

# ILR New Conversations Project



SUSTAINABLE LABOR PRACTICES IN GLOBAL SUPPLY CHAINS

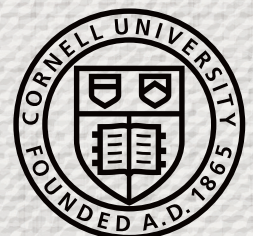
## Social Dialogue in the 21<sup>st</sup> Century

Mapping Social Dialogue in Apparel: **India**  
2021

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Garment Supply Chain Transformation

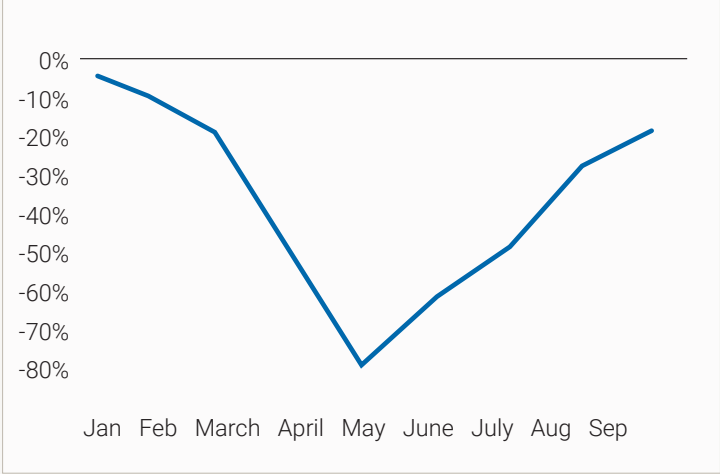




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## India COVID-19 Garment Industry Impacts

| <p>State of COVID-19<sup>1</sup></p>  | <p>As of January 6, 2021,</p> <ul style="list-style-type: none"> <li>• Confirmed COVID-19 cases: 10,374,932</li> <li>• COVID-19 deaths: 150,114</li> <li>• Case-Fatality: 1.4%</li> <li>• Deaths/100K Pop: 11.1</li> </ul>   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
|---|--|-------|------------|-----|-----|-----|------|-------|------|-------|------|-----|------|------|------|------|------|-----|------|-----|------|
| <p>Year on year US &amp; EU imports from India 2020 vs 2019 show an overall 32.5% decrease from January to September 2020 with imports falling 76% in May and rebounding to a 15% decline in September.</p> |  <table border="1"> <caption>Year on year US &amp; EU imports from India 2020 vs 2019</caption> <thead> <tr> <th>Month</th> <th>Change (%)</th> </tr> </thead> <tbody> <tr><td>Jan</td><td>-5%</td></tr> <tr><td>Feb</td><td>-10%</td></tr> <tr><td>March</td><td>-20%</td></tr> <tr><td>April</td><td>-45%</td></tr> <tr><td>May</td><td>-75%</td></tr> <tr><td>June</td><td>-55%</td></tr> <tr><td>July</td><td>-45%</td></tr> <tr><td>Aug</td><td>-25%</td></tr> <tr><td>Sep</td><td>-15%</td></tr> </tbody> </table> | Month | Change (%) | Jan | -5% | Feb | -10% | March | -20% | April | -45% | May | -75% | June | -55% | July | -45% | Aug | -25% | Sep | -15% |
| Month   | Change (%)   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| Jan   | -5%  |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| Feb   | -10%   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| March   | -20%   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| April   | -45%   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| May   | -75%   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| June  | -55%   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| July  | -45%   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| Aug   | -25%   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| Sep   | -15%   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| <p>Length of apparel industry lockdown</p>  | <p>Complete lockdown about 2 months (24 March-8 June), but restrictions on mobility continued for two more months. Unlock 1.0 from 8th June; Unlock 2.0: 1-31 July; Unlock 3.0: since August.</p>  |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| <p>Job losses or workforce capacity reduction percentage (monthly data if available)</p>  | <p>No data available</p>   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| <p>Government support specific to apparel industry</p>  | <p>No government support specific to apparel industry. Employers made representations to the Government for a special package but no package was announced.</p>  |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |
| <p>Characterization of social dialogue activities</p>   | <ul style="list-style-type: none"> <li>• Absence of social dialogue at the national level and unilateral national and state government reforming of labor laws relaxing worker protections sparked widespread trade union protests.</li> <li>• Isolated cases of wildcat strikes at the enterprise level in response to nonpayment of wages during lockdown. After reopening, some employers made agreements with workers for wage reduction for the crisis period, and workers were compelled to accept due to severe unemployment crisis.</li> </ul>   |       |            |     |     |     |      |       |      |       |      |     |      |      |      |      |      |     |      |     |      |

1. Data from the Johns Hopkins University Coronavirus Resource Center <https://coronavirus.jhu.edu/data/mortality>  
 2. Imports refer to imports of products with HS commodity codes 61, 62, 63, and 64. Data from UN Comtrade.

# 1. Introduction

Since 2000, India's textile and garment industry has integrated with global value chains and emerged as one of the country's fastest growing sectors (Mehrotra et al 2014). The highly labor-intensive industry has contributed significantly to employment growth, emerging as the fourth largest contributor in non-agricultural employment after construction, trade and transport, and communication. India is the fourth largest exporter of textiles and garments in Asia, and hence the industry contributes a significant share in the country's manufacturing GDP and exports.

However, the combination of highly flexible production, a large informal workforce, and weak institutional support mechanisms has resulted in low wages, poor working conditions, and low levels of unionization. These conditions, in combination with poor labor law enforcement and an anti-trade union environment, have resulted in very little or no effective space for social dialogue. Various stakeholders, however, have undertaken initiatives striving to increase the space for social dialogue and improve wages and working conditions of workers. However, these efforts have not been successful or sustained.

This report is a part of Social Dialogue in the 21<sup>st</sup> Century, a collaborative project of the New Conversations Project at Cornell University and the Strategic Partnership for Supply Chain Transformation (Fair Wear Foundation, CNV Internationaal, and Mondiaal FNV). The report will examine the capacity, strengths, and weaknesses of trade unions, employer associations, government institutions, civil society organizations, international organizations, and multi-stakeholder initiatives in India, particularly in the Tiruppur and Bangalore clusters. Furthermore, the report examines existing institutional mechanisms for social dialogue and identifies barriers to social dialogue, freedom of association, and collective bargaining. This report also includes an analysis of the COVID-19 pandemic's impact on the Indian garment industry and the role that social dialogue played in response to the pandemic.

The objective of this study is to critically analyze the existing institutional mechanisms for social dialogue, identify barriers to social dialogue, delineate the efforts of various stakeholders, and assess the impact of COVID-19 pandemic and lock-down on social dialogue. The study is particularly focused on the readymade garment industry in Tiruppur (Tamil Nadu) and Bangalore (Karnataka). Together, these two clusters account for approximately 46.6 percent of India's total apparel output in 2018 (Tamil Nadu 33.47 percent and Karnataka 16.1 percent) (GOI, 2020b). The report relies primarily on interviews by the author and reviews of recent developments. It is important to note the limited data available on the Indian garment industry, particularly relating to the COVID-19 pandemic. Furthermore, the report does not restate aspects of Indian industrial relations and labor law that have been well covered in previous publications.



The report is structured as follows: following the introduction, section 2 provides a general overview of the Indian garment industry, specifically the Tiruppur and Bangalore clusters as well as a comparison with the National Capital Region (NCR) cluster. Section 3 describes the recent labor code reforms and section 4 examines legally mandated social dialogue mechanisms. Following this, section 5 analyzes obstacles to social dialogue in India. Section 6 analyzes specific stakeholders and their actions and interventions related to social dialogue. Finally, section 7 examines the impacts of COVID-19 on India's garment industry and the role that social dialogue played in response to the pandemic.



## 2. The Garment Industry in India and Specificities of Tiruppur and Bangalore Production Clusters

India accounts for approximately 5 percent of the global textile and apparel trade (GOI 2020a). In 2019, the textile and garment industry accounted for an estimated 7 percent of the country's total industrial production, 2 percent of GDP, and 12 percent of total export earnings. Exports of ready-made garments (which is the focus of this report) accounted for about 40 percent of total textile exports during 2018-19 (GOI 2020a).

India's textile and garment industry has experienced significant employment growth. From 1999 to 2012, wearing apparel recorded the highest annual growth rate of employment (23.67 percent) among all sectors of the economy. In total, textiles and garments emerged as fourth largest contributor in non-agriculture employment after construction, trade and transport, and communication – accounting for more than 16 percent of manufacturing employment (Kerswell and Pratap 2019). According to National Sample Survey Organization (NSSO) data, in 2011-12, textiles and garment manufacturing together provided 18.8 million jobs, out of which 9.2 million were contributed by textiles and 9.6 million by wearing apparel manufacturing (Mehrotra et al 2014).

The garment industry in India is concentrated in 12 major clusters including Tiruppur (TN), Bangalore (Karnataka), Gurgaon (Haryana), Noida (UP), Ludhiana (Punjab), Chennai (TN), Kolkata (WB), Okhla (Delhi), Mumbai (Maharashtra), Indore (MP), Jaipur (Rajasthan), and Bellary (Karnataka). These clusters account for about 92 percent of total garment units and 85 percent of total production (see Indrakumar 2013).

Within broader commonalities in the dynamics of the Indian garment industry, there are certain specificities of Tiruppur and Bangalore (the two largest export centers) where our study is located.

### 2.1 Tiruppur Cluster

Tiruppur has 28,938 registered RMG units of which about 11,268 units are garment-making units and about 8,000 units are knitting units (GOI 2015). Tiruppur contributes approximately 90 percent of total cotton knit wear exported from India (GOI 2019). Major global brands such as Nike, Reebok, H&M, Inditex, Tchibo, Espirit source finished goods from Tiruppur. In terms of specific products, Tiruppur largely produces t-shirts, knitwear, and hosiery while Bangalore specializes in ready-made garments, particularly trousers and jackets.



In Tiruppur, inter-state migrant workers account for 30 to 40 percent of the workforce. Migrants are mostly drawn from Odisha, West Bengal, Bihar, UP and Andhra Pradesh. Migrant workers are generally hired as piece rate contract workers. Women workers make up approximately 50 to 60 percent of the total workforce, with most of these women being young and unmarried. At the factory level, the proportion of women workers is positively correlated to availability of hostels. Where hostels exist, their proportion reaches to about 70 to 80 percent (based on interviews-1<sup>1</sup>).

The highly seasonal nature of production in Tiruppur's garment industry results in a large percentage of contracted, piece rate workers. Although National Sample Survey Office (NSSO) reports indicate that contract workers only account for 6 percent of the workforce (Thomas and Johny 2018), interviews with local stakeholders suggest that is an underestimate – the actual percentage is closer to 50 percent (interviews-1).

The most common labor law violations include:

1. Overtime work paid at the regular hourly rate instead of the overtime rate;
2. Piece rate workers are paid according to the pieces worked by them, and their monthly payments vary according to the availability of work. Hence, there are instances when their monthly wages go below minimum wage;
3. In many cases, the piece rate workers are not covered under social security schemes;
4. Rather than legally firing (retrenchment/dismissal) workers, workers are forced to resign and denied retrenchment compensation;
5. Workplace harassment;
6. The Sumangali (girls to be married) system, wherein, young women (sometimes amounting child labor) are engaged in three year contracts, lodged in hostels, with a promise of monthly pocket expenses and lump-sum payments of INR 30000-40000 (USD 409-545) at the end of contract. The system has been transformed in the past decade. Monthly payments have been increased (lump sum payments decreased) and restrictions on freedom of movement in hostels have been reduced. However, Sumangali workers are still paid below the minimum wage (Interviews-1).

In Tiruppur, there is a continuing system of industry wide collective bargaining in garment industry since 1996 (interview-1). Although economic liberalization and political changes have eroded India's traditions of industry-wide collective bargaining, it has continued in Tiruppur's garment industry (this is further discussed in section 6.5). No such system of industry wide collective bargaining exists in Bangalore and NCR Garment cluster.

Wage determination is undertaken by collective bargaining or established through minimum wage boards. In Bangalore (Karnataka State) and Tiruppur (Tamil Nadu state) wages are determined for each industry and skill separately. This system provides a quasi-form of industry wide collective bargaining for determination of mini-

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1. Telephonic Interview with SAVE team (Mary Vijakula assisted by others) conducted by the author Surendra Pratap on 21st and 29th September, and 3rd October 2020

imum wage. In contrast, in the NCR region, this system does not exist and a general minimum wage is determined for three skill categories for all industries.

## 2.2 Bangalore Cluster

Bangalore has about 1,800 garment factories located around areas such as Peenya, Bommanahalli, Mysuru Road and Hosur Road. Bangalore has more than 10 big garment companies with pan India presence (Ray and Peepercamp 2013). Many major global brands such as AEP, Acne Studios, Anna Van Toor, Grunheld, GAP Inc., Hilly, H & M, and Walmart source from Bangalore.

In Bangalore, inter-state migrant workers constitute more than 20 percent of the workforce. Migrants are mostly drawn from Bihar, Odisha and UP. Women workers constitute about 90-95 percent of the workforce, with huge majority young and unmarried (based on interviews-2<sup>2</sup>).

Garment manufacturing in Karnataka is generally characterized by larger factories with more than 500 workers. The average number of workers per garment factory is approximately 471 compared to the national average of 112 (Thomas and Johny 2018).

Compared with Tiruppur, seasonality has less of an impact on production and the workforce. Facilities generally maintain formal employees compared to piece rate and contract employees. Piece rate workers make up approximately 5 percent of the workforce in the Bangalore garment industry (based on interviews-2). According to NSSO reports, the proportion of contract workers in Karnataka garment factories is only 0.8 percent (Thomas and Johny 2018). However, local CSOs estimate the proportion at 5 percent (based on interviews-2). Furthermore, a professional management culture is more prevalent at larger factories that make up a larger part of the industry in Karnataka. Hence naked violation of labor laws (unreported workers, overexploitation of contract workers, non-payment of MW, complete denial of premium rate of OT etc.) are rarely observed, and more sophisticated violations emerge in practice, for example (based on interviews-2):

1. Exceptionally high work load, and unpaid overtime on pretext of completing day targets;
2. Not easily permitting to go on leave;
3. Wage deductions on various grounds;
4. Workplace harassment;
5. Rather than legally firing (retrenchment/dismissal) the workers, workers are forced to resign and denied notice pay and retrenchment compensation;
6. Pursue/force the workers to resign and claim their PF (and then re-join) before completing five years of service to deny them payment of gratuity;
7. Denying premium rate of OT to piece rate workers, and in many cases not covering

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2. Telephonic interview with GLU Team (Rukmini and Raju BC) Conducted by author Surendra Pratap on 23rd and 29th September, and 3rd October 2020



piece rate workers under social security schemes;

8. Not allowing women with infants (even though factory may be maintaining child-care facilities ) to avoid giving nursing breaks which is considered loss of working hours (Thomas and Johny 2018).

## 2.3 Contrast with NCR Cluster

In contrast to the Tiruppur and Bangalore clusters, the NCR garment cluster is almost completely dominated by male migrant workers, with the proportion of women workers approximately 10 percent of the workforce (based on interviews-3<sup>3</sup>). Moreover, in NCR cluster, we observe great fluctuation in the production orders across the year, in addition to seasonality impact, and widespread and naked violation of most of labor laws including the practice of engaging unreported workers (based on interviews-3).

There are significant variations in monetary minimum wages in the states. Wages in Tiruppur and Bangalore are significantly lower than that in NCR, as shown in table 1.

**Table 1. The Minimum Wages in Various Clusters of Garment Industry in India (in INR)**

| States                             | Minimum wages in garment industry in INR per month<br>(These wages were mostly applicable up to March 2020 but not revised yet) |      |      |                  |      |      |              |      |      |
|------------------------------------|---|------|------|------------------|------|------|--------------|------|------|
|                                    | Unskilled Zone  |      |      | Semiskilled Zone |      |      | Skilled Zone |      |      |
|                                    | I   | II   | III  | I                | II   | III  | I            | II   | III  |
| Karnataka                          | 8351  | 8221 | 8091 | 8585             | 8455 | 8325 | 8663         | 8533 | 8403 |
| Tamil Nadu Tailoring               | 8609  | 8481 | 8353 | 8992             | 8864 | 8736 | 9142         | 8992 | 8864 |
| Tamil Nadu Hosiery                 | 5107-5407   |      |      | 5707             |      |      | 7507         |      |      |
| Tiruppur Tripartite Agreement Wage | 5980-7254   |      |      | 7592             |      |      | 9984         |      |      |
| Delhi                              | 14806   |      |      | 16284            |      |      | 17924        |      |      |

Source: Relevant government notifications and Tiruppur Tripartite Wage Agreement

3. Telephonic interview with Vastra Silai Udyog Kamgar Union Noida (affiliated to CITU) team (Mr RS Rajbhar and others) conducted by author Surendra Pratap on 6th August 2020

## 3.0 The New Legal Framework of Industrial Relations

India follows a “federal” system with significant powers given to the states. Thus, although there are national laws in respect of labor, there are also state laws that dilute or enhance national laws. Since Indian independence, India has been lauded for its extremely protective labor legislation for formal sector workers. A plethora of 29 separate pieces of legislation on working conditions (The Factories act), on labor management relations (The Industrial Disputes Act), on wages (The Payment of Wages Act) and so forth regulated labor issues in the formal sector (Krishna, 2020). These have been well described in prior research (Kuruville 2019, 1987 and Shyam Sundar 2019, 2020).

Ever since economic liberalization in 1990, there have been demands from the private sector and foreign investors to rationalize Indian labor legislation to enhance employment flexibility. Although successive Indian governments have resisted such pressures, the Modi administration has finally acceded to these neo-liberal requests, and a rationalization of the labor laws into four major codes was accomplished over the last two years (see Table 2). These include:

1. The Code on Wages (August 2019)
2. The Occupational Safety, Health and Working Conditions Code (September 2020)
3. Industrial Relations Code (September 2020)
4. Social Security Code (September 2020)

These reforms and consolidation had the stated objective of improving the ease of doing business and expanding worker protections. Broadly speaking however, these codes weaken worker protections, restrict trade union activity, and permit governments to exempt establishments from the legal provisions for the “public interest” (Krishna, 2020). The major changes reflected in the four new codes are as follows:

1. **Code on Wages:** The code retains state-level minimum wage setting systems but creates a national minimum wage for all employees. In determining the national minimum wage, the government is supposed to take into account minimum living standards of workers (Wijekoon & Upal, 2020). Furthermore, the new code diluted provisions in Equal Remuneration Act by restricting gender-based discrimination only in respect of payment of wages, doing away with other types of discrimination related to promotion, vocational training, or transfer (See Gazette of India, 2019 Ch.1, Section 3(l)). The Code also does away with the right of trade unions to legally access the audited accounts of establishments (which was their right in order to demand clarifications to ascertain ‘allocable surplus’ while bargaining for bonus above the minimum level). The code allows deduction in wages for participation in strike, as it considers participating in a strike as absence.



2. **Occupational Safety, Health, and Working Conditions Code:** The new code consolidates 13 labor laws and applies to establishments with 10 or more workers (Wijekoon & Upal, 2020). The code weakens labor inspectorates significantly; labor inspectors are no longer able to make surprise inspections and health inspections require written notice to employers. The OSH code further stipulates the establishment of safety committees in establishments with more than 250 workers, excluding approximately 90 percent of enterprises from committee requirements (Rajalakshmi, 2020). Furthermore, the code allows “the appropriate Government” to suspend provisions in the code “in the case of an emergency” (Gazette of India, 2020a). Lastly, the OSH Code calls for the formation of a National Occupational Safety and Health Advisory Board to advise the Central Government on OSH matters relating to the new code. Additional state-level boards are likewise called for to advise state governments on OSH matters (Obhan & Jaisingh, 2020).
3. **Industrial Relations Code:** The new industrial relations code places several restrictions on trade union activity and limits worker protection, particularly in regards to layoffs. Now government permission before retrenchment, closure and layoff is required only in establishments with more than 300 workers (earlier 100 and more workers). This effectively gives employers free hand to hire and fire in enterprises with less than 300 workers, which employ majority of workforce. Similarly, requirement of standing orders (providing clear terms and conditions of service) now applies only to establishments with 300 and more workers (earlier 100 or more, in some states 50 or more). The code makes it a general requirement to give fourteen days’ notice before a strike (earlier this applied only in public utility services). Strike notice may necessarily lead to conciliatory proceedings and the Code prohibits strikes during and up to seven days after a conciliation proceeding, and during and up to sixty days after proceedings before a tribunal. This makes a legal strike next to impossible. A positive change are terms introducing provisions for recognition of trade unions for collective bargaining (it was absent in central laws and existed only in 5-6 states). However, unions must represent at least 10 percent of workers in a given sector (Kumar, 2020). In the case of multiple unions, to become a sole bargaining agent, the union is required to represent 51 percent of workforce as its members; otherwise, a negotiating council needs to be formed including all the unions with membership equal to at least 20 percent of the workforce.
4. **Social Security Code:** The new Social Security code has the intended goal of extending social security benefits to all workers, including contract, “gig” and platform workers (Wijekoon & Upal, 2020). However, no scheme for unorganized workers, gig workers and platform workers is clearly spelled out. Employees State Insurance (ESI) Coverage is extended to all establishments with 10 or more workers and all hazardous factories, earlier many sectors were excluded. The definition of wage excludes any overtime allowance, which practically means that employers may not be required to pay ESI contribution on overtime wages. The Social Security Code also introduces provisions on fixed-term employment (workers hired under a fixed-term contract). The code removes safeguards prohibiting the conversion of permanent positions to fixed-term employment. There is also no limit on how many times a fixed-term contract can be renewed (Krishna, 2020). Labor rights organizations note that the unequal bargaining power between workers and employers result in greater job insecurity for employees on fixed contracts as workers are deterred from raising issues over fears of not having their contract renewed (PRS, 2020).

**Table 2: Summary of Labor Code Consolidation and Reform**

| New Legal Framework  | Previous Legislation  | Key Changes <sup>4</sup>   |
|--|---|--|
| Occupational Safety, Health, and Working Conditions Code, 2020 | <ul style="list-style-type: none"> <li>· Factories Act, 1948</li> <li>· Contract Labor, 1970</li> <li>· Cine Workers and Cinema Theatre Workers Act, 1981</li> <li>· Mines Act, 1952</li> <li>· Dock Workers Act, 1986</li> <li>· Building and Other Construction Workers Act, 1996</li> <li>· Plantations Labor Act, 1951</li> <li>· Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979</li> <li>· Working Journalist and other News Paper Employees Act, 1955</li> <li>· Working Journalist Act, 1958</li> <li>· Motor Transport Workers Act, 1961</li> <li>· Sales Promotion Employees Act, 1976</li> <li>· Beedi and Cigar Workers Act, 1966</li> </ul> | <ul style="list-style-type: none"> <li>· Factory definition changes: 20 or more workers (powered), 40 or more (unpowered)</li> <li>· Women can be employed in hazardous occupations</li> <li>· Introduction of fixed-term employees</li> <li>· Labor inspectors are made facilitators, inspections are restricted; no provisions to increase number of inspectors</li> <li>· Requires businesses engaging 10 or more workers to register in a centralized database</li> <li>· All sectors that were not covered under previous laws are now included.</li> <li>· All problems related to caps and thresholds for coverage under previous provisions are retained.</li> </ul>                   |
| Industrial Relations Code, 2020                                | <ul style="list-style-type: none"> <li>· Industrial Disputes Act, 1947</li> <li>· Trade Unions Act, 1926</li> <li>· Industrial Employment Act, 1946</li> </ul>  | <ul style="list-style-type: none"> <li>· Requirement of government permission for retrenchment now applies to establishments with 300 or more employees (previously 100)</li> <li>· Establishes provisions for recognizing trade unions in central law.</li> <li>· Mandatory for a union to represent at least 10 percent of workers or 100 workers.</li> <li>· In cases with more than one TU, the “sole negotiating” union status is conferred to the union with 51% of workers as members.</li> <li>· Unions prohibited from striking without prior 2 weeks’ notice and during conciliation proceedings</li> <li>· Establishes “worker re-skilling fund” for retrenched workers.</li> </ul> |

4. These are selected key reforms and not comprehensive of all changes.



|   |  |   |
|---|--|---|
| <p><b>Code on Social Security, 2020</b></p> | <ul style="list-style-type: none"> <li>· Employees' Provident Fund and Miscellaneous Provisions Act, 1952</li> <li>· Employees' State Insurance Act, 1948</li> <li>· Payment of Gratuity Act, 1972</li> <li>· Employees' Compensation Act, 1923</li> <li>· Maternity Benefit Act, 1961</li> <li>· Employment Exchanges Act, 1959</li> <li>· Cine Workers Welfare Fund Act, 1981</li> <li>· Building and Other Construction Workers Welfare Cess Act, 1996</li> <li>· Unorganized Workers' Social Security Act, 2008</li> </ul> | <ul style="list-style-type: none"> <li>· A provision for creating a cess fund for extending social security benefits to gig and platform workers is introduced but no social security scheme is spelled out for these workers.</li> <li>· Fixed-term workers will be eligible for gratuity benefits if they have completed one year of continuous service.</li> </ul> |
| <p><b>Code on Wages, 2019</b></p>           | <ul style="list-style-type: none"> <li>· Equal Remuneration Act, 1976</li> <li>· Payment of Wages Act, 1936</li> <li>· Minimum Wages Act, 1948</li> <li>· Payment of Bonus Act, 1965</li> </ul>  | <ul style="list-style-type: none"> <li>· Provision for a national floor wage</li> <li>· Trade unions no longer can legally access audited accounts of establishments (they had done so previously while bargaining for bonuses above the minimum level)</li> </ul>  |

Source: Compiled from Krishna, 2020; Obhan & Jaisingh, 2020; Wijekoon & Upal, 2020

This reform and consolidation of 29 labor laws constitutes the largest reform of labor law in decades. Broadly speaking, the recently reformed and consolidated legal framework in India presents problems for workers' rights as written and in practice. Some of the most significant obstacles to freedom of association and the protection of workers' rights include limitations on the right to strike, expansion of fixed-term employment contracts, and restrictions on labor and health inspections. In practice, while the law does not explicitly forbid informal and contract workers from organizing or becoming trade union members, the law's maintenance of an unbalanced worker-employer power dynamic and continued non-enforcement of legal provisions has rendered these rights largely aspirational. Specific mechanisms for social dialogue and dispute resolution are largely neglected as described in section 4.

In addition to the issues with the labor code as written and its implementation, labor scholars and trade unions expressed disappointment with the absence of dialogue in the drafting of the new labor code. Although India had ratified ILO Convention 144 on Tripartite Consultations, trade unions state that the central government had not consulted them in the labor law reform process (Sundar, 2020b). Trade unions question

claims by the government that unions were consulted in the drafting of the Industrial Relations Code with the BMS rebuking the government for not honoring tripartism: “the government has disrespected the tripartite tradition followed in the country before any labor-related decisions are taken” (Sundar, 2020b).





## 4.0 Legally-Mandated Social Dialogue Mechanisms

### 4.1 National and State Level Social Dialogue Mechanisms

At the national level, there are approximately 21 tripartite forums. Among these, the most relevant to industrial relations are the Indian Labor Conference (ILC) and Standing Labor Committee (standing advisory committee).

The ILC is India's "apex-level" tripartite committee. It is chaired by the Prime Minister and convened by the Ministry of Labor and Employment. Employer and worker representatives have an equal number of seats. The ILC seeks to advise the government on labor matters by reviewing and formulating labor policies. The Standing Labor Committee (SLC) is a tripartite body that meets before an ILC and determines its agenda (ILO, 2020a).

At the state level, tripartite forums include minimum wage advisory boards, contract labor advisory boards, and state welfare boards. These state boards only have recommendatory power. The number of forums differs from state to state. In Tamil Nadu, the State Labor Advisory Board (SLAB) is a tripartite body designed for consultation on labor policy matters in the state.

Labor rights advocates and trade union representatives express disappointment over the general lack of activity or non-existence of these tripartite forums at both national and state levels. Labor scholars note that the last meeting of the ILC took place in 2015 and that the proposed 46<sup>th</sup> ILC meeting in 2018 was postponed (Sundar, 2020b). At the state level, the Tamil Nadu SLAB did not meet from 2016 to 2018 despite its charter requiring annual meetings (ILO, 2020). Furthermore, labor scholars note that even when these tripartite forums convene, they generally function "as a forum for reiterating 'ideological positions' of the actors rather than being a forum for the exchange of information between and evidence-based positioning by the tripartite actors" (Sundar, 2020b).

### 4.2 Factory Level Social Dialogue Mechanisms

The new Industrial Relations (IR) Code and OSH Code include provisions for legally-mandated social dialogue through bipartite forums at the factory level.

The Industrial Relations Code mandates the formation of Works Committee in enterprises with 100 or more workers. The Works Committee is designed to "promote measures for securing and preserving amity and good relations between the employer and workers." Additionally, the IR code mandates the formation of a Grievance Redressal

Committee in enterprises with 20 or more workers. The Grievance Redressal Committee is responsible for the “resolution of disputes arising out of individual grievances” (Gazette of India, 2020b). Both committees consist of equal numbers of employer and worker representatives. The IR code also mandates adequate representation of women workers in the Grievance Committee no less than the proportion of women workers in the establishment.

The OSH Code allows for (but does not mandate) the formation of Safety Committees in enterprises with 500 or more workers (Gazette of India, 2020a). Labor scholars note that this marks a significant dilution in workers’ OSH rights previously held under the Factories Act. These committees are only formed under the discretion of management or state governments and for very large enterprises (Sundar, 2015) Health and Working Conditions Code. During the COVID-19 period alone, 30 industrial accidents occurred in India, killing at least 75 workers and injuring hundreds (IndustriALL Global Union 2020). Apart from this, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 requires formation of Internal Complaints Committee (ICC) only with workers representatives and an outside expert, especially focused on issues of sexual harassment. The committee is empowered to receive complaints, conduct investigation, call for witnesses, and recommend appropriate actions to be taken by the management. The brief outline of structure and function of these committees is given in table 2.

Compliance with these dialogue provisions is rarely observed. Only in the factories that undergo frequent social audits by brands or third parties, does management maintain documentation of Committees. This is reflected in findings of Fair Wear Foundation audits (Fair Wear 2019) and also revealed in stakeholder interviews. Several NGOs and trade unions have strived to make these committees function. Multi Stakeholder Initiative Tamil Nadu (MSI-TN) has focused on facilitating the formation of committees and been partly successful. In some garment factories, grievances are now reaching the committees, however, the extent to which the committees play a role in grievance redressal is yet to be seen (based on interviews-1). Overall, the committees mainly exist only on paper and are not functional. The Garment Labor Union (GLU) advises its union members to get elected in the committees, bring raise grievances, and in so doing make the committees functional. Some union committee members have been elected in the committees but have not been able to achieve any success yet in making them functional (based on interviews-2).



**Table 3: Institutionalized Social Dialogue by Way of Workers' Participation in Management**

| Legislations   | Mandatory Committees | Applicability                           | The Nature and Role of Committees  |
|--|----------------------|---|--|
| Industrial Relations Code 2020 (Industrial Disputes Act) | Works committee      | Establishments with 100 or more workers | The works committee is recognized as authority under ID Act (Chapter II) to resolve day-to-day grievances arising between production workers and management, rather than directly reaching to labor department for conciliation-adjudication. Works committee can take up all issues, except those relating to alteration of service conditions, wages increments and bonus etc. which are the domains of collective bargaining. The committee is formed by equal number of elected workers' representatives and nominated management representatives (with a total of maximum 20 members). In case of presence of union, proportionate numbers of workers' representatives come from unionized and non-unionized workforce. |
|  | Grievance Committee  | Establishments with 20 or more workers  | This is similar grievance resolution mechanism as in case of works committee. The committee is formed by equal number of elected workers' representatives and nominated management representatives (with a total of maximum 6 members).  |

|  |                                     |  |  |
|--|-------------------------------------|--|--|
| The Occupational Safety, Health And Working Conditions Code 2020 (Factories Act)   | Safety Committee                    | All factories employing 500 or more workers, and all hazardous factories employing more than 250 workers | Role of Committee includes: a) assisting management in implementing health and safety policy; b) helping in arriving at practical solutions; and c) creating safety awareness amongst workers. The committee is formed by equal number of elected workers' representatives and nominated management representatives.   |
| The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013   | Internal Complaints committee (ICC) | All establishments with 10 or more workers, with at least one woman employee.                            | ICC is focused on prevention and prohibition of all forms of sexual harassment. It is responsible for receiving and investigating complaints and recommending actions to management. The committee is constituted by employee representatives nominated by management. The committee includes: a) presiding officer, a senior woman employee; b) an external member, well versed and committed to the cause of women; and c) other members (minimum two) from workers with 50 per cent women |
| For detailed analysis see: Worker Management Dialogue in Indian Legislation, <a href="https://api.fairwear.org/wp-content/uploads/2020/09/Worker-management-dialogue-in-Indian-legislation.pdf">https://api.fairwear.org/wp-content/uploads/2020/09/Worker-management-dialogue-in-Indian-legislation.pdf</a> |                                     |  |  |



### 4.3 Representation of Trade Unions in Social Dialogue

In India, trade unions are formally recognized as social partners in various tripartite forums at the national and state levels. These include Employees State Insurance (ESI) Boards, Employees Provident Fund (EPF) Boards, various other Welfare boards, Minimum Wage Boards and the Indian Labor Conference (ILC). There is a well-structured system to assign Central Trade Union Status to “most representative trade unions” to represent the workers in social dialogue. Government policy up to 2008 required a verified membership of 0.5 million spread over at least four states and four. The last trade union membership verification process was in 2002 and the results were published in 2008. Only 12 trade unions were found to have the required membership and they were recognized as CTUOs, as listed in table 4.

| <b>Table 4: Trade Unions in India</b>   |                       |                                   |
|---|-----------------------|-----------------------------------|
| Central Trade Union Organizations   | Membership (millions) | Percent share in total membership |
| Bharatiya Mzdoor Sangha (BMS)<br>(affiliated to ruling party at center Bharatiya Janata Party-BJP)                        | 6.22                  | 24.98                             |
| Indian National Trade Union Congress (INTUC)<br>(affiliated to major opposition party at center Indian National Congress) | 3.95                  | 15.89                             |
| All India Trade Union Congress (AITUC)<br>(affiliated to Communist Party of India-CPI)                                    | 3.44                  | 13.83                             |
| Hind Mazdoor Sabha (HMS)<br>(not affiliated to any political party)   | 3.34                  | 13.43                             |
| Centre of Indian Trade Unions (CITU)<br>(affiliated to CPI-Marxist)   | 2.68                  | 10.76                             |
| United Trade Union Congress-Lenin Sarani (UTUC-LS)<br>(affiliated to Socialist Unity Centre of India-SUCI)                | 1.37                  | 5.52                              |
| Trade Union Coordination Centre (TUCC)<br>(affiliated to All India Forward Block (AIFB))                                  | 0.73                  | 2.94                              |
| Swashrayi Mahila Sewa Sangh (Self Employed Women’s Association-SEWA)<br>(not affiliated to any political party)           | 0.69                  | 2.77                              |
| All India Central Council of Trade Unions (AICCTU)<br>(affiliated to CPI-ML-Liberation)                                   | 0.64                  | 2.57                              |

|   |              |            |
|---|--------------|------------|
| Labor Progressive Front (LPF) (affiliated to regional political party of Tamil Nadu-Draivida munnetra Kazhgam-DMK)                    | 0.61         | 2.46       |
| United Trade Union Congress (UTUC) (affiliated to Revolutionary Socialist Party-RSP)  | 0.60         | 2.44       |
| National Front of Indian Trade Unions-Dhanbad (NFITU-DHN) (affiliated to a regional political party in Bihar-Rastriya Janata Dal-RJD) | 0.57         | 2.29       |
| National Front of Indian Trade Unions-Kolkata (NFITU-KOL) (not affiliated to any political party)                                     | 0.03         | 1.14       |
| <b>Total</b>  | <b>24.88</b> | <b>100</b> |

The process of recognizing the CTUOs is done periodically (normally every four years). In the first step of verification process, trade unions applying for CTUO status submit the documents of claimed union membership with statewide and industry-wide membership details. Then, the unions are required to submit annual returns as evidence of the union membership. Then, the labor department conducts thorough investigations to verify the membership and to arrive at the actual verified membership. This verified membership forms the basis for assigning CTUO status. Generally verified membership is always far below the claimed membership, in some cases it is only two thirds of the claimed membership. The new verification process started in 2013, and has almost completed and the labor department may publish the results soon. The government policy on CTUOs has been revised and now in order to get CTUO status trade unions are required to have a verified membership of 800,000 spread over in at least eight industries and eight states (Gol, 2013).



## 5.0 Obstacles to Social Dialogue in the Garment Industry

### 5.1 Poor Purchasing Practices by Global Brands

Global value chains, the division of labor across borders, and free capital mobility have led to a race to the bottom where suppliers face immense price pressures from global brands. The competition among apparel suppliers in India to secure orders from global brands has resulted in low prices often insufficient to ensure profits if suppliers honestly invest in labor standards compliance. According to a study of Indian suppliers, 75 percent of the value of product goes to the retailers and brands, factory profit including material costs is 13 percent, factory workers' wages is 1 percent, and transportation-taxes-import costs is generally 11 percent (Vijaybhaskar 2002). It is worth emphasizing that even when wage costs constitute only 1 percent, suppliers still focus on reducing the wage cost, as almost all other costs are generally fixed or they have no control on them. Brands put consistent pressure on reducing the prices or keeping the same prices for years, even when the cost of production is going up in terms of rising cost of materials and minimum wage (Thomas and Johny 2018). This naturally translates in pressure to reduce wage cost. In this light, state governments in Karnataka and Tamil Nadu have created gradually lower minimum wage rate zones (see table1 in section 2.3) to keep production in their state. In effect, garment factories have moved within states to these low wage zones.

Under these conditions, the suppliers' ability to address the concerns of workers have been increasingly reduced. Suppliers have little interest in engaging in social dialogue as it may ultimately require addressing the concerns of the workers. Sitting at a distance, the brands have not been able to see the disasters that they are producing in their value chains and have not been able to develop any real concern for a constructive social dialogue to improve the conditions with a collective effort. Labor rights advocates note that brands do not respond to the complaints of labor law violations, and only do so when compelled by pressure campaigns. In some cases, rather than remedying problems and improving compliance, brands simply pull orders from factories, creating even greater crisis for workers (based on interviews-2).

### 5.2 Weak Institutional Support Mechanisms and Industrial Relations Environment

Rampant labor law violations remain a significant problem for workers in the Indian garment industry. Examples of violations from media and labor rights organizations' reports abound. Workers' statutory rights are routinely violated. 85 percent of factory workers in garment industry are denied any formal contract and 78.8 percent of regular formal workers are denied the paid leaves (Srivastava 2015).

Not only are workers' legal protections routinely violated, the laws themselves have been weakened through business-oriented reforms (the most recent reforms are described above in section 3). These reforms have the effect of worsening working conditions for garment workers while reducing their organizing and collective bargaining power. These pro-employer legal provisions are still routinely violated however. For example, in the whole garment industry including Tiruppur, Bangalore and NCR region, the standard practice of firing a worker is by way of compelling the workers to submit/sign resignation letter in order to get their due wages paid and the provident fund withdrawal form signed by the employer. The employers rarely ever legally retrench workers, as doing so requires payment in lieu of notice and retrenchment compensation. Employers also never go for legal dismissals (for misconduct), as it requires conducting inquiry before dismissal. The workers have the right to deny signing the resignation and complain against employers to labor department; but the whole process of conciliation and adjudication takes many years, and workers are not in a position to survive without wages for even a month. In effect, workers find themselves in an impossible chicken or egg situation: the absence of unions has facilitated the derogation of worker protections and violations but the derogation of labor law has stymied union organizing.

In addition to labor rights violations, garment industry wages are very low in India. In the absence of collective bargaining agreements, the statutory minimum wages are very low. It is important to note that legally, the minimum wage in India is supposed to be a living wage and a fair wage (see Sethuraman 1961). Using this criteria, the wage should not come below INR 18000 (USD 245) per month. However, the minimum wages in most of the states remain at half or less than half of this value.

It is also worth mentioning that inspections for ensuring labor law compliance has been paralyzed. The mean number of labor inspectors decreased from 0.25 per thousand workers in 2000 to 0.19 in 2007; the number of labor inspectors specifically devoted to enforce the minimum wage legislation decreased from 0.65 per thousand workers in 2000 to 0.42 in 2010 (Sapkal 2016). There are some variations in the labor law enforcement scenario in different states; for example, there are 0.19 labor inspectors per thousand workers in Karnataka, while West Bengal has 0.45 labor inspectors (ibid).

Furthermore, the central and state governments have implemented policies curtailing the power of labor inspectors. Policies restricting inspectors, requiring notice, and promoting self-certification have been promulgated in the name of attracting FDI. This clearly reflects the decreasing focus of governments on labor law enforcement, and hence simply ignoring the violations.

Additionally, with the amendment in Trade Unions Act in 2001, membership required for registration of a union has been increased from 7 workers to 10 percent or 100 workers, whichever is less, but not less than 7 in any case. This has made the unionization more difficult.



Overall, the institutional environment for social dialogue in India is weak and generally against trade unions. Price pressures on suppliers, rampant labor law violations, weakening of labor law provisions, low wages, limited labor inspectorates, and a pro-employer political environment all make it difficult for workers to organize and for employers and government actors to take social dialogue seriously.

### 5.3 Limited Trade Union Capacity

We have already discussed that trade union density in India is very low; and in above conditions it can be understood why the trade union density is dismal in garment industry. There is no reliable data on unionization in garment industry. However by rough estimates place the figure at 3 percent. According to the labor bureau data on membership of trade unions submitting returns, there were 51 trade unions (47 state unions and 4 central unions) in garment industry (NIC code 14-Manufacture of Wearing Apparel) and total membership of these unions was 0.11 million in 2000 (Labour Bureau 2012). Broadly speaking, however, there is virtually an absence of unions at enterprise level.

A chief obstacle to enterprise-level unionization is a strong anti-union culture. There are myriad reports of owners/managers of the factories responding furiously against any attempts of unionization, actively discouraging workers from joining unions, and dismissing workers who join unions. Consequently, many workers feel hesitant about joining unions (see Thomas and Johny 2018). Firstly, many workers are first generation factory workers and have no experience of any unionism or even any great interaction with any unionists. They know about unions only through wide spread propaganda against the unionism. Secondly, the majority of employers likewise have little experience working with unions, and they know about unionism only through widespread propaganda against unionism.

## 6.0 Interventions and Impacts of Various Stakeholders

There remains a long way to go in terms of establishing functional and impactful social dialogue in the Indian garment industry. However, there are a few stakeholder initiatives seeking to improve social dialogue and bring significant change to working conditions.

### 6.1 Trade Unions

Enterprise-level unions are virtually absent in the Indian garment industry. Moreover, union membership is sparse and scattered across the industry. However, two promising social dialogue initiatives have sought to harmonize fragmented unions and encourage sectoral dialogue. Tripartite collective bargaining has taken place in Tiruppur (described above in section 2.1) and a tripartite minimum wage setting system is in place in Tamil Nadu and Karnataka. Second is the worker committee formation strategy undertaken by unions in Tiruppur and Bangalore. Here, unions encourage members to form functional worker committees in their enterprises as stated in Indian labor law as a means of establishing dialogue with management and setting the foundation for enterprise-level collective bargaining through initial informal agreements.

The activities of various trade unions operating in the Tiruppur and Bangalore garment industry and their achievements/impacts towards strengthening the social dialogue in described in table 5.



**Table 5. Major Trade Unions in Tiruppur and Bangalore Garment Industry, their Impacts/Achievements**

| Trade Unions in Tiruppur   | Impacts/Achievements   |
|--|--|
| <ul style="list-style-type: none"> <li>· Garment wing of LPF</li> <li>· Garment wing of CITU</li> <li>· Garment wing of AITUC</li> <li>· Garment wing of Anna Thozhirsanga Peravai (ATP) (affiliated to regional political party AIDMK)</li> <li>· Garment wing of INTUC</li> <li>· Garment wing of Marumalarchi Labor Front (MLF) (affiliated to regional political party MDMK)</li> <li>· Garment wing of HMS</li> </ul> | <ul style="list-style-type: none"> <li>· Part of industry wide tripartite collective bargaining system in Tiruppur garment industry</li> <li>· Represented in various policy bodies like EPF and ESI Boards, Minimum wage board and other welfare Boards</li> <li>· Rare if any registered factory level unions, Membership scattered across the industry</li> <li>· Forming factory level union-committees and establishing a dialogue with management to bring minimum level of collective bargaining dynamics</li> <li>· In many factories, multiple unions have their membership among workers, which adds further complexities</li> </ul>   |
| <ul style="list-style-type: none"> <li>· IndustriALL</li> </ul>  | <ul style="list-style-type: none"> <li>· Work with affiliate unions-INTUC and HMS</li> </ul>   |
| Trade Unions in Bangalore  |  |
| <ul style="list-style-type: none"> <li>· Garment Labor Union (GLU), Affiliated to HMS</li> </ul>   | <ul style="list-style-type: none"> <li>· Presence in more than 8 export garment factories producing for foreign brands and also in some factories producing for domestic market</li> <li>· Union Committees formed in more than 4 export garment factories; by way of election from amongst the workers unionized</li> <li>· Established a dialogue of Union Committees with management. Informal agreements are reached and implemented. Managements not ready to formally sign any agreement</li> <li>· Subcommittee member under Minimum wage board &amp; plays effective role in tripartite negotiations on Minimum Wage (MW)</li> <li>· Organizes Self Help Groups (SHGs) of workers</li> </ul> |

|   |   |
|---|---|
| <ul style="list-style-type: none"> <li>· Garment and Textiles Workers Union (GATWU), Affiliated to NTUI</li> </ul>  | <ul style="list-style-type: none"> <li>· Presence in a number factories producing for foreign brands, successful in forming union committees in some factories</li> <li>· Subcommittee member under Minimum wage board &amp; plays effective role in tripartite negotiations on MW</li> </ul>   |
| <ul style="list-style-type: none"> <li>· Karnataka Garment Workers Union (KOOGU), Works with FEDINA</li> </ul>  | <ul style="list-style-type: none"> <li>· Presence in few factories producing for foreign brands, Successful in forming Union Committee in one factory and getting an MoU signed with management on certain issues, after an incident and internationalization of issue</li> </ul>   |
| <ul style="list-style-type: none"> <li>· Garment wing of HMS</li> <li>· Garment wing of CITU</li> <li>· Garment wing of AITUC</li> <li>· Garment wing of INTUC</li> <li>· Garment wing of TUCC</li> </ul> | <ul style="list-style-type: none"> <li>· Major HMS presence in garment industry is through GLU</li> <li>· CITU has significant presence in two garment factories where Union Committees are formed, along with general presence</li> <li>· AITUC has significant presence in one garment factory, along with general presence</li> <li>· INTUC and TUCC has a some general presence, but not any significant presence in any one garment factory</li> <li>· All five unions play important role in various boards including minimum wage board, ESI and PF boards.</li> <li>· Play an important role in tripartite MW negotiations</li> </ul> |
| <ul style="list-style-type: none"> <li>· IndustriALL</li> </ul>   | <ul style="list-style-type: none"> <li>· Same as in case of Tiruppur</li> </ul>   |



## 6.2 Employers' Associations

At the National level, employers' associations represented in the ILC include:

1. Council of Indian Employers (a combination of the Standing Conference of Public Enterprises, Employers' Federation of India, and All India Organization of Employers)
2. All India Manufacturers' Organization
3. Laghu Udyog Bharati
4. Confederation of Indian Industry
5. Federation of Indian Chambers of Commerce & Industry
6. Associate Chambers of Commerce of India (ILO, 2020)

Specific to the garment industry, the Apparel Export Promotion Council (AEPC) represents the Indian apparel industry at the national level. APEC works closely with India's central government and reports to the Ministry of Textiles to ensure that India's textile and apparel exports meet domestic and international compliance requirements. Furthermore, the AEPC is involved in policy discussion such as promoting free trade agreements (Hall, 2018).

There are three major employers' associations operating in Bangalore and Tiruppur:

1. Southern India Mills Association (SIMA) (in both Tiruppur and Bangalore)
2. Clothing Manufacturers Association of India (CMAI) (in both Tiruppur and Bangalore)
3. Tiruppur Exporters Association (TEA) (only in Tiruppur)

These associations play an important role in social dialogue in garment industry. Employers' associations are members of all tripartite forums and policy bodies and tripartite boards like ESI boards, PF boards and MW boards etc. They play an important role in tripartite negotiations for minimum wage determination. In Tiruppur, they play an important role in industry wide tripartite collective bargaining. TEA played a leading role in formation of Tiruppur Stakeholder Forum (TSF) related to the Sumangali issue.

## 6.3 Government

The government's role in the garment industry can be categorized into two groups:

**1. Business and Infrastructure Development Policy initiatives:** These are policies focused on facilitating the ease of doing business. These include promoting FDI, improving infrastructure and providing various subsidies and incentives to facilitate expansion and growth of industry as well as modernization and technological up-gradation. Specific policy initiatives include allowing 100 percent FDI through automatic route, Technology Upgradation Fund Scheme (TUFS), Technology Mission for Technical Textiles (TMTT), Scheme for Integrated Textile Parks (SITP), Integrated Skill Development Scheme (ISDS), Integrated Processing Development Scheme (IPDS) and Amended Technology Upgradation Fund Scheme (ATUFS) etc. As of January 2017, 74 textiles

parks were approved, out of which 18 parks are already operational (GOI 2016). This is also complemented by the state government initiatives in both Karnataka and Tamil Nadu (e.g., Integrated Textile Policies, Single window clearance, Subsidy for purchasing machinery, and special package for units in less developed districts).

**2. Labor policies:** Broad labor law reforms, such as easing hiring and dismissal, have directly impacted garment workers' terms of employment, working conditions, and ability to organize. Additionally, the central government and states have instituted several labor policies specifically targeted to textile and garment industry. For example, the Fixed Term Contract was first implemented in textile and garment industry, but later became a general law. Similarly, in a special provision for textiles and garment industry under Pradhan Mantri Rozgar Protsahan Yojana (PMRPY) the government reimbursed employers' entire share of provident fund contribution (12 percent of wages) for new employees for first three years (Times of India, June 23, 2016). However, this policy has also been recently phased out. Some state amendments in labor laws also had great impact on garment industry, for example, amendment of Contract labor (Regulation and abolition) Rules in Karnataka permitted employment of female contract labor from 7:00 pm to 6:00 am without any special approval (Indian Express, 23 December 2016). The Amendment of Industrial Employment (Standing Orders) in Tamil Nadu mandates for regularization of services of temporary workers within a reasonable time and restricting proportion of temporary workers including apprentice to less than 10 percent of the total work force. However, this is not yet implemented. Trade unions are campaigning and trying to build a movement on this issue. Moreover, government policies in both Karnataka and Tamil Nadu clearly direct companies to employ majority of workforce from local population in order to avail of government sops related to land, water and the like (The Economic Times 2014; Government of Tamil Nadu 2011).

## 6.4 NGOs

A number of NGOs in Tiruppur and Bangalore play an important role in research, advocacy and campaigning on issues of garment workers. NGOs are involved in facilitating the formation of worker committees and liaising between workers and trade unions. The important NGOs in Tiruppur and Bangalore are described below.

### NGOs in Tiruppur

**Social Awareness and Voluntary Education (SAVE):** SAVE leads the Multi-Stakeholder Initiative-Tamil Nadu (MSI-TN) and is part of TSF. It is also an active participant in the Clean Clothes Campaign and Fair Wear Foundation programs such as the Women's Supervisory Training Program (WSTP) and Violence against Women (VAW) in Export-oriented Garment Factories. SAVE was successful in bringing relevant government officials, employers, and many NGOs together to work with MSI-TN to facilitate the formation of committees in various factories. SAVE claims that its activities also facilitated the formation of five separate informal platforms of workers: a) Export gar-



ment workers federation; b) Interstate migrant workers federation; c) MSME workers federation; d) Home based garment workers federation; and e) Unorganized workers federation. Despite the name “federation”, it is important to note that these are forums and not unions. SAVE facilitates the workers associated with these forums to work with the existing trade unions. The workers contact SAVE when they face any problem and SAVE forwards their problems and links them to the unions. During industry-wide tripartite collective bargaining process, SAVE helps workers formulate their demands, which it then forwards to the trade unions participating in the tripartite collective bargaining process. Recently, SAVE has been working towards registering the Home Based Garment Workers Federation as an independent trade union, as there is no union of home based workers in Tiruppur. This is still a work in progress.

**Rights Education and Development Center (READ):** READ has limited work among garment workers and limited presence in Tiruppur. It engages in awareness building on rights, research, training, advocacy and campaign on various issues including the issue of garment workers.

**Women’s Organization in Rural Development (WORD):** WORD has limited work among garment workers and limited presence in Tiruppur. It engages in awareness building on rights, research, training, advocacy and campaign on various issues including the issue of garment workers.

## NGOs in Bangalore

**Civil Initiatives for Development and Peace India (CIVIDEP):** CIVIDEP focuses on research, advocacy and campaign on labor issues in various sectors including the textile and garment industry. CIVIDEP is also an active participant of CCC. The organization has also been engaged in needs assessment and collaboration with stakeholders to establish childcare centers at factories. CIVIDEP is an important partner of Fair Wear in implementing its programs like Women’s Supervisory Training Program (WSTP) and Violence against Women (VAW) in Export-oriented Garment Factories. Furthermore, CIVIDEP laid the groundwork that led to the emergence of GATWU and GLU.

**Foundation for Educational Innovations in Asia (FEDINA):** The organization is focused on empowering the marginalized to demand their rights. FEDINA facilitated the emergence of KOOGU and still works with it.

**Munnade-Social Organization:** The organization mainly works with garment workers, and mainly engages in awareness building and campaign, along with research on labor issues. Initially it worked with GLU, but now largely works independently after GLU became affiliated with HMS.

**Garment Mahila Karmikara Munnade:** The organization mainly works with garment workers and engages in awareness building, advocacy and campaign, along with research on labor issues. It works with GATWU.

## 6.5 Collaborative Initiatives

Collaborative initiatives include industry-wide tripartite bargaining in Tiruppur and minimum wage setting in Karnataka and Tamil Nadu, the Tiruppur Stakeholder Forum (TSF) and the Multi-Stakeholder Initiative-Tamil Nadu (MSI-TN). Additionally, this section describes the work undertaken by multi-stakeholder initiative organizations such as the Fair Wear Foundation (Fair Wear) and Ethical Trading Initiative (ETI).

The **industry-wide tripartite collective bargaining system in Tiruppur** brings together representatives of employers' associations (Tiruppur Exporters Associations and South India Hosiery Manufacturer's Association), trade unions (AITUC, CITU, LPF, INTUC, HMS, BMS and MLF), and the government for collective bargaining on wages and working conditions in the Tiruppur garment industry. Negotiations for this tripartite agreement take place every four years. The last industry-wide agreement was signed in April 2017.

Despite having an industry-wide tripartite collective bargaining agreement and dialogue mechanism in place, state government actors and employers have not complied with the provisions of the agreement. Soon after the culmination of negotiations in 2017, the Tiruppur State Government declared a minimum wage for the garment industry that was far below that of the tripartite wage agreement. The tripartite wage agreement had proposed an 18 percent increment for the first year and a 5 percent increment for the next three years. Based on this, wages for 2017 were agreed to be INR 8,970 (USD 123) per month for skilled workers in both tailoring and hosiery. However, the state government declared that minimum wages for skilled workers were INR 8,170-8,340 (USD 112-114) per month for tailoring and only INR 7,190 (USD 98) for hosiery (see Thozhilalar Koodam 2017). These minimum wages are 7 to 20 percent lower than the negotiated wage. Given this situation, many employers did not comply with the tripartite wage agreement. Additionally, many resorted to change their registration from tailoring to hosiery, without any real change in production, in order to pay the lower wage rate to workers (based on interviews-1).

In Karnataka and Tamil Nadu, minimum wages are determined industry-wide by a sub-committee of employers' associations, trade union, and the government representatives every five years. It is important to note that these committees are non-statutory in nature meaning that their recommendations are not enforceable by law (ILO, 2020). In fact, minimum wage violations are common in India. Fair wear audits reveal that 47 percent of audited factories do not pay the minimum wage. Wage records were generally not maintained making it impossible to determine the wages paid to piece rate workers (Fair Wear, 2019).

The **Tiruppur Stakeholder Forum (TSF)** was formed as an initiative of the Tiruppur Exporters' Association (TEA) after an international campaign against Sumangali model of exploitation of young women workers exposed rampant violation of rights of these workers. TSF included representatives of brands, employers and trade unions. The government however, is not part of this multi-stakeholder initiative. TSF was successful in lifting restrictions on the freedom of movement of women workers living in hostels and increasing the wages of Sumangali workers. The TSF website reveals that



the monitoring committee responsible for monitoring implementation of guidelines is in process has not yet been constituted. Moreover, the committee may be constituted among board members of the TEA; the trade unions and NGOs may not be the part of the monitoring committee.

The **Multi-Stakeholder Initiative Tamil Nadu** (MSI-TN) led by SAVE includes representatives of NGOs, employers and the government. However, one important stakeholder, trade unions, is not part of this initiative. MSI-TN mainly focuses on the formation of committees in factories as mandated by law. Committees have been formed in many factories, but making them functional is a challenge. Few committees have actually been tasked with remediating grievances and the extent to which the committee plays a role in resolution of grievance is yet to be seen.

**Table 6. Major Initiatives in Tiruppur and Bangalore Garment Industry and their Impacts/Achievements**

| Initiatives                                     | Impacts/Achievements  |
|---|---|
| Local Initiatives or National Level Initiatives |   |
| Industry-wide Tripartite Collective Bargaining  | Tripartite Collective Bargaining, with representatives of seven trade unions (LPF, CITU, AITUC, ATP, INTUC, MLF and HMS), Government and Employers' Associations (SIMA, CMAI and TEA).<br>The tripartite collective bargaining agreement happens every four years. The agreement is reached after a long process of negotiations.   |
| Tripartite System of Minimum Wage Negotiations  | Both in Tamil Nadu and Karnataka minimum wages are determined sector wide and hence subcommittees are formed under minimum wage board for determination/revision of minimum wages for garment sector. The committee is of tripartite nature and includes representative from trade unions, employers' associations and the government. Revision of minimum wages is done every 5 years. |

|  |   |
|--|---|
| <p><b>Tiruppur Stakeholder Forum (TSF)</b></p>                 | <p>TSF was formed by Tiruppur Exporters Association (TEA) after internationalization of Sumangali issue and includes representation from employers' associations, Brands' Ethics Working Group (BEWG), trade unions and NGOs.</p> <p>An extensive TSF guideline on labor standards and hostel conditions for textile and garment factories. A monitoring committee is to be formed to look after the compliance of the guidelines.</p> <p>The impact of TSF initiative (along with other initiatives) is visible in terms of: a) Great decline, if not complete end, in child Sumangali workers; b) significant decline of proportion of Sumangali workers in general; c) Increasing tendency to engage Sumangali workers as apprentices, and hence monthly payments increased but lump-sum payment decreased; and d) reduced restrictions on freedom of movement for women workers lodged in Hostels</p> |
| <p><b>Multi-Stakeholder Initiative-Tamil Nadu (MSI-TN)</b></p> | <p>MSI-TN includes representatives from NGOs, employers and the government. MSI-TN is supported by the Partnership for Sustainable Textiles, a German multi-stakeholder initiative. Facilitated the formation of committees in a number of spinning mills and garment factories. In some garment factories, the committees are becoming functional in terms that grievances of workers are now reaching to the committees; however, this is yet to be seen whether they are able to play a role in grievance remediation.</p>   |
| <p><b>International Initiatives</b></p>                        |   |
| <p><b>Fair Wear Foundation</b></p>                             | <p>Fair Wear member brands are expected to comply with Fair Wear Code. Initiatives of Fair Wear included: Social Audits, Complaint handling mechanism, Trainings on Gender based violence and facilitation of formation of ICC and Trainings to prospective women supervisors. Achievements/Impacts cannot be fully quantified, but there are some visible impacts. Increasing numbers of workers are using the Fair Wear helpline number for registering complaints on violation of labor laws. Increasing number of factories audited by Fair Wear are moving to form the committees mandated by laws for social dialogue, however, making the committees really functional is still a challenge. Significant numbers of women workers receiving supervisory training are promoted to supervisor positions in the factories</p>   |



|  |  |
|--|--|
| <b>Ethical Trade Initiative (ETI)</b>  | ETI Member companies are required to comply with ETI Base Code of labor practice and there is a disciplinary procedure for companies that fail to comply. ETI is working towards establishment of a tripartite forum in Bangalore. ETI formed Tamil Nadu Multi-Stakeholder Initiative (TNMS). A midterm evaluation of TNMS concludes that the program increased women's awareness of health, increased awareness and knowledge of worker's rights and working conditions, but has not led to consistent behavior changes yet (ETI 2017). |
| <b>Global Framework Agreements (GFA)</b>   | GFA is still in the phase of grounding it. In Bangalore, there is only one foreign brand-H&M is part of GFA, and Monitoring Committee of GFA was formed in April 2019. The impacts are yet to emerge.  |
| <b>Clean Clothes Campaign (CCC)</b>  | Impacts/achievements cannot be quantified but it consistently plays a role in internationalizing the issue and building pressure on brands to act.   |
| <b>Source: Information provided on websites of relevant organizations and interviews with SAVE team and GLU Team</b> |  |

Although there are a number of institutional mechanisms for worker voice such as through industry-wide tripartite bargaining in Tiruppur and various tripartite minimum wage setting bodies, there is a gap between provisions in agreements and actual implementation. In the case of Tiruppur, state government actors and employers worked actively to undermine what had been agreed upon in tripartite forums. Collaborative initiatives, such as the TSF has helped make progress in eliminating the Sumangali issue and the MSI-TN has organized worker committees; however, these initiatives have not yet translated to gains in collective bargaining. Furthermore, international initiatives at promoting social dialogue in Bangalore have contributed to increasing worker awareness, tracking worker complaints, and setting up worker committees; however, there has yet to be sustainable gains in social dialogue in which employers and workers implement actual agreements.

## 7.0 The COVID-19 Impact

On March 24, 2020, the Prime Minister issued a nationwide lockdown for three weeks with less than four hours' notice before the order took effect (Gettleman & Schultz, 2020). This order was made without holding any consultations and without giving any time for preparations. Factories closed down suddenly without prior information to workers and without payment of their wages. During lockdown thousands of workers had to march back (ranging from 20-30kms to more than 1000kms) to their home towns. On the way back, at least one hundred died, and some women delivered babies on the road (see Chakravarty 2020, Khan 2020, Pandey 2020; India.com, May 13, 2020; Hindustan, 12 May 2020). In Tiruppur and Bangalore as well, during April-May, all in-tra-state and inter-state migrant workers returned home using whatever transport was available (based on interviews 2&3).

### 7.1 Impact on Industry

According to the Clothing Manufacturers' Association of India (CMAI), the COVID-19 pandemic created a multidimensional crisis for textiles and garment industry. The first impacts were a halt on raw material imports and exports with China. India exports 20-25 million kg of cotton yarn a month to China, which was stopped. Moreover, in anticipation of curtailed demand from China cotton yarn prices fell by 3 to 4 percent in domestic market. On the other hand, India imports USD 460 million worth of synthetic yarn, USD 360 million worth of synthetic fabric, and over USD 140 million worth of accessories like buttons, zippers, hangers and needles from China, all of which is crucial for garment manufacturing and hence has serious impacts on export garment manufacturing (see Indian Textile Journal, March 30, 2020).

According to Apparel Export Promotion Council (AEPC), overseas buyers cancelled or postponed confirmed orders, amounting to approximately more than USD 2 billion or 65 percent of apparel exports in April 2020. Buyers also had not paid for goods that had been shipped 2-3 months before the pandemic began (around December) leading to significant drops in suppliers' cash flow (Khan, 2020). In further exploiting the vulnerability of the suppliers, many buyers are now asking for hefty discounts (see The Economic Times, 12 September 2020). Trade unions such as GLU wrote to overseas buyers requesting to respect previous agreements with suppliers, not cut/cancel orders, stick to the prices agreed in pre-lockdown period and extend their help and support to suppliers in meeting additional expenses on health and safety measures for COVID and transportation costs for workers (Based on interviews-2).

There is no reliable data on how many employers paid wages during the lockdown period. However, according to trade unions, in NCR region only large enterprises paid



full wages for the March 2020 lockdown period (about 10 days) and half wages for April, but no payment was made after April. In Tiruppur, only some companies paid some wages for March-April lockdown and the rest did not pay anything. In Bangalore, some paid 50 percent wages and some 25 percent for April but nothing thereafter, and smaller enterprises did not pay anything (Based on interviews-1, 2, & 3).

Even as orders rebounded after May 2020, many factories remained closed and work force capacity had been reduced. In Bangalore, as of September 2020, about 25 factories remained closed with the rest running at approximately 80 percent capacity. The situation is similar in Tiruppur as well (based on interviews 1&2). In Noida, more than 300 factories have been closed down and garment factories have a significant share in this. Moreover, the factories that have not been closed down are running with less than 50 percent of their capacity (Hindustan, 29 August 2020).

Given these difficulties, industry associations such as the Southern India Mills' Association (SIMA), made representations to the Prime Minister for government support. Industry organizations appealed to the government to mandate the banks to provide a moratorium of one year (April 1, 2020 to March 31, 2021) for repayment of principal and interest to enable the Indian textiles and clothing industry to tide over the crisis (Indian Textile Journal March 30, 2020).

## **7.2 Limited Access to Government Benefits and Remedies**

On March 29, 2020, the Ministry of Home Affairs (MHA) issued a directive to employers mandating that they pay full wages to employees during the lockdown period and that failing to do so would be met with criminal sanctions (L&E Global, 2020). However, the employers challenged this order in Court and government withdrew its order in May 2020, before Court can make any decision. The government did not consult trade unions and the employers' associations, either before issuing the said order or before withdrawing the order. Rather, the Central government maintained its issue of "advisories" to private sector firms asking them not to terminate workers and to provide paid leave. These "advisories" had no legal backing (Sundar, 2020a).

At the national level, trade unions in Tamil Nadu and Karnataka as well as in North India demanded that the government declare COVID-19 as certified sickness. By doing so, COVID-19 positive workers would be eligible for sickness benefits under the Employees State Insurance (ESI). The government however, did not accept these demands to declare COVID-19 a certified sickness.

Trade unions in Karnataka were successful in getting the state government to issue a circular declaring that COVID-19 positive workers could claim 28 days of sick leave from ESI. Trade Unions have also filed a Public Interest Litigation in Karnataka High Court for at least 14 days of paid sick leave to the workers not covered under ESI.

Trade unions also demanded extended unemployment benefits under the ESI for workers unemployed due to the national lockdown. ESI includes provisions extending sick leave for 91 days in a year with 70 percent of wages provided for a worker

inflicted with a certified sickness. This demand was accepted by the central government. ESI now offers 50 percent of average wage for a maximum period of 90 days of unemployment. Moreover, it applies after 30 days of unemployment period in case of COVID, as against 90 days in original policy. However, to qualify, workers must have completed 2 years of contribution for at least 78 days in each contribution period. In effect, many workers who are periodically hired and fired and not able to complete 2 years of continuous service may not be able to avail these benefits. The Union Government at the end of March issued an order allowing workers to draw from their Provident Fund (PF, a worker-contributed social insurance fund) an amount not more than three month wages (Based on interviews-1,2&3; also see Business Standard, August 21, 2020; New Indian Express, 6 August 2020; Nanda and Bhaskaran 2020). This measure however is not relief and undermines the purpose of providing a provident fund for workers in the future.

In addition to limited access to remedy, workers are losing other legally-mandated benefits. Many garment factories have closed the operation of childcare (Creche) facilities, which has the effect of denying jobs to the women who have small children. In Bangalore where large sized factories operate with a majority female workforce, large numbers of women are facing this problem. Legally such factories cannot operate without childcare facilities, but on the pretext of COVID pandemic, factories have justified closing these facilities (Nagaraj 2020).

There is a possibility that workers' real wages are decreasing as states have chosen not to increase the dearness allowance (DA) component in minimum wages. The DA allowance is linked with the consumer price index and increased twice in a year in most of states for inflation adjustment purposes. Punjab issued an order on May 1, 2020 declaring an increase in minimum wages from Rs 8,776 to Rs 9,178 per month by increasing the DA component from April 1, 2020 for a period of six months. However, soon after, the state government issued another order cancelling the previous order (Business Standard, May 12, 2020).

### **7.3 Worker Resistance**

In the meantime spontaneous protests of garment workers emerged particularly on the issue of retrenchments. Orient Craft Noida (a supplier with many factories in the NCR region), one of the largest enterprises in the region, closed down in May 2020 without paying the dues of workers. The company posted a notice at the factory gate stating that buyers had canceled orders and not paid for prior orders. Accordingly, the company would stop production and would not be able to pay worker wages and overtime for work completed in March 2020. The company had also not paid any wages for April lockdown, while many factories of the region paid 50 percent wages. There was a spontaneous outburst of anger and hundreds of workers started protesting outside the gate of the factory. Eventually, labor department officials arrived at the factory and after their intervention, factory management cleared OT payment of some workers and assured that dues of all other workers may be cleared soon (Apparel resources 19 May, 2020).



In Bangalore, in June 2020 almost spontaneously about 150 workers of a garment factory protested against discontinuing free transport facility for workers since the factory reopened in May 2020. Only after intervention of chairperson from the Karnataka State Commission for Women and multiple rounds of talks, management finally agreed to reimburse the transportation costs to the workers, but showed inability to run transport services due to financial crisis. The employers had also not paid the full wages for the April lockdown and they agreed to pay this amount as well (The Hindu, June 7, 2020).

In another Bangalore factory, ECC-II of Gokuldas Exports (mainly producing for H&M), all 1,400 workers were suddenly retrenched on 6<sup>th</sup> June 2020 without any prior information on the ground that the factory is closing down because H&M has stopped placing orders. The workers started protesting against retrenchment. The protest continued for more than a month (see Varadarajan and Rao 2020). With H&M being the only GFA brand working in Bangalore, IndustriALL intervened but was not successful in persuading the supplier and the Brand to offer any solution agreeable to the workers. Finally, with intervention of politicians and the labor department, management agreed to: a) pay extra wages of one and half month over and above the legal dues (notice pay, retrenchment compensation, gratuity, bonus, payment for annual leave not availed) to all retrenched workers; and b) retain 22 workers and transfer them to its Mysore factory (based on interviews-2).

## **7.4 Bypassing Social Dialogue: Opportunism during COVID-19**

By late May 2020 things started changing little bit, the local government authorities both in Bangalore and Tiruppur started meetings/consultations involving employers, trade unions and NGOs and relevant government officials to work together on issues related to impacts of COVID-19 pandemic and lockdown, including the issues of workers. The meetings/consultations resulted in formation of tripartite teams/task force in both Tiruppur and Bangalore to address the issues related to the COVID-19 and lockdown impact. These initiatives particularly helped in identifying the workers in need and delivering them the welfare benefits (mainly in terms of supplying the daily necessities) during lockdown.

The lockdown restricted the ability of trade unions and workers to meet, organize protests, and move freely. Interactions and protests limited to social media. Only occasionally physical protests were organized at very small scale that too following the social distancing norms. Taking advantage of the limited organizing that could take place during COVID-19, state and national governments moved quickly to reform labor laws in ways that would be impossible in non-pandemic times.

State governments in Uttar Pradesh and Madhya Pradesh issued ordinances to suspend all labor laws for almost three years. These ordinances bypassed requirements for consultation and debate with affected stakeholders. Similarly, ten states including

Rajasthan, Punjab, Odisha, Maharashtra, Himachal Pradesh, MP, Haryana, Assam and Gujarat have increased the permissible working hours to 12 hours daily, also by issuing unilateral ordinances.

At the national level, the central government passed the three remaining labor codes (described in section 3) in midst of strong protest and boycotts by the opposition party and trade unions. All CTUOs, including BMS (affiliated to ruling party at center), were consistently protesting against the process of labor reforms even before lockdown, and this was one of the major issues in general strikes that had taken place during the drafting process. All CTUOs had initially participated in consultations related to the drafting of the labor codes but found that none of their suggestions were incorporated into successive drafts. Eventually, all CTUOs (except the BMS) boycotted the consultations and opposed the whole labor law reform process. There was strong opposition from trade unions including the BMS against the labor law changes done by the state governments and the way union government passed all the four labor codes. (see Jha 2020; Rajgopal 2020; Kumar 2020; Chamaraj 2020; Indian Express, May 24, 2020, The Economic Times, September 22, 2020; The Economic Times, July 24, 2018; The Economic Times, September 12, 2018; Rajlakshmi 2020).

Trade unions complained of the absence of social dialogue at both national and state levels, and that the governments introduced policies and changes in laws unilaterally (Sundar 2020). However, as we mentioned, BMS continued to participate in consultations on labor codes, which legitimized the process, while other central trade unions boycotted the consultations and protested against the whole process. This led to a fissure between the BMS and other trade unions.

CTUOs excluding BMS, organized four major strike-protests from May to September 2020 in which millions of workers participated. Labor reform was one of important issues in these protests, along with other issues, including COVID-19 impact related demands. These include calls for cash relief payments, financial aid for farmers, a halt to retrenchments and factory closures, reinstatement of dismissed workers, and subsidized food benefits (see Rupasinghe 2020; The Tribune, 22<sup>nd</sup> September 2020). Given the fissure, BMS conducted its countrywide protests on May 20 and on May 22 separately (Sundar 2020).

CTUOs also made a representation to the ILO seeking intervention on the issue of suspension of labor laws and increase in hours of work in various states. The ILO expressed serious concern on these developments and appealed to the Prime Minister to uphold the international commitments made by India and encouraged social dialogue. In response, the government assured that complete suspension of labor laws and extension of work hours contrary to ILO standards would not be permitted (ibid). Additionally, a group of 49 garment brands – sourcing collectively approximately USD 700 million worth of goods from India – and multi-stakeholder initiatives signed and sent a letter to Indian Prime Minister Narendra Modi expressing concern over the state labor law changes.<sup>5</sup>

5. See <https://api.fairwear.org/wp-content/uploads/2020/07/Brand-Ltr-to-PM-Modi.pdf>



## 8.0 Conclusion

Despite being a founding member of the ILO and having established social dialogue mechanisms in its labor legislation, social dialogue in India – at the national, state, sector, and enterprise levels – is largely absent. Firstly, tripartite forums are rarely convened. The ILC's last meeting was in 2015 and state level labor advisory boards, such as in Tamil Nadu, often fail to meet their annual meeting mandates (ILO, 2020). Second, when tripartite committees do meet, dialogue is largely ritualistic and serves as “talking shops” where stakeholders reiterate their “ideological positions” rather than engaging in dialogue (Sundar, 2020b). Third, at the enterprise level, compliance with dialogue provisions is rarely observed. Fair Wear Foundation factory audits conducted in NCR, Bangalore, and Tiruppur reveal as many as 78 percent of factories audited failing to form these legally mandated committees (Fair Wear, 2019).

This absence of social dialogue was evident in the recent labor law reform and consolidation process. Trade unions report that they were not consulted during the labor law reform process. Some unions note that their contributions were ignored. As a result, the new labor codes have imposed obstacles to freedom of association and weakened worker protections through limitations on the right to strike, expansion of fixed-term employment contracts, and restrictions on labor and health inspections.

In addition to the dilution of labor law protections, an ongoing challenge to social dialogue is the commonplace violation of labor laws. Workers and trade unions report illegal dismissals, failures to pay minimum wages, failures to pay ESI contributions, illegal subcontracting for “core” activities, and deprivation of paid leave among others (Fair Wear, 2019). High levels of violations are related to the weakness of labor inspectorates. The number of labor inspectors specifically devoted to enforce the minimum wage legislation decreased from 0.65 per thousand workers in 2000 to 0.42 in 2010 (Sapkal 2016). Dispute resolution mechanisms are limited for workers to seek remedy. Labor courts and tribunals involve long and expensive proceedings with a backlog of unresolved cases.

Low unionization rates and trade unions' limited capacity further limit social dialogue. Although data on unionization rates in the garment industry are unavailable, trade unions and labor NGOs report a virtual absence of unions at the enterprise level. Trade unions are subject to furious anti-union campaigns and lack of awareness among workers of their rights to freedom of association and collective bargaining. Furthermore, employers and government actors generally lack the political will to engage in dialogue. Employers conversely generally distrust unions and lack experience in industrial relations. As evidenced by the labor law reform process, the national government has largely ignored trade unions and have acted unilaterally in imposing pro-business legislation.

Successes at social dialogue have largely been limited to committee formations at select enterprises rather than formal unionization. Trade unions and labor NGOs in Tiruppur have succeeded in forming factory level union committees and establishing limited dialogue with management. The Garment Labor Union (GLU) in Bangalore has succeeded forming self-help groups (SHGs) as a form of community organizing. These groups discuss matters of savings and credit as well as community issues. SHGs have brought together workers as a precursor to union organizing. Sectoral approaches have proven unsustainable due to lack of political will or have been limited in scope. Despite a history of tripartite bargaining in Tiruppur, negotiated wage agreements were violated in 2017 by the local government and employers. Furthermore, while the Tiruppur Stakeholder Forum successfully lifted restrictions on women workers related to the Sumangali controversy, a monitoring committee responsible for implementing negotiated guidelines has yet to be constituted. Lastly, rather than developing sectoral agreements, the Multi-Stakeholder Initiative – Tamil Nadu has facilitated the formation of worker committees at the enterprise level.

The COVID-19 pandemic further demonstrated the absence of social dialogue and lack of political will by the national and state governments. State governments in Uttar Pradesh and Madhya Pradesh issued ordinances to suspend all labor laws for almost three years. Ten states increased the number of permissible working hours to 12 hours daily. The Federal Government also took the crisis as an opportunity to pass remaining labor law reform which Central Trade Union Confederations had vehemently opposed going as far as organizing a general strike. Trade unions appealed to the central government for social dialogue, referencing the government's ratification of ILO Convention 144 on Tripartite Consultation. Yet, meetings with government officials were ineffective and the government introduced policies and changes laws unilaterally (Sundar, 2020c).

Overall, prospects for social dialogue in the apparel sector are limited. Critical enabling conditions for social dialogue are weak or missing. Unions are largely weak at the enterprise levels, governments and employers lack the political will and commitment to engage in social dialogue, and institutional supports such as legally mandated social dialogue and dispute resolution mechanisms do not function. For social dialogue to work, the state must refrain from its unilateral activities as seen during the COVID-19 pandemic and foster a stable political and civil climate for trade unions and employers' organizations to operate freely. The current political situation in India however – as seen in pro-business reforms and increases to government authority – are headed in the opposite direction.



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## New Conversations Project

Cornell University, School of Industrial and Labor Relations

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