

October 2013

MACRO ANALYSIS OF
SHIFTING GARMENT
MANUFACTURING UNITS
WITH SPECIAL FOCUS ON
CHILD LABOUR

Presented to:



Presented by:



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SECTION -1

About the study

Executive summary

This study was undertaken to examine the effects of shifting garment manufacturing units on labour dynamics and working environment. The study focused on garment units that have shifted in the last three years in NCR, Bangalore and Ludhiana. In order to understand the changes in labour dynamics factory managers as well as workers were interviewed at these three locations. Also, to have a sound understanding of the situation Non-Governmental Organisations (NGOs), Civil Society Organisations (CSOs), Trade Unions and representatives of the government were interviewed. Before commencing the study, a thorough secondary desk review was undertaken, wherein publicly available reports, journals and information were analysed. This provided a robust framework on which the primary survey was designed and executed.

It is evident across the locations that entrepreneurs latch on to opportunities, and take full advantage of the government provided schemes and concessions. The cluster development schemes/policies of the Ministry of Textiles and MSME (Micro, Small and Medium Enterprises) have attracted entrepreneurs, who have shifted their existing units into specific clusters to take advantage of the business opportunities. On the other hand, labourers are increasingly becoming mobile and also taking advantage of the new opportunities. All three locations have successfully attracted labourers especially from the states of Uttar Pradesh and Bihar. It was found that 70% of the workforce comprised of migrant labourers in the three regions surveyed.

In majority of the cases the labourers reported that they have generally acceptable working environment, they also reported that they were free to refuse overtime. However the definitions of 'generally acceptable

working conditions' and 'overtime' appear nebulous. In NCR 2/3rd of the factory managers reported that no overtime is paid to workers as the overtime usually lasts only for a few hours.

Discussions with NGOs, CSOs and Trade Union representatives revealed contrary information. NGOs, CSOs and Trade Unions across the regions felt that there are two types of garment units; firstly, those that are registered and take orders from larger players in the market and secondly, those that are smaller mostly unregistered and work as suppliers and contractors for the first category. Working conditions and labour situation in these two types of units vary vastly. For example, units in Okhla Industrial Estate in South East Delhi have good working conditions and adhere to most labour laws, whereas just two kilometres away in slightly low profile area like Govindpuri smaller units have bad working conditions. This dichotomy in the value chain is what is of prime concern. Prima Facie no incidence of child labour was reported during the survey. However it would be a mistake to generalize this observation for the whole industry. The sample in the survey comprised of registered medium sized units, situated in designated zones. And as revealed by various non-governmental organisations working on this issue, these units are not the ones involved in child labour rather it is the smaller unregistered units working on the fringes of the system that are primarily responsible for child labour.

Across all three locations it was seen that factory managers thought that labourers were being paid well. They even quoted the daily wage rates openly (their candour can be attributed to their belief), though the wages quoted by them were below the minimum wages prescribed by law. This only goes to show that the factory managers are not aware of the Minimum Wages Act, 1948 fully and there is a need to educate them on the same. It's just not the factory managers but the owners too

that need to be educated as they are the final decision makers in all these respects.

Across locations the incidence of migrant labour is high; it is not just the economic condition prevailing in the source states that is solely responsible for the large amount of migrant labourers, but also the attitude of the owners of the garment units. The owners prefer to employ migrant labourers as they are more vulnerable, and hence, more docile.

Business related reasons were cited when factory managers were asked why the factory was shifted. Reasons like low land cost, government policy, moving from rented to owned premise were some of the reasons cited. Globalisation and intense competition from countries like China and Bangladesh has led to a shrinking in the margins of garment makers. Reduction of input cost in such a scenario coupled with innovation are the only ways left for manufacturers to keep the business thriving. Cost reduction is one of the primary reasons for the shifting of the garment manufacturing units. While wage rates remained more or less constant even after the shift (except in Tumkur, Bangalore where wage rates came down as a result of shifting), it can be deduced that cost savings were achieved owing to lower rents and associated infrastructure costs. Also of importance are specific tax and other reliefs provided by various state governments in order to attract new industries. Units have relocated in response to these policies, to spaces where cost of infrastructure is low giving rise to net benefits to the business. On the other hand, there are some difficulties that the units have faced after shifting in terms of procurement of raw material and skilled labour.

Organisations working on issues of labour and child labour have opined that in the garment industry labour are exploited on many fronts. One, they are not provided with the ideal working conditions

and two they are not even paid the stipulated minimum wages. These organisations feel that there have been some efforts from the government but a full-fledged effort is missing. Representatives of the labour department have commented that the wage levels are as per the Minimum Wages Act and there are no violations, however in the light of the survey finding this statement appears to be standing on shaky grounds.

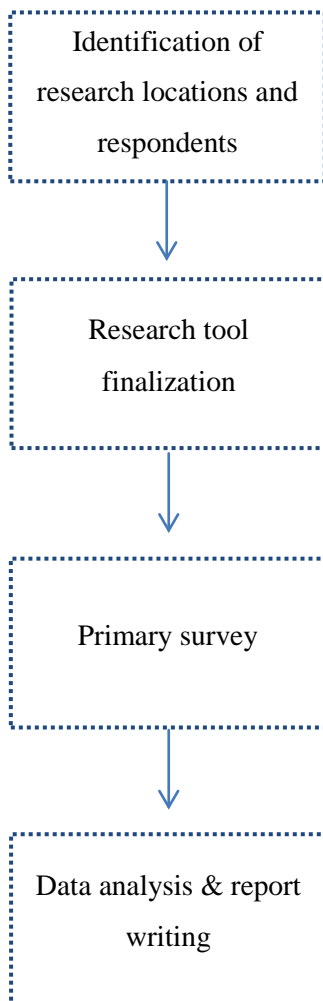
1. Objectives of the study

The study was commissioned by Global March Against Child Labour, New Delhi and was carried out by Nielsen India Pvt Ltd. The broad objectives of the study were as follows:

- Identify reasons behind shifting of garment units out of Delhi, Bangalore & Ludhiana region
- Identify the impact of this shift in relation to labor/child labor dynamics (migration of adult labor and trafficking of children), workers' rights, labor recruitment patterns
- In case of increased migration/trafficking and violations of decent work agenda in the new manufacturing areas, identify response of law enforcement agencies, government departments, civil society organizations, trade unions, garment suppliers/manufacturers & their management etc.
- Understanding the government's export promotion policy for the garment sector and the specific implications for certain geographies and clusters, including the set-up of special economic zones and cluster development schemes, and their implications on the labor dynamics in these geographies/clusters

2. Research Approach

Steps in primary research



The research process comprised of two phases - secondary research and primary research.

Secondary research was conducted to develop deeper understanding of the issues at hand with respect to the garment industry and the associated labour dynamics. Sources like publicly available reports, journals, websites of industry associations, government departments and other publicly available information was accessed and analyzed. The primary research was designed based on the learning from the secondary research and discussions with officials from Global March Against Child Labour, New Delhi office.

Primary research was conducted amongst four stakeholder groups' viz. Factory managers, workers, NGOs/CSOs/Trade Unions and Government Department (Ministry of Labour).

Sampling Method was selected based on the key requirement of the study. The sample had to comprise of garment units that have shifted base during the last 3 years and information on this target group was not readily available. It was thus, not possible to generate a sample universe and select random sampling units. To overcome this obstacle, purposive sampling with snowballing was used.

Sample Size: 33 Units, 42 Workers, 33 Factory Managers, 6 NGOs/CSOs/Trade Unions

Methodology: For the primary research phase, face-to-face interviews were conducted with factory managers and workers. These interviews were conducted using semi-structured questionnaires. In-depth interviews were conducted with NGOs/CSOs/Trade Unions and government representatives using a discussion guide.

Caveat: The survey was conducted amongst registered garment manufacturing units located in government recognised industrial areas. Given this, it is important to note that registered units have better compliances and adhere to the laws and regulations with respect to child labour. **Thus no generalisation should be made, based on this study, to reflect the state of affairs in the unorganised garment units.**

SECTION -2

Study Findings

3. Textile Industry

3.1 Introduction – Emergence of Developing Countries

The garment industry worldwide has undergone significant restructuring since the final phase-out of the Multi-fibre Agreement on 1st January 2005. Relocation of production sites and stiff competition are the realities facing the garment industry globally.

The increase in the share of exports of ready-made garments from developing countries has seen high growth rates in the last decade. This growth is related to the increased possibility of splitting the whole production process into smaller parts and simultaneously producing them in different parts of the world. An associated trend was the shift from mass production to batch production, enabling production of multiple designs. These structural changes worked in the favour of the developing countries where relatively cheaper labour was readily available.

Developing countries are increasingly participating in the global value chain, by adding value to the manufacturing process at different stages. The apparel industry is essentially a buyer driven industry. In such a structure large retailers, brand-name marketers and trading companies play a key role in setting up of decentralized production networks, typically in the developing countries. The essence of such buyer driven value chains is the physical separation of production from design and marketing. The top of the value chain firms in a buyer driven network are essentially ‘manufacturers without factories’.

Governments in developing countries also recognised the business potential from this structural change and framed policies that favour participation in such global business chains.

Government policies in India have largely been favourable to the textiles industry. The policies aim to ensure that the industry is internationally competitive in terms of manufacturing and exports.

Besides providing various schemes, there are various other statutes, including fiscal policies (governing customs, excise, sales tax, etc.), rules, initiatives, incentives, etc. through which government extends support to the industry.

Textile industry provides one of the most fundamental necessities of the people. It is an independent industry, from the basic requirement of raw materials to the final products, with huge value-addition at every stage of processing. In fact, it is estimated that one out of every six households in the country directly or indirectly depends on this sector.

Some of the government schemes for the textile industry are:

1. Technology Upgradation Fund Scheme (TUFS)
2. Scheme for Integrated Textile Parks (SITP)
3. Group Workshed Scheme (GWS)
4. Group Insurance Scheme for Power Loom Workers
5. Comprehensive Powerloom Cluster Development Scheme (CPCDS)
6. Marketing Development Programme for Power Loom Sector

3.2 Indian Textile Industry - Snapshot

India has only recently emerged as a major exporter of apparel on a global scale, although it accounts for very little Foreign Direct Investment (FDI) in the apparel sector compared to China, Mexico and Bangladesh. India ranks sixth, after China, European Union, Hong Kong, Turkey and Bangladesh, in terms of value of exports.

Textile industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP), and 17 per cent to the country's export earnings. It provides direct employment to over 35 million people. The textile sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textile industry is set for strong growth, buoyed by both rising domestic consumption as well as export demand. Abundant availability of raw materials such as cotton, wool, silk and jute and skilled workforce has made India a sourcing hub.

3.3 Indian Textile Industry and Garment Exports

Textile industry in India is a highly versatile sector, with smaller firms providing flexibility needed for smaller orders; the larger firms have the capacity to service the world's biggest buyers. The Government of India has also undertaken several favourable policy initiatives, which have resulted in the growth of the sector.

USA is the number one destination for export of apparels from India. During 2011, the garment imports to the USA from around the world were around US\$ 81.51 billion. India exports garments of worth US\$ 3.53 billion to the USA, which accounts for 4.33 per cent share in the USA's total garment imports.

3.4 Social Compliance in Indian Garment Industry

Indian apparel trade and compliance standards

The Indian apparel industry is working with an objective of reaching 7.5 billion by the end of 2012, a figure that is almost double the size of the last profit calculated by the Indian Chamber of Commerce (ICC). With the increasing globalisation, a lot of importance has been placed on internationally recognised compliance standards in the garment industry. Factories involved in the international trade must keep a proper check of the garment factory compliance at regular intervals. Therefore, every apparel export business needs to have adequate understanding of compliance guidelines for foreign trade.

Some of the compliance codes in Indian garment industry are as follows:

Working hour & wage rate compliance

- Garment factory must ensure that employees should get at least minimum wages according to the domestic law and as per the time spent by them in the industry
- Employers should pay equal wages to both men and women employees, for performing the same work or work of a similar nature
- A worker employed for more than nine hours on any day or for more than 48 hours in any week, shall be entitled to wages at premium legal rates for such overtime work
- Every worker should be given one holiday (for a period of 24 consecutive hours) in a week. Whenever a worker is required to work on a weekly holiday, he is to be allowed a compensatory holiday for each holiday so lost
- Every worker is to be allowed at least half an hour rest interval after a maximum working of 5 hours at a stretch

Workplace & work environment compliance

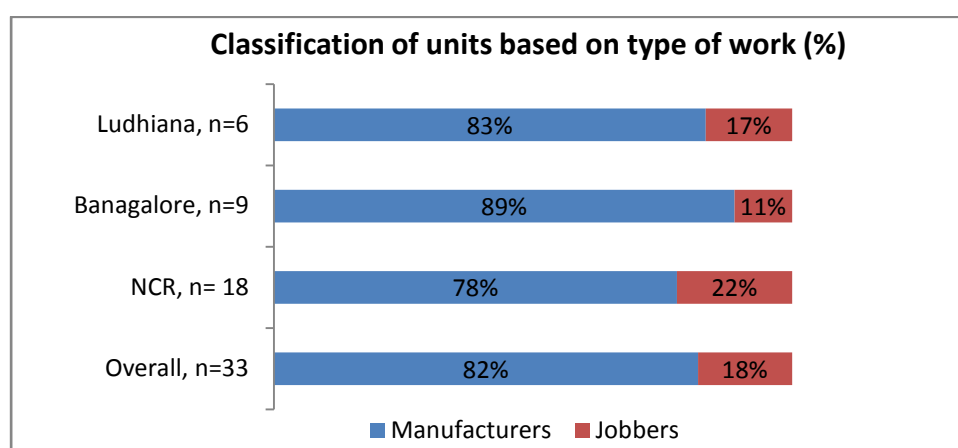
- Organisations should ensure proper ventilation, sufficient light and air to provide the employees with standard work environment
- Indian garment industries should provide the workers with comfortable sitting chair with back support and proper leg space

Non-discrimination compliance

- Organisations should not discriminate employees on the basis of physical characteristics, beliefs and cultural characteristics. All the terms and conditions of employment should be based on an individual's ability to do the job.
- They should provide equal employment opportunities for all employees and associates irrespective of the employees' race, colour, religion, age, sex, creed, national origin, marital status etc.

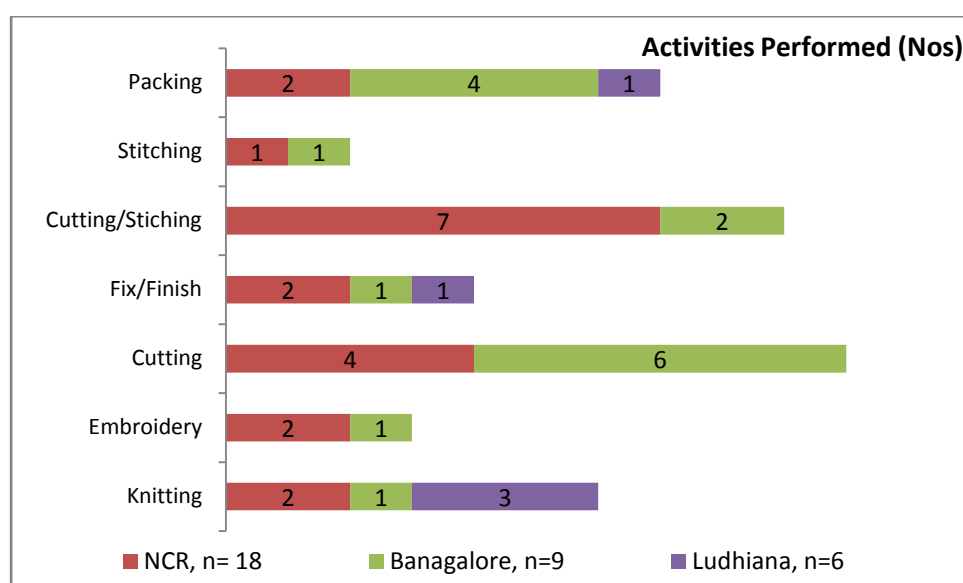
4. Garment Manufacturers' Profile

Garment manufacturing units can be broadly classified into two categories namely manufacturers and jobbers. Manufacturers primarily take orders from larger traders, brands or retailers and produce garments based on the clients' requirement. Jobbers on the other hand specialize in one particular kind of activity for example, hemming. In this study 82% of the units surveyed across the three locations i.e. Delhi NCR, Bangalore and Ludhiana were engaged in manufacturing.



Based on – interviews with factory managers

Most of these manufacturers are engaged in core activities like Cutting, Stitching, Knitting and Packaging.

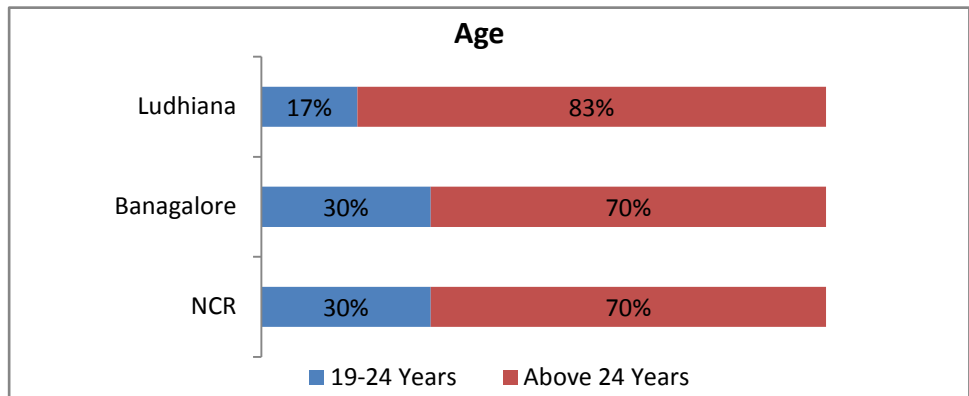


Based on – interviews with factory managers

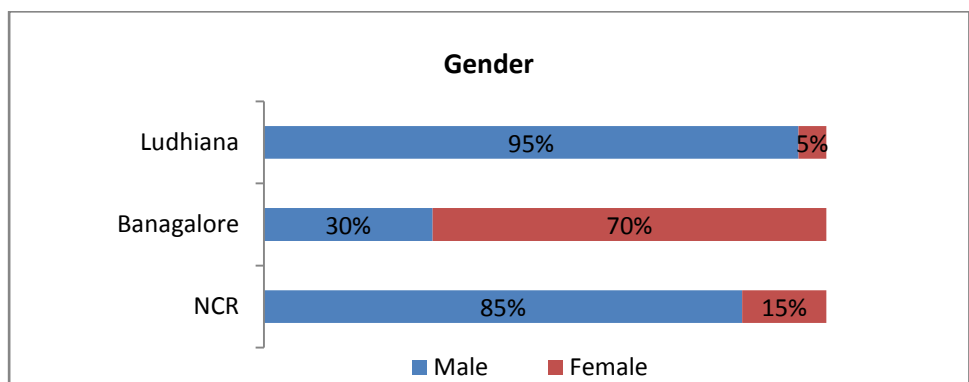
5. Workers Demographics

5.1 Age, Gender and Education

Over 70% of the workers are above 24 years of age. Proportion of female workers is lower in North India. In Bangalore, on the other hand more female workers as compared to male workers are engaged in this industry. There could be two possible reasons for this. One, resistance to women going out for work is higher in North India and two, the proportion of migrant labourers (mostly from North India) is the lowest in Bangalore.



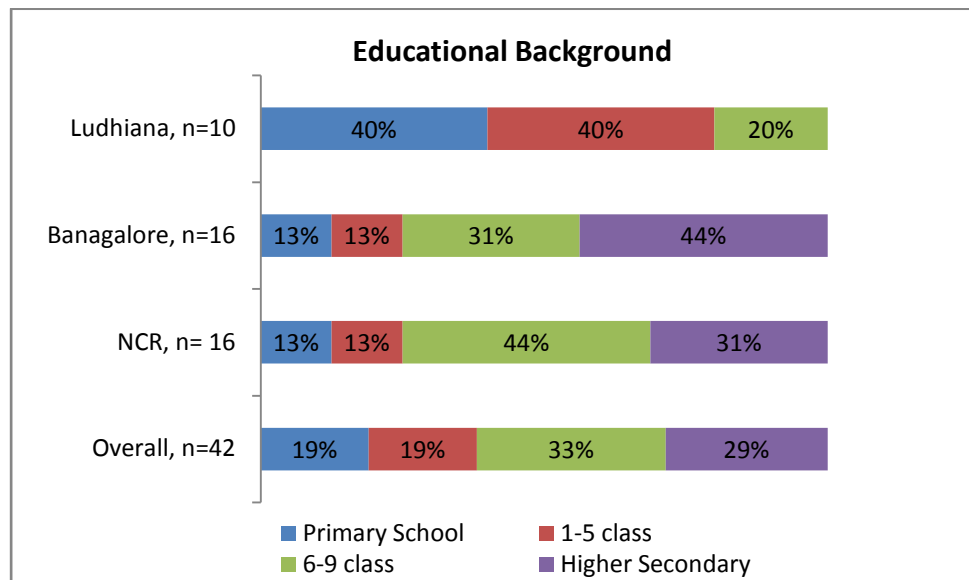
Based on – interviews with factory managers



Based on – interviews with factory managers

Overall 42 workers from the three locations were interviewed. Bangalore and NCR have higher proportion of workers who are

educated above standard 5. In Bangalore a higher proportion of workers have higher secondary education.



Based on – interviews with workers

5.2 State of Domicile

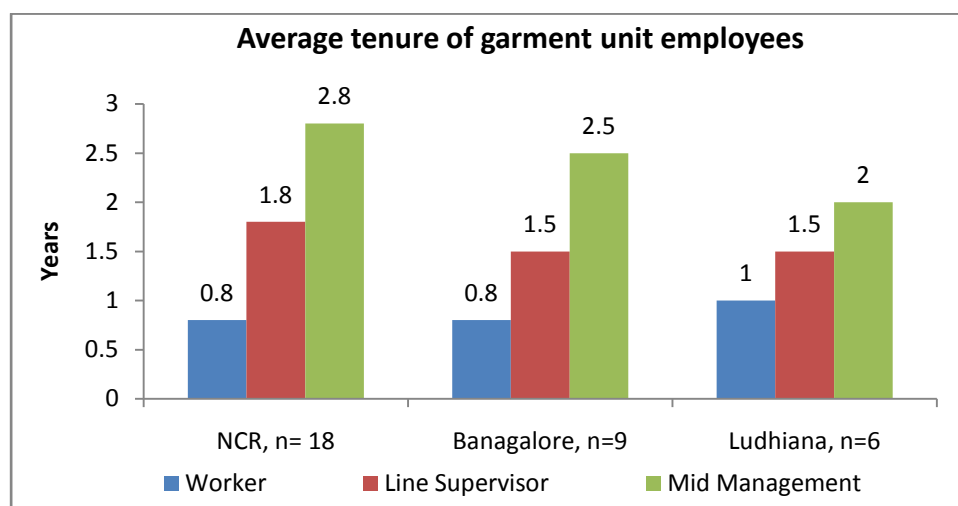
Migrant labourers form the majority in all three locations. Although the percentage of migrant labourers varied from location to location. Factory managers in Manesar area in the NCR reported that 100% of their labourers were migrants, factory managers in Bangalore reported that 60% of the labourers were migrants and factory managers in Ludhiana reported that 85% of the labourers were migrants. Most of the labourers were found to have migrated from the states of Uttar Pradesh and Bihar. Bangalore had the lowest migrant labourer population at 60%. This goes to show that in this industry migration of labour to areas of economic activity is vastly prevalent.

All workers interviewed in the study had worked with their current employer for less than 12 months and majority had worked for just 6-8 months.

5.3 Experience

The labour turnover, as suggested by the average tenure of workers, is high for the garment manufacturing industry. This is corroborated by the fact that all workers interviewed in the study had worked with their current employer for less than 12 months and majority had worker for just 6-8 months. There could be multiple reasons for this ranging from

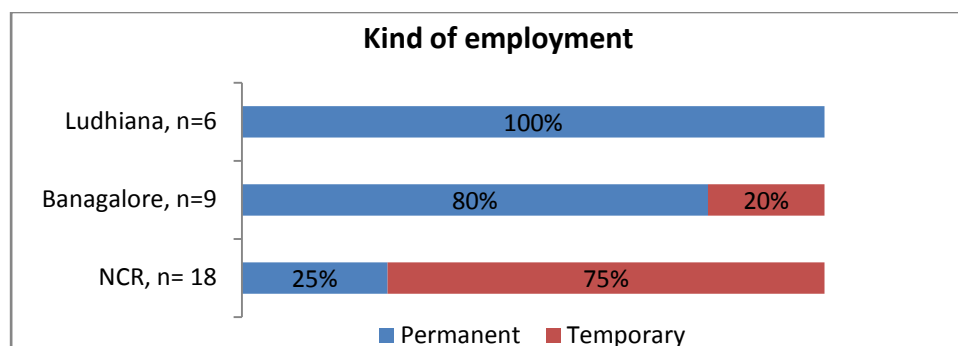
labourers moving to other jobs with better pay after getting experience or it could be that they migrate to other locations. It could also be that the working conditions are not too conducive and the thus there is early burnout. However, further research will be required to understand this high worker turnover.



Based on – interviews with factory managers

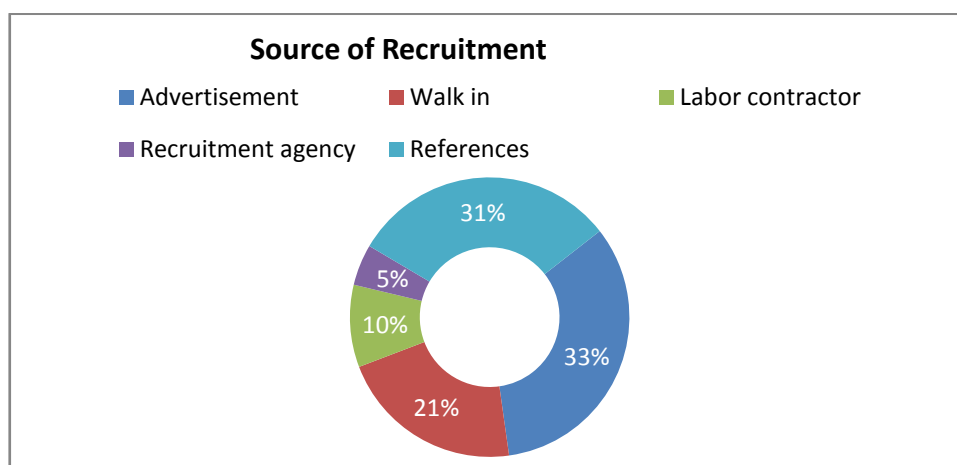
6. Recruitments and Contracts

Ludhiana and Bangalore based units have a high percentage of permanent employees. However in NCR only 25% of the workers are permanent.



Based on – interviews with factory managers

Advertisements and Employee reference are the most commonly used sources for recruiting workers.



Based on – interviews with factory managers

7. Wages and Working Hours

7.1 Basis for wage calculation

In NCR half the factory managers, 9 out of 18, reported that the workers in their factories were being paid monthly. Only a few, 3 out of 18, reported that they were using piece rate system for payments. In Bangalore majority of the skilled workers are given monthly wages. Some workers were being paid on hourly basis. In Ludhiana all the manufacturing units surveyed reported that they are paying their workers on a monthly basis. The survey amongst workers themselves also revealed information that is in line with what the factory managers reported. Overall 76% of the workers reported that they were getting paid on monthly basis.

7.2 Wages, work hours and overtime

Factory managers in NCR reported that good wages are provided to knowledgeable and skilled labours. However when asked further they reported that the wages are in the range of Rupees 250-300 per day for skilled labours and Rupees 200-250 per day for semi-skilled labours. These daily rates quoted by them are below what is prescribed by the Minimum Wage Act, 1948. And the fact that the factory managers

openly quoted these figures points to the fact that they are not fully aware of the details of the Act.

Rates Prescribed by the Minimum Wage Act for Delhi are:

Type of Labour	Rates from 1.4.2013		What is being paid - Survey Finding
	Rupees/Month	Rupees/Day	Rupees/Day
Unskilled	7722	297	
Semi-Skilled	8528	328	200-250
Skilled	9386	361	250-300

Similar to NCR, the factory managers in Bangalore also feel that good wages are being provided to workers with experience and skills.

Wage of Rupees 4500 per month is being paid to unskilled labourers and skilled labourers are being paid Rupees 6000-7000 per month. Few workers were being paid on hourly basis at the rate of Rupees 180-200 per hour, for the first eight hours, and then at the rate of Rupees 50 per hour for any additional time.

As a result of moving a little farther from Bangalore manufacturing units have witnessed a decrease in wage rates. Currently wages are in the range of Rupees 150-180 per day however earlier (prior to shifting) wages were in the range of Rupees 200-220 per day. The reason for this drop in wage rate is not known. One could only draw a conclusion that because these units have shifted to Tumkur the labour costs have fallen in comparison to areas closer to Bangalore.

The wage rate paid to workers in Bangalore also is below the wage prescribed by the Minimum Wage Act.

Rates Prescribed by the Minimum Wage Act for Bangalore are:

Type of Labour	Rates from 1.4.2013		What is being paid - Survey Finding
	Rupees/Month	Rupees/Day	Rupees/Day
Unskilled	5309	204	150-180
Semi-Skilled	5470	210	
Skilled	5701	220	200-250

“Low wages and informal work underlie the competitive, low production costs in this sector, making it attractive for global retailers. Therefore, the sharply exploitative character of labor practices here is part of the economic logic of the global supply chain in garments production”

-Developmental Initiatives of Social Cause, Bangalore

Discussions with Non-Governmental Organisation like *BachpanBachaoAndolan*, which works to prevent child labour, bonded labour and trafficking, revealed that, the wage situation is far worse in unregistered units. Workers in the unorganised sector are usually paid a wage in the range of Rupees 2500-5000 per month. However the Labour Department, Government of Punjab, has a different take on the matter. It feels that “companies are providing wages as per the laws and wages act’.

A typical working week comprises of 6 working days. One week of work across the locations comprised of 48-60 hours. However in NCR 2/3rd of the factory managers reported that no overtime is paid to workers as the overtime usually lasts for a few hours and that too when workloads are higher. In the survey workers in NCR were asked whether overtime was voluntary, to which 15 out of 16 workers said overtime is not voluntary. On the other hand, when they were asked if they can refuse overtime, 13 out of 16 workers said that yes they can. However, given the lack of any negotiating power that the workers have with the management, it would be safe to assume that over time is not voluntary.

In Bangalore 78% of the factory managers said that their unit pays overtime. A few amongst them also said that the rate for overtime was Rupees 50 per hour. 2/3rd of the workers in Bangalore said that they were free to refuse overtime.

In Ludhiana overtime is been paid by 80% of the units, all the workers felt that they were free to refuse overtime.

Most units across the three locations are using either a register or card punching system to record timings.

A deeper look at the working of the of the garment manufacturing industry reveals that in most cases the normal definition of a shift is equal to 1.5 times the limit prescribed by the Factories Act 1948.

The Factory Act 1948 states the following:

Weekly hours - No adult worker shall be required or allowed to work in a factory for more than forty-eight hours in any week.

Daily hours - Subject to the provisions of section 51, no adult worker shall be required or allowed to work in a factory for more than nine hours in any day.

Intervals for rest - The periods of work of adult workers in a factory each day shall be so fixed that no period shall exceed five hours and that no worker shall work for more than five hours before he has had an interval for rest of at least half an hour.

Spread over - The periods of work of an adult worker in a factory shall be so arranged that inclusive of his intervals for rest under section 55, they shall not spread over more than ten and a half hours in any day
Tracking of working hours is usually done through work register.

Night shifts - Where a worker in a factory works on a shift which extends beyond midnight.

(a) for the purposes of sections 52 and 53, a holiday for a whole day shall mean in his case a period of twenty four consecutive hours beginning when his shift ends;

(b) the following day for him shall be deemed to be the period of twenty-four hours beginning when such shift ends, and the hours he has worked after midnight shall be counted in the previous day

Extra wages for overtime –

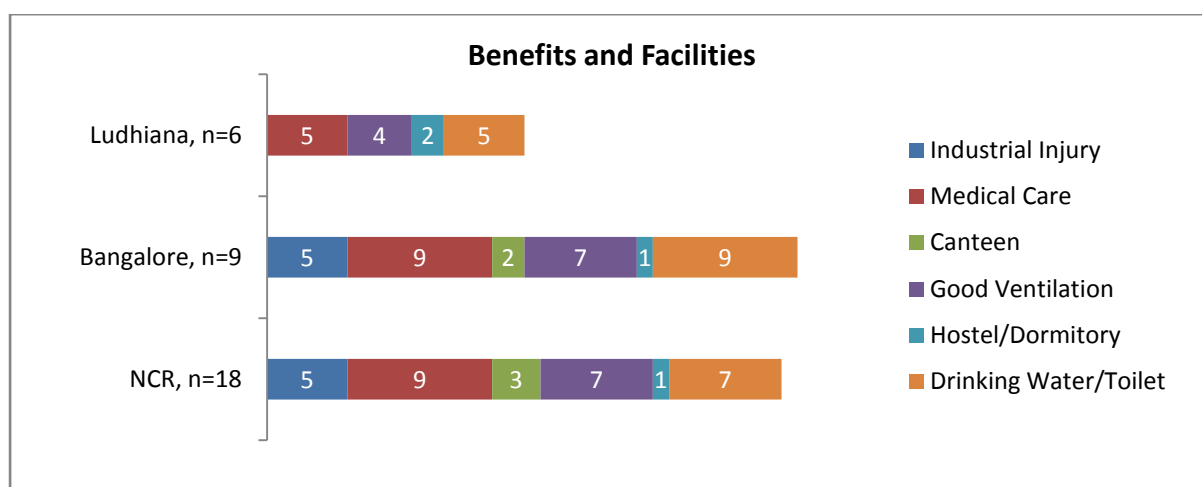
1. Where a worker works in a factory for more than nine hours in any day or for more than forty-eight hours in any week, he shall, in respect of overtime work, be entitled to wages at the rate of twice his ordinary rate of wages.
2. Where workers in a factory are paid on a piece-rate basis, the time rate shall be deemed to be equivalent to the daily average of their full-time earnings for the days on which they actually worked on the same or identical job during the month immediately preceding the calendar month during which the overtime work was done, and

such time rates shall be deemed to be the ordinary rates of wages of those workers:

Provided that in the case of a worker who has not worked in the immediately preceding calendar month on the same or identical job, the time rate shall be deemed to be equivalent to the daily average of the earning of the worker for the days on which he actually worked in the week in which the overtime work was done.

8. Working conditions

Almost all units in Ludhiana and Bangalore and half the units in NCR, claim to provide their workers with medical benefit. Industrial Injury Benefit is not being provided by most of the units. What is surprising is that basic facility like good ventilation, toilet and drinking water is also not universally provided. The situation looks the same across the three locations.



Based on – interviews with factory managers

BachpanBachaoAandolanis of the view that working conditions are different in various garment clusters in India. In Delhi region, for instance, the working conditions and infrastructure are better in Okhla, however just 2 kms away in Govindpuri or SangamVihar the same is not true. “Unorganized units in these areas have poor working conditions with incidences of child labour”, mentioned one official of *BachpanBachaoAandolan*.

“Harassment as well as physical abuse in factories is common in all areas”

– DISC, Karnataka

Developmental Initiatives of Social Causes (DISC), an organisation working in Karnataka, felt that the situation is far worse than what meets the eye. DISC mentioned that harassment as well as physical abuse in factories is common in all areas.

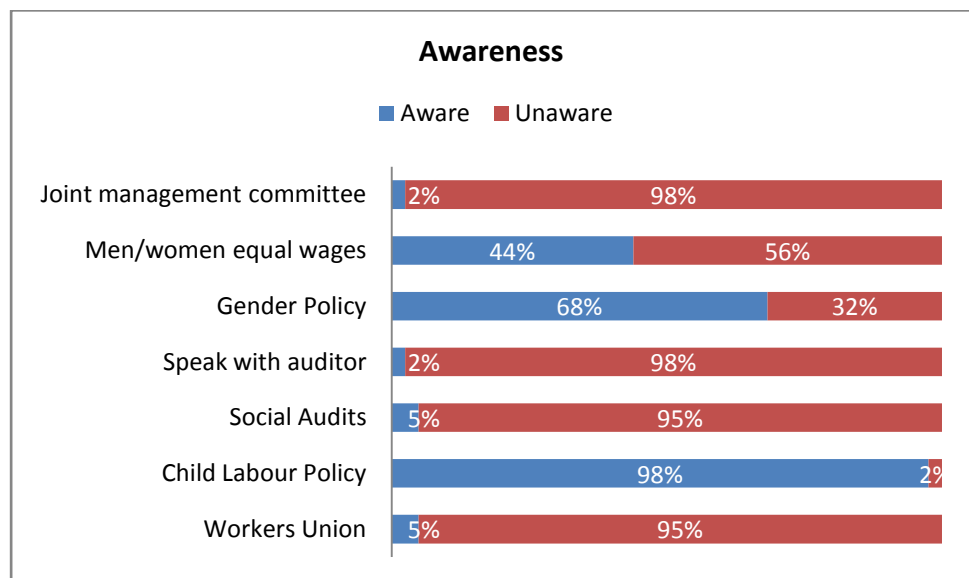
DISC further added that workers particularly female workers are denied the benefit of job rotation. Most of them are forced to perform the same operation for a very long time, which is definitely detrimental to their mental and physical health.

Prakriti, another organization working in Karnataka, has a different take on the matter. It feels that, 80% of factory workers are working in good conditions, and 50% of the workers themselves don't use personal protection equipment.

9. Workers' rights

9.1 Awareness about rights

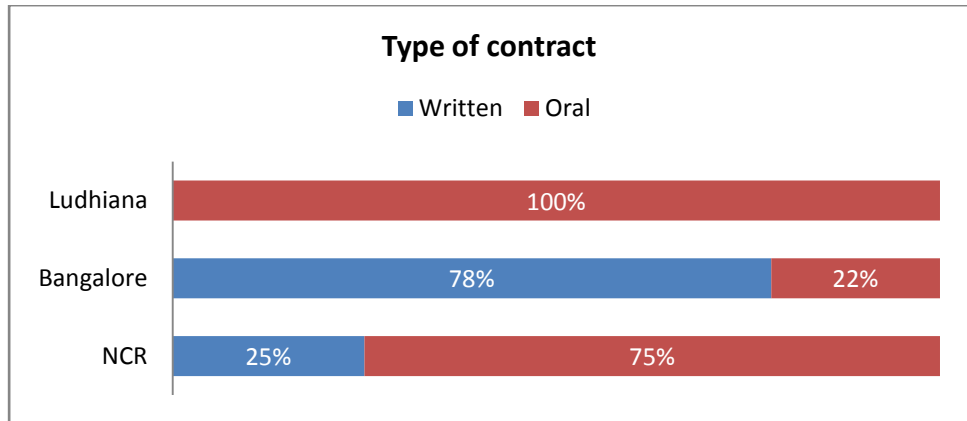
Almost all workers are aware that their company has a policy on child labour, a large majority i.e. 68% are also aware of the presence of a gender policy. Slightly less than half of the workers are also aware that women and men should get paid equally. However when it comes to other rights, workers are completely unaware.



Based on – interviews with workers

9.2 Contracts

NCR and Ludhiana have high incidence of oral contracting, suggesting that oral contracts are being used to bypass the system. There is a need to advocate the importance of written contracts amongst workers.



Based on – interviews with factory managers

9.3 Unionisation

None of the garment manufacturing units that participated in the study recognised or had a Trade Union. DISC mentioned that lack of unionization and lack of political affiliation coupled with ineffective role of the labor law enforcement agencies, has contributed to the pathetic labour conditions in garment sector. DISC also mentioned that, the garment industry as a whole has been able to prevent unionization and collective bargaining. Given that unionization is not easily tolerated by employers, first generation and semi-rural workforce remains out of tune with traditional union-like activities. For many workers taking a monthly salary home is of greater urgency than pressing for workers' rights due to lack of traditional community support system in an unknown city.

“Lack of unionization and lack of political affiliation coupled with ineffective role of the labor law enforcement agencies, has contributed to the pathetic labour conditions in garment sector”

– DISC, Bangalore

10. Child Labour

Prima Facie no incidence of child labour was reported during the survey. However it would be a mistake to generalize this observation for the whole industry. The sample in the survey comprised of registered medium sized units, situated in designated zones. These kinds of units are not the ones involved in child labour. It is the smaller unregistered units working on the fringes of the system that are primarily responsible for child labour.

BachpanBachaoAandolan(BBA) works on the issue of child labour. According to the BBA the working conditions are different in various garment clusters in India. Within Delhi itself working conditions and infrastructure are better in Okhla, however just 2 kms away in Govindpuri or SangamVihar the same is not true. Unorganized units in these areas have poor working conditions with incidences of child labour.

“The garment industry has done very little to counter the issue of child labour”

*– BhacpanBachaoAandolan,
Delhi*

BBA feels that if an investigation is done one would find loopholes all along the garment supply chain. Work orders play an important role in the labour dynamics. Once a bulk order comes to a major garment supplier; pressure is exerted on its vendors. This creates a domino effect down the value chain creating immediate manpower requirement. This increased pressure adversely affects the working conditions and increases the incidences of child labour.

“School dropout rate amongst children of workers is high; children as young as 8years join the trade and start contributing to the family income”

*– Self Employed Women’s
Association, Delhi*

BBA feels that the garment industry has done very little to counter the issue of child labour. Government of India has taken steps and initiated different programmes to counter child labour but full-fledged effort from the government is still missing.

Self Employed Women’s Association (SEWA), another non-governmental organisation working in NCR views child labour as a

major issue. According to SEWA, majority of the workers engaged in embroidery have been into this business for generations. Their expertise and skills get passed down from one generation to another. Due to this children of these workers get involved in the trade early. According to one survey conducted by SEWA 90% of these workers did not want their children to get into the embroidery business but in practise the scenario is totally different. SEWA also mentioned that school dropout rate amongst children of workers is high; children as young as 8years join the trade and start contributing to the family income.

On issue of child labour DISC, Bangalore, commented that bigger units do not employ child labour. However smaller garment units down the supply chain do. Garment unit give smaller work on contract. The contractor goes for subcontracting of some jobs like buttoning and hemming etc. where child labour is used.

11. Relocation of units

Business related reasons were cited when factory managers were asked why the factory was shifted. Reasons like low land cost, government policy, moving from rented to owned premise were some of the reasons cited. Globalisation and intense competition from countries like China and Bangladesh has led to a shrinking in the margins of garment makers. Reduction of input cost in such a scenario coupled with innovation are the only ways left for manufacturers to keep the business thriving. Cost reduction is one of the primary reasons for the shifting of the garment manufacturing units. While wage rates remained more or less constant even after the shift (except in Tumkur, Bangalore where wage rates came down as a result of shifting), it can be deduced that cost savings were achieved owing to lower rents and associated infrastructure costs. Also of importance are specific tax and

other reliefs provided by various state governments in order to attract new industries. Units have relocated in response to these policies, to spaces where cost of infrastructure is low giving rise to net benefits to the business. On the other hand, there are some difficulties that the units have faced after shifting in terms of procurement of raw material and skilled labour.

12. Migrant labour – dynamics at play

The migrant labourer is the back bone of the garment industry. Factory owners prefer to employ migrant labourers as local residents might have some connections with the legal or illegal power entities of the locality and that might add to their bargaining strength. Owners prefer migrant labourers also because they are more vulnerable and hence more docile. This is also because migrant labourers are relatively less concerned about their rights and welfare and are often inclined to earn more even if it involves higher exploitation and coercion.¹

In all the three locations large numbers of migrant labourers work in the garment industry. They typically stay in locations adjacent to the factories or commute from places where they can stay at a lower rent. In emerging industrial area it becomes difficult for the labourers to find a place to stay close by due to lack of civic amenities.

¹Small and Medium Enterprises in India: Infirmities and Asymmetries in Industrial Clusters

13. Conclusion

The garment manufacturing industry has a strange relationship with the ‘migrant labourer’. The garment industry is in the dominant position in this relationship, and the ‘migrant labourer’ has very little negotiation power.

The key concern for the ‘migrant labourer’ is making a living. Out on his/her own, away from family, and in unfamiliar territory he/she is not concerned with asserting his/her rights. Factory owners are well aware of this, and take full advantage of the situation. Trade Unions are conspicuous by their absence and this lack of collectivization makes it easier for factory owners to deny labourers their rights.

Wages paid are either below the minimum wages or below decent living wages. In most cases the factory managers themselves are not aware of what the stipulated minimum wage is in their area.

Working conditions, as reported by non-governmental organisations, are not good. Working hours are far longer than what the law stipulates and in some cases overtime is also not paid.

Registered units refrain from child labour in order to adhere to legal and social compliances. However, unregistered units are engaging in child labour.

Garment units that have shifted base did so mostly to take advantage of either reduction in costs or avail tax breaks. However not much has changed for the labourer.

A lot of NGOs and industry bodies like AEPC (Apparel Export Promotion Council) are working towards making the situation better.

But, these organisations feel that far greater commitment backed by tangible action is needed from the government.

There appears to be no short-term solution to improving the situation of the ‘migrant labourer’. Any long-term solution will have to be inclusive and have a buy-in from all stakeholders i.e. factory owners, labourers, NGOs, CSOs and the government.

But, before a comprehensive solution can be developed or implemented, it is imperative that the ‘migrant labourer’ be made aware of his/her rights, and empowered to stand up to any injustice.
