Workwear made in India

Labour rights violations in factories producing for European brands
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Although many studies have been conducted in recent years related to the working conditions and human rights violations of workers in the garment manufacturing industry, there is a lack of specific information on workwear manufacturing units. As workwear for European brands is produced in India, among others, the objective of this research is to investigate the labour and international human rights standards in workwear producing factories in India. Workwear manufacturing is an emerging sector in the global garment industry as well as in India. The majority of Indian workwear production is meanwhile being exported to European countries (Technopak Advisors, 2013). According to our research, the nature of employment in this sector is often informal and contractual and with little job security. Wages are low, minimum wages are violated and workers are not paid according to their skills or grade of employment. There are rampant violations related to working hours, overtime, maternal benefits, leave, employment contracts and entitlements. There is an urgent need to take measures to improve the working conditions in these factories and to strictly implement labour laws.
1. Introduction

In response to the dramatic industrial reorganisation at the global level during the second half of the twentieth century, the Indian government adopted a liberalised economic policy regime in 1990–91. In a bid to remain globally competitive, firms targeted a reduction in labour costs as a means to ensure a reduction in overall production costs. This is evident in firms failing to pay minimum wages, social security, or fringe benefits to their workforce and increasingly resorting to informal employment contracts that ensure flexibility for businesses in terms of labour costs (Abraham and Sasikumar, 2017; Ganguly, 2013).

Meanwhile, growth in the manufacturing sector in India has been sluggish (ILO, 2018). India seeks to increase the manufacturing sector’s share of the economy from 16% of gross domestic product (GDP) to 25% by 2022 (Revathy, 2018). In order to push for growth, the central government has proposed a set of labour law amendments favouring industry. The proposed reforms will make it easier for employers to dismiss labourers, harder for workers to unionise, tougher to take industrial disputes to court, and will exempt many small and medium enterprises from existing labour regulations – including health and safety regulations. These changes come at a time when there are already widespread and well-documented issues on respecting workers’ rights within existing laws and provisions (ILO, 2015).

Irrespective of the legal provisions, the average labourer in India often finds herself or himself working for abysmal wages without adequate job security and no comprehensive social security or unemployment benefits amid appalling health and safety conditions (Tiwari, 2016). While the working conditions in the fashion industry are well known, there is only little research on those conditions in the workwear sector. Some of the studies worth mentioning were conducted in Macedonia (Südwind, 2012), Vietnam (CIR, 2016) and Tunisia (CIR, 2018) and reveal abusive working conditions – e.g. overtime, low wages, no freedom of association etc. – similar to the findings in fashion wear production. In order to select the countries for case studies, an online research was conducted in 2017 by FEMNET to locate the production sites of German and European workwear companies. The research showed that the biggest productions hubs for workwear are in Macedonia and China, followed by Poland, Tunisia and Turkey, and increasingly also in India.

Workwear manufacturing is an emerging sector in the Indian garment industry, with the majority of workwear production being exported to European countries (Technopak Advisors, 2013). Workwear production is a distinctive branch within the garment industry due to its specific product and market characteristics/features. In contrast to the fashion industry, workwear companies plan for far less collections, which can be marketed for up to seven years (CIR, 2018). European brands that place orders in India (and elsewhere) focus on stock production, which could potentially translate into less time pressure for the producing factories. European workwear brands are traditionally medium-sized and often family owned (Statista, 2018). One or two generations ago, the production for these companies took place in Europe in their own factories, whereas nowadays orders are placed overseas.

The demand for industrial and protective workwear is increasing at an exponential rate (Transparency Market Research, 2019). On the one hand, companies invest more in their corporate design through corporate wear. On the other hand, a rise in global workplace accidents and fatalities are key factors for an increased awareness regarding workers’ health and safety. Furthermore, workwear is being increasingly marketed as modern and suitable for everyday life as well as for outdoor activities (CIR, 2018; brand websites1). Some brands even produce children’s clothes. The dynamic growth and lack of informati

1.1.1 Labour laws reform

Labour laws in India are seen by some to have stood in the way of the country's economic growth. For example, according to the National Skill Development Corporation (NSDC, 2011), many labour laws currently do not apply to smaller companies. This means various labour laws that apply to bigger factories discriminate against larger companies and are partly responsible for the poor competitiveness of the Indian textile and garment industry. India’s labour laws are currently being revised at three levels. First, 44 of India’s national labour laws are being consolidated into four labour codes on wages, social security, occupational health and safety, and industrial relations. The Labour Code on Wages has been passed by parliament and is expected to be implemented shortly (PRS Legislative Research, 2019a; asklabourproblem.info, 2019). The Labour Code on Industrial Relations released for public consultation was introduced in parliament in November 2019 and is currently being reviewed by the government (PRS Legislative Research, 2019b). The other two codes have been sent to parliamentary panels for further scrutiny (PRS Legislative Research, 2019c; PRS Legislative Research, 2019d).

In addition to this, other national laws, such as the Apprentices Act, have also been amended. The Apprentices Amendment Act now covers non-engineering trades and gives companies the freedom to take in trainees from other states. The Act also dilutes protections previously offered to trainees such as a regulation on permitted hours of work. There are concerns that greater freedoms to use apprentices will lead to permanent jobs being replaced with apprenticeships. Various state-level laws and regulations are also being made by Rajasthan, Madhya Pradesh, Uttar Pradesh and Andhra Pradesh to the Industrial Disputes Act, Factories Act, Contract Labour Act and others to allow greater flexibility in factory closures, hiring and firing, inspection, online registration, union recognition, and wage compensation among others (The Hindu, 2018).

Several of the labour reforms have been widely opposed. Trade unions, civil society groups and academics have been critical about the way the reforms are being pushed forward without genuine consultation. The contents of the reforms are being seen as a step back, not forward, in terms of labour rights. Further, the labour codes may significantly weaken the labour inspection system, a major function in labour law enforcement and effective compliance.

The currently valid labour laws are introduced in section 3.3.

1.1.2 Trade unions

Trade unions have come a long way in India since the first organised union formed in 1918 (MOSPI, n.d.a). India now has more than 16,154 registered trade unions representing both workers and employers, along with an unaccounted number of unregistered trade unions scattered across a large spectrum of industries in India (NDA, 2018).

Out of the total registered unions, however, 99.7% are workers unions, either at a state level (94.3%) or a central level (5%).

India has a large number of trade unions representing workers, but they have developed very slowly. Despite the slow growth, the unions have brought about some economic, political and social betterment of workers, such as increased wages, social security provisions and financial allowances (Sodhi, 2013). The chief features of present-day unionism in India are that only about 28% of the total workforce is unionised and unions are shrinking in both size and financial capacity (Gupta and Gupta, 2013). Trade union leadership faces several dilemmas. Unions are often unable to take constructive approaches because of intensive inter-union rivalries and competition amongst each other (ibid). In addition, there is a heterogeneity of members with workers from different areas, classes, castes and regions (Pandey and Varkkey, 2017; Wilson, 1996). Another important feature of the unionism is that it is mainly concentrated in a few states and in bigger industrial centres. It has also been observed that there is hardly any trade union activity in informal sectors, which often include small-scale enterprises, domestic servants and agricultural labour (Kanbur, 2017). Women members accounted for around 30% of the total membership of both central and state unions (Labour Bureau, 2012).
The textile and garment industry is one of the oldest and largest industries in India. Owing to its long history, India’s textile and garment industry is one of the few worldwide (along with China, Turkey, parts of Eastern Europe and Pakistan) with a fully developed textile value chain extending from fibre and fabric through to garment exports (Ramachandran, 2001). The sector has grown at a 6% compound annual growth rate (CAGR) since 2005. The textile industry holds a significant position in India’s economic growth and development and is one of the many sectors in terms of the country’s industrial output, employment generation and export earnings.

2.1 Economic indicators of the industry

The textile sector contributes to about 7% of industrial output, 2% of GDP and to 15% of the country’s export earnings (MOT, n.d.b). As of 2018, the textile and garment industry accounts for 13% of the total exports of the country and it provides direct employment to over 45 million people and indirect employment to over 68 million people in the value generating process (IBEF, 2018). Additionally, the textile and apparel market is currently valued at USD 122 billion and is expected to reach USD 223 billion by the year 2021 (IBEF, 2019b). Domestic consumption constitutes 70% of the total market size and the remaining 30% includes exports. Apparel constitutes the largest category with a share of 46% of textile and apparel exports followed by home textiles (14%) and fabrics (13%). Apparel exports have consistently increased. Region-wise, the European Union is the largest apparel export destination for India followed by the USA and the UAE.

2.2 Geographic features

With an estimated 100,000 factories concentrated in various regions of India, the garment sector is highly fragmented and decentralised throughout the country (MOT, 2018). Major clusters are located in Bangalore, the Delhi National Capital Region (NCR), Kolkata, Ludhiana, Mumbai, Tirupur, and other cities. Each cluster specialises in a particular product and has a distinctive social composition of its labour (Mezzadri, 2014).

Special Economic Zones (SEZ) are one kind of support that aids textiles and apparel exporters to be globally competitive. There are currently 55 SEZs for the textile and apparel sector across India (IBEF, 2019b).

2.3 Structure of the industry

The structure of the industry is broadly divided into two sectors: the organised factory sector and the unorganised non-factory sector. The organised sector includes factories registered under sections 2m (i) and 2m (ii) of the Factories Act 1948 (factories employing 10 or more workers using power/factories employing 20 or more workers without using power). Additionally, businesses can be registered in accordance with the provisions of Micro, Small and Medium Enterprise Act (MSMED) Act, 2006. 90% of garment manufacturing units fall under the small to medium sized enterprise (SME) category.

2.4 Unions in the textile sector

In the textile industry, levels of union membership are generally low. Unionisation in the garment sector remains at less than 5%, largely due to management practices that discourage workers from joining trade unions (Cividep, 2011). Much of the industry is still dominated by the informal sector with little regulation resulting in representation being at abysmal levels. In India’s textile industry, labour unions face the wrath of employers for demanding their rights (Scroll, 2018). Due to limited government data (the most recent publicly available data from MOSPI is from 2013) it is difficult to assess current trade union membership levels in India. Trade unions in the garment and textile industry are typically organised outside factories in worker communities. Where trade unions do exist, their power is however limited. Those workers who participate may face discrimination. Furthermore, collective bargaining agreements are virtually non-existent in the garment industry (Cividep, 2011).

2.5 Employment and workforce composition

In India, the textile and apparel sector is the second largest provider of employment after agriculture. It provides direct employment to over 45 million people and indirect employment to over 68 million people (IBEF, 2018). This includes a substantial number of Scheduled Caste (SC)/Scheduled Tribe (ST) (SC/ST) and women workers (60%) (MOT, n.d.a; Kane, 2015). The industry generates significant employment in different stages of the supply chain (from raw materials and manufacturing through to retail sales) through forward and backward linkages, both in traditional (production of cotton and other natural fibres) and modern activities (textile design, etc).
Social composition of the garment-sector workforce varies depending on the production hub, though in general workers are between the ages of 20 to 40. In the north, the industry employs mainly male workers, while in the south about 80% of workers are female, with up to 90% female labour in Bangalore (Fair Wear Foundation, 2016). Most of the workers come from economically and socially disadvantaged backgrounds. The workforce is also largely made up of first-generation industrial workers, many of whom have migrated from rural areas for employment. These are the factors influencing patterns of employment relations and organisation in the sector. As highlighted by Sharma (2014), an overwhelmingly large percentage of workers (about 92%) are engaged in informal employment and a large majority are low earners with limited or no social protection.

Contract workers make up a significant portion of the workforce and are employed along all segments of the garment supply chain in the NCR (Mezzadri, 2014; Verite, 2010). According to a study by the Society of Labour and Development (2013), which covered 200 garment workers across different export-oriented companies in the NCR (The National Capital Region), 55% of workers were found to be working on a contract basis in such companies.

Workwear production is an emerging industry in the Indian garment industry. The Indian workwear segment is estimated at approximately USD 900 million and is expected to grow by 15% annually by the year 2020 (Jathar, 2015). Many workwear manufacturers and suppliers in India produce for local and international markets, companies such as Jayshree Textile, Arvind Ltd. and Safechem International who supply technical workwear fabrics. Others, such as Armstrong Products Pvt Ltd., Malcom (India) Ltd. and 3M India, are suppliers of uniforms and all kinds of safety products or protective personal equipment (PPE) in India. But compared to China, only few manufacturers offer high-visibility warp knit or workwear fabrics on a large scale which meet US or European standards (Jathar, 2015).
3.2 Introduction to the brands and companies

The researchers identified that only the factory named “factory 2” exclusively manufactures workwear. The other two factories in the field research produce workwear as well as other garments. The names of factories will not be disclosed to respect employment safety of the interviewed workers.

The CERVA Group is a Czech workwear brand producing vast range of workwear – shoes, trousers, jackets, T-shirts, sweatshirts, gloves, helmets, goggles, respirators and others. Since 1991, the CERVA Group has opened branches and founded brands in Italy, Hungary, Romania Turkey, Poland etc. In India, the CERVA Group is supplied from a factory in Cuddalore, Tamil Nadu, one of the largest textile mills in the country. The factory is referred to as factory 1. Factory 1 comprises of different production units focusing on spinning, weaving, knitting etc. The factory has been operational since the early 90ies, also producing workwear. The unit under research has capacity for around 120 workers.

In factory 1, 20 out of 120 workers were interviewed: four male and 16 females. Work experience of the surveyed respondents, the workers were mostly from Scheduled Caste families (83.3%), and Hindus. Respondents estimated that 15–20% of the workforce in their unit are female, engaged in unskilled jobs such as thread cutting, packaging etc.

In factory 2, 10 out of 35 male workers were interviewed. The work experience of the surveyed workers ranged between 5 to 16 years. All the workers followed the Hindu religion and belonged to different caste groups, mostly to the Scheduled Caste. The majority of workers are migrants from the states of Bihar and Uttar Pradesh.

In factory 3, 19 male workers out of the total 140 workforce were interviewed. It was discovered that the majority of workers belonged to Hindu community and were from Uttar Pradesh.

The information from field study revealed that factory 3 in Noida, Uttar Pradesh shut down during the month of September 2018 and resumed operations only towards the end of January 2019. As of January 2019, only two lines were functional, with the factory planning an increase to previous levels as soon as possible. A large number of workers who previously worked there have re-joined the factory after it re-started operations. It emerged during the interaction with the workers that the factory has a tendency to shut down its operations. According to the workers interviewed, the same problem last occurred during 2015. The workers are not aware of the reasons. Some reckoned that the factory owners do it intentionally during lean periods.

3.3 Legal framework

Indian labour laws are in place to protect the dignity of human labour and safeguard the interest of workers as part of the fundamental rights of the Constitution of India and direct principles of state policy. Labour laws are also influenced by important human rights standards as expressed by the United Nations.

Labour Laws in India are of the following categories:

- Those enacted by central government and enforced by central government.
- Those enacted by central government and enforced by state government.
- Those enacted by central government and enforced by both central and state governments.
- Those enacted and enforced by various state governments which apply to the respective states.

There are several international treaties as well as International Labour Organization (ILO) Conventions that grant individual rights and obligations. Several ILO Conventions relevant to the Fair Wear Foundation Code of Labour Practices – such as paying living wages and occupational health and safety – and most of the conventions regulating working hours and social security, have not been ratified. Similarly, conventions regarding maternity protection and migrant workers remain unratified (Fair Wear Foundation, 2016).
3.3.1 Child labour
The Indian Constitution mandates free and compulsory education for children between 6 and 14 years old. This mandate was enacted through the 2009 Right to Education Act. The Constitution also prohibits the employment of children below 14 in factories, mines or hazardous employment. India ratified the UN Convention on the Rights of the Child in 1992.

3.3.2 Forced labour
To abolish the prevalence of Forced Labour, ILO Conventions and the International Co-
venant on Civil and Political Rights (ICCPR) Articles 7 and 8 provide some legal protec-
tion. In India, these conventions were translated into the ‘The Bonded Labour System (Abolition) Act (1976)’. The ILO Conventions on forced labour are applicable for all wor-
kers, even those in the informal economy. The country also ratified the two ILO Core
Conventions related to forced labour: Convention No. 29 on Forced Labour in 1954 and

3.3.3 Discrimination
ILO conventions and international treaties (such as The International Covenant on Eco-
nomic, Social and Cultural Rights (ICESCR), the Convention on the Elimination of all
Forms of Discrimination Against Women (CEDAW)) are safeguarded under Article 15 of
the Constitution of India which prohibits discrimination on the basis of caste or gender.
The constitution and treaties influenced laws such as the Equal Remuneration Act 1976
and the Sexual Harassment of Women at Workplace (prevention, prohibition and Redres-
sal) Act, 2013

3.3.4 Unions and collective bargaining
The right to freedom of association is guaranteed as a fundamental right under Article
19(1)(c), affording all citizens the right to “form associations and unions”, including trade
unions. The Supreme Court has since clarified the scope of this right to include the right
of union members to meet, discuss and propagate their views, to move from place to
place, and to hold property6. It has also observed that all workers have the right to form
a union as well as to refuse to be a member of any union 7.

Trade unions in India, including those run by employers, are governed by the Trade Uni-
ons Act 1926 (TU Act). The TU Act legalises the formation and registration of trade uni-
ions. The Supreme Court has since clarified the scope of this right to include the right
of union members to meet, discuss and propagate their views, to move from place to
place, and to hold property6. It has also observed that all workers have the right to form
a union as well as to refuse to be a member of any union 7.

The Industrial Employment (Standing Orders) Act 1946 also contains provisions relating
to trade unions. It requires all industrial establishments employing over 100 workers, to
codify and adopt a standing order document that defines policies and conditions of em-
ployment, which is to be adhered to at all times. The statute requires that a registered
trade union (or worker, in absence of trade union), review and raise possible objections

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### Status of ILO Conventions ratified by India

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<th>Fundamental conventions</th>
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<tr>
<td>Freedom of Association and Protection of the Right to Organise Convention (No. 87)</td>
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<td>Right to Organise and Collective Bargaining Convention, 1949 (No. 98)</td>
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<td>Forced Labour Convention, 1930 (No. 29)</td>
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<td>Abolition of Forced Labour Convention, 1957 (No. 105)</td>
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<td>Minimum Age Convention, 1973 (No. 138)</td>
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<td>Worst Forms of Child Labour Convention, 1999 (No. 182)</td>
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<td>Equal Remuneration Convention, 1951 (No. 100)</td>
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<td>Discrimination (Employment and Occupation) Convention, 1958 (No. 111)</td>
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<td>Workers with Family Responsibilities (No. 156)</td>
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<td>Workers’ Representatives (No. 135)</td>
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<td>Hours of Work (Industry) (No. 1)</td>
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<td>Weekly Rest (Industry) (No. 14)</td>
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<td>Forty-Hour Week (No. 47)</td>
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<td>Social Security (Minimum Standards) (No. 102)</td>
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<td>Maintenance of Social Security Rights (No. 157)</td>
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<td>Termination of Employment (158)</td>
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<td>Labour Inspection Convention, (No. 81)</td>
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<td>Night Work (Women) Convention (Revised) (No. 89)</td>
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6 All India Bank Employees’ Association v. N.I.Tribunal AIR 1962 SC 171
to the draft standing orders before it is certified by the relevant authority. On provisions to be included in the standing orders document, the statute makes specific reference in the schedule to ‘means of redress for workers against unfair treatment or wrongful exactions by the employer or his agents’.

Concerning grievance redressal, the Industrial Disputes Act 1947 (ID Act) regulates that any industrial establishment employing at least 20 workers is required to set up an internal Grievance Redressal Committee (GRC)\(^1\), for the resolution of disputes arising out of individual grievances. The GRC must be composed of a maximum of six members, with equal representation from the employer and the employee sides. Additionally, the ID Act requires setting up of a Works Committee\(^2\) (WC) in all industrial establishments employing 100 or more workers. The committee is to consist of representatives of employers and workers, with the number of worker representatives not being less than that of the employer. The WC should endeavour to promote measures for securing and preserving amity and good relations at the workplace and record any material difference of opinion in relation to workplace-related matters, while commenting upon matters of common interest or concern.

3.3.5 Working hours and leave
The working hours of contract workers are regulated through the provisions of the Factories Act, 1948. It establishes an 8-hour working day, a 48-hour working week (6 days), and various standards for working conditions. For overtime work, the worker is entitled to receive wages at the rate of twice the ordinary wage rate, and piece rate workers are entitled to double their time rate. The law also provides a maximum of 60 hours of work per week, subject to a maximum of 50 hours of overtime over a period of three months. The Factories Act provides rest periods of half an hour for every five hours of work and one weekly day of rest. The Factory Act also regulates leave. Workers who have worked for at least 240 days in a year are entitled to annual/earned leave with wages. This is calculated at the rate of one day of earned leave for every 20 days of work performed by the employee in the previous calendar year.

3.3.6 Minimum wage
In India, minimum wages are governed by the Minimum Wages Act, 1948. Individual states as well as the central government have the power to determine minimum wage rates, and the rates can also be differentiated for different skills and occupations. Thus, minimum wages are declared at national, state, regional, sectoral and occupational or skill level, making the entire minimum wage system highly complex\(^1\). Furthermore, the Minimum Wages Act, 1948 requires the relevant government to review and revise minimum wages at intervals not exceeding five years and provide for fixation and enforcement of minimum wages in respect to scheduled categories of employments within the Indian system.

The minimum wage as an average in major regions in India during 2013 was INR 4,000 per month (USD 65.42, around EUR 50). The living wage\(^1\) calculation by Asia Floor Wage in the same year was INR 15,125 (USD 247.12, around EUR 191) (Kane, 2015). The following definition of a living wage was accepted by the Global Living Wage Coalition:

“Remuneration received for a standard work week by a worker in a particular [time and] place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, education, healthcare, transport, clothing and other essential needs including provision for unexpected events.”

The 1948 Minimum Wages Act mandates the employer to pay the minimum wage fixed by the central and state governments. Like the Factories Act, it also prescribes that overtime wages are to be paid at the rate of twice the worker’s ordinary wage rate. The 1950 Minimum Wages (Central Rules) provide that a wage slip be issued by the factory to any worker at least a day before the disbursement of wages. The 1965 Payment of Bonus Act provides for the payment of a bonus to workers in establishments with 20 or more employees on the basis of profit/production or productivity. The law also applies to contract workers.

3.3.7 Occupational health and safety
The provisions on occupational health and safety contained in the Constitution\(^12\) are enacted through the Factories Act and the Mines Act. The 1948 Factories Act deals with occupational health and safety, as well as the welfare of workers employed in a factory. The employer must take the measures necessary for the safety and health protection of workers, including prevention of occupational risks and provision of training and the necessary protective equipment. The 1948 Factories Act provides that factories must ensure proper ventilation, adequate lighting and temperature control.

\(^1\) The concept of a living wage is that it should allow the worker and her/ his family to live a decent life\(^1\)

\(^2\) Section 9C, introduced by the Industrial Disputes (Amendment) Act, 2010

\(^3\) Section 3, Industrial Disputes Act 1947.
3.3.8 Special provisions for women/mothers
Maternity benefits are provided under the 1961 Maternity Benefit Act, recently amended in 2017, and under The Factories Act 1948. The Maternity Benefit (Amendment) Act 2017 introduced significant changes to the entitlements and benefits provided, including: i) extending the period of paid maternity leave from 12 to 26 weeks in total before and after delivery; ii) mandatory creche facilities in every establishment employing 50 or more ‘employees’; iii) including the right of mothers to visit the creche four times per day; and iv) recognition of the rights of an adopting mother and of a commissioning mother (using a surrogate to bear a child), who may claim paid maternity leave for 12 weeks; and iv) ‘a work from home’ option following expiry of maternity leave. The 1970 Contract Labour Act and the 1980 Inter-State Migrant Workers’ Act (relevant to the garment industry) also refer to childcare facilities and créches and require employers to provide the same to all categories of workers. The Factories Act and other relevant state legislations, such as the 1969 Karnataka Factories Rules, the 1950 Tamil Nadu Factories Rules and the 1950 Uttar Pradesh Factories Rules, provide specific and more detailed standards that créches must meet in factories employing more than 30 women.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 stipulates that women should not be subjected to sexual harassment in the workplace, in transportation to and from work and in dwelling places. The law prescribes the creation of Internal Complaints Committees (ICC) in factories with more than 10 employees, and Local Complaints Committees established by the government at district level for establishments with fewer than 10 workers. These committees provide a space for victims of sexual harassment to file a complaint, while setting out procedures for investigation and fair hearings to be conducted by the ICC, along with possible sanctions for the perpetrator. The statute also imposes reporting requirements on the employer, with findings of the investigation and proceedings to be documented and reported to statutory authorities.

3.3.9 Social security
Social security for organised workers (workers with a direct regular employer-employee relationship within an organisation) is provided through five central acts: the 1923 Workmen’s Compensation Act; the 1948 Employees’ State Insurance Act; the 1952 Employees’ Provident Funds & Miscellaneous Provisions Act; the 1961 Maternity Benefit Act; and the 1972 Payment of Gratuity Act.

According to the 1952 Employees’ Provident Funds & Miscellaneous Provisions Act, any company employing 20 or more workers must enrol all workers to the Employees’ Provident Funds (EPF) and deduct a contribution of 12% of the employees’ wage towards the fund, plus an additional 12% contribution on the employers’ behalf. The employer’s contribution of 12%, in turn, is also divided into 8.33% towards Employee Pension Scheme (EPS), and 3.67% towards EPF.

If the minimum wage or a certain wage is not paid as a base wage but rather partly given as type of allowance, this also reduces the social security payments, hence ending up as wage theft. The law also applies to contract workers. An employee who earns up to INR 21,000 (EUR 279) per month is eligible for mandatory PF contributions. The 1995 Employees’ Pension Scheme Act provides members of 58 years of age and 10 years of contribution with a monthly pension.

The 1948 Employees’ State Insurance Act provides for payments to an insured person in case of sickness; payments to an insured woman for pregnancy, miscarriage and related ailments; payments to an insured person for disablement as a result of employment; medical treatment and attendance on insured persons etc. Monthly salary deductions for the ESI scheme are made at 0.75% of the gross monthly wage, while the employer contributes 3.25% of the gross monthly wage. The law also covers contract workers.

3.3.10 Contracts
The 1947 Industrial Disputes Act establishes employment relationships and provides rights and protection to “workmen”. The 1946 Industrial Employment (Standing Order) Central Rules provides for a one month or two weeks’ notice period in case of termination of employment for monthly-rate workers or other workers respectively.

Section 10(2) of the Contract Labour (Regulation and Abolition) Act, 1970 prohibits employers from engaging contract labour for tasks of a perennial nature or for tasks that are essential and form a ‘core’ part of the operations of the business. Therefore, where the nature of the work is not intermittent or casual, no contract labour can be employed. The Contract Labour Act also mandates contractors to keep a register containing hours of extra work and an overtime calculation.

Another significant provision intended at safeguarding the interests of temporary workers is the 240-day rule under Section 25F of the Industrial Disputes Act, 1947. This provision creates a right against being terminated without notice and due procedure, and payment of severance benefits etc., if a worker has been employed continuously for more than 240 days in a year. While this provision creates a right against unfair termination without notice, it does not create a right to claim permanency of employment.

The term ‘continuous’ employment is also defined under the ID Act, and leave taken during the 240-day period, on account of sickness etc. due to no fault of the worker, would still constitute continuous service.

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The term ‘employee’ was intentionally used here, in place of ‘women’ as under the Factories Act. The Factories Act requires all establishments employing over 30 women to have a créche facility. However, companies often used to employ 30 or lesser women to avoid créche obligations. To address this loophole, the Maternity Benefit (Amendment) Act 2017 imposed obligations to have a créche on all establishments having 50 or more employees, whether they are men or women.

The Karnataka Maternity Benefit (Amendment) Rules 2019 came into effect on August 8, 2019. Karnataka has become the first Indian state to codify créche rules – this step is expected to pave way for similar action by other Indian states.
Concerning grievance redressal in factory 1, the workers stated that complaints were received and heard by the supervisor and appeals were heard by the human resources department. However, the workers did not communicate with supervisors/managers as the feeling among the workers was that supervisors did not take their complaints seriously. There was no complaint redressal mechanism available for workers. The majority of workers reported that they try to solve problems at an individual level rather than seeking help from colleagues or factory supervisors.

There were also no union or grievance redressal mechanisms (i.e. Grievance Redressal Committee, Workers’ Committee) available in factories 2 and 3.

Although workers wished to unionise and expressed a need for a union in the factory, according to 41% of the respondents in factory 2, they feared losing their jobs if they went ahead with protests about exploitation by the factory. For the same reason, two of the respondents reported that any demand to form a union in the factory would find it hard to gain support from co-workers. A respondent from factory 2 who was very frank and passionate expressed,

“A union is necessary but everyone here is so scared that they do not unite for this demand. I have initiated this discussion among all workers but only two had supported my idea. No one dares to voice against the authority here. The company takes one thousand rupees from our wages for no reason.”

According to the respondents in factory 2, the workers have adapted to the situation and are now reluctant to demand a union or worker’s committee. However, for grievances on safety, health and leave, the respondents noted that their supervisors and managers were accessible and sometimes they got a quick response.

In factory 3, information from the respondents revealed that there was no union or committee for workers to address their grievances. The majority of respondents expressed a need for a union in the factory. Their major concern was related to wage remuneration and issues of unpaid leave. In factory 3, the main concern the workers wanted to address through a union were related to wages, wage remuneration, payment for overtime (which was single rate) and the demand for paid leave.

4.4 Working hours and leave

The results show that the workers knew the law on working hours without overtime permits eight hours with a lunch break of 30 min and additional breaks. As found in the field research, there was a widespread problem of non-compliance with laws on working hours and overtime in all three factories.
In reality, the additional breaks were often limited to one tea break of 10 to 15 minutes per day. Working days started around 9am and ended around 6pm. It was common practice in the factories for workers to be expected to put in daily overtime work to meet the targets and that often the overtime hours were not voluntary. Overtime ranged on average between two to four hours a day in the three factories.

In factory 3, excessive overtime appeared to be the major issue of concern. Not only from a legal compliance perspective, but also in terms of being the key issue impacting health, well-being and safety of factory employees. In factory 3, the overtime was mostly fixed at four hours a day, and was not voluntary. A 7-day working week was often the norm. Discussions with workers revealed that the factories did not abide by the maximum weekly overtime limit fixed by the authorities.

In factory 1, as revealed from the interviews, overtime was not voluntary. It was not possible to refuse overtime, as the consequences were severe. In addition, a 7-day working week was the norm. Workers were forced to do overtime to meet targets.

"In the evening we always leave very late. The manager leaves before us. We work till 7 PM, sometimes work till 9 PM without prior notice. It is difficult to reach home during late shifts. The bus facility is provided till the main stop and for the rest of the travel we need to go by public transport. Sometimes we are forced to take auto (tuk-tuk)". (worker from factory 1)*

Lastly, on most days, overtime was without extra pay. As discussions revealed, workers could see a positive effect of working overtime when it supplemented their monthly income. But it was also observed that when overtime was paid, the legally set double hourly pay for overtime was not paid to workers.

Field research revealed that it was difficult to take leave in factories 1 and 3 or there were no formal regulations known to the workers about taking leave. According to the findings, workers were also requested to work on Sundays, when there were higher production targets to be met. The law mandates for compensatory time off and double pay when working on a day off. In all three factories there was no compensatory time off nor double rate pay.

The interviews also show that the workers in factories 1 and 3 were not entitled to any paid leave. If the workers did get to take leave for emergencies or important family events, their salary was deducted for the number of leave days taken.

In some cases, workers in factory 1 were not allowed back into the factory if they were absent for more than 4 or 5 days.

"It is difficult to take leave. Manager shouts very badly next day and don’t allow inside the gate without proper justification" (worker from factory 1)*

In factory 3 it was reported that leave could be taken only in the case of emergencies, while at the same time leave was limited to seven days. Salaries were deducted for such days.

Better conditions were found in factory 2 where all the respondents expressed that taking leave was not a problem in their factory. They had two days of leave every month making twenty-four in a year. At the end of a year if a worker had taken only ten days of leave, he got a bonus salary of fourteen days. Similarly, for extra days of leave, the salary for the number of days taken was deducted. Respondents revealed that they took leave only when it was something urgent like health issues or a family emergency. Workers avoided taking leave to get the bonus at the end of the year. These regulations on leave and bonuses were however unwritten, as none of the respondents had work contracts.

4.5 Wages and minimum wage

As covered in the section 4, the minimum wage in India varies across different provincial states. The analysis below takes into consideration the respective minimum wages in the states of Tamil Nadu, Delhi and Uttar Pradesh.

The monthly wages in compliance with minimum wages fixed by Government of Tamil Nadu with effect from April 2018 are as follows (2019 average exchange rate EUR 1 to INR 78.84):
Minimum wages in Uttar Pradesh have been revised with effect from 1.10.2018. The amended rates for all the categories are as below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Revised Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unskilled workers</td>
<td>INR 7,675.45 per month</td>
</tr>
<tr>
<td>Semi-skilled workers</td>
<td>INR 8,443.00 per month</td>
</tr>
<tr>
<td>Skilled workers</td>
<td>INR 9,457.49 per month</td>
</tr>
</tbody>
</table>

The revised wages fixed by Government of Delhi with effect from 01.10.2018 are as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Revised Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unskilled workers</td>
<td>INR 14,000 per month</td>
</tr>
<tr>
<td>Semi-skilled workers</td>
<td>INR 15,400 per month</td>
</tr>
<tr>
<td>Skilled workers</td>
<td>INR 16,962 per month</td>
</tr>
</tbody>
</table>

Violations of minimum wages are evident in all three factories.

It is reported by respondents from factory 1 in Cuddalore (ZONE C), Tamil Nadu, that salaries were received in workers’ bank accounts. According to information collected from the respondents, the monthly wages paid by the factory for different categories were as listed below:

- Senior Tailor: 204 per day * 30 days = INR 5,600 per month
- Junior Tailor: 204 per day * 26 days = INR 5,304 per month
- Checker: 191 per day * 26 days = INR 4,966 per month
- Helper: 160 per day * 26 days = INR 4,160 per month

Workers with permanent contracts are generally in a better position to negotiate/demand minimum wages (although by law every worker – casual, contract or permanent/regular is mandated to receive minimum wages). The research showed that this was indeed the case for the permanent skilled workers, all of whom were receiving minimum wages. Others were receiving much less than the minimum wages stipulated by the state government.

In factory 2, New Delhi, all the respondents received their salary in cash. The factory’s majority of workers are semi-skilled with some senior machine operators in skilled categories. It was reported by 75% of the respondents that they were not being paid the statutory minimum wages or the minimum wage as per their skills level with deductions for unknown reasons. A respondent revealed that as a semi-skilled worker he gets INR 15,400 per month on paper. After deductions of 12% for the Provident Fund and Employee State Insurance (INR 1,848), he should be getting INR 13,552. As workers must sign receipt that they have received the minimum wage for their skill category, he signs a receipt of INR 13,552 but actually gets only INR 12,000 per month.

In response to this issue of violations to the payment of minimum wages, most respondents in factory 2 revealed that this happens all over NCR. Respondents in focus group discussions in factory 2 revealed that if they protested, they would lose the job and there were always more unemployed workers in the queue to work under the same conditions. A worker stated:

“...We have accepted this condition because this is the case everywhere. The company gets our signature for handing over the legally correct amount, but we actually get less. I am aware that this is unjust but at the same time, this is the reality. I do not have any complaint mainly because the whole system is corrupt everywhere. You ask anyone from our factory, we are satisfied with timely payment of our wages” (worker from factory 2)

In factory 3 in Noida, Uttar Pradesh, all respondents received their salary in cash. The study revealed that workers are not paid the minimum wage rate fixed by the state government in categories B and C. Discussions with workers and the information provided by the factory’s management revealed that the wage rate of checkers, tailors and stitchers have been fixed at amounts higher than the minimum wages.

- Checker: INR 9,658
- Singer Lock Machine: INR 10,670
- Over Lock: INR 10,970
- Flat Lock: INR 11,170

However, large discrepancies were observed in the wages received by workers of all categories. For every category, workers are recruited at A, B, C levels and their salary is set based on those levels. Level A is for workers with three to five years of experience in workwear factories. Level B is for those with less experience and level C is for workers without adequate experience. These levels are established by employers to classify their workers. However, in practice, worker performance is not appraised but rather exploited. Only those at Level A receive the whole amount fixed by the factory. There is a difference of INR 150 between all the levels. Most of the workers are employed at C level which clearly indicates that they are underpaid. This practice is made to keep down production costs. This clearly violates the equal remuneration provisions of the Factory Act.

All interviewed workers in factory 3 reported that it was almost impossible to make ends meet with the meagre salary they earn. One of the workers stated:

“In a commercial hub like Noida, we have to pay premium charges for each and every service. This salary is not enough to cover all our expenses and to take care of our family members.” (worker from factory 3)
Those on the factory rolls as permanent workers are generally in a better position to negotiate/demand minimum wages, although by law every worker – casual, contract or permanent/regular is mandated to receive minimum wages. The survey showed that this was indeed the case in factory 1 for the permanent skilled workers, all of whom were receiving minimum wages. Others were receiving less than the minimum wages stipulated by the state government.

4.6 Social security

In factory 1, the majority of workers interviewed (16 out of 20) reported that they did not benefit from any provision of social security as they are engaged as contract employees. This is a clear breach of labour law. The ESI Scheme is financed by contributions from employers and employees. The rate of contribution by employers is 3.25% of the wages payable to employees. The employees’ contribution is at the rate of 0.75% of the wages payable to an employee. Employees earning less than INR 137/day as daily wages are exempted from payment of their share of contribution.

In factory 1, the respondents who are permanent workers use PF and ESI entitlements. In factory 2, all the respondents are linked to PF and ESI schemes.

In factory 3, workers have reported that not all employees are linked to PF and ESI schemes. This is in violation with the existing law: workers receiving wages of up to INR 21,000 a month, are entitled to social security cover under the ESI Act.

However, access to the ESI facilities (hospitals) is difficult considering the long working hours of the workers. For example, if a worker needs to go to a hospital and wants to be paid that day’s wage as sick leave, they need a letter from ESI, have this signed by a doctor and submit it to the human resources department in the factory. This process is impractical for treating smaller health problems, for which workers go to a local dispensary/clinic close to where they live (Fair Wear Foundation, 2019). Therefore, workers often do not use the medical facilities that are covered under the ESI scheme. At the same time, the ESI facilities have proved to be beneficial for workers and their families suffering from chronic illnesses and other serious health issues. It gives workers access to specialist treatment and free medical coverage.

4.7 Occupational health and safety

Majority of respondents in factories 1 and 3 found their working space to be poorly ventilated and that uncomfortably hot temperatures during summer impacts on their productivity and health. In smaller factory floors, the heat and poor ventilation create a congestion of air that causes headaches and there have been many occasions when workers have fainted. Other issues brought out were back pain and eye irritation.

“In the fabrics used for stitching are called flame resistant fabric which causes eye irritation and nose irritation, of which we suffer a lot”. (worker from factory 1)"

In factory 2, the respondents found the working environment good, they have drinking water facilities and ventilation. During hot summers, they depend on standard air fans and coolers. However, workers in factory 2 reported that the factory floor is small which often becomes suffocating with the piled-up materials. Some sit on the floor when in need of extra space for cutting and working with scissors, which becomes tiring and is not ergonomic.

Concerning fire and building safety, factory 1 had fire safety equipment available on-site. However, none of the respondents knew how to use it. In all three factories the respondents reported that no training on workplace safety had been conducted. In factory 3, the majority of respondents said their factory had emergency exits in place. Factory 2 is located on the second floor, and the building also accommodates other offices and small factories. The workers noted that with the structure of the building, it is difficult to provide emergency exits at each floor.

4.8 Special provisions for women and mothers

It was evident from the interviews that the right for a childcare facility/creche in the workplace was being violated in factories 1 and 3. In factory 2 there were only 35 workers. Childcare facility must be provided in workplaces with more than 50 employees. None of the female respondents in factory 1 benefitted from the maternity leave or medical bonuses. In factory 2 there were only two female workers out of total workforce of 35 workers, thus, childcare provisions did not apply.

4.9 Employment documentation

The study revealed that none of the respondents hold employment contracts or joining letters in their respective factory. In factory 3, the respondents recalled signing a document when starting their employment, but they did not have a copy of it and are not sure about its content.

The absence of a written contract of employment makes workers potentially more open to abuse, as there is no proof of the existence of an employment relationship and no record of the terms and conditions of employment promised and agreed upon. They also do not have appointment letter from the employer. Their joining was orally agreed, and workers did not have any written document as proof of their contract or engagement with the company.

Contract workers were hired for few months. It was also found that contract workers were at the mercy of employers and feared being fired at any time. This type of employment forces such workers to put in extra effort to produce more. Some respondents reported that they were hired directly or through agents. Cividep researchers evaluated that permanent workers in all the three factories constituted roughly 40% of total workforce.
Working conditions

Only in the factory 1 did the interviewed workers receive payslips. These are workers with a seniority of more than 2 years. All the respondents in factories 2 and 3 revealed that they did not receive pay slips from the factory. In factory 3, the general practice was to sign in registers maintained by the factory. That allowed for the factory management to keep fabricated records on minimum wages with signatures from the workers, but workers actually received a lower amount. In addition, without pay slips, workers did not know the details on how their wages were calculated for the month. They had no option but to believe their supervisor. This practice is in breach of the legal requirement for pay slip information to be provided to workers.

4.10 Gender based violence

The field research could not gather any information on gender-based violence because the researchers could not get access to the women working within the factories.

5. Brand reactions

In order to give the brands an opportunity to respond to the research findings, the brands were contacted and confronted with the research results. None of the brands answered.

6. Conclusion

The analysis and understanding based on the primary field survey in the case study factories highlight several important points of concern. The distinctive features of each factory can be seen in the table below.

<table>
<thead>
<tr>
<th>Factory 1 in Cuddalore, Tamil Nadu</th>
<th>Factory 2 in New Delhi</th>
<th>Factory 3 in Noida, Uttar Pradesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producing for</td>
<td>Cerva Group</td>
<td>Bartels Reiger Atemschutzechnik</td>
</tr>
<tr>
<td>Size</td>
<td>120 workers</td>
<td>35 workers</td>
</tr>
<tr>
<td>Discrimination</td>
<td>verbal abuse</td>
<td>none reported</td>
</tr>
<tr>
<td>Unionising; grievance redresses</td>
<td>no union; no means for grievance redressal</td>
<td>no union; no means for grievance redressal</td>
</tr>
<tr>
<td>Overtime</td>
<td>average two hours a day; not voluntary; violation of double rate wage for overtime.</td>
<td>average four hours a day; not voluntary; violation of double rate wage for overtime.</td>
</tr>
<tr>
<td>Leave</td>
<td>no paid leave</td>
<td>taking leave is possible but unregulated (based on verbal agreements with the factory management)</td>
</tr>
<tr>
<td>Minimum wage</td>
<td>minimum wage not paid for contract workers; deductions from wages are unknown to workers; workers with permanent contracts receive minimum wage; most of the respondents receive payslips</td>
<td>minimum wage not paid for the majority of contract workers; deductions from wages are unknown to workers; none of the respondents receive payslips</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>factory floor is congested and poorly ventilated; affects workers health; face and eye irritations, back pain</td>
<td>not enough space at factory floor</td>
</tr>
<tr>
<td>Contracts</td>
<td>no permanent contracts, no written contracts</td>
<td>no permanent contracts, no written contracts</td>
</tr>
<tr>
<td>Social Security</td>
<td>majority of workers are not covered under ESI and PF</td>
<td>all workers covered under ESI and PF</td>
</tr>
</tbody>
</table>

Whereas all in all three factories the mentioned common violations could be found, the above table shows the main differences between the three factories.
It is also evident from the research that the state and institutions are playing a passive role to preserve workers’ rights. Given the current scenario of the workwear industry in the identified clusters, there is an urgent need to take measures to improve working conditions and for strict implementation of labour laws and international labour standards. Although there are many international and national provisions available to safeguard the rights of workers in the garment industry, the implementation of these standards in the factories and along the supply chain remain the biggest problem.

Although only a fraction of the workwear sector has been covered in this study, the findings of the research in workwear production are in concurrence with many of the violations of labour rights in the garment sector.

7. Recommendations by FEMNET and Cividep India

For the German and European workwear brands to:

● ensure to publicise their supplier factories. This helps improving transparency by giving local organisations leverage in investigating and informing inhuman labour practices.

● use their leverage on their supplier factories to check and mitigate labour rights violations in their supply chain in India. Brands should encourage supplier factories to employ workers directly and in regular forms of employment.

● develop human rights due diligence processes, map their supply chains and carry out a human rights risk assessment. These fair practices must be done in consultation with the local civil society organisations as far as possible to ensure that labour rights risks are adequately identified. The risk assessment should include a review of the brands own purchasing practices to ensure that labour rights violations are ceased in its supply chains.

● consciously conduct living wage calculations to pay their workers a living wage. Efforts should then be made to cover the gap at least in proportion to the percentage of total produce bought from the factory or in terms of sharing the profits with their supplier factories.

And the companies under study to:

● ensure that the payment of minimum wages and overtime compensation in accordance with the law.

● take strict measures to address labour rights issues highlighted in this report, and accordingly have a plan of action for corrective and remedial measures.

● take measure to increase transparency over their own operations, including their subcontracting arrangements and the size of their labour force.

8. References


9. Cividep / FEMNET e.V. / Colofon

About CIVIDEP INDIA

Cividep India is a Bangalore-based organisation working on labour rights and corporate accountability. Cividep carries out research on the working and living conditions of workers employed in the lower rungs of global supply chains. Cividep supports worker-led organisation and advocates for labour rights on various national and international multi-stakeholder platforms.

FEMNET e.V. is a German womens’ rights organization based in Bonn. The NGO raises awareness about working conditions in the textile industry of the Global South with campaigns and educational programs and provides information on ethical public procurement. FEMNET calls on brands to respect human rights in their entire value chains and lobbies for effective laws to ensure responsible corporate behaviour. FEMNET also directly supports women in production countries who are fighting for their rights through a legal aid fund and projects against gender based violence and for improving child care facilities in garment factories.

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