

A Study on the Impact of the COVID-19 Induced Lockdown on Leather Sector Workers in Tamil Nadu



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About Cividep India

Cividep has been working on corporate accountability and workers' rights since the year 2000. Based in Bangalore, and with field-offices in other locations in South India, Cividep's work aims to safeguard the rights of communities, especially workers employed in global supply chains. We strive to hold corporate entities accountable for the impacts of their business on workers and the environment. To this end, Cividep conducts research on working conditions and corporate conduct across a range of export-oriented industries, engages in worker education, and advocates for policy change. These initiatives are focused on the garment, leather, and electronics industries, coffee and tea plantations, and in the area of business and human rights. Cividep is an active member of national and global networks working for the advancement of responsible business conduct and human rights.

Cividep has been active in Ambur, the leather manufacturing hub of South India, since 2013, and has conducted several studies on the working conditions of tannery, factory and home-based workers in the leather sector. Cividep's research has covered issues such as low wages, occupational health and safety and precarious working conditions faced by workers. Since 2017, Cividep has been working with INKOTA and Südwind Inst, Germany and Society for Labour and Development, India on a multi-stakeholder partnership project supported by BMZ (Federal Ministry for Economic Cooperation and Development, Germany). The aim of the project is to enable civil society organisations to use their enhanced capacities to initiate an ongoing, sustainable, and committed multi-stakeholder partnership aimed at improving social and environmental conditions along the supply chains of German leather and footwear companies with production facilities in India.

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List of Abbreviations

ASSOCHAM – The Associated Chambers of Commerce and Industry of India

CETP – Common Effluent Treatment Plant

CLE – Centre for Leather Exports

COVID-19 – Coronavirus Disease 2019

CRISIL – Credit Rating Information Services of India Limited

EPF – Employees' Provident Fund

ETP – Effluent Treatment Plant

GDP – Gross Domestic Product

GST – Goods and Services Tax

ICRA – Investment Information and Credit Rating Agency

INR – Indian Rupee

MSME – Micro Small and Medium Enterprises

MGNREGS – Mahatma Gandhi National Rural Employment Guarantee Scheme

NGO – Non-governmental Organisation

PDS – Public Distribution System

PMJDY – Pradhan Mantri Jan Dhan Yojana

TNTUC – Tamil Nadu Trade Union Centre

USD – United States Dollar

Executive Summary

This study is focused on the impact of the COVID-19 pandemic and subsequent nationwide lockdowns on workers employed in India's leather production and footwear manufacturing industry, specifically in the Vellore region of Tamil Nadu. The study covers the experience of workers after the relaxation of lockdown measures, when many employees were temporarily laid off or terminated within the industry. This information was captured through interviews with workers to explore issues such as payment of wages, access to social security, and relief received during the pandemic-induced lockdown. The main findings are summarised below.

The Covid-19 crisis and the nationwide lockdown have had a devastating impact on the vast majority of workers in the leather production and footwear manufacturing industry. More than half of all workers interviewed for this study reported that they had not earned any income during the period of intense lockdown, which continued for nearly three months, from the 25th of March to the first week of June. Almost all respondents reported a reduction in their household income, with one-third reporting that they as well as their family members had not brought in any income during this period. As a result, half of them resorted to borrowing money, primarily for essentials such as food, groceries and medical care. Many of those interviewed reported that their eating habits had changed during the lockdown, with the majority being forced to forego essentials such as vegetables, fruits, eggs and meat.

In this time of dire need, the lockdown pushed access to social security out of reach for most workers. The majority of respondents were not registered under the Employee Provident Fund (EPF), and were not able to avail the 'special withdrawal scheme' announced by the central government during the pandemic. A number of obstacles prevented workers from availing of other COVID-19 relief measures announced by the central and state governments: over 75 percent of the respondents reported that they could not avail benefits through special schemes such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) bank accounts and labour welfare boards because they were not aware of these facilities and avenues for support.

Illegal terminations and layoffs have been rampant in the Vellore leather industry during the pandemic. Out of the 50 respondents, 16 were not able to resume employment after the lockdown eased and industries were allowed to resume operations. None of the workers who had been laid off or terminated by their employers had been served formal notices in writing: the factory management only informed them of these decisions verbally.

Even workers who have managed to resume work after the period of intense lockdown have faced a number of setbacks. In the absence of consistent public and company-managed transportation, commuting to work became a challenge. The majority of employed workers reported a sharp fall in their monthly incomes, with more than half of them seeing wages below the legal minimum wage prescribed by the government. Furthermore, many respondents reported sharp variations in their work days and working hours, which indicates that factories are running at reduced capacity. Finally, the study also pointed to a stark gender pay gap in the leather and footwear industry in the pre-lockdown period. Out of all respondents who received higher salaries in the range of INR 10,000 and above, none were women.

1. Introduction

The COVID-19 pandemic is a major health crisis that has affected almost every country in the world. The devastation and despair caused globally by the outbreak has no parallel in recent history. The pandemic has also precipitated a massive economic crisis that has pushed many economies into recession. According to the International Monetary Fund (IMF), the global economy is set to contract by 4.9 percent in 2020.¹ In India, the economic fallout of the pandemic and response measures like the nationwide lockdown imposed by the Government of India in March were felt sharply, with the country's GDP contracting by a staggering 23.9 percent in the first quarter of the financial year 2020-2021².

The pandemic and the nationwide lockdown disrupted the lives of workers employed in the private sector. The wide-scale job losses and sudden disappearance of other livelihood opportunities in urban centres across the country in the early stages of the lockdown prompted millions of migrant workers to return to their hometowns and villages. As public and private transportation remained suspended, a major humanitarian crisis unfolded as thousands of workers walked home, with some traversing thousands of kilometres on foot to reach their villages.^{3&4} The issues and experiences of migrant workers came to the forefront during this period, forcing the government to take immediate action to support them. At the same time, there was very little discussion in the mainstream media about the problems confronting workers employed in manufacturing jobs in the private sector.

The pandemic's disruptive effects on global supply chains, set off a series of knock-on effects that heavily have impacted almost all manufacturing sectors in India, including the readymade garment, leather, and footwear-producing industries. These sectors have traditionally provided employment to millions of workers in Indian cities. The leather and leather product sector recorded a steep decline of 83 percent in export value for the months of April and May.⁵ Although the full extent of its impact on workers is not known, media reports have shown that the industry saw wide-scale loss of wages and termination of employment. According to a Times of India report, the Tamil Nadu labour department received up to 1600 phone calls in April from workers in the private sector concerning non-payment of salaries, wage cuts, and layoffs.⁶ Past studies by civil society organisations have highlighted the precarious working conditions that existed in the leather sector in India prior to the pandemic. However, while some studies have been conducted in the garment sector during COVID-19, specific data is largely unavailable on the situation of leather sector workers, including those employed in footwear production. With the exception of a few media reports, there is very little information available in the public domain about the effects of the COVID-19 pandemic crisis on Indian leather workers.

The research presented in this report was conducted by Cividep in collaboration with German partner organisations INKOTA and SÜDWIND, and the Society for Labour and Development (SLD) in India. The study investigated the impact of the COVID-19 pandemic and the subsequent national lockdown on workers employed in the leather production and footwear manufacturing industry in the Vellore region of Tamil Nadu. Cividep conducted a survey with workers in the region in order to explore issues such as the payment of wages, access to social security, and relief received during the lockdown, as well as the situation after the lockdown relaxed, when many employees were temporarily laid off or terminated within the industry.

The report begins with an overview of the Indian leather sector and effects of the COVID-19 pandemic on the leather supply chain. Following a brief overview of the research methodology and a profile of the study's respondents, the main findings are presented in two sections: the situation of workers during the period of intense lockdown, and after restrictions were eased to allow the opening of factories. The main findings are summarised in the conclusion.

1.1. Overview of the Indian Leather Sector

The leather industry in India has witnessed massive expansion and growth in the last two decades, and has transitioned from a primary supplier of raw materials to a value-added exporter of leather and leather goods with large-scale relevance in the global market. The Indian leather industry accounts for nearly 12.93 percent of the world's leather production.⁷ India is ranked second in the world in the production of leather footwear. With a market share of 3.3 percent, the country is the eighth largest exporter of leather shoes in the world,⁸ and is ranked second and third respectively for the export of leather garments and saddlery⁹, making the leather sector one of India's top ten foreign exchange earners. In FY 2018-2019, the value of its exports amounted to USD 5.69 billion.¹⁰ Considering the growth potential of the sector, the Government of India has identified it as one of the focus sectors for the Make in India initiative in order to attract more investment.¹¹

According to ASSOCHAM, nearly 90 percent of domestic players in the Indian leather sector are micro, small and medium enterprises (MSMEs).¹² The extent of modernisation and use of technology is still low, and is one of the main reasons for the labour intensive nature of the industry. The sector provides employment to nearly 4.42 million people, the majority of whom work in unorganised sectors like small scale tanneries, shoe assembling and stitching workshops, and home-based units. Nearly 30 percent of workers making leather goods in factories are women.¹³ 55 percent of those employed in the leather industry are below the age of 35.¹⁴ A large proportion of workers employed in the leather sector, especially those working in tanneries, belong to socially and economically deprived classes.¹⁵ Further, the leather sector informally employs thousands of women home-based workers who hand stitch shoe uppers.¹⁶

The South Indian state of Tamil Nadu occupies a prominent place on India's leather map. As one of the oldest manufacturing sectors in the state, the leather sector's contribution to Tamil Nadu's industrial development is immense. The abundant availability of raw material in the form of livestock (goats and sheep) and the presence of superior physical infrastructure (in the form of roads, rail and port connectivity) compared to most parts of the country have made the state very favourable for the development of the leather industry.¹⁷ Tamil Nadu accounts for nearly 50 percent of India's total exports of leather and leather good, and 60 percent its total tanning capacity of India.¹⁸ It is home to 764 operational leather tanneries, nearly 75 percent of which are located in the Vellore region. The leather-based industries in the Vellore leather clusters employ over 150,000 workers, of which nearly 50,000 are employed in tanneries.¹⁹ The Ambur, Pernambut, Ranipet and Vaniyambadi clusters are all part of the erstwhile Vellore district.

Although a major contributor to the country's economy, the leather sector's poor track record on environmental and social indicators was widely recognised before the pandemic. Following pressure from various quarters, and from the judiciary and civil society in particular, Tamil Nadu's leather industry attempted to contain pollution by setting up Central Effluent Treatment Plants (CETPs) and standalone Effluent Treatment Plants (ETPs) to treat the toxic waste it generated.²⁰ While these are

indeed positive steps towards environmental sustainability, social indicators are yet to be adequately addressed. Working conditions remain poor, characterised by low wages, occupational safety and health risks, compulsory and unpaid overtime, low levels of freedom of association, and the absence of effective systems to address grievances.^{21 & 22} A large proportion of workers, especially those in temporary and contract positions, are left out of the social protection net.²³ Women workers face discrimination and harassment, including verbal abuse, and are denied legally mandated maternity and childcare rights. The leather sector employs a large number of homeworkers, typically women, who are not legally recognised as workers with entitlements. The vulnerabilities of homeworkers are manifold. They received very low piece rate wages, lacked the security afforded by regular or steady work, and are not covered by any social security measures.²⁴ Under the circumstances, it has to be assumed that workers were financially unprepared when the COVID-19 pandemic hit the sector, with very few supportive structures, including unions, in place to help them to articulate their needs collectively and claim fair treatment.

1.2. The Impact of COVID-19 on the Leather Supply Chain

The COVID-19 pandemic has caused severe setbacks in all sectors of the Indian economy, except those considered essential services. Export oriented industries such as textiles, apparel and footwear were the worst affected. These sectors also provided livelihoods to a significant section of the population in major cities. The leather industry in India has been experiencing major challenges over several years, in part due to central government policies like demonetisation in 2016 and the implementation of the Goods and Services Tax (GST) in 2017.²⁵ The latter caused a major blow to small and micro enterprises in the sector, as they struggled to comply with the requirements of the new tax regime.²⁶ The industry was also affected by a liquidity crisis in the financial sector, which affected the flow of credit to companies. However, in FY 2018-2019, the industry saw some recovery from the slump in growth registered in the previous years.²⁷ The COVID-19 crisis has dealt a severe blow to the industry once again, and has created new challenges in the path to recovery.

1.2.1. Impact of International Factors

From early January of 2020, the COVID-19 induced lockdowns in China, the US, and European countries caused massive disruptions in the leather and footwear supply chains, and the sale of fashion and leather goods in export-based markets have declined by as much as 50 percent during the pandemic.²⁸ Though the entire value chain for leather products is situated in India, key inputs like chemicals, adhesives, dyes and footwear components (soles, buttons and zippers) are imported from China.^{29 & 30} A CRISIL report indicates that India is dependent on China for the import of 35 to 50 percent of its requirements for the leather industry.³¹ The COVID-19 outbreak in China and the trade restrictions that followed created a scarcity of these essential materials, and manufacturers had to consider sourcing more expensive inputs from Europe.

Lockdowns in major leather and footwear importing markets like the US and Europe affected Indian suppliers as early as the month of February, long before the imposition of a lockdown in India. Following the publication of the March 2020 CRISIL report, declining levels of demand in the US and Europe, which account for 70 to 75 percent of India's total leather exports, were expected to have a major effect on the Indian economy. The report noted that the capacity utilisation for leather producers in India just before the commencement of the lockdown in March was only between 60

and 70 percent,³² indicating that the pandemic was making its impact on India's leather industry even before the imposition of the nationwide lockdown on March 25, 2020.

I.2.2. Impact of India's Nationwide Lockdown

The nationwide lockdown induced by the COVID-19 pandemic commenced on March 25, 2020. Barring essential services like the supply of food, water, electricity and healthcare, almost all economic activities came to a halt during the period of total lockdown, which continued till the first week of June. Strict monitoring and regular inspections by government agencies ensured a near-complete closure of tanneries, shoe factories and informal workshops during the months of April and May. Over 150,000 workers employed by the leather industry in the Vellore region were unable to work as factories remained closed. Media reports indicated that most companies did not provide their workers with wages during this time.³³ The lockdown created a slump in the demand for leather products in the domestic market as a result of the closure of all retail outlets. At the time, the Investment Information and Credit Rating Agency (ICRA) estimated that revenues for the Indian footwear industry were likely to drop by 10 to 15 percent due to the closure of retail outlets and educational institutions, as well as weakened consumer sentiment in the domestic market.³⁴

Among other disruptions in the leather and footwear supply chains, products ready for export were grounded at the ports.³⁵ Global brands and retailers under financial pressure began to cancel orders, and failed to disburse payments for existing orders. According to the chairman of the Centre for Leather Exports (CLE), brands and retailers in the US and Europe cancelled orders worth USD 200 million in the month of March alone. Suppliers were asked to hold their shipments, and payments were withheld for products that had already been shipped.³⁶ By the month of April, order cancellations by brands had crossed USD 1 billion in value, including orders valued at USD 370 million for the Tamil Nadu leather industry.³⁷



Picture 1: A deserted road in Ambur during the nationwide Covid-19 lockdown

Beginning in mid-May, the lockdown was relaxed in a phased manner in Tamil Nadu. However, only 35 large leather units in Ambur and 20 in Vaniyambadi were granted permission to resume operations partially, with a reduced workforce per shift. These companies were allowed to operate with only 30 percent of their total workforce, which resulted in the re-employment of nearly 5,000 people in the region.³⁸ All companies were granted permission to operate at full staff capacity only on May 31, 2020.³⁹ As a result, most leather tanneries and factories in Vellore were able to resume operations only in the first week of June. After commencing operations in order to complete pending orders, many tannery and shoe production units began to find it challenging to stay open for more than a few weeks due to the slump in demand and the cancellation of new orders. This resulted in the permanent closure of many tanneries and factories, particularly those operating on a small scale. Many units resorted to layoffs and retrenchments. According to the General Secretary of the Tamil Nadu Trade Union Center (TNTUC), more than half of the workforce in the region could not resume work after lockdown restrictions were eased.⁴⁰



Picture 2: Members of a Trade Union demanding relief for workers at a demonstration in Ambur

The central and state governments implemented special schemes during the nationwide lockdown in order to support people who had lost their jobs and income. This included measures to supply free and subsidised food grains to poor families through the public distribution system (PDS), and direct cash transfers through the PDS and to bank accounts. However, there were few reports of success for these schemes in reaching the target beneficiaries. On March 29, 2020, the Ministry of Home Affairs issued an order making it obligatory for all employers to pay full wages during the period of lockdown.⁴¹ However, the order was later repealed.⁴² While this came as a relief to employers, workers' plight continued and they were unable to claim wages for the lockdown period as a matter of right. The labour ministry also issued advisories to employers urging them to refrain from measures like termination or pay cuts, and to take preventive measures to control the spread of COVID-19 on the shop floor⁴³, but compliance with these directives was not obligatory for factories. Several NGOs, trade unions and other voluntary groups carried out large-scale relief work in various parts of the country to help people in distress.⁴⁴ However, there is little data available so far showing the extent to which the measures of the government and non-governmental players alleviated workers' distress during the lockdown.



Picture 3: Shoe factory workers protesting against the non-payment of wages in Ambur



Picture 4: Terminated shoe factory workers demanding reinstatement and compensation in Ranipet

2. Research Design

2.1. Research Objectives

This research was undertaken in order to assess the situation of workers in the leather and footwear manufacturing sector in Tamil Nadu during the COVID-19 induced lockdown (broadly referring the period from 25th March to the first week of June) as well as in the period immediately following the relaxation of lockdown measures in India. Primary data on employment status and the labour rights situation during the pandemic was collected directly from workers. The overall impact of the pandemic and lockdown on the workers was taken into account, including their access to food, nutrition, healthcare, payment of wages and access to social security. The research explored the following sub-themes:

- Workers' status of employment and receipt of wages during the lockdown and after factories resumed operations.
- The availability and accessibility of social security benefits, including additional schemes and support received from the central and state governments and other actors during the crisis.
- Occupational health and safety measures and protective measures adopted by employers to safeguard workers' health.

2.2. Research Methodology

Data for the study was collected through survey interviews with workers. Most of the interviews were conducted over telephone as personal meetings were not possible due to lockdown restrictions. Even after the restrictions were eased, the research team refrained from meeting workers to minimise the risk of infection. The interviews were conducted in the months of August and September of 2020, in the Vellore region of Tamil Nadu state. An exhaustive questionnaire was designed and used for the study, and included closed, open and semi-open questions. To gather as much information as possible during this exceptional situation, the method adopted a convenience sampling approach and the researchers interviewed the most accessible workers who were willing to participate in the study.

The research team faced several challenges. A few respondents (particularly those who had resumed employment after the lockdown) were hesitant to talk openly about their working conditions, as they felt that this might endanger their jobs during a time of uncertainty. Many assumed that they would be fired if management found out that they had been interviewed. Since the interviews required 30 to 45 minutes, it was often difficult to cover all questions in a telephonic conversation.

The methodology adopted for the study, i.e., a small sample size and the use of non-random sampling, presented limitations for the interpretation of data and made it challenging to generalise findings. The research did not focus on important dimensions of work in the leather industry such as gender and caste due to the challenges described above. Field researchers could not conduct separate interviews with home-based workers (also called homeworkers) in the leather sector, but did hold several rounds of discussion with groups in Ambur as part of Cividep's outreach activities during the lockdown. Notes from field work and secondary data have been used to present the experiences of homeworkers during the lockdown.

Methodological limitations notwithstanding, this study was conceived as a rapid study to assess the situation of leather workers during the pandemic, and the findings will be helpful in building an understanding of the workers' issues. The findings present useful insights about the relief that workers received during this period, and the conclusion suggests a framework for immediate action by the government and companies in order to better support workers.

2.3. Profile of the Respondents

Fifty leather workers were interviewed for the purpose of this study. The sample is heterogeneous in terms of the age and gender of respondents, with a slightly more representation of relatively experienced workers. Of these, 22 respondents worked in leather shoe factories, 17 worked in tanneries, and 11 worked in job work units before the lockdown. The job work units are small factories or workshops that typically employ less than 100 workers. According to current regulations, these units are considered to be either formal or informal workplaces depending on the nature of the work and the number of employees engaged at a time. The factories where the respondents worked are located in Ambur, Vaniyambadi, Tirupattur and Ranipet. These four towns are part of the previously integrated Vellore district, and are important production hubs for leather and leather products.

The sample included 27 female and 23 male workers. The average age of respondents was 40 years. While 20 respondents were aged between 31 and 40 years, 14 belonged to the 41 to 50 age group. Nine respondents were aged between 51 and 60 years, and five workers belonged to the 21 to 30 age group. The sample also included two workers who belonged to the 18 to 20 age group.

Of the 50 respondents, 26 were permanently employed at their factories. The rest held non-permanent employment: eleven were daily wage workers, seven were piece-rate workers, and six respondents worked on a contractual basis.

The sample was heterogeneous with respect to the experience, skill levels and competencies of respondents. Out of the group of 50, eleven had more than 10 years of experience at the factories where they were employed during the interviews. While 13 respondents had 6 to 10 years of experience at their current workplace, 22 had worked at their company for between one and five years. Four respondents had worked for less than a year at their current workplace. The group included 16 helpers, 12 operators, nine stitchers, three folders, two cutters and two attachers. Four workers simply reported that they were 'labourers'. The sample also included two respondents who worked as supervisors at their factories.

3. Main Findings

3.1. The Situation of Workers during the Intense Lockdown

This section presents findings on workers' circumstances and experiences during the lockdown, including access to entitlements like wages and social security, the status of household income and nutrition, and COVID-19 relief received.

3.1.1. Non-payment of Wages and Salaries

More than half of all respondents (27 workers) reported that they had not received their salaries during the period of intense lockdown. Only 23 respondents stated that they had received some wages during those months. Almost all respondents who reported receiving any wages confirmed that they had received only partial pay, which was often half of their normal monthly wage or less. This confirms that the crisis impacted the incomes of almost all respondents during the lockdown. Between March and June, the number of workers from the study sample who experienced major wage loss increased each month.

Most workers interviewed for the study had continued working until the factories closed at the start of the lockdown on March 25, 2020. However, only six respondents reported that they had received full wages in March. As many as 35 respondents had only received partial wages, often for the actual number of days that they had worked in March. Nine workers reported not receiving any wages at all, even though they had worked for more than 20 days in March.

The month of April saw a complete shutdown, when none of the manufacturing units (including shoe factories) were allowed to function in the state of Tamil Nadu. As many as 27 of the workers interviewed stated that they had not received any wages for the month of April, and another 23 had received only partial wages (half of their usual monthly wage or less).

When the lockdown was partially eased in the month of May, a small number of factories and tanneries were allowed to reopen with a reduced workforce of 30 percent. Despite this, the interviews indicated that most workers – as many as 31 – remained unpaid in May, including those working for large factories. Another 19 had received only partial wages.

Lockdown restrictions were further eased in the month of June, when most manufacturing activities in the state were allowed to resume. The shoe factories and tanneries in the Vellore region (both small and large scale units) began operations at lower capacity than usual. Half of the respondents (25 individuals) stated that they had not received any wages in the month of June. The other 25 had received only partial wages, often only for the actual number of days that they had worked that month.

Only three out of 50 respondents reported receiving small amounts of money as an advance from their employers during the months of intense lockdown. The three workers also said that their employers had given them advances on condition that the money would be deducted from their salaries when they resumed work, which indicates that the employers had not made alternative arrangements to support workers in managing the loss of income.

“The lockdown is a nightmare. I never thought that it would be prolonged for two months. In fact, we were happy during the first few days of the lockdown as I got to spend some good time with my children. April and May were very bad as I struggled to make ends meet without my regular monthly salary. I feared more for my job and salary than about the coronavirus,”

- a male tannery worker from Ambur, aged 42

The interviews suggested that the majority of leather workers in the Vellore region were not paid during the lockdown, and those who were received partial wages at best. Without any substantial support from their employers to tide over the crisis, the workers were mostly left to fend for themselves.

3.1.2. Reduced Incomes and Increased Indebtedness

The lockdown triggered a complete shutdown of all non-essential manufacturing and service activities in India, affecting workers in almost all non-essential sectors. The findings from this study corroborate the hypothesis that the majority of workers saw their household incomes impacted by the lockdown: almost all respondents reported a reduction, and most had to resort to borrowing money to tide over the crisis.

Fifteen of the 50 workers interviewed for the study reported that their families had not had access to any source of income during the period of intense lockdown. As many as 35 respondents said that their household incomes had reduced drastically during these months. Half of the respondents, i.e., 25 individuals, mentioned that they had borrowed money during the lockdown to overcome their financial difficulties. Nineteen of them had borrowed money to buy food or groceries for the household. It is evident that the lockdown and subsequent loss of income had pushed workers to the wall, and forced them to borrow money in order to survive and fulfil basic requirements like food. Six individuals said that they had borrowed money for medical care. Payment of rent for their residence, electricity bills, children’s school fees, repayment of loans, the costs of travel, and home repair were the other reasons cited by interviewees for borrowing money during the lockdown.

“I did not receive any salary during the lockdown. I have taken a loan against the small amount of gold jewellery that my wife has in order to meet household expenses during the lockdown. These were the only savings we had, and now we have exhausted them. I already have borrowed some money from moneylenders and am paying interest for it. I do not know how I will manage my household from next month. I am more worried about the consequences we will face if I do not pay interest to the moneylender next month. This lockdown has shattered our life and dreams,”

- a male tannery worker from Vaniyambadi, aged 45

The workers were largely dependent on informal sources for loans during the lockdown period. The intense lockdown had made it difficult for them to access services from formal financial institutions. Fourteen respondents had borrowed money from their friends, relatives or acquaintances, five respondents had borrowed money from informal moneylenders, and three had taken loans from

microfinance institutions. Three workers had pledged their jewellery for money, and one worker said that he had bought food items from a shop on credit.

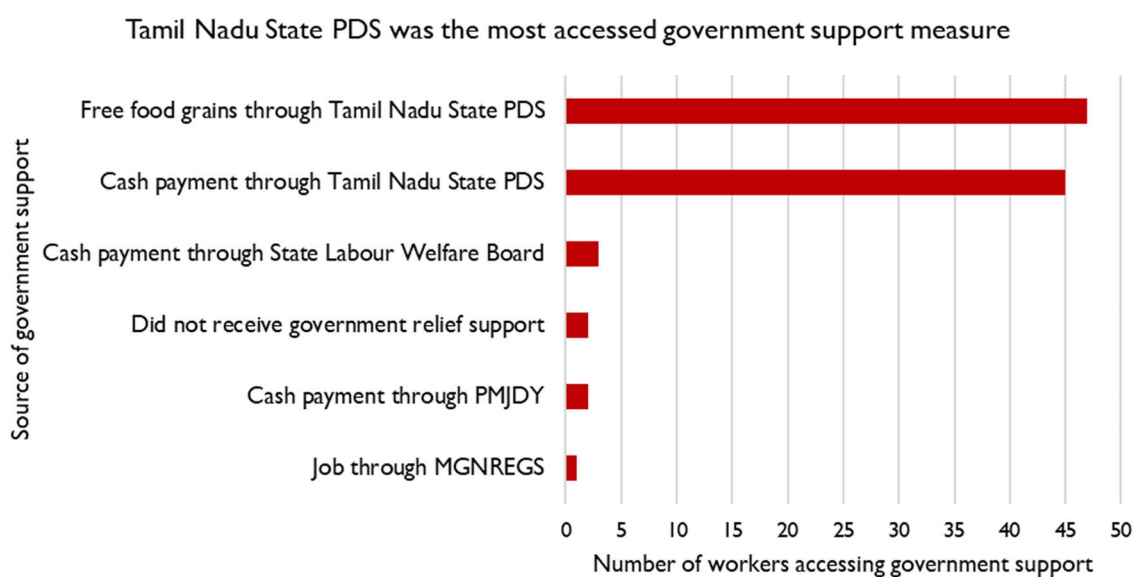
3.1.3. Social Protection is a Far Cry

The majority of the workers interviewed were not registered under the Employee Provident Fund (EPF) scheme, and were not able to avail the benefits of the scheme. During the pandemic, the central government allowed workers to make withdrawals from their EPF savings. Only three out of 50 respondents reported that they had availed the special scheme to withdraw money from their EPF accounts. More than half of the workers (26 respondents) said that they did not have an Employee Provident Fund (EPF) account in the first place. Of these, seven were permanent workers and the rest were daily wage or piece-rate workers. Fourteen respondents said that they had not been aware of the special scheme announced by the government, and two said that they were not aware of the process to withdraw funds from their EPF accounts. Eight respondents said that they did not want to use the scheme although they were aware of it.

Overall, the interviews reveal that a critical proportion of the respondents could not make use of the different social protection schemes available to them. This is particularly important to note because most workers in the leather sector had not been able to create savings for emergencies and future needs prior to the pandemic, and any savings or valuables that they had have now been exhausted.

3.1.4. COVID-19 Specific Relief Measures

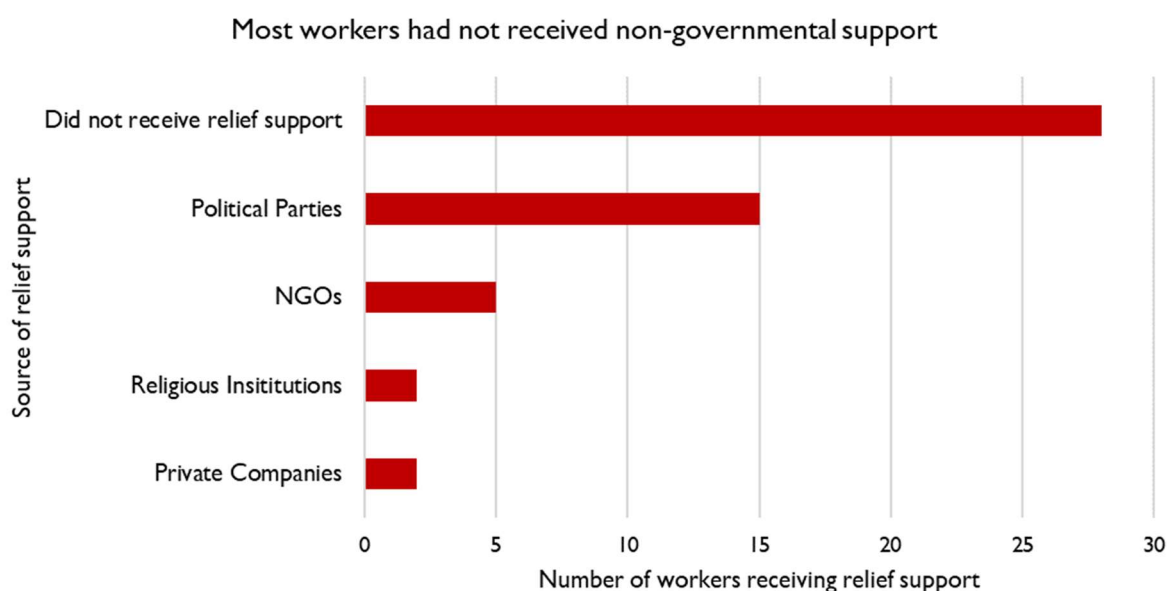
The interviews revealed that the relief measures offered by the government of Tamil Nadu through its public distribution system (PDS) were the most accessible for workers and their families, while other measures announced by the state and central governments have benefited only a small number of workers in the leather sector.



Of the 50 workers interviewed for the study, 47 stated that they had received free food grains, and 45 respondents also confirmed receipt of a one-time cash transfer of INR 1000, both of which were distributed by the state government through the PDS during the lockdown. Only three respondents had received cash support through the 'Pradhan Mantri Jan Dhan Yojana' (PMJDY) bank accounts. Two respondents mentioned that they had received cash payments through the Tamil Nadu Manual Workers Welfare Board. One respondent had accessed the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) to secure work during the lockdown.

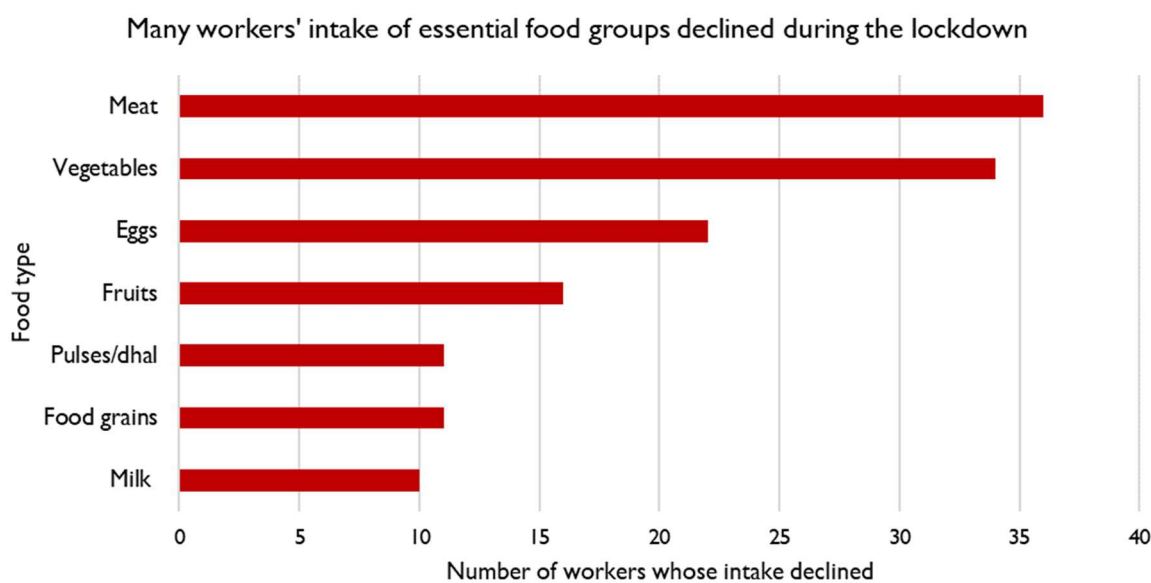
Several obstacles came in the way of workers' access to these schemes. The vast majority (42 of 50) respondents stated that they could not avail benefits through special schemes such as the PMJDY bank accounts and labour welfare boards because they were unaware of these facilities and avenues for support. Seven respondents stated that they had tried but failed to open PMJDY bank accounts or register with the labour welfare boards even though they were aware of the schemes. This could be due to the cumbersome processes involved in registering oneself for government schemes. Two respondents had not been able to benefit from the relief measures because they lacked official identity documents like ration cards.

Only 22 out of the 50 respondents said that they had received food grains and dry ration kits from non-governmental actors such as political parties, non-profit organisations and other institutions. Twenty-eight respondents had not received any non-governmental support during the lockdown. Fifteen respondents had received food grains, and nine others had received dry ration kits with food grains and other monthly provisions. Two of the respondents had also received fresh vegetables. Within the respondent group, political parties had been the main source of relief, with 15 respondents stating that they had received relief materials from them. Only five respondents stated that they had received support from NGOs. Two respondents mentioned that two local companies (shoe factories) had distributed relief materials to them. One respondent had received support from a church.



3.1.5. Nutrition and Healthcare during the Pandemic

An overwhelming 48 out of 50 workers reported that their eating habits had changed during the lockdown period. While almost all 50 workers ate three meals a day before the pandemic, at least six reported managing with only two meals each day during the lockdown. Forty-four respondents said that they had managed three meals a day, but had had to forego essentials such as vegetables, fruits, eggs and meat. Most workers also complained that they had been dependent on the free and subsidised food grains distributed through the PDS, which were of poor quality.



Only eight out of the 50 respondents had had family members fall ill during the lockdown. Two availed treatment at government health facilities, and the rest had accessed treatment through private health care. Although the majority of respondents said that they and their family members had not fallen ill during the lockdown, the results should be interpreted cautiously. Misconceptions and a lack of awareness about the COVID-19 pandemic, as well as poorly conceived practices by government authorities (such as barricading the localities and houses of COVID-19 infected patients) have created stigma about the disease in the community. As a result, many people are hesitant to report any illness. This has also become a major challenge for public health departments, as people avoid getting tested for COVID-19 and seek medical help only when symptoms are aggravated.

“The price of all essentials has gone up during the lockdown. Now we are forced to eat the poor quality cereals distributed in the government ration shops. We do not have an alternative to this. We did not buy any meat or fish in the last two months. I find it very hard to explain the situation to my children,”

- a female worker in Tirupatur, aged 34

3.2. The Situation of Workers after Lockdown Restrictions Were Eased

This section discusses workers' experiences after the reopening of industries in Vellore, following the state government's relaxation of lockdown restrictions. The experiences of workers who could not resume employment and those who did manage to resume work after the lockdown was eased are presented in separate sections.

3.2.1. Abandoned: Workers Who Could Not Resume Employment

This section covers the experiences of workers who could not resume employment after industries were allowed to reopen with the relaxation of lockdown restrictions.

3.2.1.1. Illegal Layoffs and Terminations

The study revealed that illegal terminations and layoffs were seemingly rampant in the Vellore leather industry during the pandemic. Of the 34 respondents who resumed work after the easing of lockdown measures, twelve confirmed that their companies had resorted to layoffs and terminations after resuming operations.

“Our factory management forced all workers to submit resignation letters in June. We were told that the company was running at a loss, and that we would get some compensation only if we resigned ourselves. We had no other option but to resign. All 400 workers submitted resignation letters. But the company called 60 workers, including me, to join work again. But I am scared that I might lose my job anytime soon. The factory is running at less capacity as there are no new orders,”

- a female shoe factory worker who had resumed work after the lockdown in Tirupatur, aged 40

Out of the 50 respondents, 16 persons were not able to resume employment after the lockdown eased and industries resumed operations. Of these, nine were temporary workers (including contract and daily wage workers), and seven were permanent workers. Nine were male workers and seven were women. It is evident that all categories of workers, irrespective of employment status and gender, were affected by layoffs and terminations.

Five of the workers said that they had been laid off, and four stated that they had been terminated by management at their factories. While three workers said that their factories had remained closed, one woman could not commute to work due to the lack of transport facilities. Two respondents reported that their employers had forced them to resign from their jobs, while another said that she could not go back to work due to poor health.

While eight workers said that their company had resorted to layoffs and terminations due to the lack of orders, one worker cited the cancellation of orders by buyers as the reason for the job cuts. Three workers stated that their companies were operating at a loss, forcing the management to resort to downsizing.

None of the workers who had been laid off or terminated by their employers had been served formal notices in writing, and were verbally informed of the factory management's decision. Except for one, all of those laid off or terminated said that their employers had not engaged in any dialogue with workers themselves or trade unions regarding plans for layoffs and terminations.

Except for two, none of the other respondents had received any monetary compensation. The two respondents who had received INR 2,00,000 and INR 40,000 as full and final settlements from their employers, with the former having completed more than 30 years of service at the same factory since 1987. One of them felt that the amount paid as a settlement was too low. Further, only nine respondents confirmed that their employers had cleared other dues such as back wages, overtime wages and social security benefits. The dues of six respondents had not been cleared by their employer at the time of their interviews.

Thirteen of the 16 respondents who could not resume work reported that they did not have adequate savings to run their households. For most, the immediate concern was the lack of money to buy food and household provisions, to pay for their children's education, and to cover medical expenses.

"I was working as a contract labourer in a shoe factory in Ambur. The factory reopened in June after the lockdown measures were lifted. But when I went to the factory to join back, I was told that all contract labourers had been laid off by the management. I could not find any other job in Ambur. Now I sell homemade snacks to earn a living. But what I make in a day is hardly enough to meet the daily expenses. I have not paid house rent and electricity bills for the past three months. I could not buy medicines for my diabetic mother. This is the worst situation I ever faced in my life,"
- a male worker who was recently laid off in Ambur, aged 32

3.2.2. Increased Uncertainty and Precariousness: The Situation of Workers Who Resumed Employment

The state government of Tamil Nadu permitted all industries to restart operations from the beginning of June 2020. Following this, many tanneries and shoe factories in Vellore resumed operations with full or partial workforce participation. The situation of the 34 respondents who had resumed work after the lockdown is presented in this section. This includes the status of employment, changes in working conditions (wages, overtime, working days and hours), safety norms specific to COVID-19, and other challenges.

3.2.2.1. Precautionary Measures for COVID-19

The interviews indicated that the strict norms for industry imposed by the government seem to have ensured that most companies made efforts to follow basic precautionary measures to control the spread of COVID-19 after resuming operations. Almost all 34 respondents who had gone back to work after the lockdown stated that their employers had ensured the use of face masks and provided hand sanitisers for workers. Thirty respondents said that their employers had facilitated social distancing at workplaces. Ten respondents also stated that their companies had operated with a reduced workforce to ensure social distancing. Twenty-nine workers reported that body

temperature screening was conducted at the factory gates. Twenty respondents said that workers had been asked to wear gloves, and that the companies used disinfectant spraying machines to clean the factory premises.

3.2.2.2. Commuting to Work: A New Challenge

Public and commercial transportation remained suspended during the first few phases of 'unlocking'. The interviews indicated that workers in the leather sector in Vellore faced considerable difficulties in travelling to work, as most were dependent on public buses and private auto-rickshaws. Thirteen of the 34 workers who went back to work said that they had walked to their workplaces due to the lack of transport. Twelve respondents stated that they had used their own vehicles to commute. Five respondents availed company transportation, and another four used private services. The majority, 20 respondents, said that they had spent more money than usual for the commute to work.

"We do not have any transport facility. Our factory, which used to provide free transportation before the COVID-19 pandemic, has now cancelled it. The factory officials say that it is becoming very difficult for the drivers to ensure social distancing inside the vehicles, and that they run the risk of violating government norms. But we feel that the factories are using the situation as an excuse. They want to make it difficult for workers from distant places to come to work because the factories are not in a position to provide work to all,"

- a female shoe factory worker in Ambur, aged 45

3.2.2.3. Irregular Working Days and Daily Work Hours

Almost half of the workers (15 individuals) who responded to the question stated that the number of days that they worked in a week had dropped in comparison to the pre-lockdown period. Sixteen workers had not experienced any change in the number of working days after they returned to work. This indicates that a larger proportion of workers who resumed employment had their working days reduced, consequently reducing their wages.

Twenty-four respondents who resumed work after the lockdown had not experienced any changes in their daily work hours. However, four respondents said that they had experienced an increase in work hours, while another four had seen a decrease in working hours compared to the pre-lockdown period. A comparison of these findings indicates that factories have reduced the number of working days in a week, but have either retained the usual daily work hours, or have increased them. It is evident that many factories are running at reduced capacity due to the uncertainties caused by the pandemic.

3.2.2.4. Overtime and Production Targets

While 12 respondents reported that they had worked overtime in the pre-lockdown period, only six were asked to do so after returning to work post-lockdown. However, the numbers on overtime should be looked at carefully, as many respondents reported that they normally worked more than eight hours a day, and this was not considered overtime by their employers.

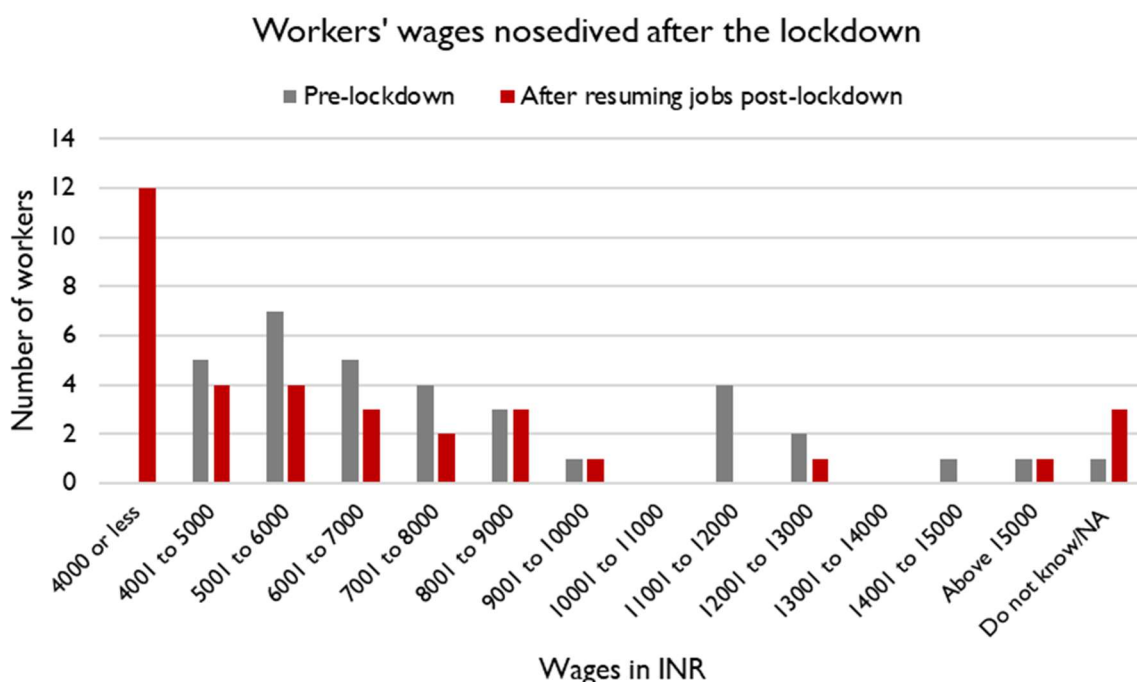
The majority of respondents also confirmed that they had worked over eight hours every day in the pre-lockdown period. The responses indicate that factories do not count lunch breaks and other breaks or intervals in the eight-hour shift. Despite the law prescribing that overtime be compensated at double the rate of normal hourly wages, no workers reported this being the case for them: most respondents said that they had received overtime wages only at normal hourly rates, if at all.

Most respondents who had resumed work after the lockdown (21 workers) stated that their production targets had remained constant or had increased in comparison to the pre-lockdown period. For 11 respondents, the production targets were lower than before. Several companies that had resorted to a reduction of their workforce had not changed the daily production targets set for workers who were retained. The findings highlight the vulnerabilities of the remaining workers, some of whom are asked to work more hours in a day with high daily production targets.

3.2.2.5. Reduced Wages and Payments

No major changes were observed in the frequency of wage payments by those interviewed after the resumption of work. The majority reported that they were paid wages on a monthly basis. Only a few respondents said that they were being paid on a weekly or daily basis.

The net monthly wages received by workers after the lockdown were lower than the wages received pre-lockdown. While none of the respondents had been paid salaries below INR 4000 before the lockdown, at least twelve reported receiving a wage of INR 4000 or below after resuming work. Eleven respondents had received wages in the range of INR 4001 to INR 7000 after the lockdown. This means that more than half of all respondents who resumed work after the easing of lockdown measures received salaries lower than the legal minimum wage prescribed by the state government. The legal minimum wage for unskilled and semi-skilled workers in the leather goods manufacturing sector in Tamil Nadu is in the range of INR 7250 to INR 7500 as of August 2020.⁴⁵



At least four workers were receiving wages in the range of INR 7001 to INR 8000 before the lockdown, which is equal or close to the legal minimum wage. However, the number of respondents receiving salaries in this range came down to two post-lockdown. The number of workers receiving salaries above INR 10,000 also declined from eight to just two workers.

The study also pointed to a stark gender pay gap in the leather and footwear industry before the lockdown. Of the nine respondents who received high salaries in the range of INR 10,000 and above, none were women. In contrast, of the 17 workers receiving salaries of INR 7000 and below pre-lockdown, 15 were women and only two were men. After the lockdown was eased, the number of male workers receiving low wages also increased. Of the 23 workers receiving salaries of INR 7000 and below after returning to work, 14 were female and nine were male.

“I work in a shoe company as an operator. I was earning INR 6000 per month before the pandemic. My monthly wage is now reduced to INR 2500. This is because I got only 10 days of work in June. They pay us only for the number of days we work in a month. I was not paid any wages for the previous three months when the factory remained closed. My husband, who was a casual labourer in the construction sector, is not getting any work nowadays. Just meeting the expenses every day has become a struggle for us. I have two kids who are going to private schools. Now I am not in a position to pay their school fees. I will have to shift them to a government school now.”

- a female worker in Ambur, aged 34



The Plight of Home-based workers during the COVID-19 Crisis

The leather sector in India employs a large number of homeworkers, who remain largely hidden in the supply chain. Ambur alone is estimated to have several thousand women stitching shoe uppers at home. Homeworkers typically work for sub-contractors or agents, who are mostly men. The latter receive work orders from shoe factories and distribute the pieces to women in various villages in and around Ambur. The homeworkers are paid piece-rate wages, leading to incomes far below the legal minimum wage for the leather sector. Although they play an important role in the supply chain, they are not recognised as formal workers with entitlements by the government or supplier companies. Before the pandemic, homeworkers typically received consistent work orders only for six months in a year. A limited amount of work was available through the rest of the year. Typical monthly earnings for homeworkers in Ambur were in the range of INR 1000 to INR 3000, depending on the time spent stitching.

During the nationwide lockdown, home-based workers did not receive any work commissions from sub-contractors and agents representing supplier factories. Agents also failed to pay them for the orders that they had completed before the lockdown. Since they lack access to national social security schemes like the Employees' Provident Fund (EPF), the homeworkers did not receive any relief through available avenues during the pandemic. Despite being eligible for cash support from the Tamil Nadu Manual Workers Welfare Board, most homeworkers were not registered with the board and failed to receive these benefits. The majority of these workers were not organised and did not have the backing of any formal support systems like trade unions to help them register with government boards for schemes aimed at unorganised workers.

Homeworkers in Ambur had hoped to resume work after lockdown measures were eased. However, many shoe factories that had outsourced work to them through agents did not reopen due to a lack of orders from buyers. The pandemic has thus increased the vulnerabilities of these informal women workers, and put them at the mercy of agents with no bargaining power against extremely low piece rates. The increasing vulnerability of leather sector homeworkers in the region is evident from the statement of a respondent from a village near Ambur:

“I am 47 years old, and have been stitching shoe uppers from the age of 15. I used to earn INR 100 a day before the lockdown. This amount, though small, is very important for my family. I have two daughters and was saving some money for their weddings. The COVID-19 pandemic has dashed all our hopes. I do not get any work nowadays. My husband, who works in a tannery, hardly gets any work these days either. We have spent all our savings, and there is nothing left.”

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4. Conclusion

Despite a limited sample size and the challenges posed by the ongoing pandemic, the study shed light on the situation of workers in the leather sector during the nationwide lockdown and after the relaxation of restrictions. Many, if not most workers were negatively impacted by the lockdown, which posted significant challenges to their ability to fulfil basic survival needs. The majority of leather sector workers interviewed for this study did not receive salaries during the period of intense lockdown and the weeks that followed it, and almost all saw drastically reduced individual and family incomes. Workers faced tremendous difficulties in fulfilling their basic needs, including purchasing food, for a period of three to four months, and many resorted to borrowing money in order to survive. Though most respondents said they had received some form of relief from the government, typically in the form of food grains and a one-time cash transfer of INR 1000 per family, the measures were largely inadequate to meet their needs. Their employers have extended very little or no support during the pandemic.

There is a need for introspection on the part of international brands and retailers as their decisions around the cancellation of orders and withheld payments have contributed to the tremendous pressures faced by suppliers, which in turn have put workers at risk. For decades, international market actors and consumers have profited from low wages and poor working conditions that have prevented workers from creating substantial wealth or generating other resources to act as a buffer during crises. Brands must now step up and take responsibility, and must implement due diligence throughout their value chains to ensure that workers' livelihoods are not threatened by continuing or increasing precarity.

The findings indicate that the supplier companies did not follow due process while downsizing their workforce. Many factories have resorted to illegal layoffs and terminations without advance notice to workers. In some cases, workers were forced to resign in order to receive any compensation. There is no evidence of supplier companies engaging in dialogue with workers or worker organisations regarding their employment after lockdown restrictions were lifted. Many workers who were terminated by their employers did not receive any financial compensation, and their dues had not been cleared when the research team spoke to them. Brands and government departments (including the state and district labour departments) need to ensure that proper inspections are conducted and continuous monitoring of the situation takes place in order to pre-empt violations. The labour departments should ensure that supplier companies engage in dialogue with workers and their representatives before taking crucial decisions on downsizing their workforce.

The respondents who resumed employment after the easing of lockdown measures experienced various challenges. Most workers' wages were drastically reduced, and many received salaries that were lower than the legal minimum wage. Most respondents said that they had found it very difficult to commute to work in the absence of company transportation and public transportation. It is also evident that most workers experienced uncertainties with respect to working days, work hours, production targets and overtime after returning to the workplace. Supplier companies and manufacturing units appear to be changing their workforce utilisation and production schedules in line with the work orders that they are receiving from buyers (brands). The volatility in the international markets continues to directly impact suppliers, which in turn strongly impacts their workers on the shop floor. This calls for the attention of international brands and retailers, and

underlines the need to act with sensitivity, responsibility, and urgency during the ongoing crisis to reduce negative impacts on workers in their supply chains.

4.1. Recommendations

The following actions are for brands, retailers, suppliers and local government authorities to adequately support leather sector workers during and after the pandemic, and to ensure that they are not pushed into further precarity.

International Brands and Retailers

- Brands and retailers should release withheld payments to their suppliers and support them in resuming their operations.
- Brands and retailers should engage closely with their suppliers in order to adequately support them, and to ensure open communication on problems in the supply chain.
- Brands should ensure that all workers in their supply chains are paid full wages for the lockdown period. All payments owed to workers over the months of the pandemic should be settled without delay.
- Brands and retailers should take steps to ensure that all workers in their supply chains, including those employed in sub-contracting and home-working jobs, are covered by social protection schemes.
- They should ensure that suppliers do not engage in illegal layoffs and terminations.
- Brands and retailers should support and engage in social dialogue with all stakeholders, including workers, trade unions, and civil society organisations. They should also ensure that their suppliers respect freedom of association and engage in social dialogue with their workers and their representatives.
- Brands should undertake human rights due diligence throughout their supply chains, including the sub-contracting and home-working segments, in order to assess the new human rights risks that have emerged in light of COVID-19.
- Brands should take steps to ensure that all workers in their supply chains are paid a living wage. This entails redesigning purchasing practices, pricing and forecasting models to ensure that all workers receive living wages.
- Brands should work with their suppliers to create and maintain robust grievance redressal mechanisms that successfully address the problems workers are facing at the factory level.
- Brands and retailers should ensure that their purchasing practices do not affect workers negatively. The prices paid by brands to suppliers should be sufficient to ensure living wages for all workers and to allow decent working conditions in the factories.

Suppliers

- Suppliers should ensure that all workers in their factories and supply chains receive full wages for the lockdown period and the months following it. All payments owed to workers over the months of the pandemic should be settled without delay.
- The companies that withheld wages from workers during the lockdown should take steps to release their salaries immediately.
- Suppliers should not resort to illegal layoffs and terminations.

- Suppliers should ensure that workers are covered by social protection schemes and that they have the information and support required to make use of them.
- Suppliers should respect freedom of association and engage in social dialogue with workers and their representatives.
- Suppliers should create and maintain robust grievance redressal mechanisms to address the problems of workers at the factory level.
- Suppliers should follow all COVID-19 specific guidelines⁴⁶ issued by the government to ensure the safety of workers.
- Suppliers should provide paid sick leave and ensure that workers are able to avail their leave without harassment.
- Factory management should ensure proper transportation facilities for workers, especially those commuting to work from distant places.

Government

- Government departments should improve their communication and outreach strategies in order to promote and properly implement COVID-19 aid schemes.
- Government departments should conduct regular monitoring and inspections to ensure that factories comply with the guidelines issued by the government to prevent the spread of COVID-19 at workplaces.
- The government should ensure that all workers receive wages for the lockdown period. Formal notifications should be issued to industries in this regard.
- The labour department should ensure that factories do not indulge in illegal layoffs and terminations. Corrective action should be taken if companies resort to such practices.

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