



FACT-FINDING REPORT INTO VIOLATION OF WORKERS' RIGHTS AT SHAHI FACTORY

KUPPAM, ANDHRA PRADESH, INDIA

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I. INTRODUCTION

On the 9th of May 2022, around 2,000 workers from the Shahi Exports factory - Unit 44 at Kuppam, in the southern state of Andhra Pradesh, India gathered to protest outside their factory. The workers were protesting their low wages – a grievance they had been consistently raising with no respite for several months. Though the issue of low wages was the initial impetus for the protest, workers highlighted a range of labour rights violations at the factory during their five-day protest – from verbal and sexual harassment to lack of breaks and unsanitary washrooms.



The Shahi Exports factory in Kuppam is one of the many factories owned by Shahi Exports Pvt Ltd (“**Shahi**”). Considered one of India’s largest garment suppliers and manufacturers, Shahi, according to their own data, employs over 113,000 employees

in 50 factories across nine states¹ and supplies to major global brands and retailers, including H&M, Marks and Spencers, PVH, Primark, Uniqlo, Tesco Unit, and Columbia Sportswear.

Last year alone, Shahi made a whopping revenue of 500 crores Rupees.² Shahi's workers in factories across Karnataka, NCR and Haryana, in contrast, earn roughly between 10,000 to 11,000 Rupees per month - a sum barely enough to cover basic food and health expenses - let alone pandemic-related financial difficulties. The workers at Shahi Unit 44 at Kuppam earn even lesser than their Shahi peers at other factories. Their wages are between 8,000 to 9,000 Rupees a month, a sum that violates the statutory minimum wages of around 11,000- 11,500 Rupees stipulated by the State of Andhra Pradesh.³

Shahi is no stranger to labour rights violations. Several media and fact-finding reports have over the years documented many labour violations committed by Shahi across its factories in India.⁴ Workers in these factories have accused the Shahi management of violations ranging from indulging in criminal violence against workers, (in a Shahi facility in Karnataka, managers physically assaulted ten workers who organised with a trade union), refusing to pay decent wages, retaliating against workers for unionising, to creating a culture of impunity around sexual and verbal harassment.

The protests between 9th to 13th May 2022 at the Shahi factory in Kuppam came to the attention of the Asia Floor Wage Alliance (“**AFWA**”) after workers at the factory in Kuppam contacted one of AFWA's union partners regarding their abysmal working conditions. AFWA India then dispatched a fact-finding team to Kuppam to document the working conditions at the factory and understand the nature of the protest staged by workers. Most media and fact-finding reports on Shahi's labour violations have mainly concentrated on violations at factories in major cities like Bangalore, Haryana and NCR. Shahi factories in rural areas have largely avoided all scrutiny into their work

¹ <https://www.shahi.co.in/>

² <https://www.tofler.in/shahi-exports-private-limited/company/U18101DL2005PTC138730/financials>

³ <https://www.lexplosion.in/wp-content/uploads/2022/04/Andhara-Pradesh-Minimum-Wages-2022.pdf>

⁴ <https://www.workersrights.org/factory-investigation/shahi-exports-pvt-ltd/>; <https://www.thenation.com/article/world/garment-worker-factory-pace/>

due to their location. Against this backdrop, the fact-finding into the protests and violations at the Shahi factory in Kuppam gains considerable importance.

The following report documents the findings and recommendations of the fact-finding team's investigation into the working conditions of workers at the Shahi factory in Kuppam and the aftermath of the protest staged by workers. The report covers several labour violations at the factory which include - ***management's refusal to pay statutory minimum wages, retaliation against workers for their five-day protest, and oppressive working conditions ranging from gender-based violence and harassment and inhuman production targets to lack of sufficient ventilation and sanitary toilets.***

II. THE FACT-FINDING TEAM

The fact-finding team ("**Team**") of AFWA, India consisted of two lawyers, Aman Khan and Madhulika T, and a field organiser Yuvaraj S. All three members undertook the fact-finding mission over two days - from 23rd May to 24th May - at Kuppam, Andhra Pradesh. They spoke to a total of 18 workers during the fact-finding visit.

III. FINDINGS

Most meetings and interviews were conducted at the workers' homes. The Team met a range of workers during their visit - from those who have been working at the factory for five years to trainees who have been working for a month. Many workers that the Team interviewed had studied only up to the 10th standard. Only five workers had received a college education. All workers interviewed fell within the age group of 18 to 39 years and several hailed from Dalit community. The fact-finding team observed that the workers either belonged to Dalit community or other marginalised and vulnerable sections of society.

A majority of the workers the Team interacted with were tailors, though the group also spoke to two workers from the Human Resources (HR) department, three workers who are operators, one trainee, and one staff member. Of the 18 workers the Team spoke to, five workers had quit working at Shahi last year. All the workers spoken to, were locals and hailed from Kuppam or nearby hamlets. The workers informed the Team that the Shahi factory attracts workers not just from Kuppam but from villages all around Kuppam, even those as far as 30 kilometres from the factory including bordering villages of Karnataka and Tamil Nadu.

Staff members are seldom hired by the management from Kuppam, perhaps fearing that local representation at the staff level may be a hindrance to maintaining the harsh disciplinary supervisory practices on workers, that seem to have become the norm in the factory.

“The management at Shahi holds a lot of contempt for local people and seldom hires for the staff-level category from Kuppam. Working as a staff member, I’ve seen several well-qualified applicants being rejected for the sole reason that they hail from Kuppam.”

– Usha, 25, ex-staff member at HR Department, Shahi factory

Workers stated that since the factory's inception at Kuppam in 2016, the factory has been manufacturing garments predominantly for the US-based brand Columbia Sportswear. The main garments produced are jerkins, pants, and shorts. Workers described the factory as having 19 production lines, all situated on a single floor. Workers reported that every production line is manned by a captain. The captain is usually a worker who previously worked as a tailor. A captain's sole job is to monitor the work being undertaken by workers on the production line, and ensure that they are meeting their hourly targets. Above captains, there are supervisors, floor-in-charges, assistant production managers, and production managers, who oversee the factory floor's overall functioning. Workers reported that almost all the workers working as tailors in the factory are women, with only a handful being men.

During the interviews, it became clear to the Team that the workers are angry and upset not only with the low wages but also with the lack of dignified working conditions they are forced to face at the factory every day. Verbal abuse and sexual harassment appear to be the hallmarks of the management's working style at Kuppam. Several workers the Team spoke to had resigned (with some workers resigning from duties several times) due to abuse from their supervisors, only to re-join due to a lack of other employment opportunities. It was clear that most workers chose to work at the Shahi factory only due to lack of alternative employment options at Kuppam. Two workers who quit last year due to the high levels of verbal abuse they faced at the factory expressed their intention to re-join Shahi. They were unable to find alternative jobs to support their families.

“I feel as though the role of captain and supervisors were created in the factory for the sole reason of harassing and abusing the workers.”

– Lakshmi, a 33-year-old tailor at Shahi Factory

Most of the workers were uninhibited in their interviews with the Team. They spoke willingly, except for one worker who wished to stay anonymous and another worker who was hesitant, fearing retaliation from the management. Many female workers who were initially reluctant to share concerns about sexual propositioning and other health-related issues, including concerns over their menstrual cycles, freely shared their problems with the Team towards the end of the interview. However, only one worker was willing to share with the Team her personal experience as a direct victim of sexual harassment. Most other instances of sexual harassment were relayed to the Team by workers who preferred to relate as witnesses.⁵ The workers told the Team that women workers who have been directly propositioned for sex are fearful of directly speaking about their experiences at the factory for fear of retaliation. However, this problem, they claimed, was pervasive and widely prevalent.

⁵ It is important to note that research shows how survivors of gender-based violence often hesitate to report their experiences due to fear of management and society; and instead tend to speak of such harassment in the third person.

The Team was struck by the range of the issues - health issues, accidents, sexual abuse, debt, and basic issues of survival - that these workers, especially women workers in their twenties, were and are facing. Many of these issues have been festering since Shahi factory's inception in 2016, without any means of redress. There is an urgent need for a platform or a union to take up these issues with the management as and when they appear and work towards resolving them.

1. Non-issuance of Appointment Letter

- a. Several workers the Team interviewed did not receive an appointment letter from the management. Even those who received the appointment letter informed the Team that no details other than the joining date were mentioned. Basic details such as salary, designation, and working hours were not included. However, all workers reported having received their identity cards.
- b. One worker informed the Team that following the protest, the management has begun to issue appointment letters to workers they previously neglected to issue an appointment letter to.

"I had no prior experience at tailoring before joining Shahi. Upon joining, I received training only for a single day before being dispatched to stitch garments on the production line. At the production line, my supervisors would constantly berate me and call me names for committing small mistakes. Once in response to a minor mistake I made, the supervisor flung a handful of garments at my face."

- Rama, a 21-year-old tailor at Shahi factory

2. Coercive Working Conditions

- a. Workers are barred from speaking to one another on the production line. If caught talking, they are verbally abused by their supervisors. Workers are also not allowed to use their phones while working, even for emergencies. If workers are found with a phone, their phones are confiscated.

- b. Workers who join the factory as trainees with no prior experience are not provided with full and comprehensive training. Instead, they are trained for a couple of days, before being directed to meet production targets similar to more experienced tailors. Many trainees resign as a result. Importantly, the wages paid to trainees remains the same even after they are moved to the production line, despite trainees having the same role and responsibility as other tailors.
- c. Hourly production targets set for workers are unreasonably high. Workers have a production target of 100 garments per hour. If workers fail to deliver these targets, they are abused and humiliated in filthy language. This humiliation is often public - supervisors surround the worker and shout at deafening levels - to ensure everyone in the production line hears the abuse being meted out. As per the workers, such public humiliation aims to serve as a threat to other workers to complete their targets. Several workers confessed to the Team that their fear of being abused for missing production targets was so high that they would often skip their lunch break to complete their targets for the day.
- d. Workers frequently faint on the production line due to the high-stress environment created by the management. Rather than try to destress the work environment, workers are provided glucose by the management and asked to resume work almost immediately.



- e. Workers are abused verbally if their stitching is found wrong. One worker informed the Team that her supervisor, on discovering a mistake she made while stitching, threw a handful of garments at her face.
- f. Caste-based insults are frequent at the Shahi factory, as per two workers, who bravely shared their grievances with the Team. A staff member who worked at the Organisation Development department at the factory also supplemented this fact and reported that several complaints regarding managers using caste-based insults were reported to her, particularly against Mr. Anjinelayu, a manager from the HR department. However, no steps were taken by the management to address these complaints, as per the staff member.

3. Denial of Breaks and Basic Amenities

- a. Workers receive only a half an hour break for lunch. Since workers are required to deposit their bags in a storage room, their lunchtime is often cut short due to the large queues that form outside the storage room to retrieve the lunch from their bags. A worker reported that they are strictly prohibited from retrieving any bags other than their own, making their waiting time longer. Workers in effect get only 15 minutes for lunch every day. Workers also revealed that towards the end of the half an hour lunch break, a lady guard would blow her whistle continuously, not allowing workers even a moment of respite to complete their lunch. No tea breaks are given.
- b. Washrooms are extremely unclean. Though there are 30 washrooms present in the factory, only 15 washrooms are open for each shift for the workers to use. A guard is stationed outside the washroom with a whistle to control the time spent by workers in the washroom. If a worker spends more than a couple of minutes inside, the guard blows the whistle continuously, hastening the worker to return to work. Workers stated that bathroom breaks are deeply frowned upon by the management. If a worker is found taking a bathroom break the supervisors, ask them, *“How can you have pending targets and go to the washroom?”* The supervisors also demand that workers seek permission from them before visiting the washroom.

4. Oppressive and Punitive Policies for Holidays and Attendance

- a. Workers have one day off in a week: the designated holiday being Sunday. However, workers reported that many times, as compensation for Government mandated holidays, the Shahi management would force the workers to work on Sundays to keep up with production requirements. No overtime is paid for the work extracted by the management from workers on Sundays.
- b. Management is highly oppressive about its production targets and discourages any leave or holiday. The management has an attendance incentive for workers, where Rs 100 to Rs 200 is given as an incentive for not taking a single holiday during the month.
- c. The management is reluctant to grant workers even emergency leave. If workers absent themselves for more than one day a month, their wages are cut. The amount deducted is usually arbitrary and differs from person to person.
- d. Wages are arbitrarily cut if workers arrive late at the factory. There is no parameter determining why a particular amount is cut. Workers claimed that arriving even 5 minutes late to the factory premises led to a deduction from their wages.
- e. Workers who take holidays – notwithstanding the emergency - are targeted by the management on their return. They are shifted from work they are familiar with to work they are unaware of, pushing workers to struggle to complete their production requirements, making them easy targets for the management.

5. Unsafe and Unhealthy Factory Conditions

- a. For a factory with over 2000 workers, there is only one dispensary, with three beds – two beds for female workers and one for male workers. Often, multiple workers are forced to share the same bed at the dispensary. Workers reported that the dispensary is regularly short on medicines and that workers are often directed to purchase medicines themselves. If women workers require sanitary pads from the dispensary, they are expected to pay money for it.

- b. The workers stated that there have been many accidents in the factory, especially on the production line. These accidents are usually caused due to the high pressure exerted on the workers to meet their hourly production requirements. Accidents, such as fingers being cut by the machine or needles, are routine. However, other than basic first aid, no other help is extended by the Shahi management to these workers. Many times, the workers are expected to resume work on the same day. If a worker takes leave owing to such an accident, money is deducted from their wages on account of the worker taking a sick day.
- c. Almost all women workers the Team spoke to reported having developed menstrual problems after joining the Shahi factory. Many of them cited the heat emanating from the machines as one of the reasons for their irregular periods and extensive bleeding. One worker who was admitted to the hospital told the Team that the doctor diagnosed her health problem to be one caused by low levels of blood in the body, possibly related to heat from the machines. Other health problems workers reported included breathing and cough issues caused by exposure to dust, poor eyesight, and body pains from working for long hours without any movement.
- d. There is no provision for air conditioning at the production line where the tailors undertake their work. There are only nine fans for a factory floor with 19 production lines. The workers complained that the speed of these fans is reduced to a minimum to ensure that none of the garments fly from the table, and their placement is such that the airflow does not reach many workers in the production line - especially the first and second line. Workers are therefore made to work in highly uncomfortable and unfavourable conditions. This is exacerbated by the fact that Andhra Pradesh, where this factory is situated, is a tropical region, with soaring temperatures, especially during the summer months. In the months of April-June, the temperatures rise to almost 50 degrees Celsius (122 Fahrenheit).

- e. There is no transport provided for workers, despite the Shahi management being aware that several workers travel more than 30KM to reach the factory. Workers who come from a distance either catch a bus or an auto rickshaw to reach the factory. Most workers we interviewed travelled by auto rickshaw and reported spending about Rs 1,600 - roughly 1/4th - of their wages on this commute. The workers also highlighted that close to thirteen people travel in each auto which has a seating capacity of only seven - making their commute highly uncomfortable and distressing.



6. Violation of Covid Protocols during the Pandemic

- a. During the first nationwide lockdown in 2020, contrary to directions given by the Central Government to shut down all operations, the Shahi factory at Kuppam continued to function at full strength. Only the workers were called to work. No member from the staff category reported for work during the lockdown. Only after a protest led by workers, which was joined by the local people and politicians of Kuppam - 15 days into the lockdown - demanding for the factory to be shut, did the management close the factory.

- b. There was a complete absence of Covid protocols in the factory during the pandemic. No arrangements were made to ensure social distancing in the production lines. Some workers also expressed doubts over the quality of the sanitiser provided. They felt that the sanitiser was diluted with water.
- c. Workers were forced to come to work, despite many of their peers contracting Covid-19 on the production line. Workers were also refused sick days despite suffering from vaccine-induced side effects, including fever. One worker stated that when she requested permission for sick leave on account of vaccine-induced fever; her supervisor said in response, *“You are not the only one to get the vaccine. Why should we especially give you a holiday?”*

7. Gender-Based Harassment and Violence (“GBVH”)

- a. Workers' testimonies revealed a severe and pervasive pattern of verbal and sexual harassment on the factory floor.
- b. Every woman the Team interviewed testified to being verbally abused directly by their supervisors and other management-level executives. Workers reported that their supervisors would yell, ridicule, and abuse them for a variety of reasons, including working “too slowly,” talking to their peers, taking bathroom breaks, and not finishing their production targets. The abuse they explained is tied chiefly to the unreasonable production targets they are expected to fulfill. Workers complained of their supervisors calling them degrading names such as *“kothi”* (monkey), *“gorrilu”* (goats), *“kuka”* (dog), and *“somberu”* (lazy). Workers also consistently reported that supervisors insulted them or their co-workers with epithets such as *“Why are you so lazy?; Are you coming here for time pass?”*; *“Emi peekidhani ki osthunaru?”* (*Why do you come here when you do nothing?*); *“Kuppam vollu gorallu’s laga ostharu Shahi ki?”* (*Why do these sheep [derogatory slang] from Kuppam come here to do nothing?*).

Workers specifically named Production Managers Jagadeesh and Nagraj, Assistant Production Manager, Manjunath, Floor in charge Anapoorna,

Welfare Officer Mamata, Dispatch In-charge Lata, and Industrial Engineering Manager Sukumar as being the most abusive.

- c. While one woman worker the Team interviewed reported being directly subjected to sexual harassment and caste-based insults, most other women workers related as witnesses and shared with the Team stories of sexual harassment their peers have faced.⁶ These stories comprised of lewd comments, being touched inappropriately by their supervisors on the production line and being solicited for sex by their managers.
- d. Workers provided accounts of retaliation for reporting cases of GBVH to the management and the culture of impunity enjoyed by perpetrators at the factory. Due to retaliation and lack of any official channels of redress, many workers end up resigning on their own accord. The Team was informed of two cases where such resignations occurred in the past year alone.

Case of Padma⁷

One worker Padma, who worked as an HR Assistant, was forced to resign due to the GBVH she faced on the factory floor and gave her account to the Team. A manager, Mr Anjineyalu, passed lewd comments to another worker Hari, on Padma's backside and commented, "*Who will marry her?*" This was accompanied by a slew of caste-based insults against Padma, who belongs to the Dalit community. She expressed that once the case came to be reported, the management left no stone unturned in uniting against her and supporting the manager.

When staff from the HR department took up this complaint to the General Manager and the Organisation Development Manager, both responded by saying that such issues are common and that managers cannot be questioned for such actions. She was asked to keep quiet, suppress the issue and calm down instead. For

⁶ It is important to note that research shows how survivors of gender-based violence often hesitate to report their experiences due to fear of management and society; and instead tend to speak of such harassment in the third person.

⁷ Name of the worker has been changed to protect her identity

taking up this case, the member of the staff was targeted and made to resign. Similarly, two others who supported Padma were targeted. One resigned due to targeted harassment; another worker was transferred to another department.

"I've been living in hell for the past two years; they think so low of people from the Dalit community that they can speak and treat us however they want to in the factory."

– Padma, 33, HR Assistant at Shahi factory

Workers also reported that the General Manager called a couple of workers promising them a promotion if they favoured the management in this case.

This case also revealed the extent of support the Shahi management holds with the local Kuppam police force. When Padma filed an FIR reporting the sexual and caste-based harassment she faced, the police refused to register an FIR. Padma reported to the Team that the whole time she spent at the station, the police were on call with Shahi's manager Yuvraj. It is only after Padma raised a complaint on the DISHA App - a mobile app created by the Andhra Pradesh Government for women to report crimes – did the police register an FIR. Padma was made to spend 4 hours at the police station before her complaint was officially registered. Police support for Shahi stems from the fact that many of them are provided freebies from the factory. Workers claim that the local police regularly visit the factory to take free jerkins from the management.

Case of Kanakalatha⁸

In another case, the Maintenance Manager, Mr. Kishore under the pretext that a worker did not wish him good morning, proceeded to touch her, allegedly to teach her how to greet a manager. When this case was reported, the General Manager directed that no issue be made from this case, and instead, the worker be dealt with in private. Later, the worker in question, resigned, though it is not confirmed

⁸ Name of the worker has been changed to protect her identity

if the resignation was due to this incident. This case was reported by a staff member to the Team.

8. Wage Disparities & Violations

- a. The workers at the Shahi factory at Kuppam have been divided into “unskilled” and “semi-skilled” workers. Unskilled workers who are usually trainees are roughly paid 6000 Rupees a month while semi-skilled workers earn around 8000-9000 Rupees.
- b. Workers who gain considerable experience are made supervisors. While they are assigned the workload and responsibilities of a supervisor, they are not provided any official designation which reflects their promotion to a supervisor. Their wages also remain at the original worker level.
- c. The wages paid to Shahi workers at Kuppam stand in stark contrast to wages paid to Shahi workers in other States like Karnataka, NCR, and Haryana. In Karnataka, Shahi workers are paid about 10,500 to 11,000 Rupees and in NCR and Haryana, about 11,000 Rupees. When workers raised concerns over this disparity, the Shahi management at Kuppam responded stating: *“That is a city, this is a village. This salary is more than enough for Kuppam village”*; *“If you raise this issue again, we will close the Shahi factory at Kuppam and leave”*; *“Ask the Government to raise the minimum wages first, only then we will raise yours”*; *“You don’t deserve more than 5000 rupees for your work.”*
- d. The wages being paid to workers at the Shahi factory are in violation of the Minimum Wages Act, 1948. As per Notification No. G/723/2022 published by the Government of Andhra Pradesh on the 1st of April, 2022 the minimum wages payable for tailors is around 11,000 Rupees. Since April, the management has not paid the statutorily mandated wages.
- e. Workers working at Shahi for over 5 years have received only one increment to their basic wages throughout their tenure of work. Workers reported that they were promised an increment in the month of April 2022, but no such increment

was given. In contrast, the management-level staff at the factory received a substantial wage hike in the month of March 2022.



- f. While tailors at the Shahi factory are not required to work beyond their stipulated work hours, workers in the shipping and packaging department are often expected to stay beyond their work hours and were facing issues concerning overtime pay as per the workers the Team interviewed. The Team was also informed by a worker who previously worked in the HR department that the overtime work recorded on the factory's biometric system would in some occasions be wiped from the system, and no pay would be given to the workers for the overtime hours they worked.

9. Blatant Denial of Social Security

- a. **Gratuity:** Workers reported that when some of their peers attempted to resign after completing five years of service at the factory, the management allegedly told the workers that gratuity is offered only after completing seven years in service rather than five years, forcing several workers to continue with their job under this false assumption.
- b. **Employee State Insurance (ESI):** Workers at Shahi have not been provided an ESI card by the management despite ESI being cut from their wages every

month. Workers informed the Team that it was only following the protest that the management began to ask for details from workers to provide them with the ESI card.

10. Non-availability of Grievance Redressal Mechanism

- a. Shahi factory at Kuppam has an Organisation Development Division under the Human Resources Department to handle workers' grievances. There are committees under this division, namely: (a) Works Committee (b) Canteen Committee, (c) Environment, Health, and Safety Committee (d) Internal Complaints Committee, and (e) Grievance Committee. Workers reported that these committees are a mere formality. No worker that the Team interviewed expressed any faith in these company-led mechanisms. They accused these committees of being biased towards the management and being anti-worker. Workers complained that they had no voice in the meetings convened, and only workers who were friendly with the management are made part of them. It was mentioned that the management themselves drafted the reports produced by these committees with no worker input, merely for meeting auditing requirements.
- b. None of the workers the Team spoke to - who either witnessed or personally experienced sexual harassment - filed a case before the Internal Complaints Committee of the factory. All workers, however, knew of its existence. The workers informed the Team that their refusal to use this mechanism stemmed from their deep distrust of the management and their lack of faith in the management to hold perpetrators accountable. This distrust, the workers claimed, was grounded in the experience of their peers.

11. Debt-Ridden and Impoverished

- a. The low level of wages paid by the management has had a serious impact on the workers' ability to afford their families' basic needs, including food and medical care. Many workers complained about the high price of oil and how even basic cooking items are now beyond their reach.

- b. Almost all workers reported to having taken debts from money lenders and loan sharks to keep their families afloat every month. This has resulted in a situation where none of the workers the Team met have any savings and, worse yet, are buried in debt.

“I joined Shahi with the sole intention of earning enough money to secure a decent education and future for my two children. But I could not stand the management’s constant and unbearable harassment to meet production targets and was forced to quit last year. As I was already knee-deep in debt, I had no choice but to pull my children out of private school. I have been searching for alternative jobs for over a year, with no success. Due to my family’s current financial condition, I might have no option but to re-join Shahi and face everyday harassment again.”

– *Haritha, a 28-year-old tailor at Shahi factory*

- c. Several women workers described high levels of stress associated with their children's education. Two workers expressed that their main motivation for taking up jobs at Shahi was to ensure that their kids get a decent education. However, due to their low wages, several workers were forced to transfer their children from private schools to government schools (whose quality is significantly worse) due to their inability to pay private school fees.

12. Retaliation Due to Protest

- a. Following the protest, workers reported that several managers and supervisors began to mimic the slogans raised by workers during the protest on the factory floor. They would target workers who raised the slogan *“We want more wages!”* by screaming *“We want more production!”* They would also constantly belittle the workers by saying *“You all shouted you want more, you want more, outside [the factory]. I dare you to ask the same here [inside the factory].”*
- b. In response to the protest, the factory management has amped up their surveillance of the workers. While workers would be harassed for using their phones during working hours even prior to the protest, the management has

begun to enforce the rule in full force following the protest. Workers informed the Team that the management has now made an announcement that there would be a complete ban on bringing phones into the factory premises. This has caused great distress to many women workers who worry that this move compromises their safety. Many women workers travel great lengths, often through forest areas, to reach the factory. A phone is crucial therefore for their safety.



- c. To prevent workers from communicating and building solidarity in groups within their production lines, the management has begun to reassign their work and change seating arrangements following the protest. Workers who are assigned new roles are expected to maintain high production targets despite their lack of experience in the new roles and are abused for failing to complete their targets.
- d. The quality of drinking water being served to workers has severely deteriorated in quality after the protest. Workers claimed that when they raised this issue with the management, the management belittled them by asking, “*Are you drinking mineral water at home to complain about the water quality here?*” As a result, most workers have stopped drinking the water being provided by the management.

- e. Wages have been deducted for all workers who participated in the protest. The amount has been deducted based on the number of days the workers participated in the protest. Workers reported that in the week prior to depositing their wages, the management demanded that workers who participated in the protest submit a leave letter requesting earned leave for the protest days if they wanted payment. Only those workers who submitted the leave letter received wages for the protest days.

IV. VIOLATION OF NATIONAL LAWS, INTERNATIONAL LABOUR STANDARDS, AND BRAND'S CODE OF CONDUCT

The actions and conduct of the Shahi management at the Kuppam factory violate several international labour standards and national laws of India. They also contravene the Code of Conduct for Supplier Factories set by Columbia Sportswear, the primary sourcing brand. The various violations are captured below:

1. Minimum Wages Act, 1948 (“Minimum Wages Act”), India

By paying workers less than the minimum wages notified by the Government on 01.04.2022 the Shahi management is violating the provision of the Minimum Wages Act of 1948. As per the rates notified under the law, the management is expected to pay around 11,000 Rupees to its workers employed as tailors; however, it is only paying about 8000-9000 Rupees. The management has engaged in wage theft for all the months it has refused to pay its workers their statutory minimum wage.

2. Industrial Employment Standing Orders Rules, 1946 (“Standing Order Rules”), India

- a. By not issuing every worker an appointment letter with the exact nature of the worker's terms and conditions of employment with the factory, the management is violating Schedule I-B of the Standing Orders Rules, 1946 which states “*the employer shall in accordance with the terms and conditions*

stipulated in the letter of appointment, confirm the eligible workman and issue a letter of confirmation to him.”

3. Factories Act, 1948 (“Factories Act”), India

- a. As per Section 13 of the Factories Act, the employer has to provide adequate ventilation by the circulation of fresh air and maintain a temperature that will provide reasonable conditions of comfort to workers and prevent any injury to health. As discussed above in Part III 5(d) there are only 9 fans for the entire factory floor. In addition, the existing 9 fans are set at a minimum speed, as a result of which most workers on the production line receive no air for the entire work day.
- b. As per Section 19 of the Factories Act, all latrines and urinals in the factory must always be maintained in a clean and sanitary condition. Every worker the Team interviewed stated that the washrooms were unusable because of their unsanitary and dirty conditions.
- c. As per Section 47 of the Factories Act, the canteen facilities provided for the workers to sit and eat their lunch must be suitable and adequate. However, the area demarcated as the lunchroom in the factory is very small, and not at all sufficient for a factory with over 2000 workers.
- d. As per Section 55 of the Factories Act, no worker should be made to work for more than five hours without a break of at least half an hour. As seen in Part III 3(a) workers barely get a break of 15 minutes for lunch.
- e. As per Section 59 of the Factories Act, when a worker works for more than nine hours in any day or for more than forty-eight hours in any week, the worker shall be entitled to wages at the rate of twice the ordinary rate of wages. As captured in Part III 8 (e) they were times when the overtime work was erased from the biometric system, which meant that workers were not remunerated for their overtime work.

4. The Employee State Insurance (General) Regulations, 1950 (ESI Regulations), India

- As per Section 17 of the ESI Regulations, the employer is expected to provide an identity card to their employees to enable them to access their benefits under

the Employee State Insurance Act, 1948. However, as seen in Part III, 9 (b) no ESI cards have been provided to workers till today.

5. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act of 2013 (“the POSH Act”), India

- As per Section 19 (a) of the POSH Act it is the duty of all employers to *“provide [women workers with] a safe working environment at the workplace which shall include safety from the persons [with whom they are] coming into contact at the workplace.* As explained in Part III, 7 the management fostered a system where women could be sexually harassed with impunity. No workers the Team interviewed, expressed any faith in the management addressing complaints of harassment.
- As per Section 19 (b) of the POSH Act, the employer is required to *“organise workshops and awareness programmes at regular intervals for sensitising the employees with the provisions of the Act and orientation programmes for the members of the Internal Committee in the manner as may be prescribed.”* Other than mentioning the POSH Act and the Internal Complaints Committee during orientation, the management has taken no steps to date to organise workshops or awareness programmes for the workers.

6. International Standards as contained in ILO Conventions

a. On minimum wages

- By not paying statutory Minimum Wages, Shahi is in violation of Article 4(2) of **Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)** which clearly stipulates that *“A worker to whom the minimum rates are applicable and who has been paid wages at less than these rates shall be entitled to recover, by judicial or other legalised proceedings, the amount by which he has been underpaid, subject to such limitation of time as may be determined by national laws or regulations.”*
- Shahi is further in violation of Article 8(1) of **Protection of Wages Convention, 1949 (No. 95)** which clarifies that *“Deductions from wages shall be permitted only under conditions and to the extent prescribed by*

national laws or regulations or fixed by collective agreement or arbitration award.”

- Shahi has also violated **Minimum Wage Fixing Convention, 1970 (No. 131)** which attracts sanctions and penal provisions for failure to pay statutory minimum wages and not respecting freedom of collective bargaining by retaliating against workers after peaceful protest.

b. **On discrimination**

- Shahi has further violated Article 1(1) of **Discrimination (Employment and Occupation) Convention, 1958 (No. 111)** which prohibits any distinction, exclusion, or preference made on the basis of race, colour, sex, religion, political opinion, national extraction, or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation.

c. **On violence and harassment**

- **Violence and Harassment Convention, 2019 (No. 190)** prohibits gender-based violence and defines violence and harassment as *“a range of unacceptable behaviours and practices, or threats thereof, whether a single occurrence or repeated, that aim at, result in, or are likely to result in physical, psychological, sexual or economic harm, and includes gender-based violence and harassment.”*
- C190 further defines gender-based violence and harassment as *“violence and harassment directed at persons because of their sex or gender, or affecting persons of a particular sex or gender disproportionately, and includes sexual harassment.”*

7. Columbia Sportswear’s Code of Conduct

The entire Shahi factory at Kuppam, manufactures garments for a single brand – Columbia Sportswear. In a bid to ensure humane working conditions and ethical business practices, Columbia Sportswear has developed its own code of conduct that it expects all its suppliers to comply with.

- a. The Standards of Manufacturing Practices (SMP) demands that all suppliers provide “*work environments that are free of physical, sexual, psychological and verbal harassment and abuse, retribution for grievances, and corporal punishment*”. As documented in Part III 2(a) and Part III 7 of the report above, verbal and sexual harassment is routine at the factory, with the management breeding a culture where managers and supervisors can get away with such actions at ease.
- b. The SMP states that no person will be discriminated on the basis “*of race, religion, gender, marital status, capacity to bear children, age, disability, sexual orientation, nationality, political opinion, social or ethnic origin or other status of the individual unrelated to the ability to perform the job.*” Despite workers raising issues of targeting based on caste status, as seen in Part III 2(e) the management has taken no steps to address them, thereby violating the brand’s anti-discrimination clause.
- c. The SMP requires the suppliers to pay its workers a wage that will allow the workers to meet their basic needs and provide discretionary income. The supplier is required to pay the appropriate prevailing wage or minimum wage, whichever is higher, and provide all other benefits required under the law. The SMP also requires that the supplier not deduct or withhold wages or benefits for disciplinary infractions. Far from providing the workers with a decent wage to afford basic necessities, the management does not even pay its workers the minimum wage statutorily required of them to do under the laws of India. The management as seen in Part III 4 (d) arbitrarily deducts from workers’ wages for minor infractions such as coming late. Worse still, the management is seen deducting from wages of workers who take a holiday or a sick day, which is a statutory right of workers under Indian laws.
- d. The SMP states that no worker must be made to work more than the overtime hours allowed by the law in the country and that workers must be compensated at a premium rate for their overtime work. As seen in Part III 8 (e), a worker reported that there are instances where overtime work from the biometric

system were erased, and entirely no wages were paid to workers in those cases.

- e. The SMP states that suppliers should ensure that the rules and conditions of employment at their factories should adhere to the national and international labour standards and that worker's rights should be communicated to them clearly. As seen in Part IV of the report - several international labour standards and national labour laws have been flouted by the management.

V. DEMANDS OF WORKERS

1. The management must engage in good faith dialogue and bonafide negotiation with worker representatives regarding an increase in wages for workers and other grievances including GBVH and oppressive working conditions of workers detailed in the demands.
2. Wages of all workers must immediately comply with the minimum wage notification of the Government of Andhra Pradesh, with retrospective effect from April 2022.
3. Workers must be paid overtime wages at double the rate of regular wages as stipulated in the Factories Act.
4. Wages that have been deducted from the salaries of workers who participated in the peaceful protest must be paid to them. The management must also pay the workers it tricked into claiming earned leave for the protest period their rightful wages.
5. Wages of workers must be brought into parity with the wages being received by workers in other Shahi factories in Karnataka and NCR.
6. All forms of sexual harassment and verbal abuse of workers by superior officers must cease immediately.

7. All grievance redressal committees including Internal Committee (IC) at the factory must be reconstituted in a fair manner and should have worker representatives who are elected by other workers in a fair, impartial manner that is supervised by a neutral third party, mutually agreed upon by worker representatives and management.
8. Immediate action must be taken against errant and abusive staff members like the Production Managers, Mr. Jagadeesh and Nagraj, Assistant Production Manager Mr. Manjunath, Floor in charge Mrs. Anapurna, Welfare Officer Mrs. Mamata, Dispatch In-charge Lata, and Industrial Engineering Manager Mr. Sukumar.



9. Toilets must be regularly cleaned and sanitized as mandated under the Factories Act. Additional toilets must be constructed in proportion to the number of workers in the factory.
10. Air conditioners need to be installed on factory floors to ensure that workers are comfortable while working.
11. Quality of drinking water provided to workers must be improved immediately.
12. A minimum of 45 minutes must be earmarked as lunch break for workers.

13. The management must issue ESI cards to all workers in compliance with the Employees State Insurance (ESI) scheme.
14. The management's ban on bringing phones into the factory must be revoked with immediate effect.
15. Current production targets for workers are exorbitantly high and must be reduced to a more humane target.
16. Transport facilities which are comfortable, safe, and convenient to access must be provided free of charge to all workers.

VI. RECOMMENDATIONS OF THE FACT-FINDING TEAM

1. **Good faith dialogue and negotiation:** Management must engage in good faith dialogue and bonafide negotiation together with worker representatives and Asia Floor Wage Alliance (AFWA), India on wages and other worker grievances detailed in this report.
2. **Minimum Wages:** Wages of workers must be in accordance with the minimum wages stipulated by the Andhra Pradesh Government or the wages received by workers in other Shahi factories, whichever is higher.
3. **Overtime Wages:** Workers must be paid twice the rate of regular wages for overtime work. Arrears for unpaid overtime work must be paid to workers.
4. **Appointment Letter:** Appointment letters should be issued to every worker in the factory. This letter should include in clear terms their terms of service including their designation, pay, and entitlements.
5. **Leave:** All workers must be given weekly holidays, and be exempted from work on government-declared holidays. Workers must not be forced to work on Sundays as compensation for government-declared holidays.

6. **Implementation of the Factories Act:** Workers must be provided with all facilities mentioned in the Factories Act, including sufficient ventilation for work, quality drinking water, clean washrooms, sufficient lunch break, and medical aid.
7. **Gender-Based Violence and Harassment:** Immediate efforts must be taken to adhere strictly to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“POSH Act”). The internal committee (IC) must be reconstituted, with worker representatives who are voted in a fair and justiciable manner. Awareness workshops as mandated under the POSH Act must be conducted with the help of organisations and trainers who are experts in the field of GBVH and who are selected by worker representatives and management. Information brochures on the POSH Act and its provisions must be advertised at prominent places in the factory where workers can easily access such information. AFWA is open for a dialogue with the management to implement AFWA’s Safe Circle approach at the factory, as constituted in the [Dindigul Agreement](#).
8. **Social Security:** Awareness sessions on various social security provisions available for workers including on Provident Fund, Employee State Insurance, and Gratuity must be provided to all workers. All misinformation communicated to workers on social security provisions including gratuity must cease immediately. Steps must also be taken to provide ESI cards to workers as soon as possible.

VII. RESPONSE BY SHAHI EXPORTS PVT LTD. TO AFWA’S FACT-FINDING REPORT

AFWA India reached out to Shahi for their comments on the violations indicated in the present fact-finding report before releasing it. Shahi has not given any response to the statutory violations and unfair labour practices so far. However, Shahi expressed their desire to submit the response by 25th of June, 2022.

