**DISJUNCTURES AND DISCONNECTIONS:**

**A CASE STUDY OF ECONOMIC DEVELOPMENT AND URBAN PLANNING IN AMBUR TOWN.**

**BY**

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**Chapter I**

**Introduction: ECONOMIC DEVELOPMENT IN Small/MEDIUM TOWNS**

This report presents findings from a six-month long case study on the consonance between economic development and urban planning in Ambur town. The study was carried out by Madras Institute of Development Studies (MIDS)[[1]](#footnote-1), in partnership with the School of Habitat Studies of the Tata Institute of Social Sciences (TISS), under its program Urban Infrastructure Reforms Facility (UIRF), with funding from the Ford Foundation. The study represents a second phase of the UIRF program, following on its earlier project entitled “Laying Foundations for UIRF” which undertook a critical exploration of urban governance reforms in small and medium towns (SMTs) across 5 states, with the aim of strengthening the capacities of local civil society to engage with and help to shape municipal reform processes.

The lessons from the first phase of the project highlighted the issue of local planning as a poorly understood and highly complex cross-cutting function, assigned to local authorities, yet located in a range of institutions from the local to the state and central governments. This phase of exploration also brought to light the importance of a vibrant and well-functioning economy as a key dimension of well-being and quality of life in SMTs, and raised questions about the extent to which municipal reforms and governance were intervening to support and strengthening this aspect of the life of towns. Accordingly, this follow-up project has chosen to focus on this question: what is the role of municipal planning in promoting sustainable economic growth and development of small and medium towns, and how can this role be strengthened?

Three towns were selected for case studies on this theme: two from Maharashtra and one from Tamil Nadu. In Tamil Nadu, the town of Ambur was selected as it offered a limiting case to the overall trend of weak small town economies. Ambur is one of Tamil Nadu’s handful of industrial towns, boasting a strong manufacturing base in leather tanning, leather finishing and leather goods production. The choice of this town for a case study allowed for a comparative framework with the textile industry-based town of Sholapur in Maharastra, chosen for study by our partners in TISS. Selecting a town dominated by a single sector would also, we believed, permit a clearer understanding of how town planning and governance shaped, or were shaped by, the economic dynamics of the town.

This introductory chapter proceeds as follows: Section 1 below presents an overall rationale for the focus on economic development and planning in small towns. Section 2 outlines the backdrop, in terms of the profile of economic growth and patterns of urbanization in Tamil Nadu as a whole. Section 3 lays out the aims, objectives and methods of this study and section 4 introduces Ambur town and establishes a rationale for its choice as a case. The next chapter examines the economic landscape of the town and the livelihood activities of its residents. Following this, chapter 3 discusses the spatial, infrastructural, health and governance aspects of the town. Chapter 4 provides a summary of findings and conclusions.

1. **Rationale for the Study: Economic Governance in Small and Medium Towns**.

Small and medium towns (SMTs) have recently come into focus in discussions of urbanization in India, partly due to the historically unprecedented increase in the number of new census towns as emerging from the findings of the 2011 census. The number of new towns jumped by 2,774, from 1,362 in 2001 to 3,894 in 2011, a six-fold increase from that of previous censuses.[[2]](#footnote-2) This finding suggests a shift away from the hitherto top-heavy pattern of urbanization observed in India (Chattopadhyay 2008, Himanshu 2008, Kundu and Sarangi 2005) wherein large cities have grown at a much faster rate than smaller towns and cities, and have absorbed much larger proportions of rural-urban migrants.

India’s Tenth and Eleventh Plans had expressed concern about this concentration of demographic and economic growth in large cities, and the Eleventh Plan had considered an approach of spatially balanced urbanization through the creation of growth centers in small and medium towns. However, paradoxically, as Kundu (2012) notes, the Plan pushed infrastructure development in large cities as the key to overall growth of the economy, as evidenced in missions such as the Jawarharlal Nehru National Urban Renewal Mission (JNNURM), 2005-2012. Other prominent urban policy documents, such as the Report of the High-Powered Empowered Committee on urbanization (HPEC 2011) and that of the McKinsey Global Institute (2011) also adopted this approach, stressing the importance of large metropolises in generating agglomeration economies, and prioritizing their infrastructure and service needs over those of smaller urban centers.

The renewed attention to small and medium towns is rooted in several considerations. Until recently, rural-urban migration tended to bypass small towns and concentrate in large cities, creating problems of congestion and overstretched capacity in these cities, and an imbalanced and overcentralised pattern of urbanization in general (Sahasranaman 2012). Much of this imbalance has been due to the weak economic bases and lack of economic dynamism commonly found in smaller urban centers. If the phenomenon of “jobless growth” has been found to characterize third world urbanization in general, and constitutes a major challenge of urbanization in India, this problem is particularly acute in the case of non-metropolitan urban centers. The top-heavy pattern of urbanization in India has meant that investments in manufacturing industries have typically flowed to larger cities (Kundu and Gupta 1996), while small and medium towns typically present problems of economic stagnation.

The other potential source of growth of small towns, namely investments of agrarian surplus from the hinterlands into non-agricultural production and accumulation has also been found wanting in recent years. The dearth of manufacturing jobs in SMTs has meant that the vast bulk of employment in small towns are in informal sector jobs, petty entrepreneurship, petty commodity production or self-employment. Not only are these forms of employment insecure and vulnerable to various kinds of shocks, but they are also limited in their potential for multiplier effects, and carry limited opportunities for economic mobility. Not surprisingly, Kundu and Sarangi (2005) have found an inverse relationship between town size and poverty rates: in 1999-2000, the poverty rate in million-plus towns was 14.2% and in small cities 24.2%. As Sahasranaman observes, “The fact that rural migrants are ‘voting with their feet’ in bypassing the smaller and medium cities in favour of the larger cities is … a clear indictment of their lack of economic vitality” (2012: 60).

More recent data, however, suggest that these migration trends may be shifting: NSS data indicate that rural-urban migration for economic reasons has declined in the decade of the 2000s, while figures from the 2011 census suggest that population growth in large cities, particularly metropolitan centers, has declined. Yet, it is highly improbable that these data point to stronger economic opportunities in SMTs – rather, Kundu (2012) reads these data as indications that large metropolitan cities have become less welcoming to prospective migrants, and that processes of formalization and elite capture of policy have discouraged in-migration of the urban poor and reduced absorption of migrants in these cities.

Exacerbating this situation is the preferential pattern of allocation of infrastructure grants and investments to large cities. Sahasranaman (2012) cites an NIUA study by Raghupati (2005) which found that coverage of basic services such as water, sanitation and solid waste management, as well as per capita expenditures on infrastructure and services were much higher in metro cities than in SMTs. This bias was replayed in the JNNURM mission, where despite the meager infrastructure-base, resources and capacities of SMTs, funds allocated for them under the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and Integrated Housing and Slum Development Programmes (IHSDP) were paltry in comparison with the JNNURM funds for metro cities.

As urban scholars, policy makers and commentators have recently begun to emphasise, ensuring sustainable urbanization in India demands a more distributed absorption of rural-urban migration across large and small towns, and a more balanced and equitable growth of urban centers. As Sahasranaman puts it, “The concerted development of small and medium cities should, ideally, be the pivot around which the urbanization of India occurs” (p.60). More crucially, interventions in SMTs should be oriented toward strengthening their economic base to create viable and resilient livelihood opportunities for their growing populations. Unfortunately, the contemporary preoccupation with bridging the infrastructure gap in urban India has edged out what little efforts were earlier made to address economic development in SMTs. The Integrated Development of Small and Medium Towns (IDSMT) program, from 1979-80 to 2005, was tasked with providing employment opportunities as well as infrastructure in towns, but it was subsumed in 2005 by the UIDSSMT, which restricted its focus to improving infrastructure and “governance”.

In emphasizing the need to support economic strengthening in SMTs as an integral part of planning and policy-making, commentators posit a close and interdependent relationship between economic development and the strengthening of the infrastructure and services of the town. In other words, the links between economic development and infrastructure interventions tend to be taken for granted as mutually causal, self-generating or automatic. For instance, Sahasaranaman envisages that “economic development provides greater incentives for in-migration and this in turn compels timely responses in infrastructure and service delivery” (2012: 61). Conversely, he argues, “infrastructure provision can be seen as a prerequisite to incentivise economic investments that then lead to greater in-migration. What this illustrates is the intricate and cyclic relationship between economic growth and infrastructure provision” (ibid: 61). Government documents also carry the same model: for instance, the 2012-13 Policy Note of Tamil Nadu’s Department of Municipal Administration and Water Supply (MAWS) declares that financial resources provided to ULBs under the state’s urban development missions “stimulated economic growth through planned urbanization” (MAWS Policy Note p. 6). “Planned urbanization” here refers to state plans and assistance for municipal infrastructure investments, in water, sanitation, street lights, roads and garbage collection. The guiding assumption here is that such interventions will directly translate into a stimulus for economic growth and development in the towns.

While this model appears unexceptionable at a broad theoretical level, there are several problems with it in practice. First, current modes of infrastructure planning and delivery in small towns tend to be standardized, one-size-fits-all, and supply-led, rather than participatory or responsive to local needs and demands. Thus their impacts on, or relevance to, the conditions of local economies are not guaranteed. Economic structures of small towns are varied, and dictate specific types of infrastructure support, geared to their specific needs and conditions. Agencies tasked with infrastructure planning, prioritization and design for SMTs are distinct from those involved in economic governance (if any); and as we point out later in the report, their paths rarely, if ever, intersect. In practice, then, urban planning as it currently operated in India has little direct relevance to the economic life of SMTs and vice versa. This is the fundamental problematic on which this study is based.

Among the many challenges faced by Small and Medium Towns in addressing the problems and opportunities presented by rapid urbanization is the lack of capacity and power of Urban Local Bodies (ULBs) to carry out integrated and inclusive planning that is sensitive to local conditions. The 74th Amendment envisaged that municipalities would be endowed with powers and authority to, among other things, prepare plans for economic development and social justice. Tamil Nadu’s conformity legislation, the amended District Municipalities Act of 1948, declared that “the State Government may entrust to the Municipality (or Town Panchayat), the wards committee or any other committee constituted under this Act … powers and responsibilities … with respect to the preparation of plans for economic development and social justice.” In practice, however, despite the important role prescribed by the 74th Amendment for ULBs in planning for local economic development, such functions continue to be carried out by parastatal agencies (such as, in Tamil Nadu, the Directorate of Town Planning and the Department of Municipal Administration), that have kept planning roles in the hands of bureaucrats and expert planners accountable to the state government. Municipal plans thus tend to be irrelevant to local needs and realities, and often fail to be implemented.

Current governance structures not only separate spatial and infrastructure planning from economic planning in SMTs, they also inscribe a firm boundary between urban and rural areas, although there are usually substantial economic and social linkages and flows between urban centers and their rural hinterlands. In Tamil Nadu, urban and rural areas are governed by two distinct departments: municipalities and town panchayats are governed by the Directorate of Municipal Administration, while rural local bodies are under the Department of Panchayati Raj. An integrated regional approach has been envisaged through the establishment of District Planning Committees (DPCs), as part of the decentralization moves of the 73rd and 74th Amendments. By 2010, DPCs had been set up in most districts of Tamil Nadu. However, as this and other studies have found, their functioning leaves much to be desired. DPCs currently undertake a passive role of consolidating plans drawn up by traditional planning authorities and parastatal boards for their constituent units, rather than engaging in any active planning,

1. **A Profile of Tamil Nadu’s economy**

Since the mid-1990s, Tamil Nadu (TN) has been one of India’s fastest growing states with an average annual growth rate of over 7%.[[3]](#footnote-3) This growth has been due to growth in the manufacturing and service sectors with the state ranking next to only Maharashtra in terms of the contribution made by the manufacturing sector to net State Domestic Product (NSDP). In terms of diversification of employment across sectors, it has the best index with the highest share of manufacturing employment in the country and also the largest number of factories in 2009-2010.[[4]](#footnote-4) Although a large number of workers in the state continue to rely on agriculture, Tamil Nadu is not only the most urbanised state in the country according to the 2011 census, with nearly 50 percent of the population living in towns and cities, it is also a state that is characterised by a large number of small and medium towns. In comparison with Maharastra or Gujarat, the other highly urbanised states in the country, TN has a larger number of towns per unit area and a better mix of small, medium and large towns, as also a better spatial spread of these towns (Rukmani, 1994). An important consequence of this good spread of towns is that rural-urban linkages in the state are quite strong compared to other states in the country (with the possible exception of Kerala).

Urban and industrial growth has been concentrated in several small town clusters spread throughout the state, specialising in a range of activities like clothing, home furnishings, textiles, leather, lock-making, matches, fireworks, printing, dyeing, poultry, coir products, transport equipment servicing, engineering services, and auto component making.The clusters of industrial growth have grown by drawing upon large reserves of migrant labour that have moved into these clusters due to a combination of push and pull factors.

Despite diversification and high levels of urbanization, however, 50% of the population continues to live in rural areas, relying at least partially on agriculture to sustain their livelihoods. The abovementioned growth process in the state, then, has happened on the back of an extremely stagnant agricultural sector during this period. Although the stagnation in the agricultural sector has also occurred in many other states, Tamil Nadu’s agrarian economy has certain specific features. Over the period 1993-4 to 2008-09, agricultural income declined from 24.82% to around 11% of total state domestic product, the lowest in the country after Kerala. Returns to farming have consistently declined. In fact, in 2002-03, the average income for farmer households from cultivation (Rs. 7908) was lower than the amount spent on cultivation (Rs. 8597), the difference again being one of the highest among all states (Narayanamoorthy 2006: 471). The poor returns to farming and the strong rural-urban linkages have facilitated considerable migration from rural areas, which has provided the labour for the high growth sectors.

However, the extent to which urbanisation has been accompanied by planning for sustainable livelihoods remains unclear. The growth of small and medium towns in the state throws up several important questions, not only about provision of adequate infrastructure for those living and moving into these towns, but importantly about the quality of employment they provide. Economic governance of fast-growing small and medium towns has therefore become critical, given the diseconomies of scale of large metropolises on the one hand, and the declining prospects for improving incomes in agriculture on the other.

1. **Aims and Objectives of this study.**

The aim of this study was to examine the relationship between planning processes at the municipal level and the dynamics of local economies, with a particularly focus on informal sector activities which typically generate the bulk of employment and growth in small and medium towns. The project seeks to identify the appropriateness and adequacy of existing planning processes, with a view to identifying spaces available for stakeholder participation and entry points for local action.

As part of this larger aim, the project sought to understand the nature of growth and development in the town as shaped by its economic dynamics. It explored the structure and workings of the local economy, the linkages among different activities and sectors, patterns of employment, labour issues arising in various sectors, and infrastructure needs of different sectors. It also examined the land use and spatial issues arising from these economic activities, how the economy determined living conditions and amenities, as well as the relationships of the municipality with its surrounding areas and the larger regional context.

In the case of Ambur, given the strength and dynamism of its dominant economy, the questions focused on the internal structures of the industry and the relations between the industry and the overall wellbeing of the town. Thus, the questions that guided our research were: What are the impacts of economic development, positive and negative, on the town? How does the economic dynamism of the leather industry translate into better living conditions for the town? How resilient are the livelihood opportunities that it generates for the town’s residents? How can urban planning strengthen the livelihood base?

Going further, a comparative perspective of the economic base and economic planning and policies of towns in Maharashtra and Tamil Nadu is expected to help in understanding the potential roles that municipalities and state governments can play in enabling improved planning for local employment, infrastructure provision and revenue generation.

*Methods*

In accordance with the abovementioned aims and objectives, the data collection and fieldwork for the case study were organised along two broad themes: one, an exploration of the structure, operations, geographies and social landscapes of the economy, and two, a study of town planning and urban governance in Ambur.

To being with, we undertook a transect drive/walk through various wards of the town along with a key informant to understand the spatial organisation of economic activity in the town, particularly in relation to formal spatial demarcations made in the master plan. In terms of the first theme, the study of the town’s economic base, we sought to understand changes over time, and how various social groups are linked to this changing base. To understand the linkage between livelihoods of residents and the economy of the town, we undertook a sample survey of households in the town. The town has 35 wards. Given the paucity of time and resources, we decided to survey 10 randomly chosen households in each of 17 wards. In choosing the 17 wards, care was taken to ensure that the economic and social diversity in the town was captured.

A survey questionnaire was developed, piloted and finalised. The questionnaire comprised two parts. The first part gathered information on household characteristics: social and educational profile, livelihood patterns, extent and quality of access to public services such as schools, hospitals, water and sewage facilities and residents’ perceptions of the responsiveness of the local government to these issues. For households where one or more members were employed in the leather/shoe industry, the second part of the questionnaire was used to gather information on the nature of jobs, employment histories, time taken and distance travelled to work, income levels, nature of amenities and social security benefits provided by the employer, as well as health and other issues faced by them at the workplace.

In addition to the survey, we conducted detailed interviews with select leather industry entrepreneurs and managers from both the large scale formal sector and the small informal sector, and with representatives/office-bearers of trade associations, of large, small and tiny sectors of the industry to understand the differences in experiences and perspectives. We also interviewed trade union activists, key resident activists and members of civic associations in the town. We visited small job-work establishments and home-based workshops, and conducted interviews with a few workers employed in the industry, to capture the work and organisational processes, the changes that have occurred in these areas over time, and their work and spatial implications. As workers for the industry are drawn from surrounding villages, we visited one such village, to understand the impact of such work on the village economy and on the households themselves. We also interviewed agriculturalists in Ambur whose farming activities were affected by the growth of the leather industry.

On the second aspect, we attempted to understand the physical, social and economic specificities of the town that uniquely challenge spatial planning. We sought to gather information on how plans and planning decisions were made at the town level, the real-life consequences of these plans, the de facto processes through which infrastructure investments occur in the town, the key players involved, the conflicts and tensions, if any, resulting from such decisions and actions, and the spaces for people’s participation available in these processes. For this, we conducted interviews with current officials of the municipality and with those that had been associated with various aspects of planning, service provisioning and infrastructure building, including key economic actors in the town. The challenges in terms of resource mobilisation and availability, human, technical and financial were also captured. We also examined the division of responsibilities and powers for planning and resource allocation between the municipality and relevant organisations at the district and state level like the regional director of town planning, regional director of municipal administration and the state’s nodal agency, the Directorate of Municipal Administration. While we could gather some information through secondary documents like annual budgets and master plans, the bulk of the information was obtained through interviews with key informants, long term residents, current and past local body elected representatives and officials at the district headquarters, Vellore.

1. **An introduction to Ambur Town**

Ambur is located in Vellore district of Tamil Nadu, on the banks of the Palar river, about 200 km from Chennai on the Chennai-Bangalore highway. It occupies an area of 17.97 sq.kms, and is bounded on one side by the eastern Ghats and on the other by the Palar river.

Ambur is a medium sized town. Its population grew from 75911 persons in 1991 to just under a lakh (99,624) in 2001, and crossed one lakh (1,35,000) in 2011, making it a Class I town. It has also moved steadily up the scale of urban bodies, from a town panchayat to a third grade municipality in 1948, a second grade municipality in 1973, a first grade municipality in 1998, and a selection grade municipality in 2008.

Ambur has established itself on the world map and on several ratings charts as a leading industrial town in the state and nation. Known as the “leather city of Tamilnadu”, the town is responsible for 10% of the country’s finished leather exports and 25% of footwear exports. According to a report by the Tamil Nadu Urban Infrastructure Financial Services Limited, the town hosts: “5 among the top 20 exporters of leather and leather products; …the top ranking shoes exporter and 8 out of 20 top exporters of leather footwear; …the top ranking footwear components exporter and 5 out of 20 top exporters of footwear components; 4 out of 20 top exporters of finished leather…” (TNUIFSL 2009: 30). The town produced Rs. 2408 crores in export earnings in 2012, and was notified as a ‘Town of Export Excellence’ in India’s Foreign Trade Policy 2009-14 (Outlook 2013).

Ambur is home to about 10 large shoe factories, 100 odd medium and small factories, and a substantial informal home-based and small workshop-based production catering to multiple segments of the domestic market. Starting out as an exporter of raw hides, it has moved, in the last 30-40 years, into leather tanning and processing, and more recently into being a successful exporter of leather products. It has been identified as a high growth cluster by the UNIDO and has been subject to a series of interventions by UNIDO and various industrial development agencies of the state and central governments. Shoe-making being a labour intensive sector, it employs a large number of workers, particularly women, and accounts for a large share of the livelihoods of the urban population.

Ambur’s social composition is unique relative to Tamil Nadu as a whole, with nearly 35 per cent of the population being Muslim. Muslims also happen to be the dominant entrepreneurs in the leather and shoe-making sector. The town is also unique for its large dalit population, which is relatively more literate and less disadvantaged than dalits in other parts of the state. [[5]](#footnote-5) Our sample survey of Ambur’s households revealed that nearly 40 per cent of households in the town were of Scheduled Caste (SC), a much higher number than the state average of 17 per cent. The second largest demographic group in our sample, accounting for nearly 33 per cent of households, was Muslim. The town’s evolution, and to an extent, the social organisation of production of leather and leather products has been shaped by these features of the town. Given that handling dead animals and working with skins has historically been associated with these two social groups, and given their marginalized status, the state and central governments launched several initiatives to support and promote this sector in post-colonial India, including reservation for the small scale sector till 2003, setting up institutions like the CLRI by the central government in 1948 and offering a range of subsidies and concessions for imports of inputs and exports. Migration in both these communities has been high historically, even as they account for the dominant workforce in the sector.

The Ambur municipality, by an unwritten agreement, has maintained a strict balance of power between the two dominant communities, Hindus and Muslims, so that each seat in the local body, as well as the chair, alternates every term between the two communities. Also, if the chairperson is of one community, the vice chairperson would be of the other. This system has been in force for over 60 years.

**CHAPTER 2.**

**Ambur’S Leather INDUSTRY: STRUCTURE AND DYNAMICS**

This chapter outlines the socio-spatial structure of Ambur’s industrial economy, and its transformation over recent decades. The leather tanning industry in the region (including Ambur and its neighboring town of Vaniyambadi, both situated on the banks of the Palar river) dates back to the mid-1800s, when the colonial government procured raw hides and semi-tanned leather to ship to Europe for processing, finishing, and manufacture of leather products (Kennedy 1999). According to Tewari (2001), colonial policies governing the leather industry were laissez-faire, leading to the emergence of a haphazard cottage industry, but after independence, two considerations shaped government policy in the Indian leather sector: foreign exchange earning, and employment generation.

Through the 1950s and 60s, the central and state governments intervened substantially, through tax exemptions, incentives, licensing and reservation policies, to develop leather tanning in the small and medium industries sectors and to promote its employment-generating potential. Tewari notes that in the Ambur area, this thrust helped to protect the employment of Muslims and dalits, who had been traditionally engaged in this sector. The government’s decision in 1973 to ban exports of raw hides was also part of a thrust to improve productivity in this industry by moving it toward more value-added activities, while reserving it for the small scale sector. Thus, a series of state measures partly pushed and partly incentivized tannery owners in Ambur town, from the early 70s, to modernize, diversify and upgrade their enterprises into activities such as leather processing and leather goods manufacturing (Tewari 2001). Spurred by technological and marketing support from state institutions like the Central Leather Research Institute (CLRI) and Footwear Design Institute, Ambur’s firms moved from exporting raw leather to exporting processed and finished leather and, more recently, leather products such as footwear and footwear components, bags, gloves, and garments.

1. **Spatial and Economic Evolution of Ambur’s Leather Industry: The Ruralisation of Leather Goods Production**

Two key moments in recent history are identified here as having been critical to the town’s development. The first was the movement from use of natural (vegetable) dyes to chemical (chrome) dyes in the 1970s, which resulted in large scale pollution of the river and ground water resources. Accelerating concerns and conflicts from the mid-1980s over the destruction of agricultural lands, crops and water resources due to tannery effluents, culminated in a Supreme Court order in 1995 prohibiting additions in capacity to existing tanneries or the opening of new tanneries. This was the second key moment in the recent history of the industry, which led to its significant spatial and social reorganization.

Partly in response to the court’s directive on tanneries, and partly due to the rising costs of land in the town, a large number of tanneries and shoe factories began to locate their new units, or to relocate themselves, outside the town, in neighboring villages. There has thus been a growing ruralisation of the leather and shoe industry in Ambur. The restriction on expansion of tanning in Ambur has also resulted in a vigorous expansion of shoe manufacturing. Shoe units of all sizes, from large companies employing many thousands of workers, to small job-working shops employing 4-6 workers on seasonal/irregular basis, are present all over the town and its surrounding areas, and account for the livelihoods of a substantial section of the town’s population. The growing demand for raw material began to be met by sourcing semi-finished leather from places like Erode district in Tamil Nadu, Rajasthan, and, more recently, through imports from countries like Pakistan and China.

The diversification from leather tanning to leather goods production was accompanied by changes in the spatial organization of production. While Ambur town has nearly ten large shoe factories and tanneries and several medium to small factories, most of the bigger export factories, employing several thousands of workers, are located in villages surrounding Ambur town, like Pernampet, Periyavarigam, and Thuttipet. Labour for the tanneries and shoe factories is primarily drawn from the nearby villages, although employment absorption in tanning has declined with advancements in leather processing technologies. Further, leather tanning, although historically a preserve of dalit labour, is no longer an attractive employment option for youth, rural or urban, due to its association with pollution and death. Despite the higher wages offered by tanneries (than shoe factories), young dalit workers are rarely found seeking work in the tanneries in the Ambur region any longer.

Shoe factories are much more labour-intensive than the tanneries at present, and increasingly feminized: according to key informants, women workers account for more than 70% of the total workforce in shoe factories. The move from tanning to leather goods production has resulted in a large influx of workers to factories in Ambur and surrounding villages. While villages located at a radius of about 10-15 kms have sent workers to Ambur since around two decades, the numbers of such workers has increased substantially in recent years, and the radius of villages from where workers are sourced has expanded to about 40 km. Our household survey reveals that a good share of households in Ambur rely on the shoe sector for their livelihoods. It also revealed that, while 63.5% of Ambur’s workers reported to work at a site that was within 2 km. from their residence, close to 20% travelled more than 10 km. to their worksites, mostly to village-based shoe factories. Even in the former category, many workers travelled to villages adjoining the town and lived in wards close to the border of the town. Such labour flows into and out of the town pose new challenges for the transport infrastructure of the town and indeed the region. They also have significant implications in terms of the informalisation of labour, and pose challenges for labour organising in this sector.

Thus, a crucial feature of the region’s leather and footwear industry, which has implications for urban governance, is the rise of the commuting worker on the one hand, and the ruralisation of leather good production on the other. The dependence of large factories, both town-based and village-based, on commuting workers to meet their workforce requirements, is underlined by the now common practice of firms running buses and vans to shuttle employees to and from their residences. For medium and smaller units, private share autos and public buses transport large numbers between residences and workplaces every day. Such labour mobilities, urban to rural and rural to rural, constitute novel patterns against the conventional rural to urban movements that are typically associated with industrial clusters. These new geographies of mobility and work-time spaces also spill out of current spatial categories of governance, like rural or urban.

This phenomenon of everyday rural-urban mobilities is not unique to Ambur town. Chandrasekhar (2010) notes the growing significance in India’s rural and urban landscapes of the ‘commuting worker’ – those who live in rural areas and commute daily to urban areas for work, and vice versa. Using information from the Employment and Unemployment survey of the NSSO, on the place of residence of the worker and the place of work of those engaged in non-agricultural work, he estimates that in 2009-10, there were over 8 million rural to urban and 4.37 million urban to rural commuting workers. The break-up of the jobs that they undertake is even more striking: while 40% of the rural-urban commuters worked in regular salaried/waged employment, the share was 49% for urban to rural commuters. Although the majority of these workers were employed in what the NSSO terms ‘elementary occupations’, i.e., jobs requiring low skills, and in ‘crafts and trades’, in sectoral terms, nearly 24% were engaged in manufacturing.

What is the nature of emerging manufacturing that is fostering these novel patterns of mobility and the accompanying rural-urban transformations? In a recent working paper of the Harvard Business School, Ghani, Goswami, and Kerr (2012) identify two important trends in the relationship between urbanization and manufacturing in India. One, they point to a growing ruralisation of *formal* manufacturing across the country over the last 15 years, with a greater share of manufacturing sector output coming from rural areas. More striking is the fact that manufacturing employment in *urban* areas is increasingly *informal* in nature. According to Ghani et al, organized manufacturing employment in urban areas declined from 69% to 57% in this period, while informal employment increased from 25 to 37%. Both these trends are clearly reflected in recent changes in Ambur’s leather industry, wherein the town currently hosts only two of the 15-odd large export factories and a handful of the medium sized units. Discussions with key informants in Ambur revealed the importance of both lower land prices and excellent transport networks in facilitating the process of ruralisation.

1. **Job-working and recycling:** **the informal shoe industry in Ambur town**

While it was evident that informal shoe-production activities found in Ambur town were as significant as the formal factory sector in terms of their scale of employment, it was difficult to obtain reliable figures on the numbers, types, and terms of jobs generated in the informal sector due to the scattered, diffuse, small-scale and unstable character of this segment.

Broadly, there appear to be two types of informal shoe units in Ambur, both comprising large numbers of small and tiny entrepreneurs, and both arising largely as an offshoot of the export boom. However, they are each linked in different ways to the large export sector. The first comprises job-work units that take orders from large exporter factories. Large exporters, to meet deadlines and reduce overtime payments, outsource portions of shoe-making to small entrepreneurs or individual workers, who carry the work home and complete it for a piece-rated wage. Units may range in size from 2 persons to over 100 workers. Some factories outsource larger orders (of relatively low end segments) to home-based women workers in slums, most of whom are former workers from export factories. Job-work units tend to be critically dependent on export companies for their job orders, and are vulnerable to cycles of demand in export markets; consequently, large numbers tend to shut down when demand is low, and start up again when conditions are favorable. Our fieldwork also revealed that substantial numbers had shut down over the past year (2012) due to the power cuts unleashed across the state since early 2012. Owners and workers of these closed units then seek work in the large shoe factories. Thus, there is an ongoing traffic between petty entrepreneurship and labour in the shoe industry.

The second type of informal enterprise in the shoe sector in Ambur is one that recycles rejects from export orders, and reprocesses them into new products that cater to multiple segments of the domestic market. Given the stringent quality standards of the export market, rejects occur at different stages of production, from leather finishing to stitching or cutting. These rejects are sold at low prices, bought by traders and distributed to several small units in the town. Initially dependent almost exclusively on local factories for their raw material supplies, local producers are now linked to a network of traders supplying inputs from distant processing and shoe factories. These recycled materials are then worked upon in small workshops or even households primarily located in Ambur town, for distribution in various parts of the state and even the country. This secondary production sector in Ambur is significant, and, like job-work units, comprises units of varying size, from single craftspersons earning a subsistence levels, to entrepreneurs employing several workers. These workers are mostly male, many of whom are employed in rural shoe factories but reside in the town and put in part-time work in these units for piece-rated wages, to offset the low wages obtained in formal factories. These units tend to be clustered in specific parts of the town, predominantly in Muslim-dominated areas like Khaderpet.

It is important to note that while cost-reducing strategies of global capital clearly contribute to the expansion of this segment, structures of demand also have a role. Yanagisawa (2010), in explaining the rise of small-scale industries in the colonial period, argues for attention to distinct demand patterns generated by economies with highly differentiated income groups. While quality and design may matter to upper income segments, calling for frontier technologies and skilled labour, cost may be of primary importance to low income segments. This approach draws attention to the plurality of demand and segmentation in consumer markets in explaining sectoral evolution.

1. **A town for the working classes: Ambur’s residents and workers**

This section draws on the findings of our sample survey of 170 households from 17 wards of the town, to characterize patterns of work, travel and income of Ambur’s residents.

While close to 51% of our survey respondents were originally from Ambur, in the sense that their parents were raised in the town, 26.5% were migrants from small neighboring towns, and most of the remaining were from the hinterlands at a radius of about 10-20 kms (Table 2.1)

**Table 2.1: Place of Origin by Ward**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Ward | Rural | | Small Town | | Metro | | Same Neighbourhood | | Ambur but different neighbourhood | | Total | |
| N | % | N | % | N | % | N | % | N | % | N | % |
| Ward 1 | 1 | 0.59 | 2 | 1.18 | 0 | 0.00 | 3 | 1.76 | 4 | 2.35 | 10 | 5.88 |
| Ward 3 | 0 | 0.00 | 1 | 0.59 | 2 | 1.18 | 2 | 1.18 | 5 | 2.94 | 10 | 5.88 |
| Ward 5 | 1 | 0.59 | 4 | 2.35 | 0 | 0.00 | 4 | 2.35 | 1 | 0.59 | 10 | 5.88 |
| Ward 7 | 2 | 1.18 | 2 | 1.18 | 0 | 0.00 | 4 | 2.35 | 2 | 1.18 | 10 | 5.88 |
| Ward 9 | 2 | 1.18 | 3 | 1.76 | 0 | 0.00 | 3 | 1.76 | 2 | 1.18 | 10 | 5.88 |
| Ward 15 | 3 | 1.76 | 3 | 1.76 | 0 | 0.00 | 2 | 1.18 | 2 | 1.18 | 10 | 5.88 |
| Ward 22 | 1 | 0.59 | 3 | 1.76 | 0 | 0.00 | 4 | 2.35 | 2 | 1.18 | 10 | 5.88 |
| Ward 27 | 1 | 0.59 | 5 | 2.94 | 1 | 0.59 | 1 | 0.59 | 2 | 1.18 | 10 | 5.88 |
| Ward 28 | 2 | 1.18 | 7 | 4.12 | 0 | 0.00 | 10 | 5.88 | 1 | 0.59 | 20 | 11.76 |
| Ward 30 | 4 | 2.35 | 6 | 3.53 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 10 | 5.88 |
| Ward 31 | 6 | 3.53 | 2 | 1.18 | 0 | 0.00 | 0 | 0.00 | 2 | 1.18 | 10 | 5.88 |
| Ward 32 | 4 | 2.35 | 2 | 1.18 | 0 | 0.00 | 4 | 2.35 | 0 | 0.00 | 10 | 5.88 |
| Ward 34 | 4 | 2.35 | 3 | 1.76 | 0 | 0.00 | 1 | 0.59 | 2 | 1.18 | 10 | 5.88 |
| Ward 35 | 2 | 1.18 | 0 | 0.00 | 0 | 0.00 | 4 | 2.35 | 4 | 2.35 | 10 | 5.88 |
| Ward 36 | 3 | 1.76 | 1 | 0.59 | 0 | 0.00 | 1 | 0.59 | 5 | 2.94 | 10 | 5.88 |
| Ward 12 and 13 | 0 | 0.00 | 1 | 0.59 | 0 | 0.00 | 9 | 5.29 | 0 | 0.00 | 10 | 5.88 |
| Total | 36 | 21.18 | 45 | 26.47 | 3 | 1.76 | 52 | 30.59 | 34 | 20.00 | 170 | 100.00 |

Importantly, only 10% of the in-migrants said that they had moved for work; most had moved for reasons related to marriage and family (Table 2.2).

**Table 2.2. Reason for Moving to Ambur**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Ward | After Marriage | | Due to Work | | Family moved | | Others | | Total | |
| N | % | N | % | N | % | N | % | N | % |
| Ward 1 | 1 | 1.4 | 0 | 0.0 | 0 | 0.0 | 2 | 2.9 | 3 | 4.3 |
| Ward 3 | 2 | 2.9 | 0 | 0.0 | 0 | 0.0 | 2 | 2.9 | 4 | 5.8 |
| Ward 5 | 3 | 4.3 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 3 | 4.3 |
| Ward 7 | 4 | 5.8 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 4 | 5.8 |
| Ward 9 | 5 | 7.2 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 5 | 7.2 |
| Ward 15 | 4 | 5.8 | 1 | 1.4 | 0 | 0.0 | 0 | 0.0 | 5 | 7.2 |
| Ward 22 | 2 | 2.9 | 0 | 0.0 | 0 | 0.0 | 1 | 1.4 | 3 | 4.3 |
| Ward 27 | 5 | 7.2 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 5 | 7.2 |
| Ward 28 | 3 | 4.3 | 0 | 0.0 | 0 | 0.0 | 1 | 1.4 | 4 | 5.8 |
| Ward 30 | 2 | 2.9 | 0 | 0.0 | 4 | 5.8 | 0 | 0.0 | 6 | 8.7 |
| Ward 31 | 2 | 2.9 | 4 | 5.8 | 1 | 1.4 | 0 | 0.0 | 7 | 10.1 |
| Ward 32 | 5 | 7.2 | 0 | 0.0 | 1 | 1.4 | 0 | 0.0 | 6 | 8.7 |
| Ward 34 | 3 | 4.3 | 2 | 2.9 | 0 | 0.0 | 2 | 2.9 | 7 | 10.1 |
| Ward 35 | 2 | 2.9 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 2 | 2.9 |
| Ward 36 | 2 | 2.9 | 0 | 0.0 | 1 | 1.4 | 1 | 1.4 | 4 | 5.8 |
| Ward 12 and 13 | 0 | 0.0 | 0 | 0.0 | 1 | 1.4 | 0 | 0.0 | 1 | 1.4 |
| Total | 45 | 65.2 | 7 | 10.1 | 8 | 11.6 | 9 | 13.0 | 69 | 100.0 |

Clearly, the boom in exports had not attracted large amounts of in-migration from larger cities or even from the hinterlands for employment. Once these migrants moved to Ambur for other reasons, they sought employment in the shoe factories for want of other work opportunities.

Ambur’s predominantly working class composition was evidenced by the fact that the mean household income, according to our survey, was Rs 8000 per month (Table 2.3).

**Table 2.3: Monthly Household Income Distribution (Total and Caste-wise in Rs/month)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Caste | Total Income | | | Income Range | | | | | |
| N | Sum | Mean | Upto 3000 | 3000-5000 | 5000-8000 | 8000-15000 | Above 15000 | Total |
| BC | 89 | 713700 | 8019.10 | 24 | 16 | 18 | 20 | 11 | 89 |
| MBC | 13 | 93600 | 7200.00 | 2 | 2 | 4 | 5 | 0 | 13 |
| SC | 66 | 579650 | 8782.58 | 7 | 11 | 22 | 19 | 7 | 66 |
| ST | 2 | 16600 | 8300.00 | 0 | 0 | 1 | 1 | 0 | 2 |
| Total | 170 | 1403550 | 8256.18 | 33 | 29 | 45 | 45 | 18 | 170 |

Further, 63% had an income below the overall average of Rs 8000, including 37% who reported an income of less than Rs 5000. Interestingly, there was little variation between SC and BC/MBC households with regard to mean income, in fact, the average SC household income was Rs. 8700/month whereas that of the BC/MBC households was Rs. 7900. This difference can however be explained by the number of household members undertaking paid work: nearly 50% of BC/MBC households had only one earning member, whereas in SC households, only 30% had one member working, with nearly 10% having four or more members in paid employment. In terms of religion, Muslim households registered an average income that was lower than the overall average by Rs 1200 per month. This difference too can partly be explained by the number of members taking up paid employment. Whereas in 51% of the Muslim households, there was only one member employed, among the Hindus, this share was only 37 per cent.

The dominance of the leather sector as an employer in this context was clear: more than 41% of workers in our sample were employed in various segments of the leather industry (Table 2.4).

**Table 2.4: Occupational Profile of Sample Households**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Caste | Total Population | No of persons Employed in | | | Occupation in Leather Industries | | | | | | |
| Leather Indus-  tries | Other sector | Total | Tan-ning | Leather Proces-sing | Job work shoe making | Shoe making for branded domestic firms | Shoe mak-ing for exports | Others | Total |
| BC | 419 | **70** | **80** | 150 | 4 | 7 | 13 | 5 | 39 | 2 | 70 |
| MBC | 55 | **4** | **18** | 22 | 0 | 0 | 0 | 0 | 2 | 2 | 4 |
| SC | 307 | **52** | **87** | 139 | 4 | 2 | 1 | 0 | 43 | 2 | 52 |
| ST | 9 | **4** | **0** | 4 | 1 | 0 | 0 | 0 | 3 | 0 | 4 |
| Total | 790 | 130 | 185 | 315 | 9 | 9 | 14 | 5 | 87 | 6 | 130 |

Work in export factories specializing in leather products accounted for the major share of this sector’s employment (67%). Only 13% reported working in tanning and leather processing segments, indicating a clear shift in the economic base of the town from leather processing to production of value-added leather products. The remaining workers are spread among various smaller segments of leather product manufacture, ranging from jobwork for export factories to different aspects of shoe assembly for the domestic market using rejects of the export market.

Outside the leather sector, formal employment was scarce: only 19% of those not working in leather had formal sector jobs, 11% were entrepreneurs and the remaining reported a range of informal jobs including construction (the major share), mechanics, driving and paid domestic work (Table 2.5).

**Table 2.5: Profile of Non-leather Occupations of Survey Households**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Caste | Total Population | No of persons Employed in | | | Occupation in Other than Leather Industries | | | | | | | | |
| Leather Indus-tries | Other | Total | Labour | Pvt Emp | Govt Emp | Business | Mechanic / Electrician | Driver | Dom-estic (maid) | Others | Total |
| BC | 419 | **70** | **80** | 150 | 22 | 13 | 4 | 15 | 7 | 4 | 4 | 11 | **80** |
| MBC | 55 | **4** | **18** | 22 | 3 | 2 | 1 | 2 | 3 | 0 | 1 | 6 | **18** |
| SC | 307 | **52** | **87** | 139 | 38 | 8 | 8 | 3 | 3 | 10 | 5 | 12 | **87** |
| ST | 9 | **4** | **0** | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Total | 790 | 130 | 185 | 315 | 63 | 23 | 13 | 20 | 13 | 14 | 10 | 29 | 185 |

.Interestingly, although leather accounted for 41% of workers in our sample, it only accounted for only 35% of income, despite the fact that most of the leather workers were employed in export shoe factories (Table 2.6).

**Table 2.6: Distribution of Income across Leather and Non-leather Sector Livelihoods**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Caste | Other Employment - Income Range | | | | | | Leather Employment - Income Range | | | | | |
| Upto 3000 | 3000-5000 | 5000-8000 | 8000-15000 | Above 15000 | Total | Upto 3000 | 3000-5000 | 5000-8000 | 8000-15000 | Above 15000 | Total |
| BC | 38 | 22 | 7 | 8 | 5 | 80 | 36 | 24 | 6 | 3 | 1 | 70 |
| MBC | 6 | 7 | 4 | 1 | 0 | 18 | 2 | 2 | 0 | 0 | 0 | 4 |
| SC | 35 | 27 | 16 | 7 | 2 | 87 | 29 | 21 | 1 | 1 | 0 | 52 |
| ST | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 1 | 0 | 0 | 4 |
| Total | 79 | 56 | 27 | 16 | 7 | 185 | 68 | 49 | 8 | 4 | 1 | 130 |

In fact, 90% of those employed in the leather sector reported a monthly income of less than Rs 5000, clearly indicating the low wages prevalent in the sector. Economic mobility within the factories appeared non-existent: salary levels of workers that had worked more than 5 years were not very different from salaries earned at the time of joining. Entry level salaries were low, at Rs 4000/month, lower than the prevailing wage rates in tanneries, or the daily wage rates in agriculture. A major factor that pulls labour, particularly female labour, to this sector, is that these jobs are seen as light but steady, and most importantly, have regular timings and convenient shifts that allow women workers to return home early in the evening or leave late for work after finishing their household work in the mornings.

Employment in these factories is covered under the Factories Act; consequently 60% of workers in leather reported being covered by social security benefits like PF and ESI. Thanks to an earlier history of a strong trade union movement, they are also eligible for pensions if they work in the same factory for more than 20 years. However, union activists and workers reported several cases of factories closing down and opening again in another name to avoid registering continuous employment.

The stagnation in wage levels can partly be attributed to the lack of collective action by labour in these factories. Long term associates of the industry concede the relatively higher levels of trade union activity in tanneries in the 1970s and 80s. In fact, they point out that the higher wage levels in tanneries as well as measures like the pension system, the periodic revision of dearness allowance, and provision of social security in tanneries were all outcomes of collective action by these unions. With the closure of many tanneries, expansion of leather goods production, and the ruralisation of industry, the decline in trade union activity in the sector over the years is clearly evident, and acknowledged by many key informants in the study. Only two respondents in the household survey reported being members of trade unions in their factories. As Vaithegi (2007) points out, factory owners have consistently banded together to prevent the consolidation of trade union power in factories. A few of the largest export factories showcased progressive labour practices, and Factories Inspectorate officials claimed that some of the large shoe companies tended to be more compliant with labor legislation as they were engaged in direct exports, where there was ongoing scrutiny and audit by foreign buyers on aspects such as minimum wages and working conditions. However, in general, the high levels of competition, large numbers of female employees and high incidence of commuting workers in these factories contributed to low levels of unionization and low wages. For all these reasons, factory employment in rural areas does not quite have the connotation of ‘decent work’ that one normally associates with formal sector employment. As a result, despite being the dominant employer in the town, the leather sector was clearly not the horizon of future aspiration for the majority of Ambur’s residents. Only 14% of those working in the leather sector wanted their children to work in this sector; nearly 40% wanted their children to be educated so that they could move on to better jobs.

At the other end of this livelihoods spectrum are senior managers of export companies, who tend to be recruited from within the large export business families. They are typically sent out of Ambur to Chennai, Bangalore or abroad for studying before being inducted into the business. According to key informants, higher level managers and senior executives of the large companies, almost invariably, maintain their primary residences and their families in Chennai or Bangalore, especially if they have school- or college-going children. Most own residences in Ambur town where they may stay for a few days a week, returning to their metropolitan homes over the weekends. This is a key dimension of civil society formation in the town. The fact that the leading economic actors of the town are non-resident considerably diminishes their stakes in demanding better social and physical infrastructure for the town. In fact, resident activists perceived the interests of the elite leather and shoe sector entrepreneurs to be antagonistic to the interests of the town. In their view, the exporters had escaped all the hardships the townspeople suffered due to pollution of air, groundwater and agricultural lands, even as these industrialists benefited from the profits that generated through such environmental degradation and resource depletion.

It was also evident, particularly from the commuter lifestyles of these executives, that the ready accessibility of Chennai and Bangalore (and even Vellore) obviates pressures for developing amenities such as hospitals, schools, hotels, and recreation facilities, as well as producer services such as financial infrastructure and administrative back offices, in the town. The high connectivity offered by the road and rail corridors that cut through the town displaces the forward linkages and multipliers to big cities, keeping Ambur a place for the working classes.

1. **Sectoral regulation and spatial reregulation: “cluster” development interventions in Ambur**

Following the growth of the leather sector in the region, Ambur has been recognized by the United Nations Industrial Development Organisation (UNIDO) as an industrial cluster with high growth potential, and has been the site of interventions, both by UNIDO and various arms of the state, to improve its competitiveness as a cluster.[[6]](#footnote-6) Ambur has also been seen as more dynamic than other leather or footwear clusters in the country, due to its ability to cater to the export market through production of relatively more unit value-added products (Tewari 2002). This dynamism, as Tewari points out, was enabled by state policies of disincentivising exports of low value-added items like semi-finished or raw skins, which pushed firms to compete through the production of high quality finished leather goods and through collective action by industry leaders. CLRI and the Council for Leather Exports (CLE), both central government organisations headquartered in Chennai have played an important role in helping the cluster tide over market bottlenecks at different points in time and move up the value chain through technology support. More recently, UNIDO, in partnership with CLRI, Central Footwear Training Institute (CFTI)[[7]](#footnote-7) and leather sector associations has launched programmes like training, quality improvements and exposure visits to familiarize owners and workers to frontier industry practices.

What has this sectoral upgrading meant for Ambur town? In the literature that locates itself in the interstices of global value chains and industrial clustering, there is a growing emphasis on simultaneous social and economic upgrading (Ramohan and Sundaresan \*\*). This literature recognises that economic upgrading, i.e, movement into more value adding activities do not necessarily imply better welfare for actors (like workers) in the cluster/value chain. In other words, gains through value addition need not be distributed equitably between capital and labour, across different kinds of firms within an agglomeration of inter-firm networks, or between different segments of labour. Yet, contemporary cluster development strategies are premised on a trickle-down view of the effects of economic upgrading. They assume that additional value generated by regions or clusters automatically translate into gains for all actors in the chain. This is partly due to a ‘sectoral bias’ in cluster development strategies, that fails to recognize the spatial embeddedness of clusters, i.e. how firms and other actors in a value chain are located within a spatial milieu which is critical to social upgrading. Even when the spatial context is recognized, it is seen instrumentally, in terms of its ability to drive economic upgrading by generating positive spillovers such as the diffusion of critical market and technological information or skill formation through circulation of labour within a cluster. The fact that spatial relations constitute a key aspect of social reproduction is seldom factored into strategies for upgrading. This failure to recognize the possibility of a disjuncture between economic upgrading and social downgrading is at the roots of the disconnect that we witness in the case of Ambur town.

Thus, even as the leather product sector accounts for the major economic base of the town in terms of employment, it has also undermined the spatial basis of reproduction of the town. Ambur’s municipal and social problems, such as its lack of access to clean water, its health problems, and its lack of revenue for improving infrastructures such as drainage and sanitation, are not only due in large part to its earlier (tannery) phase of industrialization, but continue to hamper the optimal development of its current (leather goods) economy. While exit options are exercised by the more elite sections of its residents, and by capital itself which seeks low cost locations in the town’s hinterlands, these mobilities have severed the possibility of socially embedding the economic activity in the town to ensure a better distribution of gains. Importantly, these mobilities have also hampered the possibility of generating collective action against such downgrading, which could have opened new ways of redefining the links between the town and the leather sector.

Even governance aimed at sectoral upgrading has not addressed the spatial dynamics of the sector. In response to the Supreme Court order on the closure of tanneries, while there was a movement to install effluent treatment plants in the region, there was a simultaneous spatial spillover of this ban order as firms began to source leather from less polluted or less regulated regions like Erode district in the state or from other states in the country. Capital has been able to jump scales, from the town to the region and to other regions, through forging new networks of material supplies in response to governance efforts to regulate pollution at the local level.

A similar disconnect is seen in respect to other industrial inputs. A representative of the export companies’ association, SISMA (South India Shoe Manufacturers’ Association) admitted that eighty percent of the machinery used by large companies was imported. Locally manufactured machines, he said, were only used for functions like polishing and brushing: “Some attaching machines are locally made, but they are not of good quality, not comparable with the Italian ones.” Representatives of associations of small-scale units (like TANSTIA – Tamil Nadu Small and Tiny Industries Association) also affirmed that large factories maintained few linkages if any with the small industries sector in the town. Machinery, spares, accessories, components, were all available locally through dealers, but large companies sourced them from Chennai as they had their head offices there and could cut down on trader margins. Thus, the move to global markets has failed to develop indirect production and employment linkages in the town through sourcing of components, spare parts and other supplies. While quality requirements warrant reliance on imported components, the limited dependence on local supplies was met through firms located in Chennai and Bangalore. Read along with increased sourcing of leather supplies from distant locations, this highlights the spatial diffusion of material linkages.

The District Planning Committee (DPC) is a governmental innovation designed to address problems of economic and social governance that arise due to inconsistencies between administrative boundaries of local bodies and the new temporo-spatialities of contemporary economic activity. However, our interviews with officials of the DPC revealed a clear lack of effort in grappling with such issues. Departmental plans drawn up for the district by sectoral bureaucracies are brought together and passed off as a district plan. Further, given the fact that there are only 4 elected representatives to represent all the urban local bodies in the district, plan priorities are decided largely based on narrow constituencies or preferences fielded by these representatives, which do not necessarily reflect the economic priorities of the district.

**Chapter 3**

**Ambur town: land use, health and urban governance**

This chapter turns to an examination of Ambur town as a place of residence, work, leisure and social reproduction, in other words, an urban habitat. In keeping with the overall focus of this study, this chapter comments on the relationships between the economy of the town and its overall governance, in terms of multiplier effects and linkages, impacts of the industry on the health and quality of life of the town, the infrastructure facilities available, and the character of municipal planning.

The findings of this section highlight the fact that the dynamism of Ambur’s export industry, and the town’s excellent connectivity to the metropolitan centers of Chennai and Bangalore, are not reflected in the character of the town as a living space. Demographically, Ambur remains a rather low-profile and relatively static town, it does not reveal the population growth rates that other industrial towns in Tamil Nadu have shown in the last decade. For instance, between 2001 and 2011, Ambur’s population grew by 14.29%, while other industrial towns in Tamil Nadu like Hosur grew at 53.81%, Tiruchengode at 20.26%, and Tiruppur at 26.47%.

The town’s limits have remained unchanged since 1948, and while its core residential areas are congested, many parts of the town remain agricultural, with low population densities. Ambur’s appearance, throughout most of its area, is of a struggling and unplanned small town, with narrow congested streets, and crowded residential zones with open drains, a haphazard collection of small stores, bazaars and slum-like settlements. The town is surprisingly basic in its hospitality offerings or urban lifestyle features: it has only 1 airconditioned hotel, no luxury restaurants, cinema halls or fancy shopping centers; it boasts only one public park. There is, in other words, nothing to suggest that the town is a world-class production center, and thus a potential site of new and advanced consumption linkages.

Section 1 of this chapter outlines the spatial character and dynamics of the town. Section 2 discusses urban and spatial planning practices and their failures in Ambur, and section 3 outlines issues in health and infrastructure and urban finances.

1. **Spatial structures and land dynamics in Ambur**

The landscape of the town can be distinguished into three rather distinct physical “ecologies”. The first is the area adjoining the four-lane national highway, which cuts through the town from north to south. Areas flanking the road are highly commercialized, with intense traffic congestion. This area also contains the railway station, the bus-stop, and the main market areas. High speed interstate traffic through the middle of the town, interlocking with intra-town crossings and local movements, creates severe dangers; the rate of traffic accidents is very high here and is one of the major problems faced in the town. According to data from the Ambur police station, the number of fatalities from traffic accidents at the three major junctions on the highway – (the bypass road junction, the busstop and the OA theatre) was 32 in 2011 and 31 in 2012. This amounts to almost 3 deaths a month at these three junctions alone. In addition, there were 91 injuries in 2011 reported from accidents at these junctions, and 66 injuries in 2012. Local activists have been demanding better policing at these junctions, but the fundamental problem of negotiating between local (intra-urban) mobility needs and the high-speed traffic on the interstate highway remains.

The second type of socio-spatial arrangement found in Ambur is the network of narrow lanes that constitute large parts of the residential sections in the western part of the town. Some of these streets are as narrow as 10 ft wide, often paved in concrete, with open drains running on either side. These are congested in quite a different way – while 4-wheeled traffic can scarcely negotiate these streets, they are densely occupied with a mix of uses: residences, small workshops, warehouses, shops and businesses. Some of these neighborhoods are community-specific: e.g. Kasba A is predominantly dalit, many areas are exclusively Muslim, and there are also some caste-Hindu neighborhoods. The planning challenges here mostly arise from the lack of space for basic infrastructure: an underground drainage scheme would be very difficult to implement, and municipal planners predict that parking will be a nightmare in 10 years’ time.

The third landscape is that of the areas east of the railway line. The eastern section, effectively cut off from the rest of the town by poor access conditions, hosts 8 municipal wards, and has become rapidly settled in recent years as land prices have remained low in these sections. About 40,000 people, a third of the town’s population lives there, mostly comprising dalits and poorer working class residents. The challenge here, apart from that of connectivity, is that most of these are unapproved settlements and hence difficult to cover with basic infrastructure.

Apart from these 3 major landscapes, there are smaller pockets, like the northern section (Tharvazhi), which is zoned as agricultural, is being gradually settled over the past 10 years, once again in an unplanned manner. Some pockets in the center of the town contain larger houses, wider streets and well-off neighborhoods. In addition, there are luxurious mansions of the owners and senior executives of the export leather industry, tucked away in a section of the western residential area. However, in general, Ambur’s physical development is marked by an uneven, unplanned and ad hoc pattern of land use. As the following section points out, attempts to redistribute population densities, relieve congestion and develop “vacant” lands in the town through town planning schemes have failed.

Land markets in Ambur are, nevertheless, dynamic and vigorous, as evidenced by the fact that over half the town’s councilors are engaged in the real estate business. But Ambur’s land markets are shaped by a set of factors that indicate a further intensification of unauthorized and unplanned spatial development in the future:

1. Land markets have undergone a steep price rise in recent years, partly in connection with the overall rise in real estate prices in areas within a wide radius of Chennai, and owing partly to developments along the highway.
2. A significant part of the land market in Ambur is speculative, according to real estate agents. The phenomenon of very large landownership in a few hands is not marked in Ambur, however, the sudden price rise in the town and its surrounding areas has created a speculative land market. According to local real estate dealers, land within a six-km radius of Ambur, which cost Rs. 25,000 an acre five years ago, now sells at over Rs. 3 lakh an acre.
3. Another part of the land market is shaped by the demand for affordable residential property from local townspeople, as well from residents of surrounding villages. In the face of high property prices, this demand is met by landowners subdividing their agricultural land into small plots to sell for residential use. This conversion of agricultural to residential land constitutes the major land use change in the town. Much of this development has occurred, and continues to occur, without approval. By developing unapproved layouts, landowners and developers are able to keep prices affordable for small purchasers, for whom the cost factor is much more important than the amenities and conveniences afforded by an approved layout.

Thus, the dynamics of land markets in Ambur predict that large sections of the town will remain outside the tax ambit and struggle for basic services until they undergo post-hoc regularization measures, if and when this happens.

1. **Spatial planning in Ambur**

Planning has failed Ambur in many ways. Formal planning here, as in most urban areas in the state, remains a routine, mechanical and passive exercise, involving a periodic review and marginal revision of existing land uses on the basis of population and land use changes. It rarely entails a pro-active engagement with the challenges of economic growth and social development in the town, or efforts to actively assess trends and channel change in a particular direction. Two Master Plans have been drawn up for Ambur, the first in 1990 and the second in 2010, and Detailed Development Plans (DDPs) are reviewed and revised once in 5 years, by the Directorate of Town and Country Planning, a state-level agency with 4 regional offices across the state.

Municipal planning and governance has been critiqued in recent years, even after the implementation of the 74th Amendment and the JNNURM, for, on the one hand, extremely inadequate or ineffective decentralization– where state and district authorities retain significant powers over municipal plans and programs – and on the other hand for a marked absence of coordination between the various state and district level bodies that are tasked with these roles. The case of Ambur is no exception in these aspects. In our study, district officials of the Directorate of Town and Country Planning (DTCP), responsible for drawing up Master Plans and DDPs for the town, and officials of the Regional Directorate of Municipal Administration (RDMA), responsible for administering development schemes for the municipality, , tended to pass the buck back and forth on the question of responsibilities for land use or infrastructure planning in Ambur. Both disclaimed having any significant role in the town’s planning and development, or even any significant interactions with the town or with the other agency. The DTCP interacted with the town only when carrying out the survey for the Master Plan, and in the series of town-level discussions that followed the drafting of the Master Plan. According to senior officials, its role in drafting Master Plans and DDPs for municipalities was confined to updating and, if necessary – in practice rarely -- altering land use classifications; they claimed it was the RDMA that had a more direct role in the town’s planning and infrastructure development. While they did acknowledge some role in infrastructure planning, they confessed that these plans rarely materialized, instead the implementation of infrastructure schemes tended to be taken over by sectoral bureaucracies such as the NHAI or TWAD, who made little effort to coordinate with the planning agency. In general, planning bureaucracies, whether at state, district or municipal levels, appear to enjoy a low priority in state spending. For example, DTCP officials claimed that their office was highly understaffed and underfunded.

RDMA officials, however, also claimed that their role was minimal, that they were little more than a “consolidation office” for data from towns, on the number of building approvals given or rejected, fees collected for buildings, encroachments, removals, banners. This information was then passed on to the CMA for town planning studies and for CMA reports. They claimed to manage largely administrative issues, such as routing of engineering proposals for projects, and supervising execution. Sometimes they carried out a technical audit.

The town planning department of the municipality presented itself as even more helpless than the district bodies. Its role was restricted to issuing building licenses, and attempting to monitor compliance with the development control rules drawn up in the Master Plans and DDPs. This role included evicting encroachments. But town planning officials in Ambur frankly admitted that they were ineffective in regulating and monitoring building and land use in the town, due to the clout of local politicians. The municipal town planning office is also tasked with carrying out development “schemes” for particular areas, to balance growth across the town and provide for emerging needs. However, here again, officials claimed to have weak powers, because most of the constructions were unauthorized and hence amenable only to post-hoc amelioration, and, more importantly, because all major infrastructural investments, like roads, bridges, water, and drainage, were in the hands of other (state-level) agencies. These officials also claimed that their staffing levels were extremely inadequate for the tasks, and that effective enforcement could only be achieved in the town through a district-level body to counteract the power of municipal politicians, most of whom were real estate or job-work entrepreneurs, or both.

The effect of all this is that Ambur is widely seen as having been developed in a highly unregulated and haphazard manner, a situation that has remained unchanged since at least 1990, when the town’s first Master Plan observed that “Reconnaissance of the exiting land use reveals urban sprawl to some extent, which was acquired (sic) due to the absence of any comprehensive planned development. The overall pattern shows the undesirable mixing up of land uses like residential with commercial and industries with residential and commercial” (Ambur Master Plan 1990: 18). Over twenty years of formal planning efforts appear to have made little difference to this scenario; indeed, staff at the Vellore District Office of the Directorate of Town and Country Planning (DTP) observed, in interviews with us, that the culture of unregulated growth and violation of planning rules was so widespread in Ambur that the Master Plan itself was seen locally as a hindrance to development.

The failures of formal planning as embodied in the Master Plan are revealed by the fact that almost nothing had changed in Ambur’s land use patterns between the first Master Plan, approved and publicized in 1990, and the second, in 2010. Table 3.1 shows the major land use categories in Ambur, according to land use surveys carried out in 1984 and 1997, and the proposed land use changes to be carried out according to the Master Plans of 1990 and 2010 respectively. According to the 1990 Master Plan, only 21.9% of Ambur’s land area was “developed” (read urbanized) in 1984, the rest (78%) comprised dry lands and hillocks, wet agricultural land, and land under water bodies. The Master Plan of 1990 set out to develop an additional 509 hectares of land, mainly by tapping tracts of agricultural dry land on the northern and eastern sides of the town, for planned residential and commercial development. Residential uses were to be allocated an extra 261.31 ha, primarily to decongest older parts of the town and distribute the population densities, which were as high as 400 persons/ha in some parts. Similarly, land areas allocated to commercial, public, and educational uses were also to be increased in line with norms established for the expected population of 1 lakh in 2001. These developments were to be achieved with the help of 5 Detailed Development Plan Schemes that aimed mostly at developing planned residential precincts in the northern and north eastern parts of town.

Yet, as the table shows, 13 years later when the second land use survey was carried out for the 2010 Master Plan, very little had changed. The total developed area had been increased only by about 40 hectares, of which residential use accounted for the major portion (34 ha).

*Table 3.1. Land Uses in Ambur, existing and proposed, 1984 and 1997*.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | 1984 survey | | | | | 1997 | | | | | | |
|  | | Existing land use | | | Proposed land use | | Existing land use | | | Proposed land use | | | |
|  | | (ha) | % of devd area | | (ha) | % of devd area | (ha) | % of devd area | | (ha) | % of devd area | |
| Residential | | 265.00 | 67.50 | | 526.31 | 58.4 | 299.26 | 68.61 | | 577.19 | 60.00 | |
| Commercial | | 9.70 | 2.50 | | 45.09 | 50 | 10.65 | 2.24 | | 56.74 | 5.46 | |
| Industrial | | 60.00 | 15.30 | | 123.19 | 13.6 | 64.75 | 14.85 | | 127.21 | 13.14 | |
| Educational | | 24.35 | 6.20 | | 72.15 | 8.0 | 26.25 | 6.02 | | 72.15 | 7.45 | |
| Public/semi public | | 33.50 | 8.50 | | 135.16 | 15.0 | 35.25 | 8.08 | | 135.16 | 13.95 | |
| Total developed area | | 392.55  (21.85% of total) | 100.00 | | 901.90 | 100.00 | 436.16 | 100.00 | | 968.45 | 100.00 | |
| Undeveloped area | | | | |  | Undeveloped area | | | | | | |
| Wet | 141.28 | | | 10.06 | 141.28 |  | 108.67 | |  | 93.13 | | 11.24 |
| Dry | 1107.00 | | | 78.82 | 597.65 |  | 1096.10 | |  | 579.25 | | 69.91 |
| Land under water bodies | 156.17 | | | 11.12 | 156.17 |  | 156.17 | |  | 156.17 | | 18.85 |
| Total undevd area | 1404.45  (78.15% of total) | | | 100.00 | 895.10 |  | 1360.84 | |  | 828.55 | | 100.00 |
| Total land area | 1797.00 | | |  | 1797.00 |  |  | |  | 1797.00 | |  |

This points to the ongoing failure of planning efforts, resulting either in an increasing pressure of population, commercial and other activities in the existing planned areas, or – which is reportedly the case – increasing unplanned and unregulated settlement in undeveloped areas. As the municipality’s Town Planning Officer described it, the hilly areas on the eastern edges of the town, where land was cheap, housed an increasing number of people, particularly economically weaker sections, and in particular large numbers of Muslim households. “But we cannot give any infrastructure there as it is all unapproved. … To the north is Tharvazhi, a new extension, about 10 years old, classified as dry agricultural land. Renters in the town are buying land there, and we are trying to supply some basic needs – street lights, roads, water, but again, it is all unapproved.” Large parts of the town, thus, remained unserved because of the lag in approving new residential developments.

***Land for the Industry***

If, as chapter 2 above concludes, economic interventions in Ambur have tended to ignore spatial issues, this blindness also cuts the other way. Despite all the support that the state has offered to the leather cluster in Ambur over the years, formal mechanisms of town planning, particularly land use planning, have shown little willingness to allow for spatial expansion of the industry. Indeed, if anything, there was in evidence from as early as 1990, some reluctance on the part of planners, as evidenced in formal planning documents, to incorporate the expansion of industrial land use in their visions for the town. Part of the reason seems to lie in the polluting nature of tanning industry, which generated significant social conflicts and citizens’ protests through the 1980s and 1990s. When the 1990 Master Plan for Ambur proposed developing an additional 509 hectares of undeveloped dry land in the town for various uses, it decided that the 123 ha. that had already been notified for industrial use before 1984 would suffice, and that no extra land would be allocated for industrial use. Most of the tanneries were located in these lands, but the actual area occupied by industries was only 60 ha., which amounted to 15.3 of the developed area. The Master Plan declared that “The planning standard for various town (sic) suggests 10 to 15% of the developed area for small and medium towns of normal character.” It decided that, as only leather and allied industries were expected to develop in the future, and these were polluting in nature, the Plan would not allocate any more than the already notified area for industrial use. Part of the justification for this was the polluting nature of the industry. As the Master Plan put it,

“Due to acute water pollution problem allocation of additional area for industry purpose will spoil the ground water resulting health hazards and effecting agricultural production to larger extent (sic). About two-third of notified industrial area is still vacant. Considering acute water pollution problem in the town, vacant space in the notified industrial area is suggested for the controlled industrial use especially in the eastern part of the railway line. Therefore extent available in the notified industrial area is sufficient for future requirement.” (Ambur Master Plan 1990, p. 44).

By 1997, industrial land use had increased only by 4 ha, to a total of 64 ha. This exemplifies the planners’ tepid approach to long term planning for the town’s base industry. On the Ambur municipality website, the curious claim is made that “Industrial Activities in Ambur are very negligible compared to other similar towns”[[8]](#footnote-8) although it also goes on to state that “many Shoe factories, Tanneries, and other service industries are running in this town”, and carries a list of the town’s major shoe exporters.

Scarcity of land has never surfaced as a major issue for the leather industry in Ambur, partly because the sector of large export-oriented, vertically integrated factories, the segment recognized as “industry”, has shown no interest or need for expanded land in the town. segment. By the late 1990s, in any case, most of the large factories were occupying space in cheaper lands outside the municipal limits. What has emerged in our study, however, is a marked lack of planned spatial allocation and infrastructure for the large informal sector of small establishments in the town, which exists more or less in the shadow of the former, and has remained invisible to the planning eye. Discussions with entrepreneurs and workers in this segment of the industry suggest that space, basic infrastructure and financing are in short supply for these enterprises. Representatives of small and tiny industries claim that they have repeatedly approached the Vellore Collector requesting assistance from the Small Industries Development Corporation (SIDCO) of the state government, with little success. One TANSTIA official claimed that a SIDCO estate of about 10 acres, with 43 plots, exists in Minnur, but the scheme was never announced locally, and was quickly taken over by outsiders for real estate dealings, resulting in almost no industry being established there.

Thus, the deeply segmented character of the industry, and the planners’ failure to recognise the significance of its informal segment in terms of its contribution to the livelihood base of the town, has resulted in the static character of industrial land use in Ambur.

In general, formal planning appears to be effectively marginal to the development proceses occurring in Ambur, possibly due to the poor capacities, low staffing and overall indifference of planning bureaucracies at district and state levels. If the town planning schemes (DDPs) appear to have failed, this is in part due to their failure to recognise and record actual land use changes occuring on the ground. The official land use data discussed above, indicating little change between 1984 and 1997, are, according to the town’s planning officials, unreliable in that they do not not match the ground realities. Substantial transformations of land use have occurred in the town, in the form of large tracts of agricultural land being transformed into residential layouts, albeit unauthorised, and very little land – by unofficial estimates, only about 20 acres – remains undeveloped.

1. **Infrastructure, health and finances in Ambur**

This section discusses the social and infrastructural bottlenecks in Ambur, highlighting how the presence of the industry has not only failed to improve conditions for the town, but has brought about a range of negative impacts on its quality of life. The majority of residents and local politicians that we interviewed in this study had bitter views on the role of the industry in improving living conditions in the town – they believed that apart from providing employment, that too of poor quality and low wages, the contribution of the leather industry has been mainly in polluting the town’s land, water and air.

First. the financial strength of the municipality remains weak, a highly anomalous situation for a town whose main industry generates many thousands of crores in export earnings annually. In 2008, the City Corporate and Business Plan drawn up by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL)[[9]](#footnote-9), declared that the weak finances of the Ambur municipality were primarily due to poor growth in own income, particularly to poor collection rates in property and professional taxes and water charges. According to this review, the municipality had shown a deficit in 4 out of the 6 years before 2008-9, had high borrowings, and was fully leveraged. At the time of our study in 2012-13, district officials indicated that Ambur was still not considered a financially strong municipality. {need to carry out a more detailed analysis of municipal finances over last 10 years or so). A significant part of the deficit was due to the municipality’s high expenditures on water supply, and problems in collecting water charges, this in turn due to its inability to supply adequate amounts of safe drinking water to residents.

This brings us to the second anomalous feature of Ambur’s development: a town that hosted the thriving leather industry due to its location on the bank of the Palar River, with its copious supplies of fresh water, is now chronically thirsty and perennially on the lookout for new sources of water. Ambur’s original water supply scheme, the Pachakuppam scheme sourced from the Palar, had to be shut down in the late 1990s due to high pollution levels from industrial effluents. Subsequently, the town turned to the Sarangal scheme, which sourced water from borewells; however the yield in the wells has dimished and is no longer a reliable source. Drinking water for the town is currently brought in by private tankers, at enormous cost to the municipality – around Rs.1.5 crore annually, the biggest expenditure head of the municipality. This town on the banks of the Palar river is now waiting for water to be piped in from the Cauvery river through the Hogenakkal scheme. According to the Census 2001, athird of Ambur’s households do not have access to protected supplies. The pollution of the Palar has also affected ground water resources in most parts of the town.

The town’s sanitation infrastructure is also poor. Ambur lacks an underground drainage system (UGD). Most houses have septic tanks, but about 40 percent of households have no access to sanitation. While underground drainage was idenitifed by local officials as among the priority needs of the town, Ambur does not appear to be on the state government’s short list for assistance in implementing a UGD scheme. A possible reason for this is its poor financial status, given that municipalities are expected to contribute at least 10 percent of the cost of the scheme. In terms of drainage, open storm water drains run through the town. According to the TNUIFSL report, the largest proportion of houses (39%) are served only by earthen drains, where water stagnation occurs, while 38% have concrete-lined drains, and 23% are not connected to any drainage system. The report also concludes that the drainage system is poorly designed as it is constructed in fragments and not well integrated. As in most towns, the storm water drains also carry sewage and sullage, all of which is released into the Palar, compounding the pollution in the river.

The high levels of pollutants present in Ambur’s air, land and water have contributed to distinct morbidity patterns among the town’s residents in general, and among leather and shoe industry workers in particular. Here we present an overview of health problems in Ambur, and their estimated etiology, as provided by a group of doctors from the government general hospital, interviewed for this study.

High levels of respiratory ailments were reported to be prevalent both among residents and leather industry workers. Tuberculosis (TB) prevalence was high, mostly attributable to the fact that Ambur is located in a TB-endemic area. But doctors also reported high levels of Chronic Obstructive Pulmonary Disease (COPD) among the general public, which they ascribed to high levels of particle pollution in the air. This disease was found to be particularly high among tannery and shoe factory workers. A senior doctor ascribed this to fibres from the leather, with which the workers came into close contact while working.

Other diseases that were reported to be commonly found in Ambur were kidney stones and dental fluorosis, which doctors ascribed to water contamination from chemicals and minerals. Another ailment which they reported to see with high frequency was myalgia, or body ache, which accounted for over half of the approximately 1000 outpatient cases presenting at the General Hospital each day. This was also believed to be due to contaminated water.

Among workers, skin disease, in particular contact dermatitis was reported to be extremely common.

Doctors at the General Hospital reported that one of their biggest intake categories was of victims of Road Trafffic Accidents (RTA). They reported seeing between 3-5 cases per day, although these numbers are not borne out in the accident injury figures obtained from the Ambur police department. Many of these cases, they claimed, came with serious injuries to the head and back. The vast majority of the seriously injured patients were transferred to hospitals in Vellore.

Health facilities are markedly inadequate in Ambur. The town has a 97-bed government taluk hospital (GH), an ESI hospital which only handles outpatient facilities – all its inpatient cases are referred to the GH --, and a few private hospitals, including the missionary Bethesda hospital, which are not affordable to the population at large. The taluk hospital is significantly understaffed and underequipped for the population it serves. Out of a sanctioned strength of 20 doctors, it only has 10, of which 7 are junior doctors fulfilling their mandatory residence requirements. Despite the steady stream of trauma cases that reportedly arrive at the GH on a daily basis from the highway junctions nearby, the hospital lacks a trauma center, and almost all cases of accident injury are referred on to Vellore. Doctors at the GH claimed to be overwhelmed by the high patient load and the low capacity of the hospital to deal with this load.

Residents and councilors in Ambur commented on the poor health facilities in the town, despite its status as taluk headquarters. They pointed out that the majority of medical cases that came to the taluk hospital – of pregnancy, trauma, or surgery of any kind – tended to be referred to Vellore. Authorities at the GH ascribed this to the lack of an anesthetist in the hospital staff, which made any kind of surgical procedure impossible to handle in the town. The hospital authorities commented that it was extremely difficult to find and retain anesthetists.

This is another pointer to one of the central problems facing Ambur as a town – the fact that it is not a place that attracts professionals to settle and build their homes there. The group of young doctors interviewed at the GH testified to this, claiming that they were only putting in their bond time in the town, and were likely to move out as soon as the bond period was over.

**Chapter 4**

**Conclusions: Major Findings and Policy Recommendations.**

This chapter pulls together the findings of the previous chapters, to highlight some of the overarching issues of urban development and governance in Ambur as emerging from this case study. It highlights the multiple disconnects revealed in the case study, between the prosperity of the economy as manifested at an aggregate level, and the struggles that the majority of the town’s residents face in achieving a decent economic and environmental standard of living. Despite the celebrated success of Ambur’s shoe and leather industry, the town’s infrastructure and amenities, and its overall quality of life remain poor. The key to this phenomenon of disconnect lies in the highly segmented character of Ambur’s leather industry, where the highly successful export industry for which the town is renowned contributes little to the overall economy and welfare of the town, while the large informal segment that is based in the town and accounts for the livelihood of a substantial proportion of the town’s residents, remain unrecognized, underserviced and underdeveloped.

Thus, this case study of a medium town with a strong and dynamic economy provided some important insights that challenge the common assumption of automatic mutually beneficial links between economic growth and infrastructure development in a town. It pointed to the need to understand the specific structure and dynamics of a town’s economy and design spatial, infrastructural and social interventions that address the gaps and needs in this situation. A standardized “broadcast” approach to infrastructure investment will not address these needs. The case study highlights the importance of comprehensive and context-specific planning approaches by showing how its absence can result in disconnects between a vibrant local economy and the living conditions in the host town.

This chapter also presents some of the responses of the town’s residents to our findings. A town meeting was held on 8 May 2013 from 4 to 7 pm at the Rotary Hall in Ambur, to present the findings of the study to local residents and stakeholders and obtain their feedback. All respondents that had participated in the study were invited; in addition, invitations were distributed to a wide range of stakeholders in the town, including the municipal chairperson and councilors, municipality officials, members of trade and business associations, both large and small, representatives of civil society organizations, schoolteachers, local reporters, writers and activists. About thirty people participated in the meeting, and a very rich discussion was held following the presentation of findings. This chapter presents some of the perspectives emerging from the discussion.

**1. Disconnected Developments in Ambur.**

In physical and spatial terms, Ambur is very well connected. It is straddled by two important transport corridors – a national highway (NH46) and a railway line -- that connect the metropolitan centers of Bangalore and Chennai, and also provide Ambur with ready access to the district capital of Vellore and to other important towns along these corridors. However, the two corridors, cutting through the center of Ambur, have also produced significant cleavages *within* the town, creating problems of mobility and difficulties of access for the town’s residents. For example, the highway is barricaded from the rest of the town for significant stretches, forcing local residents to make their way around on congested service lanes on either side of the highway, while the few points of crossing that allow a link between the two sides of the town have become sites of frequent accidents, injuries and deaths. Similarly, the railway line has segmented the eastern from the western side of the town. The few available crossings under the railway bridge are too narrow for large vehicles; the resulting inaccessibility of large tracts of urbanizable land is and has long remained a constraint to the integrated development of the town. As the land occupied by the railway line and the highway is governed by the Indian Railways and the National Highways Authority of India (NHAI), the town also lacks jurisdiction over this crucial vector.

A third corridor envisaged along this vector is an industrial “corridor of excellence” between Chennai and Bangalore, expected to house industrial parks, Special Economic Zones, Information Technology parks and integrated townships, and to “help towns along the route, including Sriperumbudur, Ranipet, Ambur, Vaniyambadi and Hosur, to tap the potential of the two states [Tamilnadu and Karnataka] in attracting investment, creating a skilled workforce, and ensuring inclusive, sustainable and balanced regional growth.” (TNUIFSL 2009). Yet, the document in which this vision is articulated, the City Corporate and Business Plan drawn up by Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL)[[10]](#footnote-10), fails to provide a clear roadmap of how these effects are to be achieved; rather it appears to take for granted that they will occur automatically, in some form of “trickle-down” urbanization.

However, this case study of Ambur provides insights on how the presence of a globally positioned industrial sector can determine local conditions of underdevelopment for a small/medium town located on the extended periphery of a large metropolis. The town’s proximity to the metropolis has proved to be, in many ways, a source of underdevelopment rather than a spur to steady and rapid urbanization. As shown above, Ambur’s lack of good medical, educational, recreational and other amenities, which typically mark a dynamic urban center, can be attributed in large measure to its location on these transport corridors, allowing the more privileged section of town residents to access these facilities in nearby towns or cities. From the vantage point of towns placed along these corridors, then, the metropolis, rather than serving as a beacon of light, casts a giant shadow over their autonomy, coherence and resources.

1. **Weak stakes of the formal export industry in Ambur’s development**

Another source of disconnection between economic dynamism and urban development in Ambur is due to the “ruralisation” of the formal segments of the leather and shoe industries. As pointed out in chapter 2, the majority of Ambur’s large tanneries and shoe factories are currently located outside its municipal and local land use planning jurisdiction, in villages and town panchayats like Pernampet, Solur and Periyavarigam at a radius of about 20-25 kms. This has a number of important implications for the town, of which the most important is the low (property and other) tax obligations from the industry to the town.

The dispersed landscape of these factories has constrained the multiplier effects of state assistance for the industry on the town, blurred the regulatory framework in which the industry is embedded, and contributed to official ambivalence about the future of leather in Ambur.

Another conspicuous disconnect that is observable in Ambur is its struggle for water while located on the banks of the once-abundant River Palar. This is again due to the “creative destruction” unleashed by the industry over decades in the form of pervasive pollution of land, air and water. Residents, activists and local politicians in Ambur insist that the effluent treatment plants installed since the Supreme Court order have failed to mitigate the problem and that untreated effluents continue to be discharged into the river. There was considerable bitterness expressed by townspeople over the general disregard that industry leaders showed for the deteriorating environmental conditions in the town and the struggles of residents.

This is, again, due to the disconnect between economic and physical presence of industry leaders. Parallel to the disembodied presence of formal segments of the industry in Ambur is the absence of industry leaders as committed local residents of the town. The fact that Ambur is only a temporary working base, not a permanent home, for the top executives of the leather and shoe industries, weakens the stakes of these leaders in the town’s development. Despite its high-profile production record, then, Ambur remains a town of working-class people. Owing to its lack of lifestyle amenities, it fails to attract professionals, managers and white-collar workers to settle as residents, which in turn weakens its consumption linkages. It is possible that the presence of professionals and managers could have fostered a more vibrant civil society pressing for better urban amenities and services than is the case at present.

1. **Failure to recognize and provide for the informal and small-scale industry in the town**.

Counterposed against the dispersed landscape of the export segments of the industry is the locally rooted segment of the leather and shoe industry in Ambur, a vast informal segment that is tucked away, for the most part, in small workshops, sheds and households in the dense residential areas of the town. The town’s residents thus comprise the intermediate industrial and working classes, along with large numbers of informal entrepreneurs. For all its ubiquity, this sector is invisible: formal planning mechanisms and documents scarcely acknowledge the existence, and certainly not the scale, of this segment of Ambur’s leather industry.

Entrepreneurs in the informal segment fail to benefit from the facilities offered to the leather industry by the government. For instance, the Ambur Trade Center, built with central government funding, has is controlled and managed by the South India Shoe Manufacturers Association (SISMA), which mostly comprises large firms and export companies. The majority of small and tiny industries in the town have no access to the space or the services offered by this facility.

There are two major strands of the job-working segment in Ambur. The first is the segment that produces for the domestic markets, using rejects from the export factories. A significant part of this segment, typically from the Muslim community, falls into the tiny industries category, operating out of back-rooms of homes or shops, with one or two workers who are often also the owners of the enterprise. The other segment, revealing a more mixed membership in terms of religion and community, takes job-work orders from large companies to service the latters’ delivery deadlines or cut production costs; this segment is more closely tied to the export sector and consequently more vulnerable to the peaks and dips in global demand.

Relationships with the formal export sector differ between the two types of job-work segments. However, representatives from both sub-segments claimed to be not only ignored and neglected by official planning and economic development agencies, but subjected to ongoing forms of “regulation” and harassment by municipal officials. Representatives of tiny industries claimed that while large factory bosses kept the local authorities off their backs by giving large donations periodically, the small units were forced to pay large amounts for all transactions, from power connections to professional tax assessments, licenses or registration. This was a major constraint for new enterprises in the town. The weak and divided civil society in the town, including a lack of strong associations representing the small-scale sector, is among the factors contributing to this situation.

There have been minimal inputs into capacity-building and skill development in the small-scale sector. In our survey, only 3.6% of those employed in the leather sector reported to have obtained their skills through any formal training. Most of the workers were trained on the job either in their current firm or in one of the previous firms they worked in. Interviews with exporters and firm managers clearly revealed a need to improve the skill levels of the workers through provision of formalized training that could not only improve their productivity in their current jobs but importantly help them move up the internal career path.

Discussions with small-scale industry representatives, entrepreneurs, local politicians, activists and residents of the town yielded some suggestions for key measures that would move toward a better integration of economic governance with urban governance by bringing on board the informal sector. These measures included:

* State provision of a subsidised “estate”-type development within Ambur for the small-scale enterprise sector in shoe production. This would be a serviced site with infrastructure for workshops and showrooms, perhaps in the nature of a shoe bazaar that would attract retail customers off the highway.
* Loans, skills-development, and trainings, for the small-scale industry: in effect a cluster-development approach for the small-scale sector.
* Creation of skill development institutions to improve productivity and incomes in the large export sector
* Infrastructure development for input suppliers
* Mechanisms for industry associations and resident associations to work closely together to ensure both industrial and urban development?

These and similar interventions, it was believed, would contribute to a more orderly development of the town and simultaneously enhance the economic viability and health of the small-scale segment of the industry and thereby the livelihoods of the majority of town.

1. **Conclusion: A town bypassed?**

The study noted a deep fissure between two kinds of informality in Ambur: one, the spatially unmoored, or ruralised, elite segment of the industry, and two, the unrecognized 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.

Much recent writing on urban transformations in India have focused on the expulsion or peripheralisation of industry, particularly of dirty parts of production, to extra-urban spaces. Or they have highlighted processes of informatisation of urban economies, and gentrification of urban spaces, expansion of immaterial labour, and jobless growth. This study puts the spotlight back on a class of small industrial towns, where the dirty work of production, and particularly of recycling industrial cast-offs, assembling secondary products, and catering to low-end domestic markets is not moved out of urban spaces, but rather, kept hemmed in to unplanned and unserviced town spaces, while large formal manufacturing firms colonise rural hinterlands. This paper thus highlights how disconnects among sectors, space and place can keep a town at low levels of dynamism and social welfare.

Simultaneously it examines the effects of high-speed corridors on towns like this. Do such corridors facilitate concentration in metropolitan centers at the expense of intermediate towns? Do “regional development” strategies reinscribe a segmentation and specialization, hierarchically organised, of producer cities from global cities? Is the industrial city doomed to be ever informalised, through the kinds of land-use tactics described above?

Or will it be “bypassed”? Recent policy moves of the state government, perhaps due to the nearly intractable challenges of planning for economic and spatial governance in such established, industrially dynamic, but socially depleted regions, lean toward writing such industrial clusters onto a fresh slate, by creating mega-integrated leather parks in entirely new locations identified by para-statals. Perambalur district, a highly backward region in Tamil Nadu, has been identified by the government and been approved by industry leaders for this purpose. Such parks are expected to overcome the limits posed by unplanned and hence segmented growth of the industry, rising land costs and lack of support infrastructure in existing locations. This approach to economic governance of urban spaces clearly resonates with the ‘by-pass’ urbanization thesis put forward by Bhattacharya and Sanyal (2011).

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1. The team from MIDS comprised two faculty members – an economist and an urban anthropologist, with research assistants. [↑](#footnote-ref-1)
2. (Kundu 2012) notes that the number of towns, cities and urban agglomerations in India had earlier grown at a sluggish rate, increasing by only 2,541 throughout the last century. He proposes that part of this growth in the number of towns in 2011 is attributable to “census activism”, an enhanced attention to declaration of towns by the census department in response to academic and administrative pressure to review its data collection methods. [↑](#footnote-ref-2)
3. (Planning Commission 2005: 25); <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/tamil-nadu-records-939-per-cent-growth-rate/article3517668.ece> [↑](#footnote-ref-3)
4. <http://www.indianexpress.com/news/tn-tops-in-manufacturing-sector-employment-number-of-factories/894050/> [↑](#footnote-ref-4)
5. In fact, many of Ambur’s residential neighborhoods are dominated by one or other of these communities, although some mutual intermingling also occurs. [↑](#footnote-ref-5)
6. http://www.dcmsme.gov.in/clusters/unido/listassit.htm [↑](#footnote-ref-6)
7. An autonomous institute under the central government’s Ministry of Small Scale Industries. CFTI in turn has received assistance from UNDP for improving its capacity. [↑](#footnote-ref-7)
8. <http://municipality.tn.gov.in/ambur/srv_industry.htm> [↑](#footnote-ref-8)
9. TNUIFSL is a Public-Private Partnership under the Department of Municipal Administration, promoted by the Government of Tamil Nadu, and registered under the Companies Act. It provides project preparation and financial planning services to municipalities in the state. [↑](#footnote-ref-9)
10. TNUIFSL is a Public-Private Partnership under the Department of Municipal Administration, promoted by the Government of Tamil Nadu, and registered under the Companies Act. It provides project preparation and financial planning services to municipalities in the state. [↑](#footnote-ref-10)