Study on Purchasing Practices of Giant Retailers

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CHAPTER I: INTRODUCTION

The entry and eventual domination of garment retailing by big-box or mega retailers like Wal-Mart, TESCO and Carrefour had a dramatic effect on the global garment manufacturing industry. Prior to the days before these multinational retailer giants gained clout, most garment units were medium scale, localized businesses, which manufactured their exclusive designs and labels, and supplied mostly to domestic and a few foreign buyers. Subsequent to retail consolidation, the multinational retailers introduced their own in-house labels and designs, which had the potential to be produced on a global scale. This transformed a good number of garment manufacturers across the world by reducing them into mere contract suppliers of big-box retailers. Globalization of manufacturing and trade fortified this new multinational retailer-contract manufacturer business model internationally.

The multinational retailers sought to carve a niche in the clothing market by selling garments at the lowest price. In their quest to identify suppliers who can deliver garments at the lowest unit price, the production units naturally migrated to the lower cost locations across the world. As the price war became intense among retailers, their suppliers became obliged to bear a heavy price in terms of wafer-thin profit margins and extremely tough contract conditions. Consequently, the pressure on suppliers got conveniently transferred onto the employment terms and working conditions of garment workers, thus making them the most vulnerable link in the procurement process of retailers.

As the industry expanded further and volumes increased dramatically, the bottom links in the garment supply chain fragmented even further. Standardization of designs and specialization of work made outsourcing of work to even smaller units possible. Job work and contract labor became the natural choices of suppliers. Such an expansion of the supply chain accentuated an unfriendly and exploitative environment for garment workers in many parts of the world. As the smaller units often escape the monitoring lens of local governments and social groups, it became the playing field of exploitation of workers and violation of basic rights.

India is one of the major sourcing areas of garments for all the major global retailers including Wal-Mart, TESCO and Carrefour. Apparel exports from India are estimated to exceed $9 billion annually, bulk of it to the US and Europe. Multinational retailers in North America and Europe procure garments from India, either directly through their purchasing offices in the country or indirectly through other suppliers. As the big retailers are the most influential buyers of garments from India, accounting for bulk of the volumes, their purchasing policies and practices significantly influence the employment prospects, income levels and working conditions of garment workers in the country. This research examines the impact of purchasing practices on garment workers in India.

The aim of the research was to examine how purchasing practices of retailers catering to the requirements of Wal-Mart, Tesco and Carrefour affect the labor conditions in export-oriented garment industry. In order to achieve this, we focused on the following objectives:

1. To study the purchasing practices of retailers in India and unravel the various facets of retailer driven value chain in garment production
2. To understand the factors influencing the purchasing decisions of international retailers in the Indian context
3. To explore how specific purchasing practices are translated into negative labour practices

4. To examine the significant causes of adverse working conditions in the light of the regulatory framework of India and existing code of conduct in the industry

5. To develop a case for campaign to improve working conditions which are appropriated by the purchasing practices of retailers
CHAPTER II: METHODOLOGY

The chief methodology of research is qualitative in nature. The endeavour of the research was to trace the purchasing patterns of major retailers like Wal-Mart, Tesco and Carrefour and fathom its impact on the working conditions of garment workers in India. The main source of information was the first hand accounts of garment workers along with representatives of retailers, supplier companies, buying houses, government bodies and other stakeholders involved with the commercial environment of purchasing and production of clothing for multinational buyers. Non-government organisations, trade unions and other labour support groups were consulted to get a macro perspective of the impact of purchasing patterns on the working conditions of labourers. The other sources of information include Indian labour laws and legislations, official company websites, annual reports, press releases, newspapers and internet resources.

The research was divided into three major indicators, namely, Structural indicators, Process indicators and Impact indicators. The Structural indicators evaluated the Indian national laws and legislations, code of conduct of retailers and other international human right policies to examine the extent of command it has over the purchasing patterns of international buyers in relation to labour rights. It analyzed if Indian government policies and legislations were sensitive to the issues of garment workers in export industry. Process indicators investigated the existent purchasing practises of retailers on the ground and actual implementation of laws and policies related to labour rights at the grass-root level. The Impact Indicators utilised the above indicators to analyse the impact of purchasing practises of multinational retailers on general working conditions of garment workers. Process indicators are the most important part of this research as it acts as bridge between structural indicators and impact indicators and gives factual data to measure the gap between the two.

DATA COLLECTION

In order to initiate data collection, a framework was developed by identifying major issues related to purchasing practices of retailers and labor rights. Exclusive questionnaires for various stakeholders like Multinational Retailers, Management of Supplier Companies, Labor Support Groups and Garment Workers were prepared based on the identified criteria. The methods of data collection employed were focus group discussions (FGD), in-depth interviews (IDI), unstructured group interviews (GI), phone interviews (PI), balloon mapping, observation and photographs. Each focus group discussion consisted of a minimum of 3 and maximum of 6 participants.

a. A minimum of 3 and maximum of 6 Indian factories per retailer were targeted for data collection. The factories for the research were chosen on the basis of two methods

b. Identification of respective labels of each retailer and

c. Percentage of label production to the total production.

Firstly, labels of each retailer were identified using resources from the internet. The workers were requested to identify the labels as a validation of the process, although only a few workers undertaking specific jobs had the capacity to do that task. The interviews with the
management facilitated in assessing the percentage of production of respective labels of each retailer to their total production. In addition, interviews with the workers substantiated it.

A diverse pool of participants in the research enabled triangulation of data, which is crucial in a qualitative research. Efforts were put in to use different methods of qualitative research to strengthen the triangulation process. The representatives of supplier companies and buying houses included merchandising managers, factory managers, management trainees and general managers. The representatives of the workers comprised of over-lock tailors, singer(?) tailors, Fat/Pad (?)-Lock tailors, ordinary tailors, helpers, ironing personnel, checking personnel, packing workers, godown helpers, supervisors, quality controllers and others. The employment status of workers spanned from permanent employees, contract employees, job workers \(^1\) to piece rate workers. The participants were both male and female workers. The statistics of the respondents is given in table 1.

The geographical areas included in the research are Tirupur in Tamil Nadu, Bangalore in Karnataka and National Capital Territory of Delhi. These areas are the textile hubs in India.

Table 1: Statistics of respondents

<table>
<thead>
<tr>
<th>Retailer</th>
<th>No: of Retailer Employees interviewed</th>
<th>Direct Supplier - Manufacturer companies</th>
<th>No: of Indirect Buying Agents interviewed</th>
<th>No: of Indirect Manufacturers interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No: of Factories selected</td>
<td>No: of Management interviewed</td>
<td>No: of Workers interviewed</td>
<td></td>
</tr>
<tr>
<td>WAL-MART</td>
<td>1</td>
<td>6</td>
<td>4</td>
<td>&gt; 60</td>
</tr>
<tr>
<td>TESCO</td>
<td>2</td>
<td>6</td>
<td>4</td>
<td>&gt; 55</td>
</tr>
<tr>
<td>CARREFOUR</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>&gt; 30</td>
</tr>
</tbody>
</table>

DATA ANALYSIS

As the research is qualitative in nature, the task of analyzing data was done in a methodical manner. The ground work was done by translation and transcribing of data, coding of data and clustering of data under identified topics. All the data collected in the forms of IDIs, FGDs, observation and other methods were translated and transcribed in English. Each of the transcribed interviews was coded in order to refer back to the original source whenever necessity arises. Relevant parts of each coded data from the interviews and FGDs were clustered under specific topics. This facilitated systematic analysis of issues in terms of

\(^1\) Section 2(1) (b) of The contract Labour (Regulation and Abolition) Act, 1970, defines a workman as a **Contract Labour** when he is hired in or in connection with such work by or through a contractor, with or without the knowledge of the Principal employer. According to the **Report of the study group on contract labour system in Karnataka 2004** by Dr I. Sharath Babu and Rashmi Shetty, National Law School of India University, Bangalore, the words ‘with or without the knowledge of principal employer’ refers to both types of contracts. I.e. Job Contracts as well as Labour contracts. The words ‘without knowledge..’ by implication refers to the **Job contracts** and words ‘with the knowledge...’ refers to the **labour contracts**.
triangulation of data as well as verification of its skewness. Each of the analyzed data was substantiated by quotations of respective stakeholders collected through our primary research.

**RESEARCH BARRIERS**

1. The central theme of the research was to study the purchasing patterns of retailers. The expected outcome of the research was to find out the impact of purchasing practices on working conditions in garment industry. It was challenging to develop a logical framework that included the above mentioned input and output.

2. One had to conduct various interviews in order to identify the exact factories for the research. Although internet resources facilitated in identifying a few companies that produced garments for the targeted retailers, more often these companies had more than a few, sometimes about 50 units, which made it extremely difficult to identify the certified factories or targeted label manufacturing units.

3. Due to the exhaustive working hours and unannounced over time hours of garment workers, it was difficult to arrange an appointment with them. There were frequent cancellations at the last minute either because over time was announced unexpectedly or because the workers were warned by their management or their family and friends not to participate in the research interviews. In spite of such restrictions, majority of data collection was successfully done in informal settings.

4. Many workers would only say what is taught to them by the human resources department. One had to put extra efforts to bring them into confidence as well as to verify such responses using other sources.

5. There was language barrier in the data collection process as the research was conducted in different parts of India, although translators were utilized to overcome it. In areas like Tirupur, it was extremely difficult to find assistance as locals' feared working against supplier companies who are well-established in terms of man-power, money and political contacts.

6. There was strong resistance from supplier companies when they found out that an outsider has been conversing with their workers. It went to the extent of direct warnings to the researcher from senior managers of 2 supplier companies.

7. Due to the above mentioned reasons, time became a major constraint in this research as one had to complete data collection, analysis and report writing in two months of time.

8. Although extreme care was taken to interview managers and workers from the same factory, it became impossible to carry it out in all factories within the stipulated time. However, the required information was collected from other sources after appropriate verification and triangulation.

9. An accurate gender balance was not achieved in all interviews.
CHAPTER III: PURCHASING PATTERNS OF WAL-MART

“Save Money; Live better”. The inviting motto of Wal-Mart is a soothing breeze to most of the budget buyers across the world. One of the few retail giants that allow customers to buy clothes without much thought and the leverage to embrace the concept of ‘use and throw’ outfits. When the business brains of this multi-national retailer boost up the statistics of such privileged customers estimated at xxxx per week, one wonders about the magic wand that makes it all happen. It is this curiosity that primed us to take a trail of procurement patterns of this magic wand.

The trail confirmed one thing - Wal-Mart sticks to its motto until the last link in the procurement chain. However, the suppliers have a different abbreviation to define the multinational giant’s motto. They term it as O.P.M, which means Other People’s Money. Lesser lead time, greater credit period; superior product at the cost of manufacturer, squeezing of prices and cancellation of orders for the feeble of reasons are some of the prominent strategies that facilitate the implementation of O.P.M across the world. This in turn has encouraged the suppliers to replicate the same O.P.M strategy in their procurement and production patterns. In order to complete production within lead time and thus meet the delivery date, the manufacturers most often make the employees work over time by promising them double the wages or cash leaves to compensate for it. Promises are meant to be promises and it always remains as pure as it was given.

“If one tries to do business with Wal-Mart by taking credit, one is dead. They will pay us our dues only after so many months.” - Ex Wal-Mart buying agent

In our research, we focussed on 6 Indian factories that produce garments for Wal-Mart. The major Wal-Mart labels produced in India are George, Puritan, Faded Glory, Metro7, Nobo, McKids apart from others. Out of these, George is the most widely produced label in India. The geographical areas covered in the research are Tirupur in Tamil Nadu, Bangalore in Karnataka and National Capital Territory of Delhi. More than 50 workers working in Wal-Mart certified factories across India were interviewed. Their work profile included permanent employees, contract labourers, piece rate workers. Triangulation of facts was done by interviewing Wal-Mart suppliers who are certified and uncertified manufacturers, buying houses, trade unions and NGOs during our data collection phase. Picture 1 and Picture 2 shows Labels ‘George’ and ‘Faded Glory’ respectively.

SOURCING PATTERNS IN INDIA

Wal-Mart sourcing follows two kinds of procurement patterns in India.

i. Direct Procurement

ii. Indirect Procurement
A detailed flow chart of the procurement processes of Wal-Mart is given below.

**PURCHASING PATTERNS of WAL-MART**

**DIRECT PROCUREMENT**
- Official Procurement Offices across the world
- Global Procurement Office for South Asia, Bangalore
- Registered Suppliers with Wal-Mart certified manufacturing units

**INDIRECT PROCUREMENT**
- Wide network of importers based in USA, Canada and Europe
- Buying Houses/Agents in India
- Certified and Uncertified manufacturing units
DIRECT PROCUREMENT

Direct procurement of garments is the official sourcing pattern of Wal-Mart. The multinational giant has opened various procurement offices in different parts of the world. All certified suppliers of Wal-Mart are required to conduct their business with their official regional offices, which in turn would report to the head office in the US. If a company wishes to be a certified supplier of Wal-Mart, it has to meet the compliance standards prescribed by Wal-Mart. Once a company obtains a Wal-Mart certification for its factories, it becomes a registered vendor of Wal-Mart. This enables them to get access to the retail link in the official website of Wal-Mart. The website gives the updates on the ongoing requirements for different orders. Access to the restricted retail link enables the vendor to participate in the web auctions related to the procurement process. Subsequently, interested vendors would send the requisite samples per the requirements given in the order along with their costing to Wal-Mart office. The regional office would analyse the quotations from different vendors across the world and shortlists a few vendors. This sets off the negotiation phase between selected vendors and the buyer. Wal-Mart is notorious for their negotiation phase, where they squeeze the suppliers to give maximum quality at meagre prices. Once a vendor wins the quotation for a particular order, Wal-Mart opens a Letter of Credit and gives the purchase order to them to start production. The Purchase order is the bible that prescribes all specifications required for production processes as well as the delivery of goods. The vendor is responsible for procurement of raw materials, completion of production to the satisfaction of the buyer and delivery of goods using the shipping agency suggested by the buyer.

The Global Procurement Office for South Asia is located in Bangalore in the Indian subcontinent. The Bangalore office was opened six years ago and serves as a single point of procurement for all Wal-Mart certified suppliers in Indian garment industry.

INDIRECT PROCUREMENT

As far as indirect procurement is concerned, it is undertaken by various importers or buying agents who have Wal-Mart licenses to procure garments on its behalf. Various Wal-Mart licensees are based in Canada, US and Europe (Italy, France) and source their Wal-Mart orders from various Indian suppliers. The licensees serve as multiple points of contact for vendors who wish to supply garments to Wal-Mart. The supply chain gets more intricate in the case of indirect procurement. Wal-Mart licensees, who are mostly importers, act as a bridge between Wal-Mart and the manufacturers in India. One licensee may have multiple buying agents in India, who in turn create their own set of contacts of 3-4 committed manufacturers, to supply the required garments for their respective orders. As a result, indirect procurement gives birth to a parallel network of buying agencies and manufacturers who are not directly dealing with the official Wal-Mart office. The chain goes thus:

Wal-Mart ➔ Wal-Mart licensee abroad ➔ Multiple Buying houses in India ➔ Multiple manufacturers who supply to the buying houses.

The buying offices can be as small an office with 1-2 computers to communicate with the licensed buying agents abroad. Similarly, the manufacturing units may comprise of small units with as few as 10 machines. Once an Indian buying agent or a manufacturer builds a stable relationship with the licensee abroad, their acquaintances are introduced to the importers as a new and reliable link in the supplier chain, thus reinforcing the network horizontally and
vertically. This is advantageous for Wal-Mart because as long as the importer is responsible for all compliance standards and human rights policies, Wal-Mart do not have to take any direct responsibility for any violations of compliance standards in the supply chain management of licensees.

“It is very difficult to get orders directly from Wal-Mart. Our factories need to be approved by them. It is a complicated process. For small manufacturers like us, it is better to go through licensees because they will take care of all paper work and negotiations.”

- Wal-Mart Buying agent / small manufacturer, Tirupur

Our research showed that Tirupur has many buying agents who deal with Wal-Mart licensees in Canada, colloquially termed as Canada Wal-Mart. Secondary information shows that there are many buying agents who deal with licensees in the U.S and in some remote cases, Europe. Some buying agents act as mere mediators between licensees and manufacturing units, while others take the dual role of mediators-cum-small manufacturers. There was at least one case which showed that one of the big manufacturers and suppliers of Wal-Mart, which has its units in Tirupur, Bangalore and Mumbai, has its official office in the U.S and has procured the buyers' official licensee, thus surpassing the Bangalore office in India.

**IMPACT OF PROCUREMENT PRACTISES ON INDIAN WORKING CONDITIONS**

I. **IMPACT OF LEAD TIME**

Once a company gets the purchase order (P.O) from Wal-Mart, the clock starts ticking. The time starting from issuance of purchase order to the delivery of goods through shipment defines the Lead Time. The official lead time given by Wal-Mart procurement office falls in the range of 45 to 90 days in general. It may differ according to the intricacy of designs approved for a particular garment. If a manufacturer supplies goods through a buying agent, the lead time may get reduced due to multi-layer communication channels between the buyer and the manufacturer. Lead Time primarily consists of three processes.

a) Pre-Production Approval

b) Production of goods

c) Delivery of goods

**Pre-Production Approval**

On the face of it, the lead time appears to be more than sufficient to complete production at a normal pace. In reality, it consists of a tricky process, namely, Pre-Production Approval.

Pre-production approval requires the company to get a final approval of real samples of the concerned garment before bulk production. It includes numerous tedious procedures like fit approval, dip approval, fabric approval, printing approval, and sample approval to name a few. If everything gets approved without any difference of opinion, it would only take about 15 - 20 days to complete this process. In case of any changes or rejections at any stage of these approvals, the manufacturer is obliged to rectify the errors until it gets passed by the Wal-Mart office. Although Pre-Production Approval sounds like a fair play, it is at this stage that Wal-Mart manipulates the manufacturer to give the best of quality at the lowest of prices. Despite giving a production tech pack initially to describe the details of the garment to be produced, many a times, Wal-Mart makes frequent changes in it during approval process.
Suppliers testify that they pressurise them so much by refusing to give approvals, that they are forced to enhance the quality of samples at this stage, which narrows their margins.

"You know ASDA. They are the worst. They keep on giving changes until the last minute. After that we will be finding it so difficult to finish production before the shipment date. But they will never accept that it is their fault. They will find some excuses to show that we are at fault. What can we do then? They are big buyers right. We will only have to adjust. Then they will start asking us to send it at a discounted price and so on. They are the ones who delayed the approval. Still, we have to air cargo it or give them a discount so that they will take it after the shipment date”.

- Management Trainee, Wal-Mart Supplier

As the lead time is in favour of Wal-Mart legally in the form of Letter of Credit and shipment date, the supplier stands obliged to succumb to the terms and conditions of the buyer. Such back and forth exchange of samples and following approvals may even go up to 60 days in some cases. Subsequently, the stipulated time for delivery date specified in the letter of credit starts nearing and befalls as a threatening call. If the manufacturer would not deliver the goods on the shipment date, they are required to air cargo the goods, which is almost 10 times more expensive than shipment. In order to avoid such a huge expense, the manufacturer uses all his power to dictate the only factor under his control - production of garments. Consequently, the main component of production - the labour, becomes the easiest prey of the purchasing game. The workers are put under immense pressure to complete production on time by forcing over time work on them. A detailed account of over time and working conditions is given in the following pages.

Production of Goods

Supplier companies share that buyers determine the lead time based on scientific calculations that estimate each minute or even seconds for each process in the procurement. However, in Indian conditions such calculations do not stand applicable. Unlike western countries, where everything is systematic and predictable, Indian processes are dependent on various unpredictable factors. For example, dyeing of clothes can be completed in 3-4 days if all conditions are favourable. However, a simple rain or lack of sunshine will upset all the calculations and delay the procurement and production process. Buyers usually have no consideration towards such issues. Inspection of goods after production is another phase where Wal-Mart takes leverage. Despite the meagre price paid per garment, they insist on high quality of production in terms of tailoring and packing. They constantly threaten to reject the goods if their expectations are not met. Suppliers are always under pressure to maximise the quality to avoid rejection of goods. Wal-Mart takes advantage of such situations and negotiates with them again to sell their products at a discounted price.

“Even the manufacturers are fed up of Wal-Mart because despite paying peanuts to them, they send the toughest of auditors to inspect their goods. Those inspectors reject the consignment for minor reasons and squeeze out the best of quality from the suppliers.”

- NGO Personnel

At the end of the day, the focal point where all these pressure get transferred is on the chief factor of production - the workers. Production manager, who is under pressure to increase quantity of goods within the shortest time, always pressurizes the workers to meet a higher
target in terms of quantity than quality. However, no manager would take accountability if a garment gets rejected during inspection. It is always the worker who is held accountable for lack of quality of production, who will be responsible to re-stitch the garment without complaint. A detailed account of Lead Time and Targets are given below.

**Delivery of Goods**

Wal-Mart is very strict about their shipment dates. If the consignment does not reach the shipping agency on an agreed time, they miss the shipment date. No delays are excused by Wal-Mart. If a consignment gets delayed, they simply refuse to make any payments. Thereby, the consignment will have to be sent by air, which incurs a huge cost on the supplier. Wal-Mart does not consider the fact that a good proportion of lead time was wasted due to their delay in approvals and modifications of designs. In Tirupur, secondary sources claim that a few businesses have gone bankrupt because of such cancellation of orders after production. There is no relaxation even for long term suppliers, which reflects their apathy in business. At this stage, the only option Wal-Mart or buying agents offers to the supplier is to sell their products at a discounted price, leaving the supplier with no choices. If they try to sell it in Indian market, it will create legal issues apart from the fact that a meagre price in Indian market would not even cover their cost of production. Hence, suppliers consent to whatever demands placed by Wal-Mart.

“The big buyers like Wal-Mart do not care whether we live or die producing it. They will not listen to any of our excuses. If we have an agreement, whatever happens, garments have to be delivered. That is it. It is not their problem that we got delayed.”

- Indirect buying agent, Wal-Mart

Let us explore how lead time has an impact on working conditions. Some of the consequences are as follows.

i. **Overtime**

Once the company gets pre-production approval, they will be left with 15 - 30 days to complete production. The only focus of the company will be to complete the production on time. One word that echoes in the factories during the last days of lead time is “Emergency shipment”. This is the time when the role of the supplier gets reversed. The management becomes uncompromising in meeting their deadlines and pressurizes the workers to meet higher targets and force them to work for extra hours. The overtime work is always arranged unannounced until one or two hours before the closing time of that particular day. The workers are given no option to deny overtime especially during shipment days. This is within the power of management because no workers can go out of the factory premises without an out pass from the factory. The worst part of all is that no workers are paid the legal wages for the over time duty that they are forced to perform.

“During peak hours usually in Diwali times, they will ask us to work in night also. The production goes down after Holi, so we used to go home by 6:00pm.”

- Tailor, Delhi

“There is always emergency work before shipment. Last 3 days are usually very hectic. There is no question of why shipments happen and how we do it and all. Planning and all does not work. We have
to complete our orders as buyers ask us to do”.

- Tailor, Wal-Mart Factory, Bangalore

“They will announce the O.T only by 4pm or so. They never pay us for O.T”

- Ironing personnel, Bangalore

**Working hours and over time**

**Box 1: Daily Working Hours - Factories Act, 1948**

<table>
<thead>
<tr>
<th>Factories Act, 1948</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter: Chapter VI - Working Hours of Adults</td>
</tr>
<tr>
<td><strong>Section 54: Daily hours</strong></td>
</tr>
<tr>
<td>Subject to the provisions of Section 51, no adult worker shall be required or allowed to work in a factory for more than nine hours in any day:</td>
</tr>
<tr>
<td>Provided that, subject to the previous approval of the Chief Inspector, the daily maximum hours specified in this section may be exceeded in order to facilitate the change of shifts.</td>
</tr>
</tbody>
</table>

The official working hours in most of the garment companies in India are from 8.30 or 9.00 am to 5.30 or 6 pm abiding by the Indian labour laws that insist on 8 hours of work per day. However, in Bangalore, Wal-Mart certified companies were seen to have over time work until 7.30 – 8 pm on a regular basis. In Tirupur, the customary working hours are from 8.30 in the morning to 8.30 in the night, which is one and a half shift of 12 hours. According to their definition, over time means double shift or night shift which means 16 hours of work in a day. The extended shift timings are usually from 9.30 pm to 1.30 am or early in the morning as directed by the contractor or management.

1 ½ shift is normal working hours for us. But if the buyer knows about it, they will stop giving orders to our company, which means we would be out of jobs. It is a question of so many livelihoods. Just imagine 500 of us out of jobs just because we say that we are working over time in our company.

- Tailor, Wal-Mart Factory, Tirupur

The primary data collection using interviews, focus group discussions and researcher’s observation of Wal-Mart factories clearly show that
a worker performs over time of a minimum of 1-2 hours a day in Bangalore and a minimum of 4 hours a day in Tirupur on a regular basis. The number of working hours increases when the shipment dates get closer. Inspections and audits from the buyer are other occasions that accentuate over time work. During these times, workers are required to work until midnight or even dawn. (Refer Photo: Workers waiting for bus in the night at 8.30 pm)

“Our usual working hours are from 9am to 5.30pm. But we work until 11-12pm if there are emergency shipments. We cannot say how long we have to be in the factory. It depends on our work”. - Tailor, Permanent worker

During urgent shipments, double shift is an expected practice even for ladies in Tirupur along with their male colleagues. In Bangalore and Delhi, urgent shipments call for over time work until midnight or dawn and are mostly done by male employees. Normally, ladies are exempted from late night work and stick to 1-2 hours of extra work until 7.30 to 8 pm. However, they are required to do over time on Sundays. The workers do not have the option to refuse over time.

“If we refuse over time, they will give us permanent leave” - Tailor, Delhi

Wages and Over time payment

Box 2: Wages for Overtime - Factories Act, 1948

FACTORIES ACT, 1948

Chapter: Chapter VI - Working Hours of Adults

Section 59: Extra wages for overtime

(1) Where a worker works in a factory for more than nine hours in any day or for more than forty-eight hours in any week, he shall, in respect of overtime work, be entitled to wages at the rate of twice his ordinary rate of wages.

(2) For the purposes of sub-section (1), 'ordinary rate of wages' means the basic wages plus such allowance, including the cash equivalent of the advantage accruing through the concessional sale to worker of food grains and other articles, as the worker is for the time being entitled to, but does not include a bonus and wages for overtime work.

(3)Where any workers in a factory are paid on a piece rate basis, the time rate shall be deemed to be equivalent to the daily average of their full time earnings for the days on which they actually worked on the same or identical job during the month immediately preceding the calendar month during which the overtime work was done, and such time rates shall be deemed to be ordinary rates of wages of those workers :

Provided that in the case of a worker who has not worked in the immediately preceding calendar month on the same or identical job, the time rate shall be deemed to be equivalent to the daily average of the earnings of the worker for the days on which he actually worked in the week in which the overtime work was done.
Over time payment is one crucial aspect that all employers try to dodge as far as garment industry is concerned. An analysis of documents like wage slips and contract agreements, if it exists, would state that no employees in Wal-Mart factories do over time work. The over time hours recorded on the wage slips would most probably be zero hours or atmost 1-2 hours in the whole month when a permanent employee would have worked for a minimum of 20 extra hours during that month. Most of the certified factories of established companies have a punching card system to record the working hours of their employees (Refer picture of punching cards). The employees vouch that they punch their cards whenever they do their over time duty. However, the records of real over time hours never get printed on any of the wage slips. Consequently, permanent workers do not get their due payment for the extra work they do.

Surprisingly, when it comes to over time payment, it is the permanent employees who suffer more than the contract employees. A permanent employee who gets monthly wages and benefits from a company is always dependent on the HR in their calculation of over time hours. The common practice is not to include the extra hours on papers, but give it as a settlement unofficially. The end result is that the permanent employees are not even getting normal wages for their over time work, leave alone double wages. The case is different for contract employees. In Tirupur, a very high proportion of workers in many Wal-Mart certified companies are contract workers. Their wages are calculated on a weekly basis and are determined by the number of shifts they have done in a factory. As the payment is based on time-rate, the working hours being calculated as 1 shift, half shift and double shift, the workers need to complete a cycle in order to get paid. If they refuse a part of the shift cycle, they are not paid. The slight consolation is that contract workers are at the least paid for over time work if they complete their shifts, if not double the wages.

“They (company) don’t say so, but whomsoever decides not to work during night shift when called for, won’t be paid his day-time wages as well. In that logic, we’ll have to work over time to get full-wages.”

- Contract employee, Delhi

Some permanent employees shared that they are unable to resign because the company has not given their unofficial settlement for the over time work that they have done. Some companies promise the workers that the over time hours would be compensated as leave, which never happens. The interviews with workers in Bangalore have shown that any confrontation with management with regard to such issues often worsens the position of workers. If a permanent employee points out that his over time wages are not paid, initially one is pacified by saying that it will be compensated at a later time. However, if one continues to probe, the management either refuses to solve their problems or warns them about the surplus labour available in the Indian market who can replace them in the same working conditions. Such an approach has established insecurity among workers, which often deters them from approaching the management on any issues.
“...I wanted to resign from the job. But then again...why should I resign because they have not given my settlement. If I resign and go, then they will never give me my settlement. So, I have told them that I will not go until I get all my settlement.”

- Operator, Bangalore

“What he (manager) says is that we should work according to what they say and take the payment that they give. Otherwise, they can always get more than enough piece workers it seems. That is how they threaten us.”

- Permanent Employee, Bangalore

A few anecdotes shared by workers shows that some Wal-Mart factories do not encourage workers to have a democratic discussion about their working conditions with the management. A tailor in Bangalore was tired of over time work without pay and brought up the issue, many a times, during management -worker meetings. In the beginning management chided away her open confrontations. Her open refusal of over time slowly had an effect on her co-workers as well. Foreseeing the danger behind her voice, the company started challenging her proficiency by intensifying her targets per day. Whenever the required targets were not met within 8 hours, she was constantly rebuked for lack of skills and incompetence, which was not the case until she challenged the management. Based on the same reasons, she would be denied out pass on a regular basis and would be made to stay back for longer hours. When it continued for long, the worker could not take it anymore and decided to end her fight and thus left the job.

A second case was shared by packing personnel who raised the issue of non-payment of over time with his supervisors in another factory in Bangalore. He was often promised that his extra work would be compensated at the earliest, which never happened. Finally, he had to fight with the company to get his settlement so that he could at least resign his job. Since, he was an influential worker who had the capacity to create problems in the factory, the company obliged a rightful settlement for him and thus encouraged his resignation. On the contrary, another employee who is a fabric operator working in the same factory in Bangalore has been denied all settlement related to over time work until today. Having met with an accident, he had requested for a loan as well as his settlement, to meet with his medical expenses. As a docile worker who has no network with his supervisors or local elites, his plea fell into deaf ears. Even today he fears confronting the management because he knows clearly that it would cost his job.

“I was really fed up. Everyday we have O.T. They will never pay for our O.T work. If we ask for one leave, they will never give us. If we take leave, they cut from our salary. I had many fights with my supervisor and finally I left the job.”

- Ex-employee, Wal-Mart factory, Bangalore
Out pass and Over time

An employee is required to have an out pass, which needs to be signed by their supervisors, in order to go out of the company premises. A worker is always under the mercy of the supervisor to get security clearance to leave for the day. On a normal working day, the workers who have influence might skip overtime and get the out pass from their supervisors, while docile workers are often required to complete their daily targets before they get their out pass signed. Many companies are located in the outskirts, which imply that it is not well connected by transport, whereby the employees are dependent on company buses. If the supervisor would not issue an out pass, the employee misses the transport and will have to rely on expensive modes of transport like autorikshaw or spend money on public transport. During the days of urgent shipments, the supervisors will not issue the pass until the work is over. Workers who have influence also do not get much immunity.

Work Profile and Over Time

Another factor is that overtime work differs on the basis of one’s work profile. Tailors and checkers are the core employees as far as production are concerned. Thereby, most of the over time work is done by the tailors than other workers. Whenever the supplier companies declare that the workers leave after 8 hours of work, they would usually be binding operators or cutting masters or helpers in some cases. Relatively, it would be difficult to see tailors leaving the factory on time. As the lead time nears its last dates, pressure on checkers and packers increase along with the tailors.

“...We work till late night especially during shipment days. Our official working hours is from 9am to 5.30 pm. We, packing supervisors work till 10 pm or in some days it goes beyond midnight 12 ‘o’ clock to 2 am”.

- Packing Supervisor, Wal-Mart Factory

ii. Targets

Intensification of targets given per worker is another consequence of lead time. Maximum production in the shortest possible time is the mantra in garment industry. When a factory gets a business order, they would have limited time to complete production. The production team plans to complete certain number of garments, say 10,000, in a certain number of days, say 2 weeks. In the initial 1-2 days, the time would be spent on setting a batch of tailors, helpers and checkers and fixing targets of production per day. In the beginning, target would be lesser than the last days of production. Wal-Mart managers term that the initial days of production as warm-up days with very less productivity as workers will be a little slow at their work due to change of work in terms of stitching designs, folding patterns, ironing folds etc. In 1-2 days, workers are expected to increase their targets per hour. Towards the end of a production they are expected to reach their maximum potential.

The managers are particularly enthusiastic in maximising production because he/she are given incentives whenever the production goes higher than a certain target. Therefore, workers are often given a higher target per hour than what the company really requires. They keep pressurizing the workers to squeeze out the maximum of one’s capacity. Mental coercion, verbal abuses, warnings are all different methods used by the management to extract higher
targets from their workers. During the shipment period, the targets get intensified. In Karnataka, workers say that they hate to work in a certain company because their supervisors address the workers in singular gender in their regional language, which is an insult in their culture. In Delhi, contract workers admit that verbal abuses are the norm by their contractors to pressurise them to work more.

“They use the words like, ‘sal***’, ‘ma** ch****, bah**-ch***’ and so on.”

- Contract employee, Delhi

An ironing professional working in a Wal-Mart factory irons about 1500 baby clothes in 8 hours. When a tailor in Bangalore stitches about 80 - 100 pieces per hour, a tailor in Tirupur finishes about 150 - 200 pieces per hour. Some tailors under contract employment in Tirupur claim that they even stitch up to 300 pieces an hour. The interviews with workers from 3 geographical areas in India have brought out that targets given and produced in Tirupur factories are much higher than Bangalore and Delhi (Refer Table 2). Their targets are almost double than Bangalore or Delhi.

Table 2: Geographical Area wise Targets

<table>
<thead>
<tr>
<th>S.No:</th>
<th>Geographical Area</th>
<th>No: of pieces stitched by a tailor per hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bangalore</td>
<td>80 - 100</td>
</tr>
<tr>
<td>2</td>
<td>Tirupur</td>
<td>150 - 200</td>
</tr>
<tr>
<td>3</td>
<td>Delhi</td>
<td></td>
</tr>
</tbody>
</table>

“What happens is if they need 60/hr, they will say 120/hr. So, finally they will get the right quantity from us know.”

- Pad-lock Tailor, Wal-Mart factory

“In one hour, I iron 150 pieces of baby suits. If I don’t finish it, my supervisor would say “Have you come here to get money for free? If you have come for work, you better work and there are no free meals here.”

The interviews with management has brought out that a certified Wal-Mart factory with a capacity of about 200 workers produces an average of 35,000 to 40,000 adult garment in a week. If we break it down evenly across 6-7 days a week, it implies an approximate production

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2 A local ironing professional in the neighbourhood claims to iron only about 250 adult clothes in about 8 hours compared to a garment industry worker who irons about 1000 baby clothes in one hour. This is a clear example of the kind of pressure garment companies put on their workers. A local ironing professional takes about Rs 2.50 per garment ironed, which implies that he/she has the capacity to earn an average of 2.50 * 200 = Rs 500/- a day. On the other hand, most workers including ironing section as well as skilled workers like tailors in a Wal-Mart factory earns a monthly average of about Rs 3000/- only.
of 5000 adult garments a day. If there are 200 workers in a factory, the number of garment produced per worker would be about 25 pieces a day. However, interviews with workers give a completely different picture. Using a conservative estimate, the tailors get a target in the range of 40 -50 pieces per hour of tough style attachments like zips, collar strips and 150 – 200 pieces per hour of simple style attachments like cuff attachments, elastics etc . A batch of 20 workers asserts that they complete about 800 adult garments in 8 hours. This implies that the number of garments produced per worker is approximately 40 adult garments a day. This contradiction in targets given by the management and the workers clearly shows the existence of intensification of work.

“If it is a simple polo shirt, we can even finish 800 pieces in 8 hours. If it is a basic T-shirt, we can complete 1200 pieces in 8 hours. If it is pants without pockets, 1500 pieces can be finished. Pants with pockets will be about 1000. We will only need about 16 machines for this.”

- Batch Supervisor

Buying agents have shared that they take lesser quantity of production from Wal-Mart as a part of their risk management strategy. Yet, they claim to produce about 1000- 1500 pieces using a capacity of about 10 machines in less than 7 days. It clearly shows that workers are made to work extra hours and given higher targets.

iii. **Contract employment**

Another consequence of lead time is the institution of contract labourers. Contract labour in Wal-Mart factories include job contracts as well as labour contracts. As the pre-production approval gets delayed and the delivery date gets nearer, lead time for production gets shortened. This makes it difficult for many suppliers to complete the production of huge quantities required in the purchase order. In a desperate last minute attempt to finish production, the companies either give the orders to smaller manufacturers for job contract or employ contract / temporary workers within their units for the required work.

**Contract workers**

Many Wal-Mart certified companies in Tirupur have a good proportion of contract employees in their units along with a small proportion of permanent employees. One of the pushing factors that influence contract employment in factories is the requirement for flexibilisation of labour in accordance with procurement procedures.

A certified supplier can get order queries from Wal-Mart at any point of time. Nonetheless, it is the production of quality samples that would facilitate procuring large orders from the buyer. A well-equipped team is deemed necessary to cater to the requirements of the buyer’s suggestions and modifications at any point of time. Hence, every big supplier has a sample department which employs a few, highly skilled workers in their sample department. They are given permanent employment because the suppliers perceive that, production of quality samples for the buyers as a crucial part of procurement procedure, which requires highly skilled workers who are committed to the company. The suppliers perceive it as economically astute to bear the costs of such a team even if there are no orders. On the other hand, they do not feel the same necessity in employing permanent workers for bulk production because the common perception is that bulk production does not require the same skills or quality as the samples. At the same time, when a company is in the negotiation phase
with Wal-Mart, they are uncertain about the quantity of orders that they would get. On the whole, suppliers consider it economically imprudent to employ permanent workers for the bulk production.

“It really depends on the orders we get. If we have more orders, we can have more workers. But if the order is less, we cannot afford to keep employees idly without being able to give them work. So, we can only hire contract labourers depending on the work load. The buyer also knows these facts”. - Manager, Wal-Mart certified factory

Furthermore, the various stages of approvals during the lead time may cause uncertainties for many days, which may in some cases go up to 30 days or more. As the supplier do not have the authority to start production without the approvals from the buyer, these uncertainties may slow down or even leave many machines without work. This is another factor that discourages the suppliers from employing permanent workers, who will have to be paid even for those days without work. Once the approvals are through, the factory would want to prime the production within a shorter time and at a faster pace, which would call for continuous overtime work. Therefore, the strategy many suppliers resort to is allocation of a few power tables to a contractor, who will be responsible for production and maintenance of workers. When a contractor is appointed, he is responsible for giving uninterrupted production during lead time and otherwise. If a worker is absent, he is responsible for replacing the absentee with another, thus ensuring that every machine and time is exploited profitably. As the contract employees are not technically part of the company, the company washes off its responsibility towards labour rights. When there are no orders, the workers will be asked to leave and will not be paid. This is commonly seen in Tirupur units during change of season in July - August period. If a supplier employs permanent workers, they will not get this flexibility. The management claims that it is practically unfeasible to maintain permanent employees.

**Temporary Workers**

In Bangalore, the practice is to hire piece workers, mostly tailors before the shipment date. Such workers are often paid a unit price as remuneration. A tailor earns about 50 ps to Re 1/- for a simple stitching of handcuffs, sides of a top and similar. These workers would have work only for a few days immediately before shipments. Some of the permanent employees in Bangalore, who are paid low wages, try to take benefit of these situations and earn extra money for their family and end up risking their secure jobs.

“I take piecework in many companies to make money. I do piece work for GD, TG, AM and so on. Whenever there are emergency shipments, they need pieceworkers and so I take leave and just go for it. The next day I would be in my supervisor’s cabin listening to his gaali (scolding)” - Tailor, Bangalore

In Tirupur - the city of contract employees, many factories face a shortage of workers throughout the year. Thereby, during the last days of their lead time, they would hire any worker who comes their way to complete production on time. Tirupur has fixed wages per shift and the worker would be paid according to the norms. As a temporary
worker is hired only for a few days of work, their job prospects always remain highly volatile. Unlike contract labourers who belong to a clout of workers under a contractor, temporary workers have no support system that provides them continuous work.

“During shipment dates, it is always a last-breath situation. At that time, if some worker comes, we would just invite them with open hands. Our only focus is to complete production on time for shipment. Otherwise it is air cargo. So, we won’t bother. All we need is enough workers to complete production.” - Factory Manager

iv. Lack of job security

The concept of permanent employment remains vague in garment industry. The interviews with various workers brought out that many of the employees in Wal-Mart factories were unsure about their employment status. Although they agree that they get Provident Fund (PF) and Employees State Insurance (ESI) benefits, which are an indicator of their permanent employment before law, many workers remain doubtful if they are actually permanent. Most of the permanent workers, who participated in our data collection, were quite certain that their employer has the power to dismiss them from work at any point of time. The reasons they stated were as trivial as taking more than 2 leaves, late for work for a few times, refusing over time, collective bargaining, questioning about one’s rightful wages etc. Workers in 2 Wal-Mart factories, which employ permanent workers, have shared that they have witnessed dismissals of their colleagues based on the above mentioned reasons and expressed fear in breaking any norms defined by their management.

“The Company has no standard rules. So, no one is permanent in our company. Everyone is temporary. If our work is not good or if we take too many leaves, factory manager and production manager would ask us to leave and we lose our job immediately. So, how can we say that we are permanent?” - Packing person, Bangalore

“They said the company will not get orders if we say anything about payments, overtime and so on to the buyers. We need to feed our family and hence we need our jobs. We do not want to lose our job.” - Tailor, Bangalore

“All of us have been working for the same company for the last 8 months to 1 year. The contractor will allot us one company depending on the work available.”

- Tailor, Tirupur

As far as contract employees go, their career is dependent on their contractor. Their job is secure as long as they are in the good books of the contractor. The absence of documents between a contractor and workers make it difficult to pursue any case of labour violations. Many of the contract workers do not have continuity of employment throughout the year. The employment in Wal-Mart factories is dependent on peak and lean seasons. Every change of season is followed by change of fashion in the clothing industry. During this period, business orders from Wal-Mart slow down. This usually occurs between summer season and winter season, which falls in the months of June to August. When big companies will not get orders from Wal-Mart, it affects the contract labourers the most as they are the flexible element in
production. Either they would be asked to come on alternate days for work or expected to leave the company.

“The company will be closed in July. For two months July-August, there is no work.”

- Contract employee, Delhi

“During aadi maasam (June-July-Aug) we won’t have work at all. We will have work only once in 2-3 days in a week. At times there won’t be any work at all. The whole Tirupur would be dull during that time. Then the work will start again only after Diwali”

- Contract employee

v. **Subcontract or Job work**

Not all companies rely on contract employment or temporary workers within their factory premises. Many certified companies prefer to project their image as a law-abiding employer and will have everything in order as per the law. However, in order to complete their production within lead time, they subcontract it to bigger and smaller units. The finished products are brought to the company secretly in the night and hence it is difficult to trace this chain. Although this research has not studied about the situation in smaller units that take job works, the inference from secondary sources is that they are most often sweat shops with a few machines. Although the bigger units that take up job work apparently follow the standards prescribed for physical infrastructure, labour laws are hardly followed. A Wal-Mart buying agent based in Tirupur confesses that labour laws and code of conduct from buyers can be practised only for a few days during inspections. The indirect buying agents were reluctant to name their manufacturers or show the premises of manufacturing units.

“Every worker works over time. No one would see it. Who is going to inspect in the nights? Again, workers are also money minded. In Tirupur, all they are worried about is money. If they get money, they are fine with working over time. Their aim is to do maximum work during weekends and otherwise and make as much money as possible. That is the main advantage of Tirupur.”

- Indirect buying agent

II. **IMPACT OF ECONOMIES OF SCALE**

Many certified suppliers of Wal-Mart have factories, which devote about 80% of its total production exclusively for Wal-Mart labels. Wal-Mart labels are produced continuously for about 10 months in a year with very small presence of other international labels like H&M, M&S, American Eagle etc. The orders procured by many of Wal-Mart suppliers are always huge in quantity, which runs in hundreds of thousands of pieces in a season. The quantity of orders, which is the basis of economies of scale, seems to have a big influence on the suppliers in maintaining a stable relationship with the buyer. Wal-Mart has a network of suppliers who have a long term relationship with the buyer. Suppliers seem to have been supplying for the retailer for as long as 10 years of time. However, these long-term suppliers do not get any relaxation when it comes to business terms. Many suppliers believe that despite low margins, the huge quantity would keep their business going. This is another smart strategy used by Wal-Mart to accentuate their negotiation power. One would imagine that a long term relationship would lead to improved power relations between the buyer and the supplier. Conversely,
this post-quota regime, Wal-Mart has become all the more powerful as it possesses the power to migrate to any country for any quantity of goods, which is a nightmare for the companies that are dependent on large quantities from them.

i. **Flexibility in Unit Cost**

At the supplier level, many have large manufacturing units with a huge capacity. If such manufacturers will not have regular production orders, the factories would be left idle. Yet, the infrastructure cost incurred for each idle machine would remain huge. Thereby, manufacturers prefer to undertake work even at a loss to keep the factories running and thus reducing their infrastructure costs. As Wal-Mart orders are in huge quantities, one confirmed business order would imply longer duration of production in their factories. In such cases, suppliers often compromise when they quote the unit cost of production in order to get bulk orders from the retailer. A few buying agents who are particular about accurate costing before quoting the unit price to Wal-Mart often wonder how their competitors quote a lesser unit cost than the actual cost of production. While some manufacturers take business orders merely to survive in the list of certified suppliers and oblige to the low target price given by Wal-Mart. Another reason why Indian suppliers are forced to be flexible in their unit cost is due to the competition they face from Bangladesh and China, which offer lower price to Wal-Mart. Although the quality of garments produced by these countries are inferior to Indian garments, Wal-Mart negotiates with the Indian suppliers on the same pricing platform as the above mentioned countries for the better quality of goods that they produce. Although a scientific cost-profit analysis is beyond the scope of this research, a top to bottom percolation of price squeezing is evident in each link in the chain. Most suppliers get assured orders for at least 10 months in a year.

“Companies need Wal-Mart because it has large quantities. Even if the margins are low, huge quantities give assured business. Once a company has certain infrastructure, leaving machines idle can cost a lot of money. In such cases, even if the margins are low or even at a loss, suppliers will take the orders just to reduce their infrastructure costs.”

- Wal-Mart Indirect Buying Agent

“If I personally feel that the costs cannot be covered, I will not take those orders. Even if we reject an order, there are many buying houses here that take up the same orders with the target price the buyer quotes or even less...........I do not know how they manage. Either because they do not do the costing properly or do a superficial costing and realise only by the end of production that they are going to end up in losses or it could be merely to survive in a competition.”

- Indirect buying agent

ii. **Instituting Contractors and contract employment**

A study of Wal-Mart factories across India shows that many of them employ a good proportion of contract labourers in their workforce. Factories always give maintenance of production processes like stitching termed as Power Table, to contractors. Majority of such contractors prefer to get a contract from the factories with huge quantities because they have
assured work for majority of months in a year. A replication of buyer-supplier relationship exists between supplier-contractor relationship in terms of quantity and assured work. This in turn enhances the negotiation power of suppliers with the contractors. The contractor undertakes maintenance of production processes at a competitive price per unit production. The contractor ensures that no machine is left idle as he is not obliged to adhere to holidays per month for workers and so on. He is also obliged to give replacement of workers in case of any absentees. Thus, the company ensures continuous production without any machines left idle, apart from cutting all costs related to labour law enforcement like monthly wages, payment of over time wages, benefits like provident fund, ESI, bonus etc.

“Whenever there is a dip season, they go to their villages. For us also, it really depends on the orders we get. If we have more orders, we can have more workers. But if the order is less, we cannot afford to keep employees idly without being able to give them work. So, we can only hire contract labourers depending on the work load. The buyer also knows those facts”.

- Manager, Wal-Mart Factory

“A contract with big companies like X is a great advantage because they have constant orders throughout the year. Even if they give less money than others, we will take it because we are sure that there will be work.”

- Power Table Contractor, Tirupur

Assured work throughout the year is an incentive for the workers as well, who are most of the time unaware of labour rights or code of conduct. This accentuates the bargaining power of the contractor with the worker. The contractor pays weekly wages and guarantees benefits to workers, which is eventually some extra money during Diwali in the name of Bonus. In reality, Diwali bonus is another way of terminating the workers for that particular year after the peak seasons. Most of the contract workers in Tirupur do not have work during the dip seasons in July - August period because of the multinational buyers’ change of fashion in each season.

“We do not jump too much from these companies because they have work always. Even during ‘aadi maasam’ (June – August), we will get work on alternate days or 2-3 days a week, which is better than sitting at home. So, if we try to talk about over time and wages and so on, we will be left with no job. It is a question of livelihoods.”

- Contract employee, Tirupur

iii. Flexibilisation of the terms of employment

The supplier companies derive superior bargaining power from the huge quantities of order they undertake continuously for a long time. When they take quotation from a contractor to provide workers, huge quantity of orders plays a big role in price fixing. A contractor is paid on the basis of number of garments produced by his contract workers. When a factory has larger quantities, a contractor’s profits would increase accordingly. In order to get a contract, every contractor would try to quote a competitive cost per garment. When the cost per garment gets reduced, the wages of the worker who works on it also simultaneously get squeezed. A contractor gets Rs 25/- for a tough style stitching, while a contract worker would be paid only Rs 22/- for the work he has done. In order to get a contract, the contract may quote better price by reducing Re 1/- or Rs 2/-, thereby reducing the wages of his workers. Another consequence is intensification of targets per day. A contract worker in Tirupur
claimed to complete 300 adult pieces per hour compared to 100-150 pieces done by permanent employees.

“We are all temporary because we are hired by a contractor. We are not direct employees of the company.”

GENERAL WORKING CONDITIONS IN WAL-MART FACTORIES

CODE OF CONDUCT FROM CLIENTS

Majority of employees interviewed in this research were unaware of the names of their buyers. They do not know what a Code of Conduct (CoC) is. A few employees have heard of the term CoC. However, their knowledge is limited to the awareness that CoC is a restriction imposed by the buyers who will stop giving business deals to the company if they find out that workers are working over time without wages. The workers are almost unaware that it is a protection of their rights, which they can demand. No management talks to the workers about their rights as per law or as bestowed by their buyers. As soon as the management is notified about the inspections or audits, they immediately make public announcements in the factory or hold meetings to forewarn the workers not to talk to any outsiders about their working conditions. The workers are told that if they talk about it, their jobs would be at stake because no buyers would give business to the company, which implies that no workers will have work. Most of the companies display Code of Conduct only during buyer inspections.

“If somebody is coming from out (foreign), company officer, the management used to place codes of conduct in the factory. They will remove them once they (client’s representatives) go out.”

- Worker, Wal-Mart Factory, Delhi

“Yesterday, the production manager, floor manager and other managers held a meeting with all of us workers. They told us that we are not supposed to talk to outsiders about our payments or overtime or anything. They told us that buyers will be inspecting us anytime within the next 15 days before April 1st. Hence, we should not give any bad information about the company.”

- Tailor, Wal-Mart factory, Bangalore

Whenever a buyer visits the factory, they are most often guided by the management. The managers pick and choose the employees to talk to the inspectors during buyer inspections as well as the audits. The management instructs the workers as what they have to say during their interviews with the representatives of the buyers. They make sure that vociferous workers are avoided during inspections. The research has brought out a sad reality that buyer representatives also show no genuine interest in understanding the problems of workers. The official statistics of Wal-Mart shows that only 26% of their total inspections are done unannounced. Many workers feel that the inspections conducted are a gimmick, which is well-staged.

“It is all an adjustment. Buyers do not talk to workers. They only talk to the top factory managers, human resources dept (HRD) and so on. In case, if they come and talk to us, we will only say what the HRD has asked us to say. I need money to survive and so I need my job. So, I will say that the

3 Wal-Mart Ethical Standards Program Report
company pays us for over time work, gives us good wages etc. What else can I do?”

- Packing Supervisor, Wal-Mart Factory, Bangalore

“Of course buyer has many compliance standards. If we try to implement all those, we can sit at home. No production will happen. They ask us not to give over time and so on. Is it really possible? An ounce of practical knowledge is better than a pound of theoretical knowledge. To ask us to complete production with all code of conduct is one thing and to implement it is another thing.”

- Manager, Wal-Mart Factory, Tirupur

There are very few cases where some workers have shown the courage to talk to the buyers. Although, the inspector questions the concerned manager in front of the worker, most problems remain unaddressed despite their intervention. On top of it, the workers who showed courage to voice his/her opinion are often harassed by the management once the inspections are over. The management makes sure that the concerned worker learns their lessons or faces the consequences.

“I have even shown my hands to the buyers when they came to our factory. I told them that I have been working for so many years and I have alluses on my palm. Yet, my management doesn’t give me increment or good payment. I showed my pay slip, which shows no O.T and payment of Rs 2800/- and so on. The inspectors asked the HRD why they are not giving me good pay. But after that nothing happened…………….. For three months, HRD troubled me like anything. I would cry and cry everyday. But I cannot afford to lose my job, whatever they say.”

- Female Ironing worker, Bangalore

**WAGES**

**Box 3: Minimum Wages Act, 1948**

<table>
<thead>
<tr>
<th>MINIMUM WAGES ACT, 1948</th>
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</thead>
<tbody>
<tr>
<td><strong>Section 4: Minimum rate of wages</strong></td>
</tr>
<tr>
<td>(1) Any minimum rate of wages fixed or revised by the appropriate Government(^4) in respect of scheduled employments under Section 3 may consist of-</td>
</tr>
<tr>
<td>(i) a basic rate of wages and a special allowance at a rate to be adjusted, at such intervals and in such</td>
</tr>
</tbody>
</table>

\(^4\) The State Govt. may fix the minimum rates of wages in respect of the enterprises covered under this Act. The Minimum Wages may be fixed area wise if required and the minimum wages shall be revised once in five years. However, the State Govt. may declare Dearness Allowance twice a year on the minimum wages. All the minimum wages shall be fixed or revised after consulting the committee or an advisory board set up in this behalf for the purpose and any contract or agreement whereby a worker agrees to work for less than minimum wages shall be void ab initio.

The Minimum Wages Act\(^4\) is meant to ensure that the market forces, and the laws of demand and supply are not allowed to determine the wages of workmen in industries where workers are poor, vulnerable, unorganised, and without bargaining power. The minimum rates of wages are fixed, keeping in view the minimum requirements of a family, and wages at these rates are to be paid by all employers irrespective of their capacity to pay.

- Second Labour Commission Report
manner as the appropriate Government may direct, to accord as nearly as practicable with the variation in the cost of living index number applicable to such workers (hereinafter referred to as the "cost of living allowance"); or 
(ii) a basic rate of wages with or without the cost of living allowance, and the cash value of the concessions in respect of supplies of essential commodities at concession rates, where so authorised; or 
(iii) an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.

(2) The cost of living allowance and the cash value of the concessions in respect of supplies of essential commodities at concession rates shall be computed by the competent authority at such intervals and in accordance with such directions as may be specified or given by the appropriate Government.

Each State government in India fixes Minimum wages for those industries listed in the scheduled employment prescribed by the State. Refer Table 2 for the revised minimum wages. As garment industry is not a scheduled employment in many states, it is difficult to judge about the payment of minimum wages. However, factories try to project a labour friendly image and try to give the minimum wages prescribed for general employment, which is quite meagre and much below a living wage (Refer Table 3). In spite of such meagre amount, the human resources department often acts smart in terms of calculation of deductions, leave, over time etc. Each permanent workers' wages are fixed on a daily basis and are calculated for 26 days in a month. The remaining four days in a month are perceived as holidays, which are many a times working days that go off the record. In addition, there are arbitrary deductions from the wages in the name of Attendance bonus if a worker takes even a single leave. The details are given in the section ‘Leave and Wages’.

Table 3: Minimum wages prescribed by State governments

<table>
<thead>
<tr>
<th>S.No.</th>
<th>State</th>
<th>Type of work (er)</th>
<th>Basic Wages + Dearness Allowance</th>
<th>Total Minimum Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Karnataka</td>
<td>Skilled Worker</td>
<td>Rs 77 + Rs 30</td>
<td>Rs 107/-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unskilled Worker</td>
<td>Rs 71 + Rs 30</td>
<td>Rs 101/-</td>
</tr>
<tr>
<td>2</td>
<td>Delhi</td>
<td>Skilled Worker</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unskilled Worker</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Tamil Nadu</td>
<td>Cutting, Tailoring, Ironing, Packing, Singer tailor</td>
<td>Rs 106.38 + Rs 47.74</td>
<td>Rs 163.37</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Final Checking</td>
<td>Rs 60.71 + Rs 47.74</td>
<td>Rs 115.87</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Labelling</td>
<td>Rs 54.31 + Rs 47.74</td>
<td>Rs 109.22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Helper</td>
<td>Rs 53.15 + Rs 47.74</td>
<td>Rs 108.01</td>
</tr>
</tbody>
</table>

5 As garment industry workers are not listed in the scheduled employment, the minimum wages prescribed is the wages agreed between major trade unions in Tamil Nadu and Tirupur Exporter’s Association (TEA).
Permanent workers who are quality controllers and supervisors of each batch are the most highly paid workers. Their starting salary is about Rs 5000/-. The next highly paid permanent workers are the tailors who are paid about Rs 125/- per day, while an experienced contract worker who is a tailor in some factories earn up to Rs 145/- per day. A permanent employee who is a helper or a checker is often paid in the range of Rs 85 – 95/- per day, which is much below the minimum wages fixed for unskilled workers. In a month, a highly skilled tailor earns about Rs 3500/- and an ordinary tailor takes about Rs 3000/-. This includes salary deductions like Provident Fund and ESI.

One employee, who is a union member, pointed out how erroneous the calculation is. For example, a permanent employee who is a tailor in his company is told that he/she has a fixed daily wages of Rs 125/-. However, the total monthly wages earned by this worker who has worked for the whole month is only Rs 3250/-. A total wage is supposed to be inclusive of attendance bonus of Rs 200/- and other monthly perquisites that the company promises apart from PF and ESI contributions. A calculation of Rs 125/- * 26 days itself comes to Rs 3250/-. Therefore, in reality the factory is not paying for their work for those extra 4 days in the month, the attendance bonus of Rs 200/- and other incentives related to leave, thus fooling the workers who are mostly illiterate. Majority of workers do not know to read their wage slip and abides by what their human resources department tells them. Wage calculations remain a puzzle even for the educated, leave alone workers.

New employees as well as old timers are paid on the same scale. The companies are always on the look out for young employees and such a flat pay scale remains an incentive for the dexterous novices.

“Whether it is tough style or simple style, I can manage it. Even when some people make mistakes that are difficult to correct, they bring it to me. Still...I am paid only Rs 3500/-. They pay the same amount to a newcomer as well. I get very angry about this.”

- Tailor, Bangalore

In Tirupur, contract employment exists in most cases. Payment is either based on the time rate ie. shift system which comprises of 8 hours or based on piece rate ie. the number of pieces one completes within a stipulated time. The standard rate for a contract employee who is a tailor is Rs 145/- per shift. Contract Helpers and contract checkers earn about Rs 100/- per shift. A piece rate tailor earns about Rs 2.50 per piece for simple stitching like strips on collars, about Rs 2/- per piece for collar stitching, about Re 1.50/- for slits, about 50 ps for label fixing and about 30 ps for pico. Tough styles like zip fixing can fetch about Rs 22/-.

Leave and Wages

Box 4: Annual Leave with wages - Factories Act, 1948

FACTORIES ACT, 1948

Section 79: Annual leave with wages

(1) Every worker who has worked for a period of 240 days or more in a factory during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated at the rate of—
Wal-Mart companies blatantly violate Indian Factories Act with respect to wages related to leave. Employees are generally not entitled with leave. If they take leave, they have to compensate it with over time. Any leave sanctioned is followed by deduction of daily wages. Some of Wal-Mart factories have “Attendance Bonus” for workers on a monthly basis. If an employee works for all the 30 days without taking any leave, he/she will be given an attendance bonus of Rs 200/- along with the wages. On the other hand, if a worker takes even a single leave in a month, an amount of Rs 200/- + their daily wage will be deducted from the salary. The logic given for such a deduction is that if a worker earns an attendance bonus due to one’s full attendance, he/she should stay deprived of it in the case of any leave taken in a month. Hence, attendance bonus of Rs 200/- needs to be rightfully deducted along with the absentee’s daily wages when monthly wages are calculated. To cut it short, no worker is entitled for any paid leave at any point of time. One Wal-Mart factory employee shared that her wages along with attendance bonus were deducted when she took leave on Christmas, which is not a state festival.

“They give us one day leave. If we take other leaves, they will cut that day’s wages of Rs 125/- as well as attendance bonus of Rs 200/-.”

- Tailor, Bangalore

“I want to go to church on Sundays. If we ask for leave, they will never give. If I take some time off and go to church, the next day, I will be standing outside the factory as a punishment. They deducted my wages even on Christmas”

- Ironing personnel, Bangalore

Over time and Wages

A permanent employee in a garment factory works a minimum of 4 hours to maximum of about 30 hours of overtime per week. Over time hours are never shown in the wage slip. The wage slips, if it exists, would show it as zero or as 1-2 hours per month. The over time wages are always settled unofficially at the convenience of the management. Consequently, the question of double wages does not exist.

As far as contract labourers are concerned, they are paid an amount per shift. A contract labourer has only 2 options in order to get their pay - Either complete half shift or full shift whenever there is extra work or do not work at all. One cannot work for 1-2 hours and expect to be paid. The concept of double wages does not exist in the case of Contract employees as well.

The over time work and its non-payment is discussed in detail in the above sections.

Wages and Cost of Living

Most of the garment workers fall in the lowest strata of society in terms of income. If the worker is married, it becomes a necessity that both the couples work to earn a living. One person’s wages are never sufficient to meet family’s monthly expenses. Thereby, the workers try to earn more money using over time work. An average rent for a one room living space in a low income locality in Bangalore costs about Rs 1000/- along with additional costs for water and electricity that comes up to Rs 500 – 600/-. According to workers, a family of four would require a minimum of Rs 1500/- for their monthly groceries. In addition, school fees, medical
expenses and miscellaneous expenses add to the costs. The concept of ‘living wages’ is far from reality in the Indian system. Most of the companies provide transport and thus relieves them from those expenses.

**WORKING HOURS**

A detailed account of working hours is given under Section named **“Impact of Lead Time”**

**BENEFITS**

Most of the Wal-Mart certified companies in India show that they primarily employ permanent employees. The workers are given documents like wage slips and at times contract letters, which certifies that the company pays minimum wages as prescribed by the government. The wage slips also show that the workers are given benefits like provident fund and ESI as well as double the wages, whenever over time work was performed. However, the reality is not as picture perfect as the wage slips show.

**Provident Fund**

**Box 5: Employee’s Provident Fund and Miscellaneous Provisions Act, 1952**

**Employee’s Provident Fund and Miscellaneous Provisions Act, PF Act, 1952**

**Section 6: Contributions and matters which may be provided for in Schemes**

The contribution which shall be paid by the employer to the Fund shall be ten per cent of the basic wages, dearness allowance and retaining allowance (if any), for the time being payable to each of the employees, (whether employed by him directly or by or through a contractor), and the employees' contribution shall be equal to the contribution payable by the employer in respect of him and may, if any employee so desires, be an amount exceeding ten per cent of his basic wages, dearness allowance and retaining allowance (if any), subject to the condition that the employer shall not be under an obligation to pay any contribution over and above his contribution payable under this section:

- **Provided that in its application to any establishment or class of establishments which the Central Government, after making such inquiry as it deems fit, may, by notification in the Official Gazette specify, this section shall be subject to the modification that for the words ten per cent, at both the places where they occur, the words twelve per cent shall be substituted:**

- **Provided further that where the amount of any contribution payable under this Act involves a fraction of a rupee, the Scheme may provide for the rounding off of such fraction to the nearest rupee, half of a rupee or quarter of a rupee.**

As far as provident fund is concerned, the company is required to deduct 12% of the wages of the workers and contribute the details of workers with the Provident fund department. The deducted amount has to be deposited in their names promptly so that the worker could claim the amount once he/she leaves the company or at a later stage. However, despite deducting provident fund from the salary of the
employees, many a times the employers do not file their papers with the respective departments. Many workers realise this fact only after leaving their job. In spite of deducting a good part of their wages on a monthly basis, the workers become helpless in getting a reimbursement of their lost salary.

**Bonus**

**Box 6: Payment of Bonus Act, 1965**

<table>
<thead>
<tr>
<th>Section 8: Eligibility for bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Every employee shall be entitled to be paid by his employer in an accounting year, bonus, in accordance with the provisions of this Act, provided he has worked in the establishment for not less than thirty working days in that year.</td>
</tr>
</tbody>
</table>

In spite of the labour law that makes every worker who has worked for more than 30 days in a company to be eligible for bonus, Wal-Mart factories do not give it to their workers. Permanent employees say that they are eligible for bonus only after 5 years of service in a company according to their human resources department.

**Loans**

There is no loan facility available for the employees until they complete five years of employment with the company. An employee dejectedly shared how he had to depend on a money lender, when he met with a major road accident and had to pay heavy medical bills. A major part of his salary still goes as interest to this money lender. The company just refused to give any financial assistance to him. Another lady worker revealed how she has to depend on her married daughter for her monthly grocery merely because major part of her salary is spent on her paralysed husband. Whatever the financial circumstances be, her company leaves a blind eye towards the problems of the workers.

**FREEDOM OF ASSOCIATION**

Unionisation is a taboo in most of the Wal-Mart factories. In some factories, the management takes the view that any problems within a company have to be solved by the workers themselves than some outsiders in the name of unions. This is in line with Wal-Mart’s international policy against unionisation. In such companies, Management creates employee committees with representatives from different departments and sections to voice the problems of workers. Workers in 2 Wal-Mart certified factories in Bangalore claim that they have one management committee each in their factory to address the issues raised by workers. However, it is the management that chooses representatives of the committee, thus denying a democratic system for the workers to choose their representatives. While a junior qualitative controller who has a good relationship with his supervisor claims that he has the freedom to talk about his problems to superior, other workers vehemently disagrees by saying that their representative never listens to their problems if it is related to over time payment or working hours or leave. Many workers testified that such committees are a rubber stamp in the hands of the management and not a platform to address real woes of workers.

“... Management has created committees inside the factory. What they say is that if we have problems, we need to solve it ourselves. We do not need any external people to solve our problems.
So, we don’t have unions. But, every section has a representative in the committee.”

- Quality Controller, Wal-Mart Factory

“Unions are not allowed in our factory premises. That is why we have committees.”

- Tailor, Wal-Mart Factory

The researcher’s observation sessions with union activists in Bangalore and Tirupur showed that workers were reluctant to be part of any union out of fear. Some permanent workers who have union membership confesses that they shall never declare their membership openly for fear of losing their job. A union member in a factory in Bangalore says that he is always under observation by the management eversince they found out that he is a union member outside the factory. All his actions are monitored eversince so that he will not get space to talk to workers or inform the inside stories to the union in real time. The management makes sure that he does not get any opportunity to organise workers in the factory premises.

“The management knows that I am a Union member. So, I am always the target. I don’t challenge them about anything usually. I try to do my job and leave. Still, my supervisor always keeps an eye on me. When I move here and there, they keep checking what I am up to. If I move around, they will check if I am actually talking to some workers.”

- Go-down Helper, Wal-Mart factory

According to Trade Union leaders, workers approach them only when they face problems that affect them directly. They shared that unionisation of garment workers is becoming difficult as workers are apprehensive in talking to them and even prefer not to be seen with union activists out of fear of losing jobs. Any distribution of membership cards or pamphlets related to unionisations or any conversation with workers about unions is conducted only after work hours in workers’ homes or on holidays. This again has become ineffective because workers get very few hours or one weekly off after work, which they utilise to complete their household chores like washing clothes, cleaning the house and so on. Fear of management alongwith lack of time are major barriers to union activities. Any effort of unionisation can be done only outside the factory premises during lunch break or tea time in a discreet manner without the knowledge of the company management.

“If I am in any of the unions and if someone informs the HRD, I will lose my job for sure. So, I will not risk my job and join unions”

- Ironing Personnel

Similarly, any collective bargaining initiated by a non-union worker are also severely suppressed. A lady worker in a Wal-Mart certified factory in Bangalore narrates how she was mentally harassed and made to leave her job because of her vociferous nature. After having attended a few legal awareness classes on workers’ rights, she started questioning the management when the workers were asked to do over time without wages. She refused to do overtime work without pay openly in worker-management meetings. Her boldness influenced a few more workers who also joined her in such confrontations. The management did not take her confrontations lightly and made her work environment miserable by giving unrealistic targets in a shorter time, non-issuing of outpasses, constant verbal abuses and so on. After
some time, the worker herself left the job as she could not withstand such constant ill-treatment towards her.

“...But they can make your life miserable and finally we ourselves will leave. That is what happened to me. I used to question management about various things. If they ask us to do over time on a regular basis, I would openly say that I cannot do it. When I say it, other people also join me. Finally, management understood that my presence will not be good for their company. They made my life miserable. Everyday, they would pressurise me to do higher targets and when I don’t finish, they kept pestering me. They would tell me... “Why can’t you just leave, if you cannot work” and so on. Everyday, when I come for work, I was the target. They will not issue out pass to me and would make me stand for a long time. When this went on for a long time, I could not take it anymore.”

- Ex-Employee, Wal-Mart Factory

Among contract workers, the concept of unions does not exist. As contract workers are not affiliated to any particular company, there is no common cause or bond felt among workers. They shift work on a regular basis, thus reducing opportunities for collective bargaining. It is not in the interest of the contractor that workers be unionised.

“Unionisation seems impracticable. People working on behalf of some company can do that because they are permanent there. Moreover, the interference of contractor is so huge that people can’t come together. He can easily divide the workers by several means. We also come from different regions outside, that makes it almost impossible for us to become a union.”

- Contract labourer, Delhi

Some workers feel that unionisation is not a salvage to improve working conditions as they perceive union members as puppets in the hands of management.

“There is well developed connection between company and union. Even union takes money from the company. If workers say that they would go to court, they will be beaten to death.”

- Tailor, Delhi

**CHILD LABOUR**

The board showing “Child Labour is banned” is a common sight in most of the company gates in India. However, secondary information from workers shows that children below the age of 18 are employed in some companies. These employees are usually in their teenage and would look like adults, which makes it gets difficult to determine the accurate age on face value. Official documents in many cases cannot be relied. During inspections, such under-age workers are asked to take leave or in some cases, hidden. In Delhi, the researcher interviewed a boy who was 17 years old, who has been working as a tailor under contract employment.

“Children also work here. But when foreigners come here the contractors used to take out the children who do not have moustache from the work site......... They used to pay them only 70 rupees.”

- Tailor, Delhi

**FORCED LABOUR**
Article 23 of Indian Constitution states that....

Supreme Court has given definitional clarity regarding Forced Labour using various cases. (Refer Box 7)

**Box 7: Definition of Forced Labour by Supreme Court**

*The scope of “Force” envisaged in the term “forced labour” in Article 23 of the constitution takes in not only physical or legal force but also force arising from the compulsion of economic circumstances which leaves no choice of alternatives to a person in want and compels him to provide labour or service for less than the wages due to him before law*.6

*When due to economic compulsions, workmen are forced to work under inhuman conditions or sub-human conditions, without the safeguards, facilities and amenities secured to them under law being made available to them, irrespective of the question of wages paid to them and their apparent consent, the labour employed would be Forced Labour so as to invite contravention of Article 23 of the constitution*.7

Wal-Mart factories employ Permanent employees, Contract labourers as well as Job workers. However, one common thread that binds them together is “Fear”. Fear of losing their job; fear of losing a livelihood and fear of leaving their family astray. Psychological harassment is a common tool utilised in many of the Wal-Mart factories to put the workers in line with the requirements of the company. If a worker talks about one’s rights, he/she gets blacklisted. No workers are permitted to talk about one’s working conditions to outsiders. No workers have the liberty to question about their rights, if not at the cost of their job.

“They pay the same amount to a newcomer as well. I get very angry about this. I keep telling my factory manager about this. I have so many years of experience and I am good at my job. But he just asks me to get lost.” - Permanent employee, Bangalore

“If our contractor Mr XX know about this (research interview), lo.....our job will be down the drain. Then it will be aadi maasam(refers to Seasonal unemployment)) forever”

– Contract labourer, Tirupur

The workers have no option to deny overtime. Many a times, weekly holidays are denied in the name of over time work, which never get compensated. They are never given leave with pay. If a worker wishes to leave the premises of the company, one is required to get an out pass issued by one’s supervisor, which needs to be submitted at the security gate. During peak production, the supervisors do not issue out pass until the employees complete their targets. As overtime hours are not shown on official documents and are settled unofficially, the workers remain at the mercy of management before they could resign and leave the company. Most of the employees we interviewed shared that they are denied leave in many cases. If a

6 People’s Union for Democratic Right vs Union o India AIR 1982 SC 1473 and Sanjit Roy v State of Rajasthan AIR 1983 SC 328

7 Rohit Vasavada v General Manager, IFFCo, AIR 1984 (Guj) 102
leave is permitted, they are required to compensate for it by doing over time. Their wages are cut even when they take leave on Sundays and in some cases, religious festivals like Christmas.

“Whenever there is an emergency shipment, all of us should work. We cannot say that we can’t work. They might forgive 1-2 mistakes from our side. On the third time, there is no forgiveness; we are out of our job. They will say there is no settlement and will just ask us to leave.”

- Permanent employee, Bangalore

“If we wish to take leave, our company will remove us from work. Actually, double work will be extracted on Sundays if we take leave.”

- Contract Labourer, Delhi

Security guards serve as vigilant watch-dogs of the company premises. They keep track of unfamiliar faces and vehicles outside their gate and enquire about the purpose of their visit. If they find an unfamiliar face talking to workers, it is most often reported immediately to the management, thus jeopardising the status of worker.

Another shocking occurrence of forced labour is found in Tirupur. The concept of hostel facilities is mushrooming in the textile city. The research found at least one factory that has hostel facility. Workers are given residential facilities within the premises of the company. The workers are banned from talking to outsiders. The researcher had approached the warden to get permission to interview workers and they denied it on face that it is against company policy. Despite being adult citizens who earn a living, the company does not allow relatives, except the parents to visit them in the hostel. The in-house residents serve as an answer during urgent shipment orders as they can be called for work at any point of time during day and night.

“Another good thing is we can finish many orders in-house because we have in-house employees. They are very cooperative and ready to work in the night too to complete the orders.”

- Management Trainee, Walmart supplier

**DISCRIMINATION**

**Locals’ vs. outsiders**

Many garment factories are situated in the outskirts of the cities in India. As factories remain inaccessible by public transport, most companies provide staff buses for the workers. This has enabled the companies to bring workers from distant villages as well, thus instituting an alternative vocation for the farmers as a solace from the waning agricultural activities they depend on. Such a solace has enhanced the negotiating power of the management over the distant villagers to exploit their illiteracy, lack of exposure, fear of losing the relative golden pastures they have been bestowed upon in the name of garment factories etc. The villagers do not have a good base in the cities and are fearful to demand any forms of their rights, while workers living next to the factories often have their strong clout, which gives the power to create problems in the factory premises. This puts the city dwellers at an advantage over villagers when it comes to increments, leave allowance, unofficial settlement of over time work etc. Interviews with workers in Wal-Mart factories have brought out that demands of villagers are usually suppressed by the management by threatening them of suspending them
from the job. In the same way, aggressive workers get their demands met, while mild workers are ignored as they never show the courage to question or demand their rights.

“One who has influence get high increments like Rs 500/- or even Rs 1000/-. Even ordinary helpers are being converted to supervisors. Local guys get their increments promptly. Otherwise, when the management comes outside the factory, they can punch them down. Power is only inside right. So, managers are also a little scared of them. But when it comes to villagers, management puts them under their control. They scare them and threaten them of firing them from their jobs if they act too smart. They are farmers from village. What do they know? They just do what they are told.”

- Mechanic, Bangalore

“They feel that we are all villagers who do not know anything about laws and regulations.”

- Female tailor, Bangalore

“If some workers are from the local area in the neighbourhood of the factory, they will make sure all their needs are met. Else, they can bring their local ‘gundagiri’ (local bullies) and put the factory in trouble. If he workers are from the villagers who are far away, management doesn’t care what those workers want because they will not protest too much.”

- Supervisor, Bangalore

Young vs. Aged

In Wal-Mart factories, quantity is more important than quality. Younger employees are always preferred over aged employees. Most of the workers interviewed in this research fall the age group of 18 – 35 years. In order to woo much younger employees, they are often paid at par with the more experienced workers in the same factory. Younger employees are given better benefits and incentives in order to retain them. A dexterous male tailor who is a permanent employee shared his anger against the management in this regard. Whenever there is a requirement for tough style tailoring, he would be sought after by his supervisor. However, his salary remains Rs 3000/- for the last 2-3 years. Yet, when the company hires a new tailor, he/she is paid the same amount that is paid to him. His pleas have not been entertained by his supervisor who tells him that there are enough young and piece rate workers who can easily replace him at any point of time. Similarly an old lady in her early forties complained that she was never given increments or benefits in the name of her age. Her management tells her that no one gives a job to old ladies like her and hence it is better for her to be satisfied with her present salary and working conditions.

GRIEVANCE REDRESSAL

Workers are subjected to verbal abuse on a continuous basis in the name of production targets, overtime, and leave. If a worker is 10 minutes late, they are made to stand outside as a punishment, thus marking the day leave. Mental harassment is a common strategy used by management to bring workers in their line. This is seen when a worker voices one’s opinion or when one confronts the management on any issues. If the management gets a hint about a union member, he/she is put under observation. If the worker’s affinity towards unionisation goes beyond personal interest and spill over the other workers, management ensures that
such an effort is nipped off in the bed. An employee is technically required to approach one's immediate supervisors or senior managers in case of any problems. There are committees created by management for grievance redressal, who act like puppets in the hands of the creators. These committees are formed to replace unions in the factory premises. At this stage, who addresses the grievances of workers? The question still remains unanswered in Wal-Mart factories.

Details are given in the section named “Freedom of Association” (Refer Page 37)

HEALTH AND SAFETY

Some companies have in-house doctors while others have a nurse. Some companies rely on basic first aid kits and periodical visits of doctors. Most big companies provide medical facilities within factory premises. Physical Infrastructure of most of the big companies is excellent. It has fire exits, fire drills, good lighting and ventilation. There are canteens within the company premises. Drinking water and Rest room facilities are always provided.

Ironing personnel complain calluses and blisters on their hands due to their intensified work in garment factory (Refer photo 3). A few employees complained that fabric operators are not provided with masks when they cut new fabric that discharges a lot of dust, thus creating breathing problems among the workers. Many companies prefer to employ young workers to older workers. Although the research did not bring out any direct correlation between facilities provided and health problems, losing eye sight after years of working is a common problem faced by tailors.
CHAPTER IV: PURCHASING PATTERNS OF TESCO

“Tesco is committed to upholding basic Human Rights and supports in full the United Nations Universal Declaration of Human Rights and the International Labour Organisation Core Conventions”

- TESCO’s official Human Rights Policy

The UK based multinational retail giant TESCO persistently emphasises on the ethical standards and human rights policy that they abide by in their sourcing procedures. Non-government organisations, media professionals and many others have brought out many evidences that challenged this in the last couple of years. What changes did it bring about in the supply chain management of Tesco in India?

Tesco, at large, has become very cautious to uphold its reputation. This has been evident from the interviews with Tesco employees who emphasised on Tesco’s ethical standards and how they put pressure on their suppliers to implement it in their production practices. However, in India, six out of six Tesco certified supplier companies were found to violate many labour rights. Evidences of forced labour were found in 2 Tesco certified factories. Unpaid over time is a regular phenomenon in all the 6 Tesco approved factories spread across Bangalore, Tirupur and Delhi. In order to meet deadline within the given lead time, Tesco supplier companies employ contract labourers as well as subcontract their business orders to smaller companies, which do not abide by any compliance standards.

Nevertheless, greater efforts are put to sheathe all unjust practises. Interviews with workers from 2 Tesco certified factories in Tirupur invited the wrath of senior management who openly warned the researcher from interviewing workers about working conditions outside factory premises or at their homes or on holidays. In Bangalore, workers were questioned by their supervisors, when they received information that certain workers were seen talking with an outsider. Evidently, supplier companies take utmost care in putting a red alert at every link in the supply chain so that no disrepute is brought to the retailer, even if it meant suppressing their worker’s freedom of expression and intruding into their personal and social lives. As far as public reputation is concerned, Tesco’s supply chain very well implements its motto “Every little count”.

“There are many NGOs and TV channels that target Tesco constantly. Their intention is to pick the negatives alone and highlight it constantly through media. I am not claiming that we are a perfect company. Like all others, we also have flaws. But, we are one company that emphasises on ethical standards constantly.”

- Tesco employee

“Why did you talk to our employees without our permission? You asked them questions like lead time and working conditions. You have no right to interact with them whether it is on a Sunday or in their homes? We shall take action against you and send the police after you for doing this.”

- Senior Manager, Highly reputed Tesco Supplier Company

More than 50 workers from 6 Tesco certified factories in Bangalore, Tirupur and Delhi were interviewed for this research. The worker profile included permanent employees, contract
employees and piece rate workers. Triangulation of facts is done using information collected from Tesco employees, management of supplier companies, indirect buying agents, union leaders, social workers and other stakeholders.

SOURCING PATTERNS IN INDIA

The international procurement policy of Tesco relies on two types of sourcing patterns. They are

1. Direct International Sourcing
2. Sourcing through Landed Suppliers

1. DIRECT INTERNATIONAL SOURCING

The direct procurement process of Tesco is termed as international sourcing. Tesco has its country offices in different parts of the world. Each country office is accountable for procurement of goods from that particular country. The country office is responsible in identifying the appropriate suppliers as well as coordinating business deals with them.

In order to carry out international sourcing, Tesco initially identifies a pool of suppliers whom they deem as capable of supplying goods to them. It is the local office in each country that identifies such a pool of suppliers. Once a supplier is identified, a Pre-Audit is conducted by the Ethical and Technical Department in India, which reports directly to Tesco’s UK head.
office. **Pre-Audit** is the initial social audit of the company to verify certain basic standards in terms of physical infrastructure and ethical policies related to labour, environment, etc. If the company passes the Pre-Audit, the local office recommends the company to the Tesco’s UK Office. If the UK head office gives a green flag, **Merchant department**, which reports to Tesco’s Hong Kong office, undertakes a **Compliance Audit** of the company. Compliance audit would include standards prescribed in SA 8000 and other international standards. If the company passes the compliance audit, it has to undergo the final stage of inspection called **Technical audit**. Technical audit is an exhaustive inspection that verifies finer details and is undertaken either by Tesco’s local office or third party audit agencies like SGS. Once a company passes all the three stages, it will be certified by Tesco as its certified supplier. Such a supplier can manufacture the goods only in those factories that are approved by Tesco.

Tesco has a rating system to categorise the companies according to their performance. It is called **BAGR rating**, which implies Blue, Amber, Green and Red rating. If a company falls in the red belt, it cannot be a TESCO supplier, while a Green band implies that the company can be certified if they are willing to undertake some corrective measures to comply to Tesco policies. If a company is in the Amber belt, it implies that they are in the safety net and need to go through an audit once in two years only. If a company is in the Blue belt, it implies that they have met Tesco standards in an excellent manner. Such companies need to take an audit once in 3 years only. A Tesco employee in India confesses that very few supplier companies achieve Blue ratings.

The business orders of Tesco are given in all four seasons. Every season, Tesco sends a briefing paper detailing the requisites of their business orders for that season to all the certified suppliers. However, Tesco also sends enquiries on a monthly basis, when there is a requirement for minor variations in style and size. Once a certified supplier receives such a briefing paper, the interested companies are required to send a sale sample within 10 days. It is not mandatory that all certified suppliers should respond to all briefing papers. If a supplier delays in sending the samples, they would miss the chance to contest for that particular order. According to suppliers, Tesco displays the sale samples in their showroom, analyses customer responses and in turn selects the suppliers for bulk production. Once the UK office confirms the samples, the country office starts the negotiation process with the selected suppliers. Price negotiations are always aggressive.

### 2. SOURCING THROUGH LANDED SUPPLIERS

Apart from direct sourcing, Tesco procures goods using importers based in UK or any other European countries termed as Landed suppliers. Such landed suppliers have their buying agents across the world including India. However, many Tesco buying agents in India practise their business covertly. Officially, Tesco has not established any audit procedure for landed suppliers or their supply chain. Technically, they remain outside the purview of compliance audits employed by Tesco although the retailer is planning to include the landed suppliers and their supply chain in their exhaustive audit process. However, the official human rights policy of Tesco has specified that the policy applies to any employees related to Tesco, whether they are in full time, part time or temporary employment. Thereby, many of the buying agents or indirect manufacturers are very cautious about their work related to Tesco as the retailer is vigilant about implementing its policies and saving reputation. The agents normally do not manufacture directly. They will have 23 reliable vendors specialising in different types of production. These indirect buying agents are undertaking huge quantities of business on
behalf of Tesco, which are equivalent or more than certified suppliers. A buying agent based in Bangalore and Tirupur shared that their agency deals with business orders that amount to about 100,000 pieces per month. During Christmas time, their business orders increase to about 300,000 in a month.

“We are considering very seriously about bringing the landed suppliers under the purview of audit. At the end of the day, all the products come into Tesco outlets. So, it should not matter if it is procured by Tesco directly or indirectly. All the suppliers should meet uniform standards at all levels of procurement.”

- Tesco employee

“I cannot talk about Tesco dealership openly because our Indian office does it very secretly. We get orders from an agency in UK”

-Tesco indirect buying agent, Tirupur

THE IMPACT OF PURCHASING PRACTISES ON INDIAN WORKING CONDITIONS

The Indian procurement office of Tesco has its headquarters in Bangalore. It also has its local offices to conduct auditing of its supplier factories in different parts of India. The main labels produced in India are Cherokee, True, Petite and F&F. Out of these, Cherokee (Refer Picture 3) is the most widely produced label in India.

All certified suppliers in India are required to conduct business through the country office located in Bangalore. In India, suppliers say that on an average they get about 30-40 enquiries related to a business order in a month. The difference between Tesco and other retailers is that Tesco’s business orders are distributed amongst its domestic suppliers alone. These suppliers need not compete with international competitors from China or Bangladesh or Srilanka or elsewhere to procure a business order. When an enquiry about a business order is sent from the Bangalore office, its certified suppliers know that it is circulated among a few suppliers in India alone. Although the competition to get the order is severe, most of the top suppliers have continuous business orders from Tesco throughout the year. Many suppliers share a stable relationship with Tesco. Such a relationship facilitates in procuring continuous orders as well as getting relaxation in terms of lead time. It was also seen that Tesco orders are generally distributed widely among many of its suppliers. Many top suppliers of Tesco devote only a few lines or batches in their factories to produce Tesco garments unlike Wal-Mart factories, which devote a whole factory for their production. They share their factory space with many other international buyers like Gap, Wal-Mart, and Carrefour etc.

“Usually, only 2-3 suppliers would compete for a particular order, which implies that there is little competition compared to Carrefour. They split the orders among Indian suppliers only. So, we don’t have to compete with other countries.”

- Manager, Tesco supplier, Tirupur

Although the competition to get orders is fought amongst domestic suppliers, TESCO uses the quotations of international suppliers to negotiate prices with Indian suppliers. For example, China, which is known for its huge capacity and reduced prices are many times used as a
standard to negotiate with Indian manufacturers. Once a supplier gets short listed for its sale sample, Bangalore office gives a target price to them. Negotiation process starts and Tesco puts its foot down to lower the prices as much as possible. The certified suppliers share that it is extremely difficult to produce with their target prices. However, since their huge quantities of order give assured business, the suppliers give in during these negotiations.

“We give high quality samples with good fabric unlike other countries. We always fix a lower mark up price as well as a high mark-up price for a particular sample. Tesco would push us to lower our prices to the level of other countries that have given them low quality samples. We would stick to our high mark-up price during negotiations. When we have no choice, we will have to come down to our lower mark-up price just to get their order. However, it is our policy not to take orders when they push it below our lower mark-up price. But there are companies who take those orders.”

- Manager, Tesco certified Supplier

As far as lead time is concerned, Tesco is relatively better than other retailers like Wal-Mart. Tesco generally gives a very accurate production tech pack explaining every detail of the garment to be produced. Although hard negotiations exist, they do not trouble the suppliers once the purchase orders are released. During Pre-production approvals, they do not make any changes in the design except for minor corrections according to the production tech pack. Tesco shows lenience towards delivery of goods if it is delayed by 1-2 days. If majority of the consignment gets shipped within the agreed date, they also give a relaxation of 1-2 weeks for delivery of remaining consignments. During the pre-production approvals, if the samples of a supplier do not get approved within a stipulated time of about 30 days, they will not allow them to continue with production to avoid pressure related to lead time. Nevertheless, the supplier gets an option to request for permission to produce a reduced quantity within the lead time.

“If our fit samples do not get approved within 3 weeks of lead time, we will be put in a critical situation.”

- Tesco agent

Although the first layer of procurement procedures under Tesco offers such relaxations to the second layer of procurement link comprising of supplier companies, it never gets percolated to the basic units of production, namely, the workers. As the supplier companies share their space with many buyers, such relaxations are manipulated to get more business orders from other buyers. Such a rat race for more business orders often make suppliers unsympathetic towards labour rights in contrary to the Human Rights Policy of Tesco. It is at this layer that exploitation of workers take place. The details are given in the sections below.

**IMPACT OF LEAD TIME ON WORKERS**

1. **WORKING HOURS AND OVERTIME**

The official working hours of Tesco certified factories in Bangalore, Tirupur and Delhi are mostly from 8.30 am to 5.30 pm, comprising of nine hours as per Section 54, Chapter VI of Factories Act, 1948 (Refer Box 1). All the Tesco certified factories observed in this research showed that over time work exist on a regular
basis. The regular working hours continue up to 7:30 pm or 8 pm, which implies 1 ½ to 2 hrs of over time. Most workers are aware that if a consignment gets delayed for shipment, it has to go by air. The management has bestowed the responsibility on the shoulders of workers not to give a chance for air cargo. Thereby, the number of working hours increases during peak seasons and urgent shipment days. Workers are usually not given an option to refuse over time. No employee is given leave during peak production days. They do not have an option to refuse over time, except at the cost of their job. Majority of workers who participated in this research, hailing from Delhi, Bangalore and Tirupur testified that frequent refusal of over time can actually cost their job.

“During season time, over time is compulsory”
- Over-lock tailor, Tirupur

“No, it is not our choice. We must do overtime. If not, the Gate is open for us to quit our job”
- Contract Worker, Delhi

On an average, a permanent employee in a Bangalore based Tesco factory works for a minimum of 1-2 hours extra on a daily basis. Over time work is implemented for at least 15 days in a month. During data collection, permanent workers would agree to come for interviews and FGDs, yet cancel it at the last minute because of sudden over time announcement. Observation of a certain factory in Bangalore for a week showed that over time occurred every day continuously for more than 7 days, which included a Sunday. Most of the time, permanent female workers do not work beyond 8.00 pm in Bangalore. Male workers are required to undertake work until midnight or dawn during urgent shipment period. Tailors, Helpers, Checking and Packing workers, Go-down helpers are all expected to work late until the consignments get ready for shipment. On regular days, the pressure to undertake over time falls, mostly on tailors.

We do a lot of overtime. Almost everyday, there is at least one hour extra. We are called on Sundays as well. However, our monthly wage slip will not show all the over time that we do. It will quote only 1-2 hours as overtime in a month.
- Permanent Employee - Tailor, Bangalore

“When there are emergency shipments, we have to complete the orders by doing overtime. Every other week there are at least 2-3 shipments. So, overtime is a regular practice. In November and December, the pressure really increases.”
- Reconciliation Reporter, Bangalore

In Tirupur, Tesco factories have both permanent employees as well as contract workers. In some factories, permanent workers follow the same routine as Bangalore workers working from 8.30 am up to 7.30 pm. On the other hand, in some other Tesco certified factories, permanent employees work on a shift basis, where 1 shift is counted as 8 hours. The regular working hours in these factories is from 8.30 am to 8.30 pm, which is 12 hours. During urgent shipment days and peak season, they undertake double shifts or night shifts, which is 16 hours
a day. Female workers who are permanent are not exempted from late night shifts. The timings are generally from 8.30 am to 1.30 am. At times, the workers sleep in the factory and work early in the mornings.

“If we do not finish the work on time, the company will have to air cargo the cartons and that is very expensive. So, we have to do over time to get it ready on time for the shipment date..... Most of the time we do 1 ½ shift, which is until 8.30 pm. If there are urgent shipments, we will do night shift as well. It will be another half shift in the night until 12.30 – 1 am”

- Permanent employee, Tirupur

“Our work starts at 8.30 am and ends at 5.30 pm officially. But if there is over time, we stay back and work till night.”

- Checker, Permanent employee, Tirupur

In the case of contract workers, working hours are counted on a time rate basis, where 1 shift constitutes 8 hours. Most contract workers in Tirupur and Delhi are expected to work 1 ½ shifts, which means 12 hours everyday. Their timings are usually from 8.30 am to 8.30 pm. During shipment days, contract workers put in about 8 hours of over time in a day, which sum totals to 16 hours of work per day.

“They will not recruit new people. Instead, the contractor will force the existing worker to do overtime. In such case, everyone has to do overtime. We do not work on Sunday. But if it is urgent, we have to work”

- Contract labourer, Delhi

In spite of such heavy working hours, the factories are very strict about their timings. If a worker comes late for work, one is made to stand outside and that day will be counted as leave. The company deducts that day's wages. The workers feel that if one is late for more than 10 minutes, it is better not to go to the factory as no consideration will be given.

2. TARGETS AND MENTAL COERCION

In order to complete production on time, all workers are constantly given targets. The production managers are given incentives from the company if the estimated targets are exceeded in a day. Hence, they always give a higher target to the workers and pressurise them to utilise their maximum skill to increase production. Some of the Tesco certified companies fix the targets per hour by setting a certain time for each work using a stop watch. For example, if the time set to stitch a particular piece would be 50 seconds, a worker is expected to complete stitching 120 pieces in an hour. The employees are compared to a machine, which can work without any wastage of energy in any second. If one visits a garment factory, one cannot, but notice that workers perform their duty like robots without a second of relaxation except during lunch/tea breaks. A tailor in Bangalore and Delhi stitches about 80 – 100 pieces in an hour, while tailors in Tirupur stitch 150 – 200 pieces per hour. When the targets are not met, they are subjected to verbal abuse and mental coercion.
A tailor in Bangalore shared her experience about the stringency of targets in her factory. One day, the helper who folds the clothes to be stitched was absent and there was no one to replace her. The responsibility to fold the cloth as well as stitch fell on her shoulders. She approached her supervisor and pleaded that she needed a helper in order to complete the required targets on time. No one listened to her plea. Finally, as time passed by, she decided to get back to work and do what she can. By evening, she was unable to meet her targets and her supervisor denied her the out pass. She tried her best to work fast and complete the required target before the closing hours, but in vain. Finally the supervisor himself came and observed her for more than one hour to make sure that she was not lazing around and later issued the out pass to her. Unlike Bangalore, tailors in Tirupur are expected to fold the clothes and stitch without a helper. Yet their targets remain much higher than workers in Delhi or Bangalore.

“Feeding helper is the one who tortures us. He keeps asking us to give more pieces everyday. We are working anyways right. But he always tries to pressurise us by saying that he will chuck us out of the job if we don’t finish.”

- Helper, Bangalore

“They use stop-watch to calculate how many pieces can be produced in an hour. Accordingly they will fix the targets for different sections; say, stitching, checking, labelling, etc.”

- Tailor, Delhi

Another issue raised by the workers is that the management do not fix constant targets for the workers. They keep changing targets everyday thus making their work unpredictable and difficult. A tailor in Bangalore said that her supervisor would ask her to stitch 80 pieces per hour one day and the next day, she would be asked to complete 100 - 110 pieces per hour. She feels constantly under pressure because she cannot plan her work pace due to such frequent fluctuations.

Many workers in Tesco factories shared that they are also the scapegoats of quantity vs quality debate between managers. The quality manager constantly compels workers to focus on quality of goods in terms of cutting the fabric according to the right sizes, tailoring the garments without meandering stitches, inside out stitches or other errors. On the other hand, production manager coerces them to finish more quantity of garments per hour in order to meet his production targets in less time. A tailor is generally given a target of 100 - 120 pieces per hour. But the workers share that it is almost impossible to reach that target with quality. On the other hand, contract labourers in Tirupur factories are given targets of about 200 - 300 pieces per hour. Once the garments are stitched it goes to the checking department. Checking department has to adhere to quality standards and hence reject the goods and send it back to the tailors, who are expected to undo the mistakes and re-stitch it. When the goods are returned, the production manager points his fingers at the tailor for being careless and unskilled, thus evading from taking accountability for such rejections.

“100 pieces per hour are NOT possible if they are looking for quality. Small stitches are possible. For example, shirt cuffs, sleeves etc are possible. Even big stitches like one side of a shirt are possible. But when they ask us to complete 2 sides of shirt, which is a big stitch, it is impossible for us to complete 100 pieces per hour.”

- Tailor, Bangalore
3. WAGES AND OVER TIME PAYMENT

We will pay a fair wage reflecting the local markets and conditions. We always meet the national minimum wage and this is a key factor which we take into account when looking at pay and conditions.

- TESCO Human Rights Policy

Tesco companies have both permanent employees as well as contract employees. Permanent employees are paid directly by the company, while contract employees are paid by the contractor. As Indian labour laws have its own limitations, minimum wages prescribed by the government is usually much lower than a living wage. Nonetheless, no Tesco factories pay their employees a living wage as guaranteed by the human rights policy of Tesco.

Tesco factories pay their permanent workers in terms of daily wages. The basic monthly wage showed in the salary slip is often the sum total of daily wages based on the number of days an employee has worked and not a fixed wage for the month. On an average, the daily wages given in Tesco factories in Bangalore are as given below (Refer Table 4).

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Job Profile</th>
<th>Grade</th>
<th>Daily Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tailor</td>
<td>‘A grade’ tailor</td>
<td>Rs 135/-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>‘B grade’ tailor</td>
<td>Rs 120 - 125</td>
</tr>
<tr>
<td></td>
<td></td>
<td>‘C grade’ tailor</td>
<td>Rs 105 - 110</td>
</tr>
<tr>
<td>2</td>
<td>Checking Line</td>
<td>In-line checker</td>
<td>Rs 115/-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>End-line checker</td>
<td>RS 125/-</td>
</tr>
<tr>
<td>3</td>
<td>Ironing Personnel</td>
<td></td>
<td>Rs 105 - 120/-</td>
</tr>
<tr>
<td>4</td>
<td>Helper</td>
<td></td>
<td>Rs 95 - 97/-</td>
</tr>
</tbody>
</table>

Most of Tesco suppliers are established companies that project themselves as highly professional and ethical establishments. Thereby, most of them have excellent documentation including employer contracts, wage slips, which remain as legal evidences for this testimony. However, a closer observation of these testimonies and legal evidences lead us to a completely different story. A common hoodwink used in the wage slip is with regard to the over time work hours. The column that shows over time in the wage slip would never show more than 2 hours of extra work in the whole month. In reality, the worker would have worked for 2-16 hours per day as over time. It would also rightfully show the calculation of double wages in terms of the recorded hours of over time to emphasize the company's staunch policy on labour rights.

In Bangalore, workers are always promised that they would be given paid leave to compensate for these extra working hours or settled unofficially at a later stage. A Bangalore based tailor who is a permanent employee testified that she always punches her identity card whenever she enters and leaves the company, even on Sundays. However, when the wage slip comes, those working hours are never shown in it. Thereby, she has started keeping a notebook now to record the time and date of all the working hours that she undertakes. Whenever her wage slip shows zero hours as over time, she has proof to refute it. Then again, she is an active
union member outside the factory and hence her human resources department makes sure that she gets her due at some time or the other. Whenever she tries to use her records to support any other worker, her supervisors clearly tell her to mind her own business as her wages have been settled by them.

“Almost everyday, there is at least one hour extra. We are called on Sundays as well. However, our monthly wage slip will not show all the over time that we do. It will quote only 1-2 hours as overtime. So, we are not paid for all the over time work that we do. Even on Sundays we punch our cards, but time is not getting recorded. Managers say that they will adjust by giving us extra leave. But it never happens. At times, they give one or two leaves, but it never compensates for all the over time work that we do.”

- Tailor, permanent employee, Bangalore

In Tirupur, the same ploy of wage slips exists. The total number shifts that the workers would have worked are never recorded in their wage slips. In one factory, which has an active union fought with the management regarding this issue and finally made the management pay for a certain number of shifts per worker at the end of the year. A worker shared that the union made the management pay for 119 extra shifts that the workers had done in the whole year. However, in spite of these shifts being over time work, no double wages were paid to the workers as required by the law. In 2 other factories in Tirupur, workers seemed to be petrified by their management that they insisted that they are paid double the wages and no over time work was given to them. However, they refused to share their wage slips. More-over, researcher’s observation of these factories brought out that over time is a regular phenomenon in the same factory.

“Why would they ever pay double wages to us? They have fixed an amount for us for each shift, whether it is over time or night shift. Whichever time we work hardly matters. We will be paid the amount fixed for each shift. There are no double wages and so on. We get Rs 103/- per shift. Now you halve it. How much do you get? Rs 51.50/-. So, when we do night shift or over time for half a day, they will add that amount to our monthly payment. They give us a tiffin allowance of Rs 21/- if we are staying late after 11.30pm. They also give us Rs 5/- for tea if we are staying after 8.30pm.”

- Helper, Tirupur

Another ploy with regard to wage slips was shared by a permanent employee, Radha, who is a senior worker with 15 years of experience in checking line in a Tirupur based factory. Her daily wages are fixed as Rs 103/-, which is much lesser than the standard rate of Rs 125/- per day for checking personnel. So, we compared the wage slips of this worker with another worker in Checking line in another factory. It was found that the Radha who was performing duty as a checking personnel was actually termed as ‘Helper’ in the wage slip, thus reducing her daily wages to the level of Helper. In the eyes of outsiders, Rs 103/- in the wage slip projects the company as an employer who pays more than the standard amount for a helper, which is Rs 97/-.
As far as contract labourers go, wages are paid on a time-rate basis or piece rate basis. Time-rate system calculates the wages of a contract worker based on the number of shifts of work undertaken by the worker. A shift is calculated as 8 hours. Piece-rate system calculates the wages according to the number of pieces one works on by fixing a certain amount per piece. In Tirupur, contract workers are generally paid reasonably good daily wages. A tailor is paid about Rs 145/- per shift, which is much higher than a permanent employee who earns about Rs 135/- when one is a senior tailor. The concept of over time is not applicable for contract workers as they are paid based on the number of shifts completed. They are paid on a weekly basis. The only consolation is that the contract labourers get paid for all the shifts that they undertake as there exists no legal documents like wage slips that need to be dodged. However, in Delhi the wages are much lower than Tirupur. They are only paid Rs 90/- per shift.

“Wage is very less. See the cost of living has increased to such an extent. We cannot manage with this small amount.” - Contract Labourer, Delhi

4. LEAVE WITH WAGES

Majority of permanent employees interviewed testified that they are not entitled to take leave as per Section 79 of Factories Act, 1948, which talks about Annual leave with wages (Refer Box 4). During peak production and urgent shipment days, permanent workers are not sanctioned any leave. Some factories allow no more than 1 leave in a month, while others do not sanction any paid leave at all to the permanent workers. Whenever a permanent worker takes leave, their daily wages are deducted from their salary. This is practised despite the fact that these permanent workers are called for work on many Sundays, which hardly gets compensated. A helper shared her experience with

“They never give us paid leave. Even if we are sick, we come for work because we need to run our house and that requires money.” - Permanent worker Tailor, Bangalore

“If we take leave, it will affect our job. The next day, we will have to stand outside. So we cannot work and hence no pay.” - Permanent worker, Tiru

JOB SECURITY

As mentioned above, many Tesco certified suppliers are highly reputed establishments in India, which maintain effective documentation in terms of wage slips and contract agreements. As majority of workers are illiterate or uneducated, most of them do not have the capacity to understand the documents even if it is written in their mother tongue. In Tesco factories, workers shared that they will not question their management in case of any problems for fear of losing their jobs.

Interviews with workers showed that most of the permanent workers put their signature on the employment contract without knowing its content. They are not given enough time to read through the content or verify it through their acquaintances. A fabric cutter in Tirupur mentioned that he signed on a blank paper and 20 other sheets of employment contract before joining. He has no idea what the paper said. All he knows is that if he needs a job, he has to put his signature on wherever his Human Resources manager asks for. Many a times, such contracts have loopholes that protect the company against any labour violation towards workers. The employment contracts prepared by one company in Tirupur included a clause, which defined their employees as apprentices despite their 5-7 years of work experience. An
apprentice can be fired from the job without much notice period and there exists certain relaxation regarding labour laws. All the employees in that company have signed the contract except a few workers who found out the danger behind it. A worker in the Checking department mentioned that she was not ready to be called an apprentice after her 10 years of work experience. Her refutation influenced a few others and as of today 40 workers have not signed it. This shows that legal documents are used as a tool to exploit workers, thus undermining the job security such documents supposedly provides.

“To be very honest, most of the workers here have signed an agreement with the management. When I joined here after my long years of experience, they had asked us to sign on some papers. Everyone signed. That included educated people who know to read and write as well as people who cannot read or write. I just observed everyone and then asked my colleagues. “You all know how to read. What did you understand from what is written on the paper?” Only then everyone paid attention to what was written on it. It stated that we are all apprentices and cannot avail any benefits until we complete 5 years or so. They have the right to fire us if any problem arises. You won’t believe it. Everyone in our company except 40 of us has not signed it until today. We said...whatever happens; we are not going to consider ourselves as apprentices after so many years of experience.”

- Helper, Checking line, Tirupur

Change of season, which in turn sets out change of fashion triggers a lean season from July to September. It is at this time that the retailers redesign their clothing to keep up with the latest trend, thus affecting business orders to their suppliers. During this period, many of Tesco factories slow down in their production. The contract workers are asked to leave their jobs during that time as the contractor finds it difficult to give them enough work. Such workers are given no benefits except for a meagre amount colloquially known as Diwali bonus.

*There is always fluctuation in the work force based on demand from the company. After February, there is less demand for workers.*

- Contract worker, Delhi

“Well...when the production is less, contract work will be less. So, the contractor will ask them to leave or share the work among them. They will ask some workers to come one day and the others the next day and thus they work on alternate days. So, they won’t be without pay. Some people go to their villages during that time and come back when the orders are high.”

- Permanent Worker, Tirupur

It is to tackle lean seasons that many companies deal with multiple buyers or take production orders from domestic market to even out the lack of orders.

5. **CONTRACT EMPLOYMENT**

Many Tesco factories employ contract labourers. The research was unable to find out if the companies have the license to employ contract labourers. The legal intent behind the **contract Labour (Regulation and Abolition) Act, 1970** is to prevent exploitation of labour and to abolish contract labour gradually in future. However, there exists discrimination in terms of wages and benefits between permanent and contract workers. The contract
employees in some Tesco factories are paid less than permanent employees, the difference being a minimum of Rs 10/-.

Only the tailors are better paid among contract workers in relation to permanent employees. While a helper who is a permanent employee receives Rs 85 – 90/- per day, a contract worker is given only Rs 75/- per day. They are not given any benefits like PF, ESI etc. During lean seasons, contract employees are asked to leave the job. Some companies have separate gates for these contractor workers in relation to permanent workers.

“Only few workers are permanent. Like the checking department. Others are all piece workers. So, they keep coming and going. If they don’t do their work properly or if they take leave, they will be asked to go. If they make mistakes and create any problems in the piece, they will be fired immediately.”

- Reconciliation Reporter, Bangalore

“There are permanent as well as temporary workers in our factory. Mostly checkers and power table stitching would be temporary. Power table is often given to a contractor.”

- Checker, Tirupur

“If you do not work properly, they can fire anyone”

- Permanent worker, Bangalore

In order to maximise production, the companies rely on contractors in maintaining various jobs like tailoring in their factory. Contractors are engaged to minimise labour problems like absenteeism, unionisation, wage increments and benefits according to the law, working hours and so on. Contract labourers are paid on the basis of shifts or piece rate depending on the contractor. The presence of contractors is advantageous during the last days of lead time as the number of employees can be increased according to the requirement and relieved once the concerned work is over. They hire many workers on piece rate to complete production during shipment days.

“It is like there are some workers who are under contract. They are there only because when there are urgent orders, we would need more people to finish work. So, they will be assigned work in different sections as required at a time. Say, if there are 500 workers in a section, 300 will be permanent and 200 will be on contract. If there is no work, they can leave and work in any other company.”

- Checking line, Tirupur

“If it is a company supervisor, they cannot push workers for more work. So, production will be slow. A contractor is kept mainly for maintenance of production. A contractor always give better production because he can control his workers better and bring as many workers as required whenever there a necessity arises. Basically production is high when workers are under a contractor.”

- Contractor, Tirupur

GENERAL WORKING CONDITIONS IN TESCO FACTORIES

CODE OF CONDUCT
Some Tesco suppliers display their code of conduct in their factories permanently, while others display it only during inspections. A mere display of code of conduct does not necessarily imply that the workers are informed about their rights. CoC is always written in English, which is rarely translated. Moreover, most of the workers interviewed were unable to read or write even in their mother tongue.

“There are some posters on our notice board. But it is written in English. We cannot read anyways. So, we don’t know about it.”
- Tailor, Bangalore

As far as Tesco factories in Bangalore are concerned, the employees said that they would always be informed about the buyer inspections in advance through public announcement in the factory. The employees would be asked to be vigilant about their responses and work on that day. However, observation of Tesco factories in Tirupur has shown that every worker is groomed to be psychologically vigilant, at all times, of any outsider who could be a potential investigator about working conditions. Interview with workers showed that in the initial round, they all say recorded answers for any question related to working conditions. Here are some of the automatic responses from the workers before even a question was posed to them.

“BTW usually we never have work on Sundays. Today is March 30th right and it is the year end. So, as the finishing line in-charge, I have to give accounts and so on. No workers will come. Only supervisors have to come and do all these.”
- Finishing Line-in-charge, Tirupur

“We are paid for O.T. They actually give us double the wages for all O.T hours.”
- Checking line, Permanent employee, Tirupur

All the above responses have been refuted by fellow employees, contractors, observation as well as from the documents like wage slips and contract agreements.

“If foreign people come they tell all lies to them. But nothing is in practice. Nothing is in practice. All lies. They are also asking us to tell lies to them. We have to tell lies to retain our work. Otherwise they will send us out. So we have to lie.”
- Female tailor, Delhi

Tesco office is very much aware that their Code of Conduct as well as Indian labour law is violated in many of their certified factories. Workers in many Tesco factories work for extra hours and are not paid for their over time work. In Tirupur, night shifts are a common phenomenon. A Tesco employee admitted that all their certified factories do not follow labour rights as per the law. According to this employee, a strict imposition of all Code of Conduct and labour laws would only mean bringing an end to garment production in India. So, they prefer to give a blind eye towards these violations because it is more convenient from a business point of view. He humorously puts his thoughts as follows:

“Well….. Tesco inspectors don’t work in the night. So, they would not know whether they (garment workers) work in the night or not. See…workers do that (over time work) only when there is urgency in shipments during peak seasons. To be honest, if we try to implement all these standards, there will be no suppliers left who can make garments. So, we have to show a little bit of flexibility. We just
can’t be so strict in implementing these standards.”

- Tesco employee

**BENEFITS**
The permanent workers are given provident fund as per Section 6 of Employees Provident Fund and Miscellaneous Provisions Act, 1952 (Refer Box 5). They are also given Employees State Insurance according to the law in some big companies. However, majority of permanent employees are not given bonus as required by Section 8 of Payment of Bonus Act, 1965 (Refer Box 6). The workers are most often told that a worker is eligible for Bonus only after 5 years of service. They are given a meagre amount in the name of Ex-gratia payment, which is meant for Apprentices and not permanent employees. In garment industry, most workers shift work within 5 years and hence this serves as a good strategy to avoid paying legally required bonus amount to workers.

“What she is talking about is Ex-gratia payment. According to Factory Act, an employee is supposed to get a bonus once he/she completes 240 days of employment. If an employee has worked only for lesser days, he/she is entitled to get only Ex-Gratia payment, which is a lesser amount. Most of the garment factories in Bangalore do not pay the legally entitled bonus to the employees, but only give Ex-gratia payment.”

- Union member

“There are no allowances for us. We get only ESI and PF. That is all. There are no HRA or transport allowances or anything. Company provides transport for us and if we get late, we have to pay from our pocket.”

- Helper, Tirupur

**UNIONISATION**
Out of 15 garment companies studied across India, only one company had a strong presence of union in the factory premises with real negotiating power with the management. It turned out to be a Tesco certified company. It could be one rare occurrence seeing that most of the Tesco factories prohibit unions in the factory premises. However, Tesco factories do not ban unionisation as openly as Wal-Mart factories and do not harass workers who are active union members outside the factory. Traces of union membership were seen in some Tesco factories, although most of the workers preferred to hide their union membership from the management. Many workers were members of some unions not because they believe in unionisation, but to appease their friends in the union or to respond to the constant visits of union members. Hence, most workers who had union membership represented mere names on paper without possessing an informed sense of awareness towards the potential power of unionisation in their working conditions or accountability towards strengthening their union to enforce their labour rights.

“Whenever we have a problem, first the worker discusses it with their supervisor or the A.O. If it doesn’t work out, the union leader in the factory will take up the discussion. If it doesn’t get solved there, the local area union leader will come to the factory. If that process fails, our district level leaders will come and negotiate with the management. That ways, our union is very effective inside the factory.”

- Union Member- Checker, Tirupur
“We don’t have any formal union in our factory. But many workers are part of some union. They will never say it openly. I have membership too, but no one knows about it. The managers know some prominent members in the union who are working in the company.”

–Senior Tailor, Union member & Permanent employee, Bangalore

As far as collective bargaining is concerned, the factories with unions did not bring about any major changes in the working conditions of labourers. Yet, the presence of union or union members in certain factories gave the non-union member workers some confidence in terms of job security. In rare cases, where a workers union exists, their achievements were limited to making the management agree to pay for the maximum number of shifts undertaken by the workers which are not officially recorded as over time work, which is their natural due in any case. Despite the interference of unions, this natural due was given to the workers unofficially without any official records of over time hours. More-over no double wages are paid for any of these over time hours.

“These people (union members) are a great strength to us, but I will never talk loudly to my managers or even answer back because I am scared of losing my job.”

- Junior tailor, Permanent employee & Union member, Bangalore

Conversely, some workers feel that many unions seen in the factories are the brain child of the management to project that freedom of association is respected in their factories. If any worker wishes to initiate unionisation in the factory, it would never be encouraged, which negates the very value of freedom of association, which the factory projects to the outer world.

“Management themselves set up unions and project them as our union leaders in front of buyers to show that they care for workers. Otherwise, they will not allow any unions in the company.”

- Checker, Bangalore

On the other hand, the scene is not as rosy for contract employees. Unionisation is a taboo among contract workers.

“If you form union, you will be out. You will be evicted at anytime without any prior notice. It has also been mentioned in the call letter.”

- Contract labourer -Tailor, Delhi

**DISCRIMINATION**

**Union member vs. Non-Union members**

In some Tesco factories, union members get special privilege in terms of benefits. The management puts in effort to appease the prominent active members and gives various concessions to them. They are lenient towards them when they refuse over time or request for leave or do not succumb to their targets. If a union member takes leave without permission, he/she is not made to stand outside the factory gate as punishment as opposed to ordinary workers who are non-union members. A union member shows the courage to limit one’s targets to one’s capacity than getting pressurised under the supervisor, which is unthinkable for ordinary workers.
“When they don’t give us over time payment, I go and ask the management. If they ask me to do over time for longer hours, I just tell them that I cannot do it and leave. They don’t create much trouble for me. They just let me go. ……………… when I talk for other workers, they would say, “you have got over time payment and are not doing longer hours. Now, do not come and interfere about others. Your issues are settled and it is better you mind your own business””

- Union Member, Bangalore

“If we are late, they will just ask us to stand outside and we won’t be allowed to work. So, that day’s payment is gone.”

- Non-union member, Bangalore

“We handle unions with utmost care like a glass tumbler”

- Manager, Tirupur

“We can only do what we can. Whatever they want to say, they will keep saying. We have a certain capacity to work and we try to do our maximum. If they keep forcing us, it doesn’t work that way.”

- Union Member, Tirupur

Tailor vs. other employees

In Tesco factories, employees feel that tailors always get leverage over other employees. A tailor’s job is considered more secure as they possess specialized skills compared to helpers, workers in checking line or packing section who have generalised skill sets. At times, tailors get away from punishments like standing outside the factory if late for work or taking leave without permission, which is not the case with other employees. If a tailor demands for increments and benefits, they are given preference before other workers. A new employee who is a tailor is given payment at par with experienced tailors in the company.

“That is not true. Only tailors get that privilege. If they fire a tailor, it is difficult to replace them with experienced hands and it will affect their production. That is why they do not fire tailors very easily. But checkers and helpers like us do not have that privilege. If we don’t do our job, they will fire us because if we leave there are 100s to replace us. Checkers and helpers do not need any special skills sets right. So, we better do what they say.”

- Helper, Bangalore

“Tailors are special category. So, supervisors are careful in their behaviour towards them unlike towards us.”

- Checking line, Bangalore

FORCED LABOUR

Workers have no right to refuse over time work in almost all the factories included in the research. They were not given leave under most circumstances, especially during peak production time and urgent shipment days. There is no freedom of expression to speak for one’s basic rights. Leave alone freedom of expression, many companies do not allow workers to talk inside the factory. A worker cannot move freely in the premises of the factory. They are required to keep all personal belongings including mobile phones at the security gate.
during work hours. The security guards will allow a worker to go outside the factory, only if one shows an out pass signed by one’s supervisor.

“All of us will be working hard to complete the work for shipment. Even inspections are equally hectic. If there is some mistake, they will reject it you know”

— Worker, Tirupur

At least 3 factories in the research had hostel facilities for the workers, which is the modern form of forced labour. In one factory, majority of employees resided in the hostel. Senior managers of two of these companies were hostile to the research team when they found out that the study was about working conditions. It was difficult to collect primary data about forced labour as the resident workers are not allowed to go outside the premises of factory without permission. The amusing fact is that the authorities say that such restrictions are kept because the company is worried about the safety of their workers. Considering the fact that the concerned workers are adults who are way above 18 years old and are self-reliant earning members who have the capacity to stand on their own feet, the logic of baby care does not stand valid. According to their fewer colleagues, these resident workers are not allowed to keep mobile phones and have to be dependent on the public phone facility provided by the company. They are not allowed to interact with the colleagues in the factory and factory supervisors constantly monitor to ensure it.

“No outsiders are allowed to talk to our workers in the hostel. We cannot give permission like that. We do not have the authority to let anyone visit them and talk to them. If you want, you should get formal permission from the senior management in the company. Only their parents are allowed to meet them freely. We do not even allow their brothers to meet them. The only reason that we do not allow outsiders to visit them is because we are worried about their safety.”

— Hostel Warden, Tesco certified Company

“We are not allowed to talk to each other inside the factory. There is no interaction between workers. The company is very strict about it. There are about 10 supervisors walking around always to check if we are talking to anyone you know. The problem is 90% of workers stay in the hostel. Only 10% are from outside. So, we cannot even socialise after our work. These hostelites are not even allowed to keep a personal mobile phone.”

— Non-resident worker, Tesco certified Company

One of the interviews brought out that the company's in-house facility is always a good back up during urgent shipments. The residential workers are available 24 * 7 to cater to the production requirements of the company. The warden disclosed that these adult workers have one day outing a week, but accompanied by the warden alone. The researcher visited the factory premises on a Sunday and did not see any residential workers outside the factory premises.

“We have a hostel here within the company premises. So, if there is any urgent work, we can ask them to complete it.”

— Trainee, Tesco Factory, Tirupur
The secondary information from established labour support groups and NGOs shared some evidence showing creative schemes leading to forced labour. One such scheme is called Sumangali Scheme for unmarried girls. Some garment factories have introduced this scheme by taking advantage of a social evil practised in India, namely, the dowry system. Young girls are promised a lump sum amount at the end of 3 years of work in a particular company. Until then, the young girl is expected to stay in the hostel and work for the company according to their terms and conditions. A meagre amount ranging from Rs 500/- to Rs 1000/- is given as monthly maintenance expenses. If the worker breaks the bond in between, no monetary benefits can be availed from the factory. At least one out of 6 Tesco certified factories was said to practise Sumangali Scheme for their workers. Due to high resistance as well as time constraints, this research could not collect primary data regarding the same.

HEALTH FACILITIES

Most factories in our research had some form of medical facilities either in the form of first aid kits or frequent visits of doctors to the factory.
CHAPTER V: PURCHASING PATTERNS OF CARREFOUR

Modes of Procurement

The multinational retailer based in France, Carrefour is a major buyer that outsources approximately 15-20 million units of garments from India worth $50 million. The procurement pattern of Carrefour involves direct procurement as well as indirect procurement. Direct procurement is undertaken directly by the Carrefour office in France, while decisions related to indirect procurement is the prerogative of each country office. Each country office has the decision making power to procure goods directly or indirectly through importers. By principle, Carrefour has developed a Charter for Commitment to protect human rights, which has a special emphasis on obligations of Suppliers. Keeping the charter as a benchmark, this research investigates the degree to which it gets implemented on the ground.

DIRECT PROCUREMENT

As a part of Charter for Commitment, Carrefour has an audit system to identify its prospective suppliers. The audit procedure involves a Technical audit and a social audit. The charter clearly demands that audits be undertaken by diverse delegations. Thereby, there are three audits. A First Party Audit, which is an internal audit built into the business process. Second Party audit is an external audit carried out by professional audit firms. Third Party audit is an independent external audit, which is a system initially inspired from the European Committee for the Prevention of Torture, and favouring the involvement of local players in monitoring and training workers and management of Carrefour suppliers. These audits facilitate the retailer to categorize their suppliers according to their official rating system. The ratings range from A to D denoting excellent to worse in a descending order. The rating A denotes the compliance of all standards, while rating B implies that the supplier is in a reasonably good position despite minor corrections to be done. Rating C calls for improvement and necessitates major corrections. If a company falls in the D category, it will not be considered to be a Carrefour supplier.

In India, the country office of Carrefour is located in New Delhi. They act as the primary point of contact for all certified suppliers in India. Once a supplier is certified, the company has to participate in the web auctions to get business orders. The orders are released in every season. All enquiries about an order are always done through email. Carrefour takes samples from all their suppliers and will choose 2-3 suppliers out of them. A target price is quoted to the selected suppliers. The suppliers will give their price and negotiation will start. Finally, a revised price will be agreed between both the buyer and the supplier. Once that is fixed, a revised sample is sought for final production. The pricing, quality of goods and fast paced delivery of goods are the deciding factors in getting a business order.

The suppliers say that Carrefour orders are extremely competitive and difficult to win compared to other retailers. Indian suppliers face tough competition form its neighbouring countries like Pakistan, Srilanka, Bangladesh and China. One supplier testified that despite

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8 Carrefour Charter for Commitment to protect human rights
participating in 95 out of 100 web auctions, the probability of winning orders are only about 20. Carrefour labels are often produced along with other international labels like Primark, Tesco, Tarrenova. In India, labels like TexSports, TexKids are produced. The capacity of certified factories is huge with in the range of 2000 – 5000 machines.

“Our policy is to respond to maximum number of enquiries we get. We participate in almost all. But Carrefour orders are very competitive. If we get about 100 enquiries, we respond to almost 95 of them. Yet, we win only 20 orders out of the 100 we receive.”

- Merchandising Manager, Carrefour supplier

In spite of the above mentioned fortified policies on direct procurement, the research brought out that certified factories of Carrefour are far from the compliance standards prescribed by the retailers. Leave with wages and weekly holidays are alien concepts in these factories. Night shifts and over time are a regular phenomenon for workers to the extent that the workers wait for the lean season in the year to take off from work. Contract labourers with meagre wages are employed in certified factories. The quality of inspections at the ground level remains a question mark considering the worsened conditions retained by Carrefour suppliers. One particular company was observed to be traumatising their workers psychologically. Majority of workers in that company refused to come out and talk about their working conditions even on Sundays. They were not consoled by the fact that the interview would be undertaken in places far away from the factory and the eyes of the management. Moreover, majority of the workers in that factory were resident workers who had restrictions to interact with outsiders. The following is an excerpt from a phone call from a person who tried to arrange an interview with a worker from this particular company.

“Mr Z is scolding me like mad for giving his number to you. The issue has reached their senior managers. The manager has asked my friend to meet him in their office immediately. It will affect my friend’s job and I will also be in trouble. They can do anything……. Can you please call him and apologize to him? Please tell him that we have no idea about any of your interviews.”

- An outsider who is not an employee of the company

INDIRECT PROCUREMENT

According to a Carrefour employee, indirect procurement is the prerogative of country offices. Each Country office has the decision making power to choose their modes of procurement. Along with direct procurement, they can outsource goods indirectly through importers in various countries. Such importers will have their buying houses and agents in different parts of the world. In India, there are buying agencies and manufacturers who produce Carrefour labels on behalf of different importers across the world ranging from US, France, Italy and at times South America. Most of the importers remain unaware and unconcerned about ethical and technical standards. At the same time, some importers insist on audits and request the official auditing agency of Carrefour to carry out an audit and certify their prospective manufacturing units.

“It really depends on the buyer with whom we work with. Some buyers insist on certifications, while others do not care. One of our new Carrefour agencies in Italy insisted that they need a certification
for our factory. It is an internationally renowned agency and that is why they were particular.

Italians are cool. They do not want any inspections. Mostly European agencies do not ask for it. Some US agencies would ask SGS to come and inspect us like Italian”

- Indirect buying agent/manufacturer, Tirupur

Indirect manufacturing units produce Carrefour labels along with international labels like Walt Disney, Wal-Mart, Levis, KHQ, and Timberland. The quantity of production is comparable to any certified producers as it reaches up to 15 lakh pieces a year. They receive business orders on a regular basis throughout the year in the same way as a certified supplier. They generally outsource tailoring to job work units to tackle lead time and carries out checking, ironing and packing in their units.

In spite of these audits, the manufacturing units dealing with importers of Carrefour labels are below normal standards in terms of infrastructure, basic facilities and labour conditions.

GENERAL WORKING CONDITIONS IN CARREFOUR PRODUCTION UNITS

Code of Conduct

Majority of the workers did not know the name of the buyer or the labels produced by them. Some workers expressed knowledge about the posters put up during inspections and visit by foreigners. The workers in Carrefour units visited in this research were much more illiterate and subservient than other factories. A few visits to any of the production units and interviews with a few workers clearly gives enough evidence of violation of most of the Code of Conduct prescribed by Carrefour as well as Indian labour laws. However, the Carrefour representative sounded very genuine and committed to their charter for commitment to human rights and seemed unaware of such violations. It is not clear if it is the dexterity of the suppliers that project the view of righteousness to the retailer or is it the nexus between inspecting agencies and suppliers that facilitate clean documentation of facts.

“I have been here since the last 6-7 months. As far as I know, our manufacturers are complying by all the standards that we have prescribed. We will not tolerate any of our suppliers entertaining child labour or forced labour in our factories. Until now, I have not come across these things...... If we are informed about any human rights violation in our factory by anyone, we would definitely look into it and take action.”

- Carrefour representative

“It is not fully possible to implement all these (code of Conduct). Workers take leave during festivals. We also have to chase delivery date and complete orders before lead time.

- Merchandising Manager, Certified Factory

“They (Carrefour) are very strict about their norms. We do not deal with them directly. If we are a direct supplier, we need to have more compliance to their standards.”

- Indirect manufacturer
“If somebody is coming from out (foreign), company officer, the management used to place codes of conduct in the factory. They will remove them once they (client’s representatives) go out.”

- Garment worker, certified factory- Delhi

**WORK HOURS**

Section (5) of Carrefour Charter for Commitment to protect Human Rights states that Suppliers are obliged to guarantee workers working conditions particularly with regard to the duration of working hours, enabling us to ensure their health, their safety and their moral integrity

In Carrefour factories, the normal working hours are from 8.30 in the morning until 8.30 in the night. Whenever there is over time, employees are expected to work until late night up to 1am. Many ladies were interviewed in the night at 10 pm during their break for dinner. On Saturdays, workers are expected to do over time under the pretext that Sunday is a holiday. Some companies have shift system, where working hours may start from 6am. The timing will be different for different set of workers. For example, 6 am shift will end at 2pm, while 7am shift will end at 3pm and the shifts go on until late night. Although they claim the working hours as 8 hours, it gets difficult to detect the total number of working hours due to the continuous shifts and its different timings. Similar to other retailers, working hours in Carrefour factories increase during peak production time and urgent orders.

“Our timings are from 8.30 am to 8.30pm. Tomorrow is Sunday and it is a holiday. So, we have to work on Saturday nights. If there are more orders also, we need to stay back.”

- Checking line, Tirupur

“We come to work at 6:00 Am and will be here till 8:30 PM, after which we’ll have our night dinner.”

- Tailor, Delhi

“We’ve to work from 9 in the morning till 1 in the night. We can’t choose to work only during day or night. This is a full-day work. We’ve to work thirty days in a month like this”

- Contract worker, Delhi

**WAGES**

Majority of workers interviewed were contract labourers. They are paid on a weekly or fortnightly basis. Carrefour workers were paid much lesser than the standard wages. A female worker in the checking line gets paid only about Rs 120/- for a 12 hour shift opposed to standard local wages of Rs 90 - 100/- for 8 hours. When they work over time in the night, they are given a Tiffin allowance of Rs 15/-. The wages have been standardised for years. Some workers have been paid the same daily wages of Rs 80/- per 8 hours without any increment for the last 5 years. They try to do over time work in order to earn more wages. The surprising factor was that many job work contracts were done within the premises of the certified factory. Yet, these workers are given no documents, including an identity card, which would prove that they are associated with the company.

*We get Rs 120/- if we work from 8.30 am to 8.30 pm. If we stay late in the night, we get a tiffin allowance of Rs 15/-.*

- Checker, Tirupur
“We are all under a contractor. There is a fixed wage for all work. I have been working for the last 5 years. I was paid Rs 80/- then and I am paid Rs 80/- today as well.”

- Helper, Tirupur

A helper is paid about Rs 90/-/ In a month, one makes about Rs 2600/-

- Helper, Delhi

OVERTIME

During peak seasons, over time work is a regular phenomenon. November-December period is particularly busy. Workers are not allowed to refuse over time. Over time is always organized unannounced. The workers are told about over time only an hour or 30 minutes before the closing hours.

“During peak hour usually in Diwali times, they will ask us to work in the night also (says loudly with abuse). In these days we used to earn about 2700 in 15 days. The production goes down after Holi, so we used to go home by 6:00pm.”

- Tailor, Delhi

“If they ask us to do overtime, we just have to do it. There is no refusal and all if you need your job.”

- Checker, Tirupur

The workers are not paid wages as prescribed by Indian labour laws. Double wages for over time is never paid. The workers are given meagre amount as food allowance. However, many workers preferred to take over time to earn more money to compensate for the low pay.

“They will 15 rupees more per hour. For eight hours, it is Rs120. so per hour it is 15. They will calculate in this way. They are not giving more than this. That is all, if you working two hours extra, you will get Rs.30 more.”

- Garment worker, Delhi

“We’ll have full attendance on Sundays because we’ll get hundred rupees more than our hourly wage. Many of us will attend this for this hundred rupees. People wanting extra money will work overtime. It depends on our desires and need for money. Do you know what I basically do? When I am at night period, I will pick some easy-go load and work in the last four hours.”

- Garment worker, Delhi

EMPLOYMENT STATUS

Carrefour factories have a good proportion of contract labourers. They do not get any social benefits. They are paid lesser than regular employees. They are vulnerable as there are enough workers to replace them as contract workers. They are dependent on the contractors to get their payment, which leads to uncertainty and delay.

“Workers coming directly from company will be paid more. Others hired through contractors will be paid almost less than them.”

- Helper, Delhi
“We should have direct touch with the companies. We can often find a great variation of standards between company workers and contract workers. Our salaries are always non-punctual. We never get salaries in-time.”

- Tailor, Delhi

**JOB SECURITY**

Change of season and change of fashion have an impact on contract labourers in India. Usually they have work only for 10 months in a year. During July to August, they are left without work when garment companies do not get orders. The companies hire and fire workers based on the business orders they receive from their retailer. Contract employment gives them this flexibility.

“I will work here till June. The company will be closed in July. For two months July-August, there is not work.”

- Tailor, Delhi

“The company can easily expel us from work at any moment saying ‘there is no work now’. Also they can again ask us for work when they get orders.”

- Workers, Delhi

Another issue raised by the workers is that they are made to sign on contract agreements and other papers when they join. They are not given time to consult with anyone or read through it. The truth remains that many employees do not understand the language and intricacies of legal agreements, which is conveniently exploited by the supplier companies.

“When we join, they will ask us to sign on 20 sheets. All new joinees are supposed to sign it.

Everyone has to sign it if we need to work in our company. There are no procedures like reading the agreement first and then signing and so on. They give us the papers and we sign it. Only then can we join for work. So, all of us sign it.”

- Cutting Master, Tirupur

**BENEFITS**

Some workers shared that they receive benefits like provident fund and ESI. Every month a certain amount has been deducted from their salary for the same. On the other hand, certain other workers did not even have basic awareness of what such social benefits mean. Another common practise among contractors is to give a bonus to the workers at the end of the peak season in the name of Diwali bonus. Some workers claim that they are given only sweets as bonus, while others say that they get some amount as a bonus

“When the year closes, we get bonus along with our settlement during Diwali. Our contractor gives us bonus. If we don’t like to continue with our job, we can go home after Diwali.”

- Contract employee, Tirupur

**FORCED LABOUR**

Extreme form of Forced labour is evident in at least one of the certified factories of Carrefour. Majority of the workers are resident employees, who are utilised to adhere to the commands of the management in terms of work hours, payment, apart from personal freedom. Due to high resistance and shortage of time, this research could not interview any of the resident workers. However, a few non-resident workers confirmed this.
“Mostly hostellers get all these night shifts. It is easier for them to come and work and get back. I
generally don’t get much over time unless some of my colleagues are absent. Then I will have to do
over time as the other person’s replacement”
- Non-resident worker

All workers including ladies work in the middle of the night on a regular basis until 1 am. These ladies walk back to their homes in the dark after work. In some cases, the workers are
dependent on the company transport, which would go only after the expected work is
completed by the workers.

“Everyone in Tirupur works in the night. When it comes to work, we have to do it. Now we are really
in a hurry as time is running out.”
- Female worker at 10 pm before work

GRIEVANCE REDRESSAL

Workers are very often abused verbally by their contractors. They are paid lesser salary than
standard rates. No leave is given and leave with pay is out of question. Yet, they exists no
system to address their problems.

“But who will speak? If anybody will complain about these things, they will be expelled from work.
There are many cheating companies like this here.”
- Contract labourer, Delhi

UNIONISATION

As most of the labourers are contract labourers, no unionisation takes place. In some cases,
residential status of workers becomes another barrier for unionisation. Unionisation is a
forbidden among contract labourers as well as residential workers. As they are under constant
observation of supervisors or contractors and are dependent on them, no worker shows the
courage to initiate unionisation or collective bargaining.

“Are you joking? We are not even allowed to talk to each other inside or in the premises of the
company. And you are talking about unions. Majority of workers stay inside a hostel which is under
the control of the company. So, unionisation is just impossible. One can never even imagine building
a union in our company.”
- Operator, Tirupur

“People working on behalf of some company can do that because they are permanent there.
Moreover, the interference of contractor is so huge that people can’t come together. He can easily
divide the workers by several means. We also come from different regions outside, that makes it
almost impossible for us to become a union.”
- Contract labourer, Delhi
CHAPTER IV: CONCLUSION

As organised retail business expanded and consolidated, their clout over the garment manufacturing business as the principal buyers increased exponentially. Since economies of scale are now critical for survival, garment units are reduced to being contract manufacturers of big retailers. While this business model assures large and, possibly, consistent orders, the garment suppliers end up doing business with fewer buyers and lose their negotiating rights to a great extent. Consequently, garment manufacturing has become a ‘large volume, low profit margin’ business. The thin profit margins significantly reduce the operational flexibility of garment manufacturers and make them more vulnerable and insecure. As labour costs form a significant portion of the total costs of garment manufacturers, it is always a focus area for ‘cost management’ which in turn leads to a deterioration in the working conditions of labourers.

From the findings of this research at the suppliers of three of the world’s largest big-box retailers, it is quite evident that their purchasing practices are a major factor affecting the working conditions of labourers in the garment industry. The areas where this relationship is most evident are:

• Overtime work which is often not compensated for
• Employment of temporary workers who are underpaid and are denied many benefits
• Sub-contracting to smaller units where working conditions are generally poor
• Denial of eligible leave days and statutory benefits like bonus
• Denial of rights of association and unionisation
• Incidents of forced labour through long term employment contracts
• Prevelance of child labour
• Inadequate attention to workers’ safety
• Absence of grievance redressal mechanisms

Though all the big retailers have detailed ‘Codes of Conduct’, ‘Charters’ and ‘Policies’ on workers’ rights at supplier units, unfortunately they hardly show any seriousness or commitment in ensuring their implementation. The retailers turn a blind eye towards blatant violations of policies and norms they themselves have prescribed for suppliers. It is hard to believe that the big retailers are unaware of the hardships that their business practices, especially their purchasing practices, bring upon garment industry workers. The deterioration in working conditions and denial of eligible benefits to workers are easily discernible. Concerted efforts are required to force the big retailers to ensure implementation of the standards and norms they themselves profess and prescribe to their suppliers.

To make it worse, government officials and regulatory authorities focus only on employment generation and feign ignorance of rights violations and denial of workers’ benefits.

RECOMMENDATIONS
1. Build better awareness among the workers about their basic rights through educational programs on labour rights and legal rights

2. Bring to the attention of government officials the denial of basic labour rights and illegal practices like forced labour, thereby initiating action against them.

3. Include Garment industry in the list of Scheduled Employment in India so that there is clarity on wages to be paid and other benefits.

4. Create Welfare Boards for garment workers, which would facilitate a focussed grievance redressal system to address many issues affecting them. Such an institution will give confidence to the workers to come out openly about their working conditions.

5. As a principal employer, multinational retailers should be made responsible to ensure that supplier companies follow all labour laws of the land.

6. Establish a transparent mechanism, where Suppliers are required to publicise their labour policy and implementation of labour rights in their factories.

7. Campaign among the customers of the big retailers to make them aware of the callousness with which garment workers are treated in the factories.

8. Conduct more detailed and focussed studies of workers' conditions and confront the retailers with undeniable evidence of violations of norms and standards.
**TESCO HUMAN RIGHTS POLICY**

**Human rights policy**

Tesco is committed to upholding basic Human Rights and supports in full the United Nations Universal Declaration of Human Rights and the International Labour Organisation Core Conventions. We are committed to the following:

1. We will treat all employees fairly and honestly regardless of where they work. All staff will have a written contract of employment, with agreed terms and conditions, including notice periods on both sides. All staff are entitled to reasonable rest breaks, access to toilets, rest facilities and portable water at their place of work, and holiday leave in accordance with the legislation of the country where they work. All employees are provided with appropriate job skills training.

2. We will pay a fair wage reflecting the local markets and conditions. We always meet the national minimum wage and this is a key factor which we take into account when looking at pay and conditions.

3. Working hours shall not be excessive. They shall comply with industry guidelines and national standards where they exist.

4. Employment must be freely chosen. Overtime shall be voluntary. We will not employ illegal child labour, forced or bonded labour or condone illegal child labour, forced or unpaid overtime.

5. Employees have the right to freedom of association. We recognise the right of our staff to join a recognised trade union where this is allowed within national law.

6. We provide a safe working environment for our employees by minimising foreseeable risks in the workplace. All employees receive regular health and safety training. We provide proper governance for health and safety.

7. Tesco shall abide by the non-discrimination laws of every country where it operates. It does not discriminate unfairly on any basis.

8. We will not use, or condone the use of corporal punishment, mental or physical coercion or verbal abuse. Tesco has disciplinary procedures for any member of staff whose conduct or performance falls below the required standard.

9. We have formal grievance procedures through which staff can raise personal and work-related issues.

10. Tesco has Codes of Ethics that govern relationships between employees, suppliers and contractors. The Compliance Committee regularly monitors adherence to these Codes.

11. We ensure that our store security arrangements do not infringe Human Rights and are consistent with international standards for law enforcement.

Any employee who suspects infringements of the policy or any of the above has the right to inform us without fear of persecution. We will investigate any allegations of infringements of the Human Rights Policy, and take appropriate action as necessary. Serious breaches by employees will be considered gross misconduct, and may lead to their summary dismissal.

This policy applies to all Tesco employees, whether they are in full time, part time or temporary employment.
Carrefour’s Charter for Suppliers

Obligations of the Suppliers

The suppliers must commit
1. To immediately eradicate slavery, servitude for debt and the use of forced or compulsory labour and to no longer use this in any form whatsoever.
2. Not to employ or make children work who are under the age of 15 for production, manufacturing and assembling tasks.
3. To ensure workers have the right to organise themselves freely into unions and be presented by organisations of their choice so as to carry out collective bargaining.
4. To give workers remuneration which satisfies their basic needs and those of the members of their family who are directly dependent on them.
5. To guarantee workers working conditions particularly with regard to the duration of working hours, enabling us to ensure their health, their safety and their moral integrity.
6. To respect equal opportunities in terms of recruitment and remuneration by not practicing any discrimination based on ethnic groups, colour, gender, political or religious convictions, belonging to a union or a specific social environment, to respect cultural diversity.
Saraswathi hails from X area in Karnataka. She got married at a very early age to a man from Y in Karnataka. As a young bride of 14 years old, she did not have any thoughts about a career. Her husband, the man of the house took care of the finances, while she contented as the homemaker. Unfortunately, in a few years of her marriage, her husband fell ill and got permanently paralysed. All on a sudden, the responsibility of running a house, taking care of an ailing husband and 2 young children – a boy and a girl, fell upon the shoulders of Saraswathi. It was at this time that she was introduced to a garment factory that required a person to iron the clothes. A chore that did not demand any qualifications or skills gave a silver lining to Saraswathi to raise her children, take care of the medical expenses of her husband and daily needs.

Saraswati learnt to be self-reliant and worked in a few garment companies in the beginning and finally ended up in Company X. Considering her years of work experience, Company X started paying her about Rs 6000/- along with benefits like Provident Fund, ESI etc. As her daughter reached her marriageable age, Saraswati was obliged to secure enough money for her daughter’s dowry and marriage expenses. An employee is entitled to get his/her maximum monetary benefits from a company as well as from Provident Fund, when one retires or takes a voluntary retirement. So, Saraswati decided to take a voluntary retirement. Although she was able to get Rs 110,000/- from her PF account and Rs 25,000/- from the company, she lost her permanent job in that company. Once her parental obligations were fulfilled, she decided to work again. As she was nearing her forties, she preferred to work in a company not far away from her home. Thus, she joined a company certified by Wal-Mart. However, the Wal-Mart factory was not ready to consider her 20 years of work experience, and emphasised that she was too old for the job. Based on this age criteria, they decided to overlook her salary history of Rs 6000/- and offered her a monthly salary of Rs 2800/-. She has been working in this company for the last 3 years now. The company has not given her any increment or benefits until today.

She still lives in a rented house that costs about Rs 1200/- a month. As a part of her daughter’s marriage expenses, she had taken a loan of Rs 40,000/-. So, every month Rs 1600/- goes as it’s interest amount. She is dependent on her daughter for her monthly grocery expenses and medical expenses for her husband. Her son is a drug addict and a drunkard and gives no support to her. The company does not give any loan to any of its employees unless they complete five years. Saraswathi has been begging the management of the Wal-Mart certified company to increase her salary, which always falls on deaf ears. She tried to take this matter to the buyers when they came for inspections, but with no results. The only consequence of her actions was that she was harrassed by the management for giving such information to their buyer. No leave is given to her, while youngsters get much more leverage than her. She fears to confront the management as she is in the black list now. Her economic compulsions and practical wisdom has taught her to swim along the tide and avoid any wrath from the company, which would cost her only job that gives her a living at present.
LIFE STORY - 2

Twenty eight year old Leela hails from a village in Tumkur district, Karnataka. As an educated girl who had passed her 10th standard, she was easily identified and absorbed by a local agent for a job in a garment factory. The garment factory gave her training in tailoring and she has been working as a tailor ever since. After juggling in many companies, Leela finally joined Company X, which is a certified Wal-Mart supplier.

As an experienced tailor, she was paid a monthly wage of Rs 1900/-, which was less than the standard wages in garment industry. As her family lived in the outskirts of Bangalore, their expenses were relatively less. She paid a rent of Rs 500/- and about Rs 1000/- for family grocery. She has 2 children who are in the age of 6 and 4. Although her husband works in the garment industry as well, his work fetched much lesser salary than her.

Initially, she was a very docile worker who performed her duties as commanded by her supervisors. The company used to have regular over time without pay. Among the workers, they gave their factory a nickname “Ocee” company, which colloquially imply a person or institution that takes the time and energy of another person for free of cost. However, she never dared to talk about it openly.

Coincidentally, she attended a legal awareness class conducted by a NGO in the city. They talked about the concepts of working hours, over time wages, benefits and so on. As Leela was a bright student, it did not take much time for her to grasp that the company was exploiting them by bypassing the labour laws of the land. Slowly, she began to voice her opinion openly in the company. When the management calls a meeting to announce over time work, she would refuse to do it without wages and on a regular basis. She decided not to be a pawn of ‘ocee’ strategy of her company. Along the same time, she got involved with a union. During lunch breaks and tea time, when the workers come out of the factory, she started distributing pamphlets and talking to them about their rights secretly. She was not bold enough to do union activities openly in the factory premises. Gradually, whenever she refuses to do over time work, a few others started supporting her. The management sensed the hidden danger in her presence. Thus, Leela became their target.

Leela’s supervisors began to give her heavy targets everyday. When she would not finish it, they started abusing her verbally. They began to put unnecessary pressure on her in the name of her incapacity to complete targets on time, which was a new phenomenon in her 4 years of work experience in the same company. Using the same reasons, the out pass would not be issued to her so that she cannot leave the factory premises during regular closing hours without finishing her work. She was constantly reminded that she does not meet the required targets and is not good at her job. The common phrase thrown at her was “why don’t you just leave, if you are not coming here to work”. She resisted for some time. However, when it persisted, she could not take it anymore. Everyday she dreaded going to the factory. When returns home after work, she would be both mentally and physically exhausted. After a couple of months, the management won their case when Leela decided to end her fight. She wanted peace of mind and decided to leave her job. She was not aware that an employee should give a paper named resignation letter when they leave their jobs. Hence, the company got the easy way out with no paper work involved to take the case further.
LIFE STORY – 3

Krishna was a young boy of 15 years old when he left his home in 2002. During one of his small fights with his sister, he beat her with his cricket bat and she started bleeding. He got scared and ran away from his home. He took a bus from Karnataka to Tamil Nadu and incidentally reached new bus stand in Tirupur. He sat in the bus stand for 4 days without food. A shop keeper in the bus stand observed this boy and enquired about his whereabouts. He gave him food and introduced him to an agent who hires workers for a garment factory.

He started off as a helper fetching Rs 25/- per shift. He used to do 1 ½ shifts daily. He was a hard working boy and decided to learn the trade as soon as possible. As a helper, he realised that it is the tailor who gets better paid than others. His colleague slowly taught him tailoring and in a short time, he started working as a junior tailor. He was paid Rs 80/- per shift in the beginning. Gradually, he became dexterous in his job. However, he still continues as a contract labourer under a contractor in Tirupur. His work is dependent on the duties assigned to him by his contractor. Since July 2007, his contractor has assigned him in a Wal-Mart certified factory. His wages are dependent on the number of pieces he completes in a day. Due to his dexterity, he is able to stitch tough styles, which fetches more money to a tailor. On an average, he earns about Rs 150/- per shift at present. His only focus is work and he takes over time duty to earn more money. He works 12 hours very day. If there is urgent work to be completed, he would work for 16 – 18 hours a day. If he works on all days in a month, he earns a minimum of Rs 5000/-. If he works hard, he may earn upto Rs 10,000/- at times. Outside his work hours, he works as a helper in a medical shop, which fetches him some pocket money to meet his entertainment expenses like going for a movie or having dinner with his friends.

The downside of his career is that he does not have work throughout the year. The contractor gives them work only for 10 months in a year. During June – July period, he is often left without a job. Whatever money he earns during the year is often sent to his parents who are farmers in Karnataka state. His monthly expenses primarily include Rs 700/- for rent, Rs 1000/- for food. He visits his parents who are 350 kms away from his work place, which incurs transport costs of about Rs 700/- per visit. In spite of all this expenses, he manages to save at least Rs 2000/- for his parents. However, during dip season, he finds it really difficult to manage his monthly expenses. He usually goes back to his village and takes money from his parents for his basic needs.

As far as job security goes, he is confident that his job is secure as long as he does not upset his contractor. For the same reason, he will not talk about his over time hours or denial of minimum wages to anyone.