



**Cividep-India**

Workers' Rights and Corporate Accountability

# Garments Sector and Unionisation in India – **Some Critical Issues**

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## BACKGROUND

The ready-made garments sector in India is a relatively new industry. Large scale factory based production grew in concentrated pockets in the last twenty years, primarily after the opening of an export market in the nineties. It expanded substantially in the last decade after the removal of quota restrictions for garments by the USA and the European Union. Today the garment sector is a thriving industry in Bangalore, Tirupur and Chennai in the south, and in Delhi and surrounding NCR region in the north. The industry caters primarily to an export market.

The employment pattern in this industry employing upwards of two million workers has regional characteristics. While the northern production centres employ primarily a male workforce, in the south more than 80% of the workforce is of women. Most of the workers come from economically and socially disadvantaged backgrounds. The workforce is also largely made up of first generation industrial workers, many of whom have migrated from rural areas for employment. These are factors influencing patterns of employment relations and organisation in the sector.

The present study seeks to understand some of the issues around organisation of workers and the growth of industrial democracy in the garment sector. The coverage of the study includes the southern garment centres in Bangalore, Tirupur and Chennai.

## METHODOLOGY

The ready-made garment industry being a relatively young industry, there is a serious paucity of sociological research on the industry. There are little secondary information sources on the sector. The study therefore has relied mainly on interview data. The objective of the study has been to raise issues that can lead to further discussion around unionisation in the sector.

The primary source of information was workers in garment factories. A survey covered sixty garment workers (twenty each in Tirupur, Chennai and Bangalore), using a structured interview schedule. The interviews were conducted by activists in the sector, with considerable experience in data collection and survey. The study further sought to understand the sector from the perspective of trade union activists from the industry. Finally the study also draws on around ten years of labour support work by Cividep and five years of unionising experience by its associate the Garments and Textile workers Union (GATWU) in Bangalore. A questionnaire schedule was also sent out to some representatives of manufacturers and brands, but no response could be got from them. As such, the study does not reflect the position of these stakeholders.

# THE WORKFORCE AND UNIONISATION

The following discusses the responses from garment workers in the selected sample of workers to issues of employment and unionisation.

*Table 1: Membership in organisations*

|                            | Tirupur | Chennai | Bangalore |
|----------------------------|---------|---------|-----------|
| Union membership           | 2       | 2       | 2         |
| Non-union membership       | 5       | 0       | 15        |
| No organisation membership | 13      | 18      | 3         |

Table 1 gives details of membership of workers in the sample in other organisations. Union membership at 10% is uniformly low across the sample of workers in the three cities. This conforms with the overall unionisation picture in the sector, where less than 5% of the workforce are union members. The non-union membership for the sample in Bangalore is particularly high. 13 workers in the sample are members in the Garment Mahila Karmikara Munnade, an autonomous, membership based women's organisation in the garment sector. The high proportion of membership from one organisation,

that seeks to work with education of garment workers on issues of rights at the factory and outside, would bias the response from the sample in Bangalore.

*Table 2: Awareness about unions*

|                        | Tirupur | Chennai | Bangalore |
|------------------------|---------|---------|-----------|
| Aware about unions     | 16      | 12      | 13        |
| No awareness of unions | 4       | 8       | 7         |

Table 2 gives the response of workers on awareness of the union and its functions. Although union membership in the sample was low, the awareness levels were comparatively high, ranging from 60% in Chennai to 75% in Tirupur. The significantly higher awareness in Tirupur could be related to the greater level of union activity in the city.

Interestingly, one of the 16 responses in Tirupur, and three of the 13 responses in Bangalore who were aware about unions felt that unions were not useful to solve workers' issues. The respondent from Tirupur said that all unions knew was to strike work, which did not solve problems. Further, of the 8 respondents in Chennai who had no awareness of unions, six thought that unions were political parties! This was also the case with three respondents from Tirupur.

Table 3 gives details of responses on knowledge among workers of their rights at the workplace. None of the respondents said that the management at the factory helped workers understand their rights. Three respondents from Chennai and two from Bangalore said that rights were displayed on the notice board, but they could not understand what was said. Nearly 50% of the respondents said that they had no awareness of their rights.

*Table 3: Knowledge of rights at workplace*

|                                   | Tirupur | Chennai | Bangalore |
|-----------------------------------|---------|---------|-----------|
| From management                   | 0       | 0       | 0         |
| From union                        | 3       | 4       | 5         |
| From others<br>(incl. co-workers) | 5       | 8       | 4         |
| No awareness of rights            | 12      | 8       | 8         |

It is interesting that the majority of respondents who had awareness of workplace rights said that they got the knowledge from non-union sources, including from co-workers. It is also interesting that Tirupur, which has the highest level of union activity among the three cities in the garment sector also has the highest level of non-awareness of rights among the sample.

*Table 4: Dispute resolution at workplace*

|                          | Tirupur | Chennai | Bangalore |
|--------------------------|---------|---------|-----------|
| By supervisor/management | 11      | 18      | 5         |
| By factory committees    | 0       | 2       | 10        |
| By union                 | 3       | 0       | 1         |
| Doesn't get resolved     | 6       | 0       | 4         |

The responses of workers in the sample were sought on the issue of resolution of disputes at the factory. The responses are summarised in Table 4.

In both Tirupur and Chennai, the responses indicate very low effectiveness of factory committees. In Chennai, while the primary source of dispute resolution (90% of respondents) was the factory supervisor/manager, respondents uniformly said that the effectiveness of this process was very low. In Tirupur, of the eleven responses for dispute resolution by management, two said that the arbitrator for disputes was the contractor.

In contrast, in Bangalore, 50% of the respondents claimed that factory committee was the primary agency for dispute resolution. However, two of them added that committees were constituted by the factory management, and hence worked to the interest of the factory management.

The involvement of unions in dispute resolution was uniformly seen as being low in all three cities. In both Tirupur and Bangalore, as significant section of respondents claimed that disputes did not get resolved. If we take into account comments from respondents in Chennai and Bangalore on the low effectiveness of existing dispute resolution, it would be possible to infer in general that structures for dispute resolution in the industry are weak, and generally not very effective.

*Table 5: Fears/expectations about forming unions*

|                           | Tirupur | Chennai | Bangalore |
|---------------------------|---------|---------|-----------|
| Fear of management action | 13      | 11      | 17        |
| Impossible to form unions | 6       | 6       | 0         |
| Can form union            | 1       | 2       | 1         |

Table 5 summarises the responses from the sample to questions on



formation of unions in their workplace. Most workers feared that any attempt to form unionisation would be actively resisted by the factory management. Some of the responses of the workers amplify this fear:

“We have a union and management has come to know – it has started picking out and harassing workers known to be members”

“Management foils union attempts by increasing targets and work pressures. Even if we make simple mistake they will dismiss us”

“We are subjected to corporal punishment – made to stand outside the gate or sent back home”

Interestingly, one worker from Tirupur said that: “In early stages unionisation caused problems for workers. But now there is no problem, and workers are joining unions”

A significant number of respondents claimed that in the present conditions it was impossible to form a union. The reasons varied from management not allowing union formation, to the absence of any such attempt. One worker said that unions can not be effective in today's situation, and hence there was no point in trying to unionise. Two more responses from workers in Tirupur clearly brought out the problem of union for workers without a stable employment: “Workers change companies every week, so it is difficult to organise”; “It is not possible to form unions because our work is not stable, as we are contract workers. When we finish a contract, we move on”.

However, despite their fears, seven workers each from Tirupur and Chennai said that they would like to join a union, while six workers from Bangalore said that a union should be formed at their workplace. A third of the respondents in the sample were therefore favourable to unions being formed.

# TRADE UNIONS AND GARMENTS

Discussions around the history of unionisation in the sector, major successes and difficulties faced with unionisation were held with union leaders active in the sector. The union leaders represented affiliates of AITUC, CITU, LPF and NTUI in the three cities. Discussions were also held with SAVE, a labour rights organisation in Tirupur.

There was not much in terms of history of struggle in the sector. In Bangalore, serious union involvement could be traced back to the eighties when the HMS led a strong struggle in Binny Mills. This was followed by some union activity by AITUC and CITU. However, the disastrous result of the struggle by CITU in Ashoka Garments, resulting in company closure was a set back to unionising efforts. In Tirupur, early unionising efforts were supported by union cadre of AITUC and CITU from the organised sector. Both unions traditionally had a strong union base in the Coimbatore-Tirupur industrial belt. Interestingly, the LPF leader in Tirupur claimed that early union efforts were supported by party cadre from the DMK. This probably explains to some extent the confusion between trade union and political party in Tirupur and Chennai.

All the trade unionists felt that union efforts had led to workers in the sector being assured basic rights of a Minimum Wage, PF, ESI.

However, they all uniformly felt that the Labour Department was extremely inefficient in regulating and arbitrating individual labour rights. As a result workers faced considerable harassment in the sector.

The trade unionists from Tirupur held up the tripartite wage (T wage) fixation in garments as a major victory for unions. As they put it, this had resulted in workers being paid the best wages in Asia! However, as discussed with other labour rights organisations, there are many issues with this claim. First, the T wage was negotiated for the 4-year period January 2007 to December 2010, with a 10% wage increase for the first year, and 4%, 3% and 3% for the subsequent years. As we can see, the wage which is not inflation linked, does not even cover inflation as determined by the consumer price index. Second, the T wage covers a small fraction of workers. The other workers are covered by the agricultural minimum wage of Rs.85 per day, as there is no statutory minimum wage for the sector in Tamil Nadu. Statutory minimum wage exists in the state for tailoring industry, but as most of Tirupur garments are hosiery work, they are not covered under the category. Even for tailoring, the minimum wage, which covers garment workers in Chennai, is extremely low (Rs.108.77 per day as on 1st April 2010). As a result, workers are pushed into working on contract and piece rate, in order to get a reasonable wage.

Over 90% of garment workers in Tirupur are migrants, and they all work on contract. The contract workers are not covered by ESI or PF. Estimates put coverage of ESI and PF at less than 15% and 5% respectively of all garment workers. Contract workers also are not unionised, and have no collective bargaining strength. As a result, turnover of workers is extremely high. As per estimates, less than 5% of the workforce retains employment in a single factory for three years or more. More than 80% change jobs in under a year.

In Bangalore, in the early part of the last decade, a tripartite committee was formed for the garments sector by the then Labour Commissioner Mr. Jaikar Jerome. However, the committee never functioned because the representative of manufacturers failed to attend all the three meetings convened by the Labour Commissioner.

The leaders all felt that the attitude of the management to unions and democracy at the workplace remained hostile and unchanged over the years. One respondent specifically raised the issue of low level of professionalism of factory line management and supervisory staff in the sector as being a hindrance to good employment relations.

The foregoing describes some of the union views on trade union functioning in the sector. The discussions seemed to indicate a less realistic assessment of the realities of the sector, than what came out of discussions with workers. The reality is that union strength and influence is extremely limited in all the garment manufacturing centres. The union role in collective bargaining is almost non-existent, despite the claim of a tripartite wage settlement in Tirupur. Its role in being arbiter to workplace grievances is also very restricted. The T wage, let alone being the highest in Asia, is only on par with wage levels in Bangalore, and considerably lower than the statutory minimum wage in Delhi and other garment centres in the north. The all India trade union federations do not have a significant presence in garments.

The difficulties faced by trade unions in organising garment workers, and hence their comparative low interest in working in the sector were brought out clearly by a senior AITUC trade unionist and labour lawyer in Bangalore:

First, traditional trade unions are disinterested in putting effort to unionise in garments because of the failure to build a stable union membership. Workers leave because of harassment and victimisation

by management in response to unionisation efforts. They then become wary of joining any unions. Women workers also leave when they get married, or when their husbands shift employment.

Second, a floating workforce that can easily get alternative employment prefer to quit work rather than fight it out in the face of management oppression. The workers in the context would rather settle and move on. They need a union only for the limited purpose of settling with the management.

Third, in the context, unions also find it difficult to raise a stable subscription from membership, and therefore cannot sustain independent union activity without any outside subsidy. They cannot support full timers required to unionise such a numerically large sector of workers. As he put it: "The Balance Sheet remains nil in terms of membership at the end of sustained unionisation effort in the sector".

In the context, he said that despite the fact that garments form a very large section of employment in Bangalore, very few serious efforts were made to organise workers in the sector. The problem of a floating workforce compounded with migrant work was also brought out by the Director of SAVE, who linked low unionisation to these factors.

# UNIONISATION AND WAGES IN BANGALORE

## – A CASE FOR UNION ACTIVISM

The issue of wages and the garments sector in Bangalore raises some questions regarding unionisation in the sector. The minimum wage in the sector was first fixed at Rs.7 per day in 1979. At that stage, the minimum wage was not linked to inflation, and there was no DA (dearness allowance) component to the wage. In 1984, the state government took up the matter with the judiciary, and DA was included as a component of wage in 1986, with the minimum wage fixed at Rs.18 per day. It should be noted that even the 1984 intervention was not done by workers' organisations, but was taken up by the state.

From 1986 to 2001, successive tripartite minimum wage committees brought in new wage notifications. However, these failed to deliver any real wage increase to workers in the sector. In fact, as per calculations based on the consumer price index, the minimum wage declined in real terms by ten percent from 1986 to 2001.

In 2001, the new minimum wage notification was first issued (KE 12 LMW 99 dated 15-6-2001) in June 2001, with minimum wage for unskilled workers as Rs.78 per day. The management went on appeal to the government, and the notification was withdrawn and reissued (as KE 54 LMW 2001) on 3-11-2001 with minimum wages for unskilled workers reduced to Rs.71.70 per day, giving the reason that there were errors in the earlier notification, without specifying what the errors were. This withdrawal of a notification was unprecedented in wage fixation in the state. However, given that the union movement was practically non-existent in garments, there was no organisation to challenge this arbitrary change in wage notification. The change went unchallenged despite representation from all the all India federations on the minimum wage committee.

In 2006, the new minimum wage committee was constituted to fix the minimum wage for garments. The committee came out with its recommendations in March 2007, which could not be implemented for the next two years because of government instability. The workers in effect lost out two years benefit of wage revision. Again, the union movement could not intervene effectively to push for implementation. Finally, in March 2009, the notification was announced (notification No: KEE 46 LMW 2006 dated 2nd March 2009) and gazetted on 26th March 2009. The notification took the DA at 2703 points for merger with basic, as per the draft. It further took the DA neutralisation at 4 paise per point. The decision to raise the DA notification to 4 paise from 3 paise was taken at a meeting of the minimum wages committee on 16-10-2008, giving the reason that this was a sector employing primarily women, and their difficulties for earning a living wage had to be taken into account. This meant a substantial increase in minimum wage of nearly 20%. For the first time workers in the sector could expect real wage increase. The consistent campaign by Cividep and the Garment and Textile Workers Union (GATWU) on wages from 2006 onwards might have played some part in this wage increase.

However, the management once again petitioned the government, that the wage increase came at a time of severe economic downturn, while not paying the statutory minimum wage for a whole year. It should be stated that during the year the management did not get a court order stating the minimum wage notification, or an order from the government allowing it to not comply with the legal requirement of paying minimum wages.

Finally, in March 2010, a new notification was announced (No: KEE 69 LMW 2009 notification dated 30-3-2010), which was gazetted on 6-4-2010. In this notification the DA to be merged was taken from 3196 points (DA for 1-4-2007 to 31-3-2008). The result of this change was that the minimum wage was reduced by Rs.8 per day. The reasoning for change in DA merger given was that of clerical error. As in the previous notification of 2001, the issue was resolved with the plea of a simple error of calculation, putting aside all the arguments of the committee for fixing the wage. This time however, the GATWU has gone on appeal against this change in wage notification.

What we would like to highlight here is that even while the union movement might be too weak to influence collective bargaining at the company level, it still can play a role in regulating industry level regulation of employment relations. In fact, union activism can find influence in sectors like garments, far beyond the ambit of union membership and the immediate trade union constituency.



# ISSUES FOR DISCUSSION

The foregoing lays the context to understand the major issues with organisation in the garment sector. We will in the section try to discuss some of these issues and their impact on employment relations and organisation.

First, the workforce in the industry is predominantly first generation workers. They have no previous experience of working in factories. As a result, their awareness of labour rights or of union struggles is extremely low. One common theme running through discussions with unionists in Bangalore, Tirupur or Chennai was the need to educate workers on their rights. We understand from discussions that the situation in garment industry in Delhi and the north of India is similar in terms of the workforce awareness.

Second, workers in the southern cities are predominantly women. This adds to their sense of vulnerability. Contrary to generally held perceptions, including within trade unions, most of these women workers are not temporary employees of industry. Given the fact that statutory minimum wage for most sectors is around half the minimum expenditure level for a family of four, double income has become a survival necessity for most working class families. In

Bangalore, previous surveys showed around 10% of families with women as the single/ primary family wage earner.

Third, the industry has a highly mobile workforce. Most workers do not have a long term stake in the factory of employment. At the minimum wage level workers have employment options, and can at will walk into new jobs. The motivation of workers in staying on and collectively fighting for their rights becomes tenuous in the context. They do not see any utility in joining unions, except when faced with specific problems that unions can help resolve. Interestingly, the issue of labour turnover has been raised often by industry representatives also. The difficulty of getting skilled workers has resulted in experienced workings having increasing bargaining capacity for their wage. However, today this bargaining is done at an individual level, and does not lead to collective bargaining at the factory level.

Fourth, the problem of low level of interest in unions is compounded by the increasing prevalence of migrant workers. Migrant workers have a shorter frame of reference when looking at employment conditions. Their interests are predominantly economic.

Fifth the level of regulation in the industry is very low. We see for wages the very low level of statutory minimum wage for garments in Chennai. Hosiery is not even included in Tamil Nadu under the minimum wage schedule. The bargained wage covers only a small section of workers with some degree of tenure. In Bangalore, the difficulty in pushing for a fair minimum wage has been highlighted. In this situation wage as a factor for regulation becomes redundant.

Sixth and related to above, there is a move from tenured to contract employment and from fixed wage to piece rate. In Tirupur this is the principle mode of employment, with varied patterns of contractual employment relations. We see in Bangalore some of the big companies

making a start in the direction. The problem associated with contract work and piece rate is that regulation becomes even weaker. Thus in Tirupur, for most workers ESI and PF are not components of the wage, which is purely determined by the productivity of the worker. We see from the responses that in some instances even factory disputes are referred to the contractor and not to the principal employer.

Seven, the industry is still dispersed in terms of production, with companies having multiple production units, and also working through arrangements of sub-contracting production. This gives companies the flexibility to move production around between units. Companies also use the flexibility to work around problems of difficult employment relations. Here again workers feel disadvantaged to press for demands.

Eight, the regulatory mechanism of the labour departments and courts are inadequate, inefficient, and often biased in favour of the management. The instance cited of fixing minimum wage in Bangalore is one such example. Workers are therefore pushed to settle disputes fast and move on, without taking recourse to fighting for their rights.

In the above context unionising in the sector is a difficult exercise. Unions have to deal with a hostile management that is opposed to collective bargaining. They have to function from a situation of extremely low trade union density, which makes it difficult to even discuss unions with workers. The organising effort requires to be subsidised in the absence of stable membership and collections. The past history of ineffective union struggles, and management action to defeat struggles also makes the effort extremely difficult.

However, there are factors that can work in favour of unions in today's situation.

First, the industry has grown considerably, with several very large players. These large companies, with annual turnover of more than a thousand crores, have a long term stake in maintaining stable production and employment relations. They have to comply with requirements of certification, which make them vulnerable to charges of unfair labour practices. The large companies also would have a greater financial flexibility, allowing for better compliance with the law.

Second, the big companies also have a stake in being able to maintain a stable workforce. Today, with growth in industry, and with competing avenues of employment at the lowest levels of informal employment, garment workers are in a relatively better position to choose their employment. Interestingly, in Bangalore, at the height of economic downturn in 2009, the large companies were still hard pressed to find skilled and experienced workers. Therefore if unionisation can lead to better shop floor relations, and hence lower levels of labour attrition, that can work to the benefit of both stakeholders. However, this is not an argument that would find takers among manufacturers.

Third, the garment workers in the southern cities start with a basic advantage. They are the lowest paid in the garment industry in India. We have minimum wages of around Rs.110 per day in Chennai; negotiated wage of Rs.145 (for tailors) per day and minimum wages for unskilled work of Rs.85 per day in Tirupur; minimum wages of Rs.135 per day in Bangalore; - as against minimum wages for unskilled garment worker in Delhi of Rs.203 per day; Haryana of Rs.167 per day; and Uttar Pradesh of Rs.152 per day.

Fourth, today brands are much more sensitive to requirements of a modern industrial relationship, with compliance to labour laws, including the right to association. There is also a greater awareness and sensitivity among consumers, through actions of international

labour rights groups, of working conditions in countries where business is outsourced to from developed countries. This could make unionising less difficult for union activists within the factory. Unions have been able to utilise some of these channels in the past to raise issues of sweated labour, and attack on freedom of association.

Finally, unions are becoming more aware of the need to organise at the industry level to be able to push for effective collective bargaining. In the past, attempts at organising were foiled by the ability of industry to shift production to new locations. This can be countered effectively only if unions are also able to organise and campaign globally. The Asian Floor Wage campaign that seeks to look at wages from an industry perspective is an important step in this direction.

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