

# Flawed Fabrics

## The abuse of girls and women workers in the South Indian textile industry

October 2014



**SOMO**



SOMO - Centre for Research on Multinational Corporations

ICN - India Committee of the Netherlands



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## Colofon

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**Authors:** Martje Theuws & Pauline Overeem

**Layout:** Frans Schupp

**Infographics:** Annelies Vlasblom

**Cover illustration:** Creative Wings

**Photos:** Shuchi Kapoor

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Centre for Research on Multinational Corporations

Sarphatistraat 30  
1018 GL Amsterdam  
The Netherlands  
Tel: + 31 (20) 6391291  
E-mail: [info@somo.nl](mailto:info@somo.nl)  
Website: [www.somo.nl](http://www.somo.nl)



**India Committee of the Netherlands**  
Landelijke India Werkgroep

Mariaplaats 4e  
3511 LH Utrecht  
Nederland  
Tel: +31 (0)30 2321340  
E-mail: [info@indianet.nl](mailto:info@indianet.nl)  
Website: [www.indianet.nl](http://www.indianet.nl)

## About the authors

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### **Centre for Research on Multinational Corporations**

The Centre for Research on Multinational Corporations (SOMO) is an independent, not-for-profit research and network organisation working on social, ecological and economic issues related to sustainable development. Since 1973, the organisation has been investigating multinational corporations and the consequences of their activities for people and the environment around the world. SOMO supports social organisations by providing training, coordinating networks and generating and disseminating knowledge on multinational corporations in a context of international production, trade, financing and regulation.

### **The India Committee of the Netherlands**

The India Committee of the Netherlands (ICN) is an independent non-governmental organisation campaigning and doing advocacy work on human rights issues. Central to the work of ICN are the issues of caste-based discrimination, labour rights and child labour & education. ICN co-operates with organisations in India and elsewhere in combating discrimination, poverty, oppression, exploitation and lack of education, focusing on the role of policy makers and companies. ICN is an active member of networks like the Clean Clothes Campaign, the Stop Child Labour campaign, the International Dalit Solidarity Network and the Dutch MVO Platform.

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## Executive summary

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This report highlights serious labour rights and human rights violations faced by girls and young women employed in the Tamil Nadu spinning industry in South India, which is a major hub in the global knit-wear sector, supplying some of the big name clothing brands – including C&A, HanesBrands, Mothercare and Primark. In fact, Tamil Nadu is home to some 1,600 mills, with a workforce of more than 400,000 workers. Sixty per cent of the total labour force consists of girls and young women.

Through a mixture of desk research and interviews on the ground with workers employed at five Tamil Nadu spinning mills, this joint report by the Centre for Research on Multinational Corporations (SOMO) and the India Committee of the Netherlands (ICN) concludes that several core labour rights are being violated. Girls and young women are being lured from their home villages by false promises and are working under appalling conditions amounting to forced labour.

The current report is part of a series of publications by SOMO and ICN presenting the findings of on-going desk and field research carried out over the past four years. SOMO and ICN and Indian researchers are part of a joint effort to turn international public attention on the deplorable conditions in this industry.<sup>1</sup>

The report portrays the situation in the spinning units of five textile and garment enterprises in Tamil Nadu.<sup>2</sup> The mills are part of the supply chains of European and US clothing brands and retailers, as units of vertically integrated Indian companies that engage in the production of ready-made garments. As producers of export quality yarn and fabrics, the mills are also part of the supply chains of many other European or US brands and retailers that source from garment manufacturers in countries such as China and Bangladesh.

The corporate profiles of these five mills presented in this report (see Chapter 2) are based on information retrieved from corporate websites complemented with information painstakingly gathered by local researchers. This desk research was supplemented with information from interviews carried out with 151 workers under condition of anonymity.

As in previous publications, this report focuses on forms of forced and bonded labour and labour migration within India. Chapters 3 and 4 focus specifically on the exploitative labour practices that women workers have to endure, many of them Dalits ('outcaste')<sup>3</sup> and migrants.

### **Forced and bonded labour in the spinning mills**

This research found girls and young women to be working at the five mills in conditions amounting to forced labour. Recruiters convince parents in impoverished rural areas to send their daughters to the spinning mills with promises of a well-paid job, comfortable accommodation, three nutritious meals a day and opportunities for training and schooling, as well as a lump sum payment at the end of three years. However, when the girls arrive at the mills, it turns out that the reality of their new working life is not so attractive.

### **Child labour**

Child labour is a reality in the mills. Among the workers interviewed for this research, 60 per cent were below the age of 18 when they joined the mill. The youngest workers were 15 years old at time of joining.

### **Limited freedom of movement**

All the interviewed workers live in hostels that are located on the factory grounds. Staying in the factory hostel is mandatory for workers who come from other districts or villages. Rooms are shared with up to 35 people and facilities are very basic. Toilets and bathrooms are shared by 35 to 45 workers.

Freedom of movement is very much restricted at all five investigated mills. Workers are not allowed to leave the hostel on their own. There is hardly any outside contact, which for some workers makes the stay in the hostel very hard as they miss their family and friends. Workers may only contact their parents through the hostel phone. Mobile phones are not allowed and after-work activities are limited. Under the pretext of cultural traditions, girls and women are effectively locked up.

### **Long hours of work and demanding working environment**

Working conditions are harsh. At four of the investigated mills, employees must work for 60 hours a week or more, all year round. Overtime cannot be refused. Night shifts are equally obligatory. Supervisors are relentlessly pressing workers into a fast pace of work. Humiliating disciplinary measures are applied. Workers are only allowed short breaks. Physical conditions at the mills are unpleasant with high humidity, lack of fresh air and cotton dust flowing around. Protective equipment and health and safety training are inadequate in many cases. And to add insult to injury, workers at all five mills are not entitled to paid sick leave.

The long hours of work and the hostile, insecure and unhealthy environment, are all taking a severe toll on the workers, whose physical and mental health is negatively affected. One 14-year-old girl working at one of the mills in question reportedly committed suicide in March 2014 (see Box 3) while another young woman aged 17 also reportedly threatened suicide in 2013 because of the hardships she had to endure at work (see Box 8).

### **No contracts**

This report shows that workers rarely sign a contract when taking up employment. Workers do not know what they are signing up to, if they get to sign anything at all. Workers do not get payslips. Without contracts or payslips, they lack real information about the wages and benefits they are entitled to. In four out of the five researched mills, workers get paid in cash, without signing for receipt, and without any supporting documentation or explanation about hours worked or overtime rates. There is no minimum wage for spinning mill workers. Research showed that average monthly salaries ranged from €20 to €52 at the five mills. Many of the interviewed workers send most of their money home to support their families and to pay for siblings to go to school.

### **Lump sum payments**

The researched mills recruit workers with the promise of paying them a lump sum amount at the end of their contract. This is tempting to many families who are faced with the prospect of paying a large dowry when their daughters are married. At several mills, workers were told that this lump sum is made up of the contributions made to the Provident Fund (PF). In this report, SOMO and ICN point out



the huge danger that workers will not get the lump sum promised to them, since they do not have the PF registration number. In addition, there are indications that employers fail to transfer the required contributions to the Provident Fund (see paragraph 3.3). This amounts to outright wage theft, which is obviously a serious breach of law.

### **Right of association**

The right to associate and to bargain collectively are crucial in guaranteeing protection and respect for workers. The notion of freedom of association is, however, a dead letter for the women workers who were interviewed for this research. It is clear that many of the workers are not well informed about their legal rights under Indian or international law.

Trade unions in India face a number of restrictions and obstacles at the stages of formation and registration, as well as in terms of day-to-day activities. Anti-union prejudice is widely prevalent. Employers enjoy a dominant position with no or little countervailing power. Criminalisation, threats against labour activists or striking workers, violence against union members, as well as against NGOs, is common practice.<sup>4</sup>

### **Lack of transparency**

SOMO and ICN found an alarming lack of transparency when researching this report. The market parties, both producers in Tamil Nadu and buyers from all over the world, are not forthcoming with even basic information. There is no such thing as supply chain transparency. On the contrary, there is an alarming lack of openness.

Buyers hardly provide any information about where they are sourcing from. Precise information about supplier relations is limited and very hard to come by, which makes it difficult to hold companies to account for violations along their supply chain.

### **Conclusions**

Over the past few years, civil society organisations, individual companies, multi-stakeholder initiatives, business initiatives and governmental actors have all undertaken efforts to curb abusive employment and labour practices in Tamil Nadu. As outlined in Chapter 5, there are signs that this has led to some improvements in garmenting units that are directly linked to Western buyers. However, exploitative employment schemes and substandard working conditions remain widespread in the spinning industry. Buyer companies' monitoring and improvement efforts are generally limited to the units that produce end products. They do not focus on earlier production phases, such as spinning, weaving and dyeing, even if this takes place in units that are part of the same group company that supplies the final product.

SOMO and ICN strongly affirm that buyers' supply chain responsibility extends beyond first-tier suppliers to second and further tiers, including spinning mills. This notion of extended supply chain responsibility is supported by the United Nations Guiding Principles on Business and Human Rights.

Chapter 7 offers a set of recommendations for stakeholders ranging from buyers to governments that are urgently needed to help improve the working conditions for girls and young women who are suffering intolerable conditions in the mills of Tamil Nadu in order to satisfy the relentless demand for clothing from big brands around the globe.

## Chapter 1

# Introduction

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## 1.1 Background and aim

This report offers insights into the employment and labour conditions in the textile industry in the South Indian state of Tamil Nadu. The report tells the stories of workers in five spinning mills: Best Cotton Mills, Jeyavishnu Spintex, Premier Mills (Unit III), Sulochana Cotton Spinning Mills and Super Spinning Mills (Unit C). These spinning mills are part of five vertically integrated enterprises: Best Corporation (P) Limited (BCPL), Premier Group, K.M. Knitwear, Sulochana Group and SARA ELGI.

The textile and garment industry in Tamil Nadu is a major hub in the global knitwear sector, and these five enterprises supply important international companies – such as C&A, HanesBrands, Mothercare and Primark. However, the economic importance of this export-oriented industry stands in stark contrast with the substandard employment and working conditions that thousands of girls and young women have to endure on a daily basis.

The Centre for Research on Multinational Corporations (SOMO), the India Committee of the Netherlands (ICN) and Indian researchers are part of a joint effort to turn international public attention on the deplorable conditions in this industry.<sup>5</sup> The current report is part of a series of publications by SOMO and ICN presenting the findings of on-going desk and field research carried out over the past four years (see Box 1).

Over the past few years, civil society organisations, individual companies, multi-stakeholder initiatives, business initiatives and governmental actors have all undertaken efforts to curb abusive employment and labour practices in Tamil Nadu. Whereas there are signs that this has led to some improvements in garmenting units that are directly linked to Western buyers, exploitative employment schemes and substandard working conditions remain widespread in the spinning industry. Buyer companies' monitoring and improvement efforts are generally limited to the units that produce end products. They do not focus on earlier production phases, such as spinning, weaving and dyeing, even if this takes place in units that are part of the same group company that supplies the final product.

SOMO and ICN believe that buyers' supply chain responsibility extends beyond first-tier suppliers to second and further tiers, including spinning mills. This notion of extended supply chain responsibility is supported by the United Nations Guiding Principles on Business and Human Rights.

Publications by SOMO and ICN link Indian producers to European and American buying companies, and show buyer-supplier connections within the industry that normally remain hidden from consumers and other stakeholders. The ultimate purpose is to push producers and buying companies towards actively assuming their corporate responsibility to respect human rights in their own operations as well as in their supply chains. SOMO, ICN and local labour rights groups are also calling on the Indian government and governments on the buying end of the supply chain to protect labour rights in

## Box 1: SOMO and ICN publications on working and living conditions in the South Indian textile & garment industry



### Captured by Cotton

In May 2011, SOMO and ICN published the report 'Captured by Cotton'<sup>6</sup>, which specifically focused on the 'Sumangali Scheme', an employment scheme used by textile and garment producers that keeps workers in a position of bonded labour. The report contained case studies of the situation in the garmenting units of four vertically integrated garment producers. The majority of the workers are Dalit girls younger than 18.

They come from poor families who are lured by promises of a decent wage, comfortable accommodation and a sum of money upon completion of the contract that may be used for their dowry. This lump sum consist of withheld wages. Among the problems these (migrant) workers are facing are the conditions in the (factory) hostels where workers have little to no interaction with the outside world, let alone with trade unions or labour advocates. Workers are expected to work long hours of forced overtime under unhealthy conditions. Trade unions are weak and face enormous opposition. Government enforcement of labour law is not robust. In response to the shocking research findings published by SOMO and ICN, various buying companies acknowledged the problems associated with this Sumangali Scheme and articulated their commitment to working in a collaborative way to address these issues.



### Maid in India

In April 2012, SOMO and ICN published a second report on this topic. 'Maid in India'<sup>7</sup> presented up-to-date case studies of the same four Tamil Nadu-based garment manufacturers that were featured in 'Captured by Cotton'. The report focused on promises made by garment brands and retailers to abolish labour abuses at their suppliers. Some companies joined corporate compliance or multi-stakeholder initiatives; others developed their own approach, including in-depth investigations and social audits at

their suppliers. These efforts have had some positive effects, especially in the garment-producing units that directly supply Western buyers. However, SOMO and ICN concluded that major violations were still going on, especially in the spinning units where yarn is produced.



### Time for Transparency

In February 2013, SOMO and ICN published a short paper – 'Time for Transparency: The case of the Tamil Nadu textile and garment industry' – on the need for advanced supply chain transparency in the garment sector, using the case of the Tamil Nadu garment industry as an example. In this paper SOMO and ICN outlined why the garment industry has to become more transparent.<sup>8</sup>

accordance with the United Nations Guiding Principles on Business and Human Rights, International Labour Organization (ILO) conventions and Indian law.

As in previous publications, this report focuses on forms of forced and bonded labour and labour migration within India. It focuses specifically on the exploitative labour practices that women workers in the South Indian spinning mill industry have to endure, many of them Dalits ('outcaste')<sup>9</sup> and migrants. The report analyses relevant developments in the textile and garment industry with regard to corporate self-regulation, auditing and certification at the level of producers and buying companies. Last but not least, the report also makes concrete recommendations to relevant actors.

## 1.2 Methodology

This report is the reflection of desk and field research undertaken by SOMO, ICN and local researchers in India.<sup>10</sup>

The report portrays the situation in the spinning units of five textile and garment enterprises in Tamil Nadu. These five mills have not been the focus of earlier publications by SOMO or ICN. The mills are part of the supply chains of European and US clothing brands and retailers, as units of vertically integrated Indian companies that engage in the production of ready-made garments. As producers of export quality yarn and fabrics, the mills are also part of the supply chains of many other European or US brands and retailers that source from garment manufacturers in countries such as China and Bangladesh.

All five mills are members of the Southern India Mills' Association (SIMA) and/or the Tamil Nadu Spinning Mills Association (TASMA). The corporate profiles of these five mills presented in this report (see chapter 2) is based on information retrieved from the respective corporate websites complemented with intelligence painstakingly gathered by local researchers, such as for instance estimates about the number of workers employed at the five investigated companies.

The researched unit of Sulochana Cotton Spinning Mills is located in Coimbatore District. The researched units of the other four mills are located in Tirupur District. Coimbatore and Tirupur are among the districts with the highest number of spinning mills in the state.

### Worker interviews

Workers were interviewed at each of the five spinning mills: 31 workers were interviewed at Premier Mills and 30 workers at each of the other mills. In total, 151 girls and young women were interviewed. According to estimates by local civil society organisations, an estimated 60 per cent of the total labour force of the Tamil Nadu spinning mills are women. The choice to interview women is a reflection of the concern over the disadvantaged position of women workers in comparison to men. Women are overrepresented in the spinning mill industry, particularly in low-paid and low-skilled jobs.

In general, it must be noted that opportunities for researchers to get to talk to workers are very limited. Workers spend long days at the factory, live in fairly inaccessible and guarded hostels, and have very little free time. Unmarried girls and young women are not supposed to make contact with strangers.

Local researchers succeeded in establishing contact and conducting interviews with 151 workers by visiting their hometowns during their annual leave.

Interviews were conducted between May and September 2013. For each factory, in-depth interviews were conducted as well as short interviews and focus group discussions (with groups of ten workers). All interviewees were working at the mills at the time of the interviews. The majority of the girls and young women had worked at the mills for between 12 and 24 months. At the time of the interviews, all the workers were between 15 and 22 years old. Girls younger than 18 years of age were interviewed in all the mills, except at Premier Mills. The Jeyavishnu interviewees formed the youngest group.

The interviewed workers were informed about the use of the research results. The identity of the interviewees will not be revealed. This guarantee of anonymity was communicated to the girls and young women when they were approached for the interviews to make sure they felt free to speak. Not revealing the workers' identity is important to prevent respondents from experiencing any retaliation or punishment by the company management.

### Overview of interviewed workers

Table 1 gives the names of the vertically integrated enterprise, the mill and the particular unit where the interviewed workers were employed at the time of the interview.

**Table 1: Overview of interviewed workers**

Researched unit	Vertically integrated enterprise that the mill is part of	Address of the researched unit	Number of interviewed workers
Best Cotton Mills	Best Corporation (P) Limited (BCPL)	Unit I, Pollachi Road, Dharapuram	30
Premier Cotton Mills	Premier Group	Unit III, Poolanginar, Udumalaipetai	31
Jeyavishnu Spintex	K.M. Knitwear	Unit I, S.F No.169, Chettipalayam Pirivu, Trichy Road, Avinashipalayam (Po), Tirupur (Tk) - 638 660	30
Super Spinning Mills	SARA ELGI	Unit C, D. Gudalore, Vedasandhur Taluk, Dindigul District	30
Sulochana Cotton Spinning Mills	Sulochana Group	Sulochana Cotton Spinning Mills, Unit I S. Nos. 11255, 86/1, 86/2, 87/1, Chittambalam Village, Palladam Taluk, Tirupur District	30

### Interviewers

The interviewers all have a good understanding of the social issues at stake. As all interviewees were women, and sensitive topics were broached, the interviews were also conducted by women. Interviews were carried out in places where the women workers felt at ease and were free to speak. All interviews were conducted during the workers' holiday breaks, in their native villages.

All interviews were transcribed and full transcripts of the interviews have been kept.

### Management interviews

In December 2013, SOMO contacted the factories in question, informing them of the research and requesting to be granted the privilege of conducting an interview with company management. None of the investigated companies responded to this request, although it was sent repeatedly.

### Desk research

In order to establish the relationship between the researched Indian companies and their buyers, SOMO and ICN analysed export data from Tuticorin seaport. These data were purchased from a specialised agency<sup>11</sup> and cover the months of July, September and December 2013.

One methodological difficulty is that several of the top importers that are listed in the export data cannot be properly identified. Importers are listed as 'to the order of x bank' or as 'Sparka' – which seems to refer to Sparkasse Bank. A major importer of Premier Mills is even listed as 'to the order of the Czech Republic'. No relevant details can be found in the public domain about some importers, such as DY Smith. This is a reflection of the minimal supply chain transparency that companies provide and the lack of publicly available information on the global textiles supply chain.

### Review process

SOMO has strict guidelines for review procedures stipulating that all companies mentioned in a research report should be given the opportunity to review, respond to and comment on draft passages of research reports that directly relate to the company in question. This opportunity to respond is intended to avoid publishing inaccuracies and is, as such, an essential element of ensuring high-quality research. However, it is important to note that, even if a draft research report is reviewed by a company or companies, the authors of the report remain solely responsible for the contents of the report.

For this report, the SOMO review procedures were followed. The review process consisted of sharing a draft of the report with the investigated spinning mills, as well as with their customers, in order to offer them the possibility of providing additional information or to correct possible factual mistakes.

The following spinning mills responded to the review request by sending in their comments to a draft version of the report: Best Corporation, Jeyavishnu Spintex and Sulochana Cotton Spinning Mills.

After reviewing the draft version of this report, Best Cotton Mills decided to commission an audit team to "ascertain and confirm the prevailing situation at Best Cotton Mills". Best has approached a non-governmental organisation (NGO) based in Tirupur that gave Best the suggestion of carrying out an independent audit.<sup>12</sup>

The audit team consisted of five people: a practising lawyer; a trainer on health and hygiene and occupational safety in the garment industry; a freelance social auditor who has worked for C&A; a consultant for development organisations; and a trade union leader.

The audit team checked records, interacted with management and with 40 individual employees as well as conducting group discussions. The auditing team visited the mill, hostel, sick room and inspected toilets, kitchen and dining hall.<sup>13</sup>

SOMO and ICN appreciate Best's initiative to commission an audit and to consult a local NGO to identify the commissioned members. Best's response to the draft report underlines the importance of involving local NGOs, listening to workers and being transparent about unresolved issues.

Methodologically, however, there are still some question marks. The information provided by Best on this audit is not clear about the number of days spent by the audit committee at the premises; how identified workers were selected; where worker interviews took place; whether the management was present during those interviews. In short, it is not clear whether essential conditions for proper pro-labour social auditing were met. Also, it is not clear how Best will remediate found non-compliances. These are important topics that need to be discussed further.

Of the companies that were identified as buyers from the investigated mills, the following responded: C&A, H&M, Primark, Mothercare, Sainsbury's, Standard Chartered Bank and Raiffeisen Bank (Czech Republic).

In addition, responses were received and conversations were held with the following initiatives: Business Social Compliance Initiative (BSCI), Ethical Trading Initiative (ETI), Fair Labor Association (FLA), Fair Wear Foundation (FWF) and Social Accountability International (SAI).

The following companies did not respond to SOMO and ICN's review request: Premier Mills, Super Spinning Mills, HanesBrands, Costco Wholesale, Cubus, Replay, E. Land World, The Bank of Tokyo Mitsubishi, Shree Traders, Ernst Brunner, Samakia Brothers, WarmWear, Fakhruddin Textiles Mills, Cotton Club, Midland Knitwear, Fariha Knit Tex, Masco Industries and TIV Trading Limited.

## Chapter 2

# The Tamil Nadu textile and garment industry

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This chapter offers a short introduction to the Tamil Nadu textile and garment industry, with some general remarks on products, the corporate structure of the textile and garment companies, production processes and location of mills across the state of Tamil Nadu. The chapter highlights the general lack of transparency when it comes to hard data on corporate structure ownership, size of the company, names and location of units, etc. This chapter also presents the profiles of the five investigated companies.

## 2.1 Tamil Nadu textile and garment industry

The state of Tamil Nadu is the largest producer of cotton yarn in India and has also emerged as a global sourcing hub for ready-made garments in recent years. The spinning mill industry in Tamil Nadu is of major importance to the state and to the national Indian economy.

Spinning mills can be found in at least 18 of the 32 districts. The size of these mills varies greatly. Precise figures regarding the total number of mills and the number of workers employed at these mills are difficult to obtain. Government data and NGO estimates differ. The figures SOMO and ICN refer to in the report are provided by local researchers.

In 2013 and 2014, an extensive mapping project was undertaken by local researchers, who visited 18 districts of Tamil Nadu (Tirupur, Coimbatore, Erode, Dindigul, Dharmapuri, Salem, Karur, Trichy, Thiruvannamalai, Vellore, Ariyalur, Tuticorin, Sivaganagai, Madurai, Theni, Viruthunagar, Thirunelveli and Nammakkal). The researchers conducted gate interviews at a total of 1,570 spinning mills. Supervisors and workers were interviewed in order to gather information about the number of workers.

Tamil Nadu is home to some 1,600 mills, with a workforce of more than 400,000 workers. Sixty per cent of the total labour force consists of women. The four districts where most mills are located are Coimbatore, Tirupur, Erode and Dindigul.

Two business associations are important in this sector: the Southern India Mills' Association (SIMA) and the Tamil Nadu Spinning Mills Association (TASMA). Both associations have considerable political influence. SIMA brings together 442 textile mills spread over the states of Andhra Pradesh, Karnataka, Kerala, Pondicherry and Tamil Nadu, as well as a few mills from Gujarat, Madhya Pradesh and Maharashtra.<sup>14</sup> TASMA has over 500 members in Tamil Nadu.<sup>15</sup>

According to SIMA, its members employ approximately 200,000 workers. They produce 25 per cent of the total cotton yarn manufactured in India and are responsible for 50 per cent of the cotton yarn exported from India.<sup>16</sup>



SIMA claims to “play a lead role in all the textile policy-making bodies of Central Government and State Governments in South India” and that it is represented in all policy-making committees of the central and state government departments.<sup>17</sup> The Chairman of SIMA is Mr T Rajkumar, Managing Director, Sri Mahasakthi Mills Ltd. SIMA’s Vice-chairman is Mr P Nataraj, Managing Director of KPR Mill Ltd.

TASMA prides itself on its affiliation with the Employers’ Federation of South India (EFSI), Tamil Nadu Chamber of Commerce and Industry, Consumers Association of India (CAI) and Coimbatore District Small Scale Industries Association (CODISSIA).

TASMA President Mr A.P. Appukutty is the Chairman cum Managing Director of Chola Group of Textile Mills. TASMA Vice President Mr P.V. Chandran is Chairman cum Managing Director of Ambika Group of Cotton Mills. As stated on its website, TASMA has “successfully challenged the views of the Government in so many areas, wherever TASMA felt that the Member interests are involved and affected to a considerable extent”.<sup>18</sup>

## 2.2 Complex supply chain and lack of transparency

There are many steps involved in making clothes from cotton. It starts with cottonseed production. Then, the cotton plants grow and mature. After the cotton has been harvested, the fibre is separated from the seed (ginning). After ginning, the cotton is prepared for spinning. The yarn is then woven into fabric. Bleaching and dyeing is the next step. The last stage is the garment manufacturing, which includes all the activities of cutting, stitching and embroidery, buttoning, labelling and packing. In many cases, the different processes involved in turning raw cotton into garments take place in separate, specialised firms. In Tamil Nadu, there are also manufacturers that combine all these activities within their plants. These vertically integrated manufacturers perform all stages of textile and garment production; from processing the cotton to finishing the garments.

Horizontal integration is also found among Tamil Nadu garment producers. This means that the same type of production takes place in many different units under a single firm. For example, one company may operate various garmenting units, under different names. The different production facilities are registered as separate units, despite common ownership, “thus giving the somewhat distorted impression of an industry composed solely of small and medium sized individual firms”, according to Verité.<sup>19</sup> There is vertical and horizontal integration among the five investigated companies.

Indian garment manufacturers are generally not transparent about their corporate structure. The number and precise locations of different units is equally difficult to figure out. It is not even easy for outsiders to find out whether a firm is horizontally and/or vertically organised. Publicly available information about employment relations, including human resource policies and practices, is also negligible. Details about the size of the workforce, the methods for recruiting workers, whether the workers are lodged in hostels and the location of these hostels and the number of hostel residents are not easily obtainable. Likewise, information about wages and benefits is not readily available.

Manufacturers do not readily share information about their suppliers of raw cotton either. According to SIMA, approximately 50 per cent of the cotton used in the Tamil Nadu spinning industry comes from

the Indian state of Gujarat. A large proportion of the remaining 50 per cent comes from Western African countries.<sup>20</sup>

Cotton yarn and cotton fabrics produced in Tamil Nadu are either destined for further processing in the Indian garment industry or they are exported to countries such as China, Bangladesh and Pakistan. According to Mr T. Rajkumar, Chairman of SIMA, 60 per cent of cotton yarn produced in India is used in the domestic market. The remaining 40 per cent is exported, with China and Bangladesh accounting for 65 per cent of the country's total cotton yarn exports.<sup>21</sup> However, further details about the destination of traded India cotton yarn is hard to come by.

Items of apparel produced in Tamil Nadu are mainly destined for the European and US markets. Again, the level of transparency is low. Brands and retailers are reluctant to share information about first-tier suppliers and those further down the supply chain. Only a handful of garment companies disclose information about their first-tier suppliers.<sup>22</sup> Information about second-tier suppliers (e.g. suppliers of yarn and fabric) is even harder to come by. Only a few brands and retailers have recently started mapping spinning mills in their supply chains. Examples are H&M and C&A. C&A told SOMO and ICN that "from 2011 onwards we started to map and nominate spinning mills for Organic Cotton which received our Code of Conduct. Ever since then, audits conducted through our own auditing teams or through external providers allow us to follow-up on-site to ensure our standards are being upheld and to detect problem areas in the mills. If issues or violations are found, C&A has the right to stop the relationship. In this regard Sumangali is completely unacceptable and could result in the termination of a relationship should we find that the system exists in our suppliers' operations".<sup>23</sup> H&M has started mapping its second-tier suppliers in India. The company has now identified a number of 'nominated mills' where 10,000 tons of yarn are booked. H&M was not clear whether or not the company had nominated any mills in South India. It is applying supply chain transparency notions to its first-tier supplier base; with second-tier suppliers is it merely about traceability.<sup>24</sup>

Primark mentioned "a comprehensive programme within South India that will look at (i) appropriate grievance mechanisms in South India, (ii) widening the use of the Fair Hiring Fair Labour toolkits, (iii) mapping the prevalence of mills in our supply chains, (iv) an assessment of the viability of implementing the Fair Hiring Fair Labour toolkits within the spinning mills focusing on those where we have the most leverage indirectly through our suppliers".<sup>25</sup>

On the basis of export data from the South Indian seaport of Tuticorin, SOMO and ICN compiled Table 2. This presents the top 25 companies that source cotton yarn, cotton fabrics and cotton garments from the state of Tamil Nadu.

### Table 2: Top 25 largest importers

This top 25 of the largest importers has been compiled on the basis of data on the exports of cotton from Tuticorin seaport, including yarns and woven fabrics thereof (HS code 52), for the months of July and December 2013; knitted or crocheted fabrics (HS code 60), for the month of December 2013; and knitted or crocheted articles of apparel and clothing accessories (HS code 61), for the months of July, September and December 2013. Not all of the 25 importers mentioned below are customers of the five researched spinning mills. Those marked with an \* are.

Importers	Free on Board (FOB) value in Euros <sup>26</sup>	Country where importer is headquartered	Member of multi stakeholder initiative or business initiative
Primark*	10,426,077	Ireland	ETI (including ETI TNMS Group)
Tesco	8,647,240	UK	ETI (including ETI TNMS Group)
Gap (including Old Navy and Banana Republic)	6,663,953	US	ETI (including ETI TNMS Group)
Migros	5,316,219	Switzerland	BSCI
Ernstings Family	5,206,347	Germany	BSCI/ ETI TNMS Groups
Abercrombie and Fitch	4,751,903	US	–
Peacocks Stores	4,430,837	UK	–
Pacific Overseas Textiles	4,124,373	China (Macau)	–
Bon Prix	3,899,426	Germany	–
Jay Jay Mills	3,733,364	India	–
Tommy Hilfiger Europe	3,510,234	The Netherlands	–
HanesBrands*	3,379,505	US	FLA
Asda Stores	3,292,874	UK	ETI (including ETI TNMS Group)
C&A*	3,254,348	The Netherlands	ETI (including ETI TNMS Group)
Takko Holding	2,859,927	Germany	FWF
Sas Kiabi Europe	2,780,763	France	–
Shop Direct Home Shopping	2,398,906	UK	–
Tom Tailor	2,346,004	Germany	BSCI and ETI TNMS Group
Kirk Roberts Trading Corporation	2,297,291	US	–
Best Seller	2,255,757	Denmark	Danish ETI and ETI TNMS Group
Mothercare*	2,058,448	UK	ETI (including ETI TNMS Group)
Pacific Sourcing Group	2,048,900	Hong Kong	–
Kik Textilien	1,996,334	Germany	–
Offtex	1,989,482	Switzerland	–
Paradise Limited	1,914,956	US	–

### 2.3 Spinning mill processes

Producing fabric involves a number of steps, including the carding and spinning of cotton fluff into yarn, weaving of yarn into cloth, dyeing and/or bleaching, calendaring (ironing) and compacting the cloth. These processes take place in specialised units and rooms. In the blow room, at the start of the spinning operation, the fibre is opened and cleaned and then passed to the carding machine in the carding room. In the simplex department, a sliver of yarn is converted into thinner slivers for the convenience of subsequent processes.<sup>27</sup> In the auto-coned department, yarn is transferred to cones. The cloth that results from this process forms the basis for knitwear.

Textile production is a continuous process, with machines running 24 hours a day. The five investigated mills all have a system with three shifts each day: a day shift (starting between 6–7am until 2–3pm), a half-night shift (starting between 2–3pm and ending at 10–11pm) and a night shift (10–11pm until 6–7am). Most mills use a rotating system whereby one week a group of workers is assigned to do the day shifts, the following week they do the half-night shift and the third week they work the full-night shift, and so on.

## 2.4 Company profiles of the five investigated spinning mills

### 2.4.1 Best Cotton Mills

Best Corporation (P) Limited (hereafter referred to as Best Corporation) is a manufacturer of knitted garments in Tirupur. Best Corporation is an integrated textile company with operations from spinning to garmenting. It claims to be one of the leading Indian exporters of knitted garments. Best Corporation also sells to the domestic market.

The company produces cotton yarn; cotton finished fabric; cotton/elastane greige (that is unbleached or undyed cloth or yarn) and finished fabric; knitted garments (specialising in underwear and baby wear) and elastic tape (using imported rubber and elastane).

Best Corporation's operations are managed by Mr R. Rajkumar, Managing Director and Mr R. Dhanapal, Joint Managing Director. The Chairman of Best Corporation is Best Ramasamy.

According to its website, Best Corporation has an annual turnover of US\$ 80m and employs around 5,000 people. Best Corporation is a member of both TASMA and SIMA.

Best Corporation includes the following units (see Table 3).

**Table 3: Units of Best Corporation**

Name of the unit	Address	Number of workers		
		Male	Female	Total
Best Corporation Limited Head office	No. 89/2, Avinashi Road, Padmavathypuram, Kumarnagar, Tirupur – 641 603, Tamil Nadu, India	150	200	350
S.R. Garments CMT unit	Best Garden Rd, Athu Palayam, Pirivu, Anupparpalayam, Tirupur – 641 652	300	475	775 <sup>28</sup>
Best Corp Ltd CMT unit	No. 75, Lakshminagar, 50 Feet Road, Tirupur – 2	200	275	475
Best Cotton Mills Spinning mill	C. Ammapatti, Pollachi Road, Dharapuram, Tamil Nadu – 638 657	250	650	900 <sup>29</sup>
Best Corporation Spinning Mill Spinning mill and CMT unit	Edayanginaru, Vengipalayam, Dharapuram Road, Tamil Nadu	300	700	1000
Blue Mountain Apparels <sup>30</sup>	Coonoor City	45	55	100
RS Garments <sup>31</sup>	New Tirupur	220	80	300
RR Garments <sup>32</sup>	Tirupur	235	115	350
RRD Tex <sup>33</sup>	Tirupur	250	150	400

On its website, under the heading 'Certifications', Best Corporation lists the following initiatives: ISO 9001:2008 certificate; Worldwide Responsible Accredited Production (WRAP); Supplier Ethical Data Exchange (SEDEX); Oeko Tex 100; OE Blended Standard and Organic Exchange.<sup>34</sup> According to the WRAP Certified Facility List, the following units of Best Corporation Limited are WRAP certified: Blue Mountain Apparels (Coonor); RS Garments (New Tirupur); RR Garments (Tirupur); RRD Tex (Tirupur).<sup>35</sup> Surprisingly, these units are not mentioned on Best Corporation's website.

The workers that were interviewed for this report are all employed at Best Cotton Mills (hereafter referred to as 'Best').

### Customers

Table 4 presents a selection of Best Corporation's most important customers. This is based on export data compiled from information from Tuticorin seaport.

**Table 4: A selection of Best Corporation's five most important customers**

Company	Corp HQ	Business	Free on Board (FOB) value in Euros	Member of multi stakeholder initiative or business initiative
HanesBrands Inc	USA	HanesBrands owns various innerwear and active wear brands including: Hanes, Champion, Playtex, Bali, Maidenform, Flexees, JMS/Just My Size, barely there, Wonderbra, Gear for Sports Zorba, Sol y Oro, Rinbros, Track N Field and Ritmo.	2,650,162	FLA
Mothercare UK Ltd	UK	Mothers, babies and children's clothes, furniture, linen etc.	366,314	ETI (including ETI TNMS Group)
COSTCO Wholesale	US	Membership warehouse club	264,973	-
Sainsbury's	UK	Supermarket chain	145,317	ETI
C&A	The Netherlands	Fashion retailer	24,882	ETI (including ETI TNMS Group)

Mothercare confirmed its relationship with Best Corporation, including Best Cotton Mills. Mothercare has been sourcing from the company for several years.<sup>36</sup> In its response to the draft report, Mothercare wrote that "Best has been a supplier for some time and we have been committed to working with them on such topics. Whilst we know that further steps can be taken, we believe the factories that we use with Best, and indeed the mill, have made good progress. Our team on the ground has worked with them on topics such as freedom of movement, access to mobile phones, wages, payment of PF (Provident Fund), weekly outings, pay slips etc."

The supermarket chain Sainsbury's also confirmed sourcing clothing from Best Corporation's garmenting unit S.R. Garments.<sup>37</sup> Sainsbury's wrote that they "take the welfare of our workers very seriously and in line with our regular auditing, our recent ethical auditing does not identify any of the issues highlighted in your report." Sainsbury's has not proven to have looked into working conditions at Best Cotton Mills, as apparently Sainsbury's audits only take place at S.R. Garments.





Workers (non-hostel workers) waiting for the bus in front of the gate of Best Cotton Mills

C&A confirmed that Best Cotton Mills is part of C&A's organic cotton supply chain and that audits take place at this unit, both by independently operating auditing companies as well as C&A's own auditing teams. According to their results, these audits have shown that Best Cotton Mill has stopped the Sumangali Scheme as of June 2011. At the same time, however, the inspections have detected 'areas for improvement'.<sup>38</sup>

HanesBrands and Costco Wholesale did not respond to the draft report.

#### 2.4.2 Jeyavishnu Spintex

K.M. Knitwear is a vertically and horizontally integrated manufacturer engaged in spinning, knitting, dyeing, finishing, embroidery, printing and garmenting. Jeyavishnu Spintex, the company's spinning division, is primarily engaged in producing grey yarn. About one quarter of this yarn is supplied to the group's garmenting division, K.M. Knitwear.<sup>39</sup>

In response to a draft version of this report, Jeyavishnu stated that "M/s. Jeyavishnu Spintex Pvt Ltd., and M/s. KM Knitwear are different legal entities. KM Knitwear is sourcing yarn from Jeyavishnu as like from any other spinning mills". "KM Knitwear is a partnership firm". This is in contrast to how the company presents itself on its website. The KM Knitwear website speaks of Jeyavishnu Spintex as "our spinning unit".<sup>40</sup>

Financial data are hard to come by, but according to an article in the Indian textile magazine, K.M. Knitwear has an annual turnover of US\$ 35m.<sup>41</sup>

K.M. Subramanian is Managing Director of K.M. Knitwear. The Chairman is V. Elangovan.

**Table 5: Units of K.M. Knitwear**

Name of the unit	Address	Number of workers		
		Male	Female	Total
Head office/Spinning unit	169, Trichy Main Road, Avinashipalayam, Chettipalayam Privu	30	900	930
K M Knitwear Unit – I CMT unit	14 - D, E, F Lakshminagar First Street, City Garden, Tirupur – 641 602, Tirupur – 641 602, Tamil Nadu	300	500	800
K M Knitwear Unit – II CMT unit	SHED No.7-B, Nethaji Apparel Park, New Tirupur – 641666	250	200	450
K M Knitwear Unit – III CMT unit	SHED No. 9, Nethaji Apparel Park, New Tirupur – 641666	150	70	220
K M Knitwear Unit – IV CMT unit	52, 74 Venkateswara Nagar, Valayankadu South, Ganthi Nagar (po), Tirupur – 641603	270	130	400
K M Knitwear Unit – V CMT unit	5 / 819 B, Raja Nagar, Poyam Palayam, P.N.Road, Tirupur – 641602	100	70	170
K M Knitwear Unit – VI CMT unit	60 / 2, Radhakrishnan Street, near Ramakrishna School, Ammapalayam, Tirupur - 641652	90	60	150
K M Knitwear Unit – VII CMT unit	Alamelu Industrial Complex, No. 3, Ashar Nagar West 2nd Street, Tirupur – 641603	250	140	390
Jeyavishnu Tex Processors P Ltd Dyeing unit	14 - Lakshmi Naga, 1st Street City, Garden, Tirupur – 641602, Tamil Nadu	175	10	185

The workers interviewed for this report were employed at Jeyavishnu Spintex (hereafter referred to as ‘Jeyavishnu’) spinning mill. Jeyavishnu is a member of both TASMA and SIMA. Jeyavishnu is SA8000 certified, (since May 2009, issued by certification body RINA).<sup>42</sup> In addition K.M. Knitwear Unit I is SA8000 certified (since 2006, issued by RINA). Jeyavishnu clearly prides itself on the SA8000 certification; they even use the RINA watermark in their letters. The K.M. Knitwear website further refers to ISO 9001, Oeko-tex and Sedex (membership), but it is unclear whether these references apply to K.M. Knitwear as a whole or more particularly to Jeyavishnu.

## Customers

Table 6 presents a selection of K.M. Knitwear’s most important customers. This is based on export data compiled from Tuticorin and Madras seaports.



**Table 6: A selection of K.M. Knitwear's most important customers<sup>43</sup>**

Company	Corp HQ	Business	Free on Board (FOB) value in Euros	Total value in Euros	Member of multi stakeholder initiative or business initiative
Primark	Ireland	Diverse range of fashion products for babies, kids, women, and men, as well as homeware, accessories, beauty products and confectionery	1,172,051		ETI (including ETI TNMS Group)
Cubus AS	Norway	Clothing for women, men, children, babies, including a jeans line	729,751		ETI Norway
Fashion Box (Replay)	Italy	Fashion for men, women and children (mainly denim) Fashion Box trades under the brands REPLAY, REPLAY&SONS, WE ARE REPLAY, RED SEAL and WHITE SEAL		49,701,059	–
E. Landworld	South Korea	Production and distribution of consumer goods, including apparel. Owns a range of apparel and sports brands, including K-Swiss		25,138,847	–
C&A	The Netherlands	Fashion clothing for men, women, children and babies	17,634		ETI (including ETI TNMS Group)

*Jeyavishnu Spintex, surrounded by barbed wire*





In response to a draft version of this report, C&A wrote that, until the end of July 2014, it sourced garments from K.M. Knitwear Unit II but that it had no visibility on the origin of the cotton yarn.<sup>44</sup> C&A did not explain why it stopped sourcing from K.M. Knitwear.

Primark wrote that it did not have “a direct relationship with Jeyavishnu Spintex which is a spinning mill operated by K.M. Knitwear, which supplies ready-made garments for Primark. As such the facility is not covered by our Code of Conduct or audit programme”.<sup>45</sup> Primark further described implementing the HER project in this facility in 2013, “as a first step in addressing issues prevalent in the lower tiers of the textile industry”, with a focus on compliance with working hours, the provision and use of PPE (personal protective equipment), employment contracts, health and safety training, and clean hostel facilities. However, Primark wrote that “there remain some serious concerns in relation to working practices at this site”.<sup>46</sup> Primark is now conducting its own investigations and is implementing the Fair Hiring Fair Labour programme there, which will be supported by confidential worker interviews conducted by our team and local NGOs.

SAI confirmed that Jeyavishnu Spintex holds a “valid SA8000 certificate”.<sup>47</sup> However, SAI did not provide detailed observations in response to the Jeyavishnu research findings.

### 2.4.3 Premier Mills

The Premier Group engages in spinning, weaving, dyeing and finishing. It is an exporter of cotton yarn and also produces garments (underwear) and home textiles. The Chairman of Premier Mills is Mr R. Jagadish Chandran, who was Chairman of SIMA from 1983 to 1986.

Premier Mills is part of the Premier Group and a manufacturer and exporter of fine-combed cotton yarn, producing over 18 million kilogrammes a year. Premier Mills processes cotton from India, Egypt and the US. The company claims it exports to over 40 countries – with Australia, Brazil, Finland, Germany, Italy, Japan, Portugal, Spain, South Korea, Switzerland, Taiwan and Thailand as its main export destinations.<sup>48</sup> According to the firm’s website, Premier Mills earns US\$ 150m in export revenues annually.<sup>49</sup> The spinning division accounts for nearly 66 per cent of the group’s turnover, while made-ups and cloth account for the remainder. Exports accounted for around 50 per cent of the company’s total turnover in 2009-10. According to the Premier Mills’ website, 5,000 workers are employed at the different units.<sup>50</sup> A member of SIMA, Premier Mills has its headquarters in Coimbatore.

**Table 7: Units of Premier Group**

Name of the unit	Address	Number of workers		
		Male	Female	Total
Premier Mill Private Ltd. Head office	244 ATD Street, Race Course Road, Coimbatore	80	40	120
Premier Mills Unit-II Spinning unit	Udumalaipet to Aanamalai Road, Pollachi	350	850	1,200
Premier Mills Unit-III Spinning unit	Poolanginaru, Pollachi Road, Udumalpet	300	700	1,000
Primero Spinning Mills Spinning unit	Arasur Road, Somanur	450	650	1,100
Coimbatore Polytex Pvt. Ltd. Textile processing, painting, dyeing, mending, printing	No.1 Nava India Road, Coimbatore – 641028, Tamil Nadu	50	950	1,000
Premier Spinning and Weaving Mills P Ltd				
Premier Spinning and Weaving Mills P Ltd Spinning unit	P.B. No. 1, Nava India Road, Coimbatore – 641028, Tamil Nadu	300	475	775
Sree Narasimha Textiles Pvt. Ltd. Spinning unit	No. 2, Trichy Road, Sular, Coimbatore – 641402, Tamil Nadu		Closed	
Prima Products Pvt. Ltd.	Narayana Puram, Village Pothiyam Palayam, Vadugu Palayam, Coimbatore	70	130	200
Lakshmi Narasimha Textiles Pvt Ltd.	No 1/129, Palladam Taluk Karadivavi Post Karadivavi Pudur, Karadipavi, Coimbatore – 641658	200	500	700
Primero Intimates CMT unit – underwear	No. 244, A. T. D. Colony, Race Course, Coimbatore – 641018, Tamil Nadu	175	25	200
Premier Fine Linens CMT unit - bed linens and table linens	244, Race Course, Coimbatore, 641018, Tamil Nadu	150	30	180
Premier Evolvics Technology company	SF No. 79/6, Kulathur Road, Venkitapuram Post, Coimbatore – 641062/ Naranapuram Pothiyampalayam, Vadugapalayam, Coimbatore – 641107	–	–	–

The workers interviewed for this research were employed at Premier Mills Unit III (hereafter referred to as 'Premier').

### Customers

Table 8 gives a selection of Premier Group's most important customers. This table is based on export data compiled from Tuticorin seaport for the months of July, September and December 2013.

In the export data sheets that SOMO analysed under the heading of 'foreign importer', a number of banks are shown in relation to the Premier Group. The most significant banks are: the Bank of Japan; Raiffeisen Bank with the Czech Republic as the destination country; and Standard Chartered Bank with Argentina, Bangladesh and Hong Kong as destinations. SOMO contacted the banks in question to find out more about this connection.



*The entrance of Premier mills. The guards keep a vigilant eye and are aided by security cameras.*

Raiffeisen Bank in the Czech Republic responded to SOMO's questions and explained that they are acting as "a financing bank of different importers based in EU – we are not buying anything, but providing loans to these clients".<sup>51</sup> When asked which clients Raiffeisen Bank is providing this service for, the bank responded that "according to Czech and European laws, we have to follow strictly the banking security and bank privacy and therefore we are not able to comment any relationships with any of our clients".<sup>52</sup>

Standard Chartered explained that "...Standard Chartered does not have a relationship with Premier Mills. In the listed instances our involvement was limited to advising that a Letter of Credit had been issued, by a bank with whom we have a relationship, in relation to the goods. In the listed exports, our relationship is with the bank that has issued the Letter of Credit (LC); our role is to advise the exporter, on behalf of the issuing bank, that a Letter of Credit has been issued. Our customer is therefore the bank that has issued the LC; parties to whom we advise a LC (in this case Premier Mills) do not need to be clients".<sup>53</sup>

The Bank of Tokyo did not respond to the inquiries made by SOMO. Neither did Shree Traders and Ernst Brunner.

**Table 8: A selection of important customers and 'foreign importers'**

Company	Corp HQ	Business	Free on Board (FOB) value in Euros	Member of multi stakeholder initiative or business initiative
Standard Chartered Bank (destination Bangladesh, Hong Kong and Argentina)	UK	Bank	426.119	–
Raiffeisen Bank (destination Czech Republic)	Germany	Bank	304.247	–
The Bank of Tokyo Mitsubishi (destination Japan)	Japan	Bank	295.134	–
Shree Traders	UAE	Wholesale of fabrics	151.126	–
Ernst Brunner	Switzerland	Fabrics trader	131.3301	–

#### 2.4.4 Sulochana Cotton Spinning Mills

The Sulochana Group engages in spinning, producing polyfibre, manufacturing garments, and making solar energy systems. The company's spinning division, Sulochana Spinning Mills (P) Ltd, produces 100 per cent cotton, 100 per cent bleached cotton, cotton/poly blends, 100 per cent viscose, modal, excel, silk, bamboo, 100 per cent polyester and 100 per cent recycled yarn. The company claims to be among the top three Indian suppliers of mélange yarn, mentioning the following export destinations: Bangladesh, China, Egypt, Korea, Malaysia, Vietnam, South Africa and Turkey. The company also has a garmenting unit operating under the name Ennem clothing.

The Managing Director of the Sulochana Group is Mr S. Krishnakumar. The Executive Director of the company is Ms Asha Krishnakumar. Sulochana Cotton Spinning Mills is a member of SIMA, as well as being a member of the Tirupur Exporters' Association (TEA). According to Sulochana's website, the company employs around 1,500 workers.

On its website, the company claims to have the following certifications: Global Organic Textile Standard (GOTS, Sulochana Cotton Mills and Ennem Clothing); Worldwide Responsible Accredited Production (WRAP, Sulochana Cotton Spinning Mills); Organic Exchange (Ennem Clothing); RINA-SA8000 (Ennem Clothing).<sup>54</sup>

However, Ennem Clothing does not appear on the SA8000 certified facilities list of SAI nor does Sulochana Cotton Spinning Mills feature on WRAP's certified facility list.<sup>55</sup>

The following units are part of Sulochana Spinning Mills. The workers interviewed for this research are employed at Sulochana Cotton Spinning Mills (hereafter referred to as 'Sulochana') in Palladam, Tirupur.





Route sign Sulochana Cotton Spinning Mills

**Table 9: Units of Sulochana Group**

Name of the unit	Address	Number of workers		
		Male	Female	Total
Sulochana Cotton Spinning Mills (P) Ltd Spinning mill	S.F. No. 851/1, 86, 89/1, 187/2, Agranam Road, Chithampalam, Palladam, Tirupur	225	315	540
Sulochana Cotton Spinning Mills Pvt. Ltd. Head office	424, Kamaraj Road, Tirupur – 64164	70	170	240
Sulochana Cotton Spinning Mills P. Ltd, Unit – II – spinning mill	D. No. 424, Kamaraj Road, Tirupur 641604	70	70	140
Ennem Clothings CMT unit	S.F No: 119 /1 A, Kungumapalayam Privu, Palladam Road, Tirupur	280	130	430
Evergreen Solar Systems India Pvt. Ltd. Solar/module/panel manufacturer	Sulochana Mills Campus, Mettupalayam Road, Vadamadurai, Coimbatore – 641017	–	–	–
Sulochana Polyester Fibres – Manufacturer of polyester fibre		130	70	200

## Customers

On its website, the company mentioned that its garmenting unit (Ennem Clothing) produces for clients such as Primark, Timberland, Rocawear, Calvin Klein and Walmart.<sup>56</sup> However, the export data do not confirm this. Primark, in their response to SOMO and ICN, informed that they do not have any direct relationship or any known indirect relationship with either Ennem Clothing or Sulochana.

Table 10 lists a selection of Sulochana's important customers. One of these customers is the Bangladeshi company, Fakhruddin Textiles Mills Ltd. Fakhruddin Textiles Mills is covered by the Accord on Fire and Building Safety in Bangladesh, which confirms that Sulochana is part of the supply chains of European and US companies.<sup>57</sup> In total, 12 Accord signatories are customers of Fakhruddin Textiles Mills. The company is also included on the supplier list H&M publishes. The other customers are not known. In a telephone conversation with SOMO and ICN, H&M confirmed that they are a customer of Fakhruddin Textiles Mills, but that they are not sourcing yarn from Sulochana.<sup>58</sup>

**Table 10: A selection of Sulochana's important customers**

Company	Corp HQ	Business	Free on Board (FOB) value in Euros	Member of multi stakeholder initiative or business initiative
Samakia Brothers	Egypt	Exporter of underwear	68,891	–
WarmWear Ltd	UK	Textile manufacturing and sourcing; makes thermal knits for UK's major retailers according to knittingindustry.com	8,834	–
Fakhruddin Textiles Mills Ltd, part of Urmi Group	Bangladesh	Fakhruddin is a supplier to H&M according to H&M's supplier list <sup>59</sup>	6,739	–

### 2.4.5 Super Spinning Mills

Super Spinning Mills is part of the Sara Elgi Group – a diversified industrial group of companies involved in textiles, machinery, software, building products, industrial research and environmental technologies. The company is listed on both the National Stock Exchange of India and the Bombay Stock Exchange.

The combined units of Super Spinning Mills produce 62 tons of 100 per cent combed cotton yarn per day. Additionally, the company produces knitted garments, including T-shirts and polo shirts.<sup>60</sup> Super Spinning Mills' 2013 annual report states that the firm made INR 75.1m (€ 921,389) of net profit, on sales of INR 4.4bn (€ 54,242,982).<sup>61</sup>

The CEO of Super Spinning Mills is Sumanth Ramamurthi, who also owns the majority of the privately owned shares of Sara Elgi.

Super Spinning Mills is a member of TASMA.

**Table 11: Units of Super Spinning Mills**

Name of the unit	Address	Number of workers		
		Male	Female	Total
Super Spinning Mills Ltd. Head office	PB# 7113 Green Fields 737-D Puliakulam Rd, Coimbatore, Tamil Nadu, 641045	50	250	300
Super Spinning Mills – Unit A Spinning unit	Kirikera – 515211 Hindupur, Ananthapur District, Andhra Pradesh	200	300	500
Super Spinning Mills – Unit B Spinning unit	Kotnur – 515213 Hindupur, Ananthapur District, Andhra Pradesh	300	450	750
Super Spinning Mills – Unit Super Sara Spinning unit	M.Beerapalli – 515212, Hindupur Ananthapur District, Andhra Pradesh	300	500	800
Super Spinning Mills – Unit C Spinning unit	D-Gudalur 624620, Dindigul District, Tamil Nadu	100	650	750

For this report, Super Spinning Mills Ltd Unit C was researched. All the interviewed girls and young women worked at this company. Super Spinning Mills Unit C (hereafter referred to as ‘Super’) has been SA8000 certified since December 2007 (certification issued by Bureau Veritas).

### Customers

Among Super Spinning Mills’ major customers are several Bangladeshi garment and household textiles producers that supply Western brands and retailers. The four Bangladeshi factories included in Table 12 are all covered by the Accord on Fire and Building Safety in Bangladesh, which confirms they are part of the supply chains of European and US companies.<sup>62</sup> Midland and Fariha are part of the H&M supply chain.<sup>63</sup>

In a telephone conversation with SOMO and ICN, H&M confirmed that their suppliers are buying yarn from Super, but indicated that these are not considerable volumes.<sup>64</sup> In addition, H&M made it clear that Super is not considered top class.

C&A confirmed that Super Spinning Mills (Unit C) is one of their ‘nominated’ spinning mills in the company’s organic cotton supply chains and that in the past years both independently operating auditing companies, as well as C&A’s own auditing team, have investigated Super Spinning Mills Unit C.<sup>65</sup> C&A wrote that Unit C of Super Spinning Mills has stopped the Sumangali Scheme as of June 2011. At the same time, however, the inspections have detected ‘areas for improvement’.<sup>66</sup>

Table 12: A selection of important customers

Company	Corp HQ	Business	Free on Board (FOB) value in Euros	Member of multi stakeholder initiative or business initiative
Cotton Club (BD) Ltd; which is owned by Mondol Group <sup>67</sup>	Bangladesh	T-shirts, polo shirts, sweatshirts. Mondol Group lists the following buyers on its website (amongst others): Matalan, Berschka (Inditex), Cortefiel, Oviessse, Coin and Dickies <sup>68</sup>	657,401	–
Midland Knitwear Ltd; which is owned by Micro Fibre Group <sup>69</sup>	Bangladesh	Midland Knitwear website says the following companies buy from them: H&M, C&A, New Look, Coop, Ascot Sport, Americanino, Onze, Richfield, Ferrari <sup>70</sup>	110,503	–
Fariha Knit Tex Ltd; which is owned by the Asrotex Group <sup>71</sup>	Bangladesh	Knitting, garments, dyeing, fashions for everyone. The company mentions the following companies as its clientele: Walmart, Carrefour, No Excess, Peacocks, Kiabi, and H&M <sup>72</sup>	100,597	–
Masco Industries Ltd is owned by the Masco Group <sup>73</sup>	Bangladesh	Towels. Customers on website include Wal-Mart Canada, Target USA, Calderon USA, Weverij, Beamfeature (UK), Richard Haworth & Com (UK) <sup>74</sup>	63,377	–
TIV Trading Limited	UK	Wholesale of textiles <sup>75</sup>	56,269	–

Most mills in Tamil Nadu are like guarded fortresses with high walls and fencing (portrayed fence is not Super Spinning Mills)





## Chapter 3

# Working conditions in the Tamil Nadu textile industry

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This chapter offers information about the Tamil Nadu spinning mill industry, focusing on labour recruitment methods, and the background of the workers employed by the industry.

### 3.1 Background of the workers

#### **Outcaste/low caste**

The interviewed workers all come from the lowest social ranks of Indian society. A majority (more than 60 per cent) of the girls and young women who were interviewed are officially classified as 'Scheduled Castes (SC)', but call themselves Dalits. The scheduled castes or Dalits are considered the 'lowest' or most disadvantaged and discriminated group in Indian caste hierarchy. They fall outside India's traditional caste system and are also referred to as 'outcastes' or 'untouchables'. The other 39 per cent interviewed workers are members of the 'Other Backward Castes (OBC)'. OBC is a collective term used to classify castes that are educationally and socially disadvantaged, and are positioned just above the Scheduled Castes in the Indian caste system.

#### **Age, girl labour**

At the time of the interviews, all interviewees were between 15 and 22 years old. Girls under the age of 18 were interviewed in all the mills, except at Premier. The Jeyavishnu interviewees made up the youngest group. Almost half of all interviewed workers there were younger than 18.

Looking at the age at the start of their employment, it is clear that most of the interviewed workers (91 out of the 151 interviewed workers) were hired when they were below the age of 18. The youngest workers were 15 years old when they started working at the investigated mills.

In response to the draft report, Best indicated that "adolescents in the age group 16-18 years are employed in non-hazardous work. On verification [by the audit committee commissioned by Best], seven adolescents were found employed in the age group 17+."<sup>76</sup> However, the audit report did not say anything about the age of these workers at the time of recruitment. In addition, the audit reports stated that since August 2014, Best has "stopped the policy of engaging workers under 18".

In the context of this field research, no girl workers under the age of 14 were found to be working at the five mills. In August 2012, however, seven girl workers reportedly below the age of 14 were found at one of the researched spinning mills: Sulochana. Officials of the National Child Labour Project (NCLP) rescued these children from the mill.<sup>77</sup> Also see Boxes 2 & 3. Sulochana in their response to the SOMO and ICN draft report objected to this information.<sup>78</sup>

According to Indian law children below the age of 14 should not be put to work in certain occupations or processes. This generally includes factory work. In addition there is a law on bonded labour, which also applies to children between 14 and 18 years of age. However, international labour norms are more stringent.

The United Nations Convention on the Rights of the Child (1989) has been ratified by almost all countries in the world, including India. The Convention stipulates that all work – except light work that does not jeopardise 13 and 14 year olds’ education or health – done by children under the age of 15 and all hazardous work done by children under the age of 18 is illegal. The content of the UN Convention on the Rights of the Child is articulated in two Conventions of the International Labour Organization (ILO): Convention 182 on the Worst Forms of Child Labour (1999) and Convention 138 (1973) on the Minimum Age for Admission to Employment and Work. These conventions are part of the ILO Declaration on Fundamental Principles and Rights at Work, which means that they are binding upon every member country of the ILO, regardless of ratification. According to these conventions, children between the ages of 14 to 18 should not work if the work they perform is likely to harm their health, safety and morals. This includes “work under particularly difficult conditions such as work for long hours or during the night or work where the child is unreasonably confined to the premises of the employer”. As will be explained later on in this chapter, the conditions in the investigated mills involve long working hours, forced overtime, confinement to the factory grounds – which are exactly the conditions that children below the age of 18 should not be exposed to.

*Aged 17, this girl used to work at Jeyavishnu mills and now works in a different mill closer to home. Her father feels he has to send his daughter to work as they have no other option to make ends meet.*



## Box 2: Child labour at Sulochana

In August 2012, seven child workers were found working at the Sulochana Cotton Mills Unit in Palladam, Tirupur (the spinning mill that is topic of this research). Reportedly, the children were below the age of 14 and came from Vellore district in Tamil Nadu and Chittur district in Andhra Pradesh. Officials of the National Child Labour Project (NCLP) rescued the children from the mill. The employer was issued a fine of INR 104,000 (€1,276).

The NCLP resides under the Indian Ministry of Labour and Employment and was initiated in 1988 to rehabilitate working children, in the child labour endemic districts of the country, in particular children working in hazardous occupations and processes. For Sulochana's reaction see note 78.

*Source: Dinamalar and Thinathanthi, Tamil newspapers, 4 August 2012.*

## Box 3: Radhamma's story

Radhamma, a 14-year-old girl who had been working and living at Sulochana Cotton Mills for a year, was admitted to hospital on 9 March 2014. Shortly after her admission to the hospital, Radhamma died. Reportedly, she committed suicide by consuming nail polish. According to the Tirupur People's Forum (TPF), Radhamma was depressed because of her excessive working hours. Like many others, Radhamma joined Sulochana after she was promised good food, decent accommodation, the chance to study while working, eight hours of work a day, weekly holiday and a lump sum payment at the end of three years.

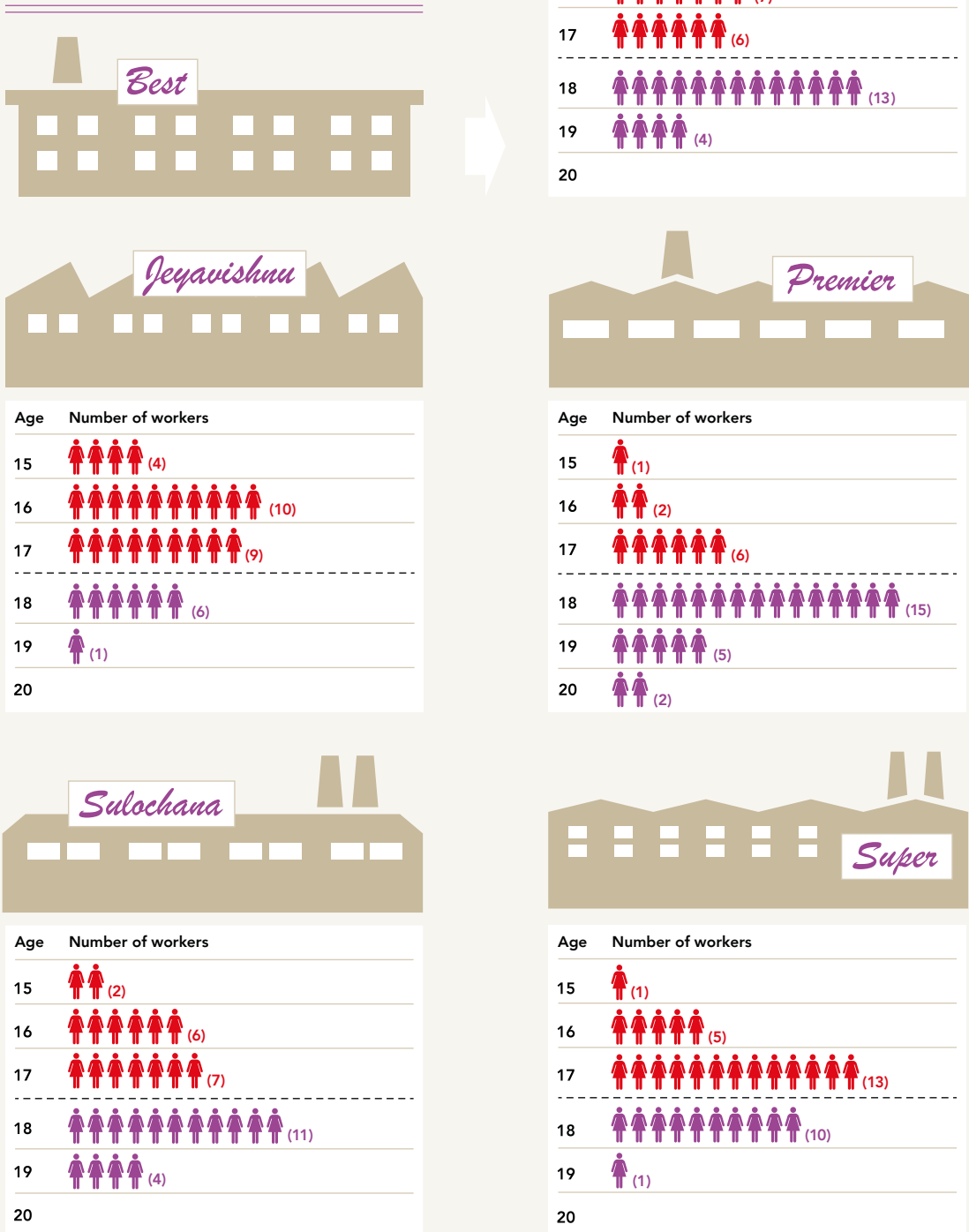
After Radhamma's death, TPF submitted a petition to the District Collector of Coimbatore demanding that:


1. Sulochana Cotton Mills should pay INR 500,000 (€6,134) in compensation to Radhamma's family.
2. The District Collector should order an enquiry into the death of Radhamma.
3. The Child Welfare Committee and Child Right Protection Committee of the Coimbatore District should assess the safety of girls and young women working in textile mills in the Coimbatore District.

Sulochana's response to this case: "The age of above said Radhamma was 17 as per our mill records and govt. records. She has committed suicide, which is her own decision. Whatever was promised to her before joining our mill was provided during her employment. Case was fully investigated by police and CWC Team and closed by govt".<sup>79</sup>

*Source: Tirupur People's Forum for Protection of Environment & Labour Rights, press release "Tirupur People's Forum demands compensation & RDO inquiry into the death of Radhamma, a child labourer", 12 March 2014.*

**Figure 1:**  
**Age of the interviewed workers**  
**when they were hired**



 = underage (see section 3.1)

India has not yet ratified the Minimum Age Convention (138) and the Worst Forms of Child Labour Convention (182). However, recent amendments to the Child Labour Act of India, making it largely compatible with the ILO Conventions, are under discussion at governmental level and will probably be considered in Parliament soon. If the amendments are approved, it is expected that India will also ratify these two ILO conventions.

### Education

Of the 151 interviewed workers, 33 completed middle school; 85 workers said they had completed secondary school and 20 workers had attended higher secondary school. Two workers stated they never went to school, while 11 workers had not completed middle school (see Box 4).

#### Box 4: The Indian educational system<sup>80</sup>

The Indian education system is structured as follows:

- ❑ 1st to 5th standard: primary school (for children aged 6–11)
- ❑ 5th to 8th standard: middle school (for children aged 11–14)
- ❑ 9th and 10th standard: secondary school (for children aged 14–16)
- ❑ 11th and 12th standard: higher secondary education (for children of the age 16–17)
- ❑ BA: undergraduate

According to the 2009 Right to Education Act, schooling is free and compulsory for all children from the ages of 6 to 14, which means that all children should complete middle school (5th to 8th standard).

### Home districts

Most of the workers employed at the five investigated spinning mills came from other districts in Tamil Nadu. At Sulochana, workers indicated that some of their male colleagues came from other states, namely Odhisha (previously known as Orissa), Maharashtra, Bihar and Andhra Pradesh.

The interviewed workers came from the following districts:

**Table 13: Districts and states where workers are recruited from**

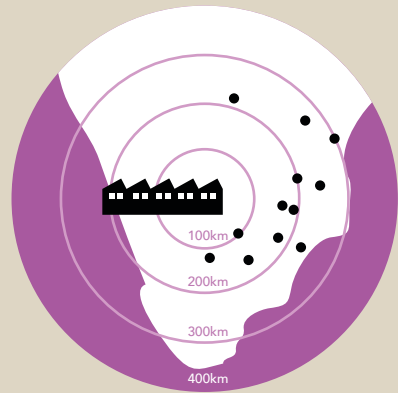
<b>Best Corporation</b>	Cuddalore, Dharmapuri, Krishnagiri, Madurai, Tiruvannamala, Villupuram, Virudhunagar
<b>Jeyavishu</b>	Aranthangi, Krishnagiri, Viluppuram, Jeyangondan, Ariyalur, Kulithalai, Pudukottai, Trichy, Tanjore, Tiruvannamalai, Dindigul, Madurai, Theni
<b>Premier Mills</b>	Theni, Madurai, Coimbatore, Tirunelveli, Pudukkotai, Nilgiris, Thanjavur, Dindigul, Cuddalore
<b>Sulochana</b>	Dharmapuri, Pudukottai, Vellore, Krishnagiri, Tanjore, Theni, Andhra Pradesh, Orissa, Maharashtra, Bihar
<b>Super Spinning Mills</b>	Trichy, Dindigul, Hosur, Krishnagiri, Virudhunagar, Pudukottai



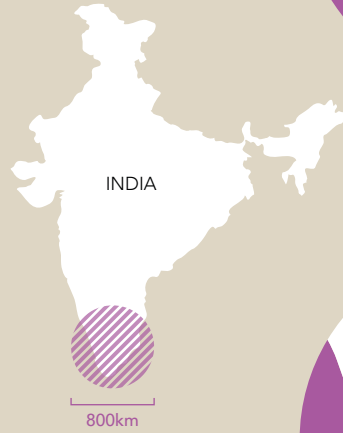
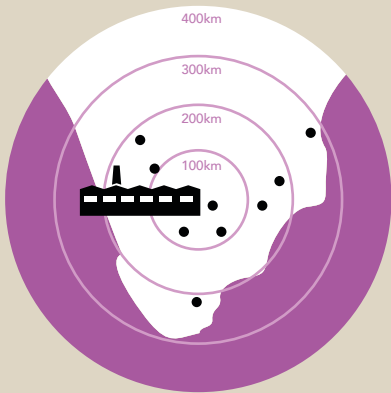
## Best



## Jeyavishnu



## Premier



## Super

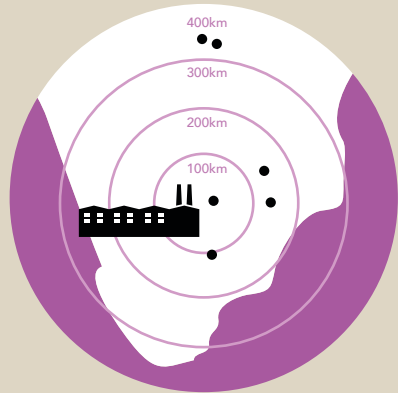
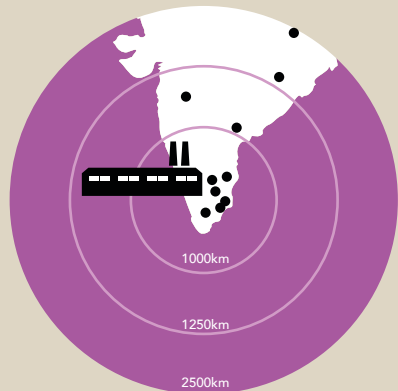
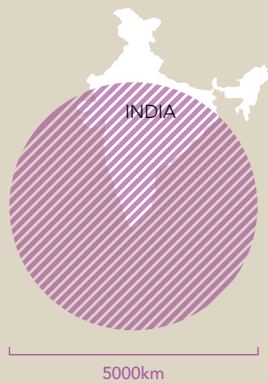


Figure 2:  
Recruitment areas and  
distance to factories

## Sulochana



In the Best audit report, mention is made of 118 male workers originating from states other than Tamil Nadu.<sup>81</sup>

A stark picture of poverty and a general lack of employment opportunities emerged from the interviews with workers at the mills. The interviewees gave this background as an explanation for agreeing to go along with brokers or agents (see Section 3.2). With the income from the spinning mill, workers can support their families back home. Having one mouth less to feed is a relief for the parents. In addition, although legally prohibited, it is common practice in some areas in South India that the bride's family has to provide a dowry, which is a heavy burden for poor families.

Here is an example of a typical comment:

*"Due to family condition I decided to join the factory; I joined here with my sister through broker. Now I am supporting my brother's education." (Worker at Best Corporation)*

## 3.2 Recruitment, contracts, and promises

### Recruitment

Workers are recruited by brokers or agents who work across the state of Tamil Nadu. For every worker brokers send to the factory, they receive an amount of money, usually around INR 1,000 (€12) per recruited worker. If the worker does not leave the factory within six months, then the broker will get another INR 1,000.

Interviewed workers at Best said that they had been recruited by factory managers. Workers from other mills explained they joined the factory through neighbours or relatives.

*"I was recruited through someone I know in my village. Ten girls from my village were already working in the same factory, so I decided to join them". (Worker at Jeyavishnu)*

Other sources, like articles in the Indian press, report on how spinning mills in Tamil Nadu cunningly recruit child workers in villages where the population suffer from crop failures and economic hardship (see Box 5).

### Contracts

Workers rarely sign an employment contract. Of the 151 interviewed workers, only 20 workers signed a contract with their employer: three at Best Corporation, 13 at Jeyavishnu and four at Super Spinning Mill. None of the interviewed workers at Sulochana or Premier Mills was given a contract to sign (see Figure 3).

Of the sixteen Jeyavishnu workers who were shown a contract for signing, three girls had their parents sign the paperwork. Often, workers do not get sufficient time to read the contract, so they do not have a clue what it is about, even though the contract may be written in their own language (Tamil). Contrary to local labour law and international labour standards, none of the workers who signed a contract received a copy of the contract.

### Box 5: Dindigul mills 'harvest' child workers in crop flop areas

Based on article published in the New Indian Express on 4 July 2014.<sup>82</sup>

Even as the war against child labour is on world over, some spinning mills in Dindigul district are weaning children from schools, through an effective stratagem, and trapping them in their employment, thus negating the impact by UNICEF and other organisations to create awareness. Agents of the mills go around villages where crop failure has rendered farm workers penniless and canvass with parents to send their children to the mills for work during the summer holidays. Then, at the end of the two months, if the child wants to get back to school, the salary is withheld and pressure is mounted on the child and parents to continue for one more month. If the child stays back, then he or she will have to drop out of school.

Vice president of Pilathu panchayat S Kavitha – who herself was a victim of the Sumangali scheme of child labour and who is still fighting a case against a mill in the Madras High Court – confirmed that mills were recruiting children from the five villages in her panchayat. She said brokers identify poor families and approach the women with a promise of a decent salary, adding that people like her, who had once been victims themselves, had created awareness among the girls about the exploitation and problems that they had faced.

Siva (not his real name), a 16-year-old boy who has been promoted to Class IX, was beaten up by the supervisor when he asked for his salary. Explaining the inhuman working conditions, Siva said they had to work non-stop for eight hours, collecting the thread bundles from the machine and replaying the empty ones, in addition to sweeping the floor. If the supervisor caught them idling, they would be beaten up, he said, adding that around 100 kids staying in the hostel inside the mill faced the same predicament.

One Jeyavishnu worker said: *"They only showed me a place where I had to sign; they didn't show me the rest of the papers"*.

The four workers at Super Spinning Mills who signed a contract at the start of their employment term were also just told to sign at the cross: *"At the time of appointment the factory showed me a place on a paper where I did sign; so I didn't read anything not even seen anything."*

Jeyavishnu stated that *"appointment letters/contracts in local language are provided to all employees and the same is explained to each and every individual, enabling them to understand before signing"*.<sup>83</sup> However, this is not supported by the research findings.

Responding to the draft report Sulochana said: *"All employees are employed on monthly basis. All statutory records are maintained and duly inspected by Govt. Officials periodically"*.<sup>84</sup>



The audit report sent by Best stated that Best issues appointment letters to all their employees once the employee successfully finishes the mandatory training but that no contracts are entered into between employer and employee. This is in contradiction with the findings of SOMO and ICN's field research. The audit report further pointed out that individual files are maintained but they are not updated with details of Employees Provident Fund (EPF) number and current wages.<sup>85</sup> While the Best audit committee pointed out that terms of employment are displayed on the notice board in the mill in the local language, SOMO and ICN field research indicated that workers are nevertheless not fully informed of all relevant details of their employment situation.

### **Broken/false promises**

Recruiters convince parents to send their daughters to the spinning mills with promises of a well-paid job, comfortable accommodation, three nutritious meals a day and opportunities for training and schooling. However, when the girls arrive at the mills, it turns out that the reality of their new working life is not so attractive.

Interviewed workers at Sulochana, Super, Best Corporation and Premier Mills complained that they could not go home when they wanted to, in spite of what they were told when recruited for the job. Workers at Jeyavishnu had been told they would not have to work night shifts. In reality, all senior workers have to work night shifts (that is, a year after starting working at the mill). Likewise, Sulochana workers had been told that night shifts were not compulsory, but in fact workers do not have a choice in this respect either.

In its response to the draft report, Sulochana stressed that it has adopted "genuine leave policy and in exceptional cases, they [workers] are allowed to go on leave on medical or personal grounds".<sup>86</sup> Also, Sulochana wrote that workers are informed about night shift work at the start of their employment. Sulochana did not explain how their recruiters inform workers.

Workers at Premier Mill had been told they would be put to work for eight hours per day. In reality working hours often amount to 12 hours per day.

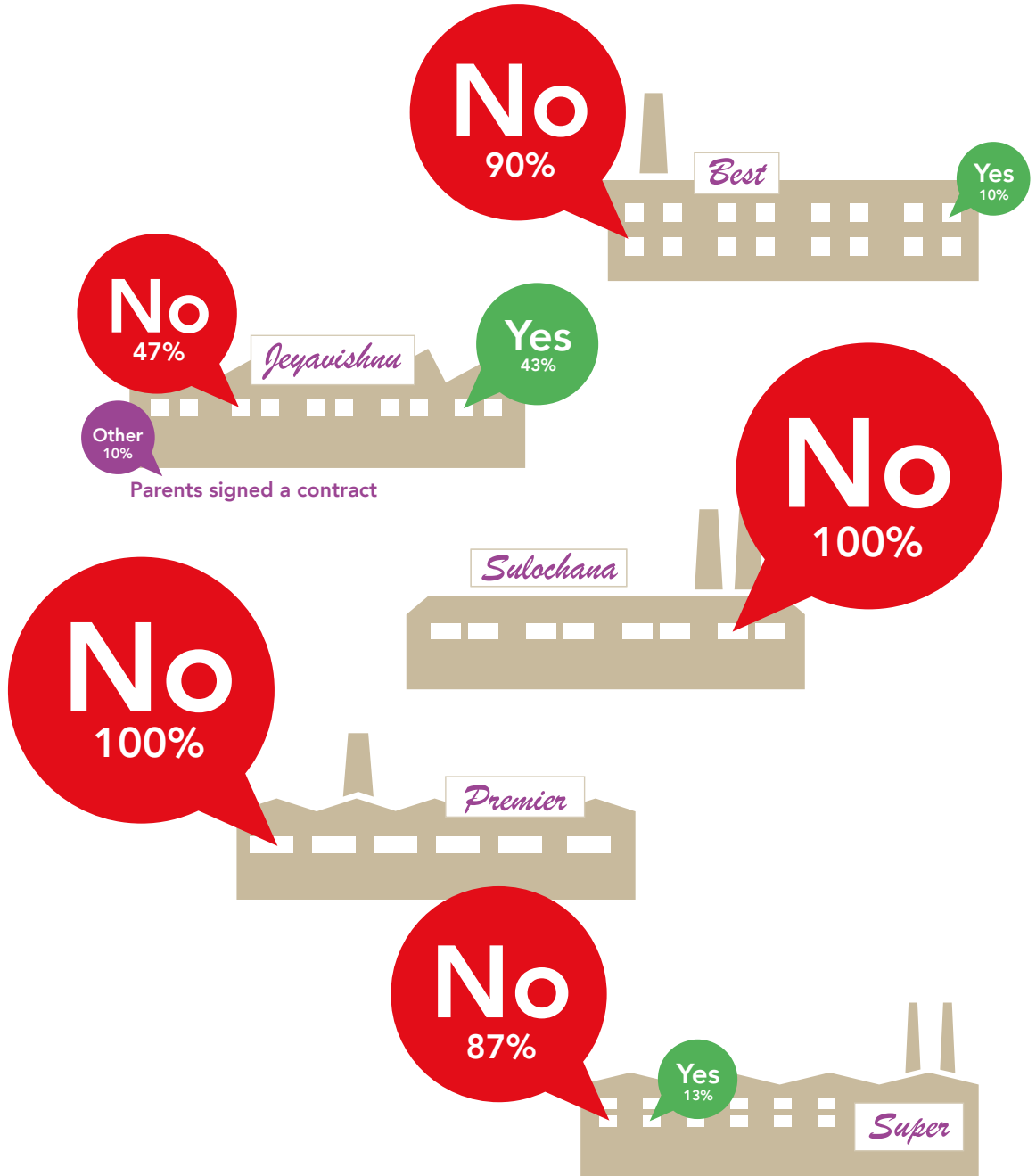
*"I don't like working in the spinning mill. I wanted to continue my education but because of the poor economic condition of my family I am working here. My parents sent me here. During the recruitment process they asked the agent if the mill could support my education. This was accepted by the agent but until now the factory has done nothing to help me continue my studies." (Worker at Jeyavishnu)*

## **3.3 Wages**

All interviewed workers were asked about their wages. However, it turned out to be difficult to assess wage levels and to determine whether or not workers were appropriately paid, for a number of reasons. There is no minimum wage set for regular textile mill workers in Tamil Nadu. A tripartite committee, which includes a TASMA representative from the employer's side and an INTUC (Indian National Trade Union Congress) representative from the employees' side, was formed in March 2013 to recommend minimum wages for textile mill workers in the state of Tamil Nadu. However, the committee has not come up with a proposal. A coalition of trade unions – MLF, HMS, INTUC, AITUC, ATP, CITU and BMS

Figure 3: Contracts

Did you sign a contract?



**Do you have a copy of the contract?**

**No**  
100%



**No**  
100%



None of the interviewed workers at Sulochana and Premier signed a contract



**No**  
100%



## Box 6: Translation of recruitment pamphlet for Super Spinning Mills

### SUPER SPINNING MILLS LIMITED, C-UNIT, D.GUDALUR, VEDASANDHUR TALUK, DINDIGUL DISTRICT

#### Wanted: Female trainees

Age limit	From 18 to 22
Height	Minimum 4.5 feet
Education Qualification	8th grade and above

#### Monthly Salary for 26 days

(You will get the below amount after deduction of Food, Accommodation, PF, ESI)

Year	Month	End of the year incentive & P.F
1st year	3,250	15,000/-
2nd year	3,600	15,000/-
3rd year	4,200	15,000/-
The total amount at end of 3rd year		45,000/-

#### Super Spinning Mills Limited C Unit

Phone Number: 9442257611, 04324-340414, 04551-225301, 04551-225310

#### Contact:

Sr. Officer HRD: P.Karuppasamy, S.Saravanan (HR), Cell: 97509 89888

R.O: P.Sivasubramani, Cell: 96889 59504

#### Benefits of the training:

- Free advanced hostel with complete safe and natural environment
- Different variety of vegetarian and non-vegetarian food will be provided
- Furthermore, there is 24-hour vehicle availability to go the nearest hospital
- There are two women wardens and officers staying in the hostel to take care of the women and their safety
- Daily 8 hours work, one day weekly holiday, National and/ Festival holiday with the wage as per the law
- Every 7th day of the month, salary will be paid
- Every year, a bonus will be given in the month of November
- There will be six days' holidays once every six months with wage and travel costs
- There is a spacious room with air-conditioning for trainees
- 24 hour hot water to have a bath
- Evening tea at no cost
- Tasty food prepared in advance; facility kitchen, milk, fruit, eggs and sweets will be given
- The mill vehicle will drop and pick up during Deepavali and Pongal Festival to celebrate with family
- RO water facility is available in the hostel and workplace
- There is a big screen theatre to watch films during rest hours
- There is a care for the female workers under women officers, wardens and nurses.
- Parents and guardians only are allowed to see their daughters and take them home
- Non-vegetarian food is given by the well trained cook twice in one month
- The parent visitors have a separate room facility to stay in
- Tailoring, type writing and computer training is given during their free time for no cost.
- Candidates who pass the training will get a certificate
- The management support half of the payment of those who want to learn 10th and 12th grade, BA, BCom, MA graduation through Postal
- There is 24-hour FM radio, colour TV, newspapers, weekly/monthly magazines, a library, indoor and outdoor games available to spend their leisure hours
- There will incentives for women trainees offering the best suggestions
- There is free medical advice for women trainees from female doctors
- Life skills, psychological skills, self-improvement training and counselling will be given to the women trainees.

Via: Dindigul-Karur via Kujiliamparai Super Spinning Mill – Location: Mills C Unit. Town Bus No.2 Karur to Palayam  
If you want join as a trainee, contact us with a passport size photograph 3, age proof certificate  
(School leaving certificate or medical certificate) and ration card.

– demanded the minimum wage fixation committee to set the minimum wage for textile mill workers at INR 15,893.73 per month (€196).<sup>87</sup> The trade union proposal comes close to what would be a living wage for India, according to the Asia Floor Wage Campaign, namely INR 16,290.96 (€200).<sup>88</sup> For reference, the minimum wage for textile mill apprentice workers in Tamil Nadu is INR 223.85 (€2.75) per day (gross).<sup>89</sup> A monthly salary is based on a 26-day working month. When calculated for a month with 26 working days the minimum monthly wage for apprentices in textile mills would be INR 5,820.10 (€71.40).

Information about gross wages is not available. In most cases, workers are paid cash. Only Jeyavishnu workers receive their salary via bank payment. They only know about their net wage. Workers lack information about benefits, deductions and end-of-contract lump sum payments, as they do not receive contracts or pay slips. Workers are promised that they will receive lump sum payments at the end of their employment term (see below).

### **Payment and pay slips**

At the five investigated mills, wages are paid out on a monthly basis. Four mills pay their workers in cash. Jeyavishnu has installed an ATM machine on the campus; through a thumb impression workers can take out money from the ATM. Not one of the investigated mills provides its workers with a pay slip. Workers at Best Corporation, Premier Mills, Sulochana and Super Spinning Mills receive their salary in an envelope. On the envelope, the workers' name, employee number and the total amount is written but no signature will be collected as proof that the workers have received their wages.

According to Jeyavishnu, "pay slips are given to all employees with all details like gross salary, deductions and net salary".<sup>90</sup>

According to the Best audit report, workers receive their pay in an envelope and are informed of the details of their total pay, deductions made for the month and the net amount. In addition, the audit report said "all workers are aware about how much they are being paid".<sup>91</sup>

However, this is not what the interviewed workers have shared with the local researchers.

### **Monthly wages**

In an effort to compare wage levels at the five investigated mills, average monthly wages were calculated (including any lump sum payments). Monthly wages (included in Table 14) represent the amount workers receive after deductions have been made.

If indeed workers receive the promised lump sum payment at the end of their contract period, then the average monthly wages amount to between INR 3,266 (Premier, €40) and INR 5,404 (Best, €66). If workers do not get this lump sum payment, average monthly wages only range from INR 1,600 (Premier, €20) to INR 4,270 (Jeyavishnu, €52).

**Table 14: Average monthly wages at the five investigated mills**

	Average monthly wage	Average lump sum	Average monthly wage including lump sum
Best	3,615 (€44)	64,400 (€790)	5,404 (€66)
Premier	1,600 (€20) 3,560 (€43)	60,000 (€736) 0	3,266 (€40) 3,560 (€43)
Jeyavishnu	4,270 (€52)	37,800 (€464)*	5,320 (€65)
Sulochana	3,484 (€43)	50,000 (€613)*	4,873 (€60)
Super	3,430 (€42)	45,000 (€552)*	4,680 (€57)

\* Workers testified that the lump sum amount is built up of Provident Fund contributions.

Sulochana stated that their minimum monthly wage is INR 7,800 (€96) which, according to Sulochana, would be the highest in the mill sector.<sup>92</sup>

The Best audit report stated “the minimum wage for the spinning industry is INR 285 for an eight hour work day.”<sup>93</sup> This is what Best pays its workers, according to the audit report.

### Overtime wages

Workers at Premier said they receive the same rate for overtime hours (OT) as for regular hours. Where Jeyavishnu stated that workers receive 200 per cent of normal wages for OT hours,<sup>94</sup> the interviewed Jeyavishnu workers said they do not know what they receive for overtime hours. Sulochana workers receive INR 20 (€0.25) the hour for overtime hours. INR 25 (€0.31) the hour is paid for overtime hours at Super, while workers at Best receive INR 30 (€0.37) the hour.

According to Indian labour law, overtime hours should be paid double the ordinary rate of wages. While overtime wages at Sulochana, Super and Best are higher than the normal wage, only at Best workers receive overtime wages close to the double rate.

### Promises of end-of-contract lump sum payments

At all investigated mills, interviewed workers expect to receive a lump sum at the end of their three-year employment term.

Information about promised lump sums is passed on by word of mouth. Usually, brokers inform parents and their daughters during the recruitment phase. In some cases, information about the promised lump sum is included in written pamphlets issued by the spinning mills (see for example the pamphlet of Super Spinning Mills in Box 6).

At all mills, workers said they had received verbal promises about this lump sum amount. In all cases, there is no written agreement. The lump sum promise is not included in any written contract.

The promises about the lump sum workers are supposed to receive vary from factory to factory. Amounts range from INR 36,000 (Jeyavishnu, €442) to INR 65,000 (Best, €797). Many workers, however, are in the dark about the exact amount they are supposedly receiving after three years.



For instance, at Best, only ten out of the 30 interviewed workers had any idea of the amount they are supposed to receive after three years.

At one of the investigated factories (Premier), some of the workers were promised a lump sum payment after completing three years of employment, while other workers at the same factory were not.

At three of the five researched mills (Jeyavishnu, Sulochana and Super), workers have been told that this end-of-contract lump sum will consist of the contributions made by both employer and employee to the Employees Provident Fund (EPF, see Box 7), and that they will get this lump sum at the end of their employment period.

### Box 7: The Provident Fund

The Employees' Provident Fund (EPF) is a national governmental social security savings plan. It is a mandatory scheme.

The Employees' Provident Fund Organisation (EPFO) is a statutory body of the Government of India under the Ministry of Labour and Employment. It administers the compulsory contributory Provident Fund Scheme, Pension Scheme and an Insurance Scheme.<sup>98</sup>

Workers and employers both contribute to the EPF fund. Twelve per cent of the workers' monthly salary is automatically deducted as a PF contribution. The company contributes an equal amount. Any company with more than 20 employees has to register with the EPFO.

Only permanent workers are eligible for an EPF account. Temporary workers, contract workers and apprentices. There is no minimum salary to be eligible for EPF coverage. Any worker that has worked for 240 days for the same employer is considered a permanent worker.<sup>99</sup>

EPF is an instrument that helps workers prepare for retirement. In exceptional cases, workers can make a claim for a premature withdrawal, but only when a number of strict requirements are met. Withdrawals may be availed for the following purposes: marriage or education, medical treatment, purchase or construction of house, repayment of housing, loan, purchase of plot, alteration of house, and/or pre-retirement.<sup>100</sup> An application for premature withdrawal should be submitted through the employer under whom the member was last employed using a form. All pages of form 19 should be signed by the claimant as well as the employer.<sup>101</sup>

Mode of remittance is by postal money order at the cost of the claimant, or by bank transfer. Any payment above INR. 2,000 (€25) will be done via direct credit into the worker's bank account. This may be problematic for many workers, as more often than not girls and women do not have a bank account in their own name. Moreover, the minimum age to open a bank account is 18, and workers are frequently younger than that.

This is not what the Employees Provident Fund is for. The EPF is a saving scheme for old age/contingencies. The research findings suggest that employers are deliberately tricking young, uninformed workers into arduous mill jobs with false promises of lump sums.

Sulochana wrote: “We do not have Contract/ Schemes. We pay only monthly wages. So allegations regarding contract/schemes do not apply for us”.<sup>99</sup>

Best wrote: “We do not have any scheme/lump sum payment to our workers. The system was discontinued from 2011”.<sup>100</sup> In addition, the audit committee wrote “no practice of lump sum payments to the employees on their exit. The Sumangali Scheme or any other schemes to lure adolescent girls does not prevail in the mill at present”.<sup>101</sup> In addition, the audit committee wrote that only statutory deductions are made. Still, workers interviewed by SOMO and ICN’s local researchers said that they expect to receive a handsome sum (“the PF amount”) at the end of their employment term.

**Deductions that are not accounted for**

An additional problem is that often it is not clear whether the factory actually transfers the Provident Fund (PF) contributions to the Employees’ Provident Fund Organisation. None of the interviewed workers have a PF number. Workers do not receive pay slips that would normally display the relevant account number. Workers are left in the dark about which deductions may have been made on their behalf. Without an employment contract or any other formal document (e.g. appointment letter), most workers do not have proof that they work or have worked at a particular factory, leaving them empty-handed whenever they go and claim their EPF savings.

For each investigated spinning unit, local researchers obtained information from the EPF Office. The information from the EPF Office shows for the number of workers for whom PF contributions are paid per month. The information obtained covers the period January 2014 - August 2014. Table 15 presents the average number of workers for whom PF contributions have been made during this period.

**Table 15: PF contributions per investigated spinning mills**

Spinning mill	Number of workers	Number of workers registered with the EPF Office
Best	900	348
Jeyavishnu	930	720
Premier	1,000	1,013
Sulochana	540	226
Super	750	611

Table 15 shows that only at Premier PF contributions are made for the entire workforce. These data seem to suggest that all other investigated spinning mills fail to make the mandatory contributions for part of their workforce.



*Former spinning mill worker looking at a cashbook. She had to quit her job due to health problems. Her family had to borrow money at high interest rates. Without a job she can no longer contribute to paying off the loan which makes her very worried.*

According to Jeyavishnu, all its employees are covered by the EPF scheme and account numbers are provided to all employees.<sup>102</sup> Likewise, Sulochana said that all eligible employees are covered under the EPF Act.<sup>103</sup> However, this is not supported by the research findings.

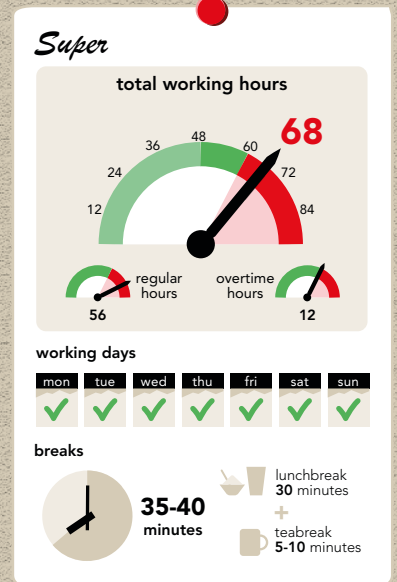
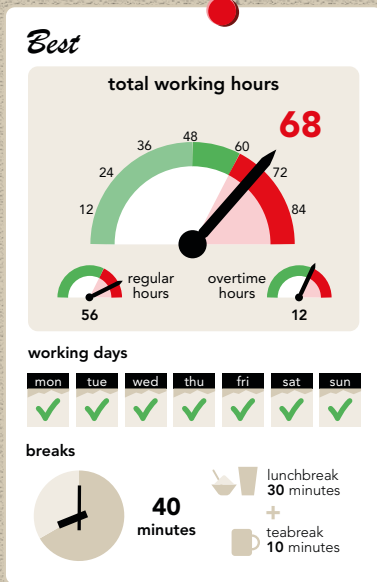
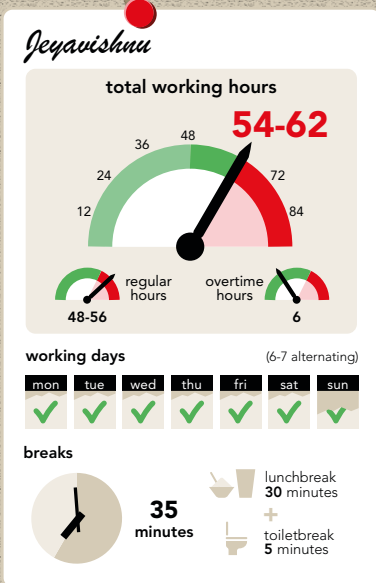
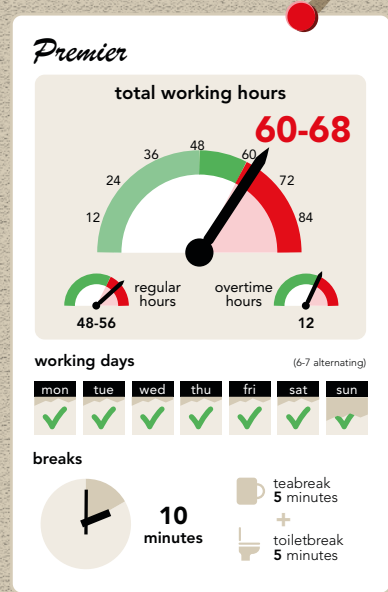
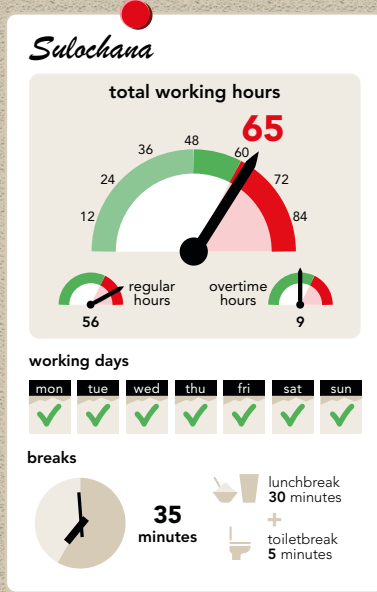
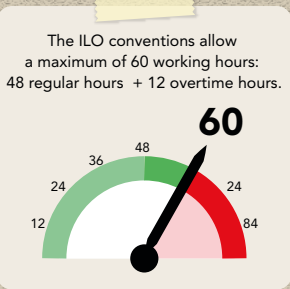
The Best audit report spoke of around 600 workers at Best Cotton Mill in total. The report gave conflicting figures on the number of workers covered under PF. On one page, the report speaks of 313 workers covered; on another page it mentions 458. Either way it appears that not all 600 plus workers are covered under PF. In addition the audit report mentioned that workers are not aware of their individual PF number.<sup>104</sup>

As children below the age of 14 are not permitted to work, they are not eligible for a PF account. As described above, workers below the age of 14 are not frequently found working at these mills, but it does happen. Such young workers are very likely to miss out on any lump sum.

Misuse of Provident Fund deductions is a serious problem that has been reported by several Indian civil society organisations and trade unions. At a conference on labour rights issues in the garment industry in February 2014, CITU-affiliated unions Baniyan and the General Workers Union called for an inquiry into misuse of the Provident Fund Scheme. According to these unions, some employers deduct PF



Figure 4: Working hours



contributions from the workers' wages without remitting the amount to the PF office. "Only at the time when a worker claims the PF benefits, he/she is coming to know that the remittances were not made properly", according to C. Moorthy, General Secretary of the Baniyan and General Workers Union.<sup>105</sup>

### Family basic needs, debts and dowry

All workers said that they give their salary to their parents. All investigated mills offer the possibility for parents to come and collect their daughters' wages once a month. However, not all parents are able to come to the mill every month because it is a long (and costly) journey for many.

Some workers get to keep a small part of their wages so that they can buy their necessities. The workers' wages are spent on basic necessities for their families (food, housing, medical expenses, etc.) and on the education of other siblings. One worker at Best Corporation said that her parents are repaying a debt. Some workers said their parents are also saving up part of the girls' wages for their dowry and other marriage expenses.

*"My parents come and collect my wages. I will keep the OT [overtime] wage to myself and spend it on buying clothes and accessories. My parents are not saving for my dowry because I will get a lump sum amount at the end of three years. This amount is for my dowry. My parents use the monthly wage for other expenses." (Worker at Super Spinning Mills)*

## 3.4 Working hours

At Jeyavishnu, only senior workers (workers who have been working at the mill for more than a year) work night shifts. Many workers complained about the night shifts as they feel sleepy and find it difficult to concentrate.

Excessive working hours are a problem at four out of the five investigated mills. With an average working week of 58 hours, Jeyavishnu is the only mill where the maximum hours of work as prescribed by the ILO are not exceeded. According to the ILO Convention on maximum working hours, a working week may not exceed 60 hours (48 regular hours + 12 overtime hours).

Workers at both Sulochana and Super Spinning Mills work seven days a week and eight hours a day. Workers at Jeyavishnu and Premier work six or seven days a week (on an alternating basis) while workers at Best work six days a week. On top of that, for three days a week, workers at Best, Premier and Super have to do another four hours of overtime work. A working week can thus amount to 68 hours (see Figure 4).

(Forced) overtime work is a standard practice and happens year-round. Mills are in operation 24 hours per day, seven days per week, all through the year. Contrary to garmenting units, spinning mills do not experience high and low seasons. In the words of one of the interviewed workers: "it is always peak season". A great majority of the interviewed workers said that it is not possible to refuse overtime hours, which in some cases are not paid. At Jeyavishnu, workers said that if they do not achieve the production target, they have to continue working without the extra hours being paid.



Surprisingly, in its reaction to the draft report, Jeyavishnu wrote: “We are not offering OT hours to employees”.<sup>106</sup> Sulochana said that all workers enjoy a weekly holiday and that no worker is compelled to work overtime.<sup>107</sup>

The Best audit committee concluded, on the basis of payroll and overtime records, that working overtime is optional and that overtime amounts to 50 hours per three months.<sup>108</sup>

Workers have short breaks, especially during night shifts. At Premier Mills, workers only have a 10-minute break during each 8-hour shift. They eat their meals before or after their shifts. At the other mills, there is a 30-minute meal break and a tea/toilet break of 5 to 10 minutes. At Jeyavishnu, a meal break is only included during the day shift; during the evening and night shifts, there are only two toilet breaks of five minutes each (see Figure 4). However, Jeyavishnu stated that “toilet breaks are not restricted and free to take at any time”.<sup>109</sup>

### 3.5 Occupational health and safety

Spinning mill workers are exposed to various health risks if not using adequate protective gear and if the work environment is not properly controlled. One of the main health risks is the exposure to cotton dust, which is released into the atmosphere as a result of the processing of cotton fibres into fabrics. Breathing in cotton dust may cause several adverse health impacts. Short-term exposure can lead to chest tightness, coughing, wheezing, weakness, fever, chills, breathing problems. Long-term exposure can cause permanent and disabling breathing difficulties including bronchitis with emphysema.<sup>110</sup> Levels of cotton dust are particularly high in the blow room and carding section of a spinning mill.<sup>111</sup>

The atmosphere in spinning mills is usually hot with a high level of humidity. During all parts of the process – from the combing of the raw material, through to carding, twisting, spinning and weaving – cotton is to be kept humidified in order to ensure that it remains flexible and to stop it from breaking. Warm air holds more moisture than cold air, therefore the temperature in spinning mills is kept high. The heat generated by the machines that run 24 hours a day adds to the unpleasant environment. To protect the cotton thread, fans or other ventilation means are usually not used. Sprinklers are used to keep the workplace humid. The humidity in combination with the heat leads to a very unpleasant atmosphere.

Because of the exposure to cotton dust, it is very important that spinning mills have adequate ventilation and cleaning systems. Workers should be provided with proper protective equipment (dusk masks) and they should also receive training how and why to use the protective equipment. Workers at all the investigated spinning mills testified that the working environment is very hot and dusty.

Workers are provided with protective gear (overcoat, mask, cap, shoes and aprons). Except for at Jeyavishnu, workers at the investigated mills said that not everybody uses the protective equipment because they feel uncomfortable using it due to the hot environment. They find it difficult to breathe if they use mouth caps.



Out of the 151 interviewed workers, only 17 workers indicated that they had received training on occupational health and safety. This means that they have not been provided with the necessary information about the importance of using personal protective equipment. An exception is Jeyavishnu where 12 of the interviewed workers said that they had undergone health and safety training. They said that sometimes doctors visit the factory to deliver trainings on health issues and workplace safety. The Best audit committee, however, claimed that “safety precautions like face masks, caps and ear plugs are used by every worker and they are trained on using these Personal Protective Equipment”. The report further mentioned that minor accidents do take place in the mill, but without providing any further details.<sup>112</sup>

Furthermore, workers at Sulochana and Super Spinning Mills told the interviewers that they do receive protective gear but that it is very problematic to get another pair if things are missing. “Yes, the workers will get protective gears like masks, cap, and aprons by the factory but not sufficiently; once we miss them it is very difficult to get another, the management will ask lot of questions”. (Focus group discussion, Sulochana). In response to this quote Sulochana stated that workers are provided with necessary protective gear and that in case of loss, an investigation will be conducted.<sup>113</sup>

*“Workers will get protective gears from the factory only once; they will scold us if we ask for another.”  
(Worker, Super Spinning Mills)*

Interviewed workers reported several health issues that might be caused, among others, by inhaling cotton dust. A Jeyavishnu worker said that in the beginning her health was affected due to the cotton dust. Workers at Premier Mills complained about severe headaches, allergy, coughing, stomach-ache and chills. Workers at Jeyavishnu and Premier Mills complained about leg pain because they have to stand all day. Workers at Premier Mills, in addition, reported irregular menstrual periods and hair loss. The Best audit report revealed that some of the girl workers staying in the hostel were found to be anaemic. The audit committee recommended periodical haemoglobin tests for all workers staying in the hostel.<sup>114</sup>

Workers at Best complained they do not have regular toilet breaks. During a shift there is only a ten-minute break where workers could go to the toilet. Workers find this difficult, especially during their menstrual period. In response, in the Best audit report it is pointed out that there are “mandatory toilet breaks in each half of the shift, but employees are free to use the toilets as and when necessary.”<sup>115</sup> At Sulochana, workers said that if they go to the toilet more than three times a day they will be scolded by the supervisor. In response Sulochana wrote that “three times toilet break is more than sufficient for any normal worker. If their frequency of toilet break is more than 3 times, they are enquired for any health reasons only”.<sup>116</sup>

Workers are not entitled to paid sick leave at any of the investigated mills. In addition, the majority of workers at Best, Jeyavishnu, Sulochana and Super said that they are not allowed to rest when they feel ill. The Best audit report is unclear on this point. It is observed that “no employee was entitled to paid sick leave”. At the same time the report noted that at Best paid sick leave is availed through ESI<sup>117</sup>.

At all five mills there is a nurse available who treats workers for minor injuries and dispenses medicines like aspirin. In case of major injuries or serious sickness, workers may be taken to the hospital but only after management has given its approval and only accompanied by the hostel warden. Costs of medical treatment inside the factory grounds are covered by the factory; if workers need treatment elsewhere,

they must cover the costs themselves. Sulochana responded to this paragraph by saying that “all workers are covered with Accident Insurance Policy from day one”. And that “assistance for insurance claims is given. Wherever ESI Facility is available, it is given to them”.<sup>118</sup>

The Best audit report mentioned that medical employee records are not updated.<sup>119</sup>

### 3.6 Supervision and disciplinary measures

In spite of production workers being almost all female, the supervisors employed by the five investigated mills are all male. Supervisors are in charge on the shop floor and it is their job to ensure that production is running smoothly and at the correct pace. At all five mills, workers reported that supervisors treat the workers with very little respect. Supervisors display a very authoritative and abusive attitude towards the workers, often scolding them. Many workers said the supervisors make them feel uncomfortable and seem to be afraid of the supervisors.

Interviewed workers made the following comments:

*“They are always angry towards the workers, they never support the workers. Girls are always frightened to face the supervisor”.*

*“Workers feel uncomfortable when the supervisor comes in front of them. They will always scold the worker”.*

*“They are always unkind; they don’t treat us like humans”. (Workers at Premier)*

*“Supervisors always put pressure on the worker; they threaten the workers and never show any kindness towards them.” (Worker at Sulochana)*

*“Supervisors always scold the workers, workers are always afraid of the supervisors, especially the younger workers”. (Worker at Best)*

One of the tasks of the supervisors is to ensure that workers abide by the factory’s rules and regulations. According to the interviewed workers the most important rules that workers need to abide by include: being on time for shifts; no talking during working hours; no use of cell phones (either on the work floor or in the hostel).

Workers mentioned they are scolded or warned at the least transgression:

- When asking for leave when they feel ill (Best)
- When asking for leave to go home (all mills)
- Committing any mistake (all mills)
- Working slowly and/ or not reaching targets (Best, Jeyavishnu, Premier, Super)
- Talking to co-workers (all mills)
- Talking to male workers (Premier, Super, Sulochana)
- Lateness (Premier)
- Wasting food (Premier)
- When workers refuse overtime (Premier)
- Going to the toilet often (Super, Sulochana)

### Box 8: Worker at Best Corporation attempts to commit suicide

On 12 October 2013, Tamil newspapers Theekkathir and Dina Thanti reported that a 17-year-old girl had tried to commit suicide because of the hardships she had to endure at her former workplace at Best Corporation. The girl was employed at Best Corporation's spinning mill at Pollachi Road in Dharapuram, the unit investigated for this research.

Sandhiya worked at Best Corporation for 18 months. A few days before her suicide attempt, she was verbally and physically assaulted by company managers. She was scolded and hit in front of the other workers because she had used a cell phone inside the spinning mill. She was also charged a INR 500 (€6,-) penalty and was forced to clean the wall where the workers spit out.

After the incident, Sandhiya tried to commit suicide inside the mill. She was rescued by her co-workers who managed to inform Sandhiya's mother. The teenager's mother came to the mill to take her daughter home but the management refused to let her go.

Sandhiya's mother then informed local politicians and trade union officials. A special team, among them CITU representatives, went to the mill to release Sandhiya.

## 3.7 Freedom of association, worker organising and access to remedy

In general, the level of unionisation in the Indian garment industry is very low. Many manufacturers have a hostile attitude towards labour unions and try to discourage workers from forming and joining unions. Labour groups assume that one of the reasons that garmenting and spinning factories mainly employ women workers is the experience that women workers are less inclined to join labour unions or stand up for their rights. This is confirmed by the workers interviewed for this report.

Freedom of association and collective bargaining are non-existent at the five investigated mills. There are no unions active in these mills and not one of the interviewed workers was member of a trade union. In fact, none of the interviewed workers know what a trade union is, nor are they aware that they have the right to join one.

After the interviewer explained to the workers what the function of the trade union is, the workers were asked how they think management would react to them joining one. Workers responded that the factory would never allow workers to join a labour union. Workers at Best thought that workers who expressed a desire to join a union were likely to be dismissed. One of the Best workers thought that management would fear that if workers were organised in unions, it would affect the production. Workers at Super said that they do not have the freedom to discuss their problems, let alone organise themselves.

A Jeyavishnu worker mentioned the practical constraints: "we have no outside contact so how could we ever join a trade union?"

One worker at Sulochana thought that being a woman made it impossible to join a trade union: *"I am a female worker then how can I become a member of trade union?"* The assumption that trade unions are not there for women workers was also expressed by two Jeyavishnu workers: *"I don't think that the workers are having much freedom of joining the trade union because all the workers here are girls"*. Another Jeyavishnu worker also referred to the gender issue: *"The factory knows that the women workers do not have that much courage to join a trade union."*

None of the investigated factories have initiated other forms of worker-management dialogue. There are no workers' committees, even though the Sexual Harassment of Women at Workplace Act which came into effect in 2013 requires all companies with ten or more employees to have an internal complaints committee to address grievances in a stipulated time or face penalty.<sup>120</sup> Several interviewed workers indicated that discussing problems among workers is discouraged. Workers at Premier said that if workers want to make a complaint it should be an individual one. Making a complaint in the name of a group of workers is not allowed.

In response to a draft version of this report, Jeyavishnu stated that workers are not restricted in joining any trade union. In addition, Jeyavishnu wrote that it has a workforce committee in place with elected workforce representatives as well as a health & safety committee and a sexual harassment prevention committee. The company further wrote that "periodical meeting take place among the committee members in factory and adequate records are maintained to demonstrate the same".<sup>121</sup> However, the interviewed workers are not aware of the existence of these committees.

Likewise, Sulochana said that "it is false that the management did not allow the worker to join the trade union and that it is equally false that the employee will be dismissed if they join the trade union. Joining the Trade Union is at the discretion of the individual employees. However, in today scenario, the workers do not prefer to join Trade Unions and this could not be blamed on the management".<sup>122</sup>

The Best audit report stated that there are no trade unions in the mill but that the management has no objections on workers forming or joining a union. The audit report, however, also noted that "the workers lack awareness on their rights to form/join unions".

The Best audit report claimed that a total of six committees have been formed, including: a works committee; canteen committee; a house-keeping committee as well as committees on anti-harassment, health and safety and sports. At the same time, the audit report noted that "the awareness level of the purpose of functioning of these committees are inadequate".<sup>123</sup>

All five spinning mills have complaint boxes. However, none of the interviewed workers have ever used the complaint boxes. Instead, workers indicated that it would be more appropriate to go the hostel warden or supervisor in case of complaints. Going to the warden or supervisor with a complaint is a big step that workers do not dare to take. None of the 151 workers had ever filed a complaint. Only one worker (at Jeyavishnu) could share an example of a complaint being brought forward by a colleague. This colleague had gone to the warden to complain about the poor state of toilets and bathrooms. As a result, action was undertaken to improve the facilities.

## Chapter 4

# Living conditions and freedom of movement

### 4.1 Accommodation

All the interviewed workers live in hostels that are located on the factory grounds. Staying in the factory hostel is mandatory for workers who come from other districts or villages. In addition, workers said that their parents insist that they stay in the hostel. In rural Tamil Nadu, it is generally felt that it is not safe for young unmarried women to stay on their own, in a place where there are no parents, relatives or community members to keep an eye on them.

As one of the workers at Premier put it: *"We are girls; we must follow some values in society"*.

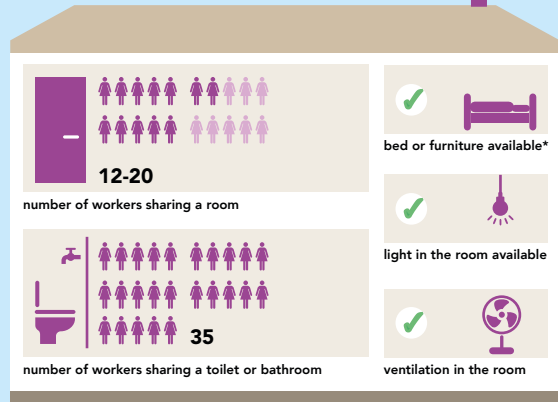
According to interviewed workers, there are around 3,500 - 4,000 female workers living on the Sulochana campus. In addition, workers speak of a hostel that houses 2,000 male workers. Male workers mainly come from states like Andhra Pradesh, Orissa, Maharashtra and Bihar. These figures do not correspond with the number of workers employed at Sulochana's units (see table 9). Both Best and Super provide accommodation for some 350 workers. Jeyavishnu houses around 800 workers and Premier Mills accommodates around 900 workers. No extra costs are imposed for accommodation.

*A hostel room for male workers of Best Corporation. There are hardly any beds. Most of them sleep on the floor. 20-30 boys and men share one room. The female hostel of Best Corporation is inaccessible.*

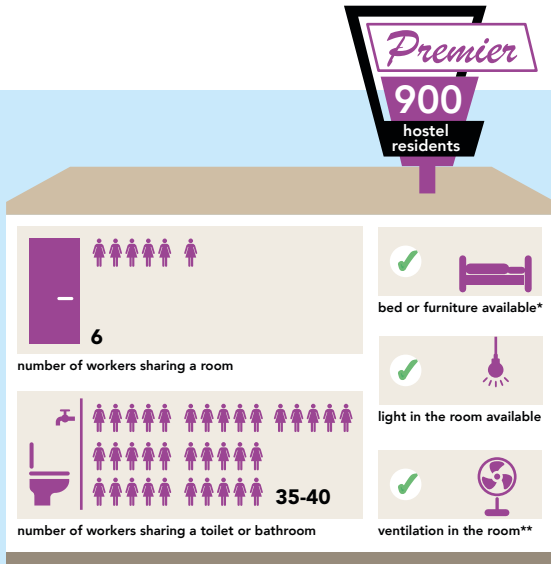




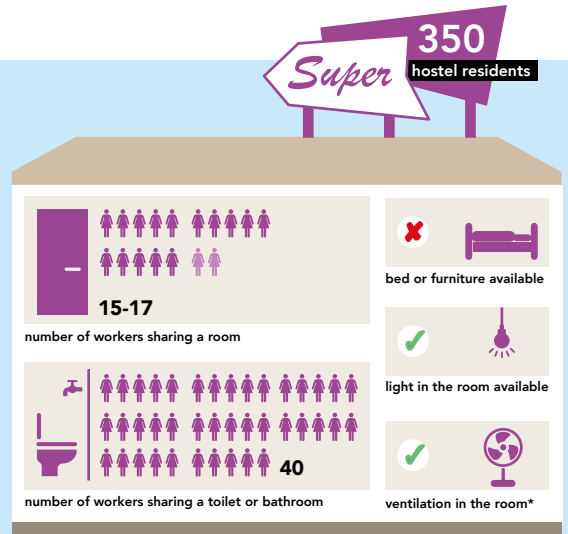
Figure 5: Hostel facilities



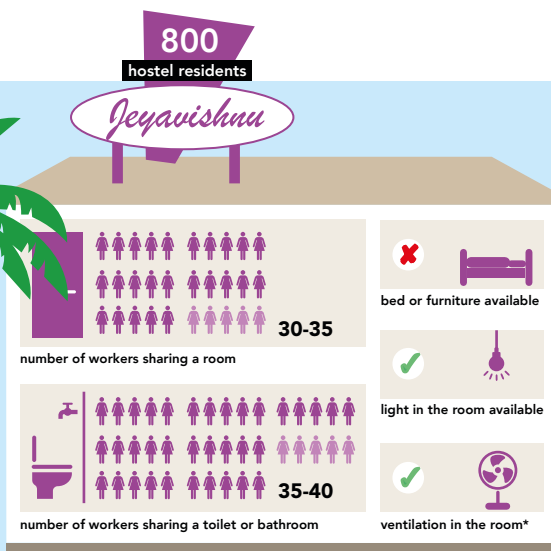
\* 8 beds per room (not sufficient)



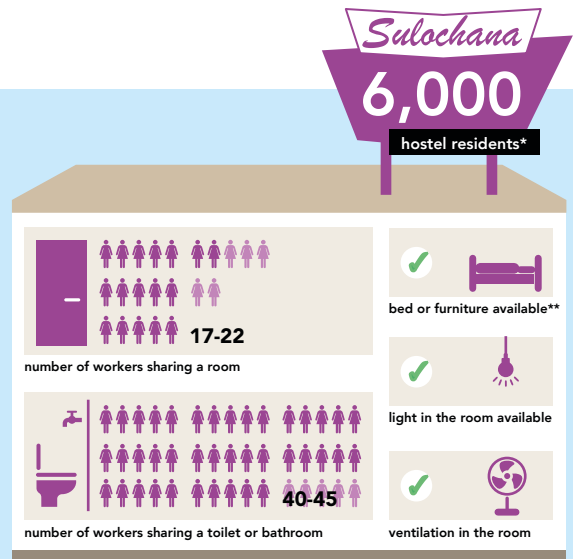
\* cots \*\* fans



\* fans



\* windows



\* 2,000 male + 4,000 female \*\* cupboards



Food is free of charge except for the workers at Best (INR 55 a day, €0,65/ INR 1,650- per month, €20,-) and Sulochana (INR 60 a day, €0,70 /INR 1,800 a month, €22,-).

All facilities are shared. Rooms are shared with six people at Premier, or up to 35 people at Jeyavishnu. Toilets and bathrooms are shared by 35 to 45 workers. Rooms are very basic. Only Best and Premier Mills provide beds for workers. However, at Best Corporation there are only eight beds per room even though the room has to be shared with 12 to 20 workers. In response, the Best audit report stated that a maximum of 11 girls are permitted to stay in each room and that all hostel residents are provided with beds.<sup>124</sup>

If no beds are provided, workers have to bring their own mats. Workers at Best and Sulochana complained that there are not sufficient bathrooms and toilets for the workers. Moreover, except for Jeyavishnu workers, interviewees said that bathrooms and toilets are in a bad condition because workers that come from villages where these facilities are not available do not know how to use them properly. Additionally, the availability of water is a problem at the Sulochana and Super campuses. Sulochana flatly denied these accusations. The company said that they provide sufficient toilets and bath rooms as prescribed in the Factories Act and that sufficient water is provided.<sup>125</sup>

The Best audit report said that “the number of toilets are sufficient for the women workers staying in the hostel at present”.<sup>126</sup>

## 4.2 After work activities

At Premier, there is a mini cinema where girls can watch a movie once a month. The Jeyavishnu, Sulochana and Super campuses all have a TV hall.

At Jeyavishnu, workers can take classes in tailoring, yoga or music, but it is difficult to ascertain how many workers do actually follow these courses. In addition, interviewed workers indicated that some of their colleagues are following degree courses.

Premier workers are also offered the possibility of participating in courses, such as computer courses, tailoring and embroidery classes. But workers said that only a few girls make use of this opportunity. Most workers do not have the time or energy to participate in these activities. Best, Sulochana and Super do not offer their workers any educational or recreational activities, except for the TV hall.

In the Best audit report, it is stressed that Best also offers facilities to play shuttle, throw-ball and rings. Best also organises competitions among hostel workers including poetry, dancing, and skits.<sup>127</sup>

At the hostel campus of Jeyavishnu and Premier there is a little shop where the workers can buy their necessities.

Some of the workers feel imprisoned: *“I do not like the hostel; there is no entertainment and no outside contact and is very far from the town. It is like a semi-prison”*. (Worker Sulochana).

Sulochana said “we encourage workers to take up higher education through correspondence courses. They are involved in sports and games daily. Enough sports facilities are provided in-house. Moreover, Cultural activities and programs are conducted every quarter to motivate them. Guided tours are given twice a year<sup>128</sup>”.

### 4.3 Freedom of movement

Freedom of movement is very much restricted at all five investigated mills. Workers are not allowed to leave the hostel on their own. At the Sulochana campus – the only campus that also provides accommodation for male workers – male workers are allowed to leave the hostel ground, in contrast to their female colleagues. There is hardly any outside contact, which for some workers makes the stay in the hostel very hard as they miss their family and friends. Workers may only contact their parents through the hostel phone. Cell phones are not allowed. There is a phone on the campus, which can be used to make phone calls to parents or to receive phone calls from parents. If workers want to make a phone call, the warden will check the number they are dialling. The workers may only contact their parents if their number has been given to the warden. Phone calls are always made in the presence of the hostel warden. Responding to this paragraph Sulochana stated that “phone calls are allowed freely after duty hours.”<sup>129</sup> The Best audit report stated that hostel workers have a right to use mobile phones.<sup>130</sup>

Best is the only factory that provides the opportunity for workers to leave the factory grounds once in a while. Twice a month, workers can go on an outing, accompanied by the hostel warden. Most of the time, a visit will be paid to the market where workers buy their necessities such as snacks, napkins, dresses and cosmetics. In contrast, the Best audit report stated that hostel residents are allowed to go shopping once a week. Indeed, accompanied by a female warden.<sup>131</sup>

At the other four mills, workers only leave the hostel during their annual leave (twice a year, six days each). Apart from this, nobody is allowed to leave the campus. This takes its toll on workers’ morale:

*“I do not feel happy. We work long hours, also night shifts. The hostel environment makes me sad”.* (Worker, Super).

There are hostel wardens on each campus to ensure that no outsiders enter the campus and that no workers leave the campus. The wardens also make sure workers start their shifts on time.

*“The warden will check the girl workers; where they are going, which shift they are doing. The warden has full control on the hostel campus”.* (Worker Premier).

Interviewed workers at Premier also indicated that the factory has appointed security guards. One of the workers said that they are safeguarding the hostel workers but also check if anybody is trying to escape. Security is very tight, according to the interviewed workers.

While many workers mention the downsides of staying in the hostel – no outside contact, not much to do after working hours – some workers also mention positive points such as the friendships they build up with co-workers and the fact there are facilities available that they do not have in their home towns (such as toilets and bathrooms).

*“What I like about the hostel is that there are toilets and bathrooms. We don’t have that in my village. Also, food is provided free of cost”. (Worker Jeyavishnu)*

Responding to a draft version of this report Sulochana wrote: “because of our State Tamil Nadu culture and the expectation of girl parents, they have been provided accommodation in the hostel of the management. Only for safety and security, the parents and girls decided to stay in the hostel & come for work. No compulsion on the part of the management that they should stay in the hostel. They are at liberty to stay outside and come for work<sup>132</sup>”. In addition Sulochana said that workers “are given full freedom. Workers are taken out for shopping and entertainment every week in company vehicle”.

#### 4.4 What do workers want to see changed?

All the interviewed workers were asked what they wanted to see changed. At all mills, workers mentioned that they felt wages should increase, as current wage levels are not enough to save any money. Many of the workers’ responses had to do with freedom of movement. Workers would like to be allowed to go outside. They also expressed the wish to go home once a month. Others suggested that the company should offer an outing once a month. Some workers wished that they could have mobile phones so that they could contact their parents whenever they liked and without the presence of the hostel warden. Another priority of the workers is that they wished they did not have to work in night shifts. Workers would also very much like the opportunity to take a rest during their menstrual period. Other issues mentioned include less overtime, the establishment of workers’ committees where problems can be discussed, and the need for recreational activities.

*Workers would like to be allowed to go outside. They miss their families and would like to have more opportunities to visit their home towns.*



## Chapter 5

# Efforts to improve labour conditions in the Tamil Nadu textiles & garments industry

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Over the past few years, there have been several local and international initiatives to address labour rights violations linked with the Tamil Nadu textiles and garments industry. This chapter briefly touches on the most relevant and most recent endeavours, both by CSOs, business and governments. For a detailed description and analysis of such initiatives, see the March 2014 ICN and FNV Mondiaal publication 'Small steps – big challenges'.<sup>133</sup>

## 5.1 Local

### Civil society

Various Tamil Nadu based labour rights groups, researchers and lawyers are engaged in documenting rights' violations of textiles and garments workers. They undertake lobby and advocacy actions as well as legal interventions on behalf of affected workers.

In 2013, three Indian NGOs, all based in Tamil Nadu have started a monitoring and training programme in a number of textiles and garments factories that granted the groups access to monitor working conditions and to provide trainings for workers and management. The NGOs are investigating working and living conditions, the factories receive a monitoring report which includes recommendations and required actions for improvement. At the same time, workers receive training on workers' rights, health and worker – management dialogue. There are also training modules for supervisors and management. It should be noted, however, that this programme is still in its infancy.

### Trade unions

Indian trade unions are not very strong in the textiles and garment sector. There is a very low level of unionisation among textiles and garment workers, in particular among girls and young women. Trade unions have little or no access to workers or workplaces in this sector. Generally speaking, for unions to get registered in India is an uphill battle due to the administration's general anti-union stance, which is strongly influenced by employers. This is also the picture arising from a recent FIDH report.<sup>134</sup> The local chapters of national trade unions CITU and HMS have taken up working on the issue of exploitation of female workers in the textiles and garments industries in Tamil Nadu. CITU, for instance, has recently pointed out scams with the Provident Fund (see section 3.3). Other unions seem to have fallen silent.

### Industry associations in India

Up-to-date information about focused efforts by the Southern India Mills Association (SIMA) and the Tamil Nadu Spinning Mills Association (TASMA) is lacking. The two associations have developed their own codes of conduct to address issues regarding working and living conditions. It is not clear how these codes are being implemented and enforced. In 2010, SIMA developed the "Recruitment

Guidelines and Code of Discipline for Women Employment in Textile Industry”.<sup>135</sup> On 3 April 2012, SIMA sent a circular to its members in which it advised them to follow the SIMA Code of Conduct while engaging women employees in their mills. Members were also advised to get TUV Rheinland Certification. This circular was issued in response to a German television programme, which, according to SIMA, presented the “women employment system prevailing in Tamil Nadu in a bad manner”.<sup>136</sup> However, according to local organisations, no relevant monitoring of labour practices has taken place on the basis of these guidelines.<sup>137</sup> In a May 2012 report, the Fair Labor Association (FLA) described how TASMA recognises that “the issue of Sumangali needs to be addressed if there are any exploitative practices”. The FLA report described that TASMA developed a ‘Code of Conduct for Hostels’. TASMA officials explained that they had concerns about the perception by outsiders about hostels. They made it clear that ‘discipline cannot be equated with slavery, as depicted in the west’. They pointed out that it is Tamil Nadu culture to ensure the safety of their daughters and it is the parents that are insisting upon providing full security within hostels for their unmarried daughters and the mills have to ensure that no worker goes out of the hostel without prior permission.<sup>138</sup>

## 5.2 International

### Ethical Trading Initiative

The Ethical Trading Initiative (ETI), a UK-based alliance of companies, trade unions and NGOs that promotes respect for workers’ rights around the globe, has a considerable number of corporate members sourcing from Tamil Nadu. At the end of 2010, ETI started facilitating a series of meetings with retailers, clothing brands, NGOs and trade unions to discuss bonded labour and other labour rights concerns in the Tamil Nadu region. This resulted in the establishment of the Tamil Nadu Multi Stakeholder Group (TNMS Group) in January 2013. Of the companies that are sourcing from the mills investigated for this research, C&A, Primark and Mothercare are part of this group.<sup>139</sup> Membership of the TNMS Group is open to both members and non-members of ETI. Sainsbury’s is an ETI member company, but not active in the TNMS group.

The ETI TNMS Group has developed a programme to address exploitative labour practices, “including forms of bonded and forced labour” in the textile and garment industry in South India. The programme claims to use a multi-pronged approach leveraging more effective collaboration between local stakeholders that promotes the ethical recruitment and retention of young women into the sector, aims for workers to gain a voice in addressing their concerns, and hopes to raise the awareness of workers’ rights among potential young women workers and their communities.<sup>140</sup> The largest work stream of this programme concerns awareness raising in recruitment areas. This builds on work done by local NGOs in the past years. However experience of these NGOs learns that if conditions and employment relations in the spinning mills are not addressed simultaneously, recruitment will just shift to further away places where workers and their parents are not yet aware of the conditions in the mills.

The ETI foresees to work on changing conditions on the work floor, by introducing the HER project in spinning mills and garment factories. The HER project is developed by BSR and aims to empower women working in global supply chains through workplace programmes promoting health, economic empowerment, and women’s rights.<sup>141</sup> The HER project is part of the ETI programme’s work stream that aims to organise workers. According to ETI, the project will “build platforms for workers to discuss



and jointly voice their health concerns. This may include issues such as occupational health and safety and the fact that workers do not have a health insurance. Having established these platforms and built the confidence of workers to speak out, the programme will move on to the second phase which will focus on broader workers' rights issues".<sup>142</sup> In 2013, the establishment of worker peer groups in mills began. Best Corporation informed SOMO and ICN that the company has been in contact with ETI since January 2014 and that the HER project is being implemented. This is confirmed by Mothercare; the HER project is carried out in Best Cotton Mills, and possible other units. Best Corporation wrote that the base line assessment for the Worker Peer Groups is completed and that in the next weeks the health modules of the HER project will start. The project will continue for the coming 24-30 months.<sup>143</sup>

However, for SOMO and ICN it is not clear how this project will bring about workers representation. While ETI's work on the issue started in 2011, hardly any concrete activities had taken place as yet. According to ETI this is explained by the fact that a lot of time had to be invested in building relationships with local stakeholders, including mill associations, trade unions, NGOs and government, to ensure a strong, locally rooted sustainable programme in the long run.<sup>144</sup>

Local NGOs have expressed concerns regarding the ETI-organised consultations, especially in terms of involvement of local civil society in programme development, information sharing and promoting the setting-up of grievance mechanisms. In response ETI stressed that this was indeed initially the case but that there is now strong participation from these groups in the TNMS programme.

### **Verité**

Verité is a US-based NGO whose mission is to ensure that people worldwide work under safe, fair, and legal conditions. Verité's programs leverage the power of multinationals to deliver positive change for vulnerable factory and farm workers in company supply chains. Verité services help companies and other stakeholders fully understand labour issues, overcome obstacles, and build sustainable solutions into their supply chains, benefiting companies and workers alike. Verité's Help Wanted initiative aims to clarify and publicise the ways in which recruitment practices can lead to the trafficking and forced labour of migrant workers; and to provide concrete approaches by which the private sector, civil society, and governmental institutions can address this key point of leverage to reduce the risk of a worker ending up a victim of modern-day slavery.<sup>145</sup> Primark says to be working with Verité. In correspondence with SOMO and ICN, Primark mentions the aims of the Fair Hiring Fair Labor programme, in particular with regard to building management system capacity and internal self-monitoring, screening of brokers and labour agents, on-site management and hostel management.<sup>146</sup>

### **Fair Wear Foundation**

The international verification initiative Fair Wear Foundation (FWF) has a number of members sourcing from Tamil Nadu. Recognising the importance of addressing issues around bonded labour, FWF has initiated a number of activities focusing on violence against women, hostel conditions, research, and improving audit methodologies. FWF has developed a Workplace Education Programme that includes factory trainings in Tamil Nadu and Bangalore on workplace standards, factory grievance mechanisms and gender based violence. It also promotes the establishment of so-called internal complaints committees at suppliers according to Indian law. The Workplace Education System is to strengthen internal grievance mechanisms. In case they are not yet established or not fully trusted upon, FWF provides a so-called complaints hotline which workers can turn to in case they need support.



According to the mid-term evaluation of the FWF-programme “foreign brands, as the customers of factories, will continue to have an important role to play. Support for trainings helps to ensure that workers and managers have the skills and knowledge needed to reduce workplace violence. Stable business relationships with suppliers support these efforts”.<sup>147</sup> In addition, FWF is developing guidance for its member companies on respecting workers’ freedom of movement including a set of recommendations after FWF-audits had detected situations where female migrant workers were living in hostels at or close by the factories with their freedom of movement being severely restricted.

#### **Fair Labor Association.**

The Fair Labor Association, a US-based collaborative effort of universities, CSOs and companies dedicated to protecting workers’ rights around the world, has various affiliates sourcing from Tamil Nadu. FLA, together with Solidaridad, published a report on the Sumangali Scheme in May 2012.<sup>148</sup> Although FLA has been silent on the matter for quite a while, recently FLA has re-established contact with local NGOs working on labour issues in the region earlier this year. The FLA reports plans of launching a targeted programme for its affiliates sourcing from the region. The programme will focus on addressing the labour violations found in the spinning mills used by its affiliates and providing training to both workers and management to ensure that both parties understand the rights that should be offered to workers at the workplace. The FLA plans to work with local non-profit organisations located in the region to execute the programme.<sup>149</sup> One FLA participating company is found to be sourcing from the mills in this research, Hanesbrands. As mentioned above some of the researched mills are second-tier suppliers to H&M. H&M is another FLA participating company. The Indian suppliers of H&M, however, are not covered by FLA’s auditing programme. FLA is reluctant to share which of its affiliates are sourcing from Tamil Nadu.

#### **Social Accountability International**

Social Accountability International (SAI) is a multi-stakeholder NGO who describes its mission as follows: advancing human rights at work, driven by diverse perspectives to navigate evolving labour issues. The SA8000 Standard is the central document of SAI’s work. It is an auditable social certification standard for decent workplaces.<sup>150</sup>

As of September 2013, there are 3,219 SA8000 certified facilities worldwide. In response to the draft report, SAI wrote that as of 30 June 2014, there are 847 certified companies in India. Of these 499 are in the apparel and textiles sector. Of these, 7 have the term “spinning” in their scope of production. Of these there are two units that are the subject of this research: Jeyavishnu Spintex and Super Spinning Mills (Unit C).<sup>151</sup>

SAI confirmed that both Jeyavishnu Spintex and Super Spinning Mills hold valid SA8000 certificates. The SOMO and ICN report documents serious labour rights violations at both units including the absence of employment contracts or any other form of agreement between employer and employee; excessive and forced overtime (Super Spinning Mills); limited freedom of movement and the absence of any process to express or discuss grievances. SAI said to realise that there is room for improvement in the SA8000 system, which is why it said to take reports like this one seriously. Moreover, SAI pointed out, audits are not the end-all be-all to human rights issues, but are one of the means to an end that must work in concert with others to effect change.

In response to the draft SOMO and ICN report, SAI explained that in 2010 and continuing through 2012, SAI, Social Accountability Accreditation Services (SAAS)<sup>152</sup> and Vizhuthugal – an NGO which works primarily with issues affecting the Dalit community and the eradication of bonded labour – jointly conducted extensive studies and investigations into the practice and impact of Sumangali schemes on workers' rights in Tamil Nadu.<sup>153</sup>

These studies and investigations resulted in the publication of a statement denouncing abusive practices in Tamil Nadu and explaining what Sumangali schemes are, how SA8000 is part of the process for eradicating abusive practices, and detailing some of the local and global efforts to address abusive practices.<sup>154</sup> In addition, SAI published in 2011 a SA8000 Guidance Supplement for the textile industry in Tamil Nadu, India, with information on pre-audit preparation (stakeholder engagement), audit protocol (reviewing hiring practices and job posting circulars; off-site interviews; reviewing supply chain management practices; how to audit freedom of association and collective bargaining rights), and post-audit verification (additional stakeholder engagement; SA8000 complaints process).<sup>155</sup>

These guidelines are part of the BSCI's instructions for auditors.<sup>156</sup> Furthermore, SAI worked with BSCI on a Position Paper on Sumangali, published in April 2014.<sup>157</sup>

Last but not least, SAI stressed that as part of the effort to increase the effectiveness of this material in the field and remedy non-conformances, interested parties, including SOMO and ICN, are encouraged to register formal complaints with either SAI, SAAS (the SA8000 accreditation body), the certification bodies accredited to perform SA8000 audits and/or the company applying for or certified to SA8000.<sup>158</sup>

## **BSCI**

The Business Social Compliance Initiative (BSCI) is a business-driven corporate social responsibility (CSR) initiative. BSCI currently has over 1,200 participants, most from the textile and garment sector. BSCI audits are mostly done on the level of first tier suppliers. BSCI audits can only be conducted by SA8000 lead auditors of auditing companies that have been accredited by SAAS.<sup>159</sup> The new Code of Conduct adopted in 2014, allows for audits in the second and third production tiers and aims to provide tools and solutions to address problems in the lower tiers. However, BSCI informed SOMO and ICN that audits of second and third tier suppliers have yet to commence.<sup>160</sup>

Auditors are now required to list all sub-suppliers that a factory utilises the new Code of Conduct also expects all BSCI participants and their suppliers to have a grievance mechanism in place. Furthermore it requires auditors to provide specific evidence that special attention is paid to the most vulnerable people.

On the specific issue of Sumangali, BSCI used to advice its members to join the ETI TNMS Group to prevent duplication of work and to create more joint leverage on the issue. Four BSCI participants – El Corte Ingles, Ernsting's Family, the OTTO Group and Tom Tailor – have joined the ETI-TNMS Group. According to BSCI, there is close contact with ETI and information is exchanged. However, at the moment, BSCI does no longer advice its members to join the ETI TNMS Group as it noted that progress of the TNMS programme is slow.<sup>161</sup>

BSCI has sought ways to add value to current initiatives. It decided to organise a 'Round Table on industry and labour conditions in the South India textile sector' on the 15th of October (at the time of writing the round table had yet to take place). With this round table, BSCI is aiming to engage different stakeholders, but especially Southern Indian business associations SIMA and TASMA as, according to BSCI, getting these powerful players on board is essential for realising improvements. According to the invitation the round table will "provide an inclusive platform to openly address challenges facing the improvement of working conditions in the South Indian textile industry and a much-needed opportunity to break the current impasse". And "there have been various efforts aimed at improving hiring and employment practices in textile supply chains. These efforts, however, have often been externally-driven and have given little choice for the local business community to develop its own solution. Progress of these efforts has been slow and concerns have been rising".<sup>162</sup>

## Chapter 6

# Rights violations and lack of protection

## 6.1 Rights

All workers have the right to work in an environment that is safe and not detrimental to their health; they have the right to earn a living wage and to form and join unions. No children should be put to work and nobody should be forced to work against their will. These rights, as well as other labour-related rights, are laid down in the Universal Declaration of Human Rights (UDHR) and the International Covenant on Economic, Social and Cultural Rights, which is part of the International Bill of Human Rights.

Labour-related human rights have been further developed by the International Labour Organization (ILO), which sets international labour standards by adopting conventions that the ratifying countries have to translate into their national legislation. The ILO has identified eight conventions as “fundamental”, covering subjects that are considered to be fundamental principles and rights at work, including: **freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.**<sup>163</sup> The eight fundamental ILO conventions are binding upon every member country of the ILO, regardless of ratification:

- **Freedom of association and the right to collective bargaining:** The right of all workers to form and join trade unions and bargain collectively is recognised (ILO Conventions 87 and 98).
- **Employment is freely chosen:** No use of forced labour, including bonded or prison labour (ILO Conventions 29 and 105).
- **No use of child labour:** The age for admission to employment is not lower than the age of completion of compulsory schooling and, in any case, is not lower than 15 years (ILO Conventions 138 and 182).
- **No discrimination in employment:** Recruitment, wage policy, admission to training programmes, employee promotion policy, policies of employment termination, retirement and any other aspect of the employment relationship are based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies or disabilities (ILO Conventions 100 and 111).

The ILO Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, otherwise known as the Palermo Protocol, offers operational indicators characterising acts of trafficking.<sup>164</sup> These operational indicators are about: deceptive recruitment, coercive recruitment, recruitment by abuse of vulnerability, exploitative conditions of work, coercion at destination, and abuse of vulnerability at destination. The Palermo Protocol distinguishes strong, medium and weak indicators.

On 11 June 2014, the ILO adopted the Protocol of 2014 to the Forced Labour Convention, 1930.<sup>165</sup> This protocol is described as a landmark new treaty that updates a widely-ratified, but outdated, treaty. The protocol was developed in order to better address contemporary abuses, including abuses against migrants and in the private sector.<sup>166</sup> The prevention measures in the new Forced Labour Protocol include creating national plans of action, expanding labour laws to sectors at risk of forced labour, improving labour inspections, and protecting migrant workers from exploitative recruitment practices. The new treaty also requires governments to support due diligence by businesses to prevent and respond to forced labour in their operations. The treaty requires governments to take measures to identify, release and provide assistance to forced labour victims as well as protect them from retaliation. Article 4 of the treaty also obliges governments to ensure that all victims, regardless of their legal status or presence in a country, have access to justice and remedies, including compensation, in the country where the abuse occurred.<sup>167</sup>

Other important ILO Conventions cover subjects such as occupational health and safety, maximum hours of work, the right to job security and the right to a living wage:

- ❑ **Right to a safe and healthy work environment** (ILO Convention 155).
- ❑ **No excessive working hours:** Hours of work comply with applicable laws and industry standards. Workers are not required to work in excess of 48 hours per week on a regular basis and are provided with at least one day off for every seven-day period. Overtime is voluntary, does not exceed 12 hours per week, is not demanded on a regular basis and is always compensated at a premium rate (ILO Convention 1).
- ❑ **Right to job security:** (ILO Tripartite Basic Principle, art. 24-28).
- ❑ **Living wage:** Wages and benefits paid for a standard working week meet at least legal or industry minimum standards and are sufficient to meet the basic needs of workers and their families and to provide some discretionary income (ILO Conventions 26 and 131).

## 6.2 Violations

This report demonstrates that several of these important labour rights are being violated in the spinning mills researched for this report, which is most worrying.

### Forced and bonded labour in the spinning mills

This research found girls to be working at the five mills in conditions amounting to forced labour. The ILO has formulated a full list of determining features<sup>168</sup>, of which the three below are particularly relevant for the situations described in this report:

- ❑ Physical confinement in the work location;
- ❑ Psychological compulsion, i.e. an order to work, backed up by a credible threat for non-compliance;
- ❑ Deception or false promises about types and terms of work.

Bonded labour is a form of forced labour. Trafficking is a form of forced labour. The recruitment, working and living conditions faced by the girls and young women interviewed for this research undoubtedly amount to trafficking as defined by the above-mentioned ILO 'Palermo' Protocol. This conclusion can be drawn when applying the operational indicators characterising acts of trafficking.<sup>169</sup> A selection of indicators<sup>170</sup> that are applicable to the situation at the researched mills include:

- Deceptive recruitment:
  - Deceived about conditions of work (medium)
  - Deceived about family reunification (medium)
  - Deceived about content or legality of work contract (medium)
  
- Recruitment by abuse of vulnerability:
  - Abuse difficult situation (medium)
  - Abuse of lack of education (language) (medium)
  - Abuse of lack of information (medium)
  - Abuse of cultural and religious beliefs (medium)
  
- Exploitative conditions of work:
  - Excessive working days or hours (strong)
  - Bad living conditions (medium)
  - Hazardous work (medium)
  - Low salary (medium)
  - No social protection (contract social insurance etc.) (medium)
  - Very bad working conditions (medium)
  
- Coercion at destination:
  - Isolation, confinement or surveillance (strong)
  - Threats of violence against victim (medium)
  
- Abuse of vulnerability at destination:
  - Dependency on exploiters (medium)
  - Economic reasons (medium)
  - Family situation (medium).

### Child labour

Child labour is a reality in the mills. Among the workers there are girls and very young women. Among the workers interviewed for this research, 60 per cent were below the age of 18 when they joined the mill. The youngest workers were 15 years old at time of joining. The work can be defined as hazardous and heavy (e.g. because of the excessive (forced) working hours and confinement to the factory premises).

Employing children under 18 who are working under hazardous conditions is a violation of ILO Convention 182 on the worst forms of child labour. Neither convention has been ratified by India.

Work in spinning mills should be considered as hazardous labour. Under the amendments of the Child Labour Act of India, which is expected to be approved soon, girls below 18 years of age cannot be permitted to work in the spinning mills under current circumstances.



### **No contracts**

This report shows that workers rarely sign a contract when taking up employment. Workers do not know what they are signing up to, if they get to sign anything at all. Workers do not get pay slips. Without contracts or pay slips, workers lack real information about the wages and benefits they are entitled to. In four out of the five researched mills, workers get paid in cash, without signing for receipt, and without any supporting documentation or explanation about hours worked or overtime rates.

At all the five researched mills problems were detected with contracts and pay slips. Two of the researched mills are SA8000 certified (Super and Jeyavishnu). According to the SA8000 International Standard, article 8.3, "The company shall ensure that personnel's wages and benefits composition are detailed clearly and regularly in writing for them for each pay period". This requirement is not respected.

The researched mills recruit workers with the promise of paying them a lump sum amount at the end of their contract. At Jeyavishnu, Sulochana and Super, workers were told that this lump sum is made up of the contributions made to the Provident Fund. SOMO and ICN point out the huge danger that workers will not get the lump sum promised to them, since they do not have the PF registration number. In addition, information collected from the EPFO office shows that in some cases employers fail to transfer the required contributions to the Provident Fund. This amounts to outright wage theft. This is obviously a serious breach of law. Again, as workers are unaware of what they should get and have no documentation to prove what they do get they are hardly in the position to make any claims. In principle, workers could claim contributions made to the Provident Fund themselves. However, in practice, workers never make such claims.

Also, in case of a work-related accident workers are not in a strong position, as often they have no formal proof of their employment relationship.

### **Silent workers, silenced workers**

The right to associate and to bargain collectively are enabling rights that are crucial in guaranteeing protection and respect for workers. The notion of freedom of association is, however, a dead letter for the women workers who were interviewed for this research. It is clear that workers, especially young workers, and especially young women and girls, have no clue about their legal rights under Indian or international law. The workers interviewed have basic education, but are generally very law-abiding and gullible. The rural and Dalit backgrounds of these workers put them at a disadvantaged position towards shrewd employers. Workers have no idea about minimum wages, benefits, leave, training opportunities, etc. Moreover, they have no clue about what trade unions are or what benefits joining or forming a trade union could offer them. Collective bargaining, social dialogue or even basic contact with higher management is unheard of. On top of this, supervision is strict and mean disciplinary measures are the order of the day, even in response to basic questions. This explains why workers refrain from making complaints or expressing grievances, even if they are in dire trouble. In addition, organising efforts are effectively hampered by employers who refuse to give access to union representatives and by expressing anti-union sentiments.

### **Long hours of work and demanding working environment**

Except at Jeyavishnu, all investigated mills make employees work for 60 hours a week or more, all year round. Overtime cannot be refused. Night shifts are equally obligatory. Supervisors are relentlessly pressing workers into a fast pace of work. Humiliating disciplinary measures are applied. Workers are only allowed short breaks. Physical conditions at the mills are unpleasant with high humidity, lack of fresh air and cotton dust floating around.

The long hours of work and the hostile, insecure and unhealthy environment, are all taking a severe toll on the workers, whose physical and mental health is negatively affected.

## **6.3 Responsibilities**

### **United Nations Guiding Principles on Business and Human Rights**

International human rights law is binding for states and does not directly apply to companies. However, it has been acknowledged at the UN level that companies have the responsibility of respecting human rights. This notion was formalised with the adoption of the 'Protect, Respect and Remedy' framework in 2008<sup>171</sup>, followed by the adoption in 2011 of the Guiding Principles on Business and Human Rights<sup>172</sup>, which outline how states and businesses should implement the UN framework.

The 'Protect, Respect and Remedy' framework rests on three pillars. The first is the State's duty to protect against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation and adjudication. The second is the corporate responsibility to respect human rights, which means that business enterprises should act with due diligence to avoid infringing on the rights of others and to address any adverse impacts. The third is the need for greater access by victims to effective remedy, both judicial and non-judicial.

An important principle under the corporate responsibility to respect human rights is for companies to act with due diligence. Due diligence can be understood as a business process through which enterprises actively identify, prevent, mitigate and account for how they address and manage their potential and actual adverse human rights impacts. The process should include assessing actual and potential impacts throughout their business operations, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed. (Potentially) affected rights holders, or their legitimate representatives, should be engaged in a meaningful manner.

Due diligence implies more than just an assessment of risks for the company; the purpose is to understand and address risks and abuses that the company's activities pose to rights holders, such as factory workers, their dependents and communities, including in its supply chain and through its other business relationships. Moreover, due diligence demands companies to see to it that future violations of human rights are prevented and that adverse impacts are mitigated. Remediation and redress for victims of human rights abuses is an important principle under the corporate responsibility to respect human rights.<sup>173</sup>

## OECD Guidelines for Multinational Enterprises

The Organisation for Economic Co-operation and Development (OECD) has developed Guidelines for Multinational Enterprises that consist of a set of recommendations for multinational enterprises operating in or from adhering countries.<sup>174</sup> The OECD Guidelines offer one of the few mechanisms available for holding corporations to account for their international operations. They provide guidance for responsible business conduct in areas such as: labour rights, human rights, environment, information disclosure, combatting bribery, consumer interests, competition, taxation and intellectual property rights. While the OECD Guidelines are not legally binding on companies, OECD signatory governments are required to ensure that they are implemented and observed by multinational enterprises domiciled in their territories.<sup>175</sup>

## 6.4 Lack of transparency

SOMO and ICN have years of experience in researching labour issues in India, in particular in the South Indian textiles and garment industry. Together with local researchers, SOMO and ICN have carried out a number of research projects and issued a series of publications. Local organisations have extensive networks and contacts on the ground in the villages where workers are recruited as well as in the towns where mills and garmenting units are located. SOMO and ICN have solid experience in desk research, including analysing export data. Nevertheless, SOMO and ICN found that this type of research into the textiles and garmenting supply chain up to the level of spinning mills is severely hampered by an overwhelming lack of transparency. The market parties, both producers in Tamil Nadu and buyers from all over the world, are not forthcoming with even basic information. There is no such thing as supply chain transparency. On the contrary, there is an alarming lack of openness. Information presented by the five researched producers on their websites, for instance about their corporate structure, is incomplete and confusing. Companies and units use different names. Some units are mentioned on the website, while others are not. The existence and location of factory hostels is not mentioned let alone the number of workers living there. Information about customers is inaccurate and not up to date. Sulochana, for instance, claims on its website to be supplying C&A, Primark, Timberland, Rocawear, Calvin Klein and Walmart. Export data (for a selected period of three months), however, do not support this claim.

Buyers hardly provide any information about where they are sourcing from. Precise information about supplier relations is limited and very hard to come by. In cases where specialised buying companies do the sourcing for various undisclosed clients, it is difficult to identify the ordering customers.

In many cases, it is even difficult to fully identify buyers on the basis of the snippets of information that can be found in the public domain. Confronted with hard export data, buyers remain very evasive. Concrete audit findings and measures taken to address violations are kept confidential.

Two out of the five researched mills, Premier and Super, have not responded to SOMO and ICN's request for review. The majority of the buyer companies that are mentioned in the report and that were contacted to review a draft of the report failed to respond. SOMO and ICN did not get any meaningful feedback from HanesBrands, Costco Wholesale, Cubus, Replay, E.Land World, Shree Traders, Ernst

Brunner, Samakia Brothers, WarmWear, Fakhruddin Textiles Mills, Cotton Club, Midland Knitwear, Fariha Knit Tex, Masco Industries or TIV Trading Limited.

When it comes to employment, working and living conditions, workers are of course a vital source of information. It is, however, very difficult to get in touch with workers, who work incredibly long days, have little free time and are locked up in hostels where strangers cannot enter. Women workers are condemned to social confinement. After working hours, they enjoy very limited freedom of movement. Under the pretext of cultural traditions, girls and unmarried women are effectively locked up 'for their own good'. Information gathering is therefore a practical challenge.

### **Banks as buyers**

The export data that are an important source of information for this research mention banks as 'foreign importers' linked to the five researched spinning mills. The banks in questions come up as important business parties ordering huge volumes of different fabrics and textile products. They seem to act as intermediaries, performing a custodial role, by financing and/or advising buyers and manufacturers. The identity of the real customers is not known. When making inquiries with these banks about these peculiar orders, SOMO came up against a brick wall. Some banks denied ordering from the mills, while others (Raiffeisen Bank) confirmed their intermediary role but refused to say for which companies they provide loans, citing national and European laws that prevent them from commenting on any relationships with clients. Reference to banking security and bank privacy allow for complete obscurity about the role of banks as financial partners to companies that are involved in serious breaches of labour rights.

### **Bangladesh connection**

Another interesting group of buyers are garmenting companies from Bangladesh, which is an important export destination for fabrics made in Tamil Nadu. Among the main buyers of the researched producers in Tamil Nadu presented in the report are five Bangladeshi enterprises: Cotton Club/Mondol Group, Fakhruddin Textiles/ Urmil Group, Midland Knitwear/Micro Fibre Group, Fariha Knit Tex/Asrotex Group and Masco Industries/Masco Group. These factories all turn out to be covered by the Bangladesh Accord on Building and Fire Safety. This means that they are suppliers to brands and retailers that are signatories of the Bangladesh Accord and feature on the aggregated list of suppliers.<sup>176</sup>

Because H&M is one of the few companies that publishes information about its first-tier suppliers, SOMO and ICN were able to conclude that Super Spinning Mills and Sulochana in Tamil Nadu are second-tier suppliers of H&M, with Bangladesh-based Midland Knitwear and Fariha Knits (Super Spinning Mills) and Fakhruddin Textiles Mills (Sulochana) as linking pins. Unit C of Super Spinning Mills in Dindigul and Sulochana Cotton Spinning Mills in Tirupur are both the site of unacceptable labour rights violations. If more information was available on the first-tier supplier bases of other individual signatories of the Bangladesh Accord, more direct links could be established between these brands and retailers and labour rights violations in India.

## 6.5 Limited understanding of supply chain responsibility

Only a few brands and retailers have started mapping and to some extent auditing their second tier suppliers (examples are C&A, Primark and H&M). Generally speaking, however, monitoring and corrective actions are limited to end manufacturing units which means that problems occurring in earlier production phases, such as the spinning of yarn and weaving of fabrics remain unnoticed and unaddressed.

## 6.6 Limited space for civil society in India

Trade unions face a number of restrictions and obstacles at the stages of formation and registration, as well as in terms of day-to-day activities. Anti-union prejudice is widely prevalent. Employers enjoy a dominant position with no or little countervailing power. Criminalisation, threats against labour activists or striking workers, violence against union members, as well as against NGOs, is common practice.<sup>177</sup>

## 6.7 Lack of progress

Problems relating to forced labour, including bonded labour in the South Indian textiles and garments industry, have been known for years. SOMO and ICN have been reporting about these problems regularly, as have other Indian and international NGOs.

This report mentions efforts undertaken to improve reported labour rights issues in the export-oriented Tamil Nadu textiles and garment sector. The Indian authorities, local NGOs, employers, buying companies, international advocacy groups, governments at the buying end of the supply chain – at different levels problems have been discussed and solutions have been considered. However, the situation is still very troubling. Efforts undertaken so far are insufficient. Manufacturers, brands and corporate responsibility initiatives de facto accept the status quo. These key actors fail to drive structural change despite their well-versed statements on corporate responsibility. In reality, they are not putting their money where their mouth is.

Despite their duty to protect human rights, governments – the Indian government in the first instance – are not adequately standing up for the particularly vulnerable workers who feature in this report.

## Chapter 7

# Recommendations

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### 7.1 Brands, retailers and manufacturers

**Brands, retailers and manufacturers should identify, prevent and mitigate risks and negative impacts** in their supply chain, in accordance with the United Nations Guiding Principles on Business and Human Rights.<sup>178</sup> This means that companies need to proactively look into the human rights risks of their activities, including their supply chain and business relations, and develop strategies to address these risks. Due diligence requires that business enterprises have policies and processes in place through which they can both know and show that they respect human rights in practice. Showing involves communication, providing transparency and accountability to individuals or groups that may be impacted, as well as to other relevant stakeholders.

- ❑ **Supply chain mapping:** Brands and retailers should focus on gaining full understanding of their supply chains. This includes second and further tier suppliers, subcontracted units, down to the informal sector. This includes, for example, spinning units both within vertically integrated suppliers and stand-alone yarn and fabrics suppliers. Companies should map their entire supply chain and provide transparency about their supplier base.
- ❑ **Transparency** is an important prerequisite for enabling different actors along the supply chain to address labour rights violations and improve working conditions. Brands and retailers should share information about first- and further-tier suppliers, including factory names, possible alternative factory names, locations, whether they are strategic suppliers, the duration of the supplier relationship, etc.
- ❑ **Identifying risks:** The labour rights and human rights abuses described in this report are not unique to the five spinning mills investigated for this report. Problems relating to forced and bonded labour in the South Indian textiles and garments industry have been known for years. SOMO and ICN have been reporting about these problems for many years, as have other Indian and international NGOs.<sup>179</sup> There is now ample evidence about the widespread labour rights violations that are plaguing the Tamil Nadu textiles and garments industry. In particular, the presence of migrant workers among the workforce and the lodging of these workers in factory hostels should be red flags for companies sourcing from these regions. Hostel workers are in a vulnerable position, as their freedom of movement may be severely restricted. Also, they may be forced to work excessive hours. Needless to say, the absence of contracts between employer and employees, as well as the absence of pay slips, should be taken seriously by buying companies.
- ❑ **Ensure ILO labour standards are adhered to**, with special emphasis on: freedom of association and the right to collective bargaining (ILO Conventions 87 and 98); no use of forced labour, including bonded or prison labour (ILO Conventions 29 and 105). No use of child labour (ILO Conventions



138 and 182); the right to a safe and healthy work environment (ILO Convention 155); No excessive working hours (ILO Convention 1) and; the right to a living wage (ILO Conventions 26 and 131).

- **Respect for trade union rights.** Buying companies have a role to play in ensuring that independent trade unions can play their designated roles. First and foremost, the right of workers to form and join trade unions and to bargain collectively should be protected and respected. These enabling rights permit workers to defend their rights, voice grievances and negotiate wages, as well as improving recruitment and employment conditions. Buying companies should support and facilitate the training of management, workers and workers' representatives (both separately and jointly) in freedom of association, collective bargaining, labour-management relations, child labour, etc. Such training should be delivered by trade unions or credible labour rights organisations.
- **Cooperation with other civil society stakeholders:** In order to be able to adequately identify and address human rights and labour rights risks, close cooperation with local stakeholders, such as civil society organisations, is necessary. The complexities of the South Indian textiles and garment industry, where cultural notions may be used to justify the curtailment of human rights, are best understood by local actors.
- Ensure **the establishment of genuine and credible grievance mechanisms** at both buyer and supplier level. To deal with workers' needs and complaints, grievance procedures should be put in place. Such grievance procedures should meet the following core criteria: legitimacy; accessibility; predictability; equality; compatibility with internationally acceptable rights; transparency. Complaint procedures should provide a basis for of continuous learning and improvement.
- **Increase leverage:** In addition to cooperation with local trade unions and other civil society stakeholders, cooperation with other buyers is crucial. The average garment company may spread its orders over hundreds of changing suppliers. Long-term relationships with suppliers are rare. Due to these purchasing practices, brands and retailers have seen their leverage vis a vis suppliers decrease. Lack of leverage cannot be an excuse for inaction. If a company lacks leverage, it should take steps to increase its leverage, for example, by joining forces with other buyers, preferably in a multi-stakeholder setting.
- **Monitoring and improvement beyond first-tier suppliers:** Brands and retailers should accept a broad definition of supply chain responsibility beyond the Cut Make and Trim (CMT) phase to include not only the end assembly phase but also preceding steps, including the spinning and weaving phases. Consequently, social auditing, monitoring and corrective actions should not be limited to the end-manufacturing units, but need to be extended up the supply chain, to the yarn and textile mills, and the cotton fields.
- Companies should **communicate openly about monitoring and improvement processes;** including reporting about specific audit findings, corrective action plans and progress in action. Companies should facilitate independent verification with strong involvement of trade unions and NGOs.

- ❑ **No 'cut & run':** Buyers should refrain from discontinuing relations with suppliers on the basis of noncompliance. To 'cut and run' is not an effective way of impressing upon suppliers that they should improve labour conditions. It is preferable for a company to first use available leverage, either as an individual company or, if necessary, together with other companies, to ensure that human rights are respected.
- ❑ Multi Stakeholder Initiatives and Corporate Social Responsibility initiatives like ETI and BSCI should see to it that their member companies have proper due diligence procedures in place and implement the codes of the initiatives.
- ❑ Buying companies should – ultimately – **reform their business practices**. The purchasing practices of buying companies should enable – and not inhibit – respect for labour rights at their first- and further-tier supplier. This includes:
  - A pricing policy that takes into account the social and environmental quality of sourced products, enabling suppliers to avoid using child labour and to employ adults instead, offering them a living wage and decent working conditions.
  - Building long-term, stable buyer-supplier relationships.
  - Good 'labour rights sensitive' production planning, including reasonable supply lead times, predictability of orders and minimising last-minute changes.
  - Effective communication with suppliers about specific orders, including required technical skills and capacity.

**The corporate responsibility to respect human rights also applies to manufacturers:**

- ❑ **Supply chain mapping:** Like buyers, manufacturers should gain a full understanding of their supply chains, down to the informal sector. In the case of the researched vertically integrated manufacturers in Tamil Nadu, this is about suppliers of raw cotton, yarn, fabrics or materials and sundries that are not fabricated within their own enterprise. Identifying cotton plantations should be part of this.
- ❑ Manufacturers should **apply supply chain transparency** and publicly share information about their corporate structure, including the precise location of different units. Local garment and textile producers should make available information regarding human resource policies, including information on the size of the workforce, the methods by which workers are recruited, by which brokers, whether the workers are lodged in hostels, the location of such hostels, the number of hostels residents, etc. Up-to-date information about suppliers and buyers should be shared publicly.
- ❑ Local manufacturers should **respect trade union rights**. Independent trade unions should be able to play their legally mandated roles. Freedom of association and collective bargaining are key to ensuring that workers' rights are fulfilled. Manufacturers should allow local trade unions and representatives of local labour groups to have access to workers.
- ❑ Manufacturers should have **genuine and credible grievance mechanisms** in place. Company-level grievance mechanisms are one way for workers to get their problems heard and remediated. Negotiations between trade unions and companies are obviously preferred, but often textile workers in Tamil Nadu do not have access to this option. In the absence of mature industrial

relations, as in the case of the five researched companies, grievance mechanisms are important. The possibility of complaining anonymously and without repercussions is a crucial feature. Grievance mechanisms may never be used to replace the legitimate process of unionisation.

- ❑ Manufacturers should ensure that workers who are accommodated in hostels run by the company and/or on company premises enjoy **full freedom of movement**. Workers should be allowed to go where they want, without chaperones and unhindered. Workers should be allowed to make contact and meet with people according to their own wishes and judgements, including family and friends in the first place, without hindrance or supervision by their employer.
- ❑ Manufacturers should pay a **living wage**. A living wage is a wage paid for a standard working week meeting the basic needs of workers and their families and to provide some discretionary income. Basic needs include costs like housing (with basic facilities including electricity), nutrition, clothing, healthcare, education, drinking water, childcare, transport, and savings. The best way to determine an actual amount is through a continuing process of sound social dialogue between local social partners. The Asia Floor Wage Alliance – an alliance of Asian trade unions and labour groups who have calculated a living wage formula for Asia – calculated that a monthly living wage for India is INR 16,290.96 (€200).
- ❑ Manufacturers should ensure that **social security** obligations are fulfilled. This includes the employer's mandatory contribution to the Employees' Provident Fund and the health insurance scheme ESI. Workers should be informed about their rights and benefits and should be provided with the required information to access these benefits (e.g. PF account number, information about how to gain access to their PF savings).
- ❑ Lump sums built up of withheld wages or Provident Fund contributions are unacceptable. Lump sums can only be acceptable when they are bonuses on top of wages and not linked to restricting freedom to leave.
- ❑ Saving facilities offered by employers to workers can only be acceptable with the free, prior and informed consent of the concerned individual worker. It is important that such saving-schemes are handled by an independent third party.

## 7.2 Governments on the producing and buying end of the supply chain

Governments on the producing and buying end of the supply chain should in the first place ensure that the rights of workers are protected – through appropriate policies, regulation and adjudication.

### The Indian government should:

- ❑ Ratify all relevant ILO Conventions, in particular ILO Conventions with regard to freedom of association and collective bargaining, as well as with regard to child labour.

- ❑ Develop, implement and enforce national labour and human rights laws and legal regulations, in accordance with international norms and standards to address labour issues described in this report. This should include a provision that makes it mandatory for companies to recognise and interact with trade unions. Equally important is an effective labour inspection and oversight of proper functioning of the Employees' Provident Fund Organisation in the interest of workers. After the expected approval by the Indian Parliament of the amended Child Labour Act, the Indian government must implement and enforce the Act and eliminate the use of hazardous girl child labour in the mills.

**The Tamil Nadu State Government should:**

- ❑ Adopt a constructive attitude towards the stalled efforts to come to a tripartite agreement on a minimum wage for textile workers.
- ❑ For the protection of textile workers, and in particular apprentices, look into and improve existing labour regulations, e.g. Apprenticeship Act.
- ❑ Play a constructive and facilitating role towards bringing together corporate and non-governmental stakeholders in order to discuss and resolve on-going labour issues in the Tamil Nadu textiles and garments industry.

**Governments at the buying end of the supply chain should:**

- ❑ Develop regulations that oblige companies to be transparent about their supply chain and report about their due diligence procedures. To ensure a level playing field, such measures should be taken at the national and European level.
- ❑ Take measures to ensure that companies domiciled in their territory/jurisdiction respect human rights throughout their supply chains. This includes mainstreaming corporate accountability requirements into existing governmental instruments that provide support to companies.
- ❑ Introduce legislation that holds companies domiciled in their territory/jurisdiction accountable for human rights violations throughout their supply chains.
- ❑ Raise concerns on labour rights violations in bilateral contacts with the Indian Government and support efforts by the Indian or Tamil Nadu government to address those.
- ❑ Ensure an effective sector-specific corporate accountability-covenant with business enterprises that operate in the garment sector. Such agreement should be enforceable and based on human rights due diligence processes to identify, prevent, mitigate and account for how they address their impacts on human rights. The covenant should be reached with the involvement of civil society organisations and should include compensation for victims. The corporate accountability agreement should contain mandatory public reporting on the due diligence process, the entire supply chain, production facilities and investments.
- ❑ Facilitate access to remedy, the third pillar of the United Nations Guiding Principles on Business and Human Rights, in countries where brands have their headquarters. This should be a final resort for workers.

## Endnotes

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## Flawed Fabrics

### The abuse of girls and women workers in the South Indian textile industry

This report highlights serious labour rights and human rights violations faced by girls and young women employed in the Tamil Nadu spinning industry in South India, which is a major hub in the global knitwear sector, supplying some of the big name clothing brands – including C&A, HanesBrands, Mothercare and Primark. Through a mixture of desk research and interviews on the ground with workers employed at five Tamil Nadu spinning mills, this joint report by the Centre for Research on Multinational Corporations (SOMO) and the India Committee of the Netherlands (ICN) concludes that several core labour rights are being violated. Girls and young women are being lured from their home villages by false promises and are working under appalling conditions amounting to forced labour.

With this report, SOMO and ICN aim to push producers and buying companies towards actively assuming their corporate responsibility to respect human rights in their own operations as well as in their supply chains. SOMO, ICN and local labour rights groups are also calling on the Indian government and governments on the buying end of the supply chain to protect labour rights in accordance with the United Nations Guiding Principles on Business and Human Rights, International Labour Organization (ILO) conventions and Indian law.

