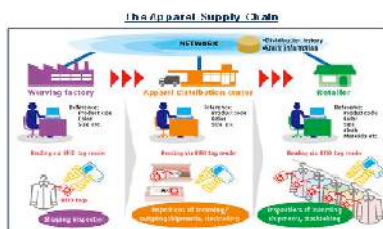


SOCIETY FOR LABOUR AND DEVELOPMENT



ASIA FLOOR WAGE ALLIANCE



WAGE STRUCTURES IN THE INDIAN GARMENT INDUSTRY

September 2013

SUPPORTED BY EUROPEAN
UNION



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Arpan Ganguly

Society for Labour and Development

September 2013

Executive Summary

Wage Structures in the Indian Garment Industry

INTRODUCTION

The Indian economy adopted a liberalised economic policy regime after 1990--91, in an attempt to ensure greater integration of the domestic economy with global competitive markets. This was motivated by the policy assumption that opening up of domestic markets would enhance the competitive efficiency of domestic business enterprises on account of transfer of technology, knowledge and skill sets from abroad. A large set of literature has shown that despite the modernisation of domestic enterprises over the past two decades, the Indian manufacturing sector has failed to propel itself on a high growth trajectory (Unni and Rani, 2004). Contrary to the policy belief, severe competition in the global export markets have led domestic firms to resort to cost cutting labour market strategies that have led to the widespread prevalence of oppressive labour relations across the Indian manufacturing sector (Vijay, 2009). In a bid to remain globally competitive, firms have targeted reduction of labour costs as a tool to ensure a reduction in production costs. This is evident in firms denying payment of minimum wages, social security, or fringe benefits to its workforce and increasingly resorting to informal employment contracts that ensure flexibility to businesses in terms of labour costs. Persistent minimum wage violations or wage theft practices coupled with a lack of freedom of association are becoming alarmingly visible across the Indian manufacturing sector.

This study on the Indian ready-made garment industry will bring to light the prevailing dynamics with regard to wage and working conditions in this sector. On the basis of a field study conducted in the garment clusters of Gurgaon, Bangalore, and Tirupur, this study would highlight the *wage theft* and *forced labour* practices pursued by businesses in this sector. The presence of minimum wage violations, non-payment, underpayment and late payment of basic wages as well as illegal overtime wages, theft of social security benefits, threats to break union formation, and sexual harassment of female workers is clearly evident in the three aforementioned garment clusters in the country. The reason will be located in institutional constraints or rather institutional violations practised by businesses that plague the new industrial labour markets of India. In this regard, this study would not only highlight the existing wage theft practices pursued by domestic suppliers but also delineate how forced labour has emerged as a norm within the industry. In doing so, it would foreground issues of informal livelihood, gender, caste, debt, absence of collective bargaining, and unionisation potential in the industry.

METHODOLOGY

There is a significant dearth of national level data pertaining to the dynamics of wage practices prevalent in the Indian garment industry. Though there has emerged a growing set of literature on the garment or apparel value chain in India, it hardly seems to refer to the prevailing wage theft and forced labour practices pursued by garment manufacturers across the Indian industrial landscape. It is in this context that this study would bring to light the nature of these institutional practices on the basis of field studies in the industrial clusters of Gurgaon, Bangalore, and Tirupur. The clusters of Gurgaon, Bangalore, and Tirupur have emerged as key nodal points in the garment value chain as in November 2012, these three industrial centres together accounted for nearly 55% to 60% of the total ready-made garment exports from India.¹ And, especially over the past two decades, major foreign brands and retailers (like GAP, H&M, Next, Marks and Spencer, Nike, Adidas, and Puma) have been increasingly sourcing their garments from these clusters. The field studies conducted in these three clusters were organised as follows.

Qualitative data have been used for collecting information on wage structures from the aforementioned garment clusters. Qualitative data were collected using structured and unstructured questionnaires, personal interviews, and group discussions with a variety of social and institutional actors in the garment industry. Three significant institutional actors or agents were identified; namely the garment workers, trade unions, and government regulatory agencies (in this instance the Labour Department and the Health and Safety Department). Three separate sets of questionnaires were formulated to collect information from each of these actors.

To ascertain data on wage structures, five Tier 1 garment manufacturers were identified in each of the three industrial centres. The Tier 1 suppliers selected for this study have been chosen keeping in mind the specific brands that they cater to. All the Tier 1 suppliers chosen supply to one or a few of the following brands -- GAP, Next, Marks and Spencer, H&M, Adidas, Nike, and Puma. Hereafter, five workers from each of the five industrial units (or suppliers) were interviewed leading to a total of 25 worker interviews in each industrial centre. In effect, 75 workers were surveyed in total across the three industrial clusters. As regards interviews with the trade unions, the following unions were covered. In Gurgaon, given the complete lack of garment workers unions, officials of GAWU (Garment and Allied Workers Union), the only union operating in this region at present, were interviewed. In Bangalore, people from GATWU (Garment and Textile Workers Union) and INTUC (Indian National Trade Union Congress) were interviewed. As for Tirupur, the two unions surveyed were AITUC (All India Trade Union Congress) and CITU (Center of Indian Trade Unions).

¹<http://bargad.org/2012/11/22/garment-workers-in-india/>

FINDINGS

The field study brings to light crucial insights pertaining to wage and working conditions in the Indian garment industry. The nature of employment contract, wage, overtime wage rate, social security benefit schemes, and conditions of livelihood across the garment clusters of Gurgaon, Bangalore, and Tirupur, have been briefly presented in a tabulated form in **Table 1** below.

Table 1: Comparative Table on Wage Structures in Gurgaon, Bangalore, and Tirupur

Gurgaon							
	Category of Worker						
	Tailor	Supervisor	Checker	Ironer	Stitcher	Helper	Piece Rate Workers
Employment Category (Regular/Casual/Contract)	Regular/Casual	Regular	Regular/Casual	Regular/Casual		Casual	Casual
Type of Skill (Skilled/Semi-skilled/Unskilled)	Skilled	Skilled	Semi-skilled	Semi-Skilled	Skilled	Unskilled	Skilled/Semi-skilled
Educational Qualification	Class I to Class VII (90% of Workers Interviewed) No Education/Class VII and Above (10% of Workers Interviewed)						
Basic Wage (Monthly)	6500	7000	5500	5300		5200	5400
Overtime Rate (Monthly)	1620	1800	1380	1320		1320	1380
PF	12 %						
ESI	1.75%						
Maternity Leave	1 Month Without Pay						
Bonus	Once a year (One fourth of the Basic Wage)						
Accident Insurance	No						
Performance Rewards	No	Yes	No				
Wage Revision	Twice a Year (Rs. 200--300)						
Paid Leaves	15--18 days						
Sick Leaves	Rarely (Without Pay)						
Sexual Harassment	Yes						

Source:Field Study

Bangalore							
	Category of Worker						
	Tailor	Supervisor	Checker	Ironer	Stitcher	Helper	Piece Rate Workers
Employment Category (Regular/Casual/Contract)	Casual/Contract		Contract	Contract	Casual/Contract		
Type of Skill (Skilled/Semi-skilled/Unskilled)	Skilled		Semi-Skilled	Semi-skilled	Skilled		
Educational Qualification	Class I to Class VII (95% of Workers Interviewed) No Education/Class VII and Above (5% of Workers Interviewed)						
Basic Wage (Monthly)	5915		5200	5330	5395		
Overtime Rate (Monthly)	1000		880	880	920		
PF	12 %						
ESI	1.75%						
Maternity Leave	Yes (One and a Half Months with Pay)						
Bonus	No						
Accident Insurance	No						
Performance Rewards	Rs. 200 (Attendance Reward)						
Wage Revision	Once a Year and Highly Irregular (Rs. 400--700)						
Paid Leaves	15--18 days						
Sick Leaves	Rarely (Without Pay)						
Sexual Harassment	Yes						

Source: Field Study

Tirupur							
	Category of Worker						
	Tailor	Supervisor	Checker	Ironer	Stitcher	Helper	Piece Rate Workers
Employment Category (Regular/Casual/Contract)	Casual/Contract	Regular/Casual	Casual/Contract	Casual/Contract	Casual/Contract		
Type of Skill (Skilled/Semi-skilled/Unskilled)	Skilled	Skilled	Semi-skilled	Semi-skilled/Skilled	Semi-skilled/Skilled		
Educational Qualification	Up to Class VII (More than 95% of the Workers Interviewed)						
Basic Wage (Monthly)	7310	7000	5750	9250 (Iron Master)	6760		
Overtime Rate (Monthly)	620	600	480	790	560		
PF	12%						
ESI	1.75%						
Maternity Leave	Yes (Two Months with Pay)						
Bonus	Yearly Bonus of 8.33% on the Basic Wage						
Accident Insurance	No						
Transport Facility	Yes (Pick and Drop Service Provided)						
Performance Rewards	Yes						
Wage Revision	Yearly on the Basis of a Five-Year Tripartite Wage Agreement (Increment of 20% after the first year, 4% after the second year, and 3% after the third and the fourth years)						
Paid Leaves	15--18 days						
Sick Leaves	Yes (With Pay)						
Sexual Harassment	No						

Source: Field Study

The field study reveals that with regard to wages in the sector, not only does the basic and take-home wage differ between different categories of garment workers; it also differs sufficiently from one industrial cluster to another. Such diversity in wage differentials primarily emanate from the multiplicity of minimum wages across different states. As the industry wage and the take-home wage is decided by businesses based on the minimum wages specified in each state, the multiplicity of minimum wages across states, also leads to a multiplicity in industry wages within and across garment clusters. As a consequence, ascertaining a national standard wage across the Indian garments industry is difficult. More pertinently, there is complete dearth of national level data pertaining to the total number of each category of garment workers (namely tailors, stitchers, cutters, ironers, etc.) as well as their take-home wage.

Similarly, there is little national data on overtime rates for workers across the industry. Overtime practices are

extensively evident throughout the garment industry of Asia. In India, the state reserves certain industrial segments to engage its workforce in overtime work under the auspices of the Minimum Wage Act of 1948. The Indian garment industry is one such sector. Workers regularly engage in work far exceeding the specified working day of eight hours. The overtime rates are estimated on the monthly basic wage of a worker. Given the multiplicity of basic wages for different categories of workers, the overtime rates also vary accordingly. There is no significant disparity in the overtime rates between males or females as it depends on the pay scale of the worker, irrespective of gender. However, workers have very little choice with regard to engaging in overtime work as it lies completely at the discretion of the managements, who often coerce workers into overtime work. Instead of offering workers double the hourly OT rate (which is the legal overtime rate), firms in these clusters violate this legal mandate and offer illegal single hourly OT rates to the workers. This is due to the specific nature of production in the garment industry that heavily relies on overtime practices to meet buyer demands on time (especially during peak seasons). In effect, overtime work has now emerged as a norm or a trend in the garment industry across India.

The social and economic profile of the workforce reveals a complex dynamic at work. Educational profile of the garment workforce is extremely poor and restricted to primary education (*viz.* up to Class VIII for over 90% of the working population surveyed across the three clusters). The low educational profile of the workforce is due to the fact that a majority of the workers join the garment industry at a very young age, abandoning education in the process. As regards the caste composition of the workforce, a majority of the workers hail from marginalised and less privileged caste groups (like SCs, Dalits, OBCs, etc.). Gender composition of the garment workforce on the other hand, differs significantly across the garment clusters. While in the Gurgaon cluster the proportion of male to female workers in the workforce is fairly equal, more than 80% of the Bangalore workforce and 90% of the Tirupur workforce is constitutes of female workers.

These trends have been perpetrated by the fact that over the past two decades, this sector has witnessed a massive trend towards informalisation of the workforce, or hiring informal sections of the workforce in other words. The hiring of workers on a regular contract is on a decline while short-term informal and irregular contracts are emerging as the basis of most new recruitment in this sector (NCEUS Report, 2009). This refers to the hiring of casual and contract labour who now account for the bulk of employees in this sector. The reason is quite simple and which is that it is a means towards sidestepping statutory obligations and maintaining a constant state of insecurity for workers, which has its own unsavoury disciplinary value. This state of insecurity and vulnerability of the workforce is further perpetrated due to firms engaging in violation of minimum wage norms, denial of social security benefits, and the right to freedom of association.

The working population mostly comprising of migrants from socially weaker or marginalised sections of the society coupled with the near absence of unions in the garment factories, curb their capacity to organise themselves or generate enough bargaining potential. Independent unions in this sector also face significant hurdles in organising the workforce, as labour mobility among the garment workers is especially high. As workers do not end up sticking to the same factory for extended periods of time, it is difficult to establish a labour base on the basis of which a factory union can be forged. An added constraint in this regard is the

management's attitude towards unionisation. Not only do they engage in anti-union lobbying and union busting activities, but also actively engage in relocating to new production sites to ward off threats of unionisation. This trend has become apparent with several firms closing down their operations and relocating to other industrial clusters in the state or the country. This has created a fear among workers towards unionisation that they might be left passive, disorganised, and fragmented.

Legal and institutional violations in terms of unlawful wage practices, denial of labour rights, or enabling rights (like freedom of association), employment of child labour, caste and gender discrimination, regionalism and nepotism, has culminated into a process wherein labour is considered disposable to the needs of a variety of capital.

WAGE THEFT AND FORCED LABOUR PRACTICES

The field study conducted in the garment clusters of Gurgaon, Bangalore, and Tirupur, suggest that firms have resorted to a variety of wage theft and forced labour practices via actively engaging in institutional violations, especially in the times of globalisation.

Wage theft practices can be qualified as *institutional strategies* adopted by businesses to ensure that they can keep labour costs as low as possible alongside pocketing substantial profits. Wage theft practices refer to *non-payment, underpayment, and late payment* of wages to the workforce as well as illegal deductions from wages. This indicates the emergence of labour and industrial law violations as a norm across the garment industry. On the basis of the field study, several forms of wage theft practices can be identified. These include: (1) *Denial of minimum wages*; (2) *Non-payment of wages according to skill or employment grade*; (3) *Theft of social security benefits*; (4) *Non-payment of legal overtime rates*; and (5) *Late payment of basic and overtime wage*. This typology of wage theft practices amply reflect the extent to which institutional violations have emerged as a tool through which firms continue and sustain the process of appropriating wages from the garment workforce.

Forced labour, on the other hand, has been defined by ILO as 'all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily'.² In other words, it refers to a process wherein businesses are able to establish and instate institutional structures and practices by which workers are forced to engage in work violating statutory rights and regulations and freedom of association, in the process losing their access to civil liberties, constitutional, and human rights. There are several institutional channels via which firms have instituted forced labour in the Indian garment industry. These refer to: (1) *Legal and institutional violations*; (2) *Excessive overtime work as a form of forced labour*; and (3) *Union busting*.

In effect, this study suggests the existence of wage theft and forced labour practices among the garment industry workforce. It implies that in the manufacturing sector, *bondage is not merely due to debt-based*

² http://www.ilo.org/wcmsp5/groups/public/ed_norm/declaration/documents/publication/wcms_116734.pdf

structures but more importantly due to institutional violations practised by businesses. Institutional violations end up reducing the bargaining power of labour thus making them susceptible to structures of debt bondage. These practices reveal that garment industry workers are often denied their right to fair and decent conditions of work leading them to lead precarious and insecure livelihoods. Given the rising costs of livelihood, such practices have significantly fuelled the incidence of forced labour among the garment industry workforce (as is amply evident through the field studies in Gurgaon, Bangalore and Tirupur). Thus, wage theft practices coupled with the lack of freedom of association have ended up instituting forced labour (or new forms of ‘unfreedom’ or unfree labour) within the Indian garment industry.

POLICY RECOMMENDATIONS

The above analysis on the existing state of wages and working conditions of the garment workforce in the industrial clusters of Gurgaon, Bangalore, and Tirupur, suggests that it is imperative that policy restructuring be undertaken with immediate effect. To begin with, this desires a certain reworking on the state’s perspective to labour issues itself. Strengthening the prevailing labour law mechanisms should not be seen by policy-makers as a hindrance to the market-led model of development. Rather, it should be recognised that a rights-based approach to development requires markets to be regulated as markets are intrinsically exclusionary and selective by nature, especially if left unregulated. Relevant incentives to promote competition can surely be encouraged, though such competition needs to be regulated as otherwise monopolistic tendencies would institute barriers leading to competition becoming counterproductive. In other words, large enterprises that have developed significant organisational capabilities will institute structural barriers to entry, thereby preventing the growth of small- and medium-scale enterprises. This in turn would reinforce tendencies towards cost cutting labour market strategies in such enterprises.

This requires that stakeholders like brands, suppliers, trade unions, and the state, work in unison towards ensuring an improvement in the conditions of work and livelihood of the garment industry workforce. First, brands should uphold and display their commitment to human rights (in tune with the UN Guiding Principles on Business and Human Rights, 2011) and ensure that a rights-based approach to labour is adopted within its supplier base. Also, brands need to ensure that a space for unions to operate is created via training of workers and managements, and pressurise suppliers to refrain from adopting anti-union policies. Second, supplier firms should not see labour costs as the only cost to control (labour cost reduction being a soft spot or an easy target). Rather, there is a need to professionalise management practices and introduce other organisational strategies that are procedural in production, to ensure efficiency. Third, labour departments at the state government level need to not only enhance transparency and accountability within the department, but also sensitise government officials through training and incentives to the existing labour injustice at the ground level. Last, trade unions should try to co-ordinate and establish partnership with international campaigns relating to labour rights and consumer campaigns, and try to involve themselves actively in disputes relating to organisation of workers, wage theft, and forced labour within the industry. Unions should also inform and register complaints with

international authorities on these issues, as well as explore new methods or practices to break the existing nexus between the labour department and the industrialists.

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INTRODUCTION

The second half of the twentieth century has witnessed dramatic industrial reorganisation at the global level, especially with the rapid integration of the developing economies of the Global South into global competitive markets. This process has been permeated by liberalised economic policies actively pursued by developing economies since the 1980s leading to a new phase of global capitalism wherein production is being globally organised either through markets (facilitated by trade and investment liberalisation) or through transnationalisation of production. Transnationalisation of production implies that firms (TNCs or Transnational Corporations) of the developed world have disintegrated their production processes into subcomponents and sub processes that are then redistributed to the rest of the developing world in search of cheap labour and resources, thereby acquiring cost competitiveness at the global level. Outsourcing activities of the First World TNCs can be situated within this new logic of global production that has come to prevail in the world economy. As this process deepens and while new opportunities emerge for developing country firms to enhance competitive efficiency through transfer of technology, better organisational capabilities and knowledge and skill sets from abroad, there are also significant constraints faced in terms of access to such capabilities, and more essentially enhancing labour standards, due to the power exercised by leading firms over the entire product or value chain.

The Indian economy adopted a liberalised economic policy regime in 1990--91, in an attempt to ensure greater integration of the domestic economy with global competitive markets. This was motivated by the policy assumption that opening up of domestic markets would enhance the competitive efficiency of domestic business enterprises on account of transfer of technology, knowledge, and skill sets from abroad. A large set of literature has shown evidence that despite the modernisation of domestic enterprises over the past two decades, the Indian manufacturing sector has failed to propel itself on to a high-growth trajectory (Unni and Rani, 2004). Contrary to the policy belief, severe competition in the global export markets has led domestic firms to resort to cost-cutting labour market strategies that have led to the widespread prevalence of oppressive labour relations across the Indian manufacturing sector (Vijay, 2009). In a bid to remain globally competitive, firms have targeted reduction of labour costs as a tool to ensure a reduction in production costs. This is evident in firms denying payment of minimum wages, social security, or fringe benefits to their workforce and increasingly resorting to informal employment contracts that ensure flexibility to businesses in terms of labour costs. Persistent minimum wage violations or wage theft practices coupled with lack of freedom of association is becoming alarmingly visible across the Indian manufacturing sector.

This study on the Indian ready-made garment industry will bring to light the prevailing dynamics with regard to wage and working conditions in this sector. On the basis of a field study conducted in the garment clusters of Gurgaon, Bangalore and Tirupur, this study would highlight the wage theft and forced labour practices pursued by businesses in this sector. The presence of minimum wage violations, non-payment, underpayment, and late payment of basic wages as well as legal overtime wages, theft of social security benefits, employment of child

labour, threats to break union formation, and sexual harassment of female workers is amply evident in the three aforementioned garment clusters in the country. The reason will be located in institutional constraints or rather institutional violations practised by businesses that plague the new industrial labour markets of India. In this regard, this study would not only highlight the existing wage theft practices pursued by domestic suppliers but also delineate how forced labour has emerged as a norm within the industry. In doing so, it would circumscribe issues of informal livelihoods, gender, caste, debt, and the absence of collective bargaining and unionisation potentials in the industry.

In effect, this study would challenge the prevalent policy belief of labour market flexibility being the panacea for enhancing competitive efficiency as well as labour relations in Indian industries. This study would provide evidence to the contrary, arguing that labour flexibility would allow firm's greater freedom in instating oppressive labour relations within the industry as they would persistently find avenues to ensure a reduction in labour costs through corruption, lobbying, and perverse labour market strategies. More importantly, the study would argue that persistent institutional violations coupled with a lack of collective bargaining (mediated by social institutional pressures) creates a business environment wherein forced labour (or new forms of unfree labour) begins to get institutionalised within the industry.

In this context, this study would contribute to the existing efforts of the Asia Floor Wage campaign to establish a minimum living wage floor across the garment industry of Asia. The insights emanating from this study would highlight the insecure and vulnerable livelihoods that Indian garment workforce is forced to endure on a daily basis as a consequence of their meagre incomes. It would provide evidence to depict that a minimum living wage as calculated by AFW can indeed provide Indian garment workers a wage with which they can sustain themselves and their families in an era of rising food, education, and health-care costs. In effect, this study would argue the establishment of a minimum living wage at the industry level and promotion and enforcement of freedom of association as imperative to ensuring decent work standards in the industry. More importantly, it would argue that an industry-level agreement involving all lead firms/buyers within the apparel value chain be implemented with immediate effect at the global level.

OBJECTIVES OF THE STUDY

1. To ascertain if prevailing wages in the garments industry are in tune with minimum wages and if minimum wages in turn are in tune with living wages (or the cost of livelihood of the workers).
2. To ascertain if there is an existing *gap* between minimum wages and living wages and assess the reasons for this gap.
3. To assess the barriers to unionisation and collective bargaining considering the complete lack of freedom of association or unions in the garment industry.
4. Investigate the social profile of the garment workforce and address the nature and dynamics of the existing social institutional pressures to which the workforce has increasingly become susceptible.

HYPOTHESIS OF THE STUDY

1. The reason for the prevailing wage gap (between minimum wage and prevailing wage as well as minimum wage and living wage) in the garment industry is a consequence of wage theft practices and institutional violations pursued by garment manufacturers for reasons that can only be ascribed to corruption and impunity. While the wage gap between minimum wage and basic wage is due to wage theft practices, the gap between minimum wage and living wage is due to the low prices for garment products paid by multinational brands and retailers to Indian and Asian supplier companies.
2. The absence of freedom of association or unions in this sector is due to a nexus of industrial lobbies, public institutions, and powerful elite social groups that seek to suppress labour-related grievances and normalise and institutionalise forced labour (or neo-bondage) as a norm within the industry.

METHODOLOGY

This study would bring to light the fact that there exists a significant dearth of national level data pertaining to the dynamics of wage practices prevalent in the Indian garment industry. Though there has emerged a growing set of literature on the garment or apparel value chain in India, it hardly seems to refer to the prevailing wage theft and forced labour practices pursued by garment manufacturers across the Indian industrial landscape. It is in this context that this study would bring to light the nature of these institutional practices on the basis of field studies in the industrial clusters of Gurgaon, Bangalore and Tirupur. The choice of these three industrial clusters as the relevant site of study is motivated by the significant role that these clusters have started to play in the global apparel value chain. The clusters of Gurgaon, Bangalore and Tirupur have emerged as key nodal points in the garment value chain especially over the past two decades and major foreign brands and retailers are presently sourcing their garments from these clusters today. In November 2012, these three industrial centres together accounted for nearly 55% to 60% of the total ready-made garment exports from India.³ The field studies conducted in these three clusters were organised as follows.

Qualitative data have been used for collecting information on wage structures from the aforementioned garment clusters. Qualitative data were collected using structured and unstructured questionnaires, personal interviews, and group discussions with a variety of social and institutional actors in the garment industry. Three significant institutional actors or agents were identified, namely, garment workers, trade unions, and government regulatory agencies (in this instance the Labour Department and the Health and Safety Department). Three separate sets of questionnaires were formulated to collect information from each of these actors.⁴

To ascertain data on wage structures, five Tier 1 garment manufacturers were identified in each of the three industrial centres. The Tier 1 suppliers selected for this study have been chosen keeping in mind the specific brands that they cater to. All the Tier 1 suppliers chosen supply to one or a few of the following brands -- GAP, Next, Marks and Spencer, H&M, Adidas, Nike, and Puma. Hereafter, five workers from each of the five industrial units (or suppliers) were interviewed leading to a total of 25 worker interviews in each industrial centre. In effect, 75 workers were surveyed in total across the three industrial clusters. As regards interviews with the trade unions, the following unions were covered. In Gurgaon, given the complete lack of garment workers unions, people associated with GAWU (Garment and Allied Workers Union), the only union operating in this region at present were interviewed. In Bangalore, people from GATWU (Garment and Textile Workers Union) and INTUC (Indian National Trade Union Congress) were interviewed. As for Tirupur, the two unions surveyed were AITUC (All India Trade Union Congress) and CITU (Center of Indian Trade Unions).

³<http://bargad.org/2012/11/22/garment-workers-in-india/>

⁴ The three separate sets of questionnaires used for collecting information from each of these institutional actors have been attached in Annexure 5, 6, and 7, respectively.

CHAPTER 1: INDIAN GARMENT INDUSTRY: AN OVERVIEW

The global textile industry was engaged in trade worth USD 662 billion in 2011 with an estimated CAGR (Compound Annual Growth Rate) of 5%.⁵ Over the past two decades, global centres of garment or apparel manufacturing have shifted from the Transatlantic West to Asian countries, such as China, India, Bangladesh, Sri Lanka, Cambodia and Indonesia, which account for over 60% of the world production today (Technopak, 2012). The Indian ready-made garment industry today produces nearly 13% of the world output and is the sixth largest exporter of garments in the world market (*ibid.*). In what follows, this section provides a broad overview of the nature, structure, and organisation of the Indian garment industry.

The Indian export garment industry has emerged as one of the leading industrial segments in the Indian economy since the adoption of liberalised economic policies during the economic reforms of 1991. In the pre-reforms era, the Indian textile industry was characterised by regulatory industrial policies with the intention of protecting domestic industries from global competition. Modernisation of the Indian textile industry has been pursued vigorously since the mid-1980s with the elimination of the licensing regime, quotas, and quantitative restrictions in an attempt to attract state-of-the-art machinery or technology, know-how, and skill sets from abroad. However, this massive drive towards modernising the textile industry has gone hand-in-hand with firms resorting to widespread informalisation of the workforce. Within the textile industry, this trend has been most apparent in the ready-made garment industry, which has become a leading outsourcing destination for the First World TNCs over the past two decades.

The Indian textile and apparel industry accounted for nearly 4% of the total GDP in 2011 and contributed to nearly 14% of industrial production, with the Index of Industrial Production (IIP) witnessing an overall increase of 16% between 2004 and 2005, and 2011 and 12 (Annual Report, 2011--12). The total size of the industry is estimated at USD 55 billion at current market prices, of which nearly 64% (or USD 35.2 billion) caters to the domestic market while the remaining 36% (or USD 19.8 billion) caters to the export market (*ibid.*). It contributes to over 30% of India's total share of exports and accounts for nearly 12% of India's total foreign exchange earnings. It also accounts for about 9% of the total excise duty collections. Moreover, the textile and apparel sector is the second largest sector providing employment in the country and presently employs 35 million people, of which 29 million are engaged in the textile sector (directly and indirectly) *vis-à-vis* 6 million in the garment or apparel sector (*ibid.*).

⁵ The garment industry has been classified in the United Nations International Standards Classification as including 'those establishments, which cut, and/or stitch/make up garments out of woven or knitted fabrics without being involved in the manufacture of fabrics.' Thus, the term apparel or garments would include ready-made garments as well as knitwear/hosiery (Souza, 2003).

1.1. EXPORT OUTLOOK OF THE READY-MADE GARMENT (RMG) INDUSTRY

The Indian RMG industry acquired an export-oriented outlook essentially after the mid-1980s, motivated by a policy shift from an Import Substituting Industrialisation (ISI) strategy to an Export Oriented Industrialisation (EOI) strategy. This policy shift was characterised by deregulatory industrial policies that included abolition of the licensing regime, gradual phasing out of tariffs, quotas and quantitative restrictions, abolition of the Monopolies and Restrictive Trade Practices Act (MRTP Act), and the Foreign Exchange Regulation Act (FERA). The gradual phasing out of regulatory industrial policies coupled with a liberalised trading regime has been instrumental in the emergence of the Indian textile industry as a major sourcing destination for global brands or buyers. This has, in effect, provided a boost to the industry's export potential.

In recent times, with the discontinuation of export quotas as part of the phasing out of the MFA (Multi-Fiber Agreement)⁶ in 2004, exports of textiles and clothing have witnessed a steady growth rate over the past half a decade. Annexure 1 provides a detailed list of the export performance of each of the product segments⁷ from the financial year 2008--09 to 2011--12. During the period 2008--09 to 2011--12, the total exports of textile and clothing witnessed a 20.05% growth, up from USD 21.22 billion to USD 33.13 billion. Out of the total textile export, the RMG industry accounted for almost 39% of exports⁸ in 2010--11. Moreover, RMG exports increased from USD 5512.15 million in 2010--11 to USD 7088.74 million in 2011--12, depicting an increase of 28.60% (in US\$ terms). The largest destinations for RMG exports as per March ending 2011 were the European Union (with USD 5.3 billion worth of exports), followed by the US with nearly USD 2.85 billion worth of exports, and finally the UAE with an export share to the tune of over USD 1 billion (*ibid.*).

In fact, since as early as the late 1970s, export of garments has witnessed an upward trend. The reason being that most apparel-manufacturing units catered to the foreign markets with very little focus on the domestic market. This was due to the fact that domestic demand was not entirely driven towards ready-made garments during this period; a trend that picked up pace essentially in the post-reforms era. Domestic demand in the pre-reforms era was primarily towards traditional and ethnic clothing like Saris, Kurtas, Dhotis, etc., or for tailor-made garments that entailed buying piece lengths from shops and later getting them stitched from neighbourhood tailors. Though this trend is quite prevalent even today, domestic demand for ready-made garments (modern casual and western clothes) has witnessed an upsurge since the 1980s. This has been motivated by two factors. First, a shift in consumer preferences inspired by changing fashion trends, and second, entry of large-brand retailers into the domestic markets leading to brand consciousness. By the end of 1992,

⁶The Multi-Fiber Arrangement (MFA) of 1974 'virtually dictated in great detail, item by item and design by design, how many pieces of garment an individual third-world country could export to the U.S. Every piece of garment exported from anywhere in the world between 1974 and 2004 had to earn an individualized "visa" before entering American shores. With America's strategic interest at heart, potentially rival countries like China were given lower "quotas" while smaller countries like Bangladesh and Lesotho were given higher quotas'. (Shakya Mallika, *The Hindu*, 1 May 2013).

⁷ The textiles export basket is composed of several product segments like ready-made garments, cotton textiles, handloom textiles, man-made fibre textiles, wool and woollen products, silk, jute and handicrafts including carpets.

⁸ Apparel and Cotton Textile exports together constitute around 73% of the total textile export.

despite the massive rise in exports, the size of the domestic market was still larger than the export market. In fact, the decade of the 1990s witnessed a rather patchy trend. While in the first half of the decade, the share of RMG exports accelerated from USD 1598 million in 1989--90 to \$3675 million in 1995--96, the second half of the decade witnessed a stagnant trend in the exports of the garment industry as a consequence of the Indian manufacturing sector witnessing a deceleratory trend during this period.

Moreover, India's garment exports were primarily concentrated in cotton fibre-based products till the end of the 1990s; this aspect has undergone a change from the year 2000 onwards. **Table 1** below shows the composition of the garment export basket from the year 2001 to 2010.

Table 1: India's Exports of Apparel

	2001	2005	2008	2009	2010
Apparel of Knitted Fabrics	1864	3191	5048	4591	4768
(HS Code 61) (1)					
Wool	95	99	90	77	67
Cotton	1571	2712	4193	3717	3657
Apparel of Not Knitted Fabrics					
(HS Code 62) (2)	3144	5435	5903	6128	6449
Total Apparel (1 + 2)	5008	8627	10,951	10,719	11,217
India's Total Exports	43,827	103,019	185,295	178,751	251,136

Source: Govt. of India, Export Import Data Website as on 8 February 2012.
(Bank<http://commerce.nic.in/eidb/default.asp>).

While during the decade of the 1990s, women's outerwear and men's shirts had developed a niche in the garment export market, a similar export niche was observed in T-shirts during the early 2000s. In fact, by the end of 2010, T-shirts, women's blouses and dresses, and men's shirts accounted for nearly 48.5% of the total garment exports. Table 1 suggests that while apparel export of non-knitted fabric more than doubled between 2000 and 2012, apparel export of knitted fabrics witnessed a decline post 2008. This was essentially due to a decrease in demand in the EU and North American markets (for both cotton as well as woollen garment

products) during this period. This happened as a result of the financial crisis that had severely affected consumer incomes and thus spending in these regions.

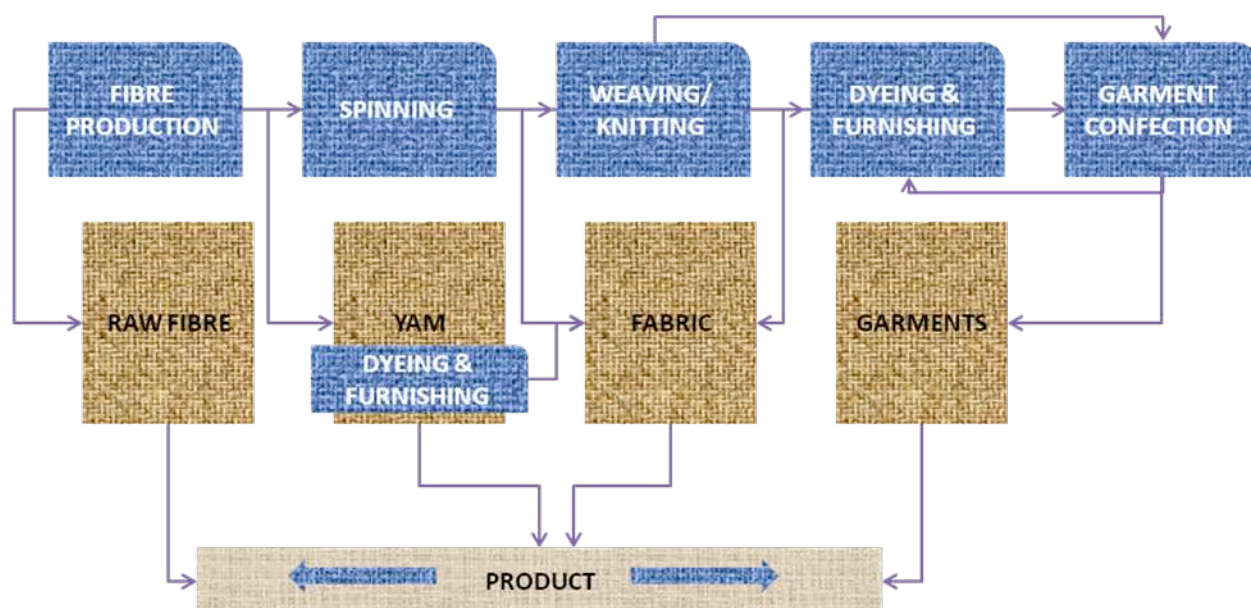
There have been significant efforts on the part of the textile ministry in recent times to boost the export performance of textiles and garment industry. An array of policy measures have been identified and suggested in the 12th Five-Year Plan, through various provisions of the Foreign Trade Policy as well as other policy channels, ranging from technology promotion, skill development, and financial facilitation to investment in infrastructure, establishment and promotion of SEZs, industrial clusters, etc. Promoting the SSI (Small-Scale Industrial) sector has remained a top priority as goods manufactured by SSI units are fully exempted from Central Excise duties.⁹ The Ministry of Textiles, since 1991-92, has initiated 11 Textiles Export Promotion Councils representing all segments of the Textiles and Clothing sector with the establishment of AEPC (Apparel Export Promotion Council) aimed at promoting exports in the RMG sector. The AEPC has been engaged in increasing participation in international exhibitions and trade fairs, organising Buyer—Seller Meets (BSMs) in India as well as abroad and promoting trade delegations aimed at boosting exports in the prevailing overseas markets as well as exploring new ones. Export promotion measures also include setting up of Apparel Training and Designing Centers (ATDCS) that aim to enhance and upgrade the technical skill sets of the garment industry workforce. At present, there exist 75 ATDC centres comprising 25 ATDC-IGNOU Community Colleges alongside over 50 SMART (Skill for Manufacturing of Apparel through Research and Training) centres. These centres provide training in cutting, pattern and design-making, quality control as well as production supervision, for improving the quality of garments being manufactured in the Indian RMG sector. The growth of RMG units in India is also facilitated by the Technology Upgradation Fund Scheme (TUFS) wherein ‘5% interest reimbursement is provided on the capital investment made in the land, building and plant & machinery of the RMG units’ (Office of the Textile Commissioner of India, Model Project Report on RMG Industry, 2006). Also, in order to encourage large-scale units in the RMG sector, a ‘Scheme for Integrated Textile Parks’ (SITP scheme) was initiated in 2005 that aims at setting up Integrated Textile Parks having at least 50 units with a total investment of Rs 750 crore.

⁹ Also, the Central Value Added Tax for all goods has been reduced from 16% to 14% during 2008-09 in order to promote garment products.

1.2 STRUCTURE OF THE GARMENT INDUSTRY

The Indian Garment industry depicts a highly fragmented organisational structure. It maintains significant hub and spoke relations (or forward and backward linkages) with several other segments within the textile sector as well as with agriculture and allied sectors. The situation (or location) of the garment industry within the textiles/apparel supply chain is presented in **Figure 1** below.

Figure 1: Supply Chain in Textiles



Source: Devaraja, T.S. (2011).

Figure 1 clearly indicates the forward and backward linkages that the garment industry maintains with agriculture as well as other manufacturing sectors. The complex fragmented structure of the garment or apparel industry has been historically examined briefly, below.

The pursuit of an Import Substituting Industrialisation strategy since the Second Five-Year Plan (1956--61) enforced stringent regulation on investments in the apparel sector thereby mandating the role of employment generation and consumer goods manufacturing to Small-Scale Industries (SSI), which implied that most apparel industries were small and medium-scale enterprises (Uchikawa, 2012). This policy imperative coupled with the

seasonal nature of demand has been instrumental in the heavy dependence of the Indian garment industry on the SSI sector.¹⁰

By the end of the 90s, the production structure of the Indian apparel industry was segmented into two categories. First, the unorganised sweatshop supplier who sold his products to local merchant exporters and second, organised factory based manufacturers--exporters (Ramaswamy and Gereffi, 2000).¹¹ The data suggest near non-existence of foreign manufacturers, or even very large domestic manufacturers, in the domestic garment market. This was primarily due to the nature of policy with regard to the apparel sector. Garment or apparel manufacturing, until very recently, has been restricted to small-scale industries that receive a host of benefits like preferential credit and investment subsidies from the state. Also, nearly 31 textile products have been reserved for production by SSIs only. These policy imperatives have restricted the production of garments to small-scale industries and large-scale enterprises cannot enter this sector unless they abide by stringent export obligations. Such policy reservations, on the other hand, also discourage small firms from growing into large enterprises lest they lose access to the policy incentives reserved for this sector.

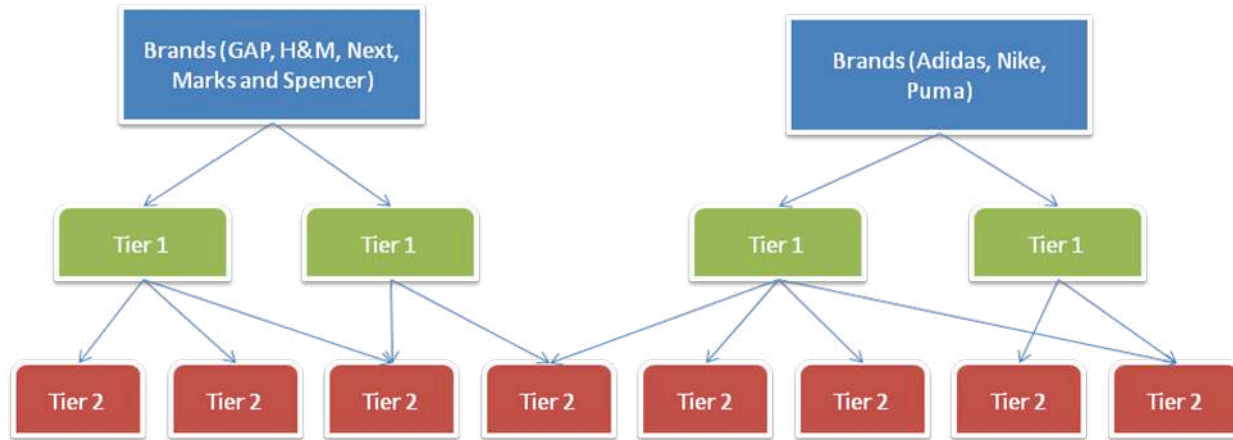
However, this trend has witnessed a transformation over the past decade as several large enterprises as well as large foreign brands and manufacturers have acquired increasing presence in the domestic markets. With greater integration of domestic markets into Global Value Chains along with the normalisation of liberalised trade and investment regimes, the ready-made garment industry has also sufficiently integrated into such chains.

Since 2004, with the phasing out of the quota regime, a host of major global apparel brands like Marks and Spencer, GAP, Next, Adidas, Puma, Inditex, H&M, Hagar Clothing, Kellwood, Little Label, Boules Trading Company, Castle, Alster International, Quest Apparel Inc., etc. have consolidated their sourcing operations and opened liaison offices in India. The presence of top supplier companies in the Indian garment industry, especially over the past decade, further deepens the supply chain through subcontracting job work (through orders and consignments) to other smaller factories. This hierarchical structure of the chain has been presented in **Figure 2** below.

¹⁰ By the beginning of 1990s, 89.7% of domestic garment manufacturers were engaged in subcontracting while by the mid-1990s the contribution of SSI sector to the total value of garment production was around 80%.

¹¹ The dichotomy between organised and unorganised enterprises in the Indian manufacturing sector has existed since the inception of the Indian Factories Act in 1948. Business enterprises that employ more than 10 workers (with power) and more than 20 workers (without power) need to be registered under the Indian Factories Act and are referred to as organised enterprises and are subject to industrial and labour law legislations. All other enterprises that employ less than 10 or 20 workers (as the case may be) are referred to as unorganised enterprises and fall outside the purview of any constitutional obligations. The unorganised enterprises have seen phenomenal growth since the 1970s and presently employ more than 93% of the total Indian labour force. The rapid rise and spread of such enterprises emanate from the fact that these businesses, by not having to stick to legislative mandates, can exercise complete freedom to hire and fire workers (and ensure labour flexibility) without having to take permission from state or central authorities.

Figure 2: Structure/Organization of the Garment Value Chain



Today, Garment manufacturing in India is essentially organised at three levels. At the first level, the fabric is *cut* into patterns as specified by the buyers. This is typically done using power operated cutting machines. The second level involves *sewing* the cut fabric using mostly foot operated sewing machines and sometimes with power operated ones. This is generally the most labour intensive stage in the entire process and is sometimes outsourced or subcontracted to fabricators (Tier 2 firms). The third stage pertains to *finishing* operations that involve trimming, checking the dimensions, washing, ironing, and packaging (Souza, 2003). The fourth and final level (Tier 3 and Tier 4 firms) are composed of home-based workers or own account enterprises (OAEs) that service the outsourcing needs of the Tier 2 firms.

Typically, Tier 1 Companies source contracts from global brands or retailers and are fairly large enterprises, often having more than one industrial unit engaged in the production of garments. This is a fairly strategic move on the part of big Tier 1 firms as distributing its workforce across several units allows them to register each unit as a small-scale business enterprise thereby benefiting from the policy incentives assigned for SSI enterprises. It also allows them significant labour flexibility. The first stage involved in garment manufacturing, namely cutting operations, is performed in the Tier 1 companies.

The second stage, namely sewing operations, is either performed in-house or is subcontracted by Tier 1 firms to Tier 2 firms (who are often referred to as ‘fabricators’). The subcontracting of job work by Tier 1 firms to fabricators has become increasingly common and prevalent over the past decade. A report published by the Society for Labour and Development (New Delhi) on the basis of a survey conducted among 7 Tier 1 Companies and 14 Tier 2 (subcontracting) units in Gurgaon, Haryana, in February 2013, provides crucial evidence in this regard. The survey reveals that the number of subcontractors/fabricators in the Kapashera--Dundehera region has significantly increased from less than 5 fabricators in 2000 to more than 90 by 2012. The report also reveals the nature of this subcontracting process in great detail. Tier 1 companies ‘provide the cut fabric along with other raw materials and sample garment with the prescribed measurements to the subcontractors (Tier 2 firms).’ In most cases, a reporter (a recorder) from the Tier 1 Company brings the raw materials to the

subcontractor. Upon receiving them, the proprietor of the subcontractor signs a 'contract' and later brings the finished products to the company post-production. Small trucks are used for transportation. After receiving the raw materials, it is upon the subcontractor to decide how the production in the shop floor is to be organised' (SLD, 2013).

The final stage in garment production is mostly performed in-house in the production facilities of the Tier 1 Companies. This process commences the moment the Tier 2 firms return the consignment back to the Tier 1 firm's factory premises. Once the finishing operations are completed and the goods packed, the consignment is sent to the global retailers or brands for distribution in global apparel markets. The number of units engaged in different stages of garment and apparel production in Delhi, Gurgaon, Bangalore, Tirupur, and Mumbai combined has been presented in **Table 2** below.

Table 2: Number of production units involved in different operation in Bangalore, Mumbai, New Delhi, Gurgaon, and Tirupur

Operations	Number of Units
Knitting/Stitching Units	13,345
Dyeing and Bleaching	5423
Fabric Printing	4987
Embroidery	4768
Other Ancillary Units	4231
Compacting and Calendaring	3421
Total	36,175

Source: South Indian Hosiery Manufacturers Association (SIHMA), Bulletin, 2008 in Devaraja, T.S. (2011).

In effect, large Tier 1 Companies, even today, are mostly restricted to export processing zones or in 100% export-oriented units (EOUs) while the bulk of garment production takes place in small-scale units (Tier 2 manufacturers) using manually operated machines. While in the pre-reforms era, garment industries were essentially located in and around port cities and crucial commercial centres like Bombay, Ahmedabad, Madras, etc., in the post-reforms era these industrial centres witnessed a makeover and garment manufacturing began to spread to industrial districts, clusters or SEZs that have since then thronged the Indian industrial landscape. The promotion of backward regions development programme (IDA programme) initiated during Indira Gandhi's regime has been a fundamental agent for ushering in this change. Today, the major hubs of garment manufacturing are located in the industrial clusters of Gurgaon in Haryana, Bangalore in Karnataka, Ludhiana in

Punjab, Mumbai in Maharashtra, Jaipur in Rajasthan, Kolkata in West Bengal, and Tiruppur in Tamil Nadu. In fact, these industrial centres (or clusters) have emerged as key nodal points in the global apparel value chain (Palit, 2008). The major centres of garment (and textile) manufacturing in the country have been elucidated in the map below.

Figure 3: Map of Important Textile and Garment Manufacturing Centres in India



Source: www.mapsofindia.com

There is growing evidence that several giant global retailers and brands are increasingly sourcing large volumes of ready-made garments from the aforementioned garments clusters in India. The leading brands sourcing garments from Indian clusters include GAP, H&M, Walmart, Target, JC Penny, Tommy Hilfiger, Marks and Spencer, Next, Adidas, Nike, Puma, etc., and almost account for 35% of the total textiles being sourced from India (Technopak, 2012).

1.3. SOCIAL PROFILE/COMPOSITION OF THE INDIAN GARMENT WORKFORCE

The Indian garment industry presently employs 6 million workers out of a total workforce of 35 million workers employed in the textiles and apparel industry today. In other words, nearly 18% of the total industrial workforce is employed by the apparel sector. Around 80% of the workers employed in this sector are women (Rural Development Department, Govt. of Andhra Pradesh).¹² More than 60% of the garment workforce in India is composed of informal labourers,¹³ employed as casual and contract labour, lacking job security, social security benefits, and freedom of association. Moreover, a majority of workers are migrants who migrate to the industrial clusters from UP, Bihar, Jharkhand, Orissa, West Bengal, etc. However, national level data on economic and social profile of the garment workforce remain alarmingly thin in the Indian context. In this regard, for the purposes of this study, most of the information will be provided on the basis of the field studies conducted in the industrial clusters of Bangalore, Gurgaon, and Tirupur; the three dominant garment manufacturing centres in the country. The data emanating from the field will be presented in Chapters 3 and 4.

1.4. STRENGTHS AND WEAKNESSES OF THE INDIAN GARMENT INDUSTRY

The Global Value Chain literature maintains that development and investment in ‘core capabilities’ by industrial firms of the developing world is essential to acquiring competitive advantage within the value chain, irrespective of the position of a firm within the value chain. It contests that investment in organisational capabilities either through transfer of technology, know-how, or skill sets from abroad or through investment in R&D, quality upgradation, and skill development would put a domestic business enterprise onto a high growth trajectory. More importantly, it suggests that as firms move up the value chain the movement would lead to an improvement in the quality of labour relations within the organisation as firms would invest in the development of the skills sets of its workforce (through training and incentive structures). Have organisational capabilities of domestic garment manufacturers indeed increased and to what extent are market conditions favourable to the growth of such enterprises? In this section, a brief look at the competitive potential and significant points of advantage of the Indian garment industry will be identified. In doing so, this section would also highlight the factors that have constrained the growth of the domestic garment industry and briefly explore the modalities of this process.

By the end of the first decade after liberalisation (*viz.* late 1990s), three significant points of advantage of the Indian garments industry can be identified. First, cheap seasonal labour acted as a vital source of comparative advantage for the domestic manufacturers. Second, availability of cheap raw materials (or fabrics) like cotton, blended and man-made fibre materials from the handloom, power loom, and mill sectors also boosted the industry’s cost competitiveness. And finally, rapid rise and spread of industrial clusters or districts in semi-urban semi-rural pockets of the country have allowed firms in these clusters to acquire cost efficiency via access to government incentives reserved for industrial cluster development (Uchikawa, 2012). Several studies have

¹² <http://egmm.cgg.gov.in/textile.do>

¹³ <http://matadornetwork.com/change/these-compromised-clothes-a-look-inside-indias-informal-garment-industry/>

pointed out that over the past decade as well the garment industry has performed fairly well compared to other developing economies of South Asia.

ICRIER's Report on Indian Garment Industry (2002) notes that India's advantage lies in the labour intensive nature of the commodity, low production costs (*vis-à-vis* Indonesia, China, and Malaysia), and the booming domestic power loom sector that has the advantage of a shorter lead time delivery. In fact, today, industry sources believe that high per capita consumption and favourable consumer demographics alongside increasing garment prices will act as catalysts driving apparel market growth in the near future (Technopak, 2012).

However, industrial lobbies and pro-business groups in recent times have pointed out several weaknesses that the Indian garment industry has become susceptible to over the past two decades. These refer to state's reservation of garment manufacturing to the SSI sector, poor productivity due to low skills of the workforce, lack of quality trimmings, and embellishments,¹⁴ and due to the sector catering to lower valued segments of the global apparel value chain. These pro-business lobbies operate on the assumption that the sluggish performance of this sector has been due to rigid industrial policies and stringent labour laws, which they have been persistently lobbying with the state to revoke. Such an assertion seems reductionist and fails to capture the complex dynamics of industrial labour relations in this sector. Rather, firms have not invested amply in quality upgradation (R&D) and skill development of its workforce leading to low skills and quality in the sector. Adoption of a cost-cutting strategy by businesses has severely dented their prospects in terms of developing their core competencies, and thus competitive efficiency.

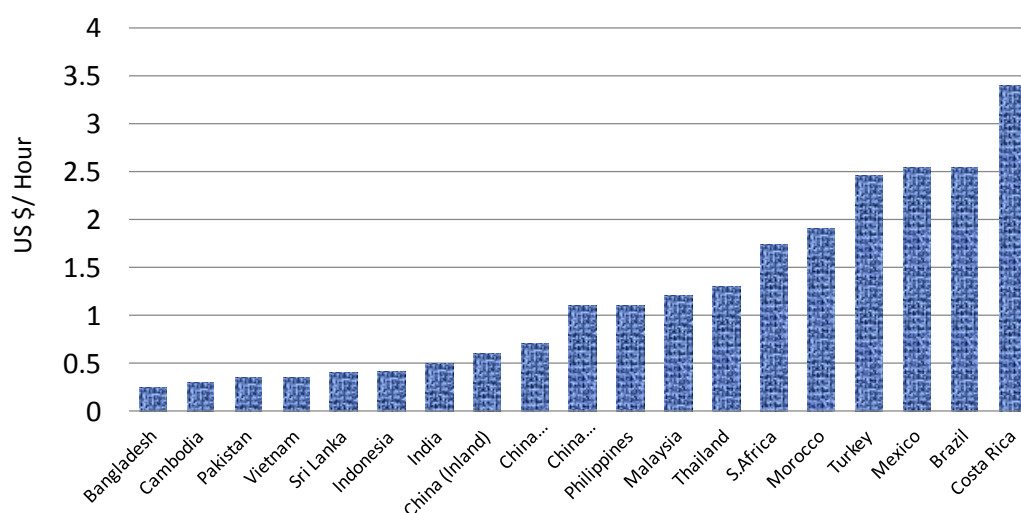
In fact, India's performance over the past two decades with regard to other developing countries in South Asia reveals a chequered scenario. Annexure 2 depicts the dependence of the Indian garments industry on imported raw materials (like yarn, fibre, or fabric) as being lower than that of other leading South Asian garment manufacturers. This suggests that India has been able to establish sustainable backward linkages as compared to China, Bangladesh, or Turkey, who are still heavily dependent on raw material imports and thus have been unable to forge such backward linkages. Though India has achieved self-sufficiency in raw material production to a large extent, it still lags far behind China (and to a less extent Bangladesh and Turkey) in terms of its export penetration potential. The reason is not low wages as almost all the garment-exporting nations in South Asia offer low wages. Rather, China has invested heavily in capacity enhancement of its production units through massive investments in technology, scale of operations and also ensured flexibility in its production relations (Roy, 2009). India has performed fairly poorly on this front considering the near scarcity of government investment (or incentives) in developing R&D centres or skill development of the garment workforce.

¹⁴ These include laces, buttons, zip fasteners, thread interlinings, and packaging materials that are generally reserved for production by SSI enterprises thereby lacking international quality (Ramaswamy and Gereffi, 2000).

CHAPTER 2: WAGE STRUCTURES IN THE INDIAN GARMENT INDUSTRY

The ready-made garment industry in India is still essentially a highly labour intensive sector and heavily depends on cheap semi-industrial labour force to ensure competitive prices in the world markets for export products. In fact, instead of investing in skill upgradation and improved management/organisational capabilities, firms have constantly prioritised maintaining low wages as a means to enhance their competitive potential. Such a trend is not only harmful for the workforce but also for businesses as well. A comparative analysis of the existing wage levels of South Asian garment workers with regard to other important garment-producing nations has been presented in **Table 3** below.

Table 3: Wages in Apparel Sector in 2008 by Selected Countries (US \$/Hour)



Source: Roy, Satyaki (2009).

The above data reveal that wages in South and South-East Asian economies are exceptionally low, one of the reasons for their comparative advantage in recent years. This requires an in-depth analysis of the existing wage levels within the industry and the working conditions of the workforce in this sector. In this context, this section will provide information on the existing level of minimum wages, living wage estimates (as estimated by social pressure groups), nature of wage theft practices, and also the nature of informal labour relations in the industry, barriers to unionisation and the social profile of the garment workforce. In doing so, it would ascertain as to what extent has the growth of this sector trickled down to ensuring a safe and healthy working environment for the majority of its workforce.

2.1. MINIMUM WAGE DYNAMICS: MYTH v/s REALITY

The incorporation of minimum wages as a legislative mandate in India has undoubtedly been one of the first efforts of its kind among developing countries. The Minimum Wages Act of 1948 acknowledged minimum wage as a fundamental labour right. The Act was motivated by both internal and external social pressures. Internal pressures related to growing labour unrest and organised labour movements that were picking pace throughout the country during this period (also inspired by the freedom struggle movement). External pressures related to the 1928 ILO Convention No.26 (Article 1) mandating minimum wages to be implemented in trades wherein either wages were low or wherein collective bargaining was absent. In fact, the definition of minimum wages was inspired by the Fair Wages Committee of 1946, which established a clear distinction between minimum wages, living wages and fair wages. Moreover, the Minimum Wage Act maintained that implementation powers were to be distributed between the Centre and the State.

Box 1: Difference between Minimum, Fair and Living Wages in India

The distinction between minimum, fair and living wages as recommended by the *Fair Wage Committee of 1946*, are as follows:

Minimum Wage: The committee was of the view that a minimum wage must provide not merely for the bare sustenance of life, but for the preservation of the efficiency of the worker. For this purpose the minimum wage must also provide for some measure of education, medical requirements and amenities. The statutory minimum wage is the wage determined according to the procedure prescribed by the relevant provisions of the Minimum Wages Act, 1948.

Fair Wage: The committee observed that the objective is not merely to determine wages, which are fair in the abstract, but to see that employment at existing levels is not only maintained, but if possible, increased. The fair wage should be set such that (a) it should enable the industry to maintain production with efficiency. The capacity of industry to pay should, therefore, be assessed by the Wage Boards in this light. (b) Fair wage should be related with the productivity of labour. As the existing level of wages in India is unable to provide for workers subsistence plus standard, the committee maintained that living wages should be ensured prior to linking wages to productivity. (c) Fair wages should be in tune with the prevailing rates of wages and the wage-fixing machinery should make due allowance for any depression of wages caused by unequal bargaining.

Living Wage: According to the committee, the highest level of the wage should enable the worker to provide for himself and his family not merely the basic essentials of food, clothing and shelter but a measure of frugal comfort, including education for children, protection against ill health, requirements of essential social needs and a measure of insurance against more important misfortunes, including old age.

Source: <http://labourbureau.nic.in/Mini%20Wages%20k5%20Intro.htm>

However, over the past 60 years, the minimum wage machinery has encountered severe structural constraints, and has turned into a highly complicated system. First, the legislation maintains that the ‘appropriate government’ will be in charge of fixing the minimum wage (as per Sections 2, 27 and 28 of the Act). As Belser and Rani (2010) point out, this has had three crucial implications: (a) ‘Minimum wages are set by different authorities in different types of companies; (b) the minimum wage is set only ‘in certain employments or occupations’ and so not all wage-earners are covered; and (c) there exist now a large number of rates which sometimes differ widely across states, even for the same occupation. In other words, the decentralised minimum wage setting machinery has led to a multiplicity of minimum wages in the country. This has led to arbitrariness in the determination of minimum wages at the national level. Second, the distinction between minimum wage, living wage and fair wage has not been followed up in subsequent amendments and has led to a lack of definitional clarity alongside the problem of implementation. In effect, there is *no single* minimum wage in India at present rather a diversity of minimum wages set by different state governments.¹⁵

As a consequence, the Central Government specifies around “48 minimum wage rates for different job categories, including in agriculture, mining, oil extraction, or any corporation under its ownership, while various state governments determine minimum wage rates for 1123 job categories among the sectors ‘scheduled’ in the Act. Hence, there currently exist in India a total of no less than 1171 different minimum wage rates” (Belser and Rani, 2010). Given this diversity and heterogeneity of minimum wages in India, this section would restrict its focus to the most important garment manufacturing states in the country. This would cover the states of Haryana, Karnataka, Tamil Nadu and Punjab. The minimum wages as specified by the respective state governments for ready-made garment workers (according to difference in skills sets) has been tabulated below.

Table 4: Punjab
Minimum Wages for Tailors and Ready-Made Garment Manufacturers
(As on January 1, 2013)

Category	Total Daily Minimum Wages (In Rupees)	Total Monthly Minimum Wages (Rupees)
Semi-Skilled (for Making Ippas) (I)	219.2	5699.2
Semi-Skilled (for Making Ippas) (II)	249.2	6479.2
Skilled (Stitching of Half Cup) (I)	283.7	7376.2
Skilled (Stitching of Half Cup) (II)	323.4	
Skilled (Gents/Ladies Coat)	418.1	
Skilled (Gents Shirt)	353.9	

Source: <http://www.paycheck.in/main/salary/minimumwages/punjab>

Note: Skilled category workers (stitchers and tailors) constitute the largest category of workers in the Punjab garment industry.

¹⁵ Even within the same state or province, more than one minimum wage is seen to exist in the Indian context.

Table 5: Haryana
Minimum Wages for Tailoring, Stitching and Embroidery Establishments
(As on January 1, 2013)

Category	Total Daily Minimum Wages (In Rupees)	Total Monthly Minimum Wages (in Rupees)
Unskilled	200.46	5211.96
Semi Skilled A	205.46	5341.96
Semi Skilled B	210.46	5471.96
Skilled A	215.46	5601.96
Skilled B	220.46	5731.96
Highly Skilled	225.46	5861.96

Source: <http://www.paycheck.in/main/salary/minimumwages/haryana>

Note: Tailoring and stitching functions constitute the bulk of production activities in the Haryana garment industry and skilled category workers (Skilled A and B as per table above) comprise a majority of the workforce.

Table 6: Tamil Nadu
Minimum Wages in the Tailoring Industry
(As on January 1, 2013)

Category	Basic Minimum Wages	V.D.A	Total Minimum Wages	Total Minimum Wages per month
	(In Rupees Per Day)			
Textile Industry Apprentice (Semi-Skilled)	70.19	72.35	142.54	3706.04
Tailors (Skilled)	110.00	113.85	223.85	5820.1

Source: <http://www.paycheck.in/main/salary/minimumwages/tamil-nadu>

Note: Tailors (skilled workers) constitute the majority of the workforce in the Tamil Nadu garment industry.

**Table 7: Karnataka
Minimum Wages in the Tailoring Industry
(As on January 1, 2013)**

Category	Total Daily Minimum Wages (In Rupees Per Day)			
	Zone-I	Zone-II	Zone-III	Zone-IV
Unskilled	193.52	191.12	190.02	183.22
Semi-Skilled	198.22	193.92	193.52	191.12
Skilled	199.82	198.72	198.22	193.52
Highly Skilled	200.82	199.82	198.72	194.02
Office Staff				
(A) Accountant/Cashier/ Stenographer	200.72	199.82	198.72	194.02
(B) Clerk/Typist/Store keeper/Receptionist/ Telephone Operator/ Clerk cum Typist	199.82	198.72	198.22	193.52
(C) Office Boy	192.92	191.12	190.02	183.22

Source: Directorate of Economics and Statistics, Government of Karnataka.

Note: (1) Zone-I : Bangalore City Agglomeration Areas; Zone-II : District Headquarters Agglomeration Areas; Zone-III: Town Municipal Area; Zone-IV: Other than places mentioned in Zone-I, Zone-II and Zone-III. (2) **V.D.A** :In addition to the basic wages, all categories of employees in the state shall be paid D.A. at the rate of 4 paise per point over and above 3196 points. (3) **Notification No. KAE69LMW2009 dated 30-03-2010.** Minimum wages with effect from 01-04-2009. Cost of Living Allowance to be paid over and above 3196 points. Cost of Living Index: 5075–3196 = 1879 points; minimum wages and VDA from 01-04-2013 to 31-03-2014.

The existing minimum wage rates tabulated above reflects the disparity in minimum wages across different states. This is suggestive of the difficulty in establishing a consistent historical standard measure of minimum wages across Indian states. A brief study of how minimum wages are determined or set in the Indian context is undertaken here.

As mentioned above, the task of determining minimum wages was assigned to the Central or State governments (as the case may be) in the Minimum Wages Act of 1948. In fact, the Act specifies that while the Central Government is to be entrusted with the task of setting minimum wages in public sector enterprises (or state-owned enterprises), the State governments (or the Union Territory Administration) will have the power to ascertain minimum wages in all other enterprises. 'In practice, both the Central and the state governments have appointed Advisory Boards, with the Central Advisory Board coordinating the work of all the State Advisory Boards. These Advisory Boards are usually tripartite, including representatives of government, employers and workers' (Belser and Rani, 2010). Minimum wages can be determined at the national, regional or sectoral level

as well as at the occupational or skill level. Also, it can be calculated and presented on a piece rate basis as well as on an hourly or monthly basis. It is estimated by taking into account basic wages of the workers plus the cost of the living index.

In fact, Section 4 of the Act lays down a detailed set of principles on the basis of which minimum wages can be revised periodically. The guidelines for minimum wage revisions are as follows.

- (a) 'Three consumption units per earner.
- (b) Minimum food requirement of 2700 calories per average Indian adult.
- (c) Cloth requirement of 72 yards per annum per family.
- (d) Rent corresponding to the minimum area provided under the Government's Industrial Housing Scheme.
- (e) Fuel, lighting and other miscellaneous items of expenditure to constitute 20% of the total minimum wages.
- (f) Children's education, medical requirement, minimum recreation, including festivals/ceremonies and provision for old age, marriage, etc. should further constitute 25% of the total Minimum Wage'.¹⁶

The Act also specifies that **minimum wages should be revised every five years** in tune with the rise in cost of living of the workforce. The wage fixation or revision is executed using two methods (as specified under Section 5 of the Act). These methods are the committee method and the notification method. In the first method, committees and sub-committees set up by the requisite government body, which conducts enquiries and makes recommendations regarding the fixation or revision of the wage. In the second method, the government's proposal on minimum wage is published in the official gazette, awaiting public response within a two-month deadline. After considering the recommendations put forth by various interest groups and the committees, a minimum wage is decided upon (Minimum Wage Act, 1948).

The minimum wage setting mechanism has been subject to severe criticism by academics, NGOs and social groups alike, since the 1970s. Some of these criticisms are presented below.

- (1) Exclusionary in Nature: The Act in 1948 set forth 13 employment categories as being liable to receiving minimum wages on the ground of being un-unionised and highly vulnerable to abnormally low wages or exploitation.¹⁷ The list of scheduled employment has been expanded considerably over the years and by the end of the year 2005 nearly 311 employment categories had been included. However, the complication arises on account of the clause that only those employment categories can be included into the schedule in which more than 1000 workers are engaged in a state. This clause depicts an exclusionary approach, as smaller states like Mizoram or Manipur have hardly been able to expand the

¹⁶ <http://www.paycheck.in/main/salary/minimumwages/minfaqfolder>. These criteria were laid down on the basis of the recommendations put forth by the 15th Indian Labour Conference in 1957.

¹⁷ See Annexure 3 for a revised list of 45 employment categories included in the scheduled list at present.

scheduled list beyond 13 employment categories.

- (2) *Absence of a Subsistence Wage Threshold:* Though the Minimum Wage Act of 1948 established a distinction between minimum, living and fair wage, Central or State governments have not produced, or rather maintained, periodical data on living wage and fair wage estimates. These distinctions serve a mere definitional classificatory function at present, fuelling a significant amount of dissent among labour groups and trade union organisations. Several labour lobbies have consistently pointed out that minimum wage should be recognised as a subsistence wage threshold.
- (3) *Skill-Based Classification as a Criterion for Minimum Wage Calculation:* As is amply evident from the minimum wage data presented above on the four crucial garment manufacturing states in India, minimum wage is calculated on the basis of difference in skill sets of workers (namely unskilled, semi-skilled, skilled and highly skilled). This was motivated to correct the problem of wage differentials within and across various industrial segments. However, the result is in fact more malicious as skills can hardly be considered the basis for calculating minimum wages. The idea being, as social pressure groups have amply made it evident, that the nature of work done by a worker is irrelevant while estimating minimum wages as it is the right of every labour to a decent and fair wage, as such the classification rather reinstates the notions of class hierarchy.
- (4) *Non-Implementation of Timely Minimum Wage Revisions:* Despite the fact that the Act states periodical (once in five year) revision of minimum wages, in practice it hardly seems to be the case. In fact, alarmingly, the Act states that in instances wherein minimum wages are not possible to be revised, the old wages should continue. This relates to gross injustice and a state-sponsored violation of labour law legislations.
- (5) *De-linking of Minimum Wages from Dearness Allowance:* Another criticism levelled against the minimum wage machinery is that it is fairly de-linked from dearness allowances (cost of living adjustment), in effect, causing real wages to decline *vis-à-vis* inflation. Despite the fact that the National Commission on Rural Labour (1990) had recommended that Minimum Wages Act be amended to compel timely revision of wages, all wages be linked to Variable Dearness Allowance (VDA) and ensure automatic enhancement of wages every six months on the basis of the Consumer Price Index, these recommendations are yet to see the light of the day. Moreover, the 'VDA as it is calculated today is not fully neutralized in all employments. The increase in the DA is less than the increase in the prices and hence cuts into the pockets of workers at the lowest end of the wage ladder'.¹⁸
- (6) *Non-Compatibility of Minimum Wage Adjustments with Inflationary Trends:* Though minimum wage revisions do account for inflationary trends, the methodology used in general seems to be faulty. The

¹⁸ <http://ntui.org.in/what-we-do/minimum-wage/a-just-minimum-wage>

reason being that generally the Wholesale Price Index (WPI) is used to calculate minimum wage, which is rather misconstrued, as it has very little to do with the food basket of the workers as workers procure commodities at retail prices rather than wholesale ones. Moreover, it barely takes into account social costs like education, healthcare, transport and entertainment. This mandates minimum wage estimates to be based on Consumer Price Index (CPI), though they may also not be thoroughly inclusive, they do surely account for the cost of living expenses of the workforce.

- (7) *Institutional Failure*: The implementation of minimum wage, in practice, depends on the labour departments. The executive and the judiciary have severely curtailed the powers of the labour departments as industrial lobbies have had a stronger influence on government agencies. Often, industrialists deny payment of minimum wages on the grounds of inability to pay due to rising production costs and falling profits. Such gross labour law violations have been allowed to endure despite stringent labour law legislations advocating the contrary.

The aforementioned factors bring to light the limitations of using minimum wage as a substitute for living or fair wage estimates. In fact, in most instances, the wages actually received by garment workers are often lower than the prescribed minimum wage rates. However, even in instances wherein minimum wages are ensured, they are not enough for workers to sustain themselves and their families over a considerable period of time. The reason, as has already been elucidated above, is that minimum wages are not in tune with the cost of living or the living wage. In other words, minimum wages have not been adequately adjusted to inflation since 2008–09. This is evident from the fact that there has been a growing debate that wages being offered under the welfare scheme called Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has not been adjusted to inflation since 2008–09 (*The Indian Express*, 2013, March)¹⁹. To recapitulate, rather than the minimum wage serving as a minimum wage floor, it has ended up acting as a wage ceiling in most informal sectors of employment. Contrary to the minimum wage being an anti-poverty wage, it has ended up being a poverty wage.²⁰ This has led to significant efforts on the part of NGOs, academic circles, union organisations as well as government agencies to work towards a living wage estimate, in effect, they try to ascertain a national-level minimum wage floor that accounts for rising food and non-food costs of livelihood. Some such important contributions have been briefly presented in Section 2.3.

The above analysis reveals that in practice, the functionality of the minimum wage machinery in India is more of a myth as the institutional structure in charge of implementing a decent wage structure across industrial segments is exclusionary, fragmentary and inefficient.

¹⁹<http://www.indianexpress.com/news/ensure-nrega-wages-in-line-with-minimum-wage-act-roy-to-pmo/1085427/>

²⁰<http://ntui.org.in/what-we-do/minimum-wage/a-just-minimum-wage>

2.2. DOMINANT WAGE PRACTICES IN THE GARMENT INDUSTRY

The Indian garment industry reflects a highly diverse structure with regard to the wages and working conditions of workers from one industrial centre to another. There is no national standard of industry wage or take-home wage in the garment industry as significant inter-firm and intra-firm wage disparity is evident across the industry. Data on wages and working conditions in the garment industry remain scarce at the national level and details pertaining to wages, overtime rates, working conditions and collective bargaining potentials differ significantly across states. It is in this context, that information can essentially be assimilated only via specific field studies in various garment clusters of the country. This study will be a step in this regard. The insights emanating from the field studies conducted in Gurgaon, Bangalore and Tirupur, will be presented in Chapter 3, and will shed crucial insights with regard to wage and working conditions in the Indian garment industry.

2.3. 'LIVING WAGE' AS AN ALTERNATIVE TO MINIMUM WAGE: THE EMERGING DISCOURSE

Over the past decade, a growing dissatisfaction with the minimum wage fixing machinery has gathered momentum. Despite the fact that several efforts towards revising minimum wages in accordance with inflation have been evident since the 1970s, a rigorous living wage estimate still lacks at the government level.

The Bhoothlingam Committee Report of 1978 (commissioned by the Government of India under the auspices of revising the National Wage Policy), though it did not end up estimating a living wage, did aptly argue the need to index wages to inflation. The committee recommended neutralisation of real wage differentials up to 95%. In other words, it implies that if inflation within a specified period of time increases by 100%, wages should be adjusted upwards by at least 95%. Subsequently, the Central Advisory Board constituted a Working Group in 2004, which recommended Rs 66 per day as the national minimum wage floor. This wage rate was supposed to replace the multiple state-level minimum wages that existed till date, though the committee's recommendations were never actually put into practice. However, in more recent years, the NCEUS Report (National Commission for Enterprises in the Unorganised Sector) has been undoubtedly the most prolific in attempting to establish a national living wage floor. The committee produced nearly 10 reports pertaining to the informal sector over a span of five years from 2003--04 to 2008--09 and recommended a social wage floor in relation to the coarse linkage between poverty and informality. It argued that a minimum wage should not merely provide for the sustenance of life but rather for the preservation of the efficiency of the worker (NCEUS Report, August 2007).

The Asia Floor Wage (AFW) campaign has been a stupendous effort at the non-governmental level, and has in fact moved a step beyond national wage floor demands. The AFW research estimates a minimum living wage floor across the garment industry in Asia, and is evidently one of the first efforts to establish an industry wide living wage across national borders. The standardised floor wage is not about setting the same wage in dollar terms, considering variable exchange rates, the diversity of currencies and standards of living across Asian economies. Rather, a common formula has been devised based on consumption needs (Luce, 2009). The AFW research estimates a living wage using five steps. Step 1 involves defining the living wage by taking into account

four components. First, cost of food is calculated on the basis of a standard calorific intake of 3000 calories daily per adult.²¹ Second, non-food costs, such as housing, clothing, healthcare (including maternity and child care), education, fuel, transport and savings, are accounted for. The AFW calculation assumes a ratio of 1:1 between food and non-food costs. Third, the wage should at least provide for a family of three consumption units, where an adult is counted as one consumption unit and a child as half a consumption unit. And finally, the wage should be based on the legal working day/week as specified in each country, in no instance exceeding beyond 48 hours per week (Merk, 2009). Step 2 assigns monetary values and estimates a living wage in local currencies. Step 3 compares the AFW figures across countries using the Purchasing Power Parity (PPP) method. Step 4, using the PPP estimates decides upon an industry wide floor wage level in PPP terms. The fifth and final step involves converting the floor wage level (in PPP terms) back into local currencies (*ibid.*).

On this basis, the living wage estimate for the Indian garment industry as on January 1, 2012 is INR 12,096 per month -- a basic wage before benefits or overtime. This reflects a significant break from the minimum wage estimates that have dominated the ongoing discourse on an appropriate wage level for India.

²¹ Annexure 4 provides the latest results of the Food Basket research as per May 2013.

CHAPTER 3: EVIDENCE ON WAGE AND WORKING CONDITIONS IN THE GARMENT INDUSTRY:

CASE STUDY OF INDUSTRIAL CLUSTERS IN GURGAON, BANGALORE AND TIRUPUR

The garment industry has been championed by both the government and industrial lobbies as the leading sector of employment with tremendous potential for absorbing surplus labour and ensuring decent working conditions for its workforce. This notion needs to be critically evaluated with regard to prevailing reality in the industrial clusters of the country. For this purpose, this study will look at three important garment hubs in the Indian economy and assess the validity of the above claim. To this end, field studies were conducted in the industrial clusters of Gurgaon in Haryana, Bangalore in Karnataka, and Tirupur in Tamil Nadu. The insights from the field studies point towards two premises, which are amply apparent within the sector. First, *wage theft practices have become increasingly prevalent across the industry*. In fact, alarmingly, global buyers source products from domestic businesses that deny workers minimum wages and indulge in wage thefts; and these sourcing practices continue even after buyers with 'Codes of Conduct' find out about the violations. Second, *forced labour has begun to get institutionalised within the industry* to the extent that workers are fast losing their right to negotiate for better work conditions. This section, on the basis of the insights emanating from the detailed case studies in the aforementioned industrial clusters, will investigate the prevailing nature of labour relations in each of the three industrial clusters and ascertain the modalities of this process. While Chapter 3 will bring to light the modalities of the wage theft practices pursued by garment manufacturers, Chapter 4 will delve into the dynamics of forced labour or 'Neo-bondage' in the industry. In doing so, it will present historically the processes that have led to forced labour emerging as a norm in the garment sector, thereby distinguishing it from bonded labour practices in the agricultural sector.

3.1. GURGAON

Since the mid-1980s, the NCR (National Capital Region) has emerged as an extremely important centre for apparel and ready-made garment manufacturing in India. Gurgaon emerged as a major ready-made garment manufacturing hub especially over the past one and a half decades. A primary site of garment manufacturing in Gurgaon is Udyog Vihar Phase I to IV. The emergence of Gurgaon as a crucial centre for garment manufacturing is based on two broad trends. First, it was due to the Haryana Government's policy and desire to project the state as a fertile ground for industrialisation and attract capital investment to the state. The state encouraged large firms to set up multiple production units; each unit being registered as a separate legal entity. This allowed firms to register themselves as SSI units and thus benefit from the state incentives reserved for the SSI sector. Second, it was a result of the relocation and expansion strategies of large-scale garment manufacturers based in Okhla in Delhi or Noida in Uttar Pradesh. As firms intended to expand their scale of production to be in tune with the growing export demand for garments, cheap labour and land acted as a vital source of attraction and competitive advantage for businesses. This saw massive horizontal expansion via increase in the number of units owned by a single firm rather than vertical expansion via increase in unit size.

As a result, today, over 50 large garment suppliers operate in the Udyog Vihar region of Gurgaon itself, with the number constantly on the rise. Most of these firms today are export oriented in outlook and only a handful produce for the domestic market. Moreover, many of the large firms now carry out operations in several small units (usually around three to eight units) each employing around 200--500 workers in each unit. This allows firms to register themselves as SSI units and thus bypass policy regulations that are otherwise applicable to large registered enterprises.

A detailed analysis of the wage and working conditions of the garment workers, based on the field study in Udyog Vihar, has been undertaken hereafter.

3.1.1. OVERVIEW OF WAGES

The prevailing industry wage as well as the take-home wage²² in the Gurgaon region for garment workers differs between different categories of workers on the basis of the nature of their employment contract.²³ The nature of employment contract today, is broadly twofold. Either workers are hired using formal employment contracts or via informal or irregular contracts. Workers having formal employment contracts are generally hired directly by the management and are referred to as company or regular workers.²⁴ On the other hand, workers on informal or irregular contracts are often not directly hired by the management but rather by contractors (who are in turn employed by the management). The field study in Gurgaon reveals that the majority of the workers today are hired using informal employment contracts and the number of workers being employed using formal contracts is fast shrinking (Indian Budget, 2012--13, p. 34).²⁵ However, the wages received by workers across the employment categories reveal a complex dynamic at work. Skilled workers like tailors receive a wage greater than those employed as ironers, checkers, packers or helpers, i.e. those involved in relatively less skilled activities. However, wages received by all tailors are also not the same. In other words, tailors employed as company workers (on formal contracts) receive a wage higher than tailors employed on irregular contracts thereby suggesting that difference in skill sets is not the only basis for wage differentials in the garment industry. Tailors may get the minimum wage of less skilled workers showing that employers do not respect the grade-based differences either. Recruitment of piece-rate workers is also fairly visible in the Gurgaon region. This is

²² It is pertinent to note the difference between the basic wage and the take-home wage received by workers, as the take-home wage includes the amount of overtime wage over and above the basic wage.

²³ The nature of employment contract has undergone significant change over the past two decades. The traditional differences between permanent, casual, and contract or daily wage workers have become blurred. The reason being that the notion of job security, which was an essential factor separating permanent and contract labour, is no longer tenable as no worker today has job security any more. It is rather about the ease of the termination procedure that becomes the determining factor. Moreover, employers routinely violate the law that states that only certain types of work can be done by contract labour. Hence, the nature of employment contract today, put simplistically, can be categorised as either formal or informal, which refers to the tenuousness of employer--employee relationship regardless of skill or type of work.

²⁴ Although these workers are employed in the formal or regular category, they often lack the relevant paperwork and benefits associated with formal employment.

²⁵ Indian Budget, (2012--13): 'Seizing the Demographic Dividend', Chapter 2, p. 34. Retrieved from <http://indiabudget.nic.in/es2012-13/echap-02.pdf>

motivated by the fact that hiring of piece-rate workers tends to give greater flexibility to industrialists as such workers can be hired and fired at will and in turn be pressurised to meet inhumane targets. Their work is paid at a piece rate, which is highly under-rated, generally ranging between Rs 1.5-- Rs 2 per piece.

Table 8 below captures the basic wage and take-home wage for different employment categories in the Gurgaon garment industry.

Table 8: Total Take-Home Wage (Basic Wage plus OT) for different Employment Categories

Category of Workers	Basic Wage (Average in Rs)	Overtime Rate (in Rs per hour)*	Total Take-Home Wage (Average in Rs)
Tailor cum Supervisor	7000	Rs 30	8800
Tailor	6500	Rs 27	8120
Tailor/Sampler	6000	Rs 25	7500
Checker	5500	Rs 23	6880
Press/Ironer	5300	Rs 22	6620
Helper	5200	Rs 22	6520
Piece Rate Workers	5400	Rs 23	6780

Note: (1) Tailors constitute the largest category of workers in the Gurgaon garment cluster.

(2) The total take-home wage for each category of worker has been calculated using the following formulae: **Basic Wage + (Hourly Overtime Rate) * 60 hours = Total Take Home Wage**. We assume that in Gurgaon, on an average, each worker works at least 60 hours of overtime each month.

* With the exception of a few companies, the overtime rate in Gurgaon is estimated on a single OT rate (per hour) basis, which is illegal as double OT per hour is the legal rate.

Source: Field study

Variations in wage differentials across the garment-manufacturing units in Gurgaon are nearly negligible, with the wage (for a specific employment category) differing to a maximum of Rs 200--300 from one industry to another. In effect, the difference in the prevailing wages (or wage differentials) between the above-mentioned categories of workers is the sum total of a host of factors like the status of employment (formal or informal), work experience, educational and social background, location in the caste hierarchy, etc.

Wage revisions in Haryana are generally confined to twice a year and during this time wages are hiked by a mere Rs 200--300, irrespective of the nature of the worker's employment contract. The biannual wage increment is not in tune with Haryana governments mandate that wages should be revised upwards by at least one-fourth of the basic wage. This indicates that firms in the region are not adhering to legislative mandates with regard to payment of fair wages.

Another trend that is amply evident in the region is the incidence of high attrition and turnover rate in the factories. Many workers, being in abject to extreme poverty and debt, are economically forced to leave their

jobs so that they can withdraw certain benefits, to pay off their debts to the moneylenders. This has emerged as a growing concern for firms in recent times.

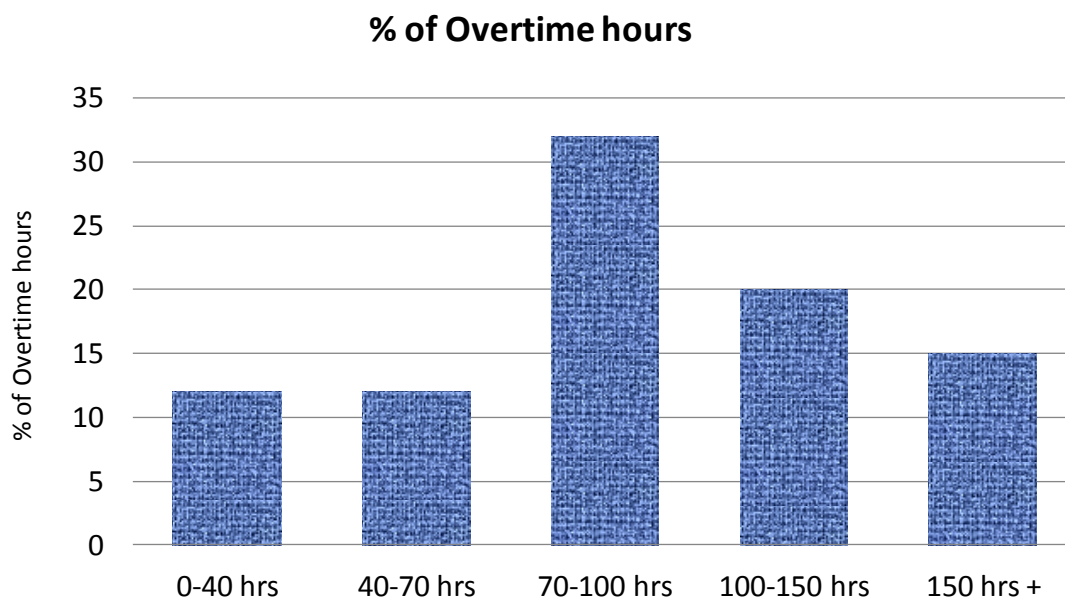
3.1.2. OVERTIME PRACTICES

The garment industry is also heavily characterised by overtime (OT) practices that are emerging as an unchallenged industry wide norm over the past two decades. Gurgaon has been increasingly adhering to this trend to the extent that nearly five--six hours of overtime per day is considered to be a fairly regular affair, while legally more than two hours of OT per day is not allowed. The working day in most Tier 1 firms is either from 8 am to 5:30 pm or 9 am to 6:30 pm. There are no shift-based systems in the Gurgaon factories and most workers serve the general shift. This implies that the working day is for around nine hours and exceeds the stipulated eight hours per working day mandate. They work six days a week (often seven days) taking the total number of weekly work hours to 54 hours, which clearly exceeds the 48 hour work week as per the Factories Act.

It is a common practice in the region, that over and above the working day, the workers are expected to put in overtime work on a daily basis. The businesses contest that overtime work is restricted to peak seasons when orders are high and plenty. However, this is not entirely the case, as the field-work revealed that almost all firms engage workers in overtime work almost each day. Narender, a tailor working in GS-2 (a Tier 1 garment manufacturer), remarked that during peak seasons 'we work nearly 7--8 hours of overtime each day while during non-peak seasons the number of overtime hours is around 2-4 hours'. Verma, also a tailor and who works at GS-5, said, 'I end up doing far too much overtime work and feel forced to do it as it is a convenient way to earn some extra money. The number of overtime hours that I end up doing is not reported to the buyer or the government as it is not mentioned on my monthly pay slip'.

In fact, most workers have begun to depend on overtime wage in order to supplement their meagre basic income for purposes of sustenance (more on this in Chapter 4). Moreover, the period during which the field-work was conducted was a time when industries had bulk orders and workers were working overtime from around 6:30 pm to nearly 12:30 or 1:00 am on a daily basis. During this period, the number of overtime hours done by the workers interviewed during the survey is presented in **Table 9** below.

Table 9: Overtime Hours Done (Monthly)



Source: Field Study (conducted among 25 workers) revealed that a majority of workers (32%) worked between 70 to 100 hours of overtime during the month of April 2013, followed by 20% of the workers having worked between 100 to 150 hours of overtime. Also, a staggering 16% of the worker population surveyed had worked over 150 hours of overtime in the month of April.

While male workers work till 12:00 am on a daily basis, female employees would generally work till 10 pm or 10:30 pm maximum as firms are not permitted by law to employ women workers beyond 10 pm. This is an extremely unsafe and precarious scenario for women as at this time of the night streets are poorly lit. More pertinently, with the growing incidences of rapes, sexual assaults and violence committed against women in India, the practice of making women workers work beyond 7 or 8 pm in the night reflects gross insensitivity and a solely profit-driven perspective of the businesses in the region.

The overtime rate is calculated per hour on the basic wage. Hence, the rate would differ for a tailor *vis-à-vis* a helper. Though, the hourly overtime rate differs between industries due to the overtime rate schema adopted by firms in the region, three distinct overtime schemes can be identified on the basis of worker's interviews: (1) Single OT -- in which the overtime rate is merely the hourly wage rate, which is illegal. (2) Double OT -- in which the hourly OT is double of the hourly wage rate, which is the law. (3) Double OT for the first two hours followed by a Single OT for the remaining overtime hours in that day, which is illegal.

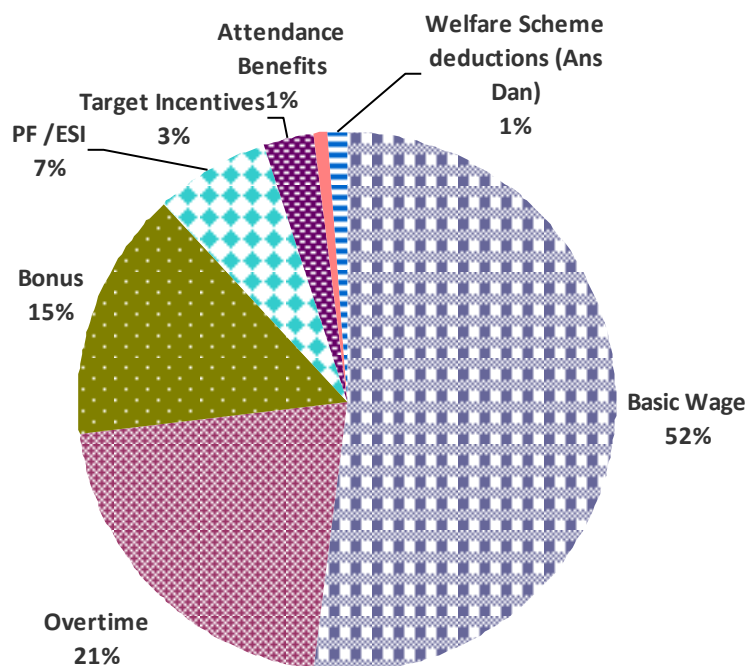
Thus, the take-home wage is the sum total of the basic wage plus the overtime wage. **Table 8** provides further details of the OT rate and the take-home wage for different categories of garment workers in Gurgaon. Pertinent to note in this regard is the institutional mechanism via which firms sustain such practices. Despite the fact that garment or apparel industry is one of the sectors that are legally allowed to engage workers in

overtime, the law restricts such practices to a maximum of two hours a day (inclusive of overtime hours). As a consequence, firms show a maximum of 10–12 hours of work each day on the pay slips received by workers while in practice workers end up working nearly 16 hours on a daily basis.

3.1.3. SOCIAL SECURITY, FRINGE AND NON-FRINGE BENEFITS

Social security benefits that the garment workers are provided by law are the Provident Fund (PF) and Medicare (ESI) schemes. All categories of workers (formal or informal) are legally entitled to access these social security schemes though piece-rate workers are often excluded in most instances. The proportion of social security contributions, fringe, and non-fringe benefits embodied in the total salary received by the garment workers in the Gurgaon garment cluster has been presented in the pie chart below.

Figure 4: Components of Total Wages



Source: Field Study

As per the Haryana government's mandate, 12% deduction from basic salary towards PF and 2% deduction towards Medicare or ESI scheme is the standard norm across the industry. For instance, considering a wage of Rs 5500, a worker would contribute Rs 660 towards PF and Rs 110 towards ESI or healthcare benefits. The majority of Tier 1 firms surveyed in this study (namely GS-1, GS-2, GS-3, GS-4, GS-5, GS-6)²⁶ do not provide their workers accident insurance. Though most of the aforementioned firms do assure maternity benefits to their

²⁶ Names of suppliers have been withheld in the report to protect workers and unions from retaliation by supplier management. GS stands for Gurgaon Supplier.

employees on paper, in practice, none among the workers interviewed had received maternity leave with full pay. The access of workers to other fringe and non-fringe benefits is rare and rather nonexistent. They rarely have access to transport facilities (*viz.* pick up and drop from home to work and vice versa), or festival allowances. In fact, in most Tier 1 firms, holidays are allotted during festivals like Holi and Dussehra, though no monetary or non-monetary benefits are offered. Paid earned leave is a legal entitlement of the workers that is in most instances denied to them. Rather, businesses ensure that the workers are made to work full time on Sundays preceding the week in which festivals occur. Moreover, in some Tier 1 Companies like GS-1, GS-2 and GS-4, a further Rs 10 is deducted from the workers basic wage towards Kalyan Fund (or Ans Dan), which is a charity scheme operational in the region. Moreover, neither do the firms adhere to legal rates of bonus payments, which are mandatory for all registered or unregistered business enterprises operating in the Indian industrial markets. Most firms, when they do pay bonus, pay their employees bonuses to the tune of one-fourth of their total salary, which usually ranges between Rs 1500--1800 for permanent and casual employees. Piece-rate employees are excluded from this scheme. This indicates a gross defiance of legal mandates, which specify that the bonus paid to workers should be at least half or full amount of the basic monthly wage. In some factories, workers who meet the specified targets consistently are rewarded Rs 300 per month while an attendance benefit reward of Rs 500 is entitled to those who attend work all 26 days in a month, thus discouraging earned leave and encouraging inhuman production targets. However, such schemes are restricted to regular workers and are not applicable to workers who are employed via contractors (such employees are also referred to as non-company workers).

3.1.4. CONDITIONS OF WORK

Working conditions in the Tier 1 Gurgaon factories are regressive and sweatshop like in nature. Work pressure is phenomenally severe in the garment industry and every category of worker has to adhere to stringent hourly production targets. Workers engaged in tailoring operations need to complete nearly 50--60 pieces per hour on an average while piece-rate workers need to process around 40--100 pieces hourly (depending on production orders). Failure to adhere to hourly production targets leads to workers being a victim of verbal abuse from managers or supervisors. Though in the past, physical abuse was highly prevalent, it seems to be on the decline in recent times though not completely invisible.²⁷ However, gender discrimination is highly prevalent as women workers are often subject to lewd comments, or sexist taunts from their supervisors and other male employees. Poonam, a casual employee in the purchase department of GS-5, says, 'I have often been subject to sexist remarks from other male employees and supervisors, especially during the time of my pregnancy. Often, I quit one factory and join another for this purpose, but such practices are happening in every factory'.

Strict work schedule is ingrained in the production process as workers are entitled to a half hour lunch break wherein they can either use the canteen facility or eat at roadside stalls outside the factory premises. Food in the canteen costs workers Rs 15--20 or Rs 35--50 differing from one factory to another. Food outside the factory

²⁷ The success in this regard can be attributed to the efforts undertaken by the Garment and Allied Workers Union (GAWU) in Gurgaon, which has protested against physical violence towards workers by managements as one of the key issues in the region.

premises costs workers around Rs 30--50 per meal. Very few workers actually end up getting time to cook food in the morning prior to coming to work considering the meagre leisure hours they get on a daily basis. During OT work at night, Rs 20 is given for food and no other refreshments are provided throughout the period of work. Though, several factories in the region do not even provide tea and refreshments to their workforce during OT hours. The factory premises are generally tolerable, though it becomes exceedingly hot during the scorching summer months in Gurgaon. Most factories have ceiling fans or exhausts in place though very few have coolers or central air conditioning installed in the premises. Drinking water facilities are available either by means of water coolers or in most instances by tap water (which is usually unhygienic and unsafe). Also, several workers complained of drinking water being very hot due to coolers not functioning efficiently.

Moreover, leave is difficult to acquire and are far too few in number. In fact, most firms adhere to the policy of one and a half paid leaves per month adding up to a total of 15--18 days of paid leaves in a year (apart from national holidays). But workers in factories like GS-1 and GS-4 remarked that in practice they are only allowed 7--8 paid leaves in a year. Unpaid leaves beyond the mandate of 18 days are rare in most instances as workers identity cards are put on hold and they end up losing that day's pay. Lack of proper leave facility fuels the high attrition rate of workers, as they have to often quit jobs in order to attend to their affairs.

Sick leaves are also not given as most workers end up losing that day's pay if they leave the factory premises to go home for rest. Despite the existence of first aid facility and a sick room in most factories, absence of nurses or doctors to ensure proper medication and quick time health care facilities seems to be lacking. However, several factories lack even such basic healthcare facilities like first aid or sick rooms. In instances wherein workers fall severely ill at work, they are taken to government-run ESI hospitals for medical attention. Even this is not entirely true. Key point to note here is that in such instances, firms take workers to private hospitals or medical facilities wherein they have tie-ups and ensure that in workplace accident cases reports are falsified. With regard to maternity leaves, women are allowed leave for a month and generally without pay. Such a practice is in gross violation of the *Maternity Benefit Act of 1961* which mandates that all factories and establishments should provide a pregnant women leave one month prior to the expected date of delivery as well as six weeks after her delivery date. It also mandates that the average daily wage in tune with wage rates specified in the Minimum Wage Act should be provided to them.²⁸ Female workers recounted that during the last stages of pregnancy (usually during the last 3 months) they felt uncomfortable to come to a work environment dominated by men, often causing them to quit the job and rejoin work again post-delivery. There is also a fairly visible discriminatory trend against the hiring of married women in the garment factories.

The prevailing scenario of working conditions reflects the highly insecure nature of labour relations in the garment industry in Gurgaon. Workers lack job security and are highly vulnerable to being fired at any given point in time. Moreover, there exists hardly little or no prospects of promotion or labour mobility within the enterprises. This has led to workers constantly shifting jobs from one firm to another within the Gurgaon cluster.

²⁸ <http://www.ilo.org/dyn/travail/docs/678/Maternity%20Benefits%20Act%201961.pdf>

3.1.5. SOCIAL AND ECONOMIC PROFILE OF THE WORKFORCE

A large portion of the garment workforce in Gurgaon is male, a stark contrast as compared to Tirupur or Bangalore wherein the majority of the workforce is composed of female workers. Still, the incidence of women workers in the region is quite high as nearly 40% of the total workforce of the industries surveyed in the field study were women. Several women workers are victims of child marriages leading to a high incidence of widows and single mothers in the region striving for a livelihood.

The entire population of the workforce surveyed was composed of migrant labour from the states of Uttar Pradesh, Bihar, Jharkhand and West Bengal. These workers have migrated from districts such as Unaon, Gonda, Devariya, Gorakhpur, Singeri, Agra and Kanpur in UP; Betia, Paschim Champaran and Danapur in Bihar; and Malda district in West Bengal. Several of these migrants migrated over 8--9 years back and are still employed on an informal basis in the garment industry. A process of circular migration is evident in their pattern of migration as they often go back to their villages after quitting their jobs for a period of three to six months, and rejoin some other garment firm in the cluster after returning from their hometowns.

The educational background of the workers is weak. Most of these workers came to the industrial cluster of Udyog Vihar at a rather young age without having completed primary and secondary schooling. They are mostly school drop-outs with very few actually having finished Class 12 or high school graduation. Nearly 90% of the workers interviewed were either lacking any formal education or studied up to a maximum of Class VII or VIII. The driving motivation for quitting school and migrating to the city in search of jobs was the need to earn a livelihood and sustain their families.

The caste background of the workforce depicts a diverse profile. Hindus are the majority religious group but Muslims comprise a disproportionately high portion of the workforce when compared to national demographics. Among the Hindus, the caste profiling is rather distributed; with Upper castes like Khastriyas and Rajputs as well as Prasad, Verma and Thakur castes and also backward castes, Scheduled Castes and Scheduled Tribes like Kumahara (carpenter caste), Teli, etc. constituting the workforce. The number of Dalit workers in the garment industry of Gurgaon is small.

3.1.6. COSTS OF LIVELIHOOD: INCIDENCE OF DEBT

A large population of the garment workforce working in the Gurgaon cluster resides in the Kapashera (which is on the Gurgaon--Delhi border) and Dundehera region of Gurgaon. The emergence of this region as a relevant site of residence for the workforce is due to its proximity to Udyog Vihar (which is around 2--4 km from this area). They mostly reside in illegal housing colonies that are abundant in this region as landlords build housing complexes to host a majority of the migrant population. These settlements or complexes consist of around 30 to 100 rooms depending on the size of the settlement, with an entire family or a group of 2--3 or even more workers (if unmarried or family at home) occupying a single room. Often, 10 rooms are allotted one toilet, which tends to be fairly unhygienic given the claustrophobic structure of the housing complexes.

An interesting point to note in this regard is that often landlords run ration shops (government public subsidy food distribution) from which workers are in a way compelled to source their daily or monthly food requirements. In instances wherein landlords do not run ration shops, such facilities are outsourced or contracted out by the landlords to local *kirana* shop owners. These shops supply food, fuel and other basic amenities to the workers residing in these settlements. Often, they charge rates that are Rs 5--10 higher than the market price reflecting the extent to which vulnerability has become ingrained in the everyday livelihood of the garment workforce.

The cost of livelihood in this region is fairly high leading to the workers failing to save money for either precautionary or transactionary motives or for sending remittances back home for the sustenance of their families. An average estimate (rather a broad range) of living expenditures in this region has been presented in **Table 10**.

Table 10: Costs of Living in Kapashera-Dundehera region of Gurgaon

Type of Expenditure	Monthly Amount (in Rs)
Rent (including Electricity and Water)	1500--2500
Food	2500--4000
Fuel	800--1200
Clothes and Other Necessities	-NA-
Transport	0--500
Healthcare	500--2000
Education	0--1000
Entertainment	100--1000
Savings/Remittances	0--3000
Total	5400--15000

Note: The figures presented are over a range as expenditure varies according to the place of residence, size of family, consumption patterns, habits, etc.

Source: Field Study

This is suggestive of the debt-ridden structure which the entire informal sector workforce in this region falls prey to. Considering the fact that even if the worker works for 100 hours of overtime per month, she/he only ends up earning Rs 10,000—12,000 suggests the precarious living conditions under which the garment workforce has been compelled to live. Hence, often workers end up borrowing money from friends, relatives and sometimes moneylenders, in effect sinking deep into the grasp of spiralling debt bondage.

3.1.7. COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION: PROSPECTS OF UNIONISATION

The businesses, through a variety of institutional manoeuvres have actively kept unionisation at bay. Firms have resisted unionisation within their factory premises vehemently by incessant lobbying with government regulatory agencies as well as by using coercive tactics like hiring local goons and mafia to break workers organisations or independent trade unions attempting to unionise the garment workforce. This has led to a fear psychosis among the workers that they might lose their jobs or that the lives of the members of their families might be at risk if they attempt to organise themselves.

However, over the years, the independent garment workers unions like GAWU have been rallying persistently for ensuring workers rights in the Gurgaon garment industry. Their struggle to unionise the unorganised has eventually led to the formation of some factory-based workers organisations. However, such organisations that are the constitutional right of workers continue to face virulent illegal attacks in the garment industry as the nexus of state, businesses and social elite power groups in the region have attempted to reduce unionisation to the minimum.

The Indian Constitution of 1949 asserts freedom of association as a fundamental right of the citizens of India. Article 19 of the Constitution states that all citizens have the right to (a) freedom of speech and expression, (b) assemble peacefully and without arms, (c) form associations or unions, (d) move freely throughout the Indian territory, (e) reside and settle in any part of the Indian territory, and (f) practice any profession or to carry any occupation, trade or business.²⁹ The present trend in the garment industry of Gurgaon is suggestive of the state and businesses denying this fundamental constitutional right to form associations or unions to the workers.

A relevant case in point is that of the efforts of a supplier's workers to form a union within the factory. After more than a month of inaction by the labour department and the management, the Workers Union (Gurgaon) decided to start a struggle by the way of a peaceful *dharna* (protest) in front of the factory gate from 18 February 2013. Around 200 workers took part in this protest demanding the management to reinstate the workers who had been fired for being part of the Workers' Union. The workers sat outside the premises for over a month supported by GAWU (Garment and Allied Workers Union), a Gurgaon-based union working among the garment workers. Eventually, after a long and tedious struggle and negotiation process between the workers, trade unions like GAWU, management and state authorities, the management acceded to the workers' demands. The management promised to reinstate all the workers who had been fired from 1 April 2013. However, after reinstating these fired workers, the management adopted strategies to restrict or curtail these workers from organising other workers within the factory. In other words, they assigned the workers to different units so that they were unable to interact and organise themselves regularly. Also, the union has not yet been registered by the relevant state authorities. This example depicts the insurmountable hurdles that unorganised workers face in asserting their right to freedom of association and unionisation in the Indian garment industry.

²⁹ <http://www.indiankanoon.org/doc/1218090/>

Moreover, independent trade unions working among the garment workers (like GAWU in Gurgaon) face surmountable hurdles in ensuring the rights of the workforce to the unorganised garment workers in the region. This is evident from the fact that GAWU's attempts to register itself as an unorganised sector union have been denied three times by the Labour Department of Gurgaon. Moreover, union activists have received several threats from company-hired local goons and their phone numbers are regularly tapped by the police.

3.1.8. STATE INTERVENTION AND GARMENT POLICY

The state has adopted a fairly non-responsive, sometimes actively anti-worker and deregulatory stance with regard to promoting consistent labour standards in the industrial cluster. This is suggestive in the fact that labour inspectors (as well as health and safety inspectors) have nearly stopped visiting the factory premises to ensure that labour law violations are not been practised. Even when they visit, corrupt practices continue to bind management and inspectors and officers together in anti-worker practices. Moreover, labour department officials have been disallowing registrations of workers unions in the region via institutional malpractices. They have also sided with businesses in several instances in undertaking union-busting initiatives.

3.2. BANGALORE

Bangalore's rise as a prominent garment hub can be traced back to the 1940s, when M/s. Bangalore Dressmaking Company established its first garment-manufacturing unit in the region. In the post-Independence era, the region began producing ready-made garments for the domestic market and witnessed the entry of large domestic manufacturers like Mafatlal, Arvind Mills, etc. During the 1970s, the entry of several large and leading exporters like BS-1 Export, Ashoka Export, BS-1 Images, Continental exports, Leela Fashions, BS-4, etc. have been pivotal in the cluster generating an export outlook. This had a significant impact on the growth of SSIs in the region as well. The emergence of Bangalore as a suitable site for garment production has been influenced by a host of factors. First, the availability of good quality export fabrics from the neighbouring regions of Salem, Erode and Coimbatore, has been an important source of advantage for the cluster. Second, the KSSIDC has been allocating large plots of land in and around Bangalore for setting up industrial estates, to the extent that there are 10 state-sponsored estates and several private ones as well. The third factor is the availability of cheap skilled labour in the region, as several low-income families who adopted home-based tailoring as a source of livelihood, now serve as a prospective employment base for the industry. Finally, firms in this cluster organise production on the lines of a flexible specialisation strategy, which allows them to produce a wide range of garment products of varying size, design and materials (Ministry of SSI). This allows foreign buyers to reap advantage of flexibility in production that firms in this region can cater to. These factors have transformed the cluster into a major garment-exporting centre in the country.

Today, over 2500 ready-made garment units operate in and around Bangalore. The concentration of industries is especially high in Bommasandra, Bommanahalli, Peenya, Yeswanthpur and Rajajinagar industrial estates. In recent times, even Bellary, Shimoga and Dharwad districts in Karnataka have emerged as important

manufacturing centres in the state. The size of the garment workforce in Bangalore is estimated to be approximately over 5 lakh (5,00,000) workers (a majority being women) at present (*The Hindu*, May 2, 2013). A detailed look at the wage and working conditions of the garment workforce in Bangalore is provided in this section.

The field study conducted in Bangalore covered the following Tier 1 Companies, namely BS-1, BS-2 (Units 1, 2 and 3), BS-3 and BS-4.³⁰ The brands to which these Tier 1 firms supply to are Puma, Nike, GAP and Adidas. Five workers from each of these factories/units were interviewed to ascertain the nature of wages and working conditions in the Bangalore garment cluster. Also, interviews were conducted with the Labour Departments, Health and Safety Departments and trade unions working among the garment workers to ascertain different points of view on wage theft practices in the industry. The insights obtained from the field study have been systematically presented in the sections below.

3.2.1. OVERVIEW OF WAGES

The industry and take-home wage received by garment workers in Bangalore differs to a large extent *vis-à-vis* that of Gurgaon. The wages in general for all categories of workers are less than that of Gurgaon. Almost all categories of workers, whether they are tailors, checkers, ironers or stitchers, receive wages on a daily wage basis and are hired on a contract basis (*viz.* as contract or daily wage labour). Tailors constitute a majority of the workforce employed by factories in this region and their daily wage differs from one industry to another. On an average, the daily wage for tailors ranges between Rs 185 per day to a maximum of Rs 260 per day. The reason for a difference in the daily wage for the same work (tailoring in this instance) seems difficult to ascertain as workers with similar skills but less work experience get a daily wage higher than one with greater work experience. Checkers receive a daily wage ranging between Rs 180 to Rs 220 while the daily wage for ironers and stitchers ranges from Rs 190 to Rs 220. **Table 11** below captures the basic wage and take-home wage for different employment categories in the Bangalore garment industry.

³⁰ Names of suppliers have been withheld to protect workers and unions from retaliation by the supplier management.

Table 11: Total Take-Home Wage (Basic Wage plus OT) for Different Employment Categories

Category of Workers	Basic Wage (Average in Rs)	Overtime Rate (in Rs per hour)*	Total Wage (Average in Rs)	Take-Home Wage (Average in Rs)
Tailor/Sampler	4832	Rs 40	5632	
Tailor	5915	Rs 50	6915	
Checker	5200	Rs 44	6080	
Ironer	5330	Rs 44	6210	
Stitcher	5395	Rs 46	6315	

Note: The total take-home wage for each category of workers has been calculated using the following formulae: **Basic Wage + (Hourly Overtime Rate) * 20 hours = Total Take-Home Wage**. We assume that in Bangalore, on an average each worker works at least 20 hours of overtime each month. The higher rates of overtime (*vis-à-vis* Gurgaon) are due to double OT being a standard across the cluster.

* With the exception of a few companies, the overtime rate in Bangalore is estimated on a double OT per hour basis.

Source: Field study

The difference between basic wage and take-home wage for garment workers in Bangalore is rather meagre as the number of overtime (OT) hours in this cluster is fairly low. Moreover, the hiring of workers on a piece-rate basis is fairly absent in Bangalore.

Wage revisions on an annual or biannual basis are not a discernible feature across the garment cluster of Bangalore. Workers employed in BS-1 or BS-2 (Units 1, 2 or 3) have hardly witnessed wage revisions over the past two or three years. However, BS-3 or BS-4' employees have witnessed an annual increment in their wages with the amount ranging between Rs 400 to Rs 700 from time to time (and are not really fixed).

The situation relating to wages in the Bangalore cluster is quite sombre as wages are very low when compared to the high cost of living in the city. In fact, though several industries in the cluster do offer workers minimum wages, clearly the minimum wage levels as specified by the Karnataka state authorities are not in tune with the rising inflation and cost of living in the state.

Moreover, the trend towards factories in the region closing down and relocating to other regions is fairly evident. Though such a trend has not been evident among the industries surveyed during the field study, interviews conducted with Garment and Textile Workers Union (GATWU) revealed that relocation has been fairly prevalent in the Bangalore garment cluster. Given the increasing incentives offered by the Karnataka state, firms have increasingly resorted to closing down or relocating to other industrial estates in semi-urban (or rural) regions of the state like Bommasandra, Bommanahalli, Peenya, Yeswanthpur and Rajajinagar, or to other industrial centres in the Mysore, Shimoga, Bellary and Dharwad districts.

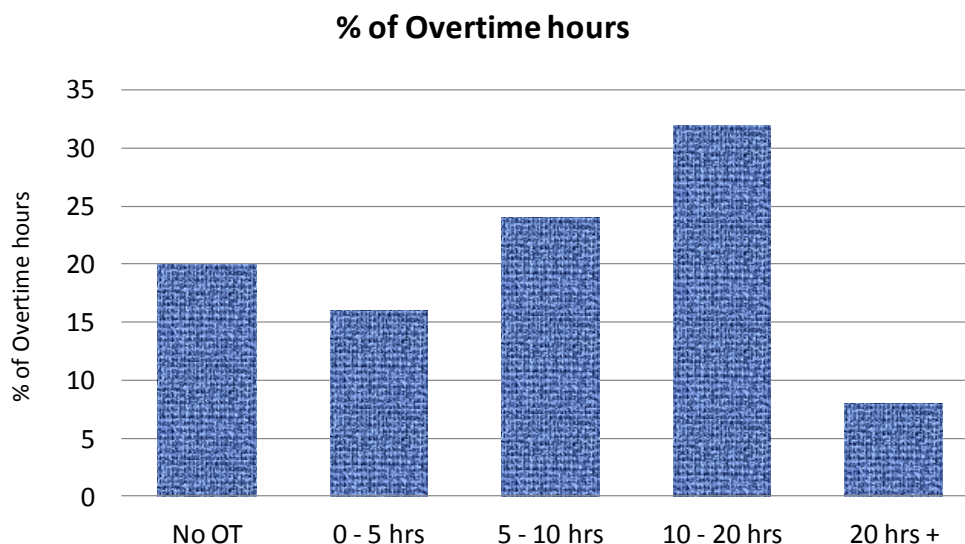
3.2.2. OVERTIME PRACTICES

The field study brings to light that the trend of overtime practices in the garment industry of Bangalore is far less evident as compared to that of Gurgaon. The reasons for low overtime work in Bangalore, as was revealed during the interviews, are twofold. First, weekly overtime work is not a regular practice and is carried out under what is referred to as a 'Compensatory off' basis. This implies that garment workers in the region need to engage in overtime work only during the peak season when production tenders are large and need to be urgently undertaken. Second, and more importantly, the majority of workers interviewed were women who do not choose to engage in overtime work. And as OT work is not a regular practice in the cluster, they have freedom to choose whether to do OT work or not. Shobha, who works as a tailor (mainly attaching pockets) in BS-3, says, 'I don't like to do OT work as it gets late going back home'. Ratnamma, a checker, also working at BS-3, says, 'If I am unable to finish my work during the week, I need to do unpaid forced overtime work for a few hours to complete my work. However, if we have to work more than that, then we ask the managers to consider the extra hours as OT hours'. Since most of the OT work is done by men, who are a small proportion of the total garment workforce in Bangalore, the field study reveals less overtime hours being undertaken by the workers interviewed.

Even during the peak production season, workers need to serve only about one and a half to two hours of work on a daily basis. In fact, among the workers interviewed, the maximum number of overtime monthly hours put in by any worker did not exceed 15 to 20 hours, which stands at a stark contrast to the prevailing overtime practices in Gurgaon where 80--100 hours of OT per month is a common affair. Similar to the case of Gurgaon, the working day is organised around a general shift that lasts from 9 am to 5:30 pm or 6 pm in the evening. Overtime work hours do not exceed beyond 7:30 pm for females and 8 pm for males at the maximum.

During the month in which the field study was conducted, the number of overtime hours performed by the workers interviewed during the survey is presented in **Table 12** below.

Table 12: Overtime Hours Worked (Monthly)



Source: field Study

The survey revealed that a majority of workers (32%) worked between 10--20 hours of overtime during the month of April 2013, followed by 24% of the workers having worked between 5 to 10 hours of overtime. Importantly, around 20% of the worker population surveyed had not done any overtime in the month of April.

Most industries that require workers to do overtime work (like BS-1 and BS-2) offer double OT rates for each hour of work. In fact, there is a certain amount of choice that workers in this cluster can exercise with regard to doing overtime work, which is barely the case in the Gurgaon cluster. However, the situation is not all rosy as some of the workers interviewed claimed that there have been several instances (especially in the units of Gokuldas India) wherein despite putting in three to four hours of overtime per week they had not been paid overtime wages.

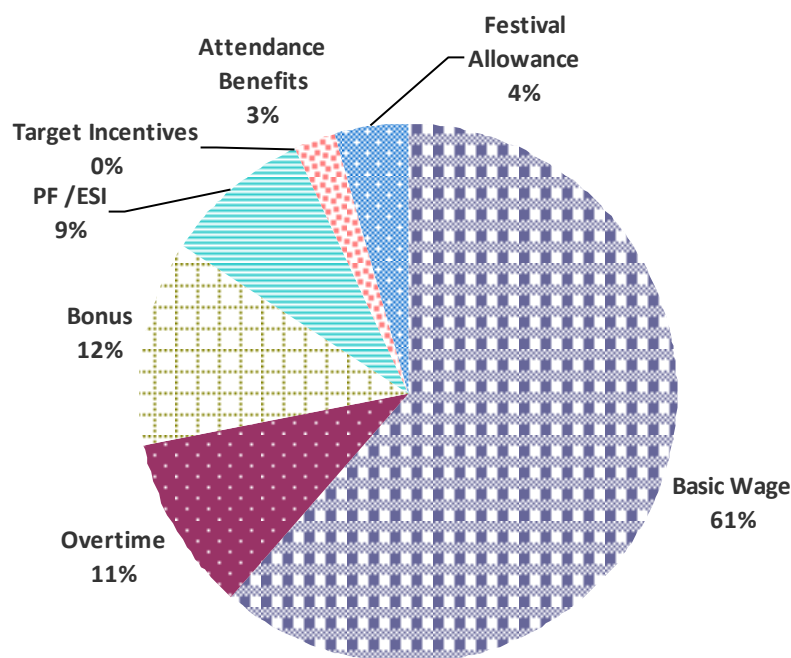
A common discernable trend however when compared to the Gurgaon cluster,³¹ is that garment workers in Bangalore, due to poverty level minimum wages, also prefer to work overtime hours as it increases the total take-home wage that they get at the end of a month. This is a significant factor contributing towards the normalisation of overtime practices throughout the garment industry in India.

³¹When compared to the Tirupur cluster, the incidence of overtime work practices is far more prevalent in the Bangalore garment cluster, as we shall see in Section 3.3.2. And hence the trend of workers depending on overtime work as an additional source of income is also more prevalent in Bangalore *vis-à-vis* Tirupur.

3.2.3. SOCIAL SECURITY, FRINGE AND NON-FRINGE BENEFITS

The entire garment workforce in Bangalore is entitled to PF and Medicare (ESI) benefits that are deducted on a monthly basis from their salaries. The PF and ESI deductions are standardised across the industries in the cluster and while 12% of the basic monthly wage goes towards Provident Fund, around 1.75% goes towards Medicare or ESI benefits. For instance, if a worker receives a wage of say Rs 5000, the deductions towards PF and ESI are around Rs 550 and Rs 100, respectively. No other deductions from the salary towards any welfare fund, etc. are evident in this context. The proportion of social security contributions, fringe and non-fringe benefits embodied in the total salary received by the garment workers in the Bangalore garment cluster has been presented in the pie chart below.

Figure 5: Components of Total Wages



Source: Field Study

Though accident insurance or transport expenditures are not provided to the workers, certain fringe benefits are provided from time to time. This includes an attendance benefit scheme (in some firms like BS-2 and BS-4) wherein if a worker turns up for work for all days in a month, s/he is allotted a monthly reward of Rs 200. Also, though festival allowances are nonexistent at the industry level, in some instances wherein the festival falls after the 10th of a month, an advance of Rs 300 is available to the worker (apart from the usual holidays during a festival). Though, such a practice is restricted to a few firms within the cluster only.

3.2.4. CONDITIONS OF WORK

The working conditions in the Bangalore garment cluster are almost similar to that of Gurgaon as production targets are massive and in some instances even more than that of Gurgaon. On an average, tailors need to stick to hourly targets ranging from 60 to 80 pieces per hour and in some cases, tailors have been required to produce nearly 1000 to 1500 pieces in a day. Checkers, ironers and stitchers also need to stick to similar hourly production targets ranging from 50 to 80 pieces in an hour. Failure to meet production targets often leads to workers being a victim of verbal abuse from their supervisors. Though there isn't any evidence pertaining to physical abuse of workers, verbal abuse is quite common when workers commit errors or delay in the manufacturing of garments. However, sexual harassment of women is still amply prevalent in the Bangalore region and so is the incidence of child labour in these factories. Manju, a 32-year-old female employee at BS-1, says, 'the grievance redressal cell in the factory is only for namesake. I had to constantly hear remarks on me being single at the age of 32 and had complained to the manager some months back. The manager told me to quit my job and go'.

The data are suggestive of a strict work schedule in the Bangalore cluster as well. Workers are given a half hour lunch break and are allowed to eat food at the canteen within the factory premises where a meal costs around Rs 15 to Rs 30. Some workers complain of the food being unhygienic and prefer to get their lunches from home. Factory premises are generally hot and claustrophobic as ceiling fans are located in some parts of the room making it really hot for workers not sitting directly under the fans. Air coolers or air conditioning facilities are not installed in any of the Tier 1 firms. Though water coolers are installed in most factories, the water is unclean and unfiltered in most instances and the tanks are often not cleaned. As a consequence, some of the women workers carry water from their home. Indira, working as an ironer at BS-1, says, 'the food given in canteen is not enough per plate and so I take my food from home. The water is unclean and not filtered and so I take water from home whenever possible. Sometimes I am unable to take food and water due to work pressure, and have to work with half stomach full of food and drink the unclean water'.

Moreover, workers are entitled to around one and a half day paid leave in a month summing up to around 15--18 paid leaves in a year. Unpaid leave is difficult to acquire and failure to attend work on time every day is severely penalised. Turning up for work 10 minutes late more than three days in a month is penalised by deducting a day's wage from the worker's salary (as is the case in Gurgaon and Tirupur as well). Also, a day's wage is cut if a worker takes leave without prior permission from his/her supervisor. Sick leaves are rarely allotted and if a worker does decide to take leave from work s/he ends up losing that day's pay. Basic medical facilities like first aid are available within each factory and most firms employ fulltime nurses as well; though, doctors visit the factory premises only once or twice during the week. Maternity benefits are available to pregnant women in the form of two months leave with pay. As many as 90% of the women workers interviewed in the course of the field study said that they do receive maternity leave at least for a period of one and a half months (pre-natal and post-natal included), if not two months, and with pay.

Prospects for promotion or upward mobility of labour within the enterprise do exist though mostly for male workers; though, several women workers in the past have been promoted. Pushpa, working at BS-1, said, 'I began working as a checker and was then promoted to the position of a quality assistant and got an Rs 1500 wage increment'. However, the extent to which these workers can get promoted are constrained as they can only be promoted up to the level of supervisors. And in most instances, it is the tailor who ends up getting promoted to supervisory roles. However, with regard to the reasons for being promoted, the interviews reveal a complex dynamic at work. Rupa, a tailor at BS-3, argues that women do not get promoted as much as men do as women supervisors are often not as authoritarian as men and hence fail to gain respect from the employees. This reduces their chances for promotion. Similarly, Nagamani, also a tailor at BS-3, feels: 'women who are loud and bold have more chances of promotion. As most women are generally quiet and timid, they have fewer chances for getting promoted'. Several women workers interviewed also felt that this was due to increased work pressure on being promoted having a negative impact on their familial and household responsibilities. This also becomes a factor curtailing their prospects for promotion. This shows that upward mobility for labour within the enterprise is constrained and essentially low.

3.2.5. SOCIAL AND ECONOMIC PROFILE OF THE WORKFORCE

A majority of the workforce in the Bangalore garment industry is composed of female workers with the male-female ratio being approximately (on an average) around 20:80. In other words, more than 85% of the workers in the Bangalore garment industry are women. The high incidence of women in this region is due to the rise and spread of home-based tailoring as a viable source of self-employment and additional income since the early 1990s.

The prevalence of migrant workers is generally restricted to short distance migrants from within the state with interstate migration being almost negligible. A majority of the workforce comes from the various districts of Karnataka and the most prominent ones are Tumkur, Mandya, Chikmanglur, Talukari and Hassan districts. The workers interviewed had moved to Bangalore city in search of work over the past half a decade.

As regards the educational profile of the garment workforce, a similar trend to that of Gurgaon is evident as most of the women workers are dropouts who left school in their mid-teens in search of job and livelihoods. Among the workers interviewed, merely a handful has completed matriculation and most workers left school during Class V to Class VIII.

The religious and caste profile of the workforce reveals that most employees are Hindus, and predominantly belonging to upper castes like Gowda, Kurubas, Thigala, Kalinga, etc. The second most prominent caste grouping in the cluster is SCs, STs and OBCs (Other Backward Classes). The incidence of Dalit workers (especially females) is fairly high in the garment cluster of Bangalore.

3.2.6. COST OF LIVELIHOOD: INCIDENCE OF DEBT

Garment workers working in the Bangalore cluster mostly reside in the regions surrounding the industrial cluster. These include Shivganga layout, Nalgardnahalli, Anchapaly, Chilakur, Nayandhalli, Venugopal Nagar and Dodabadarhalli, to name a few. Most of these places of residence are located at a distance of around 3–7 km from the factories and involves workers walking for about 30 to 45 minutes to reach work each day. As transport facilities are not provided for the workers by the factories, walking to work is the only available option for the majority of the workforce (BS-3 being an exception as they provide bus services for its workers). Workers mostly reside in *pakka* (properly built) houses in labour settlements or apartments constructed specifically to house the garment workers in the region. Unlike the case in Gurgaon, most workers living in these residences have their personal toilets and in only a handful of instances workers live in residences where toilets need to be shared. In such cases, only 2 to 5 households end up sharing a toilet as opposed to more than 10 families sharing a toilet in Gurgaon.

They source most of their food requirements from the local kirana stores as they do not really have access to the PDS (Public Distribution Scheme) run ration shops. Food expenditure constitutes a fairly substantial amount of the workers' total monthly expenditure considering the massive rise in food prices over the past two years. Moreover, the incidence of health-related problems were also exceptionally high among the workers interviewed, with workers suffering from polio, chest pains, backaches, leg pains or liver problems. This also adds to high health costs for the workers in many cases. An average estimate (rather a broad range) of living expenditures for garment workers in this region has been presented in **Table 13**.

Table 13: Costs of Living of Garment Workers in Bangalore

Type of Expenditure	Monthly Amount (in Rs)
Rent (Including Electricity and Water)	1800--3500
Food	2000--5500
Fuel	250--1000
Clothes and Other Necessities	300--1000
Transport	0--500
Healthcare	400--1500
Education	0--4000
Entertainment	50--500
Savings/Remittances	0--2000
Total	4800—16,500

Note: The figures presented are over a range as the expenditure varies according to the place of residence, size of family, consumption patterns, habits, etc.

Source: Field Study

In fact, considering the meagre wages that the workers earn by working in the garment industries leaves them with very little or no savings in most cases. This is also because the cost of living is exceptionally high in and around Bangalore as compared to other cities in India. In several cases where workers are able to have some

savings, most of the saved amount is sent back home to their families or in-laws in the villages as remittances. Pramila, a tailor at BS-4, says, 'I earn a basic wage of around Rs 5000, out of which I need to send Rs 1500 to my in-laws each month who are back in my village Belagavalli (in Hasan district of Karnataka). If I don't send I am abused and beaten by my husband who doesn't himself go to work. Given the rising prices of things today, I find it very difficult to raise my 2 children with Rs 3500 a month'.

In effect, the incidence of debt is phenomenally high in the region and the data reveal a rather disconcerting trend. Most workers presently are in huge debt as they have taken loans for specific needs mostly from moneylenders in their villages. These include loans taken for constructing houses, children's education, children and families' healthcare problems, etc. The debt amounts vary between Rs 35,000 and Rs 50,000 to Rs 2 to 5 lakh at a 5% rate of interest. Hence, apart from meeting daily/monthly expenditures, they also need to pay around Rs 500--1000 as debt payments each month, making survival in these townships an extremely debilitating affair. This is indicative of the debt trap that the garment workers in the Bangalore region have become subservient to.

3.2.7. COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION: PROSPECTS FOR UNIONISATION

The garment industry in Bangalore is also reflective of an absence of unionisation or collective bargaining in this region. Though several workers are associated, and have memberships, with independent unions like GATWU, GLU and KGWU, and central unions like INTUC who have been working among garment workers in the region, these unions have made several efforts to establish unions within the factories though management lobbies have been powerful enough to keep them at bay. In fact, in the context of Bangalore, it has been observed that when workers become powerful enough to compel managements to recognise and instate a union within the factory, factories close down their operations and relocate to other locations within or outside the state. A case in point is that of Ashoka Exports where CITU (CPI-M affiliated national union) organised its 7000 workers in 1997 to rally for a union within the factory. Under pressure to recognise a workers' union, Ashoka Exports closed down its Bangalore unit, leaving the workers without a job or means of livelihood.

Such instances have acted as a major obstacle in organising garment workers, making them skeptical to join a union for fear of losing their jobs and means to sustain their families. Hence, enhancing and sustaining union membership for independent trade unions have emerged as substantial hurdles over the years, despite several efforts to the contrary.

3.2.8. STATE INTERVENTION AND GARMENT POLICY

The state's perspective on garment cluster development reveals an alarming trend. The Ministry of SSI's Diagnostic Report on the Readymade Garments Cluster in Bangalore maintains that at present the existing state regulations pertaining to taxes, excise duties, trade and labour laws, are extremely biased against the entrepreneurs and are rather labour friendly. Thus, they argue that such government rules and regulations should be thoroughly revamped and liberalised and the government's role should be to merely facilitate rather

than regulate. It also advocates curbing of labour and health inspector visits to the factory to check compliance of labour and industrial laws. This is an extremely reductionist and dangerous point of view being endorsed by the Karnataka State, considering the fact that businesses openly violate labour laws and in no sense is the status quo labour friendly in the region. In fact, it is reflective of the precarious future that awaits the garment industry workforce not only in Bangalore but also in the rest of India. Considering the gross labour law violations being practised across the cluster, reducing state intervention in this sector would leave workers far more fragmented, disorganised, vulnerable and marginalised.

3.3. TIRUPUR

The emergence of Tirupur as a major garment manufacturing centre in India is linked to its significant geographical positional advantage. Tirupur is a small industrial township located 50 km east of Coimbatore in Tamil Nadu. This region has historically seen a major concentration of ginning, weaving and spinning mills and has been a prime centre for sale and processing of raw cotton (Roy, 2009). Till the latter half of the 1970s, the cluster essentially catered to the domestic market and was engaged in the production of simple white inner garments. Over the years, two forces have been pivotal in the emergence of Tirupur as a 'T-shirt' town in common parlance. First, the entry of a garment importer from Italy named Verona in 1978 in its attempt to source white T-shirts from the cluster saw the transformation of the cluster's production portfolio towards ready-made garment manufacturing. Since then European importers or buyers of garments have increasingly sourced garments from Tirupur having realised the potential of the cluster to produce cheap quality ready-made clothes. This trend has been instrumental in the evolution of the cluster into an essentially export oriented production centre. Second, state intervention aiming to promote exports during the quota regime has also been central to the cluster acquiring an export oriented outlook. Cheap credit for infrastructure and technology development via public sector banks have contributed to the growth of small businesses with a specific focus on meeting international demands.

The field study conducted in Tirupur covered the following Tier 1 Companies: TS-1, TS-2, TS-3 and TS-4. The brands to which these Tier 1 firms supply to are: Puma, Next, H&M, Marks and Spencer, and Adidas. Five workers from each of these factories/units were interviewed to ascertain the nature of wages and working conditions in the Tirupur garment cluster. Also, interviews were conducted with the Labour Departments, Health and Safety Departments, and trade unions working among the garment workers in this region. On the basis of the field study conducted in Tirupur, the prevailing conditions of wage and work in the cluster have been analysed in the rest of this section.

3.3.1. OVERVIEW OF WAGES

In Tirupur, the nature of employment contract is composed of both formal and informal workers with the incidence of contract or daily wage labour as well as piece-rate workers being exceptionally high. All categories

of workers like tailors, checkers, ironers, cutters, stitchers, etc. are employed either on a piece-rate basis, or on a daily wage or monthly wage basis. For each category of worker, significant intra firm wage differential can be observed. In other words, the wage received by checkers (among the ones interviewed) varies between Rs 4000 to Rs 8000 in the same firm and the reason for such wage differentiation for the same type of work is not clear. One of the checkers interviewed has been promoted to a regular employee status within two years of joining with a pay of Rs 8000 while another worker who has worked for four years as a checker receives around Rs 4000 and continues to be a casual worker. Moreover, wage differential for the same type of work between two industries (inter-firm wage differential in other words) in the cluster also differs to a large extent. For example, a checker in TS-3 would receive a pay of Rs 4000, while a checker in TS-1 would draw a pay of Rs 6000. As regards the pay scale of tailors, it varies within and across industries in the cluster and broadly ranges from Rs 6500 to Rs 10,000. However, cutting or ironing masters as well as supervisors draw a larger wage that ranges between Rs 12,000 to Rs 17,000 on a monthly basis. A large proportion of the workers surveyed (including supervisors and masters) receive wages on a daily wage basis, which varies between Rs 150 to Rs 250 within the cluster.

Table 14 below captures the basic wage and take-home wage for different employment categories in the Tirupur garment industry.

Table 14: Total Take-Home Wage (Basic Wage plus OT) for Different Employment Categories

Category of Workers	Basic Wage (Average in Rs)	Overtime Rate (in Rs per hour)*	Total Take-Home Wage (Average in Rs)
Supervisor	7000	Rs 60	7600
Iron Master	9250	Rs 79	10,040
Cutting Master	9380	Rs 80	10,180
Tailor	7310	Rs 62	7930
Checker	5750	Rs 48	6230
Cutter	6760	Rs 56	7320

Note: The total take-home wage for each category of worker has been calculated using the following formula: **Basic Wage + (Hourly Overtime Rate) * 10 hours = Total Take Home Wage**. We assume that in Tirupur, on an average each worker works a maximum of 10 hours of overtime each month. The Overtime rate in Tirupur cluster is on a Double OT basis.

* With the exception of a few companies, the overtime rate in Tirupur is estimated on a double OT per hour basis, which is the legal rate.

Source: Field Study

The field study reveals that there is not much difference between the basic wage and take-home wage in the garment industry of Tirupur as overtime (OT) practices are quite minimalistic and can be observed only among very few firms (like TS-3) in the cluster, and that too not on a regular daily or weekly basis. The reason for workers being made to do such little overtime work in this region is of fairly recent origin as especially over the past one year, the Tirupur cluster has been witnessing a volatile and unstable demand and production orders. Also as the interviews with CITU activists revealed, there is significant pressure from unions and NGOs (national and international) in the region compelling factories against employing workers for OT work.

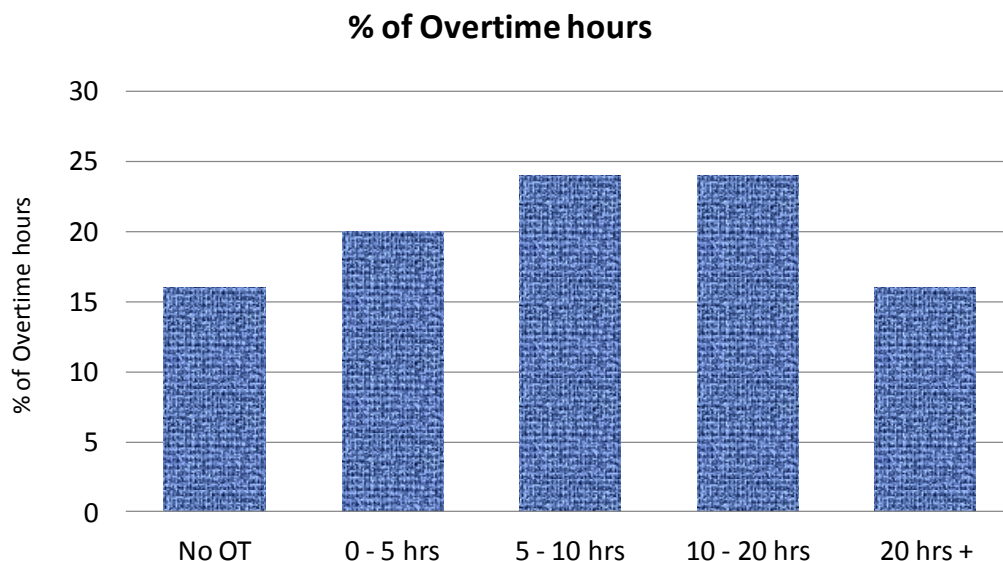
The fixation of wages for different categories of workers and the procedure for wage revisions are decided on the basis of a tripartite industrial wage agreement that presently exists between the industry or TEA (Tirupur Exporter's Association), government representatives and central trade unions (like CITU, AITUC) in the Tirupur garment cluster. The industrial wage agreement has emerged through a struggle between the workers (represented by trade unions) and the employers association since the 1980s. Several strikes and protests since the 1980s led to both sides reaching a wage accord (*viz.* negotiated every three years), that is in fact endorsed by the state labour department as a third party. Today, industrial wage agreements serve as the basis for fixation or revision of wage and social security benefits in Tirupur. In December 2006, an agreement was signed between the employers' association and five central trade unions to be in effect for a period of four years. The agreement came to the conclusion that export units as well as domestic garment manufacturers will increase basic wages by 20% after the first year, followed by a 4% hike in the second year and a 3% hike for the third and fourth years. It has also been established that the existing travel allowance will be increased to Rs 5, alongside a 20% hike in tea and tiffin allowance from the existing level. Dearness allowances have also been increased as a consequence (Fair Wage Foundation, December 2006). The existence of such a wage agreement has been crucial to an improvement in wage and work conditions in the region (as compared to other garment clusters in the country) and the trade unions have played a major role in ushering in such changes in the cluster. However, after the expiry of the agreement in 2010, the tripartite agreement has not been revised. Today, there exists a divergence between the agreement wage and the real ground level wage within the cluster. Moreover, the agreement wage has not been adjusted for inflation for over three years and hence is inadequate to reflect the real cost of living in the region. Despite the fact that unions in the region are politically strong and established, their waning membership base and power in recent times have constrained their efforts to revive the tripartite wage agreement.

Today, wage revisions are observable in almost all firms in the cluster and are revised mostly on an annual basis and sometimes on a biannual basis (like in TS-1). The amount by which wages are revised is quite meagre though the management has responded positively in the past to workers' demand for wage revisions. This can be attributed to the unions' efforts to establish systematic collective bargaining machinery (with regard to wage negotiations) in the Tirupur garment cluster.

3.3.2. OVERTIME PRACTICES

Overtime practices in the Tirupur cluster is far less structurally ingrained, unlike the case of Gurgaon wherein OT practices have emerged as an unchallenged norm. In Tirupur, most of the workers interviewed do not engage in overtime work and in rare instances where they do, it is restricted to half an hour of OT in a day or 15 hours in a month at the maximum. Some workers claimed that the firms organise and plan daily or weekly production in such a way that engaging in OT work to finish order need not be undertaken. Moreover, the decision to engage in OT work is voluntary and rests on the discretion of the worker. During the month in which the field study was conducted, the number of overtime hours worked by the workers interviewed during the survey is presented in **Table 15** below.

Table 15: Overtime Hours Worked (Monthly)



Source: Field Study

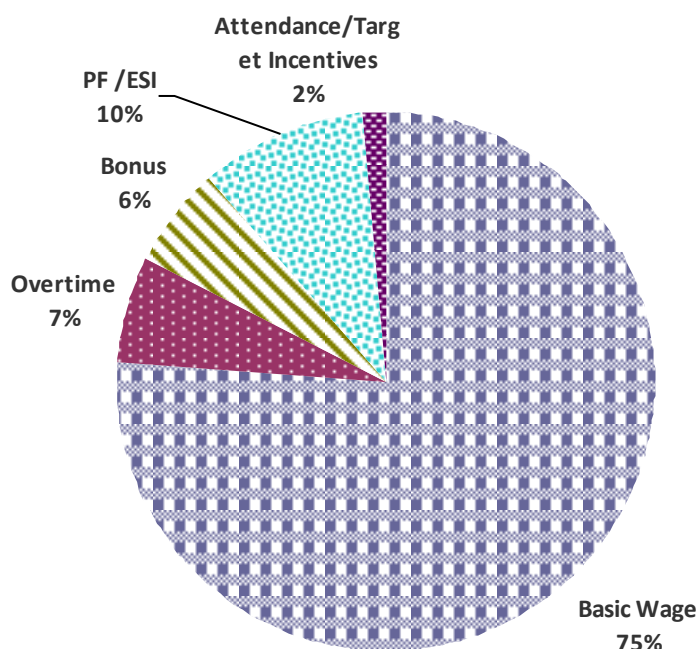
The survey revealed that a majority of workers (24%) worked between 5--10 hours and 10--20 hours of overtime during the month of April 2013, followed by 20% of the workers having worked between 5 to 10 hours of overtime. Importantly, around 16% of the worker population surveyed had either not done any overtime or worked for more than 20 hours of overtime in the month of April.

The overtime rate is calculated on the daily wage rate and fluctuates between Rs 30 to Rs 70 for an hour. Though, the method for estimating the hourly OT rate (viz. single or double OT) is not discernable.

3.3.3. SOCIAL SECURITY, FRINGE AND NON-FRINGE BENEFITS

Social security benefits are applicable to all categories of workers in Tirupur, irrespective of their status as a permanent, contract or piece-rate employee. All workers as well as the supervisory class are entitled to PF and ESI schemes and the standard national rates of PF and ESI deductions are applicable. From the workers' monthly basic wage, 12% is cut towards PF and 1.75% goes towards ESI benefits. Most workers have ESI cards and are allowed to access government-run ESI hospitals for availing healthcare facilities. In other words, PF deductions amount to Rs 500--600 monthly while the amount of ESI deduction is about Rs 90--130. No other deductions from the salary are applicable except for late attendance or non-attendance, which is penalised by a cut from the salary. The proportion of social security contributions, fringe and non-fringe benefits embodied in the total salary received by the garment workers in the Bangalore garment cluster has been presented in the pie chart below.

Figure 6: Components of Total Wages



Source: Field Study

Accident insurance, transport or housing allowances are not provided to the workers in the form of fringe incentives across the cluster. However, non-fringe benefits like festival allowance, bonus and productivity or performance incentives are provided from time to time. In fact, contrary to the case in Gurgaon and Bangalore, apart from the designated holidays, a bonus is also given to the workers during festivals. Though, such a trend is restricted to a few firms in the cluster and the amount varies on a year-to-year basis. Workers in the cluster are also entitled to a yearly bonus to the tune of 8.33% on the basic monthly wage. The implementation of bonus (and other social security benefits) within the cluster can be attributed to a general climate of trade union political strength. Moreover, performance appraisals are conducted from time to time where workers who have consistently met targets receive a monetary reward.

3.3.4. CONDITIONS OF WORK

Working conditions in the Tirupur garment industry is relatively more cordial as compared to that of Gurgaon or Bangalore. The working day is organised around a single general shift and lasts either from 8:30 am to 5:45 pm or from 9 am to 6 pm. There are no hourly production targets across the Tirupur cluster and workers are allowed 45 minute to 1 hour lunch break. Often, two 15-minute tea breaks are also provided during the day (in firms like TS-3). Pertinently, there are no instances of verbal or physical abuse evident across the garment cluster of Tirupur, and workers recount that practices of abuse or sexual discrimination and harassment are dealt with sternly by the managements. A worker interviewed recalled that whenever workers complained to the

managers about supervisors practicing physical or sexual abuse of any kind, often such supervisors were fired from their jobs. In effect, gender discrimination is far less visible and prevalent in Tirupur, unlike in Gurgaon and Bangalore.

Factory premises are well ventilated with ceiling fans and exhausts properly in place and are in fact in good working condition. Canteen facilities are provided for all workers and a food allowance is inclusive in their monthly wage. Food quality is decent and workers get food even during OT hours at night. Mostly, drinking water facilities are hygienic as water taps and water coolers are installed in all factory units surveyed during the field study. Transport facilities are also provided on days when workers are engaged in overtime work.

Paid leaves are provided to all workers and each worker is entitled to about 12--15 paid leaves annually alongside designated national holidays. Unpaid leaves are restricted to sick leaves and are often given to workers if they fall sick at work. Though, they need to inform their supervisor prior to taking sick leave. Appropriate medical facilities are also in place in the form of first aid kits and a nurse who is available during working hours. Though no doctor is stationed within the factory premises, ESI hospitals are close to the cluster and workers are tended to by the management if they need to be taken to a hospital. Maternity leaves are provided to all pregnant women for a period of three months with full pay. This also perhaps indicates the intensification of the culture of trade union political strength in the region.

3.3.5. SOCIAL AND ECONOMIC PROFILE OF THE WORKFORCE

The garment workforce in Tirupur has a more or less equitable distribution of male female workers though the proportion of females in the total working population marginally exceeds that of males. A majority of these workers are migrants with a fairly large proportion composed of inter-state migrants. This includes migrants from Tirupur, Ooty, Salem, Methupalayam, etc., all in Tamil Nadu. The proportion of short-distance migrants from the states surrounding Tamil Nadu is also high and a large section of these migrants are from Kerala. Long-distance migrants from states like Orissa and West Bengal are also evident in the workforce, though their numbers are relatively scarce. The reason for migration has essentially being either for prospects of employment or on account of failure of agriculture in their respective villages.

The educational background of the workforce reflects an absence of completely illiterate workers. Most of the workers are school dropouts with education up to Class VI to VII. Only a handful of the workers interviewed had finished schooling and passed their matriculate examination.

Hindus are the dominant religious group in the region followed by a handful of Christians. Muslims are largely absent in the garment workforce of Tirupur. With respect to the caste profile among the Hindus, Brahmins are a minority with SCs, OBCs and Dalits being the principle caste group among the workforce. A majority of the workers interviewed belonged to Gounder, Nadar, Gavudar, Pallar, Nayar and Devar castes.

3.3.6. COST OF LIVELIHOOD: INCIDENCE OF DEBT

The garment workers generally reside in localities surrounding the industrial cluster at a distance of about 4--5 km from the factories. They live in rented accommodations with attached toilets while some workers have permanent residences as well. An interesting point to note in this context is that some factories like TS-3 and TS-1 provide company quarters or hostel accommodation for its workforce.

They mostly source their food requirements from the local kirana stores situated around their place of residence. The incidence of health problems reported by workers were also fairly less with the only recurring complaint with regard to leg pains due to long hours of standing during work. Most workers have health cards (ESI cards) and access free healthcare services from government-run ESI hospitals. An average estimate (rather a broad range) of living expenditures in this region has been presented in **Table 16**.

Table 16: Costs of Living for Garment Workers in Tirupur

Type of Expenditure	Monthly Amount (in Rs)
Rent (Including Electricity and Water)	1500--3500
Food	1500--6000
Fuel	200--1000
Clothes and Other Necessities	0--500
Transport	500--1500
Healthcare	0--600
Education	400--2500
Entertainment	200--500
Savings/Remittances	0--5000
Total	4300--14,500

Note: The figures presented are over a range as the expenditure varies according to the place of residence, size of family, consumption patterns and habits, etc.

Source: Field Study

The cost of living for the Tirupur garment workers is relatively low compared to the scenario in Bangalore or Gurgaon. Though several workers do not end up having savings at the end of the month, many are able to save around Rs 1500 to Rs 5000 monthly. Workers, able to save Rs 4000 or Rs 5000 a month, are usually the ones who live in their own places of residence. However, despite costs of living in the township being relatively low there is a high incidence of debt among the workers. An interesting point to note in this context is that a majority of workers who have debts have borrowed it from the management. In fact, most management's in the region provide interest free loans from time to time to its workforce. This suggests that a notion of debt bondage between the employer and the employee is operable in the garment industry of Tirupur.

3.3.7. COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION: PROSPECTS FOR UNIONISATION

Unions generally operate at the state level but are absent from the factories with the exception of firms like TS-4 where a union still operates. However, none of these factory unions is affiliated to any of the national trade

union organisations like CITU or AITUC. The difficulty of establishing unions within the factories is due to a host of factors. The garment industry in the region has been facing an imminent crisis over the past half decade. Dyeing and bleaching industries in the region have been shutting down alongside growing electricity and water supply shortages. Garment factories have witnessed shrinking profits, leading them to either close down their operations or relocate.

This has led to unions facing severe constraints over the years in expanding their membership base in the region. First, this process has generated a fear psychosis among the garment workers in the region, in turn making them skeptical to being a part of organised unions. Alarming, a handful of workers even see unionisation as not being central in ensuring them their 'enabling rights' and have begun to consider it dispensable. ***This implies that the nexus of business and state in the region on one hand and the failure of unions in the region as inclusive and credible organisations have managed to passively disorganise the workforce.*** Second, as the interviews conducted with the trade union organizations revealed, the management in recent times have resorted to hiring mostly female workers as they feel that male workers are more susceptible to engage in union activities. Third, a majority of the workers are migrants who often quit their jobs to go tend to agriculture or families back in their villages, making it difficult for unions to sustain their membership. Also, high rates of labour mobility within the cluster from one industry to another restrict the scope of initiating a union within a specific business enterprise.

3.3.8. STATE INTERVENTION AND GARMENT POLICY

The state authorities in the region, namely the Labour Department and the Health and Safety Departments, argue for a fair compliance of labour and industrial laws and regulations by the managements in the Tirupur cluster. With regard to wage-setting mechanisms, a tripartite agreement exists between the labour departments, managements and labour unions, with the Deputy Commissioner of the Labour Department being in charge of the negotiations and collective bargaining procedures. Most importantly, the Labour Department believes that there are no instances of wage theft practices in the cluster.

Moreover, for informal sector workers in the region who are not entitled to any social security schemes, three separate Welfare Boards have been constituted by the government, which ensure a host of welfare benefits to the deprived sections of the workforce like expenses for marriage (both male and female), maternity, education, spectacles, pension, family pension, accidental death, accidental handicap, natural death, and also for the last rites of a person. To avail these facilities, workers need to register themselves with the Labour Department of Tirupur. As regards implementation of labour laws, routine inspections are carried out by the respective labour inspectors. Surprise inspections as well as squad inspections are carried out periodically to monitor the compliance of labour laws within the factories. Also, inspection reports are sent to the management for defection notice and timely prosecutions are held in instances of repeated contraventions.

However, though such legislations do exist in the other garment clusters of Gurgaon and Bangalore as well, in practice, the successful operation and functionality of such legislative procedures are evidently lacking in all garment clusters, despite the Labour Department's claims to the contrary.

Labour officers contest that the delays or non-deliverance of compensation to workers in most cases is due to the complex rule-based structure of the labour law machinery. They argue that speedy trials in the labour court is not possible due to the labour officers needing to adhere to Civil Procedures Code, which allows significant time to the managements to procure and submit documents and paperwork in case of labour disputes. Other than the Civil Procedure Code, there is no other power envisaged in the Act that enables the labour officer for speedy conciliatory proceedings and disposal of the disputes. In other words, the department does not have the required rules to give a time frame to the management to submit the records. These factors, according to the Labour Officers interviewed, have restricted speedy redressal of workers' issues regarding fair wages and decent working conditions within the cluster.

Thus, the situation with regard to wage and working conditions in Tirupur reveals a bleak picture. Though wages and working conditions have indeed shown some improvement over the years due to persistent efforts of unions operating at the state level, the ready-made garment industry in Tirupur, today, is in a state of flux. The period during which the field study was conducted, was a time when industries were facing a dearth of production orders and several industries were showing signs of shutting down their operations. This has led to a growing effort on the part of state authorities and unions to prevent industries from closing down their operations. This process has had a significant impact on the attitude of workers, who are terrified of losing their jobs and are afraid to organise themselves. This has made labour relations in the cluster 'unfree' and coercive. More importantly, the operation of so-called welfare schemes like the 'Sumangali Scheme' has made matters worse for labour in the cluster.

The scheme came into operation essentially as a welfare scheme promoting women labourers in the textile sector of Tamil Nadu in the late 1990s. The scheme allowed young women workers to be hired on short-term three-year contracts with the promise of a lump sum payment (Rs 25,000-Rs 50,000) at the end of the contract period. Given the fact that most poor families had to engage in the payment of dowry at the time of their daughter's marriage, the scheme gained popularity among the rural and semi-urban households. However, over the years, firms have resorted to severe exploitation of young women workers under this scheme, making them work for long hours in unhygienic working conditions, paying them apprentice rates of wage, which is well below minimum wages, and extending their contract by two to three years by coercion and intimidation.³² This scheme is indicative of firms resorting to forced labour practices in the Textile industry of Tirupur.

However, evidence of the operation of the scheme among the women workers interviewed during the course of the survey at Tirupur is low and nearly absent. Four crucial reasons can be identified as being instrumental towards women in Tirupur garment industry not being associated with this scheme. First, the scheme is more

³² http://www.fairLabour.org/sites/default/files/documents/reports/understanding_sumangali_tamil_nadu_0.pdf

prevalent in the cotton, silk and spinning mills in Tamil Nadu and its operationalisation in the ready-made garment industry of Tirupur is fairly low. Second, the changing regional profile of the workforce is an important factor. Earlier, women workers used to migrate from other regions of Tamil Nadu where this scheme was functional. Today, most women have migrated from states like Bihar, Orissa, Jharkhand or West Bengal where this scheme is absent. Third, over the past two years, availability of raw materials like cotton has been on a decline and production of ready-made garments in the cluster has witnessed a decline. As a result, it's an added burden (in terms of additional costs) for firms to employ women on a three-year contract through this scheme as firms would be compelled under this scheme to pay these workers' wages regularly. Finally, the Government of Tamil Nadu has banned the Sumangali Scheme since January 2013 due to strong accusations from foreign organisations, local NGOs and trade unions (Business Social Compliance Initiative, Feb. 2013).³³

³³ Business Social Compliance Initiative, (2013, Feb.): 'Guidance on Sumangali', Foreign Trade Association, Belgium.

Having laid out the nature of work and working conditions in the three garment clusters of Gurgaon, Bangalore and Tirupur, it is helpful to summarise the findings. In this regard, **Table 17** below presents a comparative table summarising the nature of employment contract, wage, overtime wage rate, social security benefit schemes and the cost of living across the three clusters. The table depicts a significant disparity with regard to wage and working conditions across the clusters.

Table 17: Comparative Table on Wage Structures in Gurgaon, Bangalore and Tirupur

Gurgaon							
	Category of Worker						
	Tailor	Supervisor	Checker	Ironer	Stitcher	Helper	Piece-Rate Workers
Employment Category (Regular/ Casual/Contract)	Regular/ Casual	Regular	Regular/ Casual	Regular/ Casual		Casual	Casual
Type of Skill (Skilled/ Semi-skilled/ Unskilled)	Skilled	Skilled	Semi-skilled	Semi-Skilled	Skilled	Unskilled	Skilled/ Semi-skilled
Educational Qualification	Class I to Class VII (90% of Workers Interviewed) No Education/ Class VII and Above (10% of Workers Interviewed)						
Basic Wage (Monthly)	6500	7000	5500	5300		5200	5400
Overtime Rate (Monthly)	1620	1800	1380	1320		1320	1380
PF	12 %						
ESI	1.75%						
Maternity Leave	1 Month without Pay						
Bonus	Once a year (One fourth of Basic Wage)						
Accident Insurance	No						
Performance Rewards	No	Yes	No				
Wage Revision	Twice a year (Rs 200--300)						
Paid Leaves	15--18 days						
Sick Leaves	Rarely (Without Pay)						
Sexual Harassment	Yes						

Source: Field Study

Bangalore							
	Category of Worker						
	Tailor	Supervisor	Checker	Ironer	Stitcher	Helper	Piece-Rate Workers
Employment Category (Regular/ Casual/Contract)	Casual/ Contract		Contract	Contract	Casual/ Contract		
Type of Skill (Skilled/ Semi-skilled/ Unskilled)	Skilled		Semi-Skilled	Semi-skilled	Skilled		
Educational Qualification	Class I to Class VII (95% of Workers Interviewed) No Education/ Class VII and Above (5% of Workers Interviewed)						
Basic Wage (Monthly)	5915		5200	5330	5395		
Overtime Rate (Monthly)	1000		880	880	920		
PF	12 %						
ESI	1.75%						
Maternity Leave	Yes (One and a half months with pay)						
Bonus	No						
Accident Insurance	No						
Performance Rewards	Rs 200 (Attendance Reward)						
Wage Revision	Once a Year and Highly Irregular (Rs 400--700)						
Paid Leaves	15--18 days						
Sick Leaves	Rarely (Without Pay)						
Sexual Harassment	Yes						

Tirupur							
	Category of Worker						
	Tailor	Supervisor	Checker	Ironer	Stitcher	Helper	Piece-Rate Workers
Employment Category (Regular/ Casual/Contract)	Casual/ Contract	Regular/ Casual	Casual/ Contract	Casual/ Contract	Casual/ Contract		
Type of Skill (Skilled/ Semi-skilled/ Unskilled)	Skilled	Skilled	Semi-skilled	Semi-skilled/ Skilled	Semi-skilled/ Skilled		
Educational Qualification	Up to Class VII (More than 95% of the Workers Interviewed)						
Basic Wage (Monthly)	7310	7000	5750	9250 (Iron Master)	6760		
Overtime Rate (Monthly)	620	600	480	790	560		
PF	12%						
ESI	1.75%						
Maternity Leave	Yes (Two Months with Pay)						
Bonus	Yearly Bonus of 8.33% on Basic Wage						
Accident Insurance	No						
Transport Facility	Yes (Pick up and Drop Service Provided)						
Performance Rewards	Yes						
Wage Revision	Yearly on the Basis of a Five-Year Tripartite Wage agreement (Increment of 20% after the First Year, 4% after the Second Year, and 3% after the Third and Fourth years)						
Paid Leaves	15--18 days						
Sick Leaves	Yes (With Pay)						
Sexual Harassment	No						

3.4. LIVED EXPERIENCES OF GARMENT WORKERS: TWO WORKER PROFILES/PORTRAITS

Profile 1: From Bangalore: In the year 2007--08, Ratna was working in the garment cluster of Bangalore as a contract worker. She was pregnant with her baby for over eight months and was almost nearing her date of delivery. One day, despite being in pain, she decided to go to work, as in the garment industry if workers are absent on the salary day then they end up getting their pay only by the 25th of the month. She decided to take maternity leave after having taken her salary/wage. However, by around 10 or 10:30 am in the morning, she began having labour pains. She approached her supervisor for leave who in turn asked her to take permission from the manager. Given the difficulty in approaching a manager (or entering his cabin) for a contract worker, she asked one of the helpers to take permission from the manager on her behalf. After two hours of contractions and under immense pain she was finally permitted leave by the management at 12:30 pm. She was also delayed for almost half an hour by the security guards at the gate. Eventually, when she got out of the factory premises and walked less than 10 feet from the factory, the pain got unbearable. She sat down right there on the pavement and gave birth to the child. Fortunately, one of her friends who also worked in one of the factories nearby, saw her, got an auto and took her home. With the umbilical cord uncut, by the time she reached home her baby had died. This issue was taken up by Garment and Textile Workers Union (GATWU) who wrote to the Chief of Operations at GAP, one of the buyers sourcing from Ratna's factory. This eventually led to the management giving Ratna compensation for her loss and today maternity leave from the beginning of eight months of a women's pregnancy is a norm across the Bangalore garment industry. However, Ratna lost her child and has been given meagre compensation.

Profile 2: From Gurgaon: Rabban was working as a tailor in the year 2011 at GS-1, a large Tier 1 supplier located in the garment cluster of Udyog Vihar in Gurgaon. One day, while operating the electronic sewing machine at the factory, he got electrocuted leading to his death at the spot. The GS-1 management was delaying taking quick action in this regard. Several of Rabban's colleagues immediately contacted the Garment and Allied Workers Union (GAWU), an independent trade union organisation that works among the garment workers of Gurgaon. Union members immediately reached the factory premises. Rabban was rushed to the nearest hospital (Kalyani Hospital) at the Kapashera region where a post-mortem was conducted. However, the management remained silent regarding the post-mortem and the unsafe working conditions in their premises. They cremated the body with unseemly speed, evading the union's insistence on Rabban's family and fellow-workers viewing the body. Rabban was a migrant from Bihar and had a family of two children and his wife, who were stricken with grief. Union members of GAWU took up this issue, forcing the management to give compensation immediately. Thus, began a struggle that lasted for over two months. Eventually, the management gave compensation of Rs 3,50,000 to Rabban's family along with Rs 1500 per month towards his children's education and Rs 6000 per month to his wife till she reaches the age of 60 years. The family is still trying to overcome this tragedy and continues to live at the Kapashera region of Gurgaon.

CHAPTER 4: FORCED LABOUR AND WAGE THEFT IN THE INDIAN GARMENT INDUSTRY

The Indian garment industry has been a significant witness to what can only be described as ‘forced labour’ practices,³⁴ with the onset of the liberalised economic regime. Globalisation of production has had a negative impact on labour relations in the industrial labour markets of the developing countries. Producing garments cheaply and at the same time ensuring good quality to meet export demand has led firms to deliberately ensure that production costs are kept at a minimum at all times. The labour cost within this production costs, although already low, continues to be the ‘soft spot’ that employers squeeze down on, avoiding increasing efficiencies in other parts of the business operations. In this regard, this study hypothesises that the processes of global reorganisation of production and international division of labour has led to the emergence of forced labour practices as a norm within the industry to the extent that it has become institutionalised in the very fabric of the garment industry. It is in this context that this section aims to achieve two objectives.

One, it would present a typology of the nature and dynamics of the prevailing wage theft practices in the Indian garment industry. Two, it would argue that wage theft practices coupled with institutional violations practised by businesses have led to forced labour getting institutionalised within the Indian garment industry.

Traditional labour literature has theorised bonded labour as a process distinctly applicable to feudal or agricultural modes of production. In other words, in a landlord--peasant scheme of production relation, a notion of bondage is discernable considering the existence of loyalty and patronage-based arrangements between the landlord and the peasantry (See Breman, 2010). However, such notions of loyalty and patronage seem to be fast disappearing in an employer employee mode of production relation (with the onset of a globalised production regime) where efficiency seems to be the guiding principle. As John Hariss (2003) argues, the managements in developing countries are in a process of transition from loyalty-based production arrangements to efficiency-based ones. This suggests the need for re-theorisation of the notion of bonded labour with regard to manufacturing industries. It is in this regard, that recent studies on the Indian manufacturing sector have provided evidence on forced labour as being a distinct form of bonded labour relation within the industry (Finn, Topical Research Digest)

4.1. WAGE THEFT PRACTICES IN THE INDIAN GARMENT INDUSTRY

The field study conducted in the garment clusters of Gurgaon, Bangalore and Tirupur, suggest that firms have resorted to a variety of wage theft practices via actively engaging in institutional violations, especially in the globalised times. Wage theft practices can be qualified as *institutional strategies* adopted by businesses to ensure that they can keep labour costs as low as possible along with pocketing substantial profits. Wage theft practices refer to *non-payment, underpayment and late payment* of wages to the workforce as well as illegal

³⁴ See Section 4.2 for a detailed definition of the concept of forced labour and also for a discussion on forced labour practices in the ready-made garment industry of India.

deductions from wages. This indicates the emergence of labour and industrial law violations as a norm across the garment industry. On the basis of the field study, several forms of wage theft practices can be identified.

(1) Denial of Minimum Wages: Theft of wages via violation of minimum wage norms is amply prevalent throughout the industry. As has been shown in Chapter 3, monthly minimum wage for skilled labourers like tailors should be around Rs 6600 in adherence with Haryana government's minimum wage notification. However, most tailors in the Guragon region receive Rs 5600 (on an average) as their basic pay. A similar trend is also evident in the garment clusters of Bangalore and Tirupur.³⁵ Such minimum wage violations practised by businesses are suggestive of wage theft practices that make workers more susceptible to debt and dependent on pre-capitalist social structures.

(2) Non-Payment of Wages According to Skill or Employment Grade: A glaringly visible trend in the garment industry is the non-payment of wages to workers according to their skill capabilities or grade of employment. The field study across the three clusters, abounds with examples where highly skilled workers involved in tailoring are being paid wages that helper workers receive. An instance from the garment industry in Gurgaon will help shed more light on this trend. Shakeel, who works as a tailor in GS-4, earns a basic wage of Rs 5300 while Ajay, also a tailor at GS-6, earns a basic wage of Rs 7500. Though, both have been working in their respective firms for three years in a high-skilled job category, one receives a helper category of wage while the other receives a wage equivalent to a skilled worker. Such a practice can be described as an artificial lowering of skill level to facilitate underpayment, which is a form of wage theft.

(3) Theft of Social Security Benefits: Firms practice theft in the name of social security benefits that the garment workforce is legally entitled to. In several instances, it has been evident that though firms deduct amounts pertaining to PF and ESI from worker's salaries, they do not deposit these deductions with the relevant state authority accounts. In fact, the PF scheme requires the firms to contribute a certain amount towards the workers PF, which the firms do not pay as well. Though, such a trend is marginally less apparent in the garment industry in Tirupur. Alarmingly, even the PF and ESI Commissioners (like in Gurgaon or Bangalore) have shown phenomenal complacency towards halting and penalising firms practising such violations, thereby allowing such practices to manifest structurally within the industry. A similar trend is also evident with regard to the non-payment of fringe benefits to workers. Yashodama, employed as a tailor at BS-3 in Bangalore, says, 'we don't get attendance bonus that is promised to us to the extent that several new employees do not even know that they are entitled to such fringe benefits'. Such practices compel workers to resort to borrowings or debt during times of family emergency like accidents, health issues of family members, children's education, etc., thereby falling prey to the structures of debt bondage.

³⁵ Such a trend is amply evident in Bangalore, where tailors receive a monthly wage of Rs 4810 while the minimum wages are specified at Rs 5200. The scenario in the garment cluster of Tirupur is slightly different as the minimum wage itself for tailors are set exceptionally low at Rs 3718, while the wage that the tailor actually receives is around Rs 5500 (due to consistent wage revisions on account of worker struggles over the years).

(4) Non-Payment of Legal Overtime Rates: As is amply evident from the field insights presented in Chapter 3, overtime work has indeed emerged as an unchallenged norm within the industry. Garment workers, especially in Bangalore and Gurgaon, depend on overtime work as a means to supplement their meagre basic wages. In other words, overtime work has emerged as a *survival strategy* for garment industry workers. They rather choose to remain in industries where overtime work is practised (like the garment industry) thus restricting their movement to other industrial sectors. This is the reason why almost all workers have continued to work in the garment industry for long periods of time (say for over 8--10 years), though often shifting between companies but never really quitting the sector. However, the field study points to the fact that most firms (across the three industrial clusters) do not pay legal overtime rates to the workforce. Wage slips shown by workers clearly depict the nature of this institutional and legal violation. Though the hours of overtime work mentioned on the wage slip are in tune with the legal mandate (that is 10 hours inclusive of OT), in practice workers are made to engage in over 12 to 13 hours of OT work on a regular basis.

Though engaging workers in overtime work in the garment industry is allowed by law, the legal overtime wage is specified as double the hourly wage rate (or Double OT). Firms pay their workers either Single OT per hour or Double OT for the first two hours followed by Single OT for the remaining hours of overtime work each day, both of which are illegal rates for overtime work. This is underpayment of legal wage rates to the garment workforce, and in turn a wage theft practice.

(5) Late Payment of Basic and Overtime Wage: This can also be considered as a form of wage theft. The field study in Gurgaon revealed that the basic wage and the overtime wage are not given to the worker at the same time. In other words, while the basic wages are allotted to workers by the 6th or 7th of the month, the overtime wages are only given to workers by the 20th or 25th of the month. A similar trend is also visible in the garment clusters of Bangalore and Tirupur. This implies that firms are engaging in late payment of overtime wages, which is clearly suggestive of wage theft practices. Late payment of basic wage is also amply prevalent in the industry and refers to instances where workers are paid their basic wage later than the statutory date (7th of the month). This implies that interest is earned by the management on the salaries during this late period. This then is interest denied to workers, and hence a form of wage theft.

The above typology of wage theft practices amply reflect the extent to which institutional violations have emerged as a tool, using which firms continue and sustain the process of appropriating wages from the garment workforce.

4.2. FORCED LABOUR IN THE INDIAN GARMENT SECTOR: PROCESSES OF INSTITUTIONALISATION

Forced Labour has been defined by ILO as 'all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily'. In other words, it refers to a process where businesses are able to establish and instate institutional structures and practices by which workers are forced to engage in work violating statutory rights and regulations and freedom of

association, in the process losing their access to civil liberties, constitutional and human rights. **Table 18** presents a twofold classification typifying various forced labour practices as put forth by ILO.

Table 18: Identifying Forced Labour in Practice

Lack of consent to work (involuntary nature of) (the 'route into' forced labour)	Menace of a penalty (the means of keeping someone in forced labour)
<ul style="list-style-type: none"> • Birth/descent into 'slave' or bonded status • Physical abduction or kidnapping • Sale of person into the ownership of another • Physical confinement in the work location, in prison or in private detention • Psychological compulsion, i.e., an order to work, backed up by a credible threat of a penalty for non-compliance • Induced indebtedness (by falsification of accounts, inflated prices, reduced value of goods or services produced, excessive interest charges, etc.) • Deception or false promises about types and terms of work • Withholding and non-payment of wages • Retention of identity documents or other valuable personal possessions 	<ul style="list-style-type: none"> • Actual presence or credible threat of: • Physical violence against worker or family or close associates • Sexual violence • (Threat of) retaliation • Imprisonment or other physical confinement • Financial penalties • Denunciation to authorities (police, immigration, etc.) and deportation • Dismissal from current employment • Exclusion from future employment • Exclusion from community and social life • Removal of rights or privileges • Deprivation of food, shelter or other necessities • Shift to even worse working conditions • Loss of social status

Source: http://www.ilo.org/wcmsp5/groups/public/ed_norm/declaration/documents/publication/wcms_116734.pdf

There are several institutional channels via which firms have instituted forced labour in the Indian garment industry. Some such practices have been typified below.

(1) Legal and Institutional Violations: The fact that firms in the garment clusters are consistently practising theft of wages or social security suggests the extent to which firms are openly violating legislative mandates. Another case in point is the institutional malpractice via which firms end up legitimising overtime work. This refers to the practice of firms not mentioning the actual hours of overtime that they make workers do on the monthly pay slips. In fact, while the state allows workers to be engaged in overtime work in some industries (like the garment industry), it also restricts the total working day to a maximum of 10 hours per day (inclusive of overtime work). As a consequence, firms mention a maximum of 10 hours on the pay slips despite employing workers for over 16--17 hours of work each day. Such practices have led to the normalisation of forced labour within the Indian garment industry.

(2) Excessive Overtime Work as a Form of Forced Labour: The prevalence of overtime work is widely evident in the Indian ready-made garment industry. Engaging workers in 5--6 hours of overtime work each day has emerged as an extremely common practice, especially in the garment cluster of Gurgaon. A worker, who works in the exporting department of GS-1 as a permanent employee, says, 'I am made to do too much overtime these days. Earlier the managers/supervisors would give a notice two hours before the end of the working day that there would be overtime work that day. Now, no such notice is given as every worker knows that they have to do overtime till 9 or 10 pm each day. There is too much pressure to do overtime as if I refuse to do OT daily, I will be asked to leave work and go'. This is fairly true for the entire garment workforce in Gurgaon as the field study reveals that almost 60% of the workforce engages in 100 to 150 hours of OT each month. Hence, engaging workers in excessive overtime work is clearly suggestive of forced labour practices in the industry as workers are made to do overtime work without their consent.

(3) Union Busting: There is in recent years a growing trend of firms exerting social pressures via hiring of local goons to intimidate workers against unionisation and even threatening unions with dire consequences. This involves local goons turning up at the union offices with threats of burning their offices if they continue to politicise the unorganised workers. They also go to the villages or labour settlements where the workers reside and threaten to burn their houses and harm their families if they organise themselves. In other words, such social institutional pressures in the garment industry is suggestive of support systems that help sustain forced labour practices within the industry.

This study on the garment industry in India amply suggests the existence of wage theft and forced labour practices among the garment industry workforce. It implies that in the manufacturing sector, *bondage is not merely due to debt-based structures but more importantly due to institutional violations practised by businesses across the entire industry*. Institutional violations practised at an industrial level (and becoming the norm rather than the exception) end up reducing the bargaining power of labour thus making them susceptible to prevailing structures of debt bondage. These practices reveal that garment industry workers are often denied their right to fair and decent conditions of work forcing them to lead precarious and insecure livelihoods. Given the rising costs of livelihood, such practices have significantly fuelled the incidence of forced labour among the garment industry workforce (as is amply evident through the field studies in Gurgaon, Bangalore and Tirupur). Thus, wage theft practices coupled with a lack of freedom of association has ended up instituting forced labour (or new forms of 'unfreedom' or unfree labour) within the Indian garment industry.

CHAPTER 5: CONCLUSION AND POLICY RECOMMENDATIONS

The above analysis brings to light crucial insights pertaining to wage and working conditions in the Indian garment industry. With regard to wages in the sector, not only does the basic and take-home wage differ between different categories of garment workers, it also differs sufficiently from one industrial cluster to another. Such diversity in wage differentials primarily emanate from the multiplicity of minimum wages across different states. As the industry wage and the take-home wage are decided by businesses based on minimum wages specified in each state, the multiplicity of minimum wages across states, also leads to a multiplicity in industry wages within and across garment clusters. As a consequence, ascertaining a national standard wage across the Indian garment industry is difficult. More pertinently, there is a complete dearth of national level data pertaining to the total number of each category of garment workers (namely tailors, stitchers, cutters, ironers, etc.) as well as their take-home wage.

Similarly, there exists a dearth of national data on overtime rates for workers across the industry. Overtime practices are extensively evident throughout the garment industry of Asia. In India, the state reserves certain industrial segments to engage its workforce for overtime work under the auspices of the Minimum Wage Act of 1948. The Indian garment industry is one such sector. Workers regularly engage in work far exceeding the specified working day of eight hours. The overtime rates are estimated on the monthly basic wage of a worker. Given the multiplicity of basic wages for different categories of workers, the overtime rates also vary accordingly. There is no significant disparity in the overtime rates between males or females as it depends on the pay scale of the worker, irrespective of gender. However, workers have very little choice with regard to engaging in overtime work as it lies completely at the discretion of the managements, which often coerce workers into overtime work. This is due to the specific nature of production in the garment industry, which heavily relies on overtime practices to meet buyer demands on time (especially during peak seasons). In effect, overtime work has now emerged as a norm or a trend in the garment industry across India.

These trends have been come into the picture by the fact that over the past two decades, this sector has witnessed a massive trend towards informalisation of the workforce, or hiring informal sections of the workforce in other words. The hiring of workers on a regular contract is on a decline while short-term informal and irregular contracts are emerging as the basis of most new recruitment in this sector (NCEUS Report, 2009). This refers to the hiring of casual and contract labour, which now account for the bulk of employees in this sector. The reason is quite simple as it is a means towards sidestepping statutory obligations and maintaining a constant state of insecurity for workers, which has its own unsavoury disciplinary value. This state of insecurity and vulnerability of the workforce is further fuelled due to firms engaging in violation of minimum wage norms, denial of social security benefits and the right to freedom of association.

The working population mostly composed of migrants from socially weaker or marginalised sections of the society coupled with the near absence of unions in the garment factories, curb their capacity to organise

themselves or generate enough bargaining potential. Independent unions in this sector also face significant hurdles in organising the workforce as labour mobility among garment workers is especially high. As workers do not end up sticking in the same factory for extended periods of time, it is difficult to establish a labour base on the basis of which a factory union can be forged. An added constraint in this regard is the management's attitude towards unionisation. Not only do they engage in anti-union lobbying and union-busting activities, but also actively engage in relocating to new production sites to ward off threats of unionisation. This trend has become amply apparent with several firms closing down their operations and relocating to other industrial clusters in the state or the country. This has created a fear among workers towards unionisation leaving them passive, disorganised and fragmented.

Legal and institutional violations in terms of unlawful wage practices, denial of labour rights, or enabling rights (like freedom of association), employment of child labour, caste and gender discrimination, regionalism and nepotism, have culminated into a process wherein labour is considered disposable to the needs of a variety of capital.

This study, having looked at the existing state of wages and working conditions of the garment workforce in the industrial clusters of Gurgaon, Bangalore, and Tirupur, concludes that it is imperative that policy restructuring be undertaken with immediate effect. To begin with, this needs a certain reworking on the state's perspective to labour issues. Strengthening prevailing labour law mechanisms should not be seen by policy-makers as a hindrance to the market-led model of development. Rather, it should be recognised that a rights-based approach to development requires markets to be regulated as markets are intrinsically exclusionary and selective by nature, especially if left unregulated. Relevant incentives to promote competition can surely be encouraged, though such competition needs to be regulated otherwise monopolistic tendencies would institute barriers leading to competition becoming counterproductive. In other words, large enterprises that have developed significant organisational capabilities will institute structural barriers to entry thereby preventing the growth of small- and medium-scale enterprises. This, in turn, would reinforce tendencies towards cost-cutting labour market strategies in such enterprises.

In this regard, this section would conclude by laying down a series of policy recommendations pertaining to each institutional actor within the garment industry, namely the Labour Departments, brands, suppliers and trade unions. The recommendations put forth here are in consonance with the recommendations put forth by the Living Wage Tribunal hearing held in the month of November 2012, in Bangalore, India. These recommendations suggest the essentiality of adopting human rights-based approach with regard to labour market policies for garment workers as opposed to treating labour as a commodity that has been the dominant approach till date.

(1) Brands: Brands at present have a vantage point from which they can actually ensure that decent wage and fair working conditions are instituted in the garment factories from which they source their products. Hence, the onus lies on them to uphold and display their commitment to human rights and ensure that a rights-based approach to labour is adopted within its supplier base. The UN Guiding Principles on Business and Human Rights lays down (as a Foundational Principle) that the responsibility to respect human rights requires that business

enterprises: (a) Avoid causing or contributing to adverse human rights impacts through their activities, and address such impacts when they occur; and (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts (United Nations Human Rights, 2011). Moreover, brands can ensure that a space for unions to operate is created via training of workers and managements, and pressurise suppliers to refrain from adopting anti-union policies.

(2) Suppliers: Tier 1 suppliers need to adhere to and comply with national laws and human rights obligations as have been laid out in the UN's Guiding Principles on Business and Human Rights, 2011. They should take initiatives to lay down labour codes of conduct in the Tier 2 companies to whom they subcontract production. In this regard, it is important that firms should not see labour costs as the only cost to control (labour cost reduction being a soft spot or an easy target). Rather there is a need to professionalise management practices and introduce other production-related strategies to ensure greater efficiency. Moreover, periodical monitoring of whether Tier 1 firms are sticking to these labour codes in their supplier base needs to be undertaken by labour inspectors (from the respective labour department) through timely visits to the factories.

(3) Labour Departments: These need to enhance accountability and transparency within the department. Training of department officials is imperative for instating a sensitive and vigilant labour department that is responsive to the issues of migrant and poor workers. Given the widespread prevalence of red-tapism and favouritism within the Labour Department, there is an urgent need to sensitise them towards industrial injustice in the factories, in turn sensitising them to see workers as human beings. Moreover, labour officers often complain of having too much paperwork. The paperwork required to file cases often ends up being the primary cause for delays. This can be reduced via adoption of an e-governance system. Digitisation of this process can reduce delays. Digitalisation or e-governance could be strong tools to make the department more vigilant and transparent and it could also help reduce anti-labour processes that delay procedures in favour of industrialists. Educational qualifications required for the recruitment of labour officers and labour inspectors should be enhanced and they should also be made aware of the prevailing ILO conventions, code of conducts of multinational brands, etc. There is also a need to increase the commitment of labour department towards workers and ensure more visits by labour inspectors to factories. In effect, a policy-level effort to break the nexus between the labour department and industrialists to the detriment of labourers, is imperative. Moreover, as per the objective of Industrial Tribunal cum labour courts, the maximum time limit for adjudication should be determined and fixed, as it is a special court for industrial disputes. Rescheduling of hearing of cases every now and then on the request of the lawyers, needs to be curtailed and a ceiling should be put on the maximum number of rescheduling in each dispute case.

(4) Trade Unions: Trade unions could play a pivotal role if they focus their attention on the unionisation of garment workers. Trade unions should pay more attention to garment workers, since due to the high mobility of garment workers and their low-income status, trade unions often end up giving low preference to them. Unions should try to coordinate and establish partnership with international campaigns relating to labour rights and consumer campaigns, and try to involve themselves actively in disputes relating to the organisation of workers,

wage theft and forced labour within the industry. Unions should also inform and register complaints with international authorities on these issues. In fact, there is an urgent need for unions to explore new methods or practices to break the existing nexus between the labour department and industrialists. To sum up, unions should not only address workforce issues at the workplace but also at the community level, such that more and more workers are increasingly brought into the ambit of unionisation.

This study urges the formation of strategic agreements at three distinct levels, *viz.* at the local level, brand level and the industry level. The local level of agreement should be forged between workers and unions. National party-based unions are often exclusive or selective in terms of addressing a variety of labour issues, especially that of informal labourers. This is evident in the fact that several non-party based independent unions addressing context specific needs of workers have thronged the industrial labour markets of India. Hence, it is imperative that unions are able to reach out to every section of the working population, irrespective of class, caste or gender motivation. This is highly central as unions play a crucial role in organising the unorganised by means of generating a wide membership base of workers. Importantly, it would institute collective bargaining agreements between the workers and management, that is lacking in the industry at present. The second level of agreement needs be forged at the brand level, *viz.* between the local unions and managements of global branded retailers. Such a brand-level agreement will entail the establishment of collective bargaining procedures between the unions and global brands, which is thoroughly lacking at present. Global brands should encourage and enter into tripartite annual (or biannual) wage bargaining agreements with local unions and managements of local suppliers. Local union bodies should be given the autonomy and responsibility of organising these tripartite wage meetings in the respective industrial clusters. It is imperative in this regard that a union is not viewed by brands and suppliers as an antagonistic labour market institution. Third, and most importantly, an industry-level agreement needs to be established among all brands within a specific commodity chain so that all leading brands can agree on a set of common code of conduct that would be applicable throughout the value chain. These codes should regulate/restrict buyers from sourcing garments from suppliers who do not abide by strict labour codes of conduct. An industry-level agreement would set the norms or rules, which all supplier firms within the value chain need to abide by. More pertinently, the forging of such agreements needs to be supplemented by immediate and mandatory implementation within the global apparel value chain.

ANNEXURE 1: INDIA'S TEXTILE EXPORTS 2008-2011

ministry of textiles

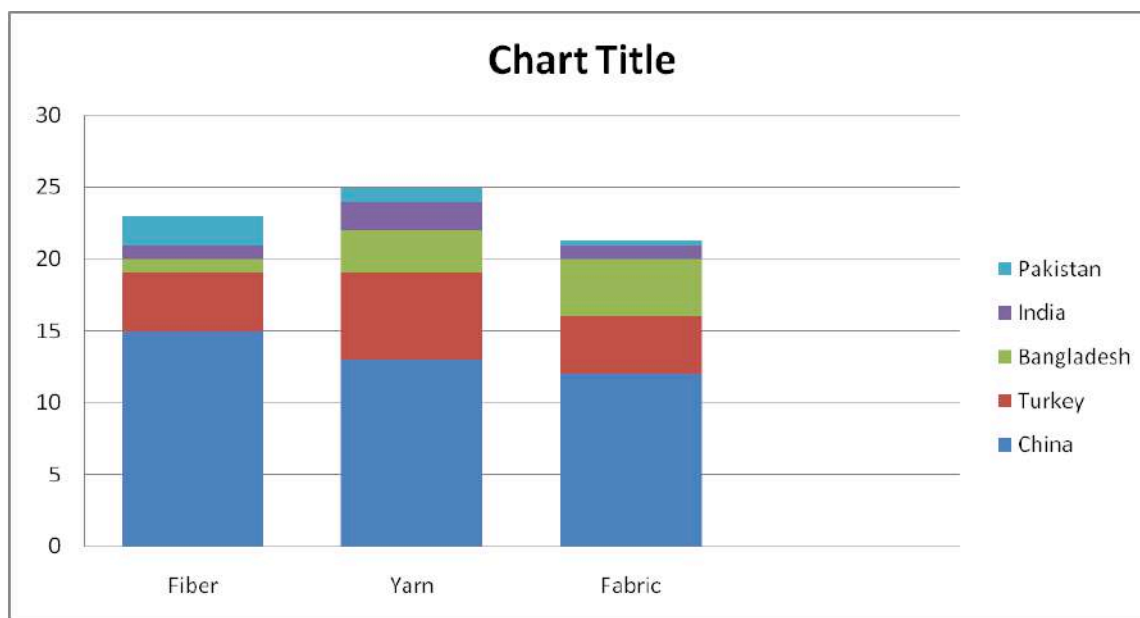
Table 4.1
India's textiles exports at a glance (Principal Commodities)

Prepared on 24.01.2012

Item	2008-09		2009-10		2010-11*		Apr-Oct 2010*		Apr-Oct 2011*		Var. %	
	Rs. Cr.	US\$ Mn	Rs. Cr.	US\$ Mn	Rs. Cr.	US\$ Mn	Rs. Cr.	US\$ Mn	Rs. Cr.	US\$ Mn	Rs.	US\$
Ready-made Garment	4712.77	10363.26	4768.30	10664.73	4855.57	11067.99	5612.15	12465.57	7083.74	15873.74	28.44%	28.50%
RMG of cotton including accessories	3852.72	8490.08	3870.30	8648.32	3769.07	8233.27	4210.89	9247.03	6261.62	13816.62	24.75%	24.90%
RMG of Man-made fibre	4721.34	1040.08	5748.26	1214.59	6449.07	1426.22	12465.57	1781.14	5965.52	13150.76	46.81%	46.01%
RMG of other textile material	3888.11	882.50	3752.77	801.82	4178.98	918.49	1459.12	3204.92	575.37	1261.37	31.62%	31.62%
Cotton Textiles	2795.40	4603.52	2916.21	5711.41	3003.19	6300.35	1594.11	3468.96	22418.43	4892.36	41.14%	41.32%
Cotton raw including waste	2865.86	631.61	3537.06	7616.20	2567.15	5577.27	1783.55	388.53	111.35	187.87%	188.23%	
Cotton yarn, fabrics & midships	1829.54	4171.91	17479.13	3686.20	2567.15	5577.27	1783.55	388.53	111.35	187.87%	188.23%	
Man-made textiles	1829.54	3325.88	1933.13	3970.83	2125.13	4643.06	1128.75	2462.75	1473.41	3215.49	30.41%	30.41%
Man-made staple fibres	112.21	258.30	1690.66	357.42	1568.11	439.16	1083.54	238.62	1338.66	292.55	23.53%	23.53%
Man-made yarn, fabrics & midships	13918.75	3007.58	17092.45	3613.46	19127.02	4233.30	10213.36	2223.23	13074.75	2892.94	30.95%	31.12%
Wool & Woolen textiles	2159.49	484.75	2224.14	470.20	1955.31	429.75	1138.74	248.77	1465.53	324.65	30.34%	30.50%
Woolen yarn, fabrics & midships	1742.97	384.14	1789.20	380.36	1477.27	324.60	1138.74	248.77	1465.53	324.65	30.34%	30.50%
Silk	456.52	103.61	424.94	89.84	478.04	105.07	125.99	265.48	383.32	85.56	53.95%	54.15%
RMG of Silk	1437.78	684.93	2819.46	595.05	2708.02	595.19	1464.22	323.95	1291.34	282.34	12.84%	12.84%
Natural silk yarn, fabrics & midships	1664.82	368.91	1411.12	298.32	1878.40	346.91	1185.99	265.48	383.32	85.56	53.95%	54.15%
Silk waste	5.23	1.15	24.92	5.27	34.52	7.59	38.52%	44.02%	14.72	3.22	37.89%	37.89%
Handloom Products*	1252.81	264.65	1682.83	365.48	1682.83	365.48	1682.83	365.48	1682.83	365.48	74.38%	74.38%
Textiles (excluding handicrafts, jute & coir)	16662.34	36835.20	17078.12	36835.20	17078.12	36835.20	17078.12	36835.20	17078.12	36835.20	32.05%	32.21%
Handicrafts	4949.23	1090.77	4548.91	961.67	5448.45	1196.85	3342.12	684.08	2478.59	541.24	-18.60%	-18.60%
Handicrafts (excluding handicrafts sample)	1384.19	305.06	1665.68	357.48	1665.68	357.48	1665.68	357.48	1665.68	357.48	-21.30%	-21.30%
Carpets (excluding silk) handicrafts	3503.37	772.77	3441.74	737.61	4444.95	976.95	2345.70	534.09	2065.50	438.50	-18.09%	-17.99%
Silk carpets	58.57	12.93	40.59	8.58	15.84	3.46	49.43%	5.17	8.04	1.76	55.51%	55.71%
Coir & Coir Manufacturers	680.70	150.02	786.66	162.60	688.18	151.47	3.28%	383.08	83.61	115.14	38.73%	38.90%
Coir & Coir Manufacturers	680.70	150.02	786.66	162.60	688.18	151.47	3.28%	383.08	83.61	115.14	38.73%	38.90%
Jute	1375.78	303.21	1033.09	218.40	2076.34	456.35	102.96%	1293.07	274.59	1197.02	-4.87%	-4.73%
Floor covering of jute	251.63	55.46	281.07	59.42	338.83	74.05	19.87%	207.75	45.34	141.31	-31.68%	-31.68%
Other jute manufactures	451.64	103.35	300.15	63.46	638.50	111.12	68.42%	272.15	59.49	448.61	64.84%	65.05%
Jute yarn	216.50	47.81	144.20	30.48	633.93	111.34	270.25%	333.94	77.23	136.31	28.79%	28.79%
Jute twines	415.59	91.59	507.63	109.93	688.93	153.84	127.52%	424.27	92.60	102.89	10.69%	11.10%
Total Textiles Exports (incl. handicrafts, coir & jute)	96311.91	21226.34	106445.90	22418.79	122668.08	26826.55	6054.53	13225.72	78034.13	17083.71	28.78%	28.94%
% Textile Exports	11.48%	11.48%	12.44%	12.44%	10.53%	10.53%	10.74%	10.74%	10.03%	10.03%	37.89%	38.11%
India's exports of all commodities	84755.06	18758.35	94533.64	17811.43	114876.55	25234.27	56433.86	12370.46	77375.03	17017.38	37.89%	38.11%

Source : Foreign Trade Statistics of India (Principal Commodities & Countries), DGCIAS for export figures in Rupee and Department of Commerce (Intranet) - Exchange rate
*Handloom Products have been included as commodities first time in 2009-10
Exchange rate (Source: DOC intranet) Apr-Mar 2008-09 Apr-Mar 2009-10

ANNEXURE 2: COMPARISON OF INDIA'S IMPORTS OF RAW MATERIALS WITH OTHER SOUTH ASIAN ECONOMIES



Source: UN Comtrade, Technopak Analysis, 2012.

ANNEXURE 3: LIST OF SCHEDULED EMPLOYMENTS IN CENTRAL GOVERNMENT UNDER THE MINIMUM WAGES ACT

S. No.	Name of Employment
1	Agriculture
2	Construction/Maintenance of Roads and Building Operations.
3	Maintenance of Buildings
4	Construction and Maintenance of Runways.
5	Gypsum Mines.
6	Barites Mines.
7	Bauxite Mines.
8	Manganese Mines.
9	China Clay Mines.
10	Kyanite Mines.
11	Copper Mines.
12	Clay Mines.
13	Stone Mines.
14	White Clay Mines.
15	Orchire Mines.
16	Fire Clay Mines.
17	Steatite (Soapstone and Talc) Mines.
18	Asbestos Mines
19	Chromite Mines
20	Quartzite Mines
21	Quartz Mines
22	Silica Mines
23	Magnesite Mines
24	Graphite Mines
25	Felspar Mines.
26	Red Oxide Mines
27	Laterite Mines
28	Dolomite Mines
29	Iron Ore Mines
30	Granite Mines

S. No.	Name of Employment
31	Wolfram Mines
32	Magnetite Mines
33	Rock Phosphate Mines
34	Hematite Mines
35	Marble and Calcite Mines.
36	Uranium Mines
37	Mica Mines
38	Employment in Lignite Mines
39	Employment in Gravel Mines
40	Employment in the Slate Mines
41	Loading and Unloading in Railways Goods Shed
42	Stone Breaking and Stone Crushing
43	Employment in Sweeping and Cleaning
44	Employment in Watch and Ward

Source: Minimum Wages Act, 1948.

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ANNEXURE 4: FOOD BASKET RESEARCH (AS ON MAY 2013)

(A) FOOD BASKET WITH 3000 CALORIE (KCAL) CONTENT (DAILY REQUIREMENT FOR VEGETARIAN AND NON-VEGETARIAN DIET)

Food Categories	Vegetarian Diet (for Heavy Work)		Non-Vegetarian Diet (for Heavy Work)	
	Daily Intake Requirements (In Grams)	Calories (Kcal)	Daily Intake Requirements (In Grams)	Calories (Kcal)
Cereals/Millet	425	1471.5	425	1471.5
Pulses	100	311.43	70	219.3
Green Leafy Vegetables	400	163.63	400	163.63
Other Vegetables				
Milk	250	547.7	250	547.7
Oils/Fats	30	270	30	270
Fruits	150	81	150	81
Sugar	30	119.45	30	119.45
tea/Coffee	10	0.17	10	0.17
Masala/Oilseeds	55	27	55	27
Green Chilli	10	2.9	10	2.9
Egg/Chicken/Fish/ Mutton	NA	NA	80	96
	Total	2994.78	Total	2998.65

**(B) TOTAL DAILY EXPENDITURE ON A 3000 KCAL VEGETARIAN DIET
VEGETARIAN DIET REQUIREMENT (FOR HEAVY WORK)**

Items	Daily Requirement (Gram/ML)	Weight (Kg/Litre) (W)	Unit Price or Price per Kilo (in Rs) (P)	Expenditure Required (in Rs) (WP)
Rice	150	0.15	28	4.2
Wheat Flour	275	0.275	25	6.87
Pulses	100	0.095	70	7
Sugar	30	0.04	40	1.2
Oil	30	0.03	130	3.9
Milk/Curd	250	0.25	40	10
Salt	5	0.005	12	0.06
Onions	100	0.1	20	2
Tomatoes	75	0.075	30	2.25
Potato	50	0.05	14	0.7
Green Vegetables	175	0.175	Avg. Rate of 4 veg. -- 31.25	5.46
Fruits	150	0.15	Avg. Rate of 3 Seasonal Fruits - 73.3	11
Green Chillies	10	0.01	40	0.4
Tea/Coffee	10	0.01	40	0.4
Masala	10	0.01	250	2.5
Oil Seeds	45	0.045	360	16.2
		Daily Expenditure	Total	74.14

**(C) TOTAL DAILY EXPENDITURE ON A 3000 KCAL NON-VEGETARIAN DIET
NON-VEGETARIAN DIET REQUIREMENT (FOR HEAVY WORK)**

Items	Daily Requirement (Gram/ML)	Weight (Kg/Litre) (W)	Unit Price or Price per Kilo (in Rs) (P)	Expenditure Required (in Rs) (WP)
Rice	150	0.15	28	4.2
Wheat Flour	275	0.275	25	6.875
Pulses	95	0.095	70	6.65
Sugar	40	0.04	40	1.6
Oil	30	0.03	130	3.9
Milk/Curd	250	0.25	40	10
Salt	5	0.005	12	0.06
Onions	100	0.1	20	2
Tomatoes	75	0.075	30	2.25
Potato	50	0.05	14	0.7
Green Vegetables	175	0.175	31.25	5.46
Fruits	150	0.15	73.3	11
Green Chillies	10	0.01	40	0.4
Tea/Coffee	10	0.01	40	0.4
Masala	10	0.01	250	2.5
Oil Seeds	45	0.045	360	16.2
Eggs	50	0.05	5	0.25
Chicken/Fish/Mutton	30	0.03	270	8.1
		Daily Expenditure	Total	82.545

Food Style	Daily Expenditure (in Rs)	Calories Obtained from the Above Prescribed Diet	Expenditure per Calorie	Expenditure Required for 3000 Kcal Balanced Diet per Person (in Rs)	Daily Expenditure per Person (Figure Rounded off (in Rs))	Daily Expenditure on 3 Consumption Units	Monthly Expenditure for 3000 Kcal Diet for 3 Consumption Units (in Rs)	Monthly Expenditure in PPP (22.4 PPP Conversion Factor for Private)
Vegetarian Diet	74.15	2994.78	0.02	74.18	74.00	222.53	6676.02	298.04
Non-Vegetarian Diet	82.55	2998.65	0.03	82.69	83.00	248.06	7441.92	332.23

**(D) MONTHLY EXPENDITURE ON FOOD
AVERAGE OF VEG./NON-VEG. DIET**

7058.97	315.13
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