



FAIR TRADE TEXTILE AND DECENT WORK

**THE IMPACT OF FAIR TRADE ON THE
SUSTAINABILITY OF TEXTILE SUPPLY
CHAINS. CASE STUDY OF 4 INDIAN FAIR
TRADE ORGANISATIONS.**

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Magasins du monde

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ABBREVIATIONS

AFWA: Asian Floor Wage Alliance	GDP: gross domestic product
AITUC: All India Trade Union Congress	GOTS: Global Organic Textile Standard
ATC: Agreement on Textiles and Clothing	GSP: Generalised System of Preferences
CBA: collective bargaining agreement	ILO: International Labour Organisation
CITU: Centre of Indian Trade Unions	IMS: internal monitoring system
CSR: Corporate Social Responsibility	INTUC: Indian National Trade Union Congress
EFTA: European Fair Trade Association	ITUC: International Trade Union Confederation
EPF: Employees' Provident Fund	MFA: Multi-Fibre Arrangement
ESI: Employees' State Insurance	NCEUS: National Commission on Enterprises in the Unorganized Sector
ETI: Ethical Trading Initiative	NGO: non-governmental organisation
EU: European Union	OMM: Oxfam-Magasins du monde
FDI: foreign direct investment	PF: Provident Fund
FIDH: International Federation for Human Rights	RMW: regional minimum wage
FLA: Fair Labour Association	SEWA: Self-Employed Women Association
FOB: free-on-board	WFTO: World Fair Trade Organisation
FT USA: Fair Trade USA	WIEGO: Women in Informal Employment: Globalizing & Organizing
FTA: Free Trade Agreement	WRC: Worker Rights Consortium
FTF-I: Fair Trade Forum India	WTO: World Trade Organisation
FTO: fair trade organisation	
GATT: General Agreement on Tariffs and Trade	
GATU: Garment and Textile Workers' Union	
GAWU: Garment and Allied Workers' Union	

1. INTRODUCTION

In a previous study we analysed the problems of globalised textile supply chains, as well as the various attempts at regulating them, including the alternative of fair trade. We saw the extent to which these supply chains are subject to numerous labour law violations and heavy environmental damage¹.

In order to refine our analysis, this study will focus on the rights of Indian textile workers. In concrete terms we will look more specifically still at the cases of four fair trade organisations. Why India? This continent-country is not known for concealing the most extreme cases of labour rights violations in the textile sector. Bangladesh or Cambodia for example have the finger pointed at them more often, for problems relating to wages and factory safety among other issues².

Even though it is less visible, however, India also has its share of indecent work, as we will see below: numerous cases of forced labour and child labour (for example through the “Sumangali” contracts in Southern India), very limited freedom of association and levels of trade-union membership, wages largely below living wage standards or even the legal minimum, prevalence of informal work, and frequent discrimination towards marginalised populations such as Dalits, migrants, women, etc.

Furthermore, India is characterised by a specific and unusual feature: all the stages of textile production are present on its soil, from cotton growing to garment manufacture, with ginning, spinning and weaving along the way. This makes it an interesting case for studying the improvement of labour rights throughout the whole supply chain, particularly for spinning³ and weaving, two steps that are generally speaking less targeted by regulation policies than garment manufacture (since they are less connected with the final product and therefore with the consumer). Indeed it is no accident that the majority of fair trade clothing suppliers certified by the World Fair Trade Organisation (WFTO) are Indian, it being a country where the integration of fair trade criteria through all production stages is facilitated.

This prevalence of fair trade textiles in India is another reason to make the country the subject of this study. The aim, among other things, is to study the impact of fair trade channels in comparison with the conventional sector. We will do this through four case studies, covering a variety of fair trade organisations (FTOs). A more specific objective will be to better understand the contributions and challenges of these organisations with regard to pay, level of coverage of the supply chain and workers’ empowerment. Ultimately, this work should allow us to formulate a series of recommendations aimed at the various stakeholders, in order to improve the example set by these FTOs for the rest of the Indian textile sector.

¹ <https://www.oxfammagasinsdumonde.be/>

² By way of comparison, in 2014 the legal minimum wages in Sri Lanka, Cambodia, India (Gurgaon region) and China were €52, €73, €76 and €188 respectively. Source: CCC, 2014. Living wage in Asia.

³ The number of spinning factories in India has risen sharply in recent years, particularly in Tamil Nadu (nicknamed the “Indian Manchester” due to its concentration of textiles factories). According to the local NGO SAVE, this rise is linked to a state policy for attracting investment, for instance through numerous tax reductions for businesses.

2. METHODOLOGY

2.1 ANALYSIS QUESTIONS

The aim of this study is to evaluate the impact of and challenges encountered by four Indian FTOs specialising in fair trade textiles. The questions we will ask include: are they capable of combining social and economic quality? Can they succeed in applying the principles and criteria of fair trade in the textile sector, a sector that is demanding and complex? What are the main challenges that they face? Is there a form of organisation, approach, size, etc. which is more likely to work than others?



A worker in a cutting department

2.2 SELECTION OF THE ORGANISATIONS STUDIED

The four organisations that form the subject of this study were selected on the basis of various criteria:

- Suppliers of fair trade textile products. FTOs A, B and C are members of the WFTO (and therefore adhere to the 10 WFTO principles of fair trade), whereas FTO D is Fairtrade and Fair Trade USA certified (and envisages WFTO membership in the future).
- Diversity of size, organisational form, geographical areas and target populations, specifically with organisations of an artisanal type as well as an industrial type, as we will see (the former to a greater extent targeting rural, female and

marginalised populations, unlike the latter).

- The capacity to produce and supply a certain diversity of products, ranging from basic products (e.g. t-shirts, underwear) to fashion accessories (e.g. scarves, bags), to home textiles (e.g. towels, tablecloths), to ready-to-wear garments (e.g. dresses, shirts).

2.3 DATA COLLECTION

The data used in this study were collected during two missions to India, one in October – November 2015 and the other in June – July 2017, through various semi-directive interviews⁴ with:

- The staff and craftspeople/workers of the four Indian fair trade

textile organisations selected. The staff interviewed mainly comprised the directors, the educational activities or campaign managers and the sales managers. These discussions covered amongst other things the functioning of the organisation, relationships with workers or craftspeople, marketing activities, political and educational activities, etc.

- A selection of workers and craftspeople responsible for managing groups or for representing workers within the forums of these organisations (e.g. trade union representatives in the organisations with an industrial profile, or leaders of artisan groups).
- Various external stakeholders, including managers of non-govern-

⁴ Semi-directive interview is a qualitative technique for gathering information that allows the discourse of the person interviewed to be centred around themes defined in advance and documented in an interview guide. Contrary to directive interview, semi-directive interview does not limit the interviewees statements to pre-defined questions, or to a closed framework. It leaves the interviewee the possibility of developing and orientating their comments, the different themes having to be integrated into the thread of their discourse. Source: Eureval. 2010. Réaliser un entretien semi-directif. Fiche technique Eureval.

mental organisations (NGOs) specialising in labour law in the textiles sector, as well as several European experts:

- S.M. Prithiviraj, CARE-T (Coimbatore, Tamil Nadu).
- Aloysius Arockiam and M. Viyakula, SAVE (Tirupur, Tamil Nadu).
- K. Samy, READ (Erode district, Tamil Nadu).
- D.J. Mohanty, independent consultant and auditor (Delhi).
- M. Buddle, Ethical Trading Initiative (United Kingdom).
- P. Williams, independent consultant / Homenet (United Kingdom).
- C. Crabbé, achAct (Belgium).

Various evaluation documents from these organisations (e.g. results of Fairtrade audits, EFTA5/WFTO monitoring, self-assessment reports, etc.) were also recovered in order to supplement the information.

2.4 MINIMUM WAGE

The analysis of pay conditions was mainly conducted with the help of evaluation and audit documents. One of the reasons for this was the difficulty in obtaining precise and consistent figures from the staff and workers interviewed. Regional minimum wage (RMW) values⁶, which

vary in India according to state, workers' skill levels and residential area (urban or rural), were obtained on the WageIndicator Foundation website (and the associated website Paycheck).

With concern for consistency and due to a lack of resources, different living wage values were not calculated for each region but were taken at a national level from two sources, the Asian Floor Wage Alliance (AFWA) and the WageIndicator Foundation. The latter defines and calculates a living wage as the remuneration necessary to cover the



A cotton producer in the field

⁵ The EFTA (European Fair Trade Association), as its name indicates, groups together the major European importers of fair trade. In order to optimise its members' resources, the monitoring of partners is carried out mutually.

⁶ Although insufficient to meet the fundamental needs of workers and their families, the RMW constitutes a minimal element of protection for workers. It should also be noted that 22 Indian states require the employer to pay a "dearness allowance", a percentage that is added to the RMW in order to compensate for inflation, among other things. Source: Artisans du Monde. May 2015. Les prix et les salaires équitables au sein des filières d'Artisans du Monde.

cost of food, housing and transportation, as well as a margin for unexpected expenses (corresponding to 10% of the total amount). Of three available values, the one used corresponds to an average-sized family (the other values are for a single individual and a “standard” family of two parents and two children)⁷.

Unlike other definitions and methodologies, the WageIndicator living wage does not include expenditure for clothing, health and education, which results in relatively low values (14 200 rupees for India), for instance compared to those of the AFWA (18 727 rupees⁸). The AFWA living wage uses a more extensive definition of fundamental needs in that it covers the costs of rent, energy, food, drinking water, clothing, health, social protection, education, transport and savings. In addition, AFWA considers that the living wage should provide a living for three “consumption units” (the worker + 1 adult + 2 children, or the worker + 2 adults, or the worker + 4 children)⁹. Ultimately, the wage practices within the FTOs studied were compared with both the AFWA and WageIndicator calculation systems.

academic value. It simply offers avenues for qualitative analysis of the socio-economic impacts of these organisations, more specifically in terms of the rights of workers/craftspeople, and the challenges they encounter in developing fair trade channels. Furthermore, visits to each organisation were relatively short and therefore cannot have the worth of an audit. This explains why the analyses were also very much based on the study of existing audit documents (taking all the necessary care with regard to their actual worth and ability to capture a complete picture of the situation), as well as the opinions of external stakeholders. Moreover, the personal accounts collected only concern three quite specific geographical areas (Mumbai, Tamil Nadu, Kolkata). It should finally be noted that translation inhibited the fluidity of the discussions and weakened the authenticity of the personal accounts.

2.5 METHODOLOGICAL LIMITATIONS

Given the limited number of FTOs visited and workers/craftspeople interviewed, it is evident that this study has no quantitative or even

7 The living wage is estimated here for a full-time worker and its calculation is adjusted for gender differences in terms of employment rate, in such a way that the total household income if both parents earn a living wage always allows the family's basic expenses to be covered. Source: Artisans du Monde. May 2015. Les prix et les salaires équitables au sein des filières d'Artisans du Monde.

8 After converting the living wage from PPP\$ (Purchasing Power Parity dollars) into rupees. In 2015, this living wage was equal to PPP\$ 1 021. More information can be found on the AFWA website.

9 Artisans du Monde. May 2015. Les prix et les salaires équitables au sein des filières d'Artisans du Monde.

3. ANALYSIS OF THE INDIAN TEXTILE SECTOR

This context analysis will mainly cover aspects peculiar to the textile industry. For a more general analysis of the economic, social and political contexts in India, see the study “Gender and Decent Work” by Oxfam-Magasins du monde¹⁰, for instance.

3.1 THE TEXTILE AND CLOTHING INDUSTRY IN INDIA

India is the 3rd largest world exporter of textile products and clothing, which makes this sector one of the pillars of the Indian economy. It represents a total turnover of \$33 billion, 4% of the gross domestic product (GDP) and 12% of the total value of exports. An illustration of this importance is that India has a ministry dedicated exclusively to the textile sector¹¹. The country also produces a large amount of cotton, which makes it one of the only countries to integrate all stage of textile production in a significant way.

A large part of India’s capacity for textile production was developed in the course of the 1990-2000s, subsequent to:

- **The implementation of the National Textile Policy in 2000.** This



An Indian worker using a handloom

law aimed to create growth in exports and to deregulate the sector through several measures: a reduction in state control of factories, an increase in lines of credit available to them, an end to the takeover of bankrupt factories, development of research and policies to attract foreign direct investment (FDI) in order to acquire new technologies and equipment¹².

- **The progressive end to import quotas for textile products in industrialised countries,** until their disappearance in 2005¹³. This allowed developing and emerging countries

such as India to gradually capture the textile production market, by using their cost-competitiveness, largely based on an abundant supply of low-cost labour.

This growing production has made it possible to largely meet the demand from international buyers¹⁴. Nevertheless, a significant proportion remains destined for the domestic market, for instance that stemming from handlooms or electric weaving looms, which still represent the majority of fabric production (59% and 11% of the total, respectively)¹⁵.

¹⁰ Veillard P. January 2015. Artisanat et genre. Impact de l’artisanat équitable sur l’empowerment des femmes en Inde et au Bangladesh. Etude Oxfam-Magasins du Monde.

¹¹ CCC. February 2015. India country report. An overview of the garment industry.

¹² UCLA. September 2013. Informal worker organizing as a strategy for improving subcontracted work in the textile and apparel industries of Brazil, South Africa, India and China.

¹³ The quota system was governed by the Multi-Fibre Arrangement (MFA), a GATT (General Agreement on Tariffs and Trade) agreement. Its successor, the Agreement on Textiles and Clothing (ATC), was negotiated in the context of World Trade Organisation (WTO) negotiations from 1994 onwards. See also chapter 2.3.1 of the study: Veillard P. December 2015. Travail décent et textile équitable. Impact du commerce équitable sur la durabilité des chaînes textiles. Analyse de contexte globale. Etude Oxfam-Magasins du Monde.

¹⁴ The sector experienced 25% growth in the year 2005 alone, subsequent to numerous international buyers opening sourcing offices in India. In order to respond to demand, Indian suppliers considerably increased their production capacities, including that of ready-to-wear garments, which today represent 45% of textile/clothing exports. Source: Fair Wear Foundation. 2012. Country study India.

¹⁵ This type of equipment is predominantly operated in small extra-legal workshops, in other words workshops that are not or infrequently inspected by the authorities. Source: The Indian Express. 03/06/2015. Why India’s handloom industry needs handholding to get back on its feet.

Formal workers on the other hand benefit from social security through two laws:

- Employees' State Insurance (ESI) Act: this law provides access to healthcare as well as the payment of benefits in case of illness, maternity, accidents at work or work-related illness, for industrial workers in companies with at least 10 employees, whose salary is less than or equal to 10 000 rupees (about €135) per month.
- Employees' Provident Fund (EPF) & Miscellaneous Provisions Act: this makes membership of a pension scheme compulsory for salaried workers in companies with at least 20 employees, whose salary is less than 6 500 rupees (ca. €90). It applies to the whole country and all sectors of activity.

A worrying trend: the latest official employment survey reveals a relatively continuous movement towards informality and precariousness since the end of the 1980s. Over the recent period we also observe a growing proportion of regular urban workers reporting that they have no written employment contract (an increase from 59% to 65% between 2004/5 and 2009/10), as well as a strong growth in the proportion of temporary and occasional workers.

The clothing industry is not spared from this informalisation phenomenon: many employers in the sector offer their employees neither a con-

tract nor access to legal protection, while a growing number of workers work from home, either as self-employed subcontractors, or on an employed basis. Both categories are particularly exposed to the irregularity or cancellation of orders, the absence of reliable supplies of raw materials, late payments and rejected merchandise²³.

In one sense, the regulation of work itself contributes to the persistence of informal work, since it creates a distinction between an "organised" and a "non-organised" sector. An example of this situation is the law regulating working relationships and employment protection, the Industrial Dispute Act of 1947. Offering a high level of protection (it requires an administrative authorisation for redundancies and factory closures), it only applies to companies with

over 50 employees, and in practice is very rarely used²⁴. Likewise, the Factories Act (1948), a fundamental law regulating working conditions in India, does not apply to small businesses²⁵, which excludes *de jure* a very large number of Indian businesses and workers from being covered by law, and as a result from the organised sector²⁶. With regard to subcontracting, the Contract Labour Act (1970) is a law that is comprehensively ignored, and furthermore only applicable to main employers (with the result that most of them use a subcontracting chain in order to avoid it).

Ultimately, only two laws target the entire non-organised sector in Indian labour legislation, the Equal Remuneration Act (1976) and the Bonded Labour System (Abolition) Act (1976). On the recommendation

Women working from home in West Bengal



²³ UCLA. September 2013. Informal worker organizing as a strategy for improving subcontracted work in the textile and apparel industries of Brazil, South Africa, India and China.

²⁴ As an illustration of this lack of effectiveness, the Ministry of Labour identified only 12 businesses that were officially authorised to make redundancies in 2009-10, for a total of 2 146 workers. This Industrial Dispute Act was admittedly amended in 2010 to be more favourable to workers, allowing them to make a direct application to a labour tribunal in cases of litigation connected with losing their jobs, but the lack of resources from which most workers suffer impedes the effectiveness of the law.

²⁵ Less than ten employees for companies with electricity, and less than twenty for those not using electricity.

²⁶ In order to avoid having to apply these laws, moreover, many employers divide their factories into smaller production units.

of a special commission (NCEUS²⁷), a series of laws, including laws introduced at the end of 2014 by the newly elected government of N. Modi²⁸, indeed aims at establishing a universal system of social security. But once again, their coverage, ambition and budgets remain very limited²⁹. In fact the Ministry of Labour and Employment has openly stated many times that it wants *“above all to create jobs”*, the quality of those jobs being only secondary, and in their opinion something that results *“automatically”*³⁰. It is at the regional level that legal systems perhaps succeed best in reaching informal workers, one way being through “welfare boards”, tripartite institutions (government, employers and workers) providing various benefits such as work equipment, help with identification, discussion forums, etc.³¹.

3.2.2 Forced labour

Another major problem in India is the **relatively widespread nature of situations involving forced labour**, which is said to affect several hundred thousand more workers³². As a reminder, the International Labour Organisation (ILO) defines forced labour in its Convention No. 29 as *“all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily”*³³.

India ratified Convention No. 29 in 1954, and Convention No. 105 concerning the Abolition of Forced Labour in 2000. In spite of this, the country is criticised by several international institutions (including the ILO Committee of Experts on the Application of Conventions and Recommendations, as well as the United Nations Committee on the Rights of the Child) for its lack of action in implementing its legislation in this area, for instance the Bonded Labour System (Abolition) Act of 1976. While most observers consider forced labour to be relatively rare in the clothing sector, it is reportedly more widespread within the intermediary stages, weaving in particular, for instance through the “Sumangali” system. This name, which means “happily married

woman”, also designates a system for recruiting and employing young girls from the state of Tamil Nadu, to whom a good salary is promised, along with free board and lodging for the entirety of the contract (3 to 5 years in duration). The parents, most often coming from poor rural areas, are not difficult to convince as they are drawn by the promise of a lump sum at the end of the contract, to be used to pay the dowry of the girl’s future marriage. Unfortunately, the actual conditions are very different from those described, most often combining insalubrious working and living conditions, psychological and/or sexual harassment, excessive working hours, withdrawal of freedoms of movement and communication, etc.

Female workers in a cotton spinning factory in Tamil Nadu



27 The National Commission for Enterprises in the Unorganized Sector reported its conclusions in 2007, recommending the adoption of umbrella legislation which would cover all workers against the most important risks (health, sickness, employment, old age).
 28 Some people consider this type of legislative initiative to be a way for the current government to buy social peace at minimal expense, while delaying the progress of structural reforms in social protection and labour law. Source: CCC, February 2015. India country report. An overview of the garment industry.
 29 The Social Security Bill, a law on social security voted in 2008, thus had no timetable, budget, or even an explicit reference to a minimum right to social security, leaving implementation in the hands of each state. Source: Lerche J. 2012. Labour regulations and labour standards in India: decent work? School of Oriental and African Studies, University of London.
 30 Lerche J. 2012. Labour regulations and labour standards in India: decent work? School of Oriental and African Studies, University of London.
 31 UCLA, September 2013. Informal worker organizing as a strategy for improving subcontracted work in the textile and apparel industries of Brazil, South Africa, India and China.
 32 The Indian Ministry of Labour estimated that in 2007-2008 the number of forced workers was ca. 300 000.
 33 <https://www.oxfammagasinsdumonde.be/>

Arockiam Aloysius, from the Indian NGO SAVE, states for example that *“cases of sexual molestation are quite common”, and “sometimes even rape, which can lead to suicides”*³⁴. In his view, *“these young girls have no or a very weak sexual education and nobody with whom to share their situation. They are in a very delicate and vulnerable position, sometimes even before being recruited into these factories. This makes them easy potential prey. The risk factors, that is to say the probability of a young girl falling into these Sumangali schemes, are really multi-factorial and cumulative: ethnic origin and/or caste, of course [see also chapter 3.2.4], but also for example having been subject to violence or aggression in childhood, having left school early, and having few work prospects, as in the case of arid regions with low agricultural development”*.

Despite international attention aroused by the work of NGOs like SAVE, which was followed by several brands promising to put an end to these practices, many young girls continue to work in these type of conditions, through similar contracts which differ only in name (e.g. “Mangalya Thittam”, “marriage scheme”, “camp coolie system”). All are considered as “soft” forms (i.e. less explicit than average) of human trafficking.

According to Karyppu Samy from the NGO READ, *“International attention*

Rapes in factories

In a report for the Fair Wear Foundation (FWF) in 2013¹, Mary Vijakula from the NGO SAVE related numerous cases of sexual harassment, violence and even rape detected by her organisation in Indian textile factories. She thus cited the extreme case of a young 16-year-old girl, found dead in a spinning factory with hair dye in her mouth, seemingly indicating a suicide. But the autopsy showed that in fact she had died from injuries consecutive to a gang rape, and the dye had been added *post mortem*. In the absence of a police enquiry, SAVE investigated the affair itself, and discovered that the young girl, who had arrived at the factory when she was 12, had been mistreated for years by several supervisors and managers.

1 Fair Wear Foundation. 2013. Standing firm against factory floor harassment. Preventing violence against garment workers in Bangladesh and India.

*has only served to move these practices away from garment manufacture and into previous production stages, particularly into spinning factories. The latter are not very visible and are difficult to access for trade unions, brands, NGOs and other stakeholders as they are often situated in remote rural areas”*³⁵.

Martin Buddle, from Ethical Trading Initiative, specifies that wide disparities exist, even at the regional level. *“The Bangalore region, in the state of Karnataka [editor’s note: North of Tamil Nadu] mainly comprises large well established factories, with relatively progressive practices. In comparison, the Tirupur region is characterised by numerous small units, with informal conditions and a very substantial amount of hidden subcontracting”*.

According the research and sources of READ, *“Nearly 50 000 girls are*

*still involved in these different forms of slavery, across the 400 or so spinning factories of Tamil Nadu”*³⁶. K. Samy is not fundamentally opposed to accommodation that directly adjoins factories, but he denounces the low number of factories (about 30, he says, out of the 400 or so in the area) registered under the Tamil Nadu Hostels Act, a law regulating the housing conditions of workers in the sector.

3.2.3 Child labour

Given the age of the young girls recruited (from 15 years onwards), these systems of the Sumangali type also constitute **a violation of the ILO conventions on child labour**, in particular Convention No. 182 concerning the Worst Forms of Child Labour³⁷. India has ratified neither this convention, nor Convention No. 138 (concerning Minimum Age).

34 According to the local NGO READ, 85 deaths of young girls in 2014 were linked to Sumangali or other recruitment schemes.
 35 According to SAVE, another consequence of this international attention has been a change in strategy from the recruiters, who have improved the attractiveness of the schemes (e.g. the marriage premium had gone from 30 000 rupees on average to 110 000 rupees in 2014).
 36 An example of the general indifference to this situation is provided by a recent petition sent by trade unions of the region to the High Court of Madras, for an enquiry into the prevalence of these schemes. Despite the many signatures collected, the Court refused to acknowledge the call as being in the public interest, redirecting unions towards the public authorities responsible for implementing the various labour laws.
 37 The NGO SOMO’s report denouncing these practices in Tamil Nadu ascertained that 60% of workers were under 18 in the factories investigated (the youngest were 15 years old), despite the fact that the working conditions could clearly be described as dangerous. Source: SOMO. October 2014. Flawed Fabrics. The abuse of girls and women workers in the South Indian textile industry.

The country nevertheless has a law regulating the work of minors, the Child Labour (Prohibition and Regulation) Act of 1986. This law was recently amended, to bar children under 18 from industries judged to be “dangerous”, and those under 14 from all “commercial” work. “Family” work in agricultural or handicraft concerns is authorised, as long as it does not compete with the children’s fundamental right to education (a 2009 law covering children from 6 to 14 years old). The apparent flexibility of this law, and the lack of clarity of the sectors covered (linked for one to the family-run nature of many businesses in India), make many NGOs afraid that this amendment will increase the prevalence of child labour³⁸.

The most recent national census (2011) ascertained the number of children working in India to be 4.3 million (about 2% of all children aged 5 to 14 years), predominantly in agriculture (about two thirds, including in cotton farming)³⁹. The clothing and textile industry is reportedly less implicated, although NGOs regularly note cases, particularly in the carpet⁴⁰ and embroidery sectors. The risks rise sharply in instances of informal work, working from home and/or in subcontracting workshops that have no direct link with buyers.

3.2.4 Discrimination

The Sumangali system also illustrates another feature of the Indian working world: the **frequent cases of discrimination**, linked to the

deeply unequal nature of Indian society⁴¹. Most workers recruited in this system are indeed young girls (considered more malleable), Dalits (i.e. low caste), and/or from minority backgrounds (Muslim or from indigenous tribes).

Yet India once more has a good legislative arsenal in this area: Article 15 of the Constitution prohibits discrimination based on caste or gender, while various laws are intended to protect women at work, such as the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act of 2013. Furthermore, India ratified ILO Convention No. 100 concerning Equal Remuneration in 1958, as well as Convention No. 111 concerning Discrimination (Employment and Occupation) in 1960.

Young girl working in a garment manufacturing factory in Tamil Nadu



Despite these various laws and other principles of positive discrimination (allocating for example a certain number of public service jobs to low castes), the country falls short, as is often the case, on implementation. Indigenous populations and members of low castes are indeed still frequent victims of discrimination⁴². Management posts, for example, are usually reserved for personnel from high castes and urban middle classes.

³⁸ Itélé. 21/05/2015. Inde : Une réforme de la loi régulant le travail des enfants inquiète les ONG.

³⁹ ILAB. 2013. Findings on the worst forms of child labour.

⁴⁰ Carpet production is concentrate in India in what is called the “Carpet Belt”, in the Indian state of Uttar Pradesh. The Indian government historically encouraged child labour in this region, in order to meet international demand. Child labour has nevertheless decreased there, as a result of numerous media campaigns (in particular in the United States). These campaigns also led to the creation of the “Rugmark” certification. Source: Kara S. 2014. Slavery and child labor in India’s hand-made carpet sector. FXB Center for health and human rights, Harvard school of public health.

⁴¹ The Gini index, which measures inequalities in income within a country, thus went from 30.8 in India in 1994 to 33.4 in 2005, although it had experienced a drop in the 1980s. More than 500 million Indians are still living below the poverty threshold, constituting 42% of the country’s population and a third of the planet’s poor. Moreover, India remains considerably fragmented: according to class, caste and religious community, but also at a geographical level, with divisions between a poor North-East and the prosperous states of the South and West, as well as between towns and countryside. More than ever before, the poor of India have a single face: they are mainly rural, Adivasis (tribes), Dalits (untouchables), Muslim and female. Source: Leroy A. Avril 2014. Inde qui brille, Inde qui pleure. Image dlm n°24.

⁴² The Fair Wear Foundation has identified, for instance, significant shortcomings in implementing the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. To try to remedy this, it carried out field work to train workers and employers, including setting up effective complaint management mechanisms. Source: Clean Clothes Campaign. 2014. Facts on India’s garment industry.

The Fair Wear Foundation (FWF) recently noted an almost total absence of complaint committees in Indian textiles factories, which are however required by the 2013 sexual harassment law, as well as a low level of awareness among workers⁴³. In addition, women are very often excluded from positions of responsibility in these factories, or are even victims of dismissal in the event of pregnancy. Workers belonging to a trade union (or seeking to join one) are for their part often persecuted or even dismissed on false pretexts.

3.2.5 Freedom of association and collective bargaining rights

Despite the historical presence of trade unions in India (see box), **Indian workers' capacities for collective organisation are limited**, sometimes non-existent. Moreover, India has ratified neither ILO Convention No. 87 concerning Freedom of Association and Protection of the Right to Organise (1948), nor Convention No. 98 concerning the Right to Organise and Collective Bargaining (1949). Freedom of association may well be guaranteed in theory by the

Constitution (Article 19) and the Trade Union Act of 1926, but in practice the level of trade union membership is very low, particularly in the textile industry (where it is estimated at 4%). Likewise, the number of collective agreements is practically non-existent (estimated at only 3% in the formal sector generally), the only counter-example in the textile sector being the Tirupur Tripartite Wage Agreement (see chapter 3.2.6)⁴⁴.

The different types of trade union in India

A relatively wide variety of trade unions exist in India, differing according to their target audiences and organisational strategies:

- **Traditional unions affiliated to a political party.** These unions primarily organise formal workers in factories, in particular those dedicated to exports. Included in this category are: the AITUC (All India Trade Union Congress, affiliated to the Communist Party), the INTUC (Indian National Trade Union Congress, affiliated to the Congress Party), the CITU (Centre of Indian Trade Unions, affiliated to the Communist Party of India (Marxist)), and the BMS (Bharatiya Mazdoor Sangh, affiliated to the BJP, the Hindu nationalist party with a government majority).
- **Independent unions.** They differ from traditional unions in the sense that they have no political affiliation and they are open to informal workers. They are more innovative and adaptable, but, not having many members yet (several thousand), they possess far fewer human and financial resources. In textiles, the GAWU (Garment and Allied Workers' Union, in the Delhi region) is included in this category, as well as the GATU (Garment and Textile Workers' Union, Bangalore region).
- **Independent unions for informal workers.** These unions are not linked to political parties either, but, unlike the previous category, membership is limited to informal workers only (i.e. those working in subcontracting workshops or from home), predominantly producing for the domestic market. The main organisation of this type is SEWA (Self-Employed Women Association), a trade union founded in 1971 for self-employed women, which had more than a million members in 2011. SEWA is behind the Homenet network, a platform grouping together 290 organisations from South Asia and representing 50 million informal workers, of which 80% are women⁴⁵.

⁴⁵ Fair Wear Foundation. 2012. Country study India.

⁴³ Fair Wear Foundation. Country Plan India 2015.

⁴⁴ Fair Wear Foundation. 2012. Country study India.

- The difficulties trade unions have in organising workers can be explained by many factors:
- The **high turnover rate of workers**, which weakens the stability of trade union membership. Many workers prefer to leave their jobs than to confront their superiors, which limits the usefulness of unions for most of them.
- Amendments to the Trade Union Act in 2001 made **registering unions with the authorities more difficult** (e.g. minimum 10% representation, or 100 workers), a problem which is often accentuated by collusion between public officials and employers⁴⁶.
- The reluctance, if not **hostility from most employers towards any form of unionisation**. Even though discrimination towards unions is prohibited by the Trade Union Act, they are often unable to gain access to factories⁴⁷. Numerous cases of harassment and violence (sometimes criminal) are also found. More subtly, having to meet outside of the workplace and of working hours, the high productivity targets, the long hours etc., are all practical obstacles to freedom of association. In a large number of factories, workers' committees, whose representatives are chosen by management, are used as a pretext for the absence of trade unions. As is logical to expect, these committees prove totally incapable of dealing with the complaints and demands of workers⁴⁸.
- Their difficulties and reticence in **integrating women**, at a time when they constitute a growing proportion of the workforce in the textile industry. The fact that they are usually excluded or dissuaded from joining unions clearly diminishes the latter's credibility and representativeness.
- The **relocation of factories to areas that are more remote** geographically, and more difficult for unions to reach. According to A. Aloysius, *"the spinning factories of Tamil Nadu historically have always had a strong trade union culture and presence, but the latter has sharply diminished with factories moving to remote rural areas."*
- **The existence of a right to lock-out** for employers in the private sector, in other words the possibility of closing their business in cases of social conflict and ceasing to pay wages⁴⁹.
- A form of **competition from NGOs**. Many have become very active in issues of labour law, attracting international funding in an area previously comprehensively ignored. In Tamil Nadu, SAVE, READ and CARE-T were for example able to draw attention to Sumangali schemes very early on. Yet there is a risk that these NGOs perpetuate the status quo, and serve as a pretext or palliative measure for the absence or weakness of local trade unions, while only making a marginal contribution to improving workers' situations⁵⁰.
- The **government's deregulation policies**. Initiated during the wave of liberalisation seen in the 1980s, these policies have exacerbated the informal and unprotected nature of the textile industry, by favouring subcontracting and by weakening the enforcement of labour legislation in the formal sector. This has led more and more employers to replace their regular workers with contractual/temporary workers, drawn from those in the most precarious positions, particularly migrants⁵¹. Export processing zones best illustrate this deregulation, and constitute its most extreme form, labour law being shown very little respect within them (some of them do not even come under the jurisdiction of the Ministry of Labour, but directly under that of customs officers).
- A **decline in the power and influence of traditional trade unions**, associated with this rise in subcontracting and informality. As membership of these unions is limited only to formal workers, employers' growing use of informal workers who are geographically dispersed (in various subcontracting workshops, at unregistered weaving looms, or at home) automatically weakens them. In this context, trade unions have been

⁴⁶ FIDH. May 2014. Behind the show room : the hidden reality of India's garment workers.

⁴⁷ NGOs are sometimes better placed to enter certain factories that are inaccessible to trade unions, in order to carry out capacity-building work, provide health care, etc. This work has nevertheless been criticised, considering that it only improves workers' rights in a marginal way, while removing responsibility from the authorities and replacing union membership, the only source of significant improvements. Source: FIDH. May 2014. Behind the show room: the hidden reality of India's garment workers.

⁴⁸ FIDH. May 2014. Behind the show room: the hidden reality of India's garment workers.

⁴⁹ Centre d'Analyse Stratégique. November 2012. Droit du travail et protection des travailleurs dans les pays émergents. Annexe 3 : l'Inde. Note d'analyse n°301.

⁵⁰ Nonetheless, this risk must be put into perspective, given that the new Modi government is putting an incredible strain on the whole of civil society. S.M. Prithiviraj, from the NGO CARE-T, thus tells us that it has become "very difficult to obtain the necessary licences for obtaining funds from international donors". Source: FIDH. May 2014. Behind the show room : the hidden reality of India's garment workers.

⁵¹ CCC. 2014. Living wage in Asia.

unable (or unwilling) to redefine their strategies, limiting themselves to classic demands (formal protection for all workers, minimum wages, pensions and health insurance, etc.). Some observers consider that the affiliation of most of these unions to a political party also has a tendency to fragment movements and impede the unification of social action.

This inability of traditional unions to adapt to an increasingly hostile and shifting environment contrasts with the relative dynamism of independent trade unions. The latter do not settle for a classic approach focussed on labour law *per se*. They cover a large number of marginalised informal workers, also providing them with forms of social and civic support within their own communities.

More particularly, the independent union SEWA (Self-Employed Women Association) concentrates specifically on the rights of informal workers, developing pioneering strategies for organising them and improving their rights even given

their informal status. Examples are the formation of cooperatives to bulk buy fabric waste, that the women rework then resell as dresses and other items of inexpensive clothing; the organisation of workers in charge of transporting garments; the negotiation of minimum wages on a piece rate basis (rather than an hourly rate).

Thanks to these strategies championing the civic and labour rights of their members in a specific way, these organisations have gained experience and an (international) reputation. They are increasingly recognised at different levels of power (federal, regional, local), thus countering the general tendency towards weakening of mechanisms of social protection and collective bargaining in India⁵².

3.2.6 Wages

One of the most visible consequences of the relative weakness of trade unions in India is undoubtedly the **low level of wages**. Minimum wages are governed by the Minimum Wage Act of 1948, as well as by the Constitution, which stip-

ulates that *"The State shall endeavour to provide all workers with a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities"*. With regard to international conventions, India has ratified ILO Convention No. 26 concerning the Creation of Minimum Wage-Fixing Machinery but not No. 131 concerning the Minimum Wage.

Minimum wage calculation in India⁵³

In line with a recommendation made by the Indian Labour Conference of 1957, the Indian minimum wage takes five criteria into account:

- Access to 3 consumption units for one earner (i.e. family made up of two adults and two children);
- Access to a minimum of 2 700 calories per adult per day;
- Access to 72 yards of fabric for clothing;
- Access to rent at least equivalent to that charged for social housing;
- Access to fuel, lighting and other miscellaneous items of expenditure to constitute 20% of the total minimum wage.

53 Centre d'analyse stratégique. Droit du travail et protection des travailleurs dans les pays émergents. Annexe 3 : l'Inde.

A demonstration in India in 2013



52 Tilly C. et al. September 2013. Informal worker organizing as a strategy for improving subcontracted work in the textile and apparel industries of Brazil, South Africa, India and China.

In 1991, other criteria were added by a decision of the Indian Supreme Court, stipulating the following must also be taken into account:

- Access to education, medical care and minimum recreation for children, to constitute at least 25% of the minimum wage;
- Local conditions and other factors influencing the wage level.

In practice, the central Government defines a minimum wage floor every 5 years. In July 2015 this was 160 rupees per day (4 160 rupees per month, for 26 working days, which is a little under €60)⁵⁴. Each of the 29 regional states is then free to establish its own minimum wage above this value (see examples in Table 1). Ultimately, and although the various minimum wage values are extremely diverse, the average Indian minimum wage was estimated to be €51.70 per month in 2013, which is just above the national minimum wage and nearly three

times lower than the living wage calculated for the same year by the Asian Floor Wage Alliance (€195.30)⁵⁵. As mentioned above, these low values are explained by factors that include the decline in power of trade unions, as well as the weak influence of collaborative bodies concerned with wages⁵⁶. Despite two large-scale national strikes over wage demands in 2013 and 2015, no recent progress has been made in this area and the latest law drafted by the Modi government merely reiterates previous legislation (i.e. a low value floor at the national level, and wide room for manoeuvre given to regions)⁵⁷.

In the formal sector (to recap this concerns a minority in India, i.e. about 7% of workers), minimum wages are generally higher than legal minimum wages (national and regional) because they are subject to collective agreements. But these agreements are rare, particularly in

the textile industry. The best example is undoubtedly the Tirupur Tripartite Wage Agreement. Negotiated between trade unions and the Tirupur Exporters' Association, this agreement came into force in 2007 and has enabled significant wage increases, and as such has been described as a “*major victory*” by trade unions.

Organisations such as Cividep India have nevertheless criticised a failure to take inflation into account, as well as the low number of workers covered⁵⁸. A. Aloysius thus tells us that “*no re-evaluation of the minimum has been carried out, for instance to take inflation into account, since the law was introduced a decade ago.*”

Furthermore it should be noted that wage levels vary according to the skill level of workers. In reality, most of them are confined to the “unskilled” category because no system

TABLE 1. Living wages and legal minimum wages in India for unskilled workers in the textile sector

Area	Living wage		Minimum wage	% AFWA living wage	% Wage Indicator living wage
	AFWA	Wage Indicator			
National	18 727	14 200	4 160	22%	29%
Maharashtra			6 983	37%	49%
West Bengal			5 600	30%	39%
Tamil Nadu			7 957	42%	56%

⁵⁴ Fair Wear Foundation. 2016. Country study India.

⁵⁵ Conversion into rupees (2013) gives us a national minimum wage of about 3 700 rupees, and an AFWA living wage of about 14 000 rupees. Inflation explains the difference in values between this 2013 data and the data used later in this study, which are from 2015. Source: Clean Clothes Campaign. 2014. Facts on India's garment industry.

⁵⁶ To facilitate negotiations regarding wages, the Indian Government established tripartite committees in the 1950s-1960s. Known as “Wage Boards”, these committees connect employers' representatives, trade unionists and independent persons and are responsible for formulating recommendations concerning the desirable evolution of wages. But these recommendations are not binding, and the influence of these committees has sharply declined over time. Source: Centre d'analyse stratégique. Droit du travail et protection des travailleurs dans les pays émergents. Annexe 3 : l'Inde.

⁵⁷ These national and multi-sector strikes of February 2013 and September 2015 demanded, amongst other things, minimum wages of 10 000 and 15 000 rupees (€135 and €200) per month respectively. Source: Bhowmik S. November 2015. Fixing minimum wages in India : skirting real issues. Global Labour Column n°221.

⁵⁸ Fair Wear Foundation. 2012. Country study India.

actually exists for evaluating and certifying skill levels⁵⁹.

Lastly it should be remembered that minimum wage legislation does not cover a significant proportion of informal workers (self-employed, working from home, domestic workers, etc.)⁶⁰ and that even when minimum wages exists, they are not always adhered to (among other things because of a lack of checks⁶¹, as well as the low level of awareness among workers regarding the way in which wages are calculated)⁶².

3.2.7 Working hours

The issue of wages is quite clearly directly linked to working hours. Many textile workers effectively have no choice other than to work **many hours of overtime** to supplement their low incomes, which means less free time and often even family separation⁶³.

In this area, India has ratified the oldest ILO Convention (No. 1), which is translated into the Factories Act. This specifies that the legal working week comprises 48 hours (6 days of 8 hours), and that possible overtime hours, on a voluntary basis, must not exceed 12 hours per week (a total of 60 hours, with at least one day off in a period of 7 days). Furthermore they must be compensated by higher pay (1.5 times the wage during normal working hours, and

double the wage outside of these hours, i.e. night-time, Sundays and national holidays).

Although no official statistics are available, it is estimated that the majority of Indian textile workers are working beyond the legal limits, something that is linked to the small number of labour inspectors for one. These long working hours can also constitute a risk in terms of assault, particularly for women (a law which prohibited women from working after 7pm has been modified, extending the limit to 10pm)⁶⁴.

3.2.8 Health and safety conditions

Broadly speaking, **health and safety conditions in the Indian textile industry are very unequal**. The situation

is certainly less dramatic than in some countries, such as Bangladesh, for example with regard to fire safety standards (in most factories these are in place and are regularly monitored). Conditions nevertheless remain problematic in certain areas and certain sectors of the industry, particularly small subcontracting workshops and spinning factories. In any case it is very difficult to obtain consolidated statistics, as these health and safety issues are covered by several bodies (and none in the non-organised sector).

The principal legislation in this area is the Factories Act of 1948. As is often the case in India, this law offers

relatively high protection but is ineffective due to poor implementation. The primary reason is understaffing in labour inspection bodies, who furthermore have to cover a very large number of different industries (at the expense of the oldest and least economically robust industries, such as textiles). Consequently, the number of infractions brought to the attention of tribunals is very low, as is by extension the number of employers convicted. To illustrate this situation, while the ILO estimated the number of fatal work-related accidents to be 47 000 in India 2008, only 179 were officially reported by the Indian authorities the same year⁶⁵.

The problem is accentuated by widespread corruption, in particular in the textile “hubs” of Tirupur and Coimbatore. Certain politicians, government officials and even inspectors own factories themselves or have a strong economic interest in them. In 2014, for example, the NGO SAVE reported the case of an inspector being refused entry to a spinning factory suspected of employing more than 200 children, after receiving a telephone call from a high-ranking local official⁶⁶.

With regard to health and general working conditions, the most frequent violations noted by inspection services in the textile industry

59 Fair Wear Foundation. Country Plan India 2015.

60 Examples: the law on the minimum wage does not apply to piece-workers, while garment stitching is not listed as an activity in the Minimum Wages Act. Source: FIDH. May 2014. Behind the show room: the hidden reality of India's garment workers.

61 In addition to the small number of inspectors, for example, the fines imposed for infringing the Minimum Wages Act, in the order of 500 rupees, are not a good deterrent. Source: Lerche J. 2012. Labour regulations and labour standards in India: decent work? School of Oriental and African Studies, University of London.

62 The results of various employment surveys show that only regular workers and male public sector temporary workers in urban areas report earning at least the minimum wage. Source: Centre d'analyse stratégique. Droit du travail et protection des travailleurs dans les pays émergents. Annexe 3 : l'Inde.

63 Many women from rural areas, forced to migrate to towns to find work in the textile industry, cannot properly look after their children. Because of the cost of private crèches and the small number of crèches provided by employers (which however are required by law), they are forced to leave them with their grandparents, often located hundreds of kilometres away. Source: CCC. 2014. Living wage in Asia.

64 Fair Wear Foundation. 2012. Country study India.

65 Centre d'analyse stratégique. Droit du travail et protection des travailleurs dans les pays émergents. Annexe 3 : l'Inde.

66 FIDH. May 2014. Behind the show room : the hidden reality of India's garment workers.

are reportedly overcrowding, a lack of crèche facilities (for factories with more than 30 employees), a canteen (250 employees), or even adequate toilets⁶⁷.

3.2.9 Conclusions

Table 2 summarises the various pieces of labour law legislation in the Indian textile sector, and their corresponding levels of implementation. While the country has ratified only 4 of the 8 fundamental ILO Conventions⁶⁸, on the face of it they have a substantial body of legislation. But after reviewing the situation in the preceding chapters, the final picture we are left with is, in reality, one of **numerous systematic violations of workers' rights**. Indeed, even though India receives less media attention than its neighbours in Bangladesh, Cambodia or China, it receives the same rating as them on the 2015 ITUC (International Trade Union Confederation) Global Rights Index of world's worst countries for workers (see Figure 1): a score of 5, which according to the international union corresponds to *"the worst countries in the world to work in"* where *"the legislation may spell out certain rights"* but *"workers have effectively no access to these rights"*⁶⁹. According to the Fair Wear Foundation, the most common problems in the Indian textile sector are:

- The absence of trade union freedom or the right to collective bargaining;

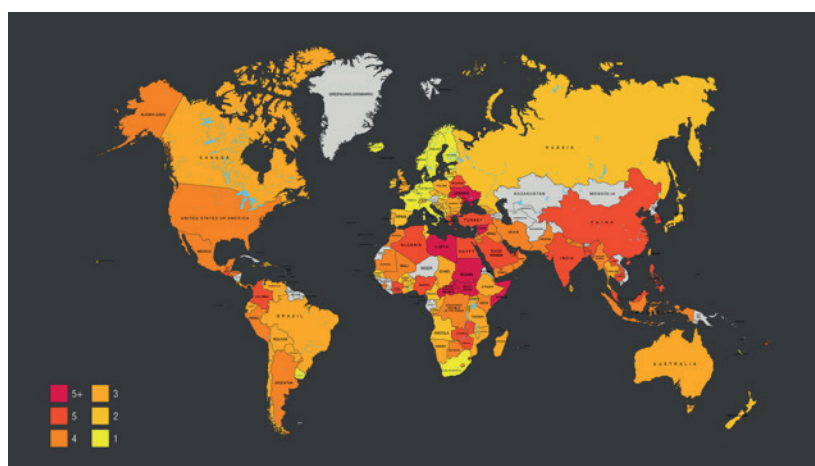
- Wages systematically below the living wage, if not the minimum wage;
- Excessive overtime;
- And, by no means least, the absence of a legally binding employment relationship, with a resulting rate of informal work that is among the highest in the world⁷⁰.

Furthermore, the International Federation for Human Rights (FIDH) emphasises the extent to which Indian textile workers are subject to an alarming level of control, both within factories and potential adjoining accommodation, including restricted freedom of movement and communication. The most striking example of this, as well as of child labour, gender inequality and discrimination, is the Suman-gali system of work contracts. Despite media exposure and the field-work of numerous organisations, use of the system has barely de-

clined and it remains prevalent in other forms or under other names⁷¹.

Above and beyond the textile sector, one of the country's priorities remains the better enforcement of labour law and its extension to the majority of informal workers. Whether they work in workshops, at home or in factories without a contract, these workers are still extremely numerous and vulnerable, despite the appearance of specific forms of trade union such as SEWA. In an unfavourable political context, which is a vehicle for economic liberalisation and increasing job insecurity, a major challenge therefore seems to be the strengthening of workers' collectives and the various forms of action led by trade unions, amongst other things in order to achieve greater social protection for informal workers⁷².

FIGURE 1. ITUC Global Rights Index of the world's worst countries for workers⁷³



67 Fair Wear Foundation. 2012. Country study India.

68 As a reminder, the ILO Conventions ratified by India are Nos. 29 (Forced Labour), 100 (Equal Remuneration), 105 (Abolition of Forced Labour) and 111 (Discrimination).

69 ITUC. 2015. Global Rights Index. The world's worst countries for workers.

70 Fair Wear Foundation. Country Plan India 2015.

71 FIDH. May 2014. Behind the show room : the hidden reality of India's garment workers.

72 Centre d'analyse stratégique. Droit du travail et protection des travailleurs dans les pays émergents. Annexe 3 : l'Inde.

73 5+ = No guarantee of rights due to the breakdown of the rule of law, 5 = No guarantee of rights, 4 = Systematic violation of rights, 3 = Regular violations, 2 = Repeated violations, 1 = Irregular violations.

TABLE 2. Summary of the principal pieces of international and national legislation associated with labour law in the Indian textile industry, and their corresponding degrees of implementation.

Area	ILO Conventions	Ratification	National legislation	Level of implementation
Formalisation of employment relationships	No. 158, Recommendation No. 198	No. 158: No No. 198 : N/A	<ul style="list-style-type: none"> • Industrial Dispute Act (1947) • Factories Act (1948) • Contract Labour (Regulation and Abolition) Act (1970) • Employees' State Insurance Act • Employees' Provident Fund & Miscellaneous Provisions Act 	<ul style="list-style-type: none"> • Indian employment law only marginally enforceable and enforced, owing to its complexity and rigidity. • Rate of informal work very high and still rising. • Multiplicity of employment statuses and relationships.
Forced labour	Nos. 29, 105	No. 29: 1954 No. 105: 2000	<ul style="list-style-type: none"> • Bonded Labour System (Abolition) Act (1976) • Contract Labour (Regulation and Abolition) Act (1970) 	<ul style="list-style-type: none"> • Legislation not applicable to the informal economy. • Various forms of disguised forced labour (e.g. compulsory overtime). • Sumangali schemes in South India.
Child labour	Nos. 138, 182	No. 138: No No. 182: No	<ul style="list-style-type: none"> • Child Labour (Prohibition and Regulation) Act (1986) 	<ul style="list-style-type: none"> • Children < 18 years banned from "dangerous" industries (e.g. handlooms or electric weaving looms), children < 14 years from "commercial" work, but not from "family" work. • Prevalence of child labour in cotton farming and carpet/embroidery workshops. • Sumangali schemes in South India.
Discrimination	Nos. 100, 111	No. 100: 1958 No. 111: 1960	<ul style="list-style-type: none"> • Constitution (Article 15): Prohibition of any discrimination based on caste or gender • Equal Remuneration Act (1976) • Sexual Harassment at Workplace (2013) 	<ul style="list-style-type: none"> • Persistence of the caste system. • Various forms of gender discrimination (e.g. dismissal in cases of pregnancy), psychological and sexual harassment of women, in particular at work. • Sumangali schemes in South India.
Freedom of association and collective bargaining	Nos. 87, 98	No. 87: No No. 98 : No	<ul style="list-style-type: none"> • Constitution (Article 19) • Trade Union Act (1926) • Industrial Disputes Act (1947) 	<ul style="list-style-type: none"> • Weakness and inertia of traditional unions. • Discrimination towards union members and workers' representatives. • Unionisation and collective organisation difficult in the informal sector.
Wages	Nos. 26, 131	No. 26: 1955 No. 131: No	<ul style="list-style-type: none"> • Minimum Wage Act (1948) • Payment of Wages Act (1936) • Payment of Bonus Act (1965) 	<ul style="list-style-type: none"> • National and regional minimum wages very far from the living wage. • Weak implementation of legal minimums, linked to the limited number of labour inspections.
Working hours	No. 1	No. 1: 1921	<ul style="list-style-type: none"> • Factories Act (1948) 	<ul style="list-style-type: none"> • Many hours of overtime, compensating for low wages and linked to the limited number of labour inspections.
Health and safety conditions at work	No. 155	No. 155: No	<ul style="list-style-type: none"> • Factories Act (1948) • Maternity Benefit Act (1961) 	<ul style="list-style-type: none"> • Relatively good implementation. • Inadequacies in terms of crèches, canteens, toilets.

4. A COMPARATIVE ANALYSIS OF 4 INDIAN FAIR TRADE ORGANISATIONS

4.1 GENERAL OVERVIEW AND ECONOMIC VIABILITY

4.1.1 FTO A

Since its creation in the 1990's, the philosophy of FTO A has been to provide access to international export markets to traditional craftspeople from marginalised populations. The aim is evidently to improve their standard of living, and also to combat the rural exodus and champion traditional Indian handicrafts, a sector that is in sharp decline in view of strong competition from low cost products made in countries such as China.

The company's offices are situated in West Bengal, but there is no set geographical limit for the location of groups of artisan suppliers (most of which are cooperatives). These

groups are consequently dispersed over many regions of India, from Kashmir to Kerala to West Bengal, predominantly in small villages or towns. In total FTO A supports about 5 000 families, with a staff of 17 employees, for a turnover of about €700 000 (2011). It selects these suppliers on the basis of their needs and standards of living, primarily targeting marginalised populations, and also according to their skills in terms of traditional handicrafts. The result is that the organisation can supply its many customers (mainly Europeans) with a large range of quality products: fashion accessories (e.g. scarves, saris, leather belts and bags), homewares (e.g. organic cotton oven gloves, tablecloths, aprons), decorative objects, jewellery, etc. It ensures the fair nature of production via the WFTO Guarantee.

The services provided to artisan groups by its development arm include accounting, design, assistance with product development, quality control, and organising production, logistics and human resources. The administrative support is particularly valued in that it allows craftspeople to concentrate 100% on the development and creation of new products. FTO A also provides them with regular and diverse training (e.g. English, information technology, accounting, workshops in vegetable dyes or ecologically friendly leather), as well as technical and financial support (e.g. construction of permanent workshops or effluent treatment centres). FTO A's business model is thus fairly original compared to the traditional FTOs of the integrated fair trade channel. The latter are generally focussed on a geographical area, be it large or small, and products which are relatively specialised. FTO A is characterised in contrast by a very wide geographical dispersal and a wide range of quality handicraft products, made by family-run groups of self-employed artisans that are historically specialised in a culturally specific craft (and therefore *a priori* have an above average "ancestral" expertise). An example is saris, scarves with very elaborate motifs, difficult to produce industrially because they are very complex in terms of design. The added value of FTO A is thus essentially found in their selection of craftspeople, the

A worker on a weaving loom



technical support provided to them, and above all the promotion and marketing undertaken among fair trade buyers to obtain market access. The organisation appears to be in relatively good economic health, even though it is the smallest of the FTOs studied here and is suffering, as are most FTOs in the handicraft sector, from a decrease in orders from traditional fair trade buyers.

4.1.2 FTO B

Created in the 1980's, FTO B is a social economy enterprise pursuing autonomy for disadvantaged women⁷⁴ from the slums of Mumbai and/or from tribal populations subject to discrimination. It fulfils this objective by providing these women with access to markets, technical and organisational support, as well as a range of social services. Its beginnings were modest: essentially training a few self-employed women in sewing, in order to make relatively simple products (home textiles, toys, bags, etc.). The organisation then gained momentum: it becomes an official member of the WFTO in the beginning of the 2000s and later a member of the WFTO Guarantee System. Today, its turnover was in the region of \$1 million per year, compared to about \$50 000 in 2000. It works now with more than 150 craftswomen, organised into 11 independent groups, with 250 seasonal workers (at peak times) in addition. When the recipients of social services (savings and micro-credits) are added, it reaches

a total of nearly 900 beneficiaries⁷⁵. Responding to demand from customers, its product range has greatly diversified. Since the beginning of the 2000s, for instance, it has included a clothing collection, essentially for women (dresses, tunics, trousers, etc.), part of which is made from organic cotton (Global Organic Textile Standard or GOTS certification). Its export customers include both specialised fair trade importers and conventional importers. Furthermore, it markets a proportion of its products (about 15%) through a local network of shops, one of which is in the offices of the organisation itself.

This various information reveals an economically healthy FTO, enjoying sustained growth for over a decade thanks to sound management and good product development. More-

over, it is considered to be a reliable source of fair trade clothes by a number of importers. Nevertheless, several buyers have admitted to only ordering relatively simple products from it, arguing that it has a limited capacity for supplying complex products on time. It clearly suffers in this area as a result of its social purpose, which leads it to employ craftswomen whose skills are low initially. It will be seen that it is not really an integrated FTO, in the sense that it has only a small number of educational activities and campaigns linked to fair trade. It does run some activities on gender, but through separate subsidies. Its overall strategy, rather commercial compared to other FTOs, is clearly to generate maximum revenues in order to re-invest them in its social purpose.

A sewing workshop in Mumbai



⁷⁴ The vast majority of craftspeople and other beneficiaries of FTO B's activities are women (ca. 90%). Some men work for them, however, particularly during peak periods (generally from November to January).

⁷⁵ It should also be noted that some craftswomen start their own business after leaving the FTO.

4.1.3 FTO C

FTO C was founded in the 1990's in Tirupur (in the state of Tamil Nadu, in South India), in the context of a rehabilitation programme for disabled populations and disadvantaged women. The business has specialised in garment production from the beginning. Initially with a dozen employees working on 5 sewing machines, the number has risen to about a hundred workers on average⁷⁶ today, the vast majority being young women who have migrated from neighbouring rural areas (particularly the neighbouring state of Kerala).



Manufacturing department in a factory in Tirupur

Its turnover was about €2 million in 2015. The company has an unmistakably industrial production model and is specialised in the international export of garments for men, women and children, like the rest of the region (Tirupur is one of the largest textile “hubs” in India). It sets itself apart, however, with production that is entirely organic and fair trade, guaranteed respectively by its GOTS and WFTO/Fairtrade cotton certifications (in addition to numerous other certifications such as SA8000, ISO9001, etc.). Practically all of its production is destined for the international organic/fair trade market (only 0.3% of the turnover comes from sales in India).

With regard to product development, it has an in-house designer, in addition to collaborating regularly with designers internationally. Its customers include both conventional

players and those specialised in fair trade. A proportion of the company's profits are put back into structures linked to the Catholic church, including schools for deaf, mute and blind people, a home for elderly people and orphans, as well as hospitals specialised in the treatment of cancer, leprosy and AIDS.

At an overall economic level, even though it does not have the turnover or production volume of competitors such as FTO D (see below), the company remains one of the principal suppliers of fair trade clothing worldwide. It enjoys good, long-term working relationships with a number of European fair trade importers, for whom it manufactures sometimes jointly designed products. In the opinion of the buyers consulted, these products are good quality, particularly in terms of materials. But an effort in terms of design

would be of interest, in as far as many garments have a very Indian style that is little suited to the tastes of western consumers.

This step could prove all the more necessary as the organisation is at a pivotal moment financially, having recently invested a large amount in a new cotton spinning factory. The move is intrinsically advantageous, in that climbing upward in the value chain enables it to have more control over the origin of its raw materials (see also chapter 4.3.3). But it means that as of now it is obliged to maximise its sales (particularly of clothes, on which it makes its highest profits), at a time when a lot of traditional fair trade buyers are in economic difficulties. The company is indeed trying to diversify its sales among more conventional buyers, but without very much success so far. It suffers in this area from a lack

⁷⁶ It is said to employ up to 300 workers during peak periods, many of whom are deaf and blind. Since its creation, the organisation has reportedly had more than 1 500 people working in its factories.

of professional contacts in these sectors and would undoubtedly need to invest more resources in marketing and sales prospecting.

4.2.4 FTO D

Of the four organisations studied, FTO D undoubtedly stands out the most, for one because of its size and its very industrial production methods. It is unequivocally the oldest, in any case: founded in 1934, it made traditional garments (sarīs) in viscose for a long time, then industrial fabrics in the 1970s, including shoe canvas. It was only at the end of the 1990s that the company began to specialise in clothing and home textiles in cotton, at first conventional cotton, and then organic and fair trade. This transition into sustainability, from the beginning of the 2000s onwards, was driven by its director, and made thanks to contact with organic cotton organisations, through diverse NGOs. In 2011, the FTO was predominantly sourcing its cotton (more than 80%) from a single fair trade and organic organisation, that groups together nearly 15 000 producers.

In 2015, FTO D had a turnover of more than \$11.5 million and was employing more than 800 employees (98% men), divided between three different factories. Besides garment manufacture (cut, make and trim), these factories have equipment for knitting, embroidery

and printing. Ultimately, only ginning and spinning the cotton, as well as dyeing the textile, are carried out externally, by subcontractors mostly located in the vicinity of the factories (see analysis of the coverage of the chain below). Virtually all production (ready-to-wear garments for adults, children and babies, bed linen and bath towels) is exported internationally (only 3% of sales were in India in 2011). The majority of customers are American and European. The organisation possesses various certifications: Fair Trade USA, Fairtrade Cotton and SA8000 for fair trade/ethical status, and GOTS for organic status. Contrary to the other FTOs studied here, the fair trade nature of the manufacturing stage is at present not guaranteed by the WFTO Guar-

antee, but by FT USA certification⁷⁷. The organisation is economically viable, as proved by its strong growth in recent years and its investment in a third factory. It also invested very recently in several automatic cutting machines, as well as software making it possible to reduce cutting waste (and therefore raw material costs). For fair trade buyers, the downside of this growth is that it makes their commercial relationship difficult, particularly in terms of systematically late deliveries. There is a simple reason for this: the very low order volumes of these importers mean they have no priority over bigger conventional buyers. While this situation is common among the larger suppliers of fair trade textiles (e.g. it has also been reported with

Manufacturing department in a factory in Kolkata



⁷⁷ FT USA (formerly Transfair USA) was the American “branch” of the Fairtrade International system (just as Fairtrade Belgium is for Belgium), but broke away from it in 2012. This split was partly linked to the initiative’s desire to create its own benchmarks in various sectors (including a generalisation of contract agriculture and plantation standards). One of these benchmarks is a textile standard, very similar to SA8000 (which is touted as an advantage, as it allows the number of audits to be reduced). Like SA8000, it predominantly takes the ILO’s international standards as its reference, which it enforces through regular third party audits, mostly of the factory at the end of the chain (in other words garment manufacture, but not the other links in the chain such as spinning, cotton growing or importing). The major asset of this textile standard is a system of Fairtrade premium, representing a value of 1–10% of the FOB price (“Free on Board”, the price before import) according to how close wages are to a living wage. The label has been much criticised by organisations such as the Fair World Project, who sees no major improvement compared to the general system of social audit prevalent in the industry. Criticisms include weak coverage of the chain, non-living wages (despite the premium), and also the absence of proactive measures favouring workers’ empowerment or freedom of association. More information can be found at: Fair World Project. 05/11/2013. Statement regarding Fair Trade USA (FTUSA) apparel program.

FTO C), it is exacerbated in the case of FTO D. One explanation is its comparatively larger size and volumes of production, but added to this are organisational problems (see also chapter 4.3.4), power cuts (very frequent in India), a lack of skilled personnel in certain posts, and even the poor maintenance level of some manufacturing equipment (for example some printing machines were out of order at the time of our visit to one factory).

4.2 GENERAL WORKING CONDITIONS

A first phase of evaluation involved examining the general working conditions that are *a priori* the simplest to fulfil: health and safety conditions, the absence of discrimination, forced or child labour, employer-employee contractual relationships, etc. On the basis of interviews and field observations, as well as documents provided by the FTOs studied, it quickly became apparent that the latter were all performing well in these areas.

No infractions were found, for example, in terms of forced or child labour. All the FTOs have put in place systems for recording the ages of workers as well as specific HR (human resources) policies⁷⁸. Some, such as FTO B, even have a system of school bursaries for the children of workers.

Neither did any of the four FTOs have apparent discriminatory practices. Three of them (all apart from FTO D) have the specific objective of pro-

viding decent employment and better living conditions for marginalised populations (women, migrants, members of low castes, disabled people, people of indigenous origin, those from poor rural areas, etc.). Likewise, in the case of health and safety conditions, no major violation was found. Each FTO had procedures in place to prevent and tackle fires and other types of accident. FTO D, for example, has a full-time employee responsible for coordinating training, exercises and health checks, overseeing the maintenance of equipment and facilities (e.g. fans, first aid, toilets, drinking fountains), keeping records, etc.

As we have previously seen, these criteria are typically all easier to audit than a criterion such as freedom of association. They necessitate less investment and are more easily verifiable first hand, in the short space of time generally available to an auditor. From this point of view, the different FTOs all possess one or more certifications (WFTO, SA8000, GOTS, Fairtrade Cotton, etc.), which partly explains their good general performance in these areas, even if it does not constitute a complete guarantee in itself.

On the basis of these findings, the remainder of this study will concentrate on a qualitative assessment of three criteria that are more specific and *a priori* more difficult to fulfil:

- Pay conditions, or more precisely the way in which the FTOs tackle the issue of wages (minimum, fair,

living), associated social benefits and working hours.

- Level of coverage of the chain, in other words the way in which their sourcing practices ensure the guarantee of workers' rights at production stages other than garment manufacture (undoubtedly one of the biggest challenges for the sector).
- Policies and impacts in terms of workers' empowerment, in other words organisational structures and/or cultures potentially established in order to ensure a counter-power for workers/craftspeople (cf. freedom of association and negotiating capacities associated with trade union presence, democratic decision-making bodies, etc.).

These criteria were chosen because they correspond to three key issues identified in our context analysis of the textile sector (both conventional and fair trade), at an overall level and in India.

4.3 PAY CONDITIONS

4.3.1 FTO A

An analysis of wages paid by FTO A to its craftspeople at first sight indicates a good level of pay. For the three products studied, theoretical wages were 7 280, 17 080 and 15 360 rupees per month. The first figure corresponds to a wage above the regional minimum (5 600 rupees for a tailor in a rural area). While the other two figures are below the AFWA living wage (18 727 rupees), they are higher even than that of WageIndi-

⁷⁸ These policies include, for example, requesting birth certificates or identity cards when a worker is recruited. At FTO D, in cases where it is difficult to obtain these documents, the candidate may even be sent to the dentist for an age assessment via a dental examination.

cator (14 200 rupees for an average sized family). Nevertheless, these wage levels are very theoretical as most of FT0 A's artisans work (and are therefore paid) by the piece. Their monthly wage is therefore estimated on the basis of rate and working time per piece, then extrapolated to a month of full-time work (which in India corresponds to 8 hours a day for 24 days). The result is that pay can be equivalent to a living wage in theory, but below a living wage in reality due to an insufficiency of orders. Conversely, these producers can earn a living income at the end of the month thanks to complementary sources of income.

Ultimately, the different sources of information consulted indicate ac-

tual incomes situated for the most part between 6 000 rupees (a little above the RMW) and 12 000 rupees (below the WageIndicator living wage). To these forms of direct pay the following must also be added:

- Pre-financing of raw materials (usually 50%, but sometimes up to 90%, which makes a significant contribution to cash flow);
- Various social benefits (e.g. bonuses for religious festival periods, health insurance, payment of school fees, transport or food costs);
- Capacity building (e.g. training in English, Photoshop);
- Certain "one-off" financial advantages as well, such as interest-free loans (two of the workers interviewed told us they had received

such loans for *"the renovation and extension of our workshop"* and *"wedding expenses"*).

The incomes of craftspeople are therefore difficult to estimate because they vary greatly according to each group's practices in terms of pay, social benefits and other financial services (which FT0 A itself admits providing on a "case by case" basis), cost calculation systems and price negotiations⁷⁹.

But as a general rule, while these incomes seem relatively decent compared to other organisations, they also appear very dependent on order volumes (and therefore on the health of importing FT0s). These volumes may in reality sometimes be very small. Soifuddim Mondan, a traditional tailor working regularly for the FT080, states for example that *"only 20% of my products (tablecloths and other home textiles) are destined for FT0 A"*. Clearly in this case orders from the FT0 represent only a complementary source of income (although this source remains higher than average with regard to the working time devoted to it). Another craftsman, Hoira Mendal, admits *"our group has gone from 40 artisans in 2007 to about 20 today, owing to the decrease in orders"*. Ultimately, only the craftspeople employed directly by FT0 A (and therefore in receipt of a steady wage) are not affected by this problem, as in the case of the Bengal Craft production workshop (which happened to be temporarily closed at the time of our

Principle Four of the WFTO: Payment of a fair price and a fair wage, which includes a living wage

- **A fair price** is one that has been negotiated through transparent dialogue and price setting, which includes an analysis of production and marketing costs, a fair wage and a fair profit.
- **A fair wage** represents a negotiated and fair share of the added value of the product, and presupposes the payment of at least a living wage.
- **A living wage** is a remuneration received during normal working hours (excluding overtime), which is sufficient to meet the fundamental needs of the individual and their dependents, and which allows for savings to be put aside and/or discretionary expenses to be met. A decent standard of living includes food, water, housing, education, health, transportation, clothing, and other essential needs, including a proportion for discretionary expenses.

Fair trade organisations (producers and importers) support a transparent and participative process to establish prices, and if necessary will provide training programmes for producers to enable them to define a fair price.

⁷⁹ However it should be noted that these processes are relatively transparent, the result of a good power balance between FT0 A and its specialised craftsmen.
⁸⁰ In India, trades are often "handed down" from one generation to the next, while remaining in the same caste/family/community.

one-day visit during this mission). In any case, pay levels of this FTO must be put in perspective in as far as the organisation targets marginalised groups of people. For this reason it follows a relatively elaborate process to analyse the needs and standards of living of artisans (health, diet, level of education, access to running water, electricity, etc.), which allows it to target those who are most in need.

It should be noted, however, that this process is also based on expertise, entrepreneurial spirit and innovative capacities, a set of skills that are already a potential source of economic activity and income. So the populations reached could perhaps be considered less marginalised than those reached by other FTOs, who more specifically target people with very low skill levels.

4.3.2 FTO B

The on-site visit and various sources of information consulted for this study are consistent in showing that FTO B provides its craftswomen with wages that are relatively low, close to the regional minimum wage (RMW) in force in the state of Maharashtra. A study thus calculated that for a product sample from its 2014 Winter collection, a monthly wage of 8 112 rupees had been paid to the artisan, compared to a RMW of 6 983 rupees, i.e. 16% more. One of the group managers spoken to, Bula, stated during an interview that an unskilled craftswoman begins with a wage of about 5 300 rupees per month⁸¹, a sum well below the corresponding



Workers from a workshop

RMW in ready-to-wear garments (between 6 000 and 6 500 rupees, i.e. at best 12% lower).

Furthermore, the last WFTO audit conducted within the organisation indicated that if working hours had been correctly measured and recorded, legal maximums had sometimes been exceeded and overtime hours paid at the normal rate (and not double-time, as stipulated by Indian law in the Factories Act). Lastly, as for FTO A, some workers (mostly those living in tribal areas, in rural surroundings) are paid piece rates. On the one hand, this allows them to reconcile work and domestic tasks, but on the other it makes them highly dependent on the volume of orders⁸².

Several arguments are put forward by FTO B to justify these levels of pay:

- The workers that it employs are women from very marginalised backgrounds (slums, low castes,

tribes, etc.) who have only low levels of skills and education. Without FTO B, most of them would have great difficulty in finding a job. Providing work is already an important asset in itself, allowing their children to benefit from schooling for example (cf. school bursaries provided). Moreover, the craftswomen attest the advantage for them of having local work (or even work they can do at home for most of the seasonal workers). Not having to migrate to distant regions means important savings in terms of transport costs, without mentioning issues of family separation.

- Payment of living wages can significantly increase the final price of products, endangering sales and therefore the economic future of the organisation, at the expense of the craftswomen and other potential beneficiaries within the target population.

81 A sum of 5 000 rupees (for 8 hour working days), to which an amount corresponding to an annual bonus of about 3 500 rupees has been added (ca. 300 rupees per month, although this amount varies according to the production level of each workshop).

82 An audit report indicates that these tribal groups perform the least well in terms of the quality and volume of products. To continue employing them, the solution that the organisation found was to only order products destined for the domestic market from them.

- Wages are only one component of the set of services and benefits provided by the organisation. FTO B also offers a full range of services to its members in the social domain:

- Preschool or informal education programmes;
- Health insurance system, jointly financed by the FTO and the producers, on top of health checks organised regularly with hospitals in the region;
- Scholarships covering the school fees of 150 children;
- Crèche facilities for its female workers from slums (many of whom are widowed or divorced);
- Savings and micro-credit programmes with favourable rates (e.g. annual interest rate of 12% for micro-credits, compared to a

regional average of 120%).

Although they are difficult to quantify, all these benefits are added to the craftswomen's wages. As a result many of them have been working within the organisation for more than 20 years, this fact itself indicating a certain level of satisfaction with working conditions. Thus for Mohini, who worked for a long time in the conventional textiles sector, *"the working environment is very flexible and suited to women. We have crèches and our children's education is funded. What's more, in my previous jobs I had to work 10 hours a day, with very little holiday and very little job security as I didn't have a contract"*. Likewise, Bula states *"I appreciate my working hours"*, in contrast to workers in the industry, who *"have no time to de-*

vote to their children", and who *"don't benefit from the crèches, school bursaries or training provided"*. Furthermore, *"in the industry a minimum level of education is demanded that a lot of us don't have. Here we receive lengthy training before starting, and then we help each other when one of us has difficulties, for example with reading or arithmetic"*.

4.3.3 FTO C

Both the personal accounts collected and the audit reports consulted indicate that FTO C provides wages to its employees that on average are close to the minimum wage in force in Tamil Nadu. In line with this, according to the director, *"the wages provided are slightly higher than the minimum wage fixed by the Tirupur Tripartite Wage Agreement, linked to its status as a fair trade organisation"*. As would logically be expected, the wages of more skilled or experienced workers are higher. One of the workers interviewed – Kumar, a couturier for 25 years – thus reported receiving a monthly wage of nearly 10 000 rupees, higher than both the corresponding RMW (ca. 8 000 rupees according to Paycheck⁸³) and the salary in his previous job (ca. 7 500 rupees)⁸⁴.

Besides wages, the FTO contributes to workers' health insurance and pension schemes⁸⁵, ensures a severance package for those with over 5 years of service, and pays dou-

An example of crèche facilities provided to male and female workers



⁸³ According to SAVE, minimum wages in the textile industry of Tamil Nadu are between 5 000 and 9 000 rupees, depending on the category of worker.

⁸⁴ Minimum wages of workers in garment manufacture have been increased in the past years, following an order from the High Court of Madras confirming an October 2014 decree of the Tamil Nadu government. The minimum wage of a tailor, the most skilled post, is now supposed to be 8 480 rupees, while an assistant, the least skilled post, should receive 7 201 rupees (an increase of about 64%). Source: IndustriAll. 18/08/2016. Tamil Nadu, Inde : les travailleurs de la confection obtiennent une hausse des salaires minimums.

⁸⁵ As required by law, FTO C contributes to ESI health insurance (Employees' State Insurance) at a rate of 4.75% (1.75% for the employee, the remainder being covered by the regional and federal governments), and to the EPF pension scheme (Employees' Provident Fund) at a rate of 13.61% (12% deducted from the employee's wages). See also chapter 3.2 dedicated to labour law in the Indian textile sector.



Female workers leaving a factory

ble-time for overtime (all of which guarantees annual bonuses equal to 8.3% of a worker's salary, free food and housing, as well as a contribution to marriage expenses for workers who have been with the company for more than 5 years (e.g. the jewellery required for the ceremony). As for FTO B, it seems mainly to be the benefits granted in addition to wages which are of more particular interest to FTO C's employees, for instance Kumar, who judges the conditions of her current employer to be *"better than the previous one"*. According to the FTO, this package of pay and advantages allows *"living costs to be covered"*, and *"corresponds to the living wage as calculated and demanded by SA8000 certification"*. However, it should be noted that the SA8000 living wage is acknowledged to be low, for instance only covering one rather than several consumption

units, which gives it little credibility as a benchmark⁸⁶.

In the end, if the figures communicated to us are correct, the average wage including all benefits would be about 10 000 rupees per month, about 25% higher than the RMW in force in Tamil Nadu. While these figures appear honest, particularly compared to the other FTOs studied, two points lead us to qualify them: The average wage calculated only corresponds to about 70% of the WageIndicator living wage (ca. 14 000 rupees) and 45% of the AFWA living wage (ca. 18 000 rupees, close among other things to the minimum wage of 17 000 rupees demanded by the local NGO SAVE). The progress necessary for the FTO to reach a true living wage therefore remains significant.

The fact that the only thing demanded by workers' representatives in the workers' committee is the pro-

curement of overtime hours is surprising (see also chapter 4.4.3). Although our visit took place during a period of very low production, this suggests a definite need for better pay conditions.

4.3.4 FTO D

The data on pay conditions within FTO C was easy to obtain compared to the other FTOs, thanks for one to extensive documentation from the regular audits to which the organisation is subject. On this basis, as well as various interviews, these conditions can be judged to be relatively good. An unskilled worker in the company earns on average a base wage of a little over 7 000 rupees, which corresponds more or less to the RMW of West Bengal (7 345 rupees in July 2016 according to Paycheck).

The difference is made by a wide range of benefits, in a similar way to those provided by FTO C, including health insurance (ESI) and pension (EPF), reimbursement of public transport and daily meals, as well as a substantial bonus (about 10 000 rupees per year, nearly 1/6 of the annual salary). A notable difference from FTO C is the fair trade premium of Fairtrade USA, which allows each of FTO D's employees to receive about 5 000 rupees per year in the form of government bonds (most employees seem to use these for expenses of an educational type or for exceptional circumstances such as marriages)⁸⁷.

⁸⁶ The living wage as calculated by SA8000 allows for half the fundamental needs of an average sized family to be covered, based on local prices in the vicinity of the workplace. While the methodology is available to the public, the living wage reference standards used for audits and audit reports are themselves only available to certified businesses. This lack of transparency inhibits any external controls or claims from workers. The Clean Clothes Campaign thus gave an example in a recent report of an SA8000 living wage that was below the legal minimum wage in the region concerned. Source: achACT, June 2014. Devenez achACTEURS! Que font marques et enseignes de mode pour garantir un salaire vital à celles et ceux qui fabriquent leurs vêtements?

⁸⁷ As a reminder, a premium does also exist in the Fairtrade International (FI) system, but only for cotton producers and not for intermediaries in garment manufacture or weaving such as FTO D. Another difference is that the FT USA premium can be used individually, rather than collectively as is obligatory in the FI system for cotton.

If all these forms of pay are added together, an unskilled worker at FTO D could be said to earn about 10 000 rupees per month. This corresponds to pay 40% higher than the RMW (essentially through the additional social benefits), but like with FTO C, it only corresponds to 70% and 45% of the WageIndicator and AFWA living wages. Despite this, the personal accounts collected indicate that these levels of pay are uncommon in the region's textile industry. One of the workers interviewed, a 38 year-old couturier receiving a base salary of 7 500 rupees per month, thus reported that *"this income is markedly improved thanks to the various advantages, considerably greater than in my previous positions, particularly the health insurance and pension"*.

These figures therefore suggest that fair trade has a real impact, even if frequently that merely reflects a respect for existing labour laws (for example, insurance is theoretically compulsory, but rarely paid in reality). These various comparative advantages would explain the low rate of staff turnover observed (between 1% and 2%). Furthermore, the management of FTO D seem to want to make progress in this area, as shown by the implementation of a wage calculation system based on average grocery requirements⁸⁸. With regard to overtime, this is paid at double-time, as stipulated in a collective bargaining agreement (CBA) signed in 2014 (see also chap-

ter 4.4.4). According to the human resources manager, *"very few overtime hours are worked in the various factories of the group, about 5 hours per month maximum"*. Two reasons can be put forward to explain this: 1) the regularity of fair trade orders, which makes it possible to better spread production and therefore to avoid peaks in work; 2) the fact that FTO D produces a substantial amount of underwear, which is much less affected by the seasonal nature of fashion than classic ready-to-wear garments, something that similarly "smooths out" production over time.

Despite this, his statement is contradicted by the personal account of one worker, who told us he had *"already worked up to 15-20 hours of overtime per month in urgent situations"*. Another problem seems to be the temporary and/or reversible nature of some benefits, for instance the reimbursement of meals or transport expenses⁸⁹. In contrast to FTO C, no accommodation adjoining the factory is provided to workers, which lowers the risk of potential forms of forced labour. A housing allowance is provided (300 rupees per month), but it is *a priori* insufficient to cover an average rent (1 500 rupees). This means that the many migrant workers at FTO D have to bear the extra rental costs themselves or else to live in less secure conditions (one worker thus told us they managed with *"300 rupees per month"* by sharing accommodation with other col-

leagues and going home to their family at the weekend).

Lastly, some players such as Worker Rights Consortium (WRC) consider that awarding subsidies for housing, food and transport is a way for FTO D to keep at its disposal a workforce that is more pliable and easily exploited as it comes from distant rural areas. For the certifying body, only the real wage, which can be used freely by the workers, can be recognised in calculating a living wage.

To conclude, if the wage situation of FTO D's employees is compared with that of 2005 (at which time an in-depth study was conducted through the work of the University of Quebec in Montreal)⁹⁰, it is clear that conditions have improved. Despite this, workers' wages remain lower than a true living wage and so clearly do not allow all of their needs and those of their families to be covered.

4.4 COVERAGE OF THE SUPPLY CHAIN

4.4.1 FTO A

Being WFTO guaranteed, FTO A is obliged to ensure that its artisan groups use raw materials from sources that are *"as ethical as possible"*⁹¹. These raw materials may be directly in the form of fabric, in the case of tailors, for example, or else in the form of cotton thread in the case of craftspeople using their own

⁸⁸ From a survey of a dozen workers, this calculation enabled a living wage to be estimated internally at 9 500 rupees, without including health insurance or pension. On this basis the organisation can claim to be paying more than a living wage, which it nevertheless calculated itself and which does not correspond to the higher values of other calculation systems.

⁸⁹ These benefits are not stipulated in workers' contracts as such, because the management of FTO D wishes to be able to reconsider them in the event of a turnaround in the economic situation.

⁹⁰ Mailloux C. February 2010. Les certifications comme outils d'amélioration des conditions de vie des collectivités du sud : étude de cas d'une filière textile biologique et équitable en Inde. Mémoire de Master en sciences de l'environnement.

⁹¹ WFTO Asia. 27/07/2015. How to develop an Internal Monitoring System (IMS). Your vision and mission should be the driver for the IMS.

weaving looms (which constitutes the majority of FTO A's artisans involved in textiles). The audit report indicates that FTO A follows the obligations of the WFTO Guarantee System *"as far as possible"*. That proves to be relatively simple in the case of organic cotton products, since the organisation centralises purchases from GOTS certified suppliers (who therefore must respect their criteria, including social criteria), then redistributes them among the various artisan groups. Furthermore, the latter use only natural extracts as dyes, to the exclusion of all petrochemical compounds. For products in conventional cotton, FTO A states *"we carefully select our suppliers and establish long-term partnerships with them"*, in order to facilitate *"bulk purchase of raw materials and accessories destined for artisan groups"*. It also reports *"we regularly visit them and carry out checks"*, in a way that *"instils the values and principles of fair trade"* among them.

However, its overall level of control is questionable, for reasons that include its very decentralised structure, the geographical dispersal of its artisan groups and the often conventional nature of the products they make. One of the tailors interviewed, Soifuddim Mondan, thus tells us *"from time to time I use fabric supplied directly by my customer"*, but that the rest of the time he obtains supplies *"in bulk from a local fabric centre"*.

It can be concluded from this that FTO A's control of working conditions in the stages of cotton production, spinning and/or weaving could still be improved, like many other member organisations of the WFTO. The challenge is still greater for FTO A because of its very particular organisational model (cf. the geographical dispersal mentioned above), which makes any monitoring process particularly complex and costly.

4.4.2 FTO B

As recommended by the WFTO Guarantee, FTO B has established its own system for monitoring its suppliers. The task proves more simple than in the case of FTO A, as its artisan groups are more geographically concentrated (all in Mumbai or the surrounding area). This allows it to centralise purchase of fabric from a relatively constant network of suppliers, fabric which it then redistributes to the various artisan workshops (which additionally constitutes a form of pre-financing for self-employed craftspeople engaged in piecework). An employee specialised in quality and monitoring carries out six-monthly visits to the various factories which supply FTO B (weaving, dyeing, etc.), in order to ensure good working conditions.

However, *"He only assesses the most basic criteria, such as the absence of child labour or safety conditions. For other aspects, our order volume, in other words our commercial power, is too weak to actually influence the practices of these suppliers, all large companies from the conventional sector"* says the organisation's director. *"And purchasing in larger quantities is not really an option as our organisation cannot afford too much stock. Raw materials tend to very quickly lose a great deal of their value, and that reduces our capacity for negotiation with purchasers"* adds the sales director. On the other hand, as for FTO A, garments in organic cotton present less risk as they necessarily come from suppliers subject to the social criteria of the GOTS label.

Tailor whose role includes producing samples



Ultimately, because of its centralised purchasing among other things, FTO B undoubtedly exercises more control over its supply chain than FTO A, even if this remains very relative. In any case, it is better informed of working conditions in the stages prior to garment manufacture. One avenue for improvement in this area would be to identify more suppliers of fair trade and/or organic cotton, for example via networks such as Fair Trade Forum India (FTF-I) or the WFTO. This could make it possible to obtain more competitive prices, and so to make the use of this type of cotton systematic in finished products.

4.4.3 FTO C

FTO C is characterised by production that is relatively integrated, as it has direct control over the various manufacturing stages (cutting, sewing, screen printing, adjustments etc., some of which are automatised such as embroidery), as well as the spinning stages, owing to its recent investment in a factory in the region. In addition it works closely with a relatively stable pool of subcontractors (two for knitting, one for fabric dyeing, another for dyeing thread and a final one for printing). In fact it does not have much choice, as the deputy managing director, tells us, because “only two dyeing plants in the region agree to process organic cotton” (which, as a reminder, requires separation from conventional production lines).



A dyeing factory that supplies FTO C in the Tirupur region

As at FTO A, one employee’s specific role is to carry out regular monitoring of these suppliers (visits to each of them a minimum of twice a year). The requirements of the various standards for which FTO C is certified (SA8000, Fairtrade, GOTS) have clearly played an important role in this, in that they have led the organisation to make this monitoring systematic, for instance through annual audits. But again, the social criteria subject to these checks remain very basic (of the type that includes child labour, discrimination, safety conditions, etc.).

With regard to the spinning factory, its modern and largely automatised equipment makes it possible, according to the engineer in charge of production, to “considerably improve the working conditions of manual workers” (it should be remembered that this is quite a crucial stage of the supply chain and one regularly criticised by numer-

ous NGOs as the site of numerous labour law violations in India)⁹².

Lastly, FTO C provides cotton producers with the benefits associated with Fairtrade standards, including a minimum price, a development premium and pre-financing. Interestingly, over the years FTO C’s main cotton supplier has been able to acquire a cotton ginning unit, which ensures a fair trade organisation’s control over an additional stage of the supply chain.

Overall, FTO C can better observe its suppliers’ working conditions than FTO A, or even FTO B. This is explained by a combination of factors, including the criteria of Fairtrade (and other standards), larger order volumes (and so increased commercial leverage), as well as more stable relationships. This last point is double-edged, however, in that the small number of suppliers available for organic cotton leaves FTO C with

⁹² Among these better working conditions can be cited a better control of the factory environment (temperature, humidity, reduction of contaminants, i.e. cotton lint, in the air), as well as the automatised of certain tasks (e.g. barrels no longer need to be transported).

little room for manoeuvre in the event of a problem, for example at the social level.

Lastly it should be remembered that while investment in a spinning factory enables it to have more control over working conditions, the resulting commercial pressure could also lead it to sacrifice its original social values. The various interviews conducted during this research indeed indicated considerable concern among directors with regard to the sizeable bank loans taken out, which could lead to them entering a race for production and reorientating themselves within the conventional textile sector, synonymous with social dumping for their workers.

4.4.4 FTO D

FTO D's level of control over its supply chain is similar to that of FTO C, however some differences exist. The most notable of these is that it is the knitting stage (and not the spinning stage) that has been integrated into the factories' own activities, with five machines in one factory alone, for example. This enables it not only to ensure fair working conditions at this production stage but also to better manage fabric stock and so to avoid production peaks at later production stages (synonymous with overtime for workers).

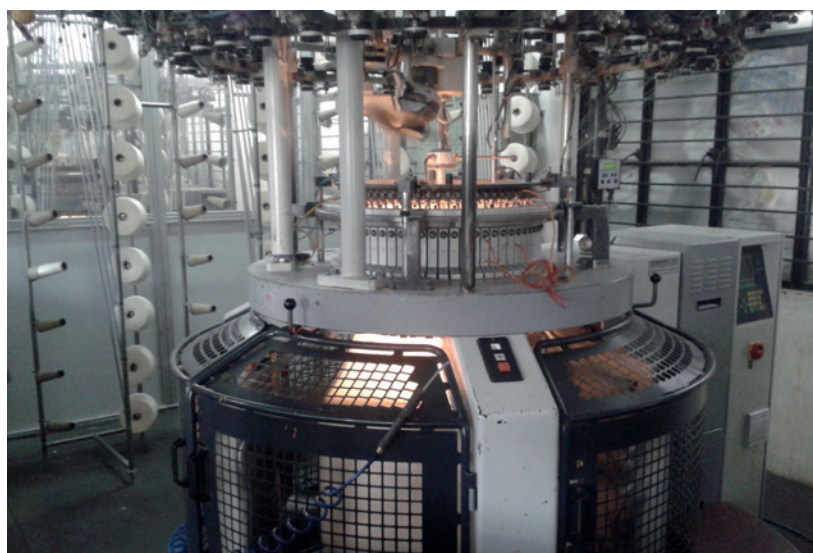
However, the human resources manager acknowledged that in reality *"the lack of space for storing stock severely limits this advantage"* (which moreover could result in safety problems such as blocked emergency exits or fire risks). D. Mohanty, an independent consultant

interviewed for this research, thus confirmed that *"long delivery times remain one of the main problems of the FTO, essentially due to a lack of planning and organisation between different production stages, particularly at the level of fabric supplies."* All other stages (cotton production, spinning and dyeing) are covered by external suppliers with whom FTO D has contractual relationships in order to ensure that they take the specificities of organic/fair trade production into account. In this way it is clearly specified in the contracts of the two dyeing plants which FTO D works with (it has been working with them for about 7 years) that they must separate, store and track their production runs, while at the same time observing the Ethical Trading Initiative (ETI) and Fair Labour Association (FLA) standards, and permitting regular inspections by GOTS and Fairtrade auditors. Like at FTO C, an employee has the task of carrying out continuous monitoring of these suppliers and in particular the working conditions of their

employees. And, like in Tamil Nadu, the low availability in terms of infrastructure for organic dyeing in West Bengal is both an advantage (it obliges them to form long-term relationships, leading to a better knowledge of, if not increased control over production conditions) and an inconvenience (little introduction of "social competition", as well as a potential increase in delivery times during production peaks, a driver for overtime).

Control of the spinning stage is the most complex in as far as the factories are remote and located in Tamil Nadu (Erode district), a state known for its bad working conditions in the textile sector. It can be supposed that GOTS and Fairtrade criteria (weak on the intermediate links of the supply chain, as seen in the preceding study) are not sufficient to really cover the risks in this area. Lastly, cotton sourcing is a little unusual in the case of FTO D as the company maintains a privileged relationship with its main

A weaving machine



supplier, through cross-shareholdings and crossover participation in their respective boards of directors. That makes this supplier particularly reliable and gives FTO D a very good understanding of the production conditions of the cotton used in its products.

It can be concluded from these various observations that FTO D has developed quite a high level of control over its supply chain. The similarity with FTO C in this domain is logical, given the industrial nature of both organisations compared to the average FTO. However, some will judge FTO D's development strategy to be more coherent, particularly compared to FTO C's investment in the spinning stage. In addition to the financial risks incurred, such an investment would oblige FTO D to generate sales mostly outside of the sustainable clothing sector (the thread requirements in this sector are insufficient to generate enough demand from a single supplier), which ultimately would come into conflict with its specialisation in sustainable (i.e. organic, ethical and fair trade) textiles. In this respect the company is following the opposite path to FTO C, which itself has resolutely chosen to diversify and increase its volumes through its new spinning factory.

4.5 EMPOWERMENT OF CRAFTSPEOPLE/WORKERS

4.5.1 FTO A

The various interviews and documents consulted for this study quite clearly indicate that the social

dialogue at FTO A has a low level of formal structure. In the last EFTA evaluation, the FTO openly admitted to having no representative body for its craftspeople or even for direct employees within its management. It uses a historical argument to justify this situation: *"the Marxist culture of the state of West Bengal and the widespread granting of freedom of association to the SMEs of the sector"* having, in its opinion *"led to the closure of a large number of them, with a resulting spiral of unemployment"*. Instead it advocates *"internal and informal social dialogue, free of any political affiliation"* in order to *"create conditions of peaceful coexistence between artisans, group leaders and the personnel and management"*. This is probably wishful thinking, but can be justified in its opinion by the small size of the groups and of the FTO itself. Their human dimensions favour informal forms of dialogue rather than rigid, elaborate representation structures for employees or artisans.

In actual fact, the leaders of artisan groups consulted indicated that they *"maintain a very good relationship with the FTO"* and, if we take the example of price negotiations, *"are able to engage in open and constructive dialogue in order to obtain prices that cover production costs"* (which is confirmed by the relatively good figures from our analysis of prices and pay above). It may nevertheless be wondered to what extent this type of relationship is maintained in situations of economic stress (even though, as we have seen, FTO A does not usu-



An artisan leader who has taken over his father's activity

ally represent a unique source of revenue for these craftspeople).

FTO A therefore has an organisational model quite different from many other FTOs, like FTO B for example (see below). Indeed, a great deal of autonomy is given to artisan groups, which are mainly organised around a leader. The latter, the main point of contact with the FTO, is not elected but himself chooses his collaborators, to whom he distributes orders. The result is that empowerment occurs at an individual level much more than a collective one, in other words it is mainly focussed on the leaders of each group (which Oxfam International calls *"transformative leadership"*), for instance through the development of their entrepreneurial spirit. There is no place in this pattern for formal structures of social negotiation, and this could potentially lead to forms of exploitation of the craftspeople at the end of the chain. FTO A's philosophy indeed consists more in networking with autonomous groups of artisans, in

order to provide them with access to Northern markets and sources of income in addition to their existing (domestic) activities.

A first step in improving collective empowerment at FTO A would be better representation for artisans in decision-making bodies such as the board of directors or general assembly. In parallel, the FTO could engage in greater awareness-raising or education among craftspeople concerning fair trade in the broadest sense, and aspects of governance and workers' representation more specifically. From this point of view, a greater involvement from the organisation in campaign issues, education or advocacy could have a positive impact (its only investment in this area is through its affiliation with platforms such as the WFTO, Fair Trade Forum India and Asian Fair Trade Forum).

4.5.2 FTO B

In a similar way to FTO A, the artisan groups (or "self-help groups", each comprising 15 to 25 craftswomen) of FTO B enjoy a large degree of autonomy in the way that they work, regarding aspects of production as well as administration, working hours, finances, etc. But arguably they operate more democratically still, to the extent that each group is run by an elected representative (with a renewable 3-year term). The artisans are also represented in the bodies of FTO B: the board of directors includes four group representatives (as well as four external members, more in the role of experts), while the general assembly brings all the craftswomen and workers together once a

year to make strategic decisions. FTO B's legal status as a "charitable trust" guarantees this democratic functioning as it requires the craftswomen to be involved in governance. In any case, this representativeness is not the result of chance but of the strategic commitment of the organisation which, from the outset, intended itself to be a tool for the empowerment of marginalised women, both on an individual and collective level.

The result is that the organisation integrates *de facto*, i.e. through its very governance, the demands of the artisans concerning their working conditions. But these different modes of formal representation obviously do not exclude more informal and frequent contact with FTO B, as a worker, in charge of production centre no. 1 explains: *"We can meet with the management without a problem, for instance in the event of a problem with orders, in addition to our monthly meetings between group*

leaders". According to the director, "this group democracy, while it functions well overall, is no easy ride". For example, "the absence of consensus around a representative, at the time of elections, often results in craftswomen who disagree leaving. It's one of the reasons we devote a lot of energy to social work as well as leadership development programmes, in order to improve the functioning of these groups". The last WFTO audit report raises a point for improvement in this area, recommending an "increase in the frequency of meetings between management, craftswomen and workers" in order to strategically develop "social dialogue".

4.5.3 FTO C

Because of their industrial type of structure, the two other FTOs studied, i.e. FTOs C and D, have much more traditional employer/employee relationships than FTO A or B. This does not prevent them from performing quite differently in terms of freedom of association and collec-

An artisan leader of a group



A workers' representative in a workers' committee



tive bargaining mechanisms. On the part of FTO C, it seems at first sight to provide guarantees regarding its level of social dialogue. Thus it declares in its various internal policy documents that it “*authorises workers to form or to join trade unions and to negotiate their rights collectively*”. In actual fact, only a workers’ committee is present in the factory. Composed of two elected representatives, this committee meets with management (also two representatives) once a month to discuss safety conditions, potential problems of sexual harassment, complaints or demands from workers, etc. A positive point is that one of the two representatives is a young female worker and therefore sociologically representative of a majority of her colleagues.

But the absence of an actual trade union or the fact that this workers’ committee is not affiliated to any union confederation raises some doubts as to the level of independence and freedom of workers. And as already mentioned above, the few demands made in the month preceding our visit (only one demand, for overtime), as well as the apparent absence of any social conflict or strike in the history of the organisation, leads us to presume that this committee has little room for manoeuvre. More generally speaking, the management seems to exhibit rather paternalistic behaviour towards its workers, as indicated

for instance by the many marriages that the organisation arranges for its young female workers⁹³. A connection can be made in this respect with its very charitable philosophy. Ultimately, its overall approach seems as close to corporate social responsibility (CSR) as it does to fair trade, and so is less “empowering” than the approaches of other FTOs, like that of economic democracy implemented by FTO B for example.

4.5.4 FTO D

The general impression given by FTO D in terms of freedom of association and collective bargaining is better than in the case of FTO C. One figure is quite telling in this area: 90% of the FTO’s workers are union members, of two different trade unions (CITU and INTTUC⁹⁴, both affiliated to international federations⁹⁵). If this percentage is compared to the national average for trade union membership in the textile sector (about 5%)⁹⁶, it can be supposed that union rights are greater at FTO D than in the rest of the industry.

Indeed, the personal accounts collected indicate that trade unions have been able to win a certain number of social gains in recent years. The General Secretary of INTTUC within one factory, thus tell us that he has obtained, since the creation of his union in 2007, “*increases in housing subsidies, bonuses (from 8% to 14%) and wages*”. A collective bargaining agreement (CBA) was

signed in 2014 for instance, the result of “*long negotiations*” according to the document. This agreement establishes the wage increases for the following three years at 50 rupees per month, for any worker employed in the factory for over a year. It also makes the level of bonuses official (13% in 2014), as well as a double-time rate for overtime hours. According to the workers’ representative, these gains “*respond fully to the demands of the trade unions*”, which maintain “*very good relationships with the management*”.

However, other sources tell a different story. A local consultant thus told us that “*the year 2014 was marked by a lot of social tension, culminating in 4 days of strikes*”. This demonstrates a minimum level of social dialogue (in contrast to the majority of the conventional sector), and is a sign of a more balanced power relationship than average between trade unions and management. That cannot be taken for granted if we look at its history a little more closely. A student thesis, the fruit of detailed research on the organisation, thus indicated in 2007 that “*aspects of trade union freedom and the right to collective bargaining have aroused a huge amount of resistance from the employer*”, that there was “*no trade union*”, the latter being “*seen in a very negative light by the employer*”, for instance because of “*their links to political parties*”. Once again according to

⁹³ Although it can be considered that employment with the FTO constitutes an opportunity for these young girls to gain initial professional experience (a unique opportunity given their lack of qualifications), this experience furthermore enabling them to obtain another job later in another company.

⁹⁴ The INTTUC is the West Bengali branch of the INTUC, the union affiliated to the Congress Party.

⁹⁵ To the World Federation of Trade Unions and the International Trade Union Confederation respectively.

⁹⁶ Fair Wear Foundation. 2012. Country study India.

this thesis, very few workers were members of trade unions or even wished to be⁹⁷.

How and why has the situation evolved since then? A first point in response could be the establishment of a committee for complaints, social health and safety in 2005, under pressure from some buyers. This embryonic form of collective organisation could have served as a catalyst for the appearance of more independent and organised trade unions. A workers' representative told us that he created his trade union shortly afterwards, in 2007, also thanks to a lot of support and family connections in the trade union movement⁹⁸.

This last point reveals another factor at work: the development of the trade union movement in India. Historically having a strong presence in the state of West Bengal, it is only recently that trade unions have experienced an increase in power in the textile sector, its workforce having been very disorganised and scattered for a long time. Its recent development has certainly played an important role in the appearance of a trade union culture at FTOD. The composition of the workforce – mostly male, older and experienced⁹⁹ – has doubtless facilitated this change as well, compared to an FTO like FTO C for example (composed, as a reminder, essentially of poor young girls from the rural areas of

neighbouring states). Lastly, according to personal accounts collected internally, another decisive factor in the development of unions seems to have been pressure from fair trade buyers. The latter reportedly succeeded in convincing the director that improving general working conditions in his factories through the development of independent unions would be advantageous for the image of his organisation.

Despite these recent advances, the image communicated by FTO D remains that of quite a paternalistic organisation with smooth, controlled communication. A symptom of this approach is the weak knowledge of fair trade principles among the workers interviewed, principles which are furthermore not mentioned in any strategic document (nor any social objective). The organisation's strong growth in recent years, as well as the fact that it is contacted increasingly often by conventional buyers (for the development of their ethical, fair trade, sustainable etc. ranges), could explain this increasingly marked leaning towards a philosophy in the CSR or sustainable category.

4.6 OVERALL COMPARATIVE ANALYSIS

What conclusions can be drawn from this analysis of some of the social performance dimensions of



A workers' trade union representative

four organisations involved in fair trade textiles? It must first be remembered that only three specific areas have been examined in detail, areas previously identified as critical. In other areas, such as health and safety conditions, these four FTOs have been seen to have a significant impact, performing above the average of the conventional sector. For the three dimensions examined more specifically (to recap: pay, coverage of the supply chain and workers' empowerment), the picture is more varied.

4.6.1 Pay conditions

On the issue of pay, the extent to which the analysis carried out only constitutes a snapshot needs to be clarified, and that a broader sample could lead to different interpretations.

⁹⁷ Mailloux C. February 2010. Les certifications comme outils d'amélioration des conditions de vie des collectivités du sud : étude de cas d'une filière textile biologique et équitable en Inde. Mémoire de Master en sciences de l'environnement.

⁹⁸ This union originally assembled 65 workers, compared to 450 today.

⁹⁹ This very masculine and skilled composition of FTO D's personnel itself poses problems of discrimination and gender inequality at work, also highlighted by the absence of a proactive gender policy within the organisation. The management interviewed justified this situation with the help of cultural or geographical arguments, like the location of their factories in remote and potentially dangerous areas, or the preponderance of work too difficult physically and/or culturally unacceptable for women. But this argument does not really hold, as numerous organisations around the world employ or have employed predominantly women in decent and safe working conditions.

That being said, a correlation seems to exist between the growing size of FTOs and their capacity to provide good wages to their craftspeople/workers. FTOs C and D – organisations that are more industrial, “volume-focussed” and with more formal employer/employee relationships – thus seem to adhere more systematically to legal minimum wages than FTOs A or B. By adding a full range of secondary benefits to this, they tend to come close to a living wage (although they remain below the AFWA living wage). FTO D apparently performs better than FTO C in this domain, in that both provide similar average wages, but the minimum wage in West Bengal is lower than that in Tamil Nadu.

Smaller and more artisanal, FTOs A and B seem to experience more difficulties, particularly due to the irregularity of orders (and despite quite good piece rates) for the former, and to the craftswomen’s lack of experience (or initial skills) for the latter. However, both add certain benefits to their pay, which can make a big difference in the daily lives of the artisans and which put their lower performance in this area into perspective, including:

- Substantial capacity building through a large amount of training (technical or other), in an “empowering” approach, and in order to give work to the most marginalised populations (*a priori* likely to work in textile manufacture, particularly at FTO B);
- In the case of FTO B, not only is

work provided but this work is in the form of formal and regular employment (a crucial element for the populations it targets, basically most often those working informally and from home¹⁰⁰), while ensuring less intensive and more flexible hours than in the conventional textile sector;

- In the case of FTO A, the advantages of a fair trade partnership: as a customer, FTO A guarantees pre-financing for its artisan groups, a long-term business relationship built on respect and transparency, etc.

One problem is that these benefits are often very difficult to quantify, and are furthermore quite variable according to group (particularly at FTO A).

Ultimately, the better apparent performances of FTOs C and D purely in terms of wages could be explained primarily by the presence of a more experienced workforce (particularly in the case of FTO D) and higher sales volumes. The latter enable these organisations to make greater economies of scale and so to generate greater profits, which they can partially redistribute to workers.

Their comparatively larger size certainly also plays a role, in that it makes them more visible and subjects them to Indian labour law (which, as a reminder, only applies above a certain number of employees, but above this limit offers a high level of protection, for instance in terms of health insurance

and pension schemes). Regarding this aspect of legal obligation, the relatively high wages of FTO C (despite weak social dialogue) are very definitely also linked to the Tirupur Tripartite Wage Agreement.

It should be noted finally that FTO D’s FT USA premium (the only criteria really specific to fair trade, regarding these issues of pay in this link of the industrial textile supply chain) only contributes at a very low level to employees’ total income¹⁰¹.

4.6.2 Coverage of the supply chain

In this area too, the size and means of the FTOs plays a decisive role. FTO A in particular often has no (or little) information on the way the raw materials that it uses (thread or fabric) have been produced. FTO B seems to perform a little better, for instance because of closer links with its artisan groups and a more centralised way of operating. FTOs C and D have a still greater level of traceability, which can be explained by several points:

- They have greater means for ensuring continuous monitoring (a staff member is dedicated to this in each of the two organisations);
- Their higher turnovers also give them greater commercial leverage with their suppliers, and even allow them to cover certain production stages themselves (weaving for FTO D, spinning for FTO C);
- The Fairtrade International system requires them to have a minimum level of control over all the links of the supply chain, in contrast to

100 Pay in the form of a fixed wage of course has a greater value than the equivalent pay for piecework, owing to the steady income that it provides. Source: Williams P. 2013. Fair Wages & Fair Prices. A report for the European Fair Trade Association.

101 This premium in fact represented only 5% of total pay. For a more complete review of the FT USA system, see also: Fair World Project. 2014. Fair Trade USA’s apparel program shorts fairness in the supply chain.

the WFTO system (which FTOs A, B and C use), whose internal monitoring system (IMS) only recommends control over the directly preceding production stage. However, this factor must be put into perspective in as far as the Fair-trade International criteria remain very weak and its audit mechanism very superficial.

- Another crucial factor is the sourcing of organic cotton (not systematic in the case of FTOs A and B), which implies a traceability and an adherence to the GOTS social criteria all the way to the first stage of cotton growing¹⁰² ;
- Lastly, their own environment is already fairly advanced in terms of formalisation and control of working conditions¹⁰³, which gives them greater experience and credibility in the demands they make of their suppliers.

4.6.3 Empowerment

In the area of workers' empowerment, the dichotomy between handicraft and industry is found less than in the other two areas. FTO B is clearly the most noteworthy organisation in this area, in that it offers a large degree of autonomy to its artisan groups, while at the same time ensuring they are strongly represented within its forums. In contrast to FTO A, empowerment is more collective than individual, i.e. the groups are places for interaction and collective organisation which are not or little seen at FTO A, where groups are less structured and more focussed around entrepreneur-type leaders (but



A meeting of small producers at a cotton supplier

where a good power balance nevertheless exists between the groups and the FTO, as indicated by relatively good piece rate wages). While this strong collective empowerment by FTO B and this culture of economic democracy are translated into good working conditions, for example in terms of working hours and social benefits, the impact is, as we have seen, more limited at the level of actual wages.

The link is more apparent for FTO D, where the development of freedom of association and the collective bargaining capacity of trade unions made it possible within a few years, namely through a CBA negotiated in 2014, to obtain various social gains of a monetary type: wage increases, bonuses, and housing and food allowances. Several elements signal a relatively high level of social dialogue at FTO D: over 90% trade union membership, the presence of two independent unions, conflicts be-

tween workers and employers in the recent past, etc. By contrast, these elements quite absent within FTO C, which has only one workers' committee to organise social consultation, a committee that is seemingly poorly functional.

In the more industrial environment of FTOs C and D, a good level of social dialogue therefore seems to result from several factors, including the presence of strong trade unions and/or the trade union culture of the region and the sector, the composition of the workforce (the more male and experienced it is, the more chance it has of forming powerful unions), pressure and/or support from buyers, and lastly the mindset of the management. The one of FTO D seems for example to have accepted the idea (clearly pressed by fair trade buyers) of social dialogue with workers' representatives, which was far from given only a few years ago.

¹⁰² It should be noted in addition that their larger sales volumes allow them to absorb the corresponding certification costs.

¹⁰³ Which is far from always being the case in the conventional textile sector, many traditional companies calling on the services of those working from home and/or informal subcontractors for a part of their production.

5. CONCLUSIONS

The first lesson to be drawn from this review of the practices of different Indian textiles FTOs is that **fair trade leads to significant improvement** relative to the conventional sector. Overall, the core ILO Conventions are respected in the fair trade sector and no violation is found of the working conditions listed in the context analysis of this study. Peter Williams, a consultant specialised in labour law, shares this view: *“Despite certain limits, for instance with regard to wages, the practices of fair trade organisations remain well above the rest”*. In any case, it must be remembered that this study has principally examined fair trade criteria that are relatively difficult to fulfil (the aim being precisely to help these FTOs to better meet these criteria) and that combining a good economic performance with a fair social objective is a considerable challenge in a domain as competitive as textiles.

Secondly, **the “added value” of fair trade varies greatly and is combined with the very different characters and profiles of the organisations** (whose production methods range from informal and artisanal to more formal and industrial). Payment using piece rates and the informal nature of employment is still present at FTO A, for example, in spite of all the fair trade additions and “touches” made by the FTO. Another example is provided by FTO C, whose (formal) employer/employee relationships are paired with guarantees of fairness in terms of wages and benefits, but remain unbalanced and patriarchal (owing for instance to the weak freedom of association that was observed there, in an unfavourable regional context).

The relatively exemplary nature of FTO D concerning the various social criteria studied demonstrates moreover that it is **possible to make an industrial textile player more sustainable within a few years**. Indeed, at the beginning of the 2000s, the FTO was still only a conventional textile producer. Its orders of organic or fair trade products represented only a few percent of its turnover at this time, compared to a turnover entirely from organic products today. In this respect, the work of various NGOs at the beginning of the 2000s has borne fruit and would benefit from being replicated (although it is evident that with the current state of demand, all companies cannot occupy this niche in the market). From this point of view, it must be hoped that the recent introduction of a new system of textile certification by Fairtrade International will contribute to the development of the sector.

Another conclusion is that the establishment of **a good level of social dialogue is a key element in improving the labour law of an FTO**. The fair trade sector is no different from the conventional sector in this respect, a democratic approach to work being the best guarantee of adherence to the social criteria of fair trade. At FTO D, the increase in the rate of trade union membership and the number of consultations with management in recent years has enabled workers to obtain a certain number of advantages, more specifically at a monetary level. These advances contrast strongly with the low level of trade union freedom prevalent in the Indian textile sector, and in manufacturing industries more generally, as Peter Williams confirms.

“There are other examples of fair trade organisations engaged in a regular process of consulting and involving its workers, which is noteworthy compared to the textile industry’s average”. Again, the Fairtrade International label, which places a strong emphasis on this component, could lead to the proliferation of developments of this type.

Meanwhile, **the performance of industrial players such as FTO D must be put into perspective.** Their philosophy remains less in line with the original spirit of fair trade than that of artisanal organisations, their environment remains patriarchal and their truly fair trade nature mostly concerns cotton production. The other links in the chain correspond instead to ethical trade, in other words a respect for minimum working conditions but with weak economic criteria (cf. wages are still low and a long way from a true living wage, even accepting the inclusion of social benefits).

In comparison, an organisation such as FTO B, democratically structured for the collective empowerment of marginalised women, can definitely be described as more fair trade. But like FTO A, this type of **artisanal FTO suffers from numerous structural disadvantages at the economic level**, among other things because of the low-skilled and disadvantaged nature of the craftspeople that it employs. It is logical that these FTOs therefore face many challenges, for instance at the level of wages and coverage of the supply chain. Beyond an active participation in the projects and systems of the WFTO (living wage and internal monitoring systems), improvements in these areas necessitate significant resources and economies of scale which are made difficult by their size.

Increasing their margins and sales volumes is therefore crucial for these FTOs. Given the competition, the best option could be to diversify their base of small specialised (fair trade, organic, sustainable) buyers, taking advantage of product innovation and “social marketing”. From this point of view, an increased involvement in campaign work and advocacy (for example through the WFTO and FTF-I networks) could lead to them better communicating their social impact and better promoting their specificities (informal and marginalised nature of their target audiences, social protection, artisan empowerment, etc.).

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