

Research on Impact of Free Trade Agreements  
on Women Workers in FTZs and  
Some Organising Attempts

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## **Foreword**

We are in full agreement with the need to open trade barriers of the country and develop an open economy and to benefit from new trade rules and globalization in general. However, strengthening developing country members' capacity for meaningful participation within WTO is not sufficient for strengthening the accountability of national governments to the poor and marginalized groups, and especially not for the poor women. Clearly, the poor do not speak with one voice and there are complementary as well as conflicting interests among different groups of poor people. Our work cannot and does not aim to represent all the voices of the poor. Instead, it focuses on particular groups of women workers in Garment Industry in Bangalore, Karnataka.

This study on "Impact of Free Trade Agreements on Women Workers in FTZs and Some Organising Attempts" is a research project of Committee of Asian Women (CAW). As part of a project with CAW, we intend to examine the extent to which the Free Trade Agreements entered by our government (of India) with different countries has had an impact on the working women in India with a special focus on women working in the garment sector in the industrial areas and apparel parks of Bangalore, Karnataka.

Regardless of the fact that there have been innumerable studies and researches on gender and international trade issues; policy makers continue to see gender as essentially a social issue with little relevance to macroeconomics or international trade and this vision is reflected in policy strategies.

In this study we have attempted to look at the effects of liberalization by examining the micro, rather than the macro picture. We have concentrated on Garment Sector for this research where more than 80 per cent of the workers are women and have tried to analyse the trends in this sectors. We have preferred to look at it this way because our aim is not only to analyse but also to look for ways by which the position of women workers can be strengthened, their opportunities and lives bettered and their vulnerabilities decreased. So, we have concluded this article with a number of recommendations.

# Methodology

## **Methodology of this research:**

1. Interviews and focused group discussions with women workers in the garment industry was done in four industrial area of Bangalore with the help of questionnaires and guide questions.
2. Discussion with the members of NGOs, Union and factory management was also done to study the issue from different dimensions.

Random Sampling method was used to select the sample. Simple arithmetic tools such as average and percentage were used during the analysis of the obtained data.

Secondary research was done by consulting various book and studies done on the related topics in the past. Extensive use of internet was done to look though all the research papers. This gives a greater insight on the graveness of the matter.

## **Part I**

### **1. Introduction**

Under the Globalization dispensation world is reduced to the status of economic territories to be exploited by transnational capital without any accountability or obligation to the Nation State. Trans National Corporations (TNCs) influence the major economic decisions of the world, such as what to produce, where to produce, where to sell and how to sell and when to shift from one country to the other in search for a better profit margin etc. There is however some concern about the impact a globalized trade regime would have on Indian manufacturing sector. The Indian industry faces a tremendous challenge of upgrading its quality standards, especially the small and medium scale businesses. Since the 1990's the business environment in India had changed. The economy is exposed to greater degree of competition, more liberal trade policies, and improvement in the balance of payments and foreign exchange positions. The liberalization has stimulated a wave of modernisation and development within the country. (M. Rafeeqe Ahmad & A. Sahasranaman; Garment Sector: Readymades up their Share, 2003)

Trade economists recognize that liberalizing trade creates both winners and losers. Women's organizations are concerned that not enough attention has been paid to the gender-differentiated impacts of changes in national trade policies and international trade rules. They argue that trade liberalization can have positive, negative, or mixed impacts on different groups of women—women farmers, ethnic minority women, factory workers, and small business owners. While some gain, others may lose. For example, poor women in developing countries are less likely to have the skills, technology, and other resources to take advantage of new work and business opportunities resulting from increased trade. They are also more vulnerable to changes in prices of agricultural inputs and staple goods, and changes in basic services that can accompany liberalized trade. Another serious problem globalization engendered was exploitation of workers, especially women, by multi-national corporations, "If you don't accept our terms and conditions, we will move to some other country," is the MNCs' refrain in the world where boundaries are disappearing. However, global restructuring of industries such as

garments has fuelled the growth of subcontracting, reducing the status and rights of workers (Hale 1998). And as tariffs are reduced and competition intensifies women workers in the South (as well as the North) are vulnerable to job losses. (Akiko Gono, secretary, International Textile, Garment and Leather Workers' Federation-Asia and Pacific Regional Organisation (ITGLWF-APRO)).

The garment and textile industry is one of the oldest industries in India and has made significant contributions in the forex earnings and employment. It is one of the mainstays of the economy. Preference for ready made garments is increasing. With urbanization on the rise, growth in the ready-to-wear sector is inevitable. At the same time organized apparel retailing is expected to grow fivefold in the next five years with the arrival of the international brands and already existing cutthroat competition from the domestic market. This sector grew at a rapid pace subsequent to 2005 under the agreement with WTO which was due on 1<sup>st</sup> January 2005, quota restrictions for exports was eased. It has been estimated that India has approximately 30,000 readymade garment manufacturing units and around three million people are working in the industry. Today not only is the garment export business growing, enthusiasm in the minds of the foreign buyers is also at a high. Today many leading fashion labels are being associated with Indian products. India is increasingly being looked upon as a major supplier of high quality fashion apparels and Indian apparels have come to be appreciated in major markets internationally.

Garment and textile industry is predominantly a “women’s industries”, still the wages paid to the women workers are low. Women working in garment units have to slog it out for a pittance. The health and safety conditions are so bad that the women had to grapple with infant and maternal mortality. In some places, women were not granted maternity leave. Women workers of textile and garment industries in India are beset with low wages, long working hours and poor health facilities against the backdrop of globalization.

## **2. Free Trade Agreement (FTA)**

Free Trade Agreements are contract between two countries and are way-in towards international integration into a global free market economy. This is a way to ensure that governments implement the liberalization, privatization and deregulation measures of the corporate globalization agenda. Many governments, throughout the world have either signed FTA, or are negotiating or contemplating new bilateral free trade and investment agreements. It is assumed that free trade and the removal of regulations on investment will head to economic growth reducing poverty and increasing standards of living and generating employment opportunity.

FTAs severely constrain future governments in their policy options and help to lock in existing economic reforms which may have been imposed by the IMF, World Bank or Asian Development Bank, or pursued by national governments of their own volition. It works towards removing all restrictions on businesses as other free trade and investment agreements perform. Past evidences show that these kinds of agreements allow transnational corporations (TNCs) more freedom to exploit workers shaping the national and global economy to suit their interests. In simple terms it removes all restrictions on businesses.

India and Sri Lanka signed a free trade agreement in December 1998 with India agreeing to a phase out of tariffs on a wide range of Sri Lankan goods within 3 years, while Sri Lanka agreed to remove tariffs on Indian goods over eight years. One of its objectives, which was stated, was to contribute, by the removal of barriers to bilateral trade "to the harmonious development and expansion of world trade". Other FTAs are much more comprehensive and cover other issues including services and investment. These agreements generally take existing WTO agreements as their benchmark. They often strive to even go further than what is set out in the WTO rules.

### **3. Foreign Direct Investment**

Foreign direct investment is the acquisition of assets in a country by foreign entities for the purpose of control. FDI is ownership of at least 10% of a business. The effect of Foreign Direct Investment (FDI) on labour particularly on employment and wages

continue to be an important issue for the labour surplus developing economies such as India with significant levels of unemployment. Unfortunately this issue has not yet received much attention in India even though the FDI inflow into the economy has seen dramatic growth in the 1990s following the continuing process of economic reforms including liberalization of the FDI policy. As FDI is increasingly claiming major chunk of aggregate investment in the economy the economic analysis of FDI should not be confined to its impact on output and productivity alone as the existing literature stands and must be broadened to investigate its impact on labour market. Unless the process of economic growth based on larger role of FDI meet the 'test of sufficient growth in gainful employment', over time the process of economic reforms which is continuously enlarging the role of FDI cannot be politically sustainable and bound to falter (Bhaduri, 1996).

Currently, foreign companies are only allowed to own 10% of a business in the retail sector. Our present government is trying to convince his coalition partners to open up FDI along the lines of what is allowed in other industries.

FDI limits for other sectors are as follows: Banking - 74%, Non-banking financial, companies (stock broking, credit cards, financial consulting, etc.) - 100%, Insurance - 26%, Telecommunications - 74%, Private petrol refining - 100%, Construction development - 100%, Coal & lignite - 74%, Trading - 51%, Electricity - 100%, Pharmaceuticals - 100%, Transportation infrastructure - 100 %, Tourism - 100%, Mining - 74%, Advertising - 100%, Airports - 74%, Films - 100%, Domestic airlines - 49%, Mass transit - 100%, Pollution control - 100%, Print media - 26% for newspapers and current events, 100 % for scientific and technical periodicals

#### **4. Women in post reform period**

Liberalization has caused an increasing inequality in employment opportunities and incomes. Economic opportunities created by the liberalization are highly unequal. Those better endowed, with more access to skills, to markets, and with more resources or better links internationally have been able to benefit. For women at the upper-income, upper-skill end, the quality as well as opportunities for employment have improved. For most

women workers however, the quality of employment is poor, without opportunities for skill development and moving up the ladder, and with very low income returns. Employment opportunities and access to social services for these women have declined. If we examine the impact of globalization on the employment and income of women workers, three distinct trends are visible. First is the loss of existing employment without creation of new employment, secondly, changes due to new technologies and skills, and finally the informalization of work.

In India, women comprise majority of the population below the poverty line and are very often in situations of extreme poverty given the harsh realities of intra household and social discrimination. The access of women particularly those belonging to weaker sections (Scheduled Castes, Scheduled Tribes, Other Backward Classes and minorities); majority of whom are in the rural areas and in the informal / unorganized sector, to education, health and productive resources is inadequate. Therefore, they remain largely marginalized, poor and socially excluded (National Policy for the Empowerment of Women: 2001). Reforms and economic restructuring have adversely affected women more than their male counterparts in India like in many other countries (UNCTAD – UNIFEM. 2003). The number of women working in the informal sector is estimated to have risen during the phase of economic liberalization in India and other South Asian countries. Although globalization is considered to have generated positive employment effects, the studies made in this connection have indicated a significant increase in casualization among women. The nation's post reform experience substantiates the fact that gender discrimination leads to feminization of poverty (Jacob John: Development of India: Gender Dimensions).

## **5. Export Oriented Manufacturing and women's employment**

Export Processing Zones have emerged as important areas in the industrialization process of developing countries. They are set up as export enclaves to attract foreign direct investment, where various protection and promotional measures are ensured for export promotion. The low cost of labour in developing countries is the basic premise behind setting up of the zones, which would transfer labour intensive production from advanced

countries. It has been widely recognized and documented that there exist gender and demographic dimensions to employment in these zones. Of the workers working in export manufacturing set-ups, it has been stated that about 70-80 per cent are women. A majority of the workers are females in the age group of 16-24.

The rise in women's share of manufacturing employment associated with export-oriented industrialization has been explained in a variety of ways. Joeke (1986, 1995) and Elson (1996) have argued that it is due to the tendency for countries to specialize in labour intensive manufacturing sectors in which women have been traditionally employed, such as textile, garment and footwear. Thus the increased female labour force participation rate reflects an expansion of traditional activities of women, with women employed in largely female sectors and the gender division of labour remaining essentially intact. Assembly line work, which characterizes most of the labour intensive export oriented industries such as electronics and garments, is also found to be especially suited to women. Various explanations have been provided for the concentration of female workers in the garment making, electronics and other labour intensive operations. The concentration of female workers is often viewed as the resultant of certain inherent qualities that women possess. These inherent qualities are analyzed either psychological (nimble fingers, greater physical resilience, etc) or due to social conditioning (patience, willingness to work for long hours, submissiveness, concentration, etc). These qualities are found to be important for assembly line operations in garment making and electronics, which demands precision and concentration. Standing (1989), on the other hand, suggest that women workers have been substituted for men workers by employers seeing more flexible, docile and cheap labour as global competition increase. The increased presence of women thus is often explained as the result of the subservient social and economic position of women in these countries. Women workers in particular have been portrayed as a vulnerable segment of the workforce, recruited by international capital in ways that undermine existing labour standards. The principal attraction of female labour force has been the fact that it has been possible to tap the submissiveness and docility inculcated by the patriarchal forces, which are reinforced by their weak

economic status. This also meant lower participation of women in trade union activities, facilitating easy hire and fire of workers.

The process of feminization of labour in export-oriented industries is more dependent upon the relative inferiority of remuneration and working conditions. Under situations where there is no relative difference between male and female workers, in terms of wages and docility, female workers do not constitute for the choice of employers. Also, the nature and conditions of women workers reveal that absorption of women into export production is not a cause for improvement in the conditions of women economic activity. From the employment practices and wage levels, it is obvious that the conditions of women workers in the zone could be equated with that which prevails in the informal sector of the economy. (Uday Kumar Varma & Neetha N.; *Feminization and Export Oriented Manufacturing*; 2004)

## **6. Effects of IMF/WB Policies on Women in India**

Tight monetary policy and skyrocketing interest rates not only stop productive investment, stampeding savings into short-run financial investment instead of long-term productive investment, it also keeps many businesses from continuing even ordinary operations because of absence of monthly loan which was easily available earlier. This fosters unemployment and drops in production and therefore income. Fiscal austerity—raising taxes and reducing government spending—further depresses aggregate demand, also leading to reductions in output and increase in unemployment. Privatization of public utilities, transport, and banks is always accompanied by layoffs. While one may welcome scrapping of subsidies for Maruti Cars, cut in subsidies of basic foodstuffs will hit family consumption drastically. One has to keep in mind that these measures meant to balance the Indian economy have not had any desired effects. Prices of essential articles have been rising. Industrial production has declined, there has been an enormous boom in the stock market, speculation and black money (there was, i.e. until the scam made it collapsed) while the burden of stabilization and structural reform is entirely on the poor, most severely on women.

One of the important aspects is the increase in Export Processing Zones (EPZs) which preferably employ young unmarried women under difficult conditions i.e. without protection of labour laws and at a very low wages. Health hazards in such conditions are very great, often leading to disability (e.g. loss of eye sight, health hazards through chemicals etc.). Besides, such women often get socially uprooted and sexually exploited (Gabriele Dietrich: Effect of IMF/WB Policies on Women in India; 1997)

## **Part II: Garment and Textile Industry**

### **7. Bangalore Study**

#### **7. A. Background**

Karnataka has a sizeable presence in garments and textiles sector. Renowned multinational brands have their facility in Karnataka as their global sourcing centers. Leading garment brands manufactured in the state include Crocodile, Van Heusen, Arrow, Allen Solly, Lee, Lacoste, Levi Strauss, Tommy Hilfiger, Marks & Spencer, Gap, H&M, Matalan, Mothercare, among others conceal Karnataka's largest unorganized workforce. With a turnover last year (2006) of Rs 7,000 crore, the readymade garment industry is Karnataka's money-spinner. With the dismantling of quotas and the lifting of sanctions on textile imports in the West, the target set for 2010 is a whopping Rs 10,000 crore. These profits depend heavily on Karnataka's irresistible offer to the global economy: an educated, cheap and docile workforce. Five lakh workers work in garment factories in and around Bangalore, quietly gaining popularity as the 'Garment City' (an annual turnover of Rs 4500 crore from this sector alone). Of these, 70 percent are women, and most are first-generation migrants from rural Karnataka.

In the city of Bangalore there is no Special Economic Zone marked for the production of garment and textile. Just one Apparel Park has come into being called Dodbalapur Apparel Park and it has started operating since last two years. Almost all the garment factories are located in different industrial areas scattered all over the city. Unlike Tirupur and Coimbtore in Tamil Nadu (India) where the garment workers stay in hostels or dormitories, in Bangalore they stay with their family and work in a factory set up. They are not allowed to take any part of their work to home. They are paid monthly wages and not on the basis of piece rate. Spare time for entertainment or leisure is not to be found in any of the factories here. During their eight hours working duration they get a break of merely half an hour for lunch. Garment workers here also said that they do not feel any

kind of political suppression or fundamentalism as a woman or as a worker. They work in total harmony with one another.

**7. B. Workers' Profile:** In Bangalore around 80% of the garment workers are women and the average age of these workers fall in the class of 21-25 years. None of the workers are above the age of 40 years. 40.67% percent of the workers have completed their Secondary Education (10-12 years of education) and 25% have never been to school at all. 58.33% of garment workers were married and only 8.33% were divorced or separated women. There is a high incidence of young unmarried girls working for these factories to supplement to their family income. Around 60 % of the garment workers have been working in the factory for less than four years.

When asked about the reason for joining the garment sector, 50% of the women told that they come from a low income group families and living in a city like Bangalore is quite expensive so they started working for garment factories. The other half told that since they did not have a higher degree in education they were not fit to do any other job and Garment factory was the best option as they do not require any specified academic qualification. Before having started to work in these factories many (58.34%) were involved in their household works and working as agriculture labourers in their villages. 25% of the workforce (manly young girls) were going to schools before they started working here in the factory and the rest were working in the Beedi Rolling factory in their village. Beedi factory also employs a large number of women folk in village.

Migration of villagers in search of work is very high in Bangalore. Almost 92% of the garment workers are migrant workers (national migration). They come from places within a radius of 100 kilometers from Bangalore in search of work and since the cost of living in any city (and specially Bangalore) is high, both, men and women, have to work in order to make a living. Women generally end up working in the garment factories as they do not need any specific qualification of the workers to hire them.

**7. C. Working Condition:** Garment workers work for a minimum of eight hours in a day, six days in a week. This is the common practice in all the garment factories. Working overtime is also common in these factories. On an average, a garment worker works at least 22 hours of overtime per month. Often, this overtime is not voluntary rather it's a compulsion for the workers to do overtime to complete the target. 75% of the workers said that the overtime is compulsory and not voluntary as per the Labour Law. There have also been responses from the workers as well as from the management that few workers consider working overtime good for them as it ensures more payment by the end of the month and if there is no overtime then they lose on that amount. All the garment workers had only one source of income, ie; from the garment factory. They work to supplement their household income. Their husbands are in low paid, irregular jobs so they had to opt to work in order meet their daily expenses. It is unjust that a worker spends many hours at difficult work and does not even earn enough to feed herself and her family. It is surprising, that even when opportunities have increased, women are earning a pittance. Women are often seen in the lower categories of the job hierarchy. Discrimination exists not only in terms of wages but also in terms of access to employment. Often women are found concentrated in occupations where the wage rates, as well as working conditions are poor and substandard

Women workers do not do night shifts here in Bangalore. They are allowed to work latest till 7.30 pm and not beyond whereas men workers work in the night shifts as well. Garment workers do not take their work home. They are not allowed to do it. Gender discrimination was not mentioned either, but was practiced blatantly, where the low-paid workers in tailoring, helping etc, were all women, while it was men who did the better paid packing and labeling jobs in the garment factories. 58.33% of the garment workers feel that there is no difference in the treatment of the men and women workers on the shop floor. They are all treated equally by their superiors (supervisors, Production Manager etc.). But the rest of the workers (41.67%) feel that men workers get more wages than the women workers. They reason out that since they are men and can do tough work so a higher payment is made to them, some say that since they do night shifts hence a higher payment. One of the respondents (name: *Baby Jan*) has a different story to

share. She says that, “Men get more payment even if they work less and women get less even if they work more and harder. My salary after working for 10 years in the garment factory is just Rs 4000/- (Four thousand Indian Rupees) and this is the upper limit of any women garment worker but for men workers, salary starts at Rs 3500/-”. There are few factories which provides for transport facility to and from the factory. 41.67% of the workers get this facility. Others go walking to their factories. These workers have to cover nearly three kilometers every day to go to work and come back.

58.33% of the workers said that they did not sign any kind of contract or document when they were hired to work. Those who signed a contract had very faint idea of what the paper contained. Few said that it contained factory rules and regulations and our designation and salary; others said that we were asked to fill in our name and address, husband’s name and contact number. So it was just a bio data of our in the document and nothing about the factory and its rules or norms. *Kamamma* (one of our respondents) said that “they (factory manager) just asked me to sign in the papers and leave. I did not even get enough time to look at the contents of the paper.” Fourteen days of annual leave is sanctioned for the workers by all the factories but the workers find it very difficult to avail it. Only 25% of the workers feel that they can easily avail their holidays. For others it is only in the case of emergency that they get leave otherwise they have to work. Few workers also said that they have to work even on Sundays, which is otherwise a statutory holiday, as overtime work and is compulsory. *Tabassum Bano* (another respondent) says that their salary gets cut if they take even a day’s holiday. Every worker feels that there is no job security; they are always under the threat of being fired by their supervisors. For minor mistakes in work or non-completion of target or incidences of coming late by even five minutes for work triggers them to ask us to leave the job.

Maternity leave is not given by the employers but by the Employees’ State Insurance (ESI)\* to the women workers. They get a leave of three months during the delivery of the child and it is fully paid by the ESI. Women with infants do get extra time to feed their children. They leave their child at home as there are no crèches in the factory. Only 8.33% of the workers said that they had crèche in their factories to take care of children

below six. Those workers whose houses are very near to the work place they go during the lunch time and attend their children. No woman is allowed to come late or go early or take longer break to attend to their infants. They felt they could produce and earn more if their children were cared for in a work-place crèche while they concentrated on their work. But this option was not available to them, and it was not only the employers who wanted them at house.

\*The promulgation of Employees' State Insurance Act, 1948 envisaged an integrated need based social insurance scheme that would protect the interest of workers in contingencies such as sickness, maternity, temporary or permanent physical disablement, and death due to employment injury resulting in loss of wages or earning capacity. The Act also guarantees reasonably good medical care to workers and their immediate dependants.

Only half of the workers received training for their work and they also got fully paid during the training period. Others learnt it by seeing the work while working as a helper in the factory and later became a tailor. They were not given any formal training. There is no promotion in tailoring job. There is an annual increment of Rs 1800-2500/- in their salary which minimally compensates for the increase in the cost of living. There is no increase in the real wage of the workers. Long hours of sitting for tailors take a toll on their health too. 50% of the workers said that they suffer from backaches and breathing problems because of the work they do. Very few workers get masks to wear during work. Women workers are also susceptible to sexual harassment at the work place although sexual harassment was not mentioned explicitly. 83.33% of the responses which we got said that they have not experienced any such conduct but their hesitance to talk over this matter may also be one of the reasons not to discuss such matters. Women in the informal sector, especially if they are non-unionized, are particularly vulnerable to sexual harassment, often faced with the choice of submitting to it or losing their jobs.

**7. D. Production Process:** Half of the garment workers feel that the production target has been same in the last few years. It has neither increased nor decreased. 41.67% of the workers feel that the target has increased over the years whereas as the rest 8.33%

of workers don't have any opinion about it. Only 33.33% of the workers knew the brands they were stitching for. This is because garment workers work in a batch of 25-20 workers and only those who stitch the brand on the collars and those who pack them are aware of the brands and the rest not. In most of the bigger factories audit team comes every fifteen days but they do not interact with the workers at all. They just visit the shop floor and talk to the management and that is it.

**7. E. Organising Attempts:** Talking about the Labour Law of the country, 58.33% of workers seems to be superficially aware about it and their rights as workers, others have not even heard of any such Law. One of the biggest obstacles to organization of informal sector workers is the fact that they are not covered by provisions of the Industrial Disputes Act, 1947, which prevents arbitrary closure of the enterprise and provide redress for workers subjected to dismissal for trade union activities. This means that although workers in theory have the right to unionize, in practice this means very little, because employers can either dismiss individual workers who join a union, or close down an entire unit and reopen it with new, non-unionized workers, and there is no redress for workers who are victimized in this way. Organizing women successfully involves taking up gender issues which are not usually considered to be trade union issues. Only 25% of the workers knew what a Union is and just 8.33% of the workers were a member and leader of the union. When the respondents got to know about the Union and its role then many of them thought that it is unions will be good for them and that they should be a part of it. Garment workers do not have any Worker's Council in the factory which the law abides. Nearly 42% if the workers were not even aware about what a Worker's Council is. From the Union activist's point of view, while the obstacles to organizing are formidable, the unions in this sector, once formed, can be extremely strong. There is a lesson here for the working classes globally.

**7. F. Workers' Opinion:** Every women worker feels that they are doing a respectable thing by working and earning to keep the family running and fulfilling all the responsibilities. They contribute a major chunk to the family income yet they feel that their wages should be increased as it's difficult to lead a descent living in a city with this

income. 33.33% of the workers felt that there should be an effort for better implementation of Labour Law in the factory. This will make their life easier. Young unmarried girls are saving their money to get married. They plan to work in this sector without any specific plans for future.

## 8. Tirupur Study

### 8. A Profiles of MEPZ and NAP

#### MEPZ

The Special Economic Zone Act, 2005 came into force with effect from 10<sup>th</sup> February 2006, with SEZs Rules legally vetted and approved for notification. The SEZ Act and Rules provide for various fiscal incentives to the developer of the SEZ as well as the units which are likely to come up in the SEZs. All the inputs required for setting up operation and maintenance of the SEZs are exempted from levy of taxes, duties and cess. The important additional incentives, which have become available consequent to the SEZ Act coming into force, are as under: -

- 100% income tax exemption for the first 5 years, 50% for the next 5 years and 50% of the ploughed back export profit for the next 5 years for the SEZ units,
- 100% income tax exemption for 5 consecutive years and 50% for the next 5 years to off-shore banking units and units in International Financial Services Center set up in the SEZs.
- SEZ developer has been exempted from minimum alternate tax under section 115JB of the Income Tax Act.

Madras Export Processing Zone-MEPZ is a biggest beneficiary of this Act but whether these benefits translates into the benefits of the workers in a minimum scale is the million dollar question raised by this study.

MEPZ- Madras Export Processing Zone is a Special Economic Zone which was established in 1984 with the objective of promoting foreign direct investment, enhancing foreign exchange earnings, and creating greater employment opportunities. MEPZ was converted into a Special Economic Zone on 1<sup>st</sup> January 2003. The added objective of the SEZ is to facilitate exports through reduction of transaction costs. To this effect, the Ministry of Commerce and Industries has introduced special features that include Offshore Banking Units and Container Freight Stations to be set up within the Zone,

besides liberalized Customs procedures. It is expected that the cost, time and effort saved would translate to higher exports from the Zone. MEPZ SEZ is a multi-product Zone housing 101 functional units. Another 8 units are under various stages of implementation. The export turnover for the year 2004-2005 was Rs.1376 crores. Garments, software and engineering products contributed more than 50% of export value. Recent growth has been in engineering sector with special reference to automobile ancillaries. It is located in Chennai (formerly Madras), the Zone is under the administrative control of the Ministry of Commerce and Industries and caters to the needs of both units in the Special Economic Zone as well as of 100% EOUs located in Tamil Nadu, Pondicherry and Andaman & Nicobar islands. The Zone is headed by Development Commissioner. It is situated 24 kms from Chennai port an artificial harbour on the Coromandel Coast in South-East India and it is the second principal Port for handling Containers. Chennai Port has 21 alongside berths in the 3 Docks viz., Dr.Ambedkar Dock, Jawahar Dock, Bharathi Dock and Container Terminal. The Chennai climate permits port operations throughout the year and assists faster transportation of produced goods. Garments produced in MEPZ are for export market.

The investors of MEPZs have a range of benefits like low electricity tariff, free sales tax and limited implementation of labour laws like formation of trade unions to protect their rights etc. For example: - The government of Tamilnadu with a view to encourage the exports from Tamilnadu have decided that packing materials and consumable goods purchased within the State by registered 100 percent Export Oriented Units and Units of the Madras Export Processing Zone(MEPZ) may also be exempted from payment of sales tax,. The notification \* is intended to achieve the above object.

\* In exercise of the powers conferred by subsection (3) of section 17 of the Tamilnadu General Sales Tax Act 1959 (Tamilnadu Act 1 of 1959), the Governor of Tamilnadu hereby makes the following variation to the Commercial Taxes Department Notification No.11(1)/CTRE/100/97- published at page 90 of Part-II Section 1 of the Tamilnadu Government Gazette dated 17th December, 1997.

There are other benefits like the following G.O Ms.No 719 dated 23.09.1999 which says that “ the Commerce Secretary, Government of India has suggested to this Government for constitution of a State level Committee under the Chairmanship of Development Commissioner, Madras Export Processing Zone, with appropriate representation from the State agencies for giving time bound clearances to Export Oriented Units (EOUs) and units in the Export Processing Zones with regard to power/water connection, Pollution Control Clearances, Sales Tax Registration, Building plan approvals, No Objection Certificate from Fire Officers etc. in order to create congenial environment for the exporting community.

## **NAP**

Unlike MEPZ, the Nethaji Apparel Park –NAP is a complete garment export production park and the garment products are primarily exported to Europe, North America and Japan. The Ministry of Textiles gave its approval for the creation of a world class Apparel Park to boost the exports of apparel in 2002. Tirupur Exporters Association seized this opportunity and established the Nethaji Apparel Park – NAP on the National Highway 47 between Avinasi and Perumanallur with a contribution of Rs 15.25 lakhs per company for a 2 acre plot within the park. 150 acres of land was acquired at Ettiveerampalayam panchayat with a 50% concession on Government’s excise duty on registration. There are 46 plots of 1.8 acres each and 8 plots at 3.6 acres each with excellent roads of 60 feet breadth for easy transportation of containers in the area along with a excellent infrastructure facilities like water supply, drainage sewerage, training centre, display hall, labour welfare facilities, production facilities of international standards, in addition to a captive power plant. The work was completed in January 2005 and inaugurated by Union Finance Minister Mr.P.Chidambaram. Total cost for infrastructure facilities, the captive power plant and the factory buildings is Rs. 92 crores. The Park has 53 companies manufacturing knitwear for exports. Additional investments are estimated at Rs.150 crores.

## **8. B Free Trade Zones and women workers**

The impact of trade on women in the post- globalization is a complex and linked to diverse socio-economic factors in Tamil Nadu especially in the context of Madras Export Processing Zone (MEPZ), Chennai and Nethaji Apparel Park (NAP), Tirupur. The process of identifying the key issues of women workers and prioritizing the most important issues was a tough task. This should be viewed in the context of protecting the fundamental rights of women and improving the working conditions of women. Mapping the core issues and formulating corresponding meaningful demands within the framework of International and National legal instruments on women rights and workers rights is need of the hour. The shock absorbing mechanism for promoting the rights of women first as a women and then equally as a worker alone will ensure some kind of reduction in the rights violations since the growth of FTZs is amazing in terms of economic prosperity of the corporate world without any minimum respect to core labour standards and women workers rights. It is apparently clear and visible in MEPZ and NAP in Tamilnadu, South India.

Tamilnadu is the second largest State in terms of attracting Foreign Direct Investments with 13.55% in National FDI (1991-2001) \* Source: Secretariat of Industrial Assistance, Department of Industrial Policy and Promotion, and this is because of the globalization approach of the industrial officials of state in tune with the industrial policy aimed at employment generation with limited attention to the welfare of the workers like the forerunner Maharashtra State. It is important to note the fact that social security of the workers and their protection within the Indian labour law are not even considered adequately. In 2000, Late Mr. Maran then Minister for Commerce and Industry attempted to emulate China model of Special Economic Zones (SEZs) in India.

He introduced SEZ policy through Annual Export Import Exim policy in March 2000. Tamilnadu being his home state a policy level thrust in this direction was provided and it was started with the already existing MEPZ in Chennai. The Special Economic Zone Act 2005 was introduced by the current Minister for Commerce and Industry Mr. Kamalnath to consolidate the globalized industrial policy with legal tooth.

The misplaced priorities of Government policy is the root cause of all socio –economic and gender issues emerging from FTZs because FDI is the top priority in the policy and the employment generation as a result of FDI flow through SEZs.

### **8. C The impact of Free Trade Zones on garment women workers**

Today, poor and lower middle class women and socio- economically vulnerable tribal, dalits and landless backward caste communities are emerging victims of globalization. The victim hood can be defined with the following aspects of their working conditions ; women are increasingly under the pressure of workload of more than 8 hours with limited space to deny overtime, many of them have no or limited access to union to protect their rights and women can't afford to work for more than ten years in EPZs because of the workload and knowledge of no skills besides being one part of larger assembling system of work, after they come out of their work in their middle ages with limited learned skills and limited scope for new employment.

The scope for economic advancement of all the sections of the society with equity based growth has become a low priority and the widening gap of the rich and poor is taking place rapidly. This is the indicator of negative impact of globalization and it is here in India like other developing nations especially South countries. The impact on women workforce is a common phenomenon which links the workforce of India, China, Indonesia, Cambodia and Thailand.

Research studies related to women workers in unorganized sector (informal sector) in the globalization era have a common connective finding: -

- Globalization leads to feminization of labour.
- Higher growth rate of female recruitment is not actually aimed at women's empowerment.
- Feminization of labour triggers the higher rate of male unemployment.

- Formal or unorganized sector jobs with social security and protective mechanism for workers rights for both women and men is shrinking.
- Employment opportunity for middle aged women in informal sector is shrinking since the preference is only for adolescent girls and young women.
- The feminization of labour force forcibly pressurizes the exit of unionization and trade unions.
- The factors like failure of trade unions to incorporate increased women membership and leadership within its rank and file till the 90's are making it vulnerable at this hour of crisis under globalized regime.
- The flexibility of the production system generates the increase of temporary, part-time, lowly paid apprentice workers, seasonal workers and contingent workers
- Artificial creation of turbulence in labour force and instable workforce

All these features are found in our investigative study on the impact of Free Trade Agreements on Women Workers in FTZs. Significantly all these negative impacts on women workers are major findings of our study on garment sector women in Madras Export Processing Zone and Nethaji Apparel Park, the areas where we have launched this research investigation. Comparatively, the findings are reiterating earlier studies and observations on the issue of globalization and women workforce. The number of working days per annum is increasing for those women who work in free trade zones but their wages and social security are under threat. Since industries in the zones are export-oriented, the emphasis is on minimizing production costs so that prices are competitive in the international market. It is the workers, especially women, who bear the brunt of tight competition in the global market. To meet production targets, they are compelled to work harder and longer until they burn out or quit.

## **8. D Working conditions of women garment workers in MEPZ and NAP**

### **8. D. i Profile of women workers**

More than 24,000 women workers are employed in garment factories in MEPZ and about 10,000 women workers are employed at NAP. About 85% of the women workers are in the age group of 18 to 35 years. Approximately one fifth of the women workforce is

widows, women deserted by men, women married to physically challenged husband and wives of alcoholic husbands. Another major chunk belongs to families of internal migrant women, urban poor and debtors. Majority of the internal migrant women belongs to the families of landless agricultural workers, artisans, fishers and tribal communities. General socio-economic profile of workforce is very much similar in both places except few variations in MEPZ where major sections of women workers are natives of Chromepet, Pallavaram, Pammal, Asthinapuram, Thambaram, Perungalathoor, Mudichur, Porur, Kunrathur, Mannivakkam, Sriperumputhur, Pallikaranai, Selayur, Medavakkam, Alanthoor and Adambakkam. In NAP, majority of the workers are from Salem, Erode, Karur, Thirunelveli, Sivaganagai, Virudhunagar, Theni, Trichy and Ramanathapuram districts. Native workers of NAP are from Perumanallur, Vijayamangalam, Kunrathur, Avinashi, Poondi, Sevir, thekkalur and Karumanthampatty etc.

#### **8. D. ii Wages**

Unskilled women workers in MEPZ earn Rs 2,300 per month for 8 hours of work per day and 1 hour of overtime work. It is approximately 225 working hours per month. This means that they are paid Rs 92 per day. Skilled workers are paid a monthly income of Rs 3,500 per month at the rate of Rs 140 per month. The semi-skilled workers earn a daily wage of Rs 100 to 110/-. It is important to note the fact that their daily wages is inclusive of 1 or 2 hours of overtime. Wages earned by the workers are less in case of unskilled workers when we compare the wages of Madras Export Processing Zone and the wages of the garment export factories with better labour standards located in Chennai. However wages for skilled workers are somewhat better than the factories outside MEPZ.

In NAP, unskilled women workers daily wage is Rs 90 per day and the skilled women workers earn a daily wage of Rs 120 per day. 4 hours of over time work provides an additional income of Rs 45 per day for the unskilled and Rs 60 for the skilled workers. However, wages earned by women workers in NAP is marginally less than the wages of the workers located inside the Tirupur city. The wages are less than the wages fixed by Tirupur wage accord fixed by employers and trade unions in the presence of labour

commissioner. Few leading factories of Tirupur city pay according to Tirupur wage accord but it is not implemented in Nethaji Apparel Park.

#### **8. D. iii Working hours**

Women workers have a minimum 54 hours per week and a maximum of 72 hours per week during season time in MEPZ. This is similar to the working hours of factories located outside MEPZ. The workload in MEPZ is higher than anywhere because they have to work with a target for either stitching number of parts of a garment or checking number of such pieces per hour. The monitoring of quantitative production and grading system for workers based on the production outputs adds additional pressure to women workers. Women workers engaged in garment production have lesser durability. For example if they start their career at the age of 21 years then they are most likely to come out at the age of 26 or 27 years. Unless they face extreme poverty at home indeed they are most unlikely to continue. A 26 years old young widow complains that there supervisors are increasing target of pieces to be completed every 2 months and situation has reached a breaking point in terms of workload. Similarly another young woman complains that she is no longer able to accomplish the target because it is beyond her capacity and soon she wants to leave after the completion of five years old agreement.

Women workers in NAP work for a minimum of 60 hours per week to a maximum of 72 to 84 hours per week. Working conditions are harder in Nethaji Apparel Park than Madras Export Processing Zone but they have better wages than MEPZ. Durability of women workers and occupational health hazard are very much similar to both places.

#### **8. D. iv Freedom of association and right to collective bargaining**

The core labour standard like freedom of association is completely missing at both places. Employers consider this as a major threat than any other standards. They don't bother to additional toilets if social auditors' demands but union is something unacceptable to them. There is a uniform mindset among the employers of MEPZ and NAP in this core labour standard. In the past, employers of MEPZ have done union busting and sacking workers involved in trade union activities.

n NAP, workers have access to trade unions if they come out of high prison type walls of NAP. Trade unions have intervened on behalf of the women workers with the employers at times of distress. This doesn't mean that trade unions or right to collective bargaining or accepted as a civilized social dialogue mechanism by the employers. Importantly, all the women workers who have attended focus group discussions and provided interviews are uniformly ruling out the possibility of forming a trade union in their factories located in MEPZ and NAP.

#### **8. D. v Benefits**

Women workers particularly skilled workers in NAP, have the benefit of Employees State Insurance ESI but no provident fund and maternity benefit. However, ESI is not available in all the garment companies. Similarly, it is available for some garment companies in MEPZ. Bonus especially festival bonus (Deepavali festival) is available for all the women workers who have completed one full year of employment in both the places. Workers receive at the range of 5 to 12% of the annual wages as festival bonus.

#### **8. D. vi Discrimination and Child labour**

Women workers are recruited based on their age. Women workers above the age group of 35 years are not recruited normally only in some exceptional cases women workers in the age group of 35 to 40 years are recruited at both the places. There is a discrimination based on age in recruitment prevails. Similarly, wages of the women workers are not in par with the men workers who are working in other locations.

There is a preference of women workers that too young women workers and in the process they discriminate men workers and middle aged women workers. Women workers who have good relationship with the management or supervisors are promoted rather than skilled and solidly working women workers. This fact is reported by several of the interviewed women workers. There exists discrimination in promotion of women workers. In MEPZ and NAP, the discrimination in terms of age, sex and promotion exists in the interviewed women workers' companies.

Child labour is absent in majority of the factories located in MEPZ and NAP, however there are few women workers in the age group of 16 to 18 years are found in both the places.

#### **8. D. vii Health and safety**

Garment factories located in MEPZ and NAP, have fire fighting equipments, emergency exit, reasonably sufficient toilets, better fan and light facility etc. Portable water is a problem area in some factories. There is a mini hospital in the campus. There are limitations in using the toilet if women workers frequently use toilets then they are stopped and questioned. Supervisors often feel that frequent use of toilets may affect their hourly quota of production. Some factories have limited quantity of water in toilets according to interviewed women workers. First aid facility is available in all the factories.

#### **8. D. viii Employment agreement**

There is no employment agreement for majority of the women workers in Nethaji Apparel Park and there is employment agreement for skilled women workers in Madras Export Processing Zone. Women workers receive pay slip with details in MEPZ but this process is absent in NAP. Many of the interviewed garment women workers of NAP have no idea about the importance of employment agreement and they seem to be less literate than the workers of MEPZ. Urbanized environment and employment of urban women workers living around MEPZ is a factor which assists some kind of assertion of women workers in understanding the importance of employment agreement.

#### **8. D. ix Priority issues of women workers**

Despite the international thematic debate on gender and organizing of garment women workers in the context of globalization and higher level of competition among developed nations to grab orders at the cost of cheap labour, the priorities of women workers of MEPZ and NAP are slightly different.

Responses of the participants reveal that the priorities of both places are different. Women workers of NAP don't bother much about employment agreement and at the same time they are more concerned about wages, bonus and promotion as their key preferences. While the women workers of MEPZ are concerned about reduction in target, overtime and then wages and this reveals the fact that they face heavy workload in just 54 hours of work per week. Similarly women workers have limited priority for freedom of association and right to collective bargaining in MEPZ and it is on higher side for women workers of NAP. Reduction in work target is equally important issue for the workers of both places.

**Table: Priorities of women workers in MEPZ and NAP**

	<b>MEPZ women workers</b>	<b>Opinion</b>
<b>No</b>	<b>List of priorities</b>	<b>Percentage</b>
1.	Reduction in work target (pieces per hour)	85%
2.	Reduction in overtime	75%
3.	Increase in wages	72%
4.	Increase in Bonus	70%
5.	Increase in lunch hour break	52%
6.	Revision of employment agreement	48%
7.	Promotion in occupation	35%
8.	Maternity benefit	35%
9.	Need for freedom of association and right to collective bargaining	27%
	<b>NAP women workers</b>	<b>Opinion</b>
<b>No</b>	<b>List of priorities</b>	<b>Percentage</b>
1.	Increase in wages	85%
2.	Increase in bonus	80%
3.	Promotion in occupation	78%
4.	Maternity benefit and Provident fund	73%
5.	Need for freedom of association and right to collective bargaining	68%
6.	Reduction in work target (pieces per hour)	60%
7.	Increase in lunch break	45%
8.	Reduction in overtime and make uniform overtime throughout the year	40%

**\*The percentage is calculated based on the sample size of 48 respondents including the participants of focus group discussions.**

## 9. Conclusion of the Report

After having researched on the Impact of Free Trade Agreement on women workers in FTZs and some organizing attempts these were few points to be pondered upon:

- One of the most important aspects of globalization is the discord between the liberal ideology that drives economic globalization and the politics of workers' right. In the patriarchal societies of Asia it is often women who are hit by the poor working conditions, long hours and low pay.
- Although the broad trend is that more women are employed in various jobs, their employment pattern have not generally improved; women are still concentrated in the low paid, unskilled and irregular jobs, and their wages in existing jobs have not increased. The new employment of women have is mostly casual, irregular and insecure, as reflected in various National Sample Surveys.
- Although some women may experience an increased demand for their labour, there is no improvement in the level of wages for women workers. This becomes clear by the fact that no significant decline in the gap between male and female wage levels can be observed.
- Empirical evidence does not strongly support the argument for the 'feminization of work' in the so called 'global period' in India to date. The feminization of labour in India has been patchy since women's employment opportunities have diminished in some areas while there has been a trend towards feminization of work in other sectors. However, increased female employment in certain areas (such as in garment sector) has not been accompanied by better wages or more secure jobs. This explains why on average, women's income has not increased in spite of the trend towards higher female employment rates in certain sectors. On the contrary, women in general appeared to become more vulnerable to a higher level of exploitation through privatization, marketization and export promotion, pursued via the New Economic Policy in India since 1991.
- Women, especially those from the low income households are exploited through the 'feudal' or traditional family and gender social relations within the households

and also through the capitalist relations at the work place. Their low levels of earning do not empower them, not enough even to overcome the disadvantaged position within the household.

(Women and work in Globalising Asia: edited by Dong Sook S. Gills and Nicola Piper: 2000)

# *ANNEXURES*

## **The labour law in India**

Indian law is largely based on English common law because of the long period of British colonial presence. Many Acts passed during British time are still applied today but in a modified form. Besides, the Indian legal system is made more complicated due to the federal system of India. So laws and regulations can come from the Central Parliament or the State Parliaments.

As in all the branches of the law, the law can be divided into two main sources, the national and the international ones.

### **1- National labour law**

The Indian labour law is very comprehensive and for most part quite old, the main laws were passed before or just after the Independence even if some amendments were made since then.

The main Indian labour laws are:

#### **The Factories Act, 1948**

This act is the most important one for the workers in the garment industry. It applies in factories that have 10 workers at least.

It deals with health, welfare and safety so that to ensure better working conditions and that the interests of workmen are protected (cleanliness, ventilation, temperature, lighting, overcrowding, toilets, prevention of fire, gloves and goggles, etc).

It also brings about uniformity in the number of working hours (9 hours per day and 48 hours per week), compulsory Sunday off, 30 minutes break after every five hours of work and leave with wages. It also deals with the extra pay for overtime work (double rate) and they should not exceed 50 hours in 3 months.

The legislation provides for welfare measures such as crèches in factories where more than 30 women are employed as well as mandatory first aid facilities and provision of canteens in undertakings employing more than 250 workers.

The legislation also specifically provides for a Register of adult workers.

The factories and boilers department is in charge of enforcing this Act in factories. They can also proceed to some inspections inside the factories of their jurisdiction.

### **The Industrial Dispute Act, 1947**

This Act set up the procedural machinery to settle disputes between employers and employees. The law also provides substantive provisions for the employee/ employer relationship.

### **The Minimum Wages Act, 1948**

This Act provides detailed guidelines for the minimum wages that are to be paid to workers. This minimum wage is different according to the State, the work, etc. It is the role of the States to regulate the minimum wages in details and to revise them regularly. For a tailor in Bangalore, the minimum wage is of 88.75 Rs per day.

Besides, the legislation specifies for wages for overtime, payment of minimum rates of wages, penalties for certain offences, etc.

### **The Employee State Insurance Act, 1948**

The ESI is a legislation whose basic purpose is to provide for certain benefits to employees in case of sickness, maternity and employment injury. Both the employee and the employer contribute to the ESI and this scheme is applicable only for business employing at least 10 workers.

The legislation clearly provides that the employer cannot dismiss or punish an employee through a period of sickness or in any way reduce or discharge through the period of maternity benefit. The employee during his/her period of sickness is entitled to medical benefits as well as cash benefits equal to about half his/her daily wage per day for a period of 56 days per year.

Moreover, the legislation provides for the hospitals that the employee is entitled to access as under the ESI legislation.

### **The Maternity Benefit Act, 1961**

It provides benefits of pregnant workers: average daily wages during their absence 6 weeks before and 6 weeks after giving of birth or miscarriage. This legislation further and very importantly protects pregnant workers from being dismissed through their maternity period. If the employer has failed to provide the worker with medical care, then the legislation places the onus on the employer to ensure that a medical stipend is provided to the worker by the employer. The mother is also allowed 2 nursing breaks a day through her period of work.

But the fact that most of the women working in the garment factories are not married and quit their work once they get married, makes that this legislation is barely applied.

### **The Equal Remuneration Act 1976**

It provides the payment of equal remuneration to men and women workers for the same work or a work of similar nature and for the prevention of discrimination, on the ground of sex, in matters of wage fixing, transfer, training and promotion. Article 15 of the Constitution also prohibits discrimination on various grounds including gender.

**The Trade Union Act (1926)** (as well as article 19 of the Indian Constitution) guarantees the freedom of association in trade unions. It also prohibits discrimination against union members. The word trade union means "any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more trade unions".

The collective bargaining is not dealt with.

The case *Vishaka vs. State of Rajasthan (1997) 6 SCC 247* deals with the sexual harassment because no specific law addresses that issue.

The sexual harassment is defined as ‘such unwelcome sexually determined behaviour as physical contact and advances, sexually coloured remarks, showing pornography and sexual demands, whether by words or actions. Such conduct can be humiliating and may constitute a health and safety problem’ according to the United National Committee on the elimination of all forms of discrimination against women (general recommendations No 19 in 1992)<sup>1</sup>.

The Supreme Court of India issued a decision containing guidelines and norms prohibiting sexual harassment of women in the workplace. The guidelines impose a duty on employers to prevent (for example, by creating awareness of the guidelines in the workplace) or deter (for example, by initiating criminal proceedings) the commission of acts of sexual harassment. Employers also have a duty to provide the procedures for the resolution, settlement (for example, by establishing a complaint mechanism) or prosecution of such acts by taking all steps required. Importantly, the guidelines are binding and enforceable in law until suitable legislation is enacted to occupy the field. In the case of third party harassment, the employer must support the affected person and take preventive action<sup>2</sup>.

The Indian law has also been influenced by the international commitments that India made in relation to human rights and labour standards.

## **2- International labour law**

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<sup>1</sup> Nelien Haspels, Zaitun Mohamed Kasim, Constance Thomas and Deirdre McCann, Action against Sexual Harassment at Work in Asia and the Pacific, International Labour Office ILO Bangkok Area Office and East Asia Multidisciplinary Advisory Team, available at <http://www.ilo.org/public/english/region/asro/bangkok/download/sextech.pdf>

<sup>2</sup> Nelien Haspels, Zaitun Mohamed Kasim, Constance Thomas and Deirdre McCann, Action against Sexual Harassment at Work in Asia and the Pacific, International Labour Office ILO Bangkok Area Office and East Asia Multidisciplinary Advisory Team, available at <http://www.ilo.org/public/english/region/asro/bangkok/download/sextech.pdf>

In relation to international human rights standards, India has ratified most of the main conventions namely the International Covenant on Economic, Social and Cultural Rights (CESCR) 1966, the International Covenant on Civil and Political Rights (CCPR) 1966, the International Convention on the Elimination of All Forms of Racial Discrimination (CERD) 1965, the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) 1979, the Convention on the Rights of the Child (CRC) 1989, and the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (MWC) 1990.

In these conventions you can find references to the right to work (article 6 CESCR), decent working conditions (article 7 CESCR), the freedom of association (article 8 CESCR and article 22 CCPR), the prohibition of discrimination especially against women (article 10 CESCR and article 11 CEDAW), the prohibition of child labour, etc.

However, the International Labour Organisation (ILO) produced more detailed conventions on these issues.

Among the eight Core Conventions of the ILO, India had ratified only 4.

So India is compelled to respect:

**- The Forced Labour Convention (No. 29)**

The aim is to suppress the use of forced or compulsory labour in all forms. Forced or compulsory labour is defined as ‘all work or service that is exacted from any person under the menace of any penalty and for which the said person has not offered herself or himself voluntarily’.

**- The Abolition of Forced Labour Convention (No.105)**

This convention obliges the ratifying countries to undertake to suppress and not make use of any form of forced or compulsory: political coercion or education, punishment for holding or expressing political views, use of labour for economic development, labour discipline, punishment for having participated in strikes, and racial, social, national or religious discrimination labour for certain purposes.

- **The Equal Remuneration Convention (No.100)** enacts the principle of equal remuneration for male and female workers for work of equal value.

- **The Discrimination (Employment Occupation) Convention (No.111)** concerns not only gender discrimination but any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, natural extraction or social origin. This convention also deals with the sexual harassment issue according to the ILO committee of experts.

However, India has not ratified (yet) the following core ILO Conventions:

- **The Freedom of Association and Protection of Right to Organised Convention (No.87)**

This convention sets the principle of the freedom of workers and employers to form and join organisations without fear of reprisal and intimidation.

- **The Right to Organise and Collective Bargaining Convention (No.98)** secures the rights of the convention 87 with the protection of the State. Consequently the workers shall enjoy protection against acts of anti-union discrimination in respect of their employment.

- **The Minimum Age Convention (No.138)** aims at ensuring the abolition of child labour through progressive steps and by allowing exceptions.

- **The Worst forms of Child Labour Convention (No.182)** sets the prohibition and elimination of the worst forms of child labour. The worst forms of child labour is defined as all forms of slavery or practices similar to slavery, prostitution or pornography, or the use, procuring or offering of a child for illicit activities but also all work that is likely to harm the health, safety or morals of a child.

Furthermore, **the 1998 ILO Declaration on Fundamental Principles and Rights at Work** sets the following core labour standards as universal standards: the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, the freedom of association and the effective recognition of collective bargaining, the elimination of discrimination in respect of employment and occupation. Consequently, these rights have to be respected by all ILO members (which include India) whether or not they ratified the corresponding convention.

In order to monitor the application of the principles of the declaration, mechanisms were created.

In the **annual review** governments from countries, which have not ratified one or more of the core labour standards conventions, shall report the efforts made to respect and promote the core labour standards with comments from worker and employers' organisations as well as independent experts.

The **global report** by the Director-General contains a global picture regarding one of the four core labour standards, both in countries that have ratified the core conventions and those who have not ratified them.

The ILO has also measures to monitor the application of its conventions.

According to the regular system of supervision, countries have to provide regular reports (every fifth year) on measures taken to apply the labour standards conventions that they ratified. The Committee of Experts on the Application of Conventions and Recommendations (CEACR) examines these reports and makes observations and comments.

The **special system of supervision** provides more specific measures on the basis of complaints. Employers and workers' organisations are entitled to make a formal complaint about the failure of a member state to secure the effective observance of a ratified convention.

A tripartite committee investigates the case and communicates it to the government. The case can be published if either the government does not reply or the statement is not satisfactory. Most of the time the threat to publish is sufficient in order to bring the member state to take due action, since countries normally want to avoid being named and shamed in front of the international community. The sanction is consequently purely moral as it often happens in international law.

For freedom of association and the right to collective bargaining there is a special permanent Committee on Freedom of Association. It is a tripartite body, which investigates complaints against both ratifying and non-ratifying countries concerning these specific rights.

However, the main resources of the ILO are technical co-operation and support, institutional building and knowledge. It is often said that it plays an important role in promoting the fundamental principles and rights but that it is not enough to secure the workers the respect of their rights. The ILO does not have any power to sanction a state for violating rights that it agreed to respect and make respect by its citizen.

India does not meet the ILO standards. Indeed, the fact that a part of the workers (informal work) is not benefiting from the protection of the law is contrary to the ILO standards. The protection of the law should be available to all workers so that they can enjoy the basic labour rights and complain when their rights are violated. The law should be applied to all workers irrespective of their profession, the size of the factory, the state, etc.

According to the law, the workers rights can seem quite well protected and the basic rights enacted in the Indian legislation. However, the voices from the factories tend to say that there is a huge gap between the law and the workers daily life.

## **What are IMF , World Bank and ADB?**

The International Monetary Fund (IMF) and the World Bank were established at the end of World War II at Bretton Woods, USA in 1944 and designed to achieve different but complementary ends. The IMF was designed to defend the international monetary system which meant in effect helping governments overcome balance-of-payments problems. Its mandate was to regulate an international monetary system based on convertible currencies to facilitate global trade while leaving sovereign governments in charge of their own monetary, fiscal, and international investment policies. The International Bank for Reconstruction and Development (IBRD), now known as the World Bank, was established to help finance the reconstruction of war-torn Europe and the development of the poorer countries of the world. In the five decades since then the world has changed but the two bodies have recognizably the same task. The IMF lends money to countries which are in deep economic trouble - Mexico in the 1980s for example, Mexico again in 1995, South East Asia and Russia in the late 1990s, Argentina in 2001. The World Bank backs these programmes with loans for specific ends. Today these often include financial support for social networks to protect the poor from some of the worst effects of the economic problems the IMF is trying to overcome. The IMF has now become the "point person" for efforts to "liberalize," or deregulate the international economic system.

The IMF has prescribed the same medicine for troubled third world economies for two decades now:

- Monetary austerity: Tighten the money supply to raise internal interest rates to whatever heights are needed to stabilize the value of the local currency
- Fiscal austerity: Increase tax collections and reduce government spending dramatically
- Privatization: Sell off public enterprises to the private sector

- Financial liberalization: Remove restrictions on the inflow and outflow of international capital as well as restrictions on what foreign businesses and banks are allowed to buy, own, and operate.

Only when governments sign this "structural adjustment agreement" does the IMF agree to lend enough to prevent default on international loans that are about to come due and otherwise would be unpayable. Arrange a restructuring of the country's debt among private international lenders that includes a pledge of new loans.

The flip side to it is that after the World War II, the USA emerged as a successful victor in political and economic terms. The USA was looking for new and growing markets and sources of raw materials. The war ravaged countries like Germany were in dire need of capital to revive their economies. The USA managed to force its interests against rival industrial countries weakened by the war and to anchor these interests in the structure of the new world monetary system led to the creation of twin institutions. The IMF started its operation in 1947 while the World Bank commenced operation in 1946. With the foundation of these institutions, the USA succeeded in imposing its interests on world economic operations order based on free trade and free enterprise. These institutions closely follow a carrot and stick principle - without IMF membership no admission to the World Bank, without conformity to IMF rules no development aid from the World Bank. (Ajit Muricken; Globalization and SAP; Trends & Impact- An Overview)

The **Asian Development Bank (ADB)** is a regional development bank established in 1966 to promote economic and social development in Asian and Pacific countries through loans and technical assistance. It is a multilateral development financial institution owned by 67 members, 48 from the region and 19 from other parts of the globe. The work of the Asian Development Bank (ADB) is aimed at improving the welfare of the people in Asia and the Pacific.

The bank was founded as a regionally focused clone of the IBRD (World Bank), with the primary impetus coming from the US, Japan and Western European (especially Nordic and Germanic) governments. Throughout most of its history the bank has operated on a

project basis, specifically in the areas of infrastructure investment, agricultural development and loans to basic industries in member countries. ADB's main instruments for providing help to its developing member countries are policy dialogue, loans, technical assistance, grants, guarantees and equity investments.

## **ROLE OF WORLD BANK, IMF & ADB IN INDIA**

These structural adjustment programs have focused largely on a set of neoliberal economic policies, commonly summarized under the concept of the “Washington Consensus.” They included the tightening of government social expenditures, low inflation targeting, privatization and liberalization of public services and domestic financial institutions, the introduction of user fees for health, water and sometimes education services, and a focus of the national economy on exports and export revenues and the dismantling of tariff barriers – all of which have gender-differentiated impacts and disproportionately disadvantage women in many developing countries. While there has been a “reformulation” of the “Washington Consensus” in the last few years, the basic premises of the original consensus are still at work in determining global financial, monetary and trade policies, all of which are enacted as if they were gender-neutral.

Economic policies are no longer made within national contexts. Globalization implies that financial, monetary and trade policies are shaped and increasingly formulated in international institutions (World Trade Organization, International Monetary Fund, World Bank, Multilateral Development Banks) with far-reaching consequences for regional and local governments and for civil society. The neoliberal forms of globalization invoke new governance mechanisms that have differential impacts across the social spectrum, i.e., relative to class formation as well as gender relations.

Globalization has impacted upon gender relations in complex and contradictory ways, and gender inequalities are fundamentally shaping the global political economy. The world market is based on an increasing international division of labor, but also on the gendered division of labor. Women are specifically affected by economic and other crisis situations, since they are the main care providers in the households and communities while they lack livelihood rights, even as the gender bias in the allocation of resources persists. The liberalization of trade relations has also increased the “feminization of the

labor force”, such that more women are income earners but at the same time more jobs are precarious, informal and without social protection

Critics maintain that contrary to the stated aim of reducing poverty and increasing stability through economic growth, the economic policy mandates of IMF and World Bank policies have largely harmed and further impoverished hundreds of million of people around the world, most of them women – while failing to deliver the economic growth (especially in Sub-Sahara Africa and Latin America) needed to alleviate poverty and growing inequalities worldwide

Despite being usually cast in gender-neutral and beneficial terms, standard World Bank and IMF policy mandates for the poor developing countries impact the poorest people the most, although men and women differently. Since the neoliberal economic model on which the IFIs growth projections and policy mandates are based does not recognize women’s unpaid, yet substantial labor in the home, the agricultural and the informal sector, many IMF and World Bank policies have actually increased and worsened gender inequality – and the feminization of poverty - in developing countries. The burden of public health expenditure cutbacks in developing countries is overwhelmingly borne by women who have to care at home for sick family members and thus reduce their time available for paid work;

Public sector and enterprise restructuring, as for example mandated by the IMF and the World Bank after the fall of the Iron Curtain in the former Soviet Union and in Eastern Europe, eliminates many jobs and benefits with women being often the first to be fired and the last to be rehired because they are assumed to be only secondary breadwinners. Unreciprocated developing country import tariff reductions, so-called “autonomous liberalization”, threaten the livelihood of manufacturing sector workers in the poorest countries –many of whom are women, especially in sectors such as electronics or garments. In the agriculture sector, where the majority of women in developing countries still work as subsistence farmers, export-oriented agricultural production, as mandated through structural adjustment programs, and subsidized agricultural dumping by the

industrialized countries threaten food security and local markets. Likewise, the introduction of value-added-tax or consumption taxes in many developing countries as mandated by the IFIs affects poor consumers, a majority of them women, disproportionately.

Significantly, the earlier project-based role of the World Bank in India has moved to a much more powerful policy-based role. We must now question whether national and state policies are being set in India or in Washington, where the World Bank is headquartered.

The WBG is best known for its financing of large infrastructure projects, such as big dams (Sardar Sarovar is the classic example), power plants, highways, etc. These have often resulted in widescale environmental destruction, displacement of large numbers of people and impoverishment of others (through losing access to natural resources, etc.) Since 1991, as a result of India's foreign exchange crisis, WBG has also given large loans for "structural adjustment" – the name given to a set of neoliberal economic policies which the government has been forced to adopt in return for hard currency liquidity. These policies include privatisation of public services (such as health, education, telephones, water and electric supply); reduction in state subsidies and increased user fees in public services; reoriented economic production towards export; and increased foreign investment and MNC control of the economy. These policies have been promoted as "poverty reduction" or "pro-growth," but their primary purpose has been to increase the state's foreign exchange reserves so that hard currency debts (to the World Bank, IMF and private lenders) can be paid off. The degree to which they are responsible for increased economic growth is debatable; but they have clearly been responsible for a growing gap between rich and poor and, in many cases, absolute increases in poverty.

The WBG operates in greater secrecy than even multinational corporations, as it is not subject to any disclosure laws, and treats its agreements with national governments as state secrets. Because of its control over international capital flows, it is in a position to dictate terms to the government and uses this power to circumvent democratic processes which might seek alternative economic policies. When existing bodies (panchayats,

councils, etc.) are not to its liking, the WBG has been known to set up parallel governance structures to implement its projects, thus rendering irrelevant the nation's democratic structure. Its loans are sovereign debt, so regardless of the success or failure of its projects, the nation as a whole is obliged to repay them. The WBG determines the loan and attached conditions, but in case of failure, all costs are borne by the people, who are excluded from the decision-making process. Finally, as a treaty organisation, the WBG has claimed immunity from lawsuits.

Vast amounts of “knowledge” – studies, analysis, surveys, and reports – are being produced by International Financial Institutions (IFIs) like the World Bank and highly paid international consultants to push the LPG (‘liberalization, privatization and globalization’) process. In many cases, public policy and development projects are proposed, evaluated, financed, and implemented by these same institutions.

The World Bank has been so successful in spreading its neo-liberal philosophy that the independence of bureaucrats and politicians must now be questioned. The World Bank offers staffs exchange programs, training sessions, junkets, seminars, and publications to the very individuals who negotiate with the Bank on behalf of the Indian people. As a result, alternatives to neo-liberalism find no champion within the Bank-government relationship

## Bangalore Study: Tables

### Workers' Profile

**Table 1: Workers' Age**

Age (Years)	Number of Workers	
	No.	%
15-20	4	33.33
21-30	6	50
31-40	2	2
Above 40	0	0

**Table 2: Education Level**

Education (in Years)	Number of Workers	
	No.	%
No Education	3	25
1-3 yrs	1	8.33
4-6 yrs	2	16.67
7-9 yrs	1	8.33
10-12 yrs	5	41.67
Vocational	0	0
University	0	0

**Table 3: Marital Status**

Marital Status	Number of Workers	
	No.	%
Unmarried	4	33.33
Married	7	58.33
Widowed	0	0
Divorced/Separated	1	8.34

**Table 4: Duration in Garment Sector**

Duration (in years)	Number of Workers	
	No.	%

< 1 year	1	8.33
1-4 years	6	50
4-8 years	2	16.67
> 8 Years	3	25

**Table 5: Reasons for joining Garment Sector**

Reasons	Number of workers	
	No.	%
Domestic	6	50
Education	6	50

**Table 6: Previous Occupation**

Previous Occupation	Number of Workers	
	No.	%
Agriculture	2	16.67
School	3	25
Household Work	5	41.67
Others	2	16.67

**Table 7: Migrant Status**

Migrant from	Number of Workers	
	No.	%
< 20 km	1	8.33
20-50 Km	0	0
50-100 Km	10	83.34
> 100 km	1	8.33

## **Working Condition**

**Table 8: Overtime Work**

Overtime	Number of Workers	
	No.	%

Voluntary	3	25
Compulsory	9	75

**Table 9: Gender Discrimination**

Gender Discrimination	Number of Workers	
	No.	%
Yes	5	41.67
No	7	58.33

**Table 10: Transport Facility**

Transport	Number of Workers	
	No.	%
Factory Bus	5	41.67
Walking	7	58.33

**Table 11: Written Contract with the Employer**

Contract	Number of Workers	
	No.	%
Yes	5	41.67
No	7	58.33

**Table 12: Training for work**

Training	Number of Workers	
	No.	%
Yes	6	50
No	6	50

**Table 13: Health Problems**

Health Problems	Number of Workers	
	No.	%
Yes	6	50
No	6	50

**Table 14: Case of Sexual Harassment**

Sexual Harassement	Number of Workers	
	No	%
Yes	2	16.67
No	10	83.33

### **Organizing Attempts**

**Table 15: Familiarity with Labour Laws**

Labour Laws	Number of Workers	
	No	%
Yes	7	58.33
No	5	41.67

**Table 16: Knowledge about Trade Unions**

Trade Union	Number of Workers	
	No	%
Yes	3	25
No	9	75

**Table 17: Leader/Member of Trade Union**

Trade Union	Number of Workers	
	No.	%
Leader	1	8.33
Member	1	8.33
Neither	10	83.33

**Table 18: Existence of Workers' Council in the Factory**

Workers' Council	Number of Workers	
	No	%
Yes	0	0
No	7	58.33
Don't Know	5	41.67

## **Production Process**

**Table 19: Situation of Quota/target in the last few years**

Qouta	Number of Workers	
	No	%
Increase	5	41.67
Decrease	0	0
Same	6	50
Don't Know	1	8.33

**Table 20: Knowledge about the Brand Names they produce**

Brand Names	Number of Workers	
	No	%
Yes	4	33.33
No	8	66.67

## Interview Guidelines and Questionnaire

### Interview guidelines for Women Workers in garment industry in EPZs

Name  
Factory  
Position  
EPZ  
Location

#### 1. PROFILE

1. Age

15-20, 21-25, 26-30, 31-35, 36-40, 40 and above

2. Education

1-3 years, 4-6 years, 7-9 years, 10-12 years, University Degree, Vocational Training, Other \_\_\_\_\_

3. Marital Status

Unmarried, Married, Widowed, Divorced / Separated

4. How long have you been a garment worker?

Less than 1 year, 1-4 years, 4-8 years, More than 4 years

5. Why did you join the garment industry? \_\_\_\_\_

6. What were you doing before you came to work in the factory? \_\_\_\_\_

7. Are you a migrant worker?

Yes No if yes, national migrant or international migrant? \_\_\_\_\_

In migrating for work, what problems have you faced? \_\_\_\_\_

How do you deal with them? \_\_\_\_\_

#### **WORKING CONDITIONS**

##### **BACKGROUND**

8. How many days a week do you work? \_\_\_\_\_

9. How many hours a day do you work? \_\_\_\_\_

10. Are you forced to do OT? If yes, how often? How many hours in a week?
11. Do you/your friends do night shift?
12. What kinds of work do men and women workers do in your factory?  
 Men :  
 Women:
13. Do you think the experiences/situation of men factory workers differ from that of women factory workers?  
 Yes No Why or why not? \_\_\_\_\_
14. Do you take work home? If Yes under what circumstances? Do you know any other Home based garment workers?
15. Do you have any other source/s of income?  
 Yes No If so, please explain. \_\_\_\_\_
16. Where do you live? (how far from EPZ)? With how many people?
17. Are there any factory dormitories which have been provided to you?  
 If yes, is any money deducted from your pay? Are you forced to do OT if you live in dormitory?
18. Does the factory provide transport from and to the factory?
19. Do you get transport in case of night shift?
20. Have you signed a contract with your employer?  
 Yes No If so, do you know the provisions /contents? \_\_\_\_\_
21. How much leave do you get?
22. Do women workers get maternity leave? How long? Is it paid? Is it for all pregnancies?
23. Do women with infants get breast feeding time off (to come late or leave early or bring infants to work?)
24. Does anyone threaten to fire you? How do you view your job security?
25. Did you get training for work you do? How? How long? Was this paid fully?
26. Do you get promotions? If yes what does it entail? If no, why not?
27. Do you have any time for entertainment? If yes, then what forms? When?
28. Do you feel any impact of political suppression, fundamentalism on yourself as women and as a worker? Please explain

29. Do you/ or anyone you know experience any health problems (respiratory/reproductive) or industrial accidents working in a factory?  
Yes No If yes did the factory give any compensation? Please elaborate

30. Have you, or anyone you know, ever experienced sexual harassment at the workplace?  
Yes No If so, did you/they do anything about it? Please elaborate

### **ORGANISING ATTEMPTS**

31. Are you familiar with the Labour Laws of your country, and with your rights as a worker?  
Yes No

32. Do you know what a Trade Union is?  
Yes No

33. Are you a leader or a member of a Trade Union?  
Leader Member Neither

If so, how did you become involved? \_\_\_\_\_  
What Trade Union are you a part of? \_\_\_\_\_

34. Are there many women union leaders/members?

Yes No If so, about how many leaders/members are women? \_\_\_\_\_  
How do they differ from men leaders/members? \_\_\_\_\_

35. Do you have a workers council? Are you part of it? What does it do?

36. Do you think Trade unions are useful? Please explain.

### **PRODUCTION PROCESS**

38. Has there been an increase or decrease in quota? Why?

39. Do you know what brand names you make products for? If yes, specify?

40. Do they have audits by buyers? What happens in this? Did you receive any coaching for this from the factory?

### **FINAL COMMENTS**

41. Do you think you get respect – as women, as workers?

42. What recommendation would you give as demands to trade unions, your government, to regional organizations to improve your life.

43. What are your future plans?

## Interview guidelines for NGOs, labour activists, Trade Unions, Management

Name

Organization

Designation

Work done by organization (can be from Secondary research also)

Location

### **For Management**

1. Describe the working conditions (including wages) of workers and specifically women workers in Garment factories in (SEZs /FTZs/EPZs) your country/state
2. Has the situation of garment workers changed much in the past 5 years? (in relation to FDIs and trade agreements of your country and other countries)
3. Describe the health and safety conditions of workers in Garment factories in SEZs of your country/state (with reference to women's issues and violations of labour law)
4. What are the labour laws that cover workers in SEZs/ FTZs/EPZs?
5. What is the nature of workers (permanent, contract, temporary, home based) working in Garment factories in SEZs/ FTZs/EPZs of your country? What is the subcontracting chains and patterns in garment sector in your country (home based workers)? Elaborate
6. Is organizing legal/permitted in SEZs/FTZs/EPZs
7. What attempts have been made for organizing and doing collective bargaining in Garment factories in SEZs of your country? What strategies have been used?
8. Why have Trade Unions/Federations been unable to form unions in EPZs so far in your country
9. What is the impact of conflict/fundamentalism/state suppression on women workers and more specifically on women workers in EPZs?

10. What the impact of tsunami on women workers and more specifically on women workers in EPZs?
11. What is the awareness rate among workers, NGOs, activists on free trade issues?
12. What do you think of audits by buyers (if these happen in garment factories in SEZs/FTZs/EPZs? What happens in these? Is there any concern for rights of workers?

### **For Trade Unions / NGO activists**

13. What attempts have been made for organizing and doing collective bargaining in Garment factories in SEZs of your country? What strategies have been used?
14. What do you think of audits by buyers (if these happen in garment factories in SEZs/FTZs/EPZs? What happens in these? Is there any concern for rights of workers?
15. What are the attempts to fight free trade issues/ neo liberalization in the labour movement in your country, who are the actors involved? What are the national and sub-regional (alliances) advocacy efforts which have been made in your country to fight harmful impact of free trade on women workers?
16. What support would your group, others in the labour movement expect from a regional organization to fight harmful clauses of free trade agreements?
17. What are your recommendations
  - To improve working conditions of women workers in garment factories
  - To fight neo-liberal globalisation
  - To build a stronger labour movement?

*List of Participants*

1. Lathanamma
2. Swetha A.S.
3. Kamalamma
4. Padma
5. Mamatha
6. Prathibha
7. Mamatha
8. Baby Jaan
9. Haseena Bano
10. Zamslida
11. Radha
12. Tabassum Bano
13. Rukmini
14. Prathibha
15. Jairam
16. Sumir
17. Saraswati
18. A. Aloysius
19. S.M. Prithiviraj
20. M. Mothiraj
21. P. Melwyn
22. R.G. Prabhu
23. Suhasini

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