

# Employment Situation in Tier-I Garment Units in India

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# CEC's Study: Methodology

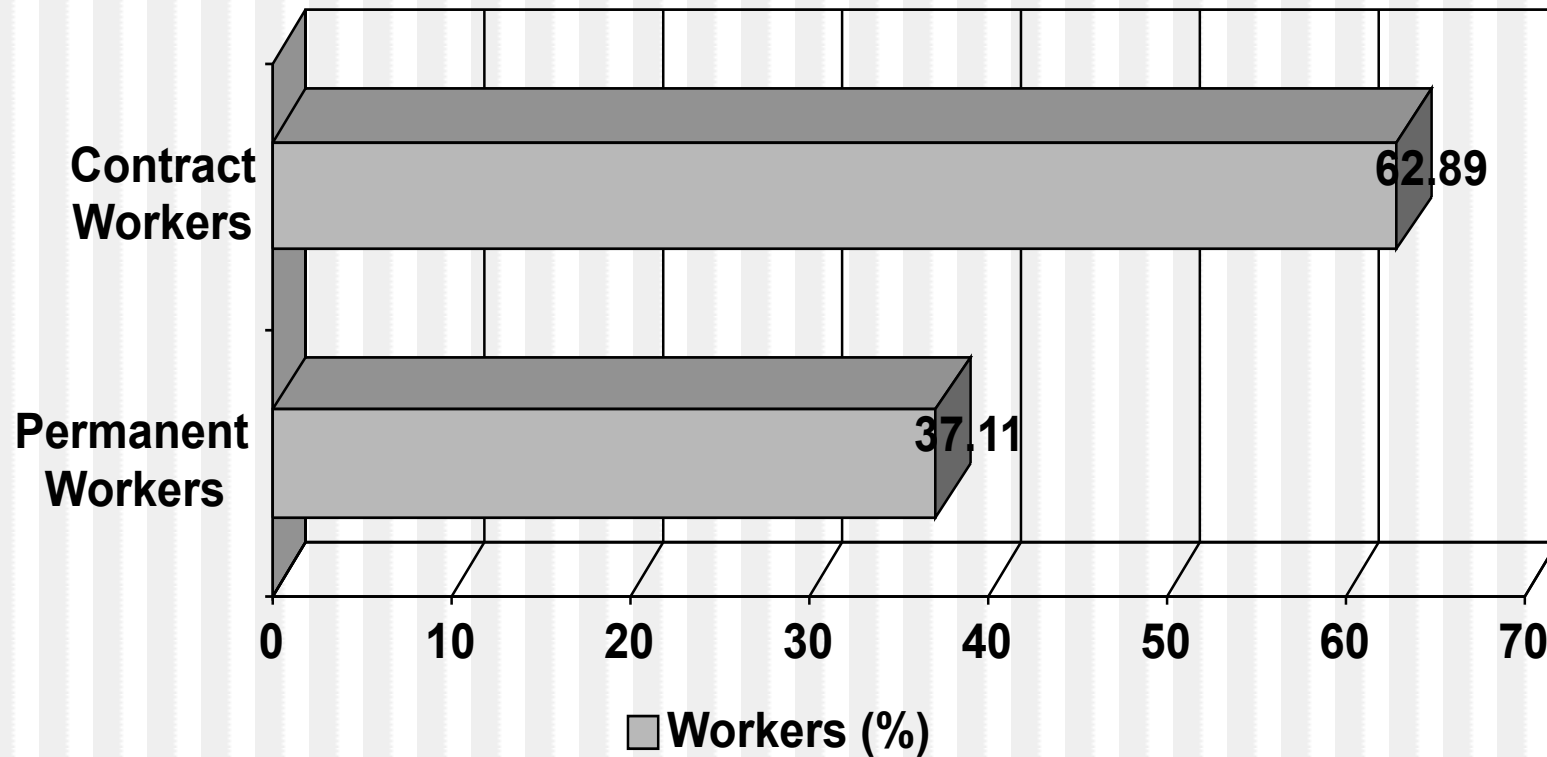
- Study of 14 Tier-I Garment Manufacturers and Exporters in Delhi, NOIDA (UP) and Gurgaon (Haryana)
- Based on workers' interviews outside factory premises
- Total sample size was 159
- Random Sampling

# Focus

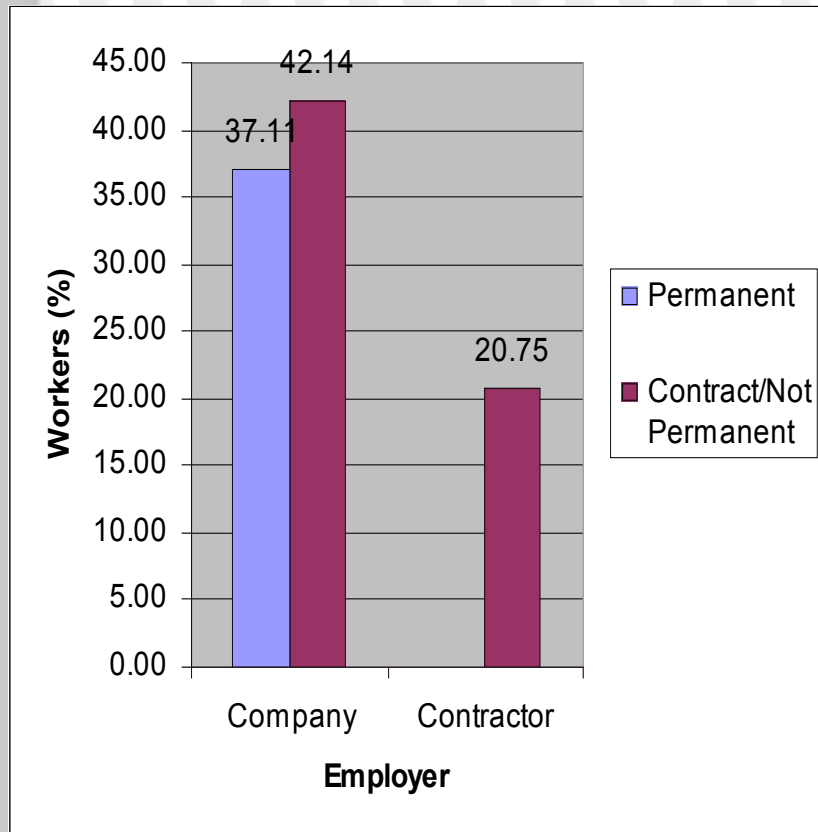
- Nature of Employment
- Working Hours and Wage
- Social Security
- Right to Association and Collective Bargaining
- Global Value Chain and the Indian Textile and Garment Industry

# Nature of Employment

Nature of Employment

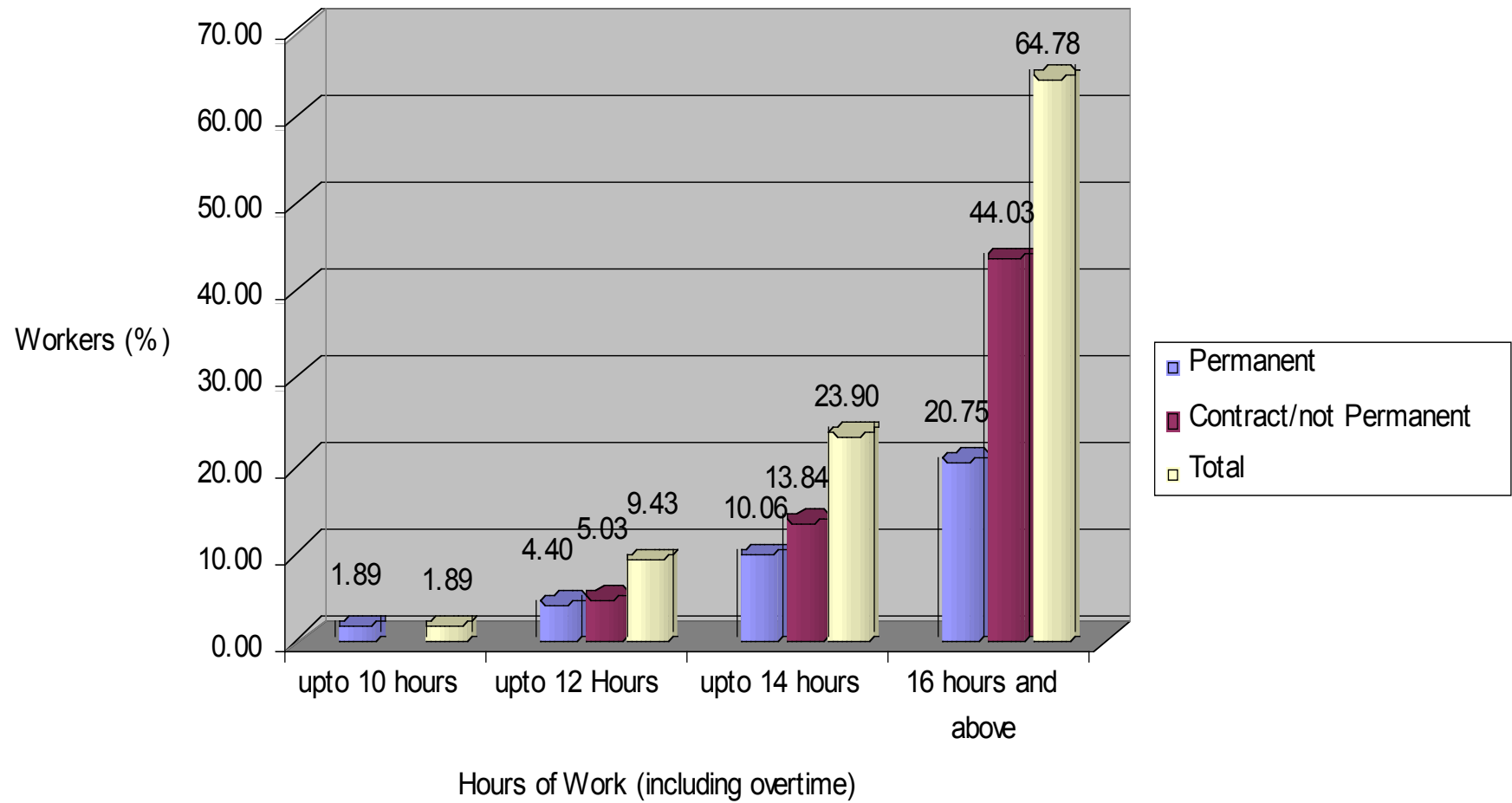


# Contract Workers



- 59 (37.11 %) workers permanent
- 100 (62.89%) workers on contract or not permanent.
- Practices of contract employment expose the inherent flexibilities in industry and labour market

# Working Hours

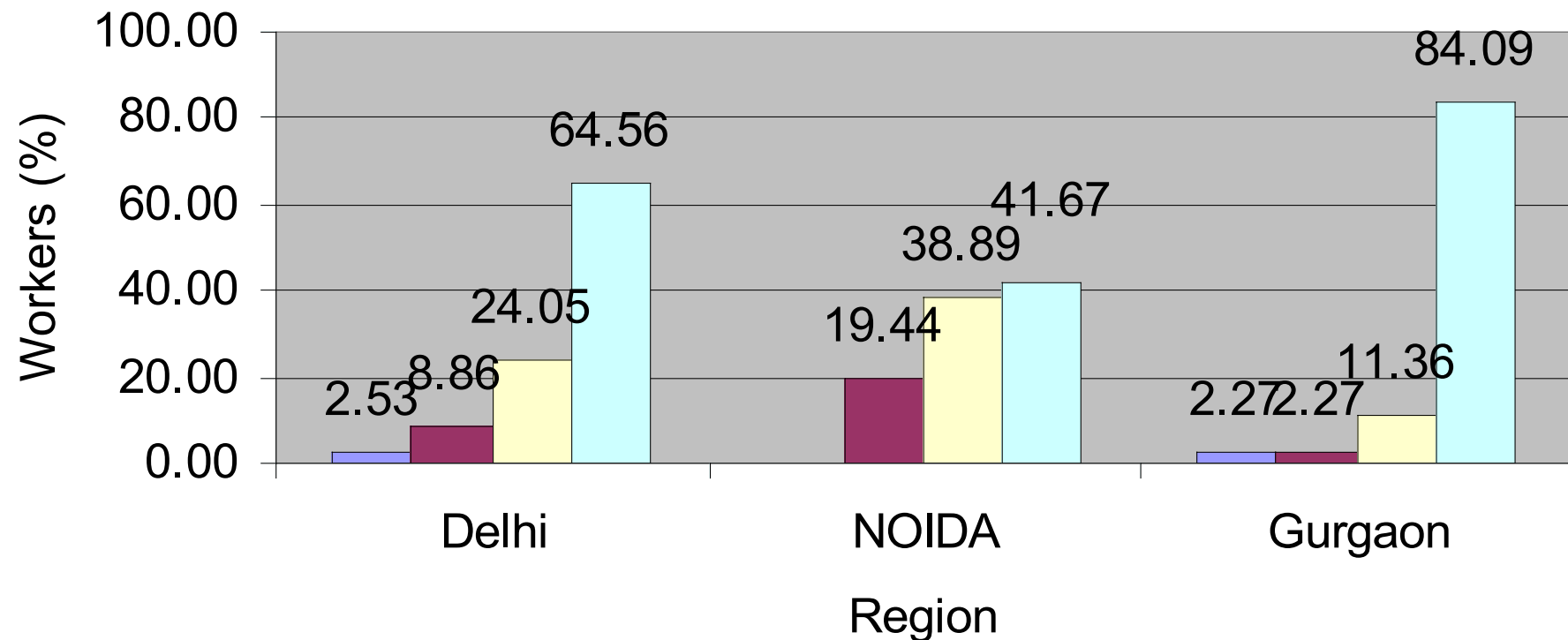


# Working Hours - 2

- The industry has managed to keep working hours extremely flexible. Industry argues that seasonal flexibilities in the industry demands deregulation of working time.
- Whooping 64.78 % of the workers working hours stretched upto 16 hours or more in a day (including overtime).
- Though both permanent and contract employees work long hours, among those working for more than 16 hours a day, the per cent of contract workers were double that of the permanent workers
- This violates all provisions in the relevant statutory instruments.

# Region wise Hours of Work

Regionwise Working Hours



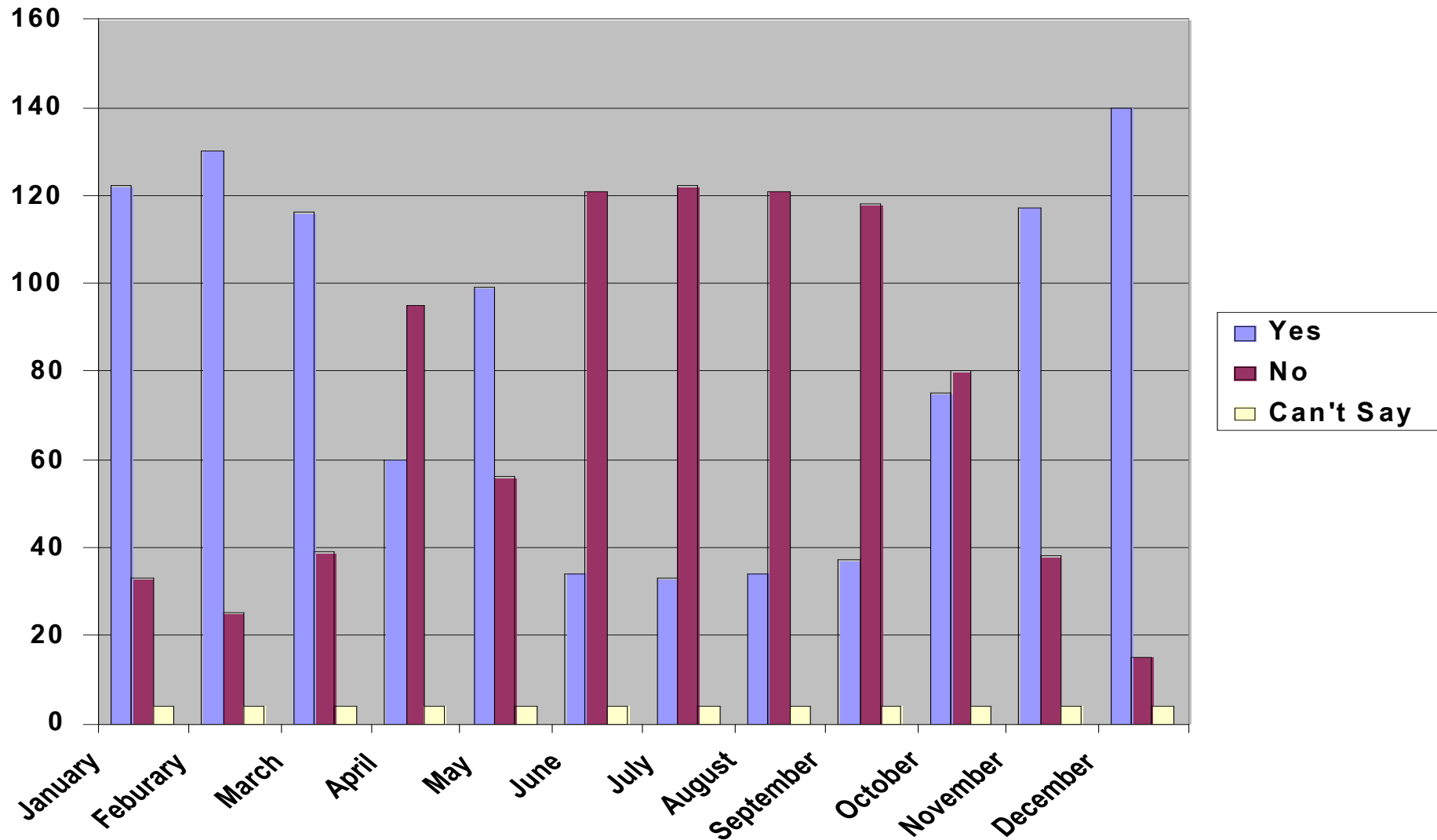
■ upto 10 hours ■ upto 12 Hours ■ upto 14 hours ■ 16 hours and above



## Hours of Work- Regional Variations

- Region wise analysis shows establishments in Delhi, NOIDA and Gurgaon have long working hours.
- Interestingly, the number of workers working for more than 16 hours was highest (84 per cent) in Gurgaon followed by Delhi (64.56 per cent) and NOIDA (41.67 per cent).
- In NOIDA, 80.56 per cent of workers said they work for more than 14 hours a day.

# Monthly Spread of Overtime



# Monthly Spread of Overtime-2

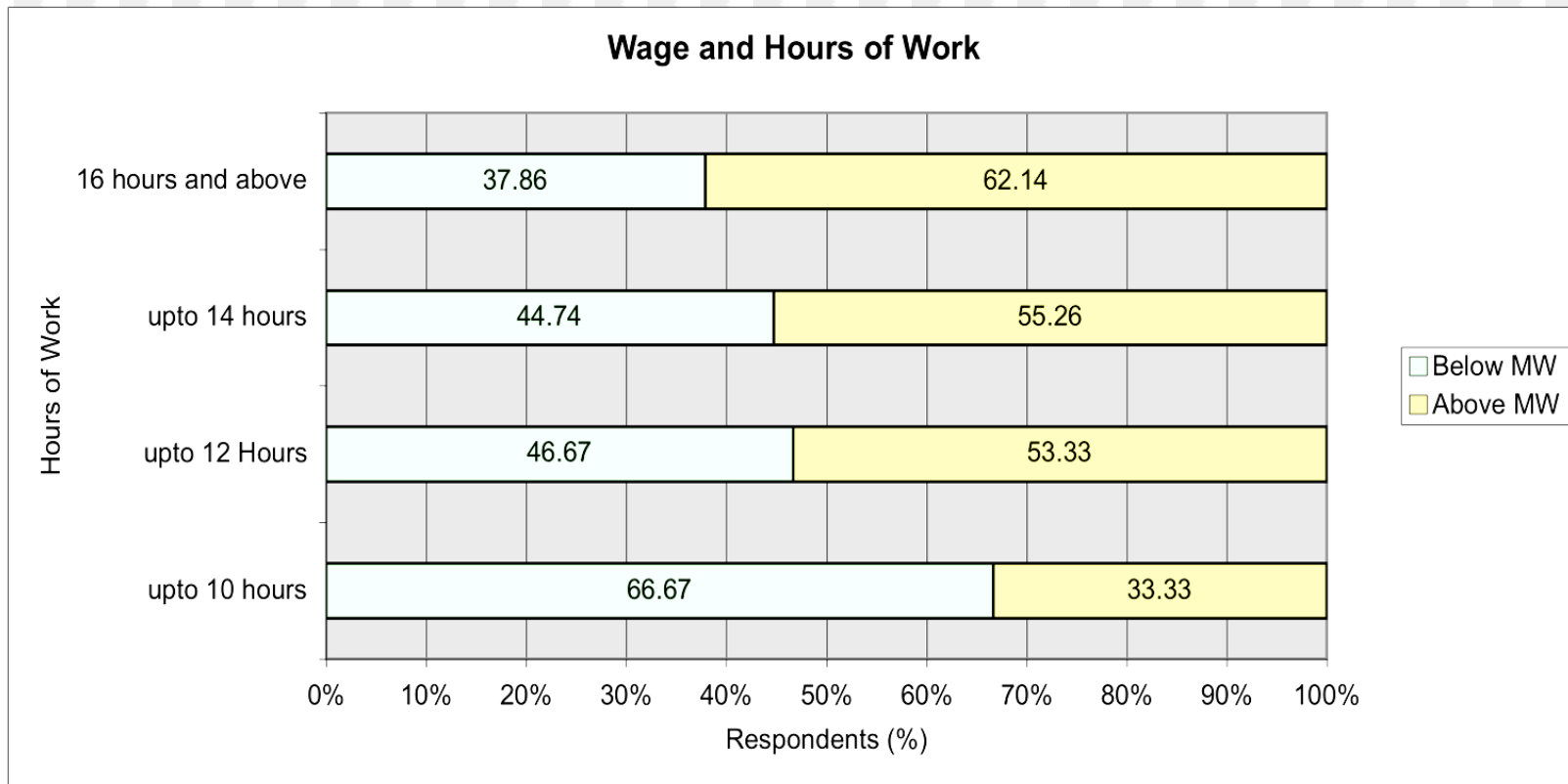
- Workers reported that they work long working hours throughout the year except in the months of April, June, July, August and September

# Minimum Wages in NCT, Delhi

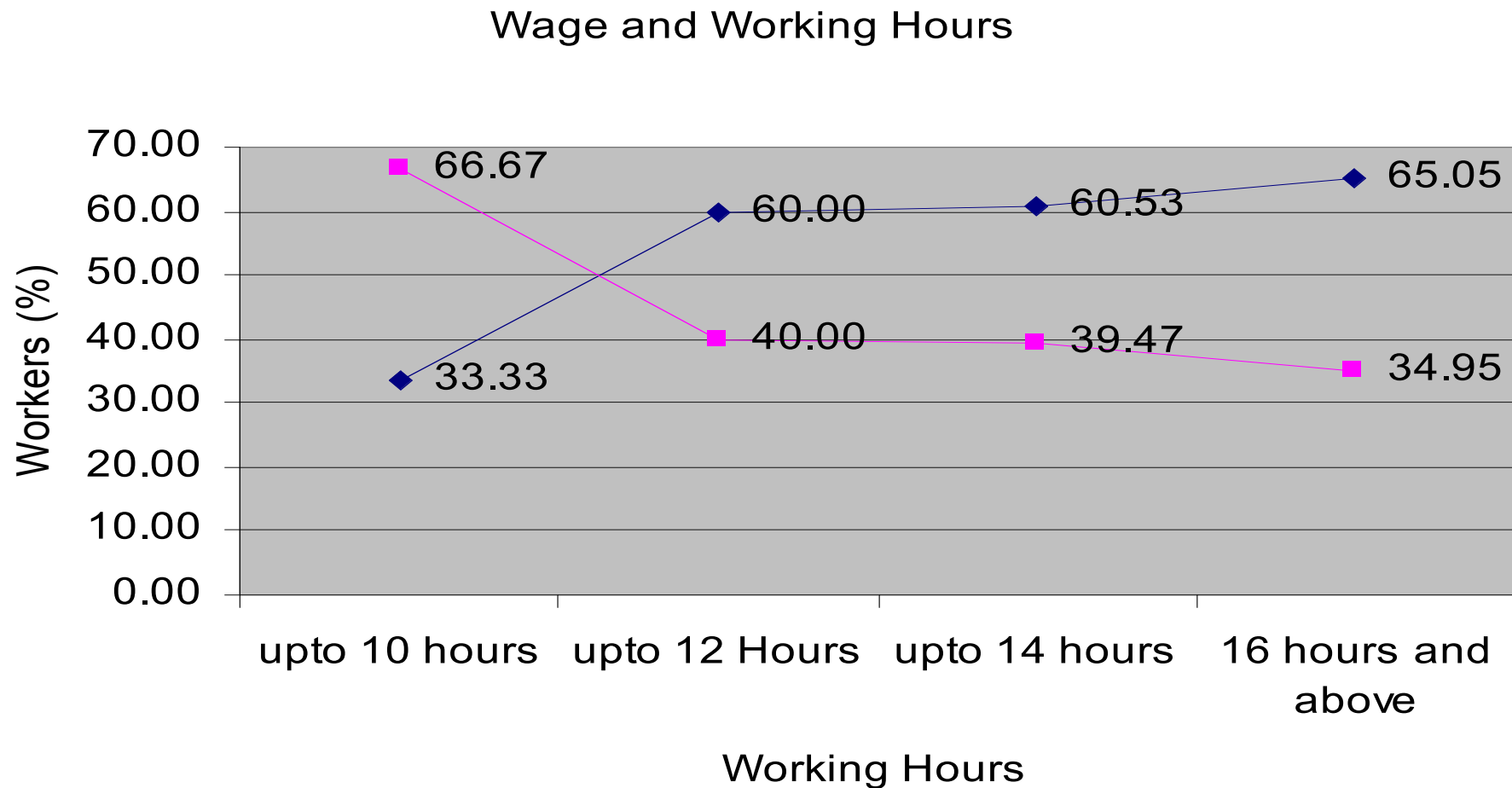
Category	Job Profile	Wage Rate		
		Delhi (as on 1.8.05)	UP (as on 1.8.05)	Haryana (as on 1.1.05)
Unskilled	Layers, Helper, Loader, sweeper	3165.9	2357	2343.37
Semi skilled	Buttonhole operator, packer, pressman	3331.9	2584	2453.37
Skilled	Tailor, Checker, driver, Machine Operator	3589.9	2737	2603.37
Highly Skilled	Embroidery Computer Operator, Cutting Master, Master Tailor, Final Line Checker	Non Matriculate:	3199	2903.37
		Matriculate:		

- Source
- Delhi: Text of revised variable Dearness allowance in Delhi with effect from August 1, 2005 - (Order No. F12(142)/04-MW/Lab./238) Dated 31.08.2005
- UP: Document issued by Assistant Labour Commissioner, Government of UP dated nil and Docuemtn issued by Assistant Labour Commissioner, Government of UP dated 11.9.2006
- Haryana: Notice, Labour Department, Government of Haryana, Extract from Haryana Government Gazette (Extra.) dated 1st march 2002

# Wage & Hours of Work

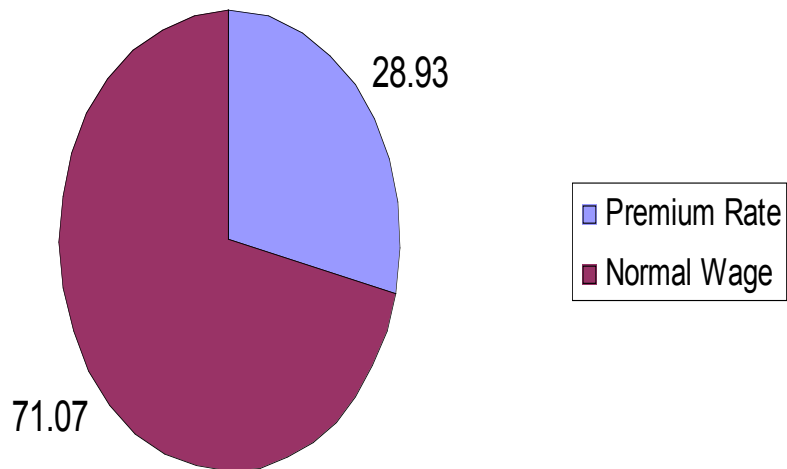


# Wage and Working Hours



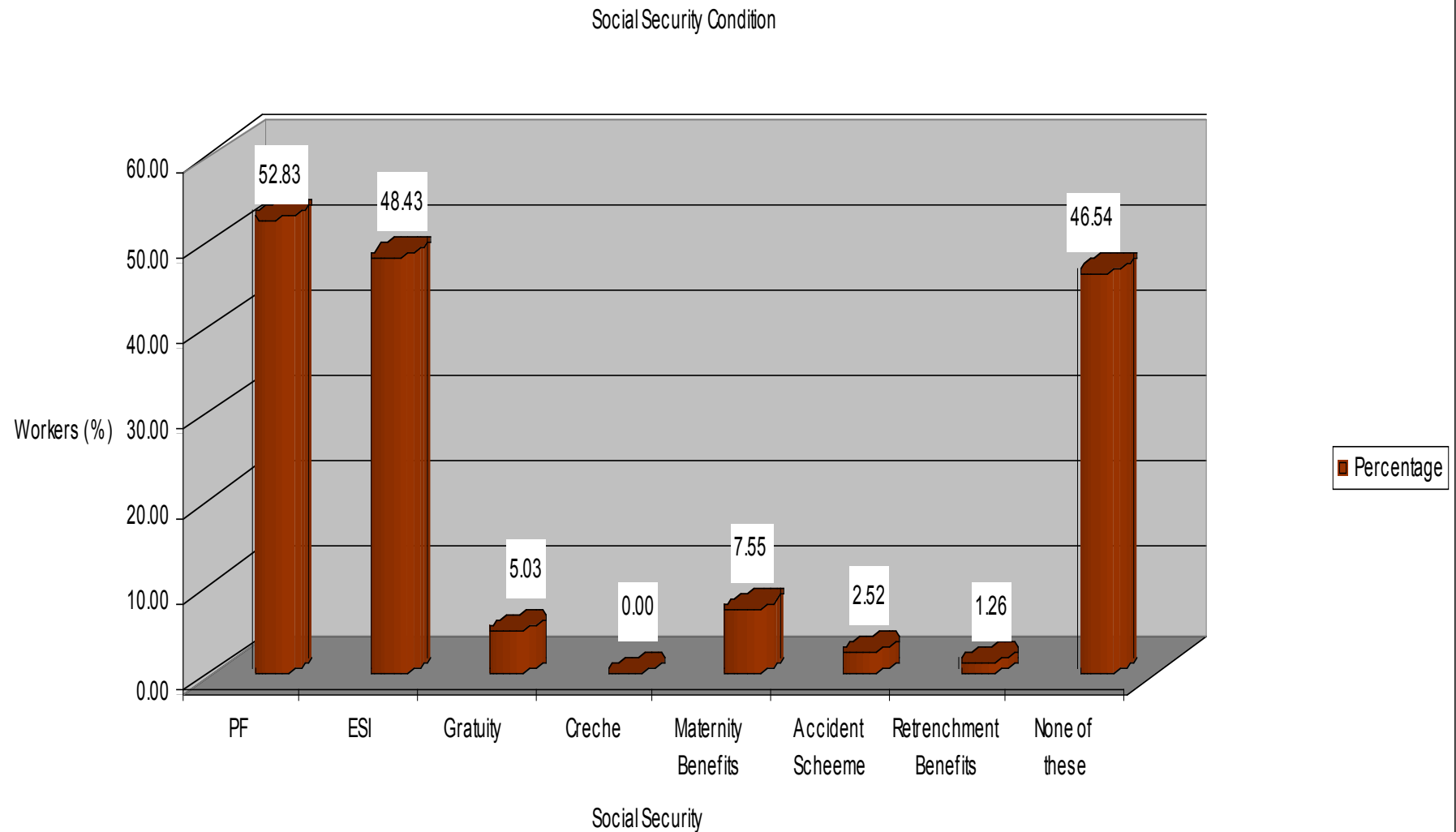
# Payment of Overtime Wage

Payment of overtime wage (% of workers)



- A great majority of the workers (71.07%) are not paid overtime wage at the statutory rate (double the normal wage)

# Social Security in Tier-I Companies





# Social Security in Tier-I Companies--2

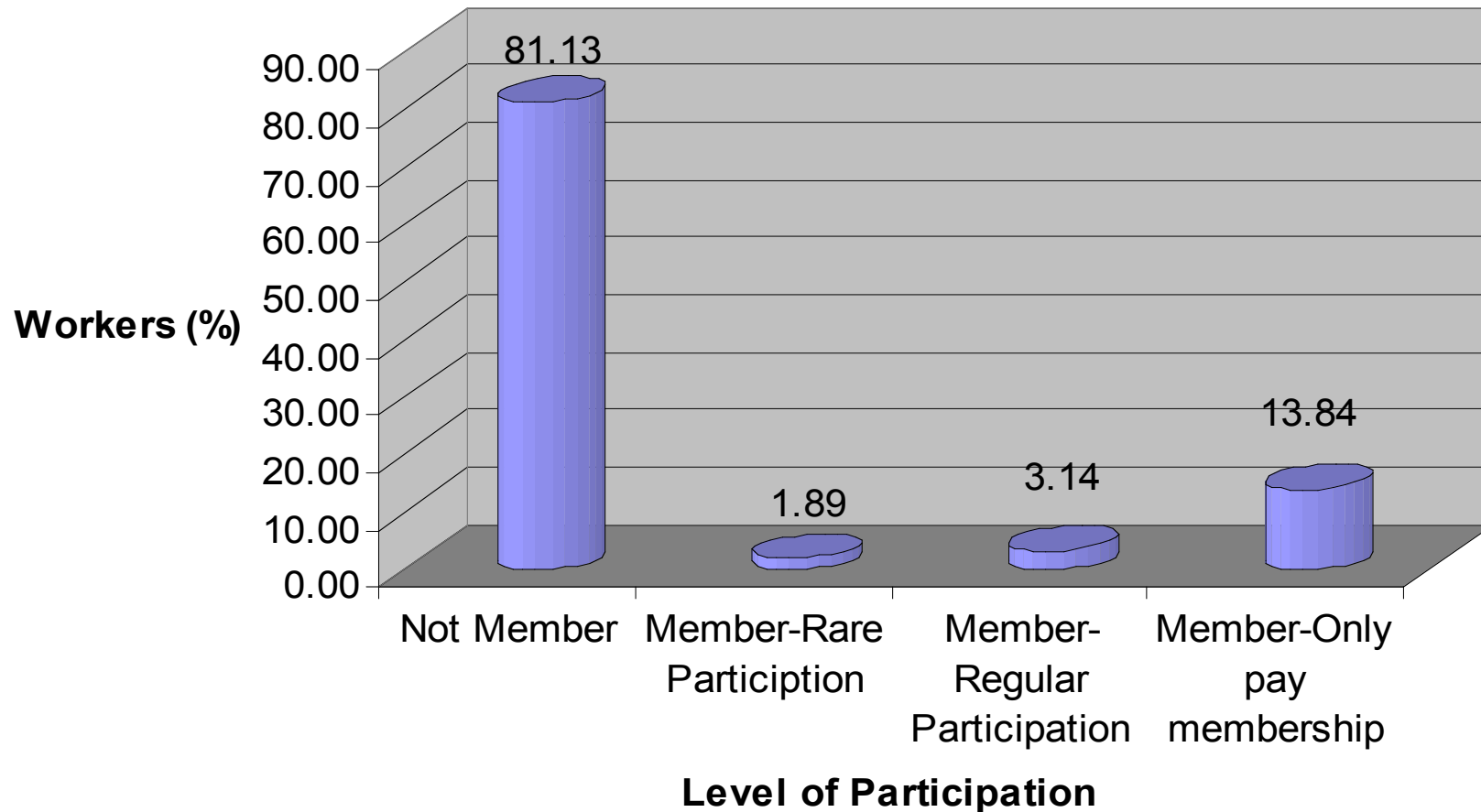
- Provident Fund (PF) and Employees State Insurance (ESI) are the only benefits available for Garment workers in Tier-1 companies. These benefits not available to almost half (46.54%) workers.
- Other social security benefits like gratuity, crèche, maternity benefits, coverage under accident scheme and retrenchment benefits are negligible
- Interestingly, both permanent and non permanent workers said that they are deprived of social security benefits.
- While the present regulatory regime could not ensure social security for a large section of the existing workforce, it is difficult to assume that how further deregulation would bring positive changes in the quality of employment.

# Social Security in Tier-I Companies--2

- In recent times Tier I companies have experienced significant growth in capability and the increase in production activity. While there has been an increase in the total expenditures on manufacturing, it is surprising to note that there is no corresponding increase towards payments of PF and ESI to the workers

# Freedom of Association and Collective Bargaining

Participation in Trade Union Activities



# Freedom of Association and Collective Bargaining---2

- 81.13 % of the workers are not unionized
- Only 3.14 % of the workers regularly participate in trade union activities.
- Some of the major Tier 1 suppliers studied have actively discouraged formation of unions in their premises.
- In some instances company sponsored unions have been formed to serve the management.

# Global Value Chain and the Indian Garment Industry

- International Prices of garment have seen a decline, but this does not seem to have affected the profit margins of the Tier-1 companies.
- Intensification of work, non payment of wages, non payment of social security are ways of reducing labour costs.

# Global Value Chain and the Indian Garment Industry--2

- CEC' s study has not shown any reduction in the turnover or profit margins of the tier – I companies. In fact, since the Multi-fibre Agreement (MFA) phase out we have seen an increase in turnover as well as profit margins of Tier – I companies.
- Recent trends in the Tier – I companies to go for massive consolidation and initiatives towards gaining comfortable economies of scale.

# Conclusion

- Textile and Clothing industry forms the source of livelihood for 30 millions workers in India.
- Addressing overtime management, non payment of wages, non payment of social security and establishing right to organise and collective bargaining could be effective means to bring economic justice to the workers

# Conclusions

- Workers should demand
- Need based wages in the export sector and revision of Minimum Wages at the State level based on the principle of need based minimum wage
- Social infrastructure in Apparel Parks and EPZs including housing, food, health, education, training and working women's hostel for garment workers;
- Institutionalized safety and complaint mechanism (including sexual harassment) for women workers
- Revival of the tripartite committee for textile workers.