engulfed in metropolitan regions or in economic corridors, (ii) the nature of their formation and subsequent development, and (iii) their contribution to the Indian economic growth story.
- c. What kind of capital do actors in the smaller towns mobilize and for which activities? How do such actors articulate and connect their practices and knowledge to flows at different scales, from local to global? For **SUBURBIN**, such flows of capital and innovation are not restrictively defined. They encompass non-commoditised practices, social formations and modes of governance. Related to these dynamics are the types of innovations which emerge from small towns or networks of settlements and the role of land capital in contemporary transformation in relation to real estate activities, e.g., the emergence of new clusters of economic activity such as educational institutions.
- d. How resilient are clusters and networks of small towns? Are these sites of informal small scale diverse activities dependent on daily-wage and casual work? Is their development linked with mobility, seasonal migration and remittance flows? To what extent, are small towns engines of social change?

Eric Denis & Marie-Hélène Zérah

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Exploring urban economic resilience : The case of a leather industrial cluster in Tamil Nadu¹

Dr. Kamala Marius, Dr. G. Venkatasubramanian

Introduction

Unlike some developing countries of the world, India has shown relative resilience to the global economic crisis by maintaining one of the highest growth rates in the world. It recorded a growth rate of 7.6% in 2015-2016 (April to March). Even if one of the main drivers of India's growth during the global economic crisis has been the services sector (55%) located in peripheral areas of metros, the manufacturing sector, not only in metropolitan areas but also in small and medium towns, has been instrumental in maintaining the country's massive informal labour in spite of its low contribution to the GDP (15%). An example of this is the leather industry, one of India's oldest manufacturing industries, with a tendency towards informalization and feminization of the workforce. The demand for its products comes from both domestic as well as international markets.

Many of the manufacturing units of these industries are located in small towns and even in rural areas, because of a combination of factors: cheaper land prices, exemption of taxes, lower pollution restrictions and lower salaries for women workers who are numerically superior in manufacturing activities.

For example the agglomeration of Ranipet², well connected by rail and by road to Chennai (93kms) is one of the largest export-oriented leather industrial clusters in India (fig. 1) and also one of the largest fabrication clusters, that includes production of automobile spares. Annual exports from Ranipet were valued at around 240 billion euros in 2012, making it one of the most important foreign exchange earners in India, in spite of the global financial crisis of 2008 (CLE, 2012).

During our fieldwork in 2012 and 2013, the small and medium leather units (80%) in Ranipet were burdened with 10-hour power cuts per day. with an additional overhead burden of 20% to produce finished-leather products, mainly due to water treatment costs. Most of them could not afford generator sets and the power crisis came at a time when orders from Europe fell³. Europe (Germany, Italy, France, Spain, Netherlands) accounts for 50% of India's total leather products export. Therefore, a large number of small companies had to shut down and thousands of workers had to move out of the industry. Rafeeqe Ahmed, chairman of the Council for Leather Exports

¹ This study is a part of the project Surburbin (<http://suburbin.hypotheses.org>)

We thank Eric Denis, Marie-Hélène Zérah, Audrey Richard-Ferroudji and Frédéric Landy for their constructive remarks.

² Ranipet is agglomerated with Walajapet and four villages, if we consider the agglomeration as a contiguous built area (fig. 2)

³ Germany (14.12%), Italy (13%), U.K.(11.48%), USA (9.98%), Hong Kong (6.61%), Spain (6.09%), France (6.14%), Netherlands (4.13%), UAE (2.38%) and Australia (1.55%) comprise 75.30% of India's total leather products export

Leather industrial towns in Vellore district (Tamil Nadu)

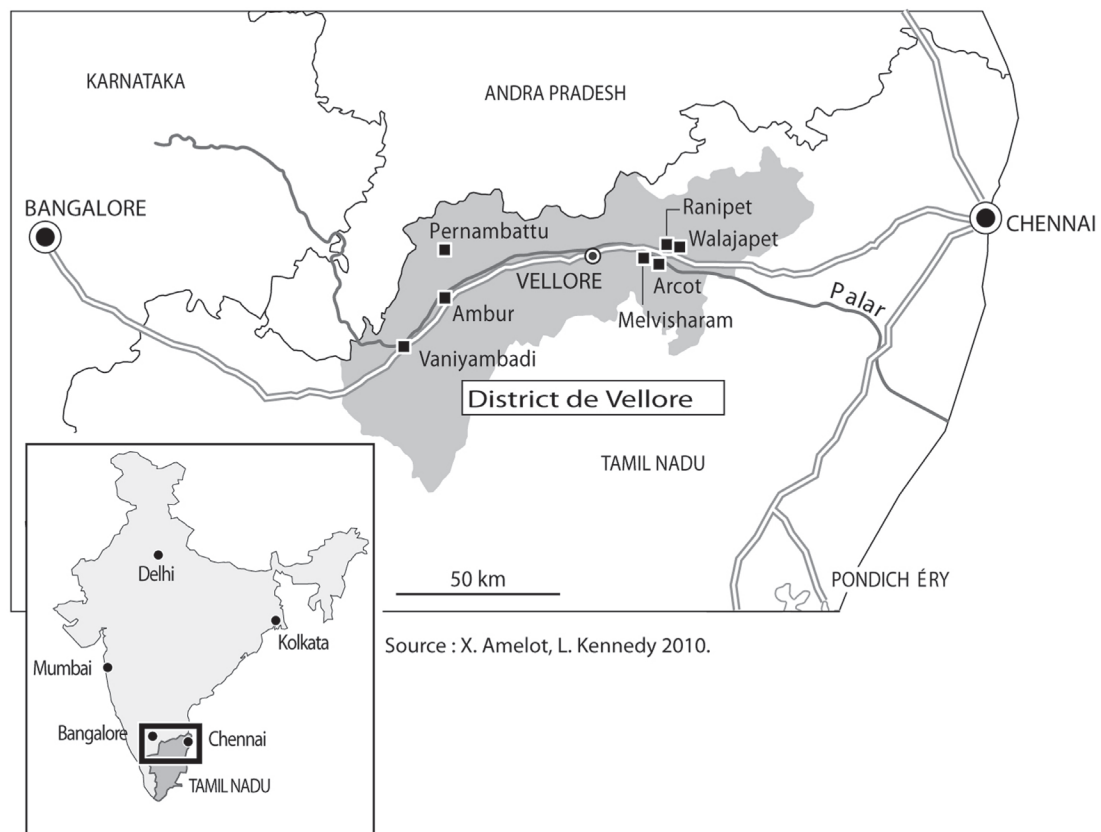


Fig. 1: Leather industrial towns in Vellore district (Tamil Nadu)

(CLE)⁴ told us «because of the cost of power, the cost per shoe has increased by Rs 15-20, which customers do not want to pay”.

As we have conducted regular surveys in this industrial cluster for over 10 years⁵, we observe that this small industrial town has regularly suffered from power cuts and chronic pollution leading to the closure of many leather industries. According to Vijayabaskar and Coelho (2014) who have conducted a study on Ambur in 2012⁶, the “proximity” of the metropolis of Chennai (180 kms) is a source of underdevelopment rather than a spur to steady and rapid urbanisation, challenging as a matter of fact the concept of subaltern urbanisation (Mukhopadhyay and al, 2012).

In resonance with Roy’s (2009) thesis of informality as a pivotal feature of the idiom of urbanisation in Indian cities, this paper explores in some depth the fissure between two kinds of informality in Ambur: one, the spatially unmoored, or ruralised, elite segment of the industry, and two, the unrecognised and unsupported subaltern segments based in the town. It is the gap between these two realms of informality, we suggest, that determines the present and the future of the town, that keeps it “bypassed” by the rapid developments occurring on important nodes of the corridors on which it is located, that hinders this world class producer hub from being, or even becoming, a world-class town (Vijayabaskar, Coelho, 2014,103).

In spite of low levels of innovation in Indian clusters located in small and medium towns⁷, we have to remember the large number of workers that are employed in the enterprises located in these towns and the impact that they have on rural and urban economic growth. Hence the performance of these clusters and their competitiveness in the globalised and liberalized economy become important. However a particularly narrow discourse of competitiveness has been constructed that has a number of negative connotations for the resilience of towns (Bristow, 2010).

In this context, the main objective of this paper is to analyse why some small, globally positioned industrial towns are economically resilient while others are not. What distinguishes resilient small towns from those that fail to recover from economic recession?

A preliminary analytical framework based upon mechanisms, policies, actors can deepen our understanding of the factors that contribute to the resilience of industrial towns.

Conceptualising resilient small industrial towns

One of the most intriguing questions in economic geography today is why some regional economies manage to renew themselves whereas others remain locked in decline (Hassink, 2010). Several American economic geographers have tried to transfer the metaphor of resilience from psychology, ecology and disaster studies to regional economic development, clusters and towns. There is a multitude of meanings of resilience and lack of conceptual and theoretical clarity across a range of disciplines (Pike et al., 2010). Of course, there is much ambiguity across the term of resilience, and there is no universally agreed definition of resilience in economics as well as in regional and urban

⁴ T E Narasimhan , Chennai December 18, 2012 (Business Standard)

⁵ www.palar.cnrs.fr

⁶ Ambur is the other important hub of leather goods and shoe production in the same corridor

⁷ http://planningcommission.gov.in/reports/genrep/rep_tech2509.pdf

studies. In the USA, attention has turned specifically to consider spatial and territorial aspects of resilience in local development and planning, originating in the response of regions to shocks such as 9/11, hurricane Katrina (Hill et al., 2008 cited by Pike et al., 2010).

However, current work on resilience is dominated by economic approaches based largely upon neo-classical theory and adjustment towards an equilibrium-centred approach. This approach “provides thin abstractions and a somewhat reductionist and limiting frame with which to interpret the geographical differentiation and unevenness of the resilience of places facing volatile and uncertain changes” (Pike et al, 2010, 61). Because of the dynamic and complex nature of urban spaces, the economic equilibrium approach (Hill et al. 2010) defined as the ability to return to equilibrium after a shock is not appropriate in our context. The equilibrium approach would mean, in the context of an urban system, that the more resilient a town is, the less it would change over time.

In contrast to this narrow explanatory frame of equilibrium-based accounts, Pike et al. (2010) have elaborated a means of understanding and explaining the geographically differentiated and uneven resilience of places.

« For old industrial towns adaptation and adaptability are dialectically related in an inherent tension within a more open system that has to be accommodated or brought into balance by social agents... adaptability can explain a different kind of resilience and one that maybe necessary to cope with unforeseen futures... adaptation and adaptability might be complementary in explaining how different elements of a region (sectors, labour markets, political interests, etc.) might integrate to provide a more complex form of resilience in any particular place... the concepts of adaptation and adaptability are more able than an equilibrium-centred view to tackle the legacies of history and context in explaining the differentiated resilience of regions, old industrial or otherwise.” (Pike et al., 62,63).

Regional development theorists emphasize that “place matters in understanding how regions or towns function, develop and evolve». Ecological, cultural, institutional and social contingencies that determine how “places” adapt to changing market conditions, to the emergence of competitors and their capacity to create new development trajectories, must be included in the urban resilience framework.

In this framework, we have also to include state policies, institutions and associations.» The state and policies at several spatial levels, in fact, are of the utmost importance in analysing and explaining differences in regional economic adaptability, as it has been shown in several case studies of old industrial areas» (Hassink, 2010, 53).

The challenge of extending the resilience concept to small towns is knowing how to integrate social and economic dynamics, governance issues, land-use patterns and the built environment. The notion of resilience for small towns can be perceived as a degree to which towns are able to tolerate disruption before reorganising around a new set of structures and processes (Alberti et al., 2003). This means that resilience is not only a “response to impact” (like a disaster or economic decay) but also a society and economy that is flexible, adaptative and able to adjust in the face of uncertainty. In a social context, as economic geographers, we can promote the concept of “evolutionary resilience” that “promotes the understanding of places not as units of analysis or neutral containers, but as complex, interconnected socio-spatial systems with extensive and

unpredictable feedback processes which operate at multiple scales and timeframes “ (Davoudi et al., 2012).

According to Besser (2013) who has focused his study on resilient small towns in the USA, past research has suggested one factor that distinguishes resilient towns from those unable to recover from a shock: social capital⁸ present in the town before the advent of shock.

Another community asset that may promote resilience is “local capitalism”, or the proportion of businesses in an area owned by local residents. Prior research has concluded that places dominated by small, locally owned businesses experience greater economic stability and a higher level of resident socio-economic well being, as compared to places where large and/or absentee owner businesses predominate (Besser, 2013).

Another individual asset that can explain the resilience of industrial towns is the labour agency, when many women workers are involved in these small industrial towns. We know that women working in domestic export factories, in spite of their low salaries, are nevertheless better off than other categories of wage workers (Kabeer, 2011). Greater economic opportunities for women and girls in the export-oriented firms located in non metros can also promote women’s exercise of agency by broadening their networks even with informal contracts. Based on a study of the Tirupur garment cluster in Tamil Nadu, Carswell and DeNeeve (2012) examine how people enter this export-oriented industry as well as the multiple and everyday forms of agency that they engage in.

A ‘horizontal’ approach, reveals how labour agency is not merely fashioned by vertically linked production networks but as much by social relations and livelihood strategies that are themselves embedded in a wider regional economy and cultural environment...⁹(Carswell, De Neve, 2012).

This conceptualization of resilience can offer an interesting framework to assess whether it is relevant to read transformations, adaptations and adaptability of industrial small towns in the Global South from the point of view of economic geography. This preliminary analytical framework is based upon four main points that are relevant to our study : the role of state policies, the social capital, local capitalism and labour market. The small industrial town of Ranipet is well-suited to illustrate these arguments, because the study of urban resilience needs a longitudinal approach to understand processes over a long period of time. This survey was conducted precisely at the time of the economic crisis but since we have been following this site for over ten years, it has enabled us to provide a temporal perspective. In this context, we try to contribute by our study to demonstrate how new approaches to Economic Geography based on urban studies can provide a means of understanding the geographically differentiated and uneven resilience of places (Pike and al., 2010).

These cities have a resilient and robust economic base, which may be connected globally, sometimes bypassing the intermediation of the metropolis. Unfortunately, there has been limited exploration of this diversity, but rather attempts to fit Indian cities into a broader global narrative, whether of global cities or new economic geography (Denis et al., 2012,61)

⁸ Social capital is defined as relationships between people, characterized by trust and norms of reciprocity (Putnam, 1993; 2000)

⁹ <http://dx.doi.org/10.1016/j.geoforum.2012.06.008>

The paper's methodology is based on a survey of 200 firms in Ranipet area (annexe 1) between August and January 2014 as well as interviews with the main stakeholders of the agglomeration, including workers in Ranipet and Walajapet and in the adjacent cities of Melvisharam and Arcot, between August 2011 and March 2014. The survey was conducted in order to understand the nature of business, production organization as also constraints faced by these industrial units. The supply chain of the units was traced and an attempt was made to establish the backward linkages (with dependent subcontractor, independent units doing jobwork and others who were partially linked to this chain) and forward linkages (with the brands and retailers) wherever possible. The interviews were done with personnel managers, line managers and supervisors. Emphasis was put on interviews with the managers, in order to make clear links. Other sources for collecting information included export associations, export promotion councils or agencies, the labour department, factory inspector, chambers of commerce and workers (living) communities, other members of the workers' families and ex-workers of the factories and their families, town panchayat commissioners, chairmen, town planning inspectors, inspector of factories in Vellore, managers and RHD (KH, Bachi, Euro shoes), association of tanneries and municipal administrations.

Sample of Units surveyed in Ranipet agglomeration

Nature of Productions	No Units
Leather units	66
Shoes upper	60
Shoe bottom	17
Engineering units	38
Tanneries	7
Spare units	12
Total	200

For a better understanding of the labour market and the agency of workers, a more focused survey of 400 households in Ranipet area was conducted between August 2013 and January 2014.

After introducing Ranipet as an unplanned industrial town, we study its resilience strategies. The case study of Ranipet agglomeration demonstrates how the state (central and regional) can support the development of industrial clusters. Strong social institutions (caste, community, associations, jamaat...) and local capitalism (well known local business families) can also constitute some advantages in terms of collaborations with public authorities and tools for resilience. Thirdly, the paper demonstrates how the processes of rendering industrial production more flexible in the face of globalisation have led to feminization and casualization of labour, ensuring the resilience of this small industrial town.

1. Placing Ranipet : an unplanned industrial town

Ranipet, an industrial town of 51000 inhabitants, located in Vellore district of northern Tamil Nadu is agglomerated with Walajapet, and four villages (fig. 2). This agglomeration¹⁰ had almost 125556 inhabitants in 2011. It is well connected by rail and road to Chennai (93 kms) and to the adjoining urban centres of Walajapet, Arcot, Arani and Vellore, since two National Highways pass through Ranipet (NH 4 and NH 46).

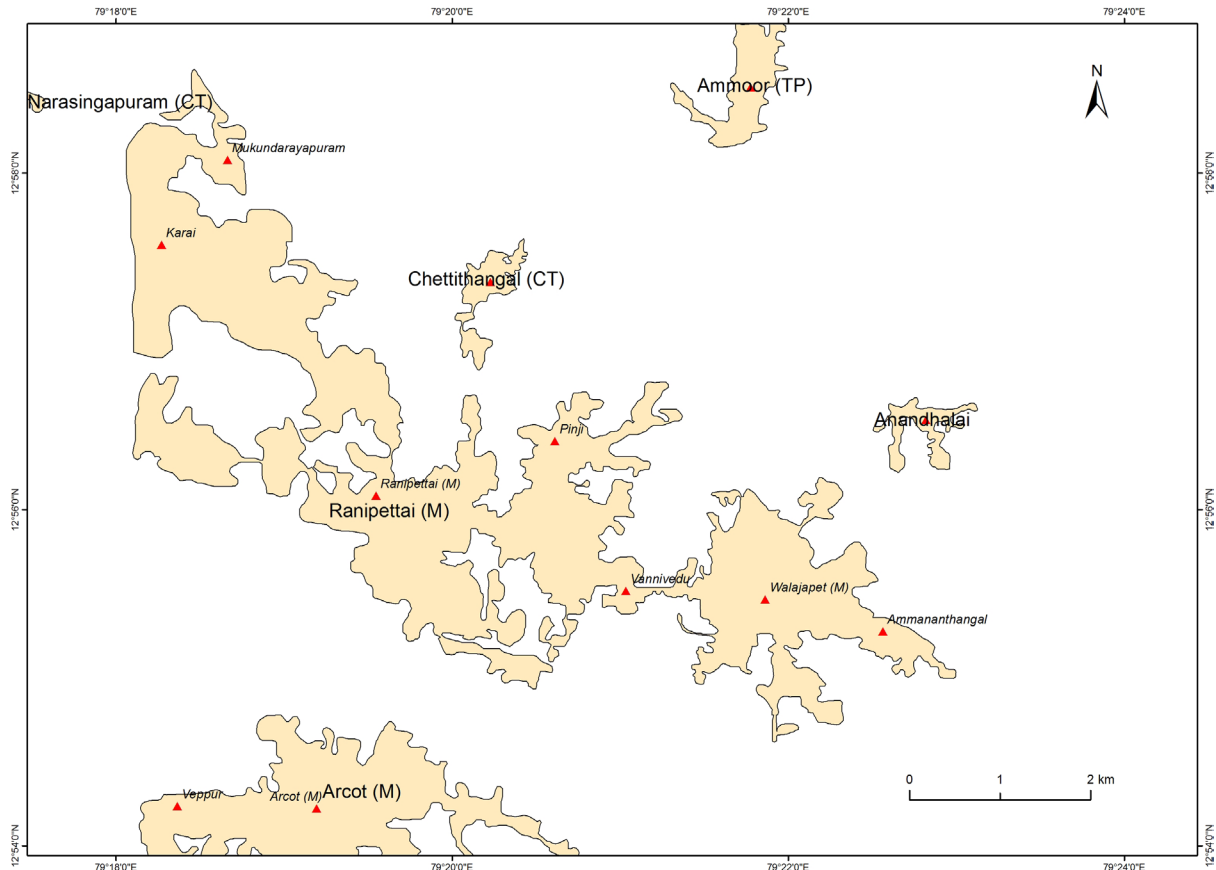


Fig. 2: Agglomeration of Ranipet (including Walajapet)

Demographically, the agglomeration of Ranipet remains dynamic, if we consider the entire agglomeration : the growth of population has been important between 2001 and 2011, most of all in the villages around the municipality of Ranipet.

¹⁰ A geopolis agglomeration is a contiguous built up area with a minimum of 10 000 inhabitants (Denis, Marius-Gnanou, 2011).

Agglomeration (geopolis)	Name of the Town/Village	Status 2001	Pop 1991	Pop 2001	Pop 2011	% growth 1991-01	% growth 2001-11
Ranipet	Ammananthangal	Village	2883	3280	4221	14	29
Ranipet	Karai	Village	9147	10626	Part of Ranipet	16	Part of Ranipet
Ranipet	Mukundarayapuram (SIPCOT)	Village	4220	3931	7070	-7	80
Ranipet	Pinji	Village	2170	2469	Part of Ranipet	14	Part of Ranipet
Ranipet	Ranipettai (M)	Town	42583	47243	51666	11	9
Ranipet	Vannivedu (OG)	Out Growth	7988	9213	15101	15	64
Ranipet	Walajapet (M)	Town	26972	29475	32397	9	10
Total			95963	106237	110455	11	4

Fig. 3: Population growth of the agglomeration of Ranipet

Land use affected to residential and industrial areas has almost doubled since 1991. At Mukundarayapuram village for example, SIPCOT¹¹ has recently allotted 1089 acres mainly for fabrication engineering plants, attracting a lot of workers.

Class	1991	2001	2009
Settlement (residential)	3	4	6
Industrial area	5	8	11
Vegetation	32	35	34
Open Land	47	39	35
Water bodies	13	14	14

Source : Survey of land records, 2011

Fig. 4: Land use of Ranipet agglomeration (%)

Like Ambur, Ranipet is a small town with narrow congested streets and crowded residential zones. The high-speed interstate traffic (NH4 and NH46) has established priority on this corridor, altering the spatial dynamics of the town (Coelho, Vijayabaskar, 2014). Most of all, Ranipet is a dusty polluted town straddling more than a century of industrial development.

The location of Ranipet at the periphery of Vellore (27 kms) – a major centre for administrative, educational and medical services – could explain the lack of basic services in this town and the gaps between the productive hinterland and the unplanned and unserved town spaces. In spite of this, Ranipet gives us some interesting experiments in terms of urban economic resilience. We

¹¹ The main activity of this nodal agency is to acquire land, develop industrial complex parks, growth centres, industrial corridors of excellence, SEZs (*special economic zones*) with basic infrastructural facilities

will analyse the different strategies of resilience that maintain its economic activities and thereby its employment.

2. State policies, social capital and resilience strategy

The leather industry is one of the oldest traditional industries in India. It has several components like tanning, footwear and leather products, including garments. The modern leather industry began with direct encouragement from the British colonial government.

The Indian leather industry is expected to clock \$27 billion turnover in the next five years, up from the present \$12 billion (2012). Exports presently constitute \$5.91 billion of this turnover. The industry has recorded a cumulative annual growth rate of 14.77% in the last five years (Business Standard, Feb.1, 2015). Out of the total number of tanneries in India, about 45% are located in clusters of small towns in Vellore district (Vaniyambadi, Ambur, Pernambattu, Melvisharam and Ranipet) along the Chennai-Bangalore corridor. Ranipet is a major manufacturing centre producing finished leather and shoes for the European markets.

Industrial tanning was progressively introduced in the 19th and 20th centuries, mainly at the initiative of Labbai Muslims who have traditionally been involved in commerce and trade. By the middle of the 19th century, Muslims held a monopoly of both tanning and manufacturing activities, which they slowly mechanized (Flamant, 2004). People from other districts of Tamil Nadu and from Andhra Pradesh whose traditional occupation was leather work, migrated a long time ago (Kennedy, 2004, Dupuis, 1960).

Until the 1980s, the historical absence of Hindu investment in this industry was explained by the impurity associated with leather in the brahmanical value system. However since many years it is no longer the case: many Hindus (Chettiar and Naidu) have been involved in the leather industry. It cannot be argued that community has functioned as an entry barrier to entrepreneurship in the tanning segment in the leather industry since it was observed that large numbers of non-traditional entrepreneurs had also set up and operated successful units.

Even if the leather industries in the agglomeration of Ranipet existed since the colonial period, their present level of development is a result of conscious government policy to develop leather clusters in particular ways. Particularly in Tamil Nadu, the degree of state intervention in the industry has been high and a variety of institutions have come into existence to take care of the needs of the industry.

Thus, while the colonial period saw India entering the international market for raw hides and skins and then semi-finished leather, actively promoted by the colonial state, policies to encourage the indigenous development of value added segments in the industry such as finished leather, shoe components, full shoes and leather goods took place in subsequent stages from 1973 onwards. In the late 1970s and early 1980s, 100 per cent export-oriented footwear industries on larger scale were promoted and that allowed them to get established afresh. The role of the State has been crucial in determining the nature of integration with the global value chain in the leather industry. The footwear sector is de-licensed and de-reserved, paving the way for expansion of capacities on modern lines with state-of-the-art machinery. To further assist this process, the Government has

permitted 100% Foreign Direct Investment through the automatic route for the footwear sector. Between 1979 and 1985 three major corporations came up in the state with the explicit mandate to service small and micro enterprises with technical and concessional financial assistance – the Small Industry Development Corporation (1970), the Small Industries Promotion Corporation of Tamil Nadu (1972) and the Tamil Nadu Industrial Development Corporation (1985).

SIPCOT has three industrial complexes (Phase I, Phase 2 completed and Phase 3) in and around Ranipet. The phases 1 and 2 have been allotted for leather and chemical units. The leather industry has a very strong institutional set up.¹²

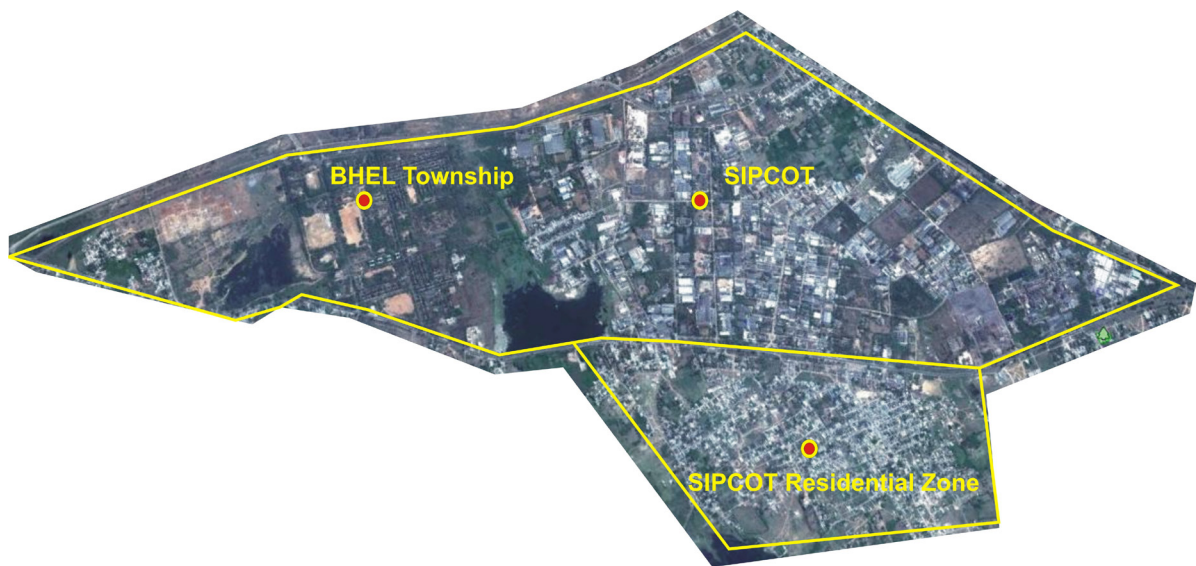


Fig. 5: Industrial complexes of SIPCOT in Ranipet agglomeration

In Ranipet agglomeration, the units are scattered : 33% of the industries are located in SIPCOT and 16% in SIDCO industrial estate; 21% are located in Ranipet and 5% in Melvisharam; 11% of the units are located on Amoor road. In general the factories are mostly concentrated in SIPCOT and on the Ranipet road.

¹² The following are the major institutions that cater to the industry:

- CLE Council for Leather Exports (Under the Ministry of Industries and Commerce);
- CLRI Central Leather Research Institute (Under the Department of Scientific and Industrial Research, Ministry of Science and Technology)
- AISHTMA, All India Skin Hide Tanners Merchants Association
- ISF, Indian Shoe Federation
- IFLMEA, Indian Finished Leather Manufacturers and Exporters Association
- CFIT Central Footwear Training Institute
- ILIFO, Indian Leather Industry Foundation
- Regional Tanners Associations
- Common Effluent Treatment Plants

Location of the firm	Nos
Melvisharam	76
Ranipet	171
Sipcot - 2	146
Ranipet Main Road	91
Sipcot	117
Amoor Road	149

Source: Dept of Industries and Commerce, Vellore, 2012

Fig. 6: Number of registered units in the clusters

Around 85% of the units were established in Ranipet in the early 1980s and 1990s. When SIPCOT was formed, around 40% of the units were established inside and outside the SIPCOT area. Since the liberalization in 1991, 15% of the industries have been established, but because of pollution, very few tanneries have been built after 2001. Also many of them have been closed as they were not connected to a CETP (central effluent treatment plant). In fact, since 1995-96 the local industry has been hit hard by the decision of the Supreme Court to enforce environmental regulations concerning tannery effluents and tanners have increased their co-operation in order to meet stringent pollution controls (Kennedy, 1999).

3. “Clusterization” and local capitalism as sources of economic resilience

A geographically concentrated cluster

As already well studied by Kennedy and Flamant (2002), leather clusters of Ranipet and the Palar Valley manifest a number of characteristics of the industrial district model, including joint action. Many of these firms enter into sub-contracting arrangements with composite factories or manufacturing units. This physical proximity in itself can generate “agglomeration effects”, by reducing transport and transaction costs of various kinds. Co-ordination among complementary firms allows the district to function like an integrated firm to collectively produce goods. In particular, there is evidence of considerable inter-firm co-operation in the form of sub-contracting relationships, which introduces greater “flexibility” and constitutes a response to growing competition in international markets. Like Tiruppur, well studied by Chari (2004), Ranipet is a space of flexible accumulation where production of leather goods is organized within a geographically concentrated cluster consisting of a network of formal and informal production units connected through subcontracting and job-work linkages. Chandramouli (CLRI) has been trying to convince the leather belt industrialists to invest in Tiruvannamalai district (an agricultural district) because of labour shortage, but they don’t want to take any risk and prefer the skilled manpower in the leather sector of the Palar valley.¹³ Because of their anchorage in this area since colonial times and the availability of semi-skilled workers for decades, the business families do not want to move to the neighbouring district.

¹³ Interview on November 2012

Traditionally, there has been an outgrowth of clusters around a particular industrial estate, but now they are more integrated in SEZs implemented by the State since 2005. Subsequently, clusters have come into existence without any barrier of distance from the location of big industries to which they supply intermediary goods. The distance factor in such cases is no longer a barrier because of the operation of middlemen between the big firms and the clusters and also on account of the improvement in the transport system. More recent contributions have shifted from local co-operation dynamics to local-global links and have increasingly adopted the “Global Value Chain” approach. Now, the emphasis is on the role of global foreign buyers as main carriers of knowledge flows towards the cluster. Buyers direct and help local firms upgrade their products and processes.¹⁴

The leather cluster of Ranipet is composed of 355 units distributed in many sub-sectors: dry leather finishing, chrome tanning, vegetable tanning, leather chemicals, shoe uppers and footwear manufacturing.

More than 200 units are involved in tanning and 150 in chrome tanning, employing 8000 workers. We should know that most of the leather tanning units of less than 10 workers are not registered and there is a prevalence of job work. So it is quite common to find an owner who hires out one employee for a special activity on piecework basis. The demand for work fluctuates with the availability of skin and orders from other leather companies. The smaller units specialized in one stage of the production of leather goods are connected to larger exporters through subcontracting and job-working networks.

The Ishaq Leathers¹⁵ company in Sipcot Ranipet is a good example. For the past 20 years, it has supplied the following services : dry drum, staking, hooking, taggling, paiding, handspray only on job work. When we met the manager, he had hired a worker for taggling with a special machine at 50 paisa/piece. The worker needed between 3 and 5 minutes to taggle each piece. The client company (TM Leather) in turn paid Ishaq 2Rs/piece. According to the latter, 200 small units in Ranipet work in this way. All these units are struggling with power outages ranging between 8 and 12 hours a day! Only the biggest companies can afford generators, because power from generators costs 5 times the price of electricity.

	Total Units	Average Employment	Estimated employment	% of Work
Dry leather finishing	28	995	1420	2
Footwear manufacturing	9	991	1320	2
Shoe Uppers	99	16847	22531	27
Chrome tanning	154	4954	8141	10
Vegetable tanning	32	1082	1961	2

¹⁴ *Competitive innovative clusters in india* in Vijay Kumar Kaul, Department of Business Economics University of Delhi, Electronic copy available at: <http://ssrn.com/abstract=2369291>

¹⁵ Interview with Ishaq in March 2013

Leather chemicals	19	1424	1930	2
Other chemicals	14	1113	1480	2
Other Products and services	63	4609	7060	10
Total	418	57855	82001	100

- Maximum intake during the peak seasons

Source: from database of Inspector of factories, DIF, Vellore, 2013.

Fig. 7: Units in the leather value chain in Ranipet Cluster in 2012 (>10 workers)

The employment figure is high in the manufacturing of shoe uppers. If we consider the registered factories with more than 10 workers, almost 30,000 workers (43% of the workforce) are involved in the leather sector (fig. 7)¹⁶. Except the shoe uppers sector which has a large number of workers (44 factories of more than 200 workers), the leather sector is composed of small units of less than 100 workers.

The footwear units in Ranipet are the most mechanised units. The division of work of both shoe uppers and final shoe manufacturing is more elaborate and capital intensive here than in other parts of India. From the data of the Inspector of factories, we found that all surveyed firms had more than 200 workers. Firms that further diversified into sole making have become larger sized firms (more than 1000 workers). The big factories like KH, Bachi Shoes and Ram Leathers are based in multiple locations. Each industry has different reasons for locating their factories between Melvisharam, Ranipet and Ranipet industrial estates.

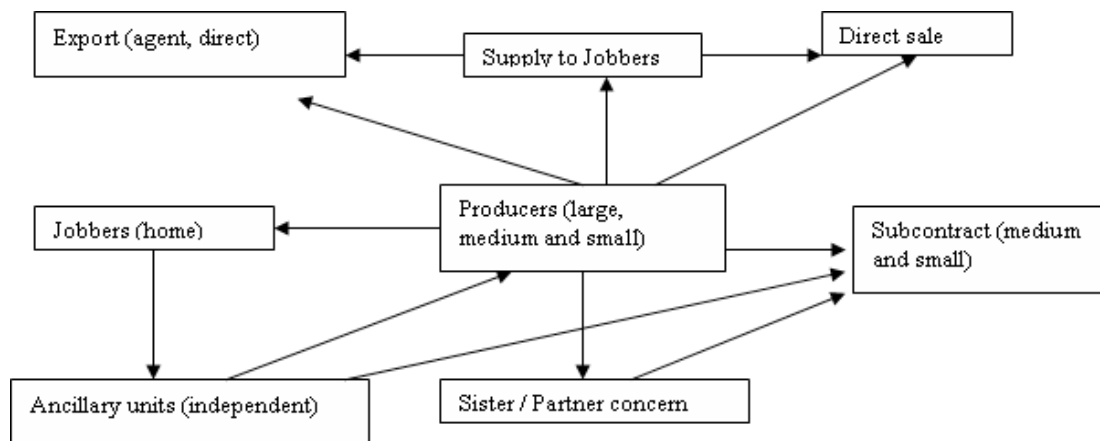


Fig. 8: Organisation of the cluster

¹⁶ In CLE, we have been told that data on employment does not exist, because of subcontracting with small units of less than 10 workers. Our work is based on data collected with the Inspector of factories and concerned only the units of more than 10 workers.

The industrial cluster (fig. 8) in Ranipet is organised between jobbers and exports, taking advantage of the availability of raw materials, semi finished goods and service sectors. All the major producers in Ranipet have partners involved in the processing of raw materials or finished goods. The job working units located in two Small Industrial Development Corporations (SIDCO) are independent and maintain strong links between the job work providers and other ancillary units. The main producers continue their marketing through direct agents, major jobbers and direct sales.

As for the marketing of the products, 65% of the industries sell through the intermediaries. They either do job work or sell indirectly ; 20% of the big units have direct orders and export / sell directly. Sometimes, they sell to other factories with their brand name. Nearly 15% of the industries sell partially to direct buyers and partially through jobbers -- this includes the shoe bottom and machinery accessories -- and 78% of the industries have regular orders from other firms. These industries prefer to do either fully or partially sell on regular order so that they can job to their workers regularly. 70% of the industries work in leather related industries in Ranipet. They produce full shoes, shoe uppers, shoe bottoms, other accessories and do processing of leather. 28% of the industries work in engineering accessories, 35% are into chemical, plastic and other accessories units work for leather and engineering.

In our sample, 22% of the industries supply their products to 3 different companies, 27% to 2 companies, 3% to only one company, 22% to 5 companies and 15% to 6 companies. This shows that the production units have different marketing channels.

Role of local capitalist families in the economic resilience

It's interesting to observe how the local family businesses that have settled in Ranipet for a long time have transformed its economic landscape from a small town to a globally embedded economy. Family business is an important component in the development of the Ranipet industrial cluster.

Native place	%
Melvisharam	58
Ranipet	25
Vellore	17.5

Source: primary data

Fig. 9: Location of the entrepreneurs

The Ranipet cluster is dominated by entrepreneurs from Melvisharam and Ranipet towns: 58% of the industry owners are natives of Melvisharam, 25% are from Ranipet and only 17% are from Vellore. The owners from Vellore are migrants from different parts of South India : 27% are from different regions of Tamil Nadu and 11% from towns such as Bangalore, Hyderabad etc. Regarding the residence of the owners, 90% live in and around Ranipet and only 6% live in Chennai and commute to Ranipet once in a week¹⁷. For all of them, proximity to the town of Vellore which provides all amenities (a well-known hospital, good university, recreational activities), limits commutes to Chennai.

¹⁷ In Ambur, the other leather cluster studied by Coelho, Vijayabaskar (2014), most of the owners live in Chennai.

There are many reasons for the establishment of industries in this town. The main one is family links while other reasons are related to the industrial cluster facilities.

Reasons	Frequency (%)
Family link in the town	22
Transport facility	12
Availability of raw materials	21
Cluster advantage	9
Market facility	16
Trained labour available	18
No strike in general	2

Source: primary data

Fig. 10: Reasons for establishment of the industries

45% of the units were started by family members and most of them are owned by Muslims. 75% of the industries have partners among family members. These include sons, daughters, brothers and wives. 13% of the industry owners are natives of Ranipet and 27% are from Arcot and Melvisharam. 36% of the owners come from different parts of Vellore and surrounding areas.

81% of the industries have formal agreements with other enterprises and 86% of them don't receive any help from the government. Most of the industries have received 35-40% of their initial capital from the banks. 70% of the industries take loans from relatives and friends on interest.

In general there is no dispute between the firms in sharing products and raw materials. Only 5% of the industries encounter problems regularly and 6% occasionally. If there is a dispute, 97% of the industries resolve it with the help of association leaders and 3% resolve it with the help of *jamats*¹⁸.

Some case studies can illustrate this thesis. Apart from TLS (Tata Leather Group), no large domestic corporate firm is involved in footwear production either for export or for the domestic market. In Ranipet also, family companies are predominant.

Kizhar Hussain group : the biggest company in Ranipet¹⁹

The dynamic nature of Labbai entrepreneurship, readily claimed by the community, is illustrated by the Kizhar Hussain and Sons Group which has many units in Ranipet and in the Palar Valley. However, socio-political factors such as policies aimed at promoting and modernising the industry, appear to have played a preponderant role. . During the 1980s, large industrial groups owned by a few Muslim families began to develop. Several firms like KH group began to manufacture the

¹⁸ Islamic assembly

¹⁹ Interview on January 2012 with Ashok Singh, manager of KH Ranipet.

complete shoe, which marked the take-off of the shoe industry and radically modified the socio-economic landscape of Ranipet and the towns of Palar valley (Flamant, 2002).

KH Group whose annual turnover is US \$150 million has effectively integrated many companies : M.A Khizar Hussain and Sons, KH Shoes Private Limited, Rabia Leather Limited and KHArind Limited. This Group has a total labour strength of around 12000 workers, which goes up even more during the peak seasons. In Ranipet, KH Shoes, the largest unit, has almost 5000 workers (Inspector of factories, 2012), KH Leathers, 900 workers, KH Shoes Accessories, 400 workers. Muslim white collars and blue collars are predominant because of community preference. The shoe factory of Ranipet, established in 1982, has a production capacity of 10000 pairs per day. The high quality shoes produced here are sold to reputed international brands. The company's export turnover is around US\$ 52 million. The factory has an in-house outsole manufacturing factory. It sources leather from 3 tanneries of its own group which manufacture high quality leather.

Apart from running many factories, the KH family has invested in education and health. Apollo KH Hospital is a joint venture between Apollo Hospitals Enterprise Limited and the KH Group. The Hospital campus is spread across 10 acres of land in Ranipet. One of the primary objectives of the KH group is also to raise the education level of the Muslim community, statistically less inclined towards studies than Hindus.

However we cannot assert that this entrepreneurship is specific to the Labbai community, because other big groups like Bachi Shoes for example -- which belongs to a Telugu-speaking Naidu family -- are also involved in it since the 1950s.

Bachi Shoes and Euro Shoes : The discrete intrusion of Tata international Limited²⁰

The company was started in 1932 by Mr Rajagopala Naidu, a former Member of Parliament. It was the first modern tannery which began to process East Indian Tanning. With 12 units (9 in Ranipet and 3 in Ambur), Bachi Shoes (BSIPL) is India's largest manufacturer of children's footwear, supplying to several international brands across Europe (Italy, Spain). Euro Shoes (ESCPL) with 2 units in Ranipet is a state-of-the-art manufacturer of footwear soles.

Bachi's business has steamrolled ahead — from a turnover of Rs.15 crore in 1998-99 to Rs. 165 crore in 2009-10, the production capacity rose to 8,000 to 9,000 pairs of shoes a day. However, since December 2010, it operates as a subsidiary of Tata International Limited (TIL), the trading arm of the Tata group. For a deal of 130 crores, according to the media, TIL picked up 76% stake each in Bachi Shoes India and Euro Shoes Components. These acquisitions considerably augmented TIL's presence in the manufacture and export of footwear and took capacity to over five million pairs per year.

The Bachi family continues to hold the remaining stake, and Mr. Bachi (grandson of the founder Rajgopalan Naidu, MP) continues to be the Managing Director of the company. According to him «It's a significant move towards growth. It's a part of our plans to expand our manufacturing

²⁰ Interviews with Visvanathan, HR of Bachi shoes and Amal Raj (accountant) of Euro Shoes in November 2012.

capacity and acquire international brands. With TIL's acquisition, our dreams of making Bachi a bigger player could be realised. The fact is that most leather businesses are family-run. That's one of the reasons we can't scale up operations. Factories need to fan out to interior areas instead of being concentrated in one or two places because they are huge employment generators — particularly for women.” (*The Hindu*, 3/2/2011). According to the HRD, the Bachi family continues to hold the residual stake and to work closely with TIL to manage and grow this business. In Sipcot Ranipet, it's impossible to see anybody mentioning the participation of TIL.

Most of the big enterprises are manufacturer-exporters (KH, Bachi Shoes, Ram Leathers) and the major markets are the European Union (including UK) and US. Most of the world's major footwear brands -- Clarks, Versace, NEXT, Hugo Boss, Florsheim, Gabo, Salamander, Guess... -- source from the factories in Ranipet and nearby towns (Ambur). Large firms and many medium-sized firms export directly, but the rest of them export indirectly through merchant exporters or importing agents in Chennai²¹.

During 2010-11, the main markets for Indian footwear were: UK with a share of 19.16%, Germany 16.15%, Italy 12.46%, USA 8.04%, France 8.93%. India exported more than 90 million pairs of footwear, 45 million footwear components, 111 million pairs of gloves and 742 million sqf of finished leather products.(CLE 2012). In terms of export of leather products, the share of Ranipet was important as shown in the table: 12% for finished leather products, 8% for leather footwear pairs and 5% for footwear components. In the year 2012, the cluster of Ranipet exported leather footwear worth 847 crores (11%) and an amount of 789 crores of finished leather products (11%) and 134 crores of footwear components (8%).

Products	India	Value (Rs crore)	Ranipet	Value (Rs crore)	Share of Ranipet (%)	Share of Ranipet (%) in Rs Crore
Finished Leather products (sqf)	741162777	5123	87140204	789	12	15
Leather footwear (pairs)	90775242	7782	7611795	847	8	11
Footwear components (pairs)	44896448	1591	2165522	134	5	8
Leather garments (pieces)	9843035	2693	22541	10	1	1
Leather goods (pieces)	138631213	3738	180923	4	1	1
Leather gloves (pairs)	111400989	1033	1117357	62	1	6

Data collected from CLE, 2012

Fig. 11: Export of leather and leather products in Ranipet cluster during 2011-12

If the enterprises cannot export their products, they sell them in the domestic market which is more reactive.

²¹ According to Zafarullah, the leader of South India Tanners Dealers Association, Ranipet has been proposed to be a town of export excellence : selected towns producing goods of Rs. 1000 crore or more will be notified as Towns of Export Excellence on the basis of potential for growth in exports (interview in January 2011).

4. Transformation of labour market : a tool for resilience

Clusters informalisation is a major feature of the labour market, irrespective of the nature of the enterprise. Informal methods of recruitment and remuneration are a guaranteed system of exerting control over the labour process, and even in segments such as footwear manufacture and finished leather production where production conditions can favour vertical integration, flexibility is attained through control over labour. The availability of cheap labour presents the possibility of adjusting instantly to changes in demand, whereas investment in more machinery, even if the costs can be recovered quickly, prevents the possibility of such instantaneous adjustments. The control over the labour process constitutes the most certain element in the production process for an entrepreneur, and in a situation where entrepreneurs consider production conditions to be vulnerable, informal labour processes are used and are widespread. The use of informal labour processes is possible due to employment based on gender in Ranipet and in Tamil Nadu in general, in spite of the rules of traditional society.

The processes of rendering industrial production more flexible do not have the same effect on women as on men. Though this flexibility is the reason for feminisation of jobs long dominated by men, several studies have also shown that women are paid less than men, undertake new types of employment (part time, temporary, domiciliary, unit rate ...) and cannot claim promotion in jobs, which make their jobs insecure. Women, whose labour costs less, are much sought after by employers, even more in rural than in urban areas, as we can see in the Ranipet cluster. It has been observed that female labour is cheap not only because of the difference between the wages of men and women or the difference in terms of skills, but also because of the lack of security and protection which characterise women's labour. Both of these are linked to the flexibility of the labour market. On the other hand women also prefer some flexibility in their work since it allows them to take care of their families. Their docility is also a reason for employers preferring women workers (Marius 2014, 2015).

Since the beginning of industrialisation in Ranipet (1980), no special qualification has been required from the workers. Managers ask for a minimum level of education (8-10th standard), except for the Muslims (community preference). In KH for example, 75% of the women workers are Muslim. In the large units, the average income of the majority of workers is between 4000 Rs and 7000 Rs, much higher than in the smaller units. According to many workers, the salary is much higher in Bangalore for the same work (around 20000 Rs). In larger units like Bachi Shoes or KH shoes²², managers have strategies to limit the turnover and the absenteeism. For example, they offer special incentives to workers who work continuously for 24 days. Women workers who become permanent after 6 months also get many facilities such as: ESI, PF, maternity leave, half salary because of illness or technical unemployment, 200 Rs on Sunday, bonus for Ramzam and Pongal. They can eat in the factory for 2 Rs and have 2 tea-breaks (tea and vadai). According to the Human Resources Manager of Bachi and KH Shoes, they do not suffer from labour shortage. These large export houses are also pressured to implement international codes of conduct and try to comply with standardized labour regulations.

²² Interviews with women workers in KH shoes in April 2013.

Traditionally, women have been given jobs inferior or subordinate to those of men. For example, in the cutting section, the men would operate the machines while the women 'helpers' would sort out and arrange the cut pieces. But gradually the managers (Bachi and KH) have realised that women are as capable as the men at skilled jobs, and are in fact more efficient. One of the reasons for this rapid transformation is due to the quick turnover of the female workforce combined with the recent requirements for minimum educational qualification. One-third of the female workforce changes each year, whereas the educational level of the male workforce, -- those recruited initially were often below the 3rd standard -- remains relatively stable.

Many big companies subcontract for their production. They sometimes give out work to home-based workers through contractors. Even many medium scale industries in the organised sector do this. Subcontracting of work to home-based workers seems to have expanded phenomenally over the past decade, most of all during peak seasons. In a lot of colonies surveyed in Ranipet area, a majority of households were reported to be doing some kind of home-based work. However jobs created in this way are irregular and low paid, and most importantly, on a piece-rate basis.

Here's a profile of the women workers in Ranipet: most of them belong to the age-group 15-45 years. Until recently, some of them entered the industry as adolescent workers (Muslims), mostly as helpers. Now it's forbidden and the minimum age required to work is 18 years. Most of the women in the age group 18-25 are not married. Our field survey has shown that a majority, i.e. 70% of women, belong to backward castes and now scheduled castes. If the manager is a Muslim, like in the KH group, 50% of workers are likely to be Muslim, because of community preference. Generally, the Muslim women are secluded because of the purdah (seclusion), but because of the extreme poverty of certain sections of this community, the family sends the women to the shoe factories. To be politically correct, the Muslim managers employ 90% of women. But in other factories managed by Hindus, one can have mixed assembly lines.

M A Kizhar Hussain and Sons shoes²³ recruit women within a radius of 50 kms around Ranipet and up to Chittoor (Andhra Pradesh). The strong participation of women in industry jobs, especially in Ranipettai, is due to numerous footwear factories that employ mainly women (>100 units). Shoe factories are much more labour-intensive than the tanneries at present, and increasingly feminized. According to Ashok Singh, 12000 workers, mainly women, can be employed during the peak season if we include outsourcing of jobs in the villages, for the women who prefer working at home.

In our sample of 400 households, 75% of the workers were recruited directly and 25% with the help of recruiting agencies and trade unions. They were each made to sign a contract which remains in force till they are employed. 60% of the managers are Hindu and 40% are Muslims. As regards their native place, 42% are from Vellore district, 12% from Melvisharam and 4% from Chennai. Coming to the technicians, 58% are Hindu and 39% are Muslims. Also 22% are from Melvisharam, 22% from Vellore, 16% from Ranipet and 16% from other parts of Tamilnadu. Finally as far as the workers are concerned, 42% are originally from Ranipet and most of the others are from the hinterlands within a radius of about 10-30 kms from Ranipet, 26% are from Vellore, 11% from Melvisharam and 12% from Arcot. In our sample, 90% are Hindu and 10% are Muslim.

²³ Interview with Ashok Singh, manager of KH in January 2011. KH had 3 units of 4000, 900 and 400 workers in Ranipet in 2012.

Footwear factories have engendered a new way of life for women workers. The increase in the number of shoe factories has caused a major upheaval with the massive recruitment of women. The growth of export-oriented manufacturing industries has led to the emergence of a salaried class of women industrial workers, not only in urban areas but in rural areas as well.

In such rural areas, where the patriarchal ideology is very deep rooted, growth of female salaried class, even with the increased exploitation of women which it implies (low wages), maybe a factor leading to “empowerment” as stated by some of the women who were interrogated about their condition.

Main reason to work	
Work is interesting	10%
Woman has to work to support the family	20%
To meet friends	20%
Time pass	10%
Sufficient salary	10%
Happy environment	10%
Since illiterate, forced to take up this job	5%
Salary is more in this work	5%
Otherwise boring, sitting at home	3%
No need carry weight on the head and in the hand	7%

Source : Primary data

Fig. 12: Main reasons for women to work in a shoe company

Though working conditions in small units are bad (low salaries, casualisation, compulsory overtime), they are still better than in any other activity (except public services). So most of the unmarried women prefer going to the factory rather than staying at home and getting bored. Also they can escape the control exercised by their family and neighbours. Women of factories tend to get married later than other women, because they are often the only earning members in the family and this is also the only way for them to prepare their own dowry. In fact, even after marriage, many women workers go back to the factory once their children are grown up. Their salary often constitutes the principal if not the sole income of the household, which could confer on them the status of implicit or explicit head of the family. Some of them however manage to get work that can be done at home, till the children grow up, but for pathetically low salaries (at unit rate) and they do not get the welfare benefits (bonus or allowance, maternity leave, retirement benefit).

Like in Tirupur (Carswell, De Neve, 2012), women’s agency is embedded in and structured by wider social norms and gender relations, because of their conditions of respectability and domestic responsibilities and the need of a regular income regardless of their social status.

Some workers’ practices can best be seen as mere ‘resilience’, such as when women workers seek to simply ‘get by’ by taking a lower paid job or opting for a job near to their residence... Gender, caste, life-cycle and mobility are all instrumental in determining the parameters of workers’ participation in global market production and the transformative potential engendered by their agency. (Carswell, De Neve, 2012,9)

Conclusion

Some recent studies on urbanization in India referring to Roy's theory, focussed on informalisation, impossibility of governance or others, have put the spotlight back on the peripheralisation of industry (Coelho, Vijayabaskar) keeping small industrial towns at low levels of dynamism and social welfare.

In contrast to those approaches, this paper has engaged with the resilience of a small industrial town well integrated from colonial times into global networks. It resonates with the framework of *subaltern urbanization* involving strong agency of local actors (social capital, business families, women workers) in spite of global circuits of capital.

This urban resilience for Ranipet is made up of an urban economy that is flexible and able to adjust in the face of uncertainty and bad governance. Social capital, state policies for the leather sector, local capitalism and women's labour are the main factors that distinguish resilient towns from those that are unable to recover from an economic crisis.

Our research has concluded that places dominated by local family-owned businesses experience greater economic stability as compared to places where large and/or absentee owner businesses predominate. Apart from the discrete intrusion of TLS (Tata Leather Group), no large corporate firm is involved in the footwear production in Ranipet, either for export or in the domestic market. Most of the owners of the small and big units have partners coming from the same family (brother, sister, cousin...), the same community and the same places.

Another individual asset that can explain the resilience of an industrial town is the labour agency. As soon as many women workers are involved in small industrial towns, there is resilience in spite of growing informalisation and casualization of this global sector. We need to study this aspect more, in order to better understand the resilience of industrial clusters in small towns. It would be interesting to test this resilience framework with international comparative research in the Global South, a study that is so far missing.

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