

Second-hand clothing markets in India

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Introduction

The global trade in used clothing and textile waste operates largely at the margins of the international commodities market, circulating out of sight and usually out of mind for those of us living in the ‘developed’ economies of the global north, from where most of these cast-off clothes originate. Here these clothes have usually been donated to charities or dumped in recycling bins, and bought up cheaply by commercial textile recyclers. Crucially what appears to be little understood among clothing donors is that the global used clothing economy is a vastly profitable and rapidly expanding market controlled largely by middle-men and brokers with international networks and efficient sorting systems. Sorting and re-export facilities are increasingly located in Special Economic Zones or under-regulated states bordering key markets. The reported value of the global trade in second-hand garments in 2012 was US\$4 billion (UN COMTRADE), with undoubtedly larger volumes going unreported. Since charities are not themselves acting as dealers at this level, they are acting as conduits for an enormously profitable global trade in used goods, freely obtained from the public, in return for a negligible negotiated percentage. How value is actually created, distributed and extracted throughout these shadowy global value chains that skirt regulation and co-opt public officials, politicians, corporate capital, NGOs and chains of traders and petty hawkers is of

course extremely hard to determine, and at the highest levels are connected to other equally shadowy global flows of money, goods and power.

India imports cast-off clothing for two different markets: the black market in restricted second-hand clothing found in cities and small towns across the country, and as an unrestricted raw material for fibre regeneration in the woollen mills of Panjpat, known as the shoddy industry. In order to prevent legally imported woollen clothing and knitwear being diverted from the recycling factories for resale in the black market, it is supposed to be rendered un-wearable through mutilation, ie being slashed by hand or mechanically.

Waste is routinely externalised in capitalist economies, both in terms of calculative devices, and in its' physical manifestations; waste is a slippery category, and it is often dealt with in marginalised spaces (Alexander and Reno, 2012). Waste economies provide an opportunity to see how very many, different cultural framings of these exchanges are necessarily involved in enabling leftovers or remainders to be transformed into something valuable to someone else, and it is the shifts between cultural values that underlie cross-cultural exchanges that are important. How certain things come to be classified as waste, and are later turned into commodities destined for recycling and reuse, reflects cultural constructions of categories of value that underpin these exchanges and constitute the frameworks through which these interconnected markets operate (Norris, 2012).

Operating under the radar in liminal quasi-regulatory spaces, the used clothing trade is part of the formal, informal and black economies, and is ideal for examining how markets work at different scales. I started researching second-hand clothing economies in north India in 1999, and my last visit looking at this trade was in 2009, so in this fast-moving business, much may well have now changed in terms of the latest import regulations, textile policies and associated lobbying goals. However, the lines between the formal and the informal, the legal and illegal, licit and illicit are everywhere fuzzy, and these interstitial spaces in which waste dealers create opportunities are reconfigured rather than eliminated.

Münster and Strümpell have recently called for an anthropology of neo-liberalism to look at the variegation with which neoliberal ideas, policies and

technologies are dispersed and experienced among different segments of the population (Münster and Strümpell, 2014). Following many, they cite Chatterjee's distinction between corporate and non-corporate capital as one building block (Chatterjee, 2008), while an edited journal issue by Maiti and Sen asks whether the informal economy is exploitative or accumulative (Maiti and Sen, 2010). While these dichotomies may be useful in drawing attention to those who are increasingly politically and economically marginalised, they do less to help us understand the routes and obstacles to upward economic mobility, how traders in these economies move from one sphere to another, what are the strategies they employ to bridge these domains and what are the barriers to moving up the chains? Here, such questions must include, 'what is the interplay of corruption, criminality and capitalism in secondary market economies?' and what are their wider relevance?

Second-hand clothing trade(s) in India

If one was to visit Chor Bazaar by the Red Fort on a Sunday morning in Delhi a few years ago, one would find a bewildering variety of old shoes, coats, jumpers, jeans, saris and shalwar kamiz, alongside the airline meal trays, packing tape, CDs, electronic devices, car parts and antique junk. But in fact used clothing is separated into quite discrete economies, as I have discussed elsewhere (Norris, 2004, 2010). At one end of the dusty field sat the women selling used clothing obtained from middle-class Indian households through barter. These women were Waghris, a low-caste Hindu community originally from Gujarat, of whom over 40,000 were living from trading old clothing in Delhi. These women travel across the city on daily *pheriya*, taking baskets full of pots, glasses and other domestic items to barter on middle-class doorsteps for used clothing. The women face constant harassment from bus drivers and policemen, let alone suspicion from potential customers, and they usually work in pairs. Their families would often invest in mending and cleaning the clothing, and the sellers would display it on the ground in front of them at the Sunday market.

Giving and receiving new clothing is culturally important across India, an exchange that actively constitutes social relations throughout one's life. There remains a prevalent belief that the materiality of the clothing, and its capacity to

retain and transmit the essence of previous wearers, means that although used clothing can be shared between immediate family members, it can usually only be given away to those below one in status. Following the growth in middle-class incomes and the consumption of new clothing, older strategies of handing down clothing to younger relatives, servants and dependents or donating them to disaster-relief, have proved inadequate, all the more since families move away from localised networks of dependency. Middle-class Delhi women knew their old clothes still had value, and worried that many things were ‘too good for the maid’, but didn’t know what to do with them beyond stockpiling them under the bed. They had to be tempted by new pots and hold their own during exhausting barter negotiations to exchange their old clothes with these traders.

As ‘strangers’ to the middle-class urban community, barter is a commodity transaction between people exchanging at the margins of their social networks - itinerant Waghri use barter to extract used clothing from the household and then deal with it out of sight in a northern suburb of the city. Traders with little social and economic capital can start out at the bottom, selling worn-out clothing to the very poor. Those with more resources – a larger, inter-state family network, space to stockpile goods, capital to invest and a good eye can quickly accumulate wealth by specialising in particular garments, whether branded jeans or retro regional silk saris. Entrepreneurial groups of Waghri would rent trucks to travel to neighbouring cities, each taking their baskets of *bartan* with them, and return with bales of clothing, while festivals, pilgrimages and so on provided opportunities for further exchanges.

Pre-Independence the Waghri were a community of pedlars, vegetable sellers and landless labourers formerly labelled as one of the criminal castes by the British. After the 1950s part of their peddling included swapping new goods for traditional old Gujarati embroideries, which by the 1980s were no longer being worn on a daily basis (Tarlo, 1996, 1997). This itinerant trade developed in rural areas has successfully expanded into major cities. The Delhi-based Waghri community retains strong ties to that in Ahmedabad and beyond, traced through post-Partition migrations and seasonal travel back to natal families. The suburb includes both *jhuggis* and areas of small brick housing built up over the past 3-4 generations, with alleyways festooned with washed old clothing hanging up to dry. Local business

community organisations support the aim of buying the neglected wholesale market established in 1975 from the city government, while the local Ramdevji temple takes donations at the end of a successful day's trading and was being reincarnated in marble splendour next door. Surrounding the old clothing wholesale market was a ring of crockery shops supplying the women who go out on *pheriya*, and they also have their own trade associations. Finding new types of 'stuff' not collected by traditional *kabariwale*, some Waghri families were also branching out into collecting old watches, electronic goods and so on.

At the lower end of the informal economy, this market seems to fit with Chatterjee's concept of *non-corporate capital* (Chatterjee, 2008), whereby the main goal is not to accumulate capital *per se* but to ensure livelihoods. It tallies with his theory of the *political society* whereby people earning their living at the margins of legality are dealt with by the state not as proper citizens possessing rights and as a legitimate part of civil society, but as particular groups that are the targets of specific policies that tacitly acknowledge illegal practices. '...this makes the claims of people in political society a matter of constant political negotiation and the results are never secure or permanent' (ibid.: 58).

But some traders in certain sections of the community are rapidly expanding their family businesses, making and selling upcycled sari products to the tourist trade and foreign dealers. They live in wealthier suburbs adjoining the wholesale market hub and have national and international connections. They establish trading offices and pay export duty if necessary, but relationships are personally managed and lines of business expand and contract as strategic and opportunistic circumstances change. The largest dealers I met lived in substantial houses, dealt in a range of products, old and new, and offered to get hold of several thousand old silk saris overnight, for example. Certainly their example points to an economic mobility that entails incorporation of strategic relationships with officials, business associates, tourists and anthropologists!

Returning to those second-hand clothes on offer in Chor Bazaar, there were also Tibetan traders dealing in thick winter wear. This cross-border trade with Nepal was

certainly thriving a few years ago, and was part of a completely different network of exiled traders that crossed India and intersected with the tourist trade and better-off middle-class Indian buyers. However the market that I now want to look at in more detail is the one in imported second-hand clothing. The atmosphere in this part of the market was very different, with large trestle tables built up with display stands, and racks of coats, jackets, jeans and jumpers on view, usually still with their US thrift store tags attached. More expensive than the local Indian cast-offs, at the time these were the kind of clothes that were hard to buy new in Delhi, where Western-branded clothing was extremely expensive and quality of local clothing often poor. As Western clothing has become more available in the last decade, the used clothing markets across north India have grown, catering to the increasing numbers of aspirant buyers who want better quality used clothing than they can afford to buy new.

By the time the Chor Bazaar had been forced to move onto the crowded streets by the Red Fort in about 2004-5, there was considerable antagonism between the men running these stalls and the Waghri women, who complained of being harassed by the police, who were reputedly taking bribes from the stall-holders. These disputes over who was currently 'permitted' to hawk in public spaces had led to violence against the women, making it risky for those Waghri who had to go out and sell what they had collected during the week to feed their families.

However there was some cross-over between the trades – some of the Waghri men had begun to buy bales of imported warm clothing to sell at markets in smaller towns where access to such clothing was difficult, for example men from the family whose female members regularly visited my TransYamuna Delhi suburb, had started to transport bales of washed anoraks up to Srinigar to sell in the cold winter months.

Azad Market: wholesalers

Perhaps the key difference is that in order to obtain Indian clothing, Waghri women have to barter for every item, but as a result they are more in control of the quality, quantity and cost of their supply. Obtaining well-sorted, good quality stock of used imported clothing, delivered in shrink-wrapped bales, depends upon the

relationships of credit and trust developed with dealers in the wholesale market. The first system is indigenous, and has spread across India's borders to the European boutique export market, for example, whilst the second is an exogenous trade that operates symbiotically with the various manifestations of the state's apparatus of legitimacy and control.

The main wholesale market is Azad market, behind the New Dehli railway station. Established shortly after Independence as a *kabari* market auctioning off government surplus, small shops line the nearby main road, offering tarpaulins, coconut floor matting, waterproof coats, crockery and blankets. The initial market traders were originally Punjabi Sikhs and Hindus migrating to Dehli after Partition; they had dealt in old Indian clothes and crockery on the footpaths around the station before the covered market was established, and I was told that most of the stalls are still owned by the same families. By the 1950s the grandparents of Karan, one of today's medium-sized traders, were buying up north American cast-offs for re-sale. Today, inside the covered market itself, dealers display sample bales of imported second-hand clothing, usually branded with the names of north American charities and thrift-stores. These function as samples for larger quantities stored in *godowns* outside the city.

In 1999 I was told that NRI (non-resident Indian) families had largely taken over the used-clothing export trade on the U.S. Eastern seaboard. These families have extensive networks with the industrial textile recycling industry in Panipat, to which I will return, and their grip on the import of used textiles was connected to the control of licenses during the Permit Raj. This has been characterised as 'outward-facing' strategies, responding to opportunities in the obtaining of permits, rather than 'inward-facing' strategies that consolidate the core interests of the family group of firms (Manikutty, 2000). Members of these extended families were commercial recyclers, agents, brokers, mill-owners and sales agents with connections across north America, Europe and Asia.

At that time there was an almost complete ban on imported used clothing, except for charitable gifts to certain communities, which had to be assessed for their cultural appropriateness by customs officials. Hence exiled Tibetan communities

could send donations of Western winter clothing to their counterparts in India, and Christian charities could send women's skirts and blouses to workers in the tea gardens in Assam, but dresses and high heeled shoes were deemed inappropriate for most Indian women and hence they could only be illegal. However, the wholesale market flourished with impunity, despite the fact that the goods were obviously not mutilated and not destined for the recycling factories. Shipments came in to Calcutta, Mumbai and the inland container port in Delhi, and apparently over the borders from Nepal, Pakistan and Bangladesh, and quickly found their way to Delhi. Later, a series of limited quotas was introduced, with penalty tariffs as high as 200% for imports over-quota. These protective measures were intended to support India's indigenous garment sector, and constant pressure is put on the government by those industry bodies and international brands to minimise the trade. However, an Open General License system was temporarily introduced, whereby traders could import as many container-loads as they wished but had to pay variable tariffs of around 20% on used clothing, but this was soon stopped.

From 2004 worn clothing as an import categoryⁱ was again put on the list of restricted items except for at the Special Economic Zone at Kandla, Gulf of Kutch.ⁱⁱ According to the KASEZ website,¹ a 'new Special Economic Zone (SEZ) scheme has been introduced in the Export & Import Policy from 1/4/2000, with a view to provide an internationally competitive and hassle free environment for export production.' Among the long list of salient features are included items such that the SEZ is 'A designated duty free enclave and to be treated as foreign territory for trade operations and duties and tariffs', that 'No licence required for import', and there is 'Exemption from customs duty on import of capital goods, raw materials, consumables, spares etc.' and 'No routine examination by Customs of export and import cargo'. In the SEZ, companies are able to sort clothing and ship it back out to other markets in East Africa, for example. This tallies with the wider trend for commercial recyclers in developed countries such as the UK to increasingly ship unsorted textiles abroad for sorting in certain places with cheap labour and no tariff regimes, such as duty-free ports or Eastern European markets. These companies also

¹ See http://www.kasez.com/facilities_enterprise.htm accessed 21-10-10.

operate mutilating facilities in the duty-free zone, and the slippage between all these categories is the creative zone in which profits can be made. By 2009, nearly all used clothing in India was imported via Kandla.

However, not all - some middle-level dealers in Azad market were also buying directly from countries like Korea and Japan, using word of mouth contacts and the internet to source new material. The clothing sizes fit better, whereas garments from fatter Americans have to be altered first. Traders like Karan were importing via Calcutta, where in 2009 they had to pay 10% fixed penalty on their first shipment, with an escalating tax on further consignments. However simple avoidance strategies apparently included frequently changing the company names and tax codes to start afresh. Karan has developed a packing list of about 40 types of garment from Korea that he can sell to his dealers and he can afford to buy in the bulk quantities necessary to do this and not be stuck with un-saleable garments. He imported 2-3 shipments of 100 tonnes (or 4 containers) a time from Korea, selling to dealers from the northeast of India, where Western fashions are worn in a sophisticated consumer market.

Even though the goods have to travel from Calcutta to Delhi and back again, its still essential to be located in Azad market – it is Asia’s biggest second-hand clothing market. He imports all types of European style clothing for the north-eastern market: jeans, sweatshirts, tracksuits, ladies sweaters, jackets, T-shirts, skirts, dresses, wedding dresses etc. For example, his Christian customers can buy an imported used wedding dress for about Rs500, which you couldn’t buy in India for Rs 25,000. Some of the bales are mixed, some are pre-sorted – it’s cheaper when they are mixed, and he sells them on as “mixed bales from Korea”. At this level in the market, it is both the country and the sorting factory names that function as brands with recognition value amongst customers and petty traders, although Korea itself imports used clothing for sorting and re-export, so the garments could have come initially from Europe as well.

Dealers from all over India come to trade at Azad market, inspecting stock, negotiating lines of credit and choosing those styles suited to their regions. Mostly male traders dealing in men’s and winter clothing, the only women dealers are those

Assamese traders. The less one has to invest, the more crucial it is to be able to make a profit on each bale, and here is the crux of the link between the materiality of this 'stuff' and the way in which it is traded. Old clothes can be sorted into literally hundreds of categories, yet once they are vacuum-packed, the quality of the sorting and the actual contents are unknown until the bales are split open and the heterogeneous contents can be individually inspected for cleanliness, quality, and style. This information asymmetry in the used clothing trade is known across markets in Africa and Asia, and results in the high reliance on family networks and developing relations of trust between dealers.

Subhas is a smaller dealer with a shop in the market. When I met him in 2009, he explained how he came from a low caste family from UP, and had started off buying old shirts in the Red Fort market for Rs15. He involved all his family in washing and ironing them, and re-sold them on at Sunday markets for Rs 25. He began to do well, so he started to buy small quantities from Azad market at only Rs 12 each, earning an extra Rs3; several north-eastern customers asked him for more fashionable women's clothing which he started dealing in, supplying hard-to-shift stock to customers on credit, then renting a shop in Azad market which he now owns outright – it was officially worth 6 lakh, but 36 lakh black. He wasn't directly importing himself, but had long-term relationships with a few bigger dealers who supplied him, and key to managing lines of credit in and out was quality assurance of the bales' contents.

According to Subhas, it was the *barra log* who put a stop to the easy importing of old clothing; the 'black market is a game which the big men try and control, squeezing out the smaller people' – or as he put it, 'why would you buy a cinema ticket on the black market if you can get it openly?' SEZ license-holders are well connected politically. From Subhas' point of view, these men control the supply of used clothing entering the national market, which had resulted in a 30-40% increase in prices to middlemen like Subhas, at a time when the global price of used clothing was steady or falling. He complained that the government loses out on tax, while smaller traders find their shipments endlessly delayed or impounded by customs officials, making it a very risky business to invest larger amounts of capital directly when all might be lost. Whereas a few years earlier maybe 100 importers

were doing relatively good business, by 2009 there were thought to be only about 10 really big importers of used clothing in the country, backed by invisible sleeping partners, who doing very well indeed.

As Subhas saw it, the biggest players are businessmen who can do any business, they are not restricted just to old clothes dealing. They play in share-marketing, property, depending on whom they have access to. ‘The big men create a ‘setting’ for the game, play it, then run, without leaving a stain on themselves... A big man sitting in the seat, has to control everything one way or another to play the game. For example an MLA will have several people working for him, one taking care of doing the fighting for him, another making investments in finance and property etc etc. and his power is managed as part of a much bigger game, manipulating things the right way, the wrong way, to achieve certain ends, such as the bringing down of a rival... Or perhaps there is an empty seat coming up in government, how might that be corrupted, ie used to benefit your own ends? Maybe he might open a charity trust, sell off some land, make a public gesture?’ He commented finally that God has given everyone two minds, just as there is night and day, truth and lies, so people have to work with this their whole lives... ‘When a man sits alone he uses his heart, but in public he forgets those things.’

The main advantages of Kandla are the amount of space available to sort large volumes of relatively low-value goods, cheap migrant labour and the favourable tariff regime. Whilst Dubai is also a free-port in the vicinity with no quota systems, one importer claimed that the local knowledge of sorters was as important as their low wages, and therefore many firms have shifted to Kandla. It’s likely that the enhanced ability to bridge the SEZ boundaries through local connections is also a factor. Through the porosity of the SEZ’s borders, creative accounting and personal links with customs’ officials and local networks it also provides a back route for bringing in large quantities of clothing into India for resale in the black market, along with other restricted goods. A circular from the Indian Customs authority in July 2010 complains of laxity, and notes that the full penalty for illegally importing over quota limits was not being imposed, and the importers perceived no deterrent.ⁱⁱⁱ

Panipat: importers and mill-owners

The final setting for this paper is the mill-town of Panipat, 90km up the Grand Trunk Road north of Delhi. A former colonial wool collection town, Panipat developed into a weaving centre after Partition, when migrant weavers settled in the area and those with the education, capital and contacts established modern mills. Today Panipat is a Centre of Export Excellence, a hub manufacturing home textiles for high street chains across the globe. Large factories with modern equipment make sheeting, towels, bathmats and rugs etc. Those with direct international orders will be audited for compliance with international social and environmental standards, but smaller sub-contracting firms are not, and some run old power-loom, handlooms and finishing mills in desperate conditions. But since about 1980, when importing virgin wool became prohibitively expensive, Panipat also became the home to the world's largest shoddy wool industry. Now 300 mills import mutilated woollen and acrylic knitted clothing to recycle it into regenerated yarn, then weave it into blankets. These low-quality, malodorous blankets are sold across India, South Asia and East Africa to the poor in winter; slightly better versions are commissioned by institutions such as railways, prisons and the army, and are also a staple item in global disaster relief provided by international charities. The UNHCR and IRC etc are major buyers. Family businesses often operate several mills specialising in different products, and will have a shoddy mill tucked away backstage as one of a diverse range of family interests. Often when photographing or filming, I have been asked not to reveal the name of the shoddy mill or its connection to front of house brand names.

These factories are not part of the formal economy either. According to a retired local union leader, after Independence the workforce was organised by *thekedari*, and comprised only 10-15% migrant labour. The Wool, Khadi and Textile Workers Union was formed in 1964, apparently after the mill-owners lowered piece-rates. But in the early 1980s, once the shoddy industry had really taken off, the number of migrants rose, and union membership fell. He estimated that of the 300,000 workers in the town in 2009, about 85% work in the textile industry, and of these, about 40,000 work in the shoddy yarn and weaving sector. Less than 1,000 were in the union. Labourers are mostly settled migrants from the northern and

eastern states of Bihar, UP, Andhra and Orissa. They have no contracts, they are not registered for benefits such as social security, bonus or provident-funds, and no rights of association. Following significant union activity and labour unrest in the 1970s and 1980s, most, though not all, of the mills I visited were again operated through the *thekedar* system, the owner employing only his own quality controller, production manager and mechanics to protect his share of the investment. *Thekedari* hire *choti-thekedari*, until each is responsible for just a handful of workers on a shift, and working conditions have to be negotiated through these personal relationships.

Men working in the spinning and weaving sheds were paid roughly the minimum wage in Haryana, most reporting about Rs180-200 a day. Women were working for about Rs70 a day sit cutting up old clothes by hand before they can be mechanically shredded, while men tend to work in the spinning and weaving sheds on old, often dangerous equipment. Workers complain of respiratory illnesses, while those who feed the shredding machines are exposed daily to a filthy concoction of recycled oils and chemicals added to the cut-up clothing to soften it. There is very little investment in employees, equipment or other capital costs, except for those very few mills that have actually signed framework agreements with international aid agencies, and subcontracting is commonplace and untraced. Even the products themselves are often adulterated – since blankets are sold by weight, it is cheaper to bulk them out with *namak* (salt) or *maida*, chapatti flour, than use thicker wool.

The shoddy trade is a low-value industry producing rock-bottom products in under-capitalised factories with poorly-skilled workers, yet it's existence allows the wider restricted trade in second-hand clothing to operate under its umbrella. In the SEZ, an importer has to export the equivalent monetary value of his imports to avoid paying duty. The trick lies in having the right contacts in, say, Yorkshire, Duisberg or Houston, to send the appropriate clothing for your end markets, and to employ good sorters. For example, if a dealer imports \$100,000 worth of worn clothing into Kandla, say @\$1/kg = \$100,000, you can sort out the best stuff and re-export say 20,000kg for \$2/kg = \$40,000 (ie 1/5 volume but 2/5 price), then you can sort out another medium category and so on, until you have a total of \$100,000 worth of clothing to re-export, and a sizeable remainder still in the free zone. These

calculations balancing the import and export accounts are reckoned over the course of a year.

The remaining high volume, low price clothing can be imported into India from Kandla, but of this quantity only 15% of their value CIF (calculated in as a mixture of price and volume) can be of reusable clothing rather than mutilated rags. The actual amount, ie your quota, is calculated by customs officials every six months depending on the balance of your accounts. If you import 100,000kg worn clothing into India, about 15,000kg can be brought into India un-mutilated clothing, but actually it can vary between 12,000 and 18,000kg,

There are many means of evading fines or confiscation of over-quota worn clothing; to undervalue contents and under estimate the weight in containers, as worn clothing is not counted by piece but by kilogram, and this is a further incentive to smuggle in new clothing (counted by piece) masquerading as worn clothing (weight). Of course, once vacuum packed and loaded into trucks, the actual contents of a bale are once again invisible, so that non-mutilated clothing, seconds or even excess stocks of imported new clothing (known as *biche me*) can be hidden in the middle. Other scams include setting up bogus charities in remote rural areas to receive clothing donations. Inevitably, news stories suggest links between importing container loads of used clothing and other secondary goods and money laundering, using the *hawala* system, for example.

As Azad market dealers described it, it is a handful of 'hi-fi shoddy mill-wallas' who are the really big players in the game, who really hold the Kandhla licenses. In 2009, approximately 1200-1300 containers of used clothing and rags came into Kandla every month, and about 75% of that finds its way into India and Azad market. One very big importer, whose brothers ran several textile mills and whose close associate was a major supplier to the UNHCR disaster relief team, claimed that he supplied over 70% of all the mutilated 'rags' needed by the town's 300 shoddy mills, or about half of the 100,000 tonnes of rags imported annually into India, as well as substantial amounts of used clothing. But this was actually only a very small fraction of his international business importing used goods into India, estimated at over 70,000 containers a year. He complained that it was actually quite difficult to make a

lot of money from used clothing since so much repeated sorting was involved, but he was decidedly against opening up the trade again to the OGL system, as that would 'spoil' his market.

Black markets, corruption and criminality

If one of the strengths of a historical anthropology is to bring different people into one field and examine how people are incorporated into systems, how they reproduce and transform them (Cohn, 1987), what are the limits of the field of study of this second-hand economy, and what can be said usefully about its role in the wider Indian economy today? The used clothing trade begins with multiple acts of charitable donation in north America and Europe, but it quickly enters a commercial recycling market that is successfully green-washing itself in the light of increasing environmental concerns, while operating trans-nationally using networks of brokers skilled at identifying gaps in national and international regulatory frameworks.

That it is part of a global commodity trade shifting 'stuff' around the world with links to *hawala* routes and money laundering is also reported in the Indian press – the heterogeneous nature of clothing and the specificity of niche markets in different countries and cultures makes it extremely hard to value at points where it leaves and enters regulatory spaces.

Banning used clothing as a protectionist measure at the level of the state is both reminiscent of the Nehruvian era but also one of the familiar contradictions inherent in neo-liberal trade policy, where brands seek to clamp down on fakes, seconds and worn items. However, traders and consumers at every level readily agreed that used clothing is a useful commodity, offering good quality clothing to poorer people. The only people to disagree were the women working in the recycling factories, who explained that the clothing had to be mutilated to protect the supply of raw material; otherwise it would all be 'stolen' for the black market – they saw the government as being on their side in this case. Yet it appears that certain high-level business networks have succeeded in capturing control of its import, using their political power to restrict access to a neoliberal free-trade zone, in order to corner the black market and potentially extend its umbrella to cover other goods.

Van Schendal & Abraham (van Schendel and Abraham, 2005) point out, following Heyman and Smart (Heyman and Smart, 1999), that both law and crime emerge from historical and ongoing struggles over legitimacy, in the course of which powerful groups succeed in delegitimizing and criminalising certain practices... licit and illicit practices (ie socially regulated) always co-exist in social life and are together imbricated in state processes. The state's claim to a monopoly of taxation is based on delegitimizing other forms of predation that are constructed as robbery, piracy, fraud, warlordism or racketeering. But 'historically the boundary of illicitness has shifted back and forth as bandits helped make states and states helped make bandits' (p7).

Van Schendel and Abraham criticise studies that identify the state and state-approved international organisations with global order and development and see other activities as directed towards a narrow self-interest destructive of wider social interests (p9). Instead they aim to 'approach flows of goods and people as visible manifestations of power configurations that weave in and out of legality, in and out of states, and in and out of individual's lives, as socially embedded, sometimes long-term processes of production, exchange, consumption and representation.' (p9). In other words, they call on social scientists to think beyond the conceptual and material grasp of the modern state. Illegality (politically regulated) is a form of meaning that is produced as an outcome of the effect of a criminalised object moving between political , cultural, social and economic spaces. (p16).

They propose a matrix of four combinations of licit/illicit, legal and illegal. A society is characterised as licit and legal when social mores are perfectly reflected in public law. Similarly, an illicit/illegal society is a zone of complete anarchy and self-rule. The remaining two are of interest to them, the illicit but legal, and the licit but illegal. The used clothing trade creates spaces that are at once licit, yet illegal. At the level of the Chor Bazaar it operates in what they term the 'underground', an everyday visible space where participation is low-risk and widespread yet never completely free of state presence and intervention. I suspect that more work, at a higher level, has to be done to enable Azad marketeers to trade unhindered by raids from customs officials. Van Schendel and Abraham contrast the 'underground' with the 'borderland', located at the political limits of the law or the geographic limits of

the state, where multiple authorities compete, worrying state elites. They continues, ‘many states pursue the neo-liberal dream of a borderless economy and at the same time barricade their borders to keep out [...] trafficking in illegal objects, substances, human beings and ideas.’(p24-25).

However in the example here, I think something different is happening, for the border-land in question is the SEZ at Kandla, a central state enterprise that has been corrupted by high level consortia of investors. Neveling points out that instead of identifying SEZs as post-1991 neoliberal institutions connected to the retreat of the state, Kandla was inaugurated in 1965, an enclave of neo-liberalism that helped prop up the Nehruvian state with foreign exchange earnings moving from one sphere of currency exchange to another (Neveling, 2014). And, countering Ong’s theory of these zones neo-liberalism’s ‘exceptional’ spaces, Cross suggests that SEZs are ‘better theorized as unexceptional spaces that make legible, legitimate and visible the conditions of informality and precariousness under which most economic activity already takes place in South Asia’ (Cross, 2010: 358). Here of course, while competing factions within the state’s legislative body may have been battling it out over whether to restrict the import of used clothing or not, a handful of *hi-fi* shoddy traders who draw their political and economic support from international business networks and diverse family manufacturing bases as well as through local politicians, have harnessed the potential of the zone, incorporated and corrupted certain officials, and are operating on the cusp between the licit and the illegal, and the licit and the legal. That is, they have captured part of the state’s apparatus in order to accumulate capital for their own gain, and to some extent this has become normalised.

Smaller dealers like Subhas might agree with Andrew Sanchez’ analysis, that

‘Far from having entered a new corporate age of transparency, professionalism and opportunity, liberalised India is perceived to function on the same corrupt, oligarchic terms as in the past, albeit with an altered cast of victims and a greater variety of business opportunities..’ (Sanchez, 2012: 448)

In his fieldwork in Jharkand, Sanchez found that

‘wealthy entrepreneurs maintained wide networks of corrupt state officials, organised criminal enforcers, accountants, mediators and bureaucrats. Their continued success involves a flair for negotiating between apparently distinct skills and institutions, which is revealing of the relationship between criminality and India’s liberalised economy.’ (p449).

Sanchez discusses the importance of criminality in directing flows of wealth and power, and that the capital flows of corruption and criminality collapse many of the distinctions between formal and informal economies. Widespread public recognition of the links between politics and criminality arises out of the perceived culture of entrepreneurial corruption in Indian public office (Sanchez, 2011); corruption and criminality are often integral to the development of capitalism, rather than marginal diversions.

Van Schendel and Abraham claim that there is a ‘qualitative threshold between the activities of global organized criminal groups and the scores of everyday forms of lawbreaking that are morally, politically and economically of a different order’ (2005: 31), and are concerned that economic analysts are not trying hard enough to discern between the two. From the example I have briefly described, I suggest that drawing a clear distinction is more problematic, and not just because of a dearth of statistics or the difficulty of doing fieldwork in these areas. Who in Azad market is really part of an elite business group with high-level access to semi-illegal imports, and who is a petty trader like Subhas trying to upgrade his connections? Where do traders like Karan fit, who are finding new ways of accessing stock? Is it only by having a significant network of resources in the informal, non-corporate and black economies that one can function in the corporate world, and by Chatterjee’s implication, in civil society?

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ⁱ ITC(HS)6309

ⁱⁱ Worn clothing was restricted in 2004 amid claims that US and Canadian companies were dumping cast-offs on the market (Raghuvanshi, 2006),

ⁱⁱⁱ ‘Instructions regarding import of “Worn clothing”, Indian Customs circular 22/2010, dated 26-07-10, F.No.401/150/2010-Cus-III