

Captured by Cotton

Exploited Dalit girls produce garments in India for European and US markets

May 2011



SOMO - Centre for Research on Multinational Corporations
ICN - India Committee of the Netherlands



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Introduction

In India, in the southern state of Tamil Nadu, girls and young women are recruited and employed on a large scale to work in the garment industry. The promise: a decent wage, comfortable accommodation, and, the biggest lure: a considerable sum of money upon completion of their three-year contract. This lump sum may be used to pay for a dowry. Although the payment of a dowry has been prohibited in India since 1961, it is still a general practice in rural India for which families often incur high debts. The recruitment and employment scheme - the Sumangali Scheme - that is the subject of this report is closely linked to the payment of a dowry. The Tamil word Sumangali refers to a married woman who leads a happy and contented life with her husband with all fortunes and material benefits. The reality of working under the Sumangali Scheme however, stands in sharp contrast to the attractive picture that is presented to the girls and young women during the recruitment process. Excessive overwork, low wages, no access to grievance mechanisms or redress, restricted freedom of movement and limited privacy are part and parcel of the working and employment conditions under this scheme. The promised end-of-contract sum is not a bonus, but part of the regular wage that is withheld by the employer. Often women workers do not even receive the full promised lump sum. Without exaggeration, the Sumangali Scheme in its worst form has become synonymous with unacceptable employment and labour conditions, even with bonded labour.

Over the past decade, the garment industry in Tamil Nadu has experienced major growth. Thousands of small and medium sized factories are involved in the complex process of turning cotton into clothing. The Tamil Nadu garment industry is largely export-oriented. Customers include major European and US clothing brands and retailers. These companies source directly from smaller textile and garment factories as well as from larger enterprises. A dozen enterprises in Tamil Nadu stand out because of their vertically integrated operations, including all processes within one business.

In this report, the widespread use of the Sumangali Scheme in Tamil Nadu is illustrated by four case studies of such vertically integrated enterprises of which the European and US buyers were identified: Bannari Amman Group, Eastman Exports, KPR Mill, and SSM India.

This report aims to provide civil society organisations, policy makers, companies and consumers with clear examples of problems related to the Sumangali Scheme and other labour rights violations in the Tamil Nadu garment industry. Evidence of the occurrence of the Sumangali Scheme in the supply chains of European and US brands and retailers is provided.

Over the past two decades, international clothing brands have developed policies and practices to ensure sustainable supply chain management. Companies have adopted codes of conduct referring to international labour standards and monitoring of non-compliances has become standard practice. Garment brands and retailers have become aware of the exploitative nature of the Sumangali Scheme, through research conducted by NGOs, media reports, as well as in some cases by their own social auditing. A number of brands and retailers have taken a clear stand against these practices. Some brands have abruptly stopped sourcing from these suppliers. SOMO and ICN disapprove of this form

of 'cutting and running' and expect companies to use their leverage to bring about improvements. Other companies have elaborated corrective action plans to address the excesses of the Sumangali Scheme. It transpires that since August 2010, considerable improvements have been made at the level of a number of manufacturers.

The use of the abusive Sumangali Scheme and other labour rights violations are nevertheless still widespread in Tamil Nadu. Especially in the hundreds of small spinning mills, but also in the numerous smaller and bigger garment factories and the spinning and garmenting units of the vertically integrated enterprises that directly supply western buyers. This report details how girls and young women continue to suffer under the Sumangali Scheme. The report also documents other abusive labour conditions that may not be categorised as Sumangali Scheme but nevertheless amount to serious labour rights violations and require immediate corrective action.

Methodology

This report is written by the India Committee of the Netherlands (ICN) and the Centre for Research on Multinational Corporations (SOMO). It is based on desk research and field research undertaken by SOMO, ICN and the Campaign Against Sumangali Scheme (CASS). A number of local NGOs affiliated with CASS have contributed to the research but prefer not to be mentioned by name, due to security concerns.

Field research was carried out by CASS between May and December 2010. Furthermore, information was gathered by SOMO during a field trip in August 2010, as part of a fact finding mission organised by the European Coalition for Corporate Justice (ECCJ). Early March 2011, ICN conducted a second field trip

As part of its research CASS did a mapping of workers employed under the Sumangali Scheme. CASS identified more than 1600 girls and young women who had worked at a given time at some 90 different factories. Out of this group, 33 workers have been employed by the four vertically integrated enterprises that this report zooms in on. Eighteen workers gave in-depth interviews about their experiences under the Sumangali Scheme. In April 2011, an additional 102 women workers were interviewed, until recently employed at KPR Mill, Eastman Exports and SSM India respectively. The data and testimonies provided by these workers form the basis for the analysis of the reality of the Sumangali Scheme. Information gathered through interviews with workers and former workers was verified and supplemented by interviews with trade unionists, civil society organisations and academics, as well with information from corporate sources. In August 2010, SOMO attended a meeting in Dindigul where 73 Sumangali-workers and former-Sumangali-workers shared their experiences first-hand. In March 2011, ICN participated in a multi-stakeholder meeting in Coimbatore attended by brands, employers' associations, trade unions and international and local NGOs.

It should be noted that the researchers encountered quite some difficulties during their investigations. Many girls, for instance, were reluctant to share their experiences as they were afraid for retaliations by their (former) employers. Some of the women who were interviewed are quoted in the report. The names of all interviewed workers and ex-workers have been changed in order to ensure anonymity.

In addition, the relations between the four above mentioned vertically integrated enterprises and their European and US customers were researched. There is little public information about the links between clothing brands and their suppliers. Brands and retailers do not disclose detailed information about their supplier base. Moving further down the supply chain towards the yarn suppliers, the lack of transparency increases. Information sources on the supply chain links between the Indian manufacturers and their international buyers include workers, buying agents, port authorities, consultants, factory management, media sources, etc. Furthermore, information was gathered through websites and corporate documents. The supply chain links were further verified by matching information with export data from the South Indian port of Tuticorin.

In the interest of supply chain transparency SOMO and ICN have chosen to be fully transparent about the relations between particular producers and individual customers. This report should not be used by buyers to end their relationship with their suppliers. In order to contribute to sustainable solutions, SOMO, ICN and like-minded civil society organisations will be closely monitoring brands for possible 'cutting and running' practices.

In some cases information was found about Sumangali practices at specific spinning, textile or garment units within one vertically integrated enterprise. These may not always be the units that brands are directly sourcing from. According to international standards and practices with regard to supply chains, companies have a responsibility beyond the first tier supplier. It is justifiable to speak of relevant business relations for which a due diligence responsibility exists. A brand does business with an enterprise, not just with a detached unit.

Before publishing this report, SOMO and ICN have sent a draft version for review to all brands and retailers mentioned in the report. The following companies have responded to ICN and SOMO's review request: ASOS, Bestseller, C&A, Cortefiel, Diesel, Gap, H&M, Inditex, IZOD, Klingel (K Mail), Mexx, Migros, Mothercare, Next, OxyLane, Primark, , Tesco, Timberland and Tommy Hilfiger. Diesel announced to react, but a response was not received in time. Next to these company responses SOMO and ICN received reactions of the American Apparel & Footwear Association (AAFA) and a joint reaction of Dutch trade associations Modint, CBW-Mitex and RND/ VGT. The following companies did not respond to the review request: Abercrombie & Fitch, American Eagle Outfitters, Celio, Charles Veillon, Crystal Martin, Diramode, El Corte Ingles, Ernstings Family Garan, Grupo Coin, Hagkaup, Jansen Textil, Marks & Spencer, Noel Soccer, Norprotex, and S'Oliver.¹

A draft of the report was also shared with the four vertically integrated manufacturers that feature in this report. Sumeru Knits (SSM India) sent an acknowledgement of receipt, stating that its customers would reply, Eastman replied very belatedly, on May 19th. KPR Mill and Bannari Amman did not reply.

Certain buyers claimed that in the course of 2010, improvements have been implemented at two of the supplier factories featuring in this report, namely Eastman Exports and KPR Mill. These claims have been looked into, and in April 2011, additional interviews with workers were set up. None of the supply companies indicated to Somo that they had successfully eliminated sunamgali from their employment practises, indeed three of them chose not to provide any substantive response to this report. Up to date enquiries suggest that many elements of the sunamgali scheme persist, in spite of the attention that it has attracted internationally.

Information on the authors

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, focussing 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 CSR Platform.

Centre for Research on Multinational Corporations

The Centre for Research on Multinational Corporations (SOMO) is an independent, non-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.

Campaign Against Sumangali Scheme

The Campaign Against Sumangali Scheme (CASS) is a coalition of civil society organisations in India that works together to raise awareness about the Sumangali Scheme and advocates an end to this system of exploitation.

Chapter 1

The Tamil Nadu cotton-based garment industry

It takes many steps to make clothes out of cotton. After the cotton has been harvested, the fibre is separated from the seed. After ginning, the cotton is prepared for spinning. The spinning takes place in so-called yarn spinning mills. The yarn is subsequently 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. Cotton-based garment production is booming in Tamil Nadu. Tamil Nadu hosts 43% of all bigger Indian mills and almost 80% of the smaller Indian mills. In total there are 1,685 spinning units in India's most southern state.³ The majority of these spinning units are located in the districts of Coimbatore, Dindigul, Erode and Karur (see map 1). The mills supply garment factories throughout Tamil Nadu and the whole of India. Any European or US clothing brand sourcing from India is thus linked to the Tamil Nadu spinning mills. In most cases the spinning, weaving, bleaching, dyeing and garmenting takes place in separate, specialised plants. In Tamil Nadu, there are, however, also around a dozen vertically integrated enterprises that combine all these activities within their plants, including KPR Mill, Eastman Exports, SSM India and the Bannari Amman Group. These companies take up a leading position in the Tamil Nadu garment industry and are direct suppliers of various European and US brands and retailers. Vertical integration has clear advantages in the export business, as it helps guaranteed quality and timely delivery.

It should be noted that not only brands explicitly mentioned in this report source from suppliers that use the Sumangali Scheme. In fact, all companies sourcing from India are likely to indirectly source from spinning units using this exploitative scheme.

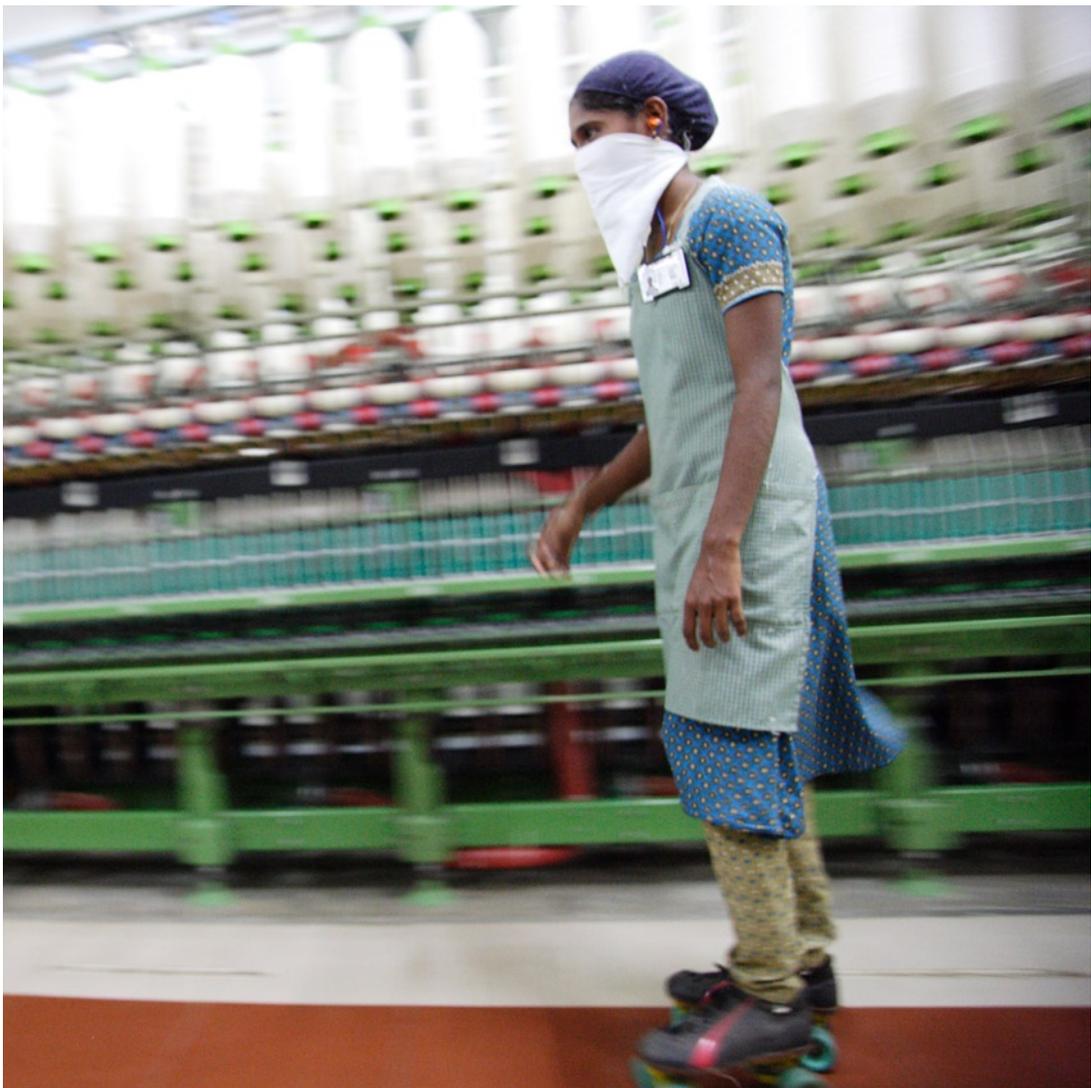
More and more female workers

In Tamil Nadu there are thousands of companies involved in garment production. To stay competitive, pressure on production costs is high. In this labour intensive industry labour costs form an important part of production costs. As a result, manufacturers are in search of cheap labour and they need a great number of workers as well. Spinning units, for instance, operate 24 hours a day and thus require a large number of workers to keep going. Globalisation of production chains has led to increasing flexibilisation and feminisation of labour. These trends are also clearly visible in the Tamil Nadu garment industry where a male, permanent labour force has been replaced by a female, flexible labour force. The influx of female workers started in the 1970s when textile and garment manufacturers from different parts of India started relocating to Tamil Nadu in search of a more pliant workforce. Since 1985, coinciding with a massive growth in garment exports from Tamil Nadu women have been absorbed into the industry in large numbers.⁴

There are several reasons why employers prefer to hire female workers. First, female labour is cheaper than male labour. Although according to Indian law women should be paid equally it is general practice that they are not. Female workers are also considered more docile and loyal than their male colleagues.

At KPR Mill, one of the big players in the export garment industry in Tamil Nadu, financial director Kumar candidly explains that ‘With girls it is easier to maintain discipline’.⁵

The Indian garment industry is characterised by a trend towards labour flexibilisation. The number of permanent workers in the Tamil Nadu garment industry has decreased dramatically. According to trade union HMS (Hind Mazdoor Sabha), 60 to 80% of workers in the textile and garment industry are temporary workers.⁶ Employers prefer to hire workers on a temporary basis in order to cut costs in salaries and benefits and to avoid unionisation as temporary workers are less inclined to join trade unions. At KPR Mill, management explained that they do not wish to employ any permanent workers as this would mean higher costs: ‘With permanent workers, every year their wages increase but at the same time productivity decreases.’⁷



Chapter 2

The Sumangali Scheme

The promises

‘We request you to bring us the lovely girls you know and make their lives prosperous as a light-house’⁸

Factories advertise their jobs with attractive posters and pamphlets, presenting the Sumangali Scheme as ‘a unique opportunity for young women’ to earn up to 40,000 rupees (€640) in three years. The offer also includes comfortable accommodation, three nutritious meals a day and leisure and educational activities. Besides these types of posters, factories also use recruiters. Recruiters are hired by the factories and receive approximately 500 Rupees (8 Euros) per recruit. They visit poor villages, and identify the families with daughters in the age between 14 and 21, or even younger, that are in financial need. The recruitment intensifies during the school holidays, because school drop outs are seen as an important target group.

The Sumangali Scheme was introduced 10 years ago by textile and garment manufacturers in the Coimbatore and Tirupur districts. It is now widespread throughout Western and Central Tamil Nadu. An estimated 120,000 workers are currently employed under the scheme.⁹ Sumangali workers are mainly recruited from impoverished districts of Tamil Nadu (see map 1).

Until recently, agriculture used to be the main source of employment in many districts of Tamil Nadu, but employment opportunities have become scarce, partly due to drought. Often the young Sumangali workers come from Dalit families (from the Arunthiyar sub-caste for example) whose parents carry out such jobs as agricultural labourers, construction workers, sweepers and cleaners (including as manual scavengers cleaning private and public toilets). The Arunthiyar sub-caste is considered to be the lowest in the caste hierarchy. Even within the ‘outcastes’ or ‘untouchables’ – or Dalits as they call themselves – they are considered to be the ‘Dalits among Dalits’. It is one of the most oppressed, poorest and looked down upon sections of Indian society.¹⁰

Dalits in the Sumangali Scheme

Almost 60% of the Sumangali workers belong to the so-called ‘Scheduled Castes’ or ‘untouchables’, the lowest group in the Indian caste hierarchy. They call themselves Dalits. Most of the other interviewed workers belong to the ‘Most Backward Castes’, the caste in hierarchy just above the Dalits.¹¹ The caste system divides people on the basis of birth into unequal and hierarchical social groups. Dominant castes enjoy most rights and least duties, while those at the bottom – the Dalits – in practice have few or no rights. They are considered ‘lesser human beings’, ‘impure’ and ‘polluting’ to other caste groups. Untouchables are often forcibly assigned the most dirty, menial and hazardous jobs, such as cleaning human waste. Caste discrimination is outlawed in India, but implementation of legislation is lacking. It is estimated that in India there are around 200 million Dalits. Dalits also have their caste hierarchy. In Tamil Nadu the three major Dalit groups are Pallar,

Parayar and Arunthathiyar. Among them, Arunthathiyars are considered to be the lowest in the hierarchy, the 'Dalits among Dalits'. They are around six million in number and densely concentrated in western districts like Coimbatore, Tirupur and Dindigul where the textile and garment industry is mainly located. Arunthathiyar girls are employed under the Sumangali Scheme on a large scale. Poor living conditions, low wages, desperate search for a livelihood, constant exploitation and harassment by moneylenders and upper caste landlords are part of the day-to-day life of an Arunthathiyar. They are compelled to do the most menial and low dignified jobs as manual scavenging, removal of dead cattle, and burying dead bodies. They are almost always indebted and very often bonded labourers tied to their employers by a debt they can hardly repay.

Agents that recruit the girls play into this situation with promises of a good income and decent working conditions. A recent report (see footnote 10) describes how they are lured with false promises. This report notes that caste discrimination occurs when an accident or death occurs in the factory. The report says: 'If the victim belongs to a comparatively lower caste or a low income group, it is taken as an advantage on the management side to pay her a relatively lower compensation utilizing the family members' inability to negotiate or bargain with the employer.'

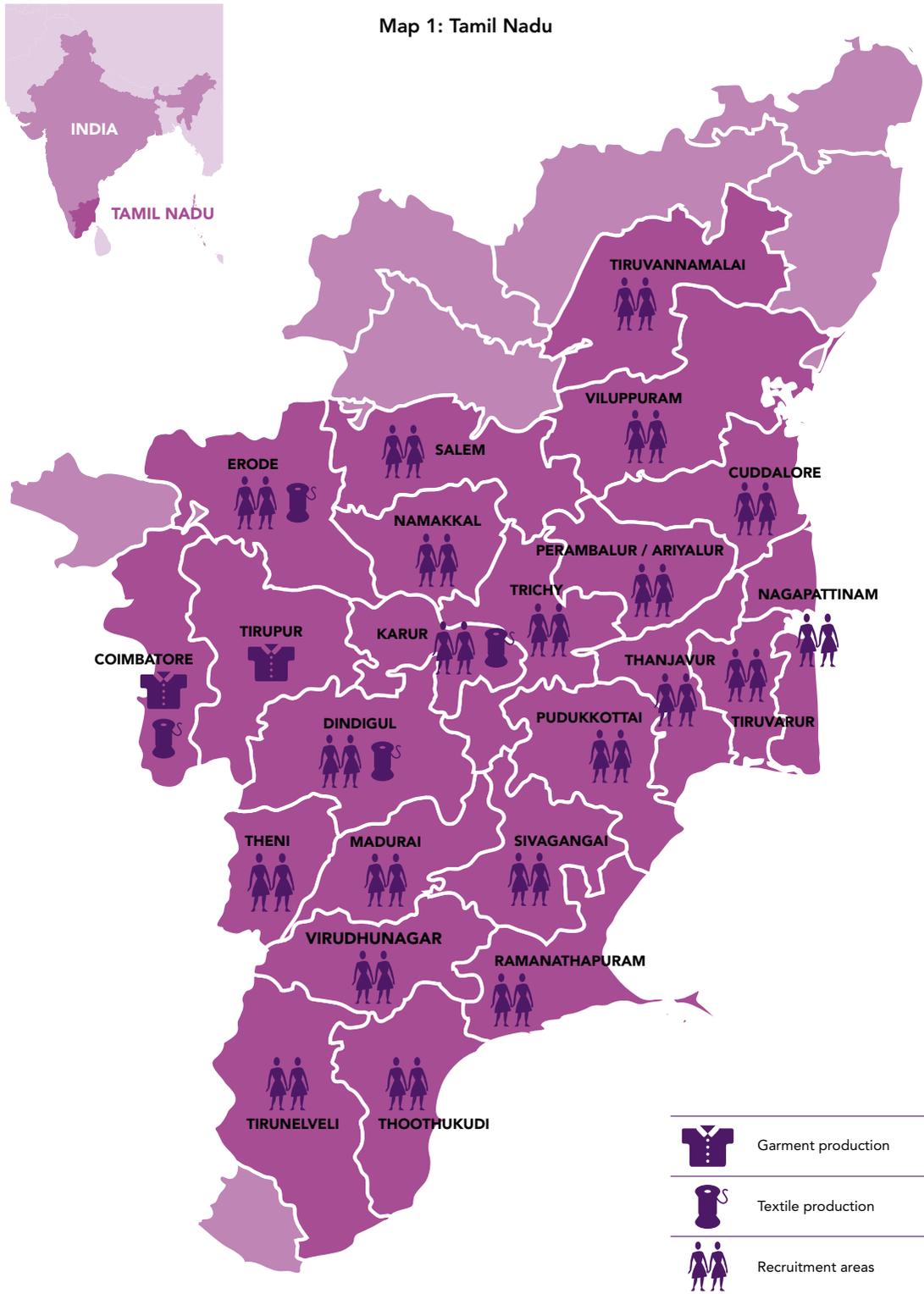
Families are struggling to get by with a monthly income between 2,000 and 5,000 Rupees (approx. 30 to 80 Euros). A majority of the interviewed women said their families had taken on debts as the family income was not enough to cover medical costs or to save up money to buy a cow, or pay for a dowry. Nutritious food and a decent wage are not part of this harsh reality. The promise of three nutritious meals a day is therefore very appealing. The recruiters also mention comfortable accommodation in the hostels and even yoga classes. That the girls will be living in secure hostels appeals to the cultural norm that dictates that girls should be chaperoned until they are married.

The biggest attraction, however, is the large amount of money that the worker will receive after completion of the period. This lump sum payment varies between 30,000 and 50,000 Rupees (500 to 800 Euro). Many families see the lump sum as a big help to arrange their daughters' marriage, because although legally abolished, it is still custom to come up with a dowry for the bridegroom's family.

Monika was 15 when she was interviewed in September 2010, and just 13 when she started working for Bannari Amman. She studied up to 9th standard and then assisted her parents in agricultural work. 'A lady from a near village introduced me to the mill, and told me I would get a wage of Rs. 120 per day. The mill gave Rs.500/- to this lady.'

Not always do the girls join the scheme by own choice, sometimes they are coerced by their parents or by other family members. As Rhadika explains: 'Due to the poor economic situation, I didn't continue my studies. I had to take care of my brother and sister because my father's salary was not enough to support our family. We also had a debt of Rs.60,000 from various sources. My uncle already worked at an Eastman spinning mill so I was forced to work there by my mother.'

Map 1: Tamil Nadu



The offer of working and living at the factory, receiving three meals a day, earning some money for the family while saving up money for the dowry or to settle loans at the same time, thus sounds like a golden opportunity.

The reality of Sumangali Scheme in its worst form¹²

Blank contract

Only when the newly recruited workers enter the factory they are asked to show some form of identification. An age-check is clearly not a standard component of the recruitment process. Once at the factory, workers sign an appointment letter. In most cases there is no contract. Some of the girls and young women interviewed for this report said they were made to sign a blank contract, leaving them with no proof about what was verbally promised to them.

Low wages

The wages workers receive vary from company to company. Part of the workers' wages is deducted to save up for the lump sum payment. The workers do not have access to these savings, which are only paid out after they have completed the three-year contract. Workers receive a daily wage, which generally starts at around 60 Rupees (€0.88) per day during the first six months, with a gradual increase of ten rupees every six months, up to a maximum of Rs. 110 on average. Costs for food and boarding, approximately 15 Rupees a day, are deducted from the daily wages. If the lump sum is paid out at the end of the period workers earn in total between 95,000 and 115,000 Rupees (approximately 1,500-1,800Euro) in three years. If the workers are paid the minimum wage however, they would earn 185,000 Rupees (about 2,900 Euro) in three year time (see table 1).

The wages are well below the legally set minimum wage. To be able to legally pay the workers under the minimum wage, which in Tamil Nadu in the textile sector is 171 rupees per day, the young women are hired as apprentices. In Tamil Nadu the local law¹³ is such that workers can be registered as apprentices for a maximum of three years. In the rest of India this is only one year.

There are numerous cases where workers have not received the lump sum amount that was promised at the end of the period. Workers who decided to quit before the contract period ended, often did not receive the lump sum that they had saved so far. Many workers don't make the three-year mark as they fall sick due to the unhealthy and unsafe working conditions, poor food and general lack of hygiene. Sometimes, workers are fired just before the end of the period, under the pretext of some feeble excuse.

Deepti says: 'If a worker resigned before the scheme period, the amount would not be given. I didn't receive any amount even though I had worked for 2 ½ years.' Kiran: *'One should work at least for two years to receive the scheme amount. However, it is up to the decision of the management whether to give or not. I quit my job in the spinning mill after six months because my health was deteriorating rapidly. I did not receive anything of the amount promised to me.'*

Table 1: Wages paid to Workers under the Sumangali Scheme – Compared with minimum wages¹⁴

Period	Daily Wages	Wages/month	Wages during the period
1–6 months	60	1,800	10,800
7–12 months	70	2100	12,600
13–18 months	80	2400	14,400
19–24 months	90	2700	16,200
25–30 months	100	3000	18,000
31–36 months	110	3300	19,800
			81,800
Food & Accommodation	-15	-450	-16,200
Lump sum upon completion	Between 30,000 and 50,000		50,000
Total amount earned in 3 years working under Sumangali Scheme			115,600
Daily minimum wage in TN mills and garment sector	171	5,130	
Total earning in 3 years minimum wage, not calculating the extra wage benefits		5,130 x 36	184,680

Forced overtime

On a regular basis the women work 12 hours per day, to complete one and a half shifts. This means that they work 72 hours per week. During peak season they even have to work on Sundays. For overwork, workers are legally entitled to receive overtime payment, but more often than not workers do not receive any compensation. When a worker refuses to work more than one shift, she is often verbally abused by the supervisors and threats are made to withhold a month's pay.

Talusha says: *'Overtime was compulsory. No one could escape from that, certainly not the hostel girls. If there was labour demand, supervisors would inform us hostel girls where we had to go.'*

Talusha (20), worked from 2005 to 2007 at Saravana Spinning Mill (SSM).

I am a Hindu belonging to the Dalit community. I am unmarried. I have studied up to the 10th standard. I was unable to continue my studies, and so I went to the mill for work. When I joined the mill I issued my 10th standard certificate and a photocopy of my ration card.

There were three shifts – from am to 6am; from 3pm. to 12pm. and from 1am to 8am. Overtime is compulsory. No one could escape from that, certainly not the hostel girls. If there is labour demand, supervisors would inform us hostel girls where we had to go. The working hours were very long. The long working hours made us weak and exhausted. There is a rest room near the working hall.

But workers don't go there because the rest hours should be compensated. I always felt very tired and much disturbed because the supervisors were scolding me for carelessness in my work. I also suffered from headache and leg pain. I didn't like working at the mill at all but I had to complete the scheme period otherwise they would not give me the promised lump sum. I was earning 50 Rupees a day. I used to give my salary to my mother and receive a small amount for my needs. I don't have any separate savings for myself.

Monthly, there were four days off. Other leave would be sanctioned only if someone was ill. During my work, I inhaled a lot of cotton because there is a lot of cotton dust in the spinning unit. We used a handkerchief as masks. There are no first aid facilities for any accidents that happen in the company.

The hostel is near the mill. A van facility is available for the workers to commute between the hostel and the factory. During my time at the mill there were 400 girls residing in the hostel. Each room accommodated five to six workers. Toilets, bathroom and drinking water facilities were available in the hostel, but they were not up to standard. The food quality was very poor. My weight decreased from 35 kilos to 30 kilos during my stay in the hostel.

There is a telephone available but it could be used only for emergency. Nowadays, workers try to avoid staying in the hostels because the company reduces the lump sum amount by saying any kind of reason like late coming to shifts, leave taken and so on.

Child labour

There are various indications that girls under the age of 14 are recruited to work in the factories. An academic estimate says that 10 to 20% of Sumangali workers are child labourers, aged between 11 and 14.¹⁵ At Bannari Amman, for instance, the researchers found a 13-year old girl among the workers. Monika, who started working in 2008 at Bannari Amman Spinning Mills at the age of 13 and who worked there until 2010, says more children from her village were working in the factory: *'Children aged between 10 and 11 years came from my village for work. During inspection time, they were kept in dark room.'*

According to the ILO Convention on the Worst Forms of Child Labour¹⁶ workers under 18 who perform work that is likely to harm their 'health, safety or morals' are child labourers. As described in this report, working under the Sumangali Scheme is indeed harmful to the health, safety and morals of the workers. Considering the number of workers aged between 14 and 18 the scale of the child labour problem is indeed alarming.

No social benefits

Sumangali workers do not enjoy the legal benefits that other workers enjoy. Many clothing companies do not remit employers' and employees' contributions to the Employees' State Insurance (ESI) Scheme, and workers are denied the benefits of the scheme. This also happens with the Provident Fund.

Restricted movements

The Sumangali workers work and live without much freedom or privacy. Women workers either live in hostels on the factory compound, or with families or off-site hostels. The residential workers, who form the majority of the Sumangali workers, are not allowed to leave the factory freely and their stay in the hostels in the factory premises is mandatory. These hostels are also referred to as coolie camps. Mobile phones are often prohibited. Even while going out to buy personal things, they are closely monitored. They are allowed to go to the market once a fortnight but are always accompanied by guards from the mill.

Prerna: 'Our activities outside the hostel were restricted to the weekly day off, when we were allowed to go to the market and purchase things. On these trips guards and/or the hostel warden accompanied us. We often went in the company's vehicle. We were not allowed to talk to anyone during the trip or to make calls from the phone booth to our family members or to anyone else.'

The cultural code that girls should be chaperoned is thus used as an excuse to prevent them from running away or having contact with local NGOs or trade unions. Instances are known where girls climbed over the high gate to escape from the harsh working conditions. The girls miss their families and most find the restriction to visit their village one of the worst issues. The workers also feel very inhibited to speak about their frustration as they know that it might backfire.

Aakriti: 'Once a month the warden permitted me to call my parents. But I could not speak freely about the situation, because the warden was able to overhear me.'

There are even reports of former Sumangali workers who had to pay a 'penalty' of 1,500 to 3,000 rupees in order to be able to leave before the end of the period.¹⁷

Unhealthy and unsafe working conditions

Due to the strains of excessive overwork, headaches, stomach aches, sleeplessness and tiredness are common among the girls.. Accidents happen frequently. Workers lack training and instructions to properly work the machinery. Often workers have trouble to operate the machines that are placed beyond their reach. Aakriti says: *'I had to stand all the time and the tasks that I needed to carry out required a lot of walking. I had to climb on a bench to tie the thread, because the machine was located too high. There was no chair for us to sit on. All eight hours and overtime hours I had to stand, walk and climb.'*

The mills have bad ventilation systems, which causes the work space to be full of small particles of cotton dust. Heat and humidity add to a very uncomfortable working environment. Some mills provide personal protective equipment like masks, in other mills the workers make do with a simple hand kerchief. Seetha: *'Our section was filled with cotton dust. Masks, caps and aprons were given but I did not wear the mask. Wearing the mask is sweaty and maked me feel like I suffocated.'*

Some of the ex-workers had to undergo surgery to remove balls of cotton fibre found in their bowels. In one of the factories investigated, some workers in the spinning area have to work on roller skates, all day, without wearing any protective gear.

Many of the interviewed women noted that they lost a lot of weight. Irregular menstrual periods and heavy menstrual pains are also frequently mentioned. Cases of spontaneous abortions, infertility and premature menopause have also been reported by former Sumangali workers. Ganya: *'When I had to do two shifts in a row, I tended to sleep on duty. One continues to work in the mills only out of economic necessity and most of us did not like to work there as it was very stressful and damaged our health.'*

Generally, there are no proper medical facilities available at these factories, at best a nurse who may offer basic medical care. Even when they feel ill and not capable of work, the girls that were interviewed explained that they would not take a rest as resting time is to be compensated after the shift. Some of the girls reported that supervisors threatened them to withhold their wages if they didn't keep working. Furthermore, food quality is very poor which further compromises the workers' health. Kiran says: *'After joining the mill, my weight decreased from 42 Kg to 33 Kg. I became anaemic due to malnutrition and skipping meals.'*

Abusive supervisors

Added to this is the constant scolding by the male supervisors. According to the workers they always find an excuse to scold them. This increases the tension and stress for the workers enormously.

'Supervisors often scolded me with harsh words, whether it was for carelessness in my work, or producing more waste materials than the predetermined weight or other reasons.' says Monika.

Deepti agrees: *'We had to get permission from the (male) supervisor even for going to toilet. The supervisor constantly scolded us and he used abusive words. I did not like his behaviour. He even hit us on our head.'*

No grievance mechanisms

Many workers feel helpless about this situation, because who can help them? They do not dare talk about the problems they experience among themselves, guards and supervisors are not to be trusted, and there is no workers' committee or any other body that takes up their interests. The young women are hired because the management sees them as obedient and not likely to organise and thus stir any trouble. Trade unions are not even allowed to enter the factories, and freedom of association and collective bargaining are non-existent. Traditionally the trade unions have always focused on permanent male labourers, and in India union membership is even not possible for workers under 18.

Deepti (20), worked for Bannari Amman Spinning Mill between 2007 and 2009 as a non-residential worker:

I joined Bannari Amman Spinning Mill in the three-year scheme. I was promised to receive 30,000 Rupees after completion of the scheme period. During the time I was working at the mill and living at home. In my training period I received a daily wage of Rs. 40. At the end, I was earning 60 Rs. a day of which 3 Rs. were deducted for transport. The shift time is as follows – morning shift from 6am to 2pm, off night shift from 2pm to 10pm, full night from 10pm to 6am. During the evening shift, a tea break of 3 minutes is given. Lunch break is for half an hour. If there was an urgent work or labour demand, they would come to our house to call us for work.

If a worker wanted to take leave, a leave letter had to be given directly to the supervisor. If the leave letter is given through somebody else, then the scheme amount would be reduced. If a worker resigned before the scheme period, the amount would not be given. I didn't receive any amount

even though I have worked for 2½ years. Workers had to get permission from the supervisor for everything, even for going to the toilet. We had a male supervisor. The supervisor was constantly scolding; he used a lot of abusive words. I didn't like his behaviour. He even hit on our heads.

The mill didn't want to take married women. They prefer unmarried, adolescent girls. I went to work after my marriage. They were not able to identify me as married. I am not going to the mill anymore but I still feel very distressed because of the hard times I had to face. I feel very sad for having decided to join the mill.

Prithi (19), worked between 2007 and 2009 at KPR Mill:

My cousin-sister was working at KPR Mill. I was approached by a broker who kept on telling me that my cousin-sister was asking for me to also join the factory. I finally decided to go because I come from a poor family and I wanted to support my family. I was 14 years old when I started working at KPR Mill. Before that, I had been working at another factory. At that time I was living at home. At KPR Mill I was living in the factory hostel, which I didn't like at all. The broker told me I would get three meals a day, that I would earn a lot of money and that I would be able to see my parents four hours a week.

On Fridays, Saturdays and Sundays I had to work 12-hours shifts. I was feeling ill very often but if I said something about it to the supervisors, they would scold at me. The supervisors treated us all very badly. There is a swimming pool at the factory. We could swim for half an hour every day. First, we had to buy a swimming suit for 100 Rupees. I bought the swimming suit but it only covered my body up till my knees. I decided not to go swimming because in my culture it is not accepted to show any skin. There are also yoga classes and tailoring courses but I was never able to participate because I did not have the time to do so.

I completed three years and the company gave me 30,000 rupees. When I left I was very ill. There was a cotton ball in my stomach. During work I was breathing in a lot of cotton. They gave me a mouth cap but I took it off most of the time because I felt I could not breathe because of the heat. Wearing the mouth cap is very uncomfortable. I was having a lot of pain. The doctors told me that the cotton in my stomach was causing complications. They operated me to remove the cotton ball. I spent all the money I earned on the medical treatment.

During my stay at the factory my parents arranged a marriage partner for me. I was engaged for a while but the marriage was cancelled because I couldn't pay the dowry because all the money was spent on medical expenses. I will never be able to marry because I don't have any money and I still feel sick.

Violations of local labour laws and international labour norms

The labour practices as reported above indicate violations of various Indian labour laws and internationally agreed upon labour standards. Here is a brief overview.

Bonded labour

The fact that employers are holding back part of the workers' wages and only pay them out after the three years have been completed makes this scheme a bonded labour scheme. Forced or mandatory labour is a violation of the Indian Bonded Labour System (Abolition) Act, ILO Conventions 29 and 105 and OECD Guidelines Chapter IV, paragraph 1c.

No freedom of movement

The restricted freedom of movement that Sumangali workers are subjected to is a violation of Indian Constitution's Articles 14, 15, 21 & 23 which protect the right to life, liberty, dignity and freedom from exploitation, as well as a violation of Article 13 of the Universal Declaration of Human Rights.

Child labour

Employing children under the age of 14 in, among others, the garment industry, is a violation of India's Child Labour (Regulation and Prohibition) Act, the International Labour Organisation's (ILO) Convention 136 on the Minimum Age to Work and of the OECD Guidelines (Chapter IV, paragraph 1b). Employing children under 18 who are working under hazardous conditions is violating ILO Convention 182 on the worst forms of child labour. Neither Convention has been ratified by India.

No freedom of association

Trade unions are not allowed in the factories. Workers are not able to contact trade unions because they are not allowed to leave the factory premises. Not allowing workers to organise themselves in trade unions or workers committees is in breach with India's Factories Act, India's Trade Union Act, the ILO Conventions on the Right to Organize and the Right to Collective Bargaining and the OECD Guidelines, chapter IV, paragraph 1a.

Maximum working hours

Work weeks of 72 hours are a breach of the ILO's Convention on maximum working hours (48 + 12) and the Indian Factories Act, Chapter VI, section 51.

Occupational health and safety

Not providing a safe and healthy work environment is a breach of the Indian Factories Act, Chapter III, section 13; ILO Convention 155 and OECD Guidelines Chapter IV, paragraph 4b.

Chapter 3:

Four vertically integrated garment producers

SSM India

SSM India is one of the largest vertically integrated apparel manufacturers. It has an annual turnover of \$60 million, producing 12 million articles of knitted garments per year.¹⁸ The company operates six facilities and employs around 5,000 people. SSM India has two spinning units producing cotton yarn, operating under the name Sri Saravana Spinning Mills, both located in Dindigul district. The company's yarn processing division is known as SSM Fine Yarn. SSM Fabric is the division where dyed yarns are processed into piece-dyed fabrics. SSM Fine Yarn and SSM Fabric are also located in Dindigul district, in Batlagundu. SSM further operates a garmenting division, Sumeru Knits, in Coimbatore. It has a unit in Sathyamangalam (Erode district) which engages in garmenting (Sumeru garments) and textile production (Akshara Textiles). The garment divisions supply various European and US clothing brands. Sumeru Knits is SA 8000 certified.¹⁹

Customers

A great majority of SSM's garment production is shipped to the UK.²⁰ Its main client is Crystal Martin (UK), a specialised sourcing organisation that supplies various clothing brands and retailers throughout Europe.²¹ Crystal Martin does not publicly disclose information on its customer base. Crystal Martin is part of the Hong Kong based Crystal Group. At the Crystal group website, customers are mentioned, including Mothercare, M&S, Next, and Abercrombie & Fitch. C&A (Germany/ Belgium) and Mothercare (UK) have confirmed to be sourcing from SSM. The first one directly, the latter via Crystal Martin.²² Export data from Tuticorin port also showed that Primark (Ireland) is directly sourcing from SSM. Furthermore the following clothing brands and retailers are listed on SSM's website as customers: Abercrombie & Fitch (US), IZOD (Philips van Heusen, US), Marks & Spencer (UK), Next (UK), the Children's Place (US), S'Oliver (Germany).²³

Sumangali workers at SSM India

The researchers have identified Sumangali workers at both the spinning units, at SSM Fine Yarn and at Akshara Textiles. In total at these four units some 1250 workers are employed under the Sumangali Scheme.²⁴ Most Sumangali workers are residing in the factory's hostels; not all hostel workers are covered under the scheme. SSM employs around 1500 non-residential workers out of which some 200 are employed under the Sumangali Scheme.

SOMO and ICN did commission additional research to be undertaken in April 2011, but no indications of systemic improvements were found.

Recruitment

Girls aged 15 years and older are recruited. In November 2010 the promised lump sum for workers at Akshara Textiles was increased from RS. 30,000 to Rs.50,000. The lump sum for spinning mill workers was increased from Rs. 30,000 to Rs. 45,000. The scheme period has been extended, from three years

to four years. Except for the general promises as described in Chapter 2, SSM also promises to provide the girls and their parents with two sets of clothes.

Scheme period and lump sum payment

The lump sum, which is being saved up by withholding part of the worker's wage every month, varies between Rs. 30,000 and Rs. 50,000, depending on the scheme period. The scheme period varies between three and four years.

In order to complete the scheme period the workers have to complete a certain amount of services. One service consists of 26 days (a month). If the scheme period is three years, then the worker would have to complete 36 services. If a worker misses one day, one service (another 26 days) will be added in order to complete the scheme period. Many workers are thus forced to stay longer than the agreed period in order to receive the lump sum amount. If a worker decides to leave the factory before the scheme period has been completed they have to inform the management about their reasons for quitting. If the management accepts the reason, then part of the lump sum will be paid out. In many cases, the management doesn't accept the reason and consequently no lump sum will be paid out.

Restricted freedom of movement and limited privacy

All of the above mentioned units have hostel facilities within the factory premises. Workers who stay in the hostels are not allowed to leave the factory premises freely. Parents are allowed to visit their daughters once a month on Sundays, for one hour. Permission to receive visits has to be requested on forehand. Workers are not allowed to have a mobile phone. There is a phone in the warden's room. The warden handles all incoming and outgoing phone calls. Workers can make a phone call upon request, but may only make phone calls to their parents.

Wages

The daily wage at Akshara Textiles starts at Rs. 70 for an 8 hour shift. After each six months Rs. 6 is added to the daily wage. At the end of the three-year period the daily wage would be Rs.100. Workers at the spinning units receive a monthly wage between Rs. 2,600 and Rs. 3,300. This is below the legally set minimum wage.

Working hours

Hostel workers work 12 hours a day on a regular basis. A regular working week consists of 72 hours. Overtime work is mandatory for hostel workers. During peaks in production hostel workers are also forced to work night shifts (after they have already completed a full day-shift). According to the law, workers should be paid double wage for overtime hours. This is not the case at SSM. Workers receive around Rs. 50 for 4 hours of overtime.

Freedom of association

No trade unions are allowed at SSM. Workers at Sri Saravana Spinning Mills who had joined a trade union have been fired.

Review

SOMO and ICN shared a draft of the report with SSM for review. The company sent an acknowledgment of receipt and replied that its customer would respond.

Eastman Exports Global Clothing

Eastman Exports is one of the biggest players in the Tamil Nadu textiles and garment industry and supplies a large group of European and US brands. Its head office is located in Tirupur. Yarn and textiles are produced at Eastman Spinning Mills in Dindigul (two units). The company operates various garmenting facilities, Nakulan Textiles (two units) and Infratex in Perundurai (Erode). Another garment unit is located in Odakkara, Tirupur. Eastman also has a dyeing unit, India Dyeing Mills, in Erode. In total the company operates 24 production facilities. It has a production capacity of 6 million articles of underwear a day and 6 million knitted garments a month.²⁵ The company claims to 'follow ethical employment practices and adhere to applicable State, National and International laws on labour employment. Providing a clean, safe and healthy environment; adopt fair labour practices, without any discrimination and we do not interfere in their freedom.'²⁶

Customers

The below listed brands and retailers have been identified as buyers from Eastman. The supply chain relationships have been verified with export data from Tuticorin port²⁷ or via email correspondence with the companies. Bestseller (Denmark), C&A (Germany/ Belgium), Celio (France), Cortefiel (Spain), Diesel (Italy), Diramode (Pimkie, France), El Corte Ingles (Spain), Haugkaup (Iceland), Inditex (Spain), IZOD (Philips van Heusen, US), K Mail Order (Klingel, Germany), Matalan (UK), Mexx (Liz Claiborne, US), Migros (Switzerland), Noel Soccer (France), Norprotex (France), Old Navy (GAP, US), Timberland (US), Tommy Hilfiger (Philips-van Heusen, US).

Furthermore, the following brands are listed as clients on Eastman's website²⁸: Grupo Coin (Italy) La Halle (France), Quicksilver (US), Next (UK).

Sumangali workers at Eastman

The information obtained through workers interviews conducted in 2010 showed that Sumangali workers were employed at Eastman's spinning mills in Dindigul at least until April 2010. Some of Eastman's buyers claim that the Sumangali Scheme was abolished in April 2010 and that various improvements had been implemented.

Interviews conducted at the end of April 2011 with workers currently employed at three of Eastman's units confirm that the employment practices at Eastman have indeed changed since April 2010.²⁹ The company no longer uses the lump sum payment scheme. For those girls employed at the time under the Sumangali Scheme a settlement was reached based on the period the girls had been working with Eastman. Since April 2010, workers receive a monthly salary, ranging from Rs. 110 to 170 for garment workers and from Rs. 170 to Rs. 240 for spinning mill workers, depending on skill's level and seniority. Workers are no longer recruited under the Sumangali Scheme and no new workers under the age of 18 are admitted in Eastman's hostels. The company is now increasingly recruiting locally instead of employing labourers from more remote districts.

Unresolved issues

Not all issues have been resolved, however. Workers interviewed in April 2011 reported that excessive and forced overtime is common practice in the garmenting units. They work 12 hours a day on a regular basis. A regular work week consists of 72 hours. During production peaks, workers are even forced to

work more than 12 hours a day. According to Indian law workers should receive double-time wages for overtime. However, workers at Eastman receive regular wage for overtime hours. There are around 1500 workers residing in Eastman's hostels. They are still restricted in their freedom of movement. Workers are allowed to leave the hostel only once a month, accompanied by a guard. Workers do not receive a contract, leaving them with no proof about what was verbally promised to them. There is no trade union active within the company and workers cannot join a trade union if they wanted to. Furthermore, workers are not allowed to contact trade unions.

Review

SOMO and ICN shared a draft of the report with Eastman for review. The company replied very belatedly, on May 19th, a day before publication of the report. In its reply Eastman states that overtime practices at Eastman are according to the Indian law. Workers are not forced to work overtime, overtime is voluntary. Eastman writes that the hostel accommodation is not provided by Eastman. Workers are staying in 'private and independent hostel accommodations available according to their choice'. However, Eastman writes, to have spoken to the concerned hostel accommodation providers 'for better facilities and freedom of movement'. Eastman further states that trade unions exist at the places where its factories are located and that 'none of the workers are prevented from joining trade unions.' SOMO and ICN have not yet been able to check this information with the local researchers.

Bannari Amman Group

The Bannari Amman Group is one of the largest industrial conglomerates in South India with a wide spectrum of manufacturing, trading, distribution and financing activities. Manufacturing and trading include sugar, alcohol, liquor, granite, and cotton yarn. The Group's net worth exceeds US \$270 million, with sales turnover exceeding US \$570 million.³⁰ Bannari Amman Spinning Mills had a sales turnover of \$79,271,647 and a net income of \$3,358,994.³¹ The company is listed on the Bombay Stock Exchange. Two of the groups' companies engage in textile and garment production: Bannari Amman Spinning Mills and Shiva Tex Yarn. Shiva Tex Yarn became part of the Bannari Amman Group through a joint venture with Bannari Amman Spinning Mills. Two units of Bannari Amman Spinning Mills are located in Dindigul. Shiva Tex Yarn's spinning mills are located in Dindigul and Coimbatore. Two of the group's companies engage in garment production: Bannari Amman Apparels and Yeswe Creations (a division of Shiva Tex Yarn). Both CMT divisions are WRAP Certified.³²

Customers

American Eagle Outfitters (US), C&A (via Yeswe Creations, division of Shiva Tex Yarn)

Sumangali workers within the Bannari Amman Group

The researchers found indications of the Sumangali Scheme being practiced at Bannari Amman's spinning units. SOMO and ICN did not receive any feedback that the situation as described in the draft report would have changed. Local researchers reported that around 2,000 workers are currently employed under the Sumangali Scheme at Bannari Amman. Approximately 1,000 workers are accommodated in the factory hostel.³³

SOMO and ICN shared a draft of the report with Bannari Amman for review. The company did not reply.

KPR Mill

KPR Mill is a stock listed producer of ready-made knitted apparel and cotton knitted fabric and yarn. The company's sales turnover in 2010 was \$179,193,630, while its net income for the same year was \$11,252,071.³⁴ The company has six production units and employs more than 10,000 workers. It operates a spinning mill (Indiampalayam unit) at Sathyamangalam in the Erode district. Two spinning & knitting units are located in Coimbatore (Karumathampatti and Neelambur plant). KPR Mill's Sipcot unit in Perundurai specialises in dyeing, bleaching and compacting. The Arasur complex is the biggest production unit, housing spinning, knitting and garmenting unit and employing 5,000 workers.

Customers:

On the basis of export data from Tuticorin port³⁵ the following brands and retailers have been identified as buyers of KPR Mill:

Charles Veillon (Switzerland), Oxylane (France), Ernstings Family (Germany), Garan (US), Jansen Textil (Germany), Primark (Ireland), Tesco (UK)

Sumangali workers at KPR Mill

Research showed that KPR Mill employed young women and girls under the Sumangali Scheme at the Arasur Complex at least until August 2010. In response to international media attention about the Sumangali Scheme as practices at KPR Mill and subsequent audits confirming this, some customers decided to stop sourcing from KPR Mill. At the time, H&M and Carrefour indicated that no discussion was possible with KPR Mill about their use of the Sumangali Scheme and that the needed trust for a continued relationship was lacking.

In response to the draft of the SOMO/ICN report some of the current buyers have indicated that since September 2010 improvements have been implemented at KPR Mill/ Quantum Knits (Arasur Complex). Specifically, the following claims were made

- ▶ The monthly payment of workers is done by bank transfer;
- ▶ The wages are paid with mandatory deductions for Provident Fund (PF) 12,5%, food and lodging allowance. No other deductions are made;
- ▶ The workers are paid the minimum wage set for textile workers in the region;
- ▶ This minimum wage is set by the local labour department and revised every 6 months;
- ▶ Overtime premium is paid, as per law.
- ▶ Young workers do not work at night;
- ▶ Workers older than 18 enjoy full freedom of movement
- ▶ Workers may contact their families at any time.

According to research carried out by CASS, however, there are currently around 500 girls employed under the Sumangali Scheme at KPR Mill's spinning unit in Sathyamangalam in the Erode district. In April 2011, local researchers conducted interviews with workers who had left KPR Mill's Sathyamangalam unit in January 2011 and October 2010 respectively. These workers indicated that the situation at KPR Mill in Sathyamangalam is unchanged. Workers in this spinning mill are still employed under the Sumangali Scheme and are severely restricted in their freedom of movement. The interviewed girls had worked at the spinning mill for 2 to 2,5 years but did not receive anything of the

promised lump sum amount.³⁶ In October 2010, KPR put out recruitment posters calling upon ‘teenage women workers’ to come and work at KPR for periods varying from 40 to 60 months.

SOMO and ICN shared a draft of the report with KPR Mill for review. The company did not reply.

European and US buyers and their supply chain policies

Clothing brands and retailers are increasingly aware that they have a responsibility for the working conditions in the factories they source from. Many of the above listed companies have policies in which they have laid down their commitment towards ensuring decent working conditions at their suppliers. These policies are usually expressed in a code of conduct. Company codes of conduct vary in quality, content and scope. Some codes of conduct merely contain a list of principles which suppliers should adhere to, without further specification. Some codes include weakly defined clauses. Clauses on freedom of association, for instance, are often inadequate as many codes recognise the right of workers to join trade unions but do not include any references to cover situations where the right to freedom of association and collective bargaining is restricted by law. On the other hand, there are several companies that have elaborate codes of conduct which do not only refer to the core labour standards but which also include detailed provisions with regard to living conditions, covering dormitories, kitchens and dining areas, for example. Additionally, some brands require their suppliers to disclose information regarding their subcontractors.

According to SOMO and ICN, a credible code of conduct should include provisions based on internationally agreed labour standards. The Universal Declaration of Human Rights, the ILO Core Conventions and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy provide the primary normative basis in the area of labour practices. To ensure effective implementation of such codes several aspects need to be taken into account. For instance, the code should apply to all workers affected by labour practices for which the company has some measure of responsibility. The code should be circulated in the local language among the company’s employees and the employees of its suppliers. Efforts should be made to ensure that workers are informed of and understand the code. Compliance with the code should be monitored by the company and remediation efforts should be taken in case of non-compliance. Independent verification processes, involving consultation with appropriate stakeholders, are the final building block of an effective CSR policy.

Chapter 4

Efforts to phase out the Sumangali Scheme

In India

Tirupur People Forum (TPF) and the Campaign Against Sumangali Scheme (CASS)

In Tamil Nadu, local civil society organisations are actively working to end the exploitation of Sumangali workers. They run awareness campaigns in poor villages to convince parents to think twice before sending their daughters to the mills. They also seek remediation for ex Sumangali workers and legal justice for Sumangali workers who have not received their entitlements. Many organisations are collaborating in different platforms such as the Tirupur People Forum (TPF) and the Campaign Against Sumangali Scheme (CASS). TPF has been engaged in defending the rights of Sumangali victims since 2005. TPF and CASS are pressuring the local authorities and the Tirupur Exporters Association to take measures to end this exploitation.

Demands to the Government of Tamil Nadu by the Campaign Against Sumangali Scheme and Tirupur People's Forum, November 2010

Indian Civil Society Organisations and Trade Unions united in the Campaign Against Sumangali Scheme (CASS) and in the Tirupur People Forum (TPF) urge the Tamil Nadu government to investigate the violations of Indian labour laws in the textile and garment industry; to sanction the perpetrators and to take measures to abolish the Sumangali Scheme.

The demands by CASS and TPF include:

- ▶ Workers of 18 years and older who have completed 6 months of work under the scheme, should be considered as permanent workers. They should be paid the legally set minimum wage for textile workers.
- ▶ Workers who already completed a three or four year period but didn't receive the lump sum payment should receive a suitable compensation. The wage has to be calculated for the period of working and to be settled as per the minimum wage (deducting the amount of the monthly wages already paid). To this end the Tamil Nadu government should start an investigation.
- ▶ The State Government has a constitutional obligation to protect the children of vulnerable communities. The Tamil Nadu Government should therefore protect the children of vulnerable communities and ensure social justice by issuing an order in this regard with severe punishment for fraudulent recruitments. Moreover, suitable rehabilitation must be provided for the girls affected.
- ▶ The Government of Tamil Nadu should ban any schemes which are devised to exploit the existing dowry practices and income related socio-economic conditions of the most vulnerable rural communities and which contravene existing laws. Additionally, the present dowry system should be strongly discouraged.
- ▶ The government should take immediate steps to provide adequate housing/hostel facilities for all workers outside the factories to ensure freedom of mobility and equality of women workers.

- ▶ The Government should order the textile mills to pay compensation as per the Factories Act 1948, the Workman Compensation Act for all injured victims of the Sumangali Scheme and check if this is actually carried out.
- ▶ The government of Tamil Nadu should constitute district level committees under the chairmanship of district collectors with the participation of civil society organisations and labour unions working for labour rights, child rights and women empowerment. These committees should inspect all the textile mills and garment factories to ascertain the facts like the number of girls and young women workers engaged under the Sumangali Scheme or in factory owned hostels and to ensure the protection of labour rights.
- ▶ The National Human Rights Commission and State Women Commission should take cognizance of the issue and carry out remedial action.

Tirupur Stakeholders Forum (TSF)

In December 2010 a meeting was hosted by the Tirupur Exporters Association (TEA), and attended by the Brands Ethical Working Group (BEWG, see below), NGOs and trade unions. Together they decided to set up the Tirupur Stakeholders Forum (TSF), a tri-partite body to address issues of concern including the Sumangali Scheme. The chair of the TSF is Mr. N Chandran, chairman and managing director of the Eastman Group. To strengthen the voice of NGOs within this forum and to connect developments on the European and Indian level, local NGOs with the support of Terre des Hommes Germany organised a multi-stakeholder meeting on the 10th of March 2011. For the first time, the Tamil Nadu Spinning Mills Association (TASMA) attended such a meeting. It was proposed that the TSF from now on will invite both TASMA and SIMA (South Indian Mills Association) to their meetings. It was also proposed that within TSF two committees will be set up that will discuss and make proposals on how to improve the policy on apprenticeships, and how to improve the hostels for the workers.

On an international level

European Coalition for Corporate Justice (ECCJ)

Early September 2010, after a fact finding mission carried out by European journalists organised by the ECCJ, various European newspapers reported on the exploitative nature of the Sumangali Scheme. The media pointed a critical finger at the clothing brands sourcing from factories that apply this scheme. Pressurised by the media attention brands announced they would be undertaking actions to improve the situation. In November 2010 ECCJ published the 'Rights for Whom?'³⁷ report. This report includes proposals to improve European regulations in order to prevent these types of harmful practices.

Anti-Slavery International

In 2009 and 2010, Anti-Slavery International (ASI) has conducted extensive research into the Sumangali Scheme and other forms of bonded labour in India, including the Tamil Nadu garment industry.³⁸ ASI has urged the Ethical Trading Initiative (ETI) to initiate a dialogue with business, trade unions and non-governmental organisations to tackle the manifestations of slavery in garment and fabric supply chains (see below).

Terre des Hommes Germany

Terre des Hommes Germany is supporting NGOs in Tirupur since the early nineties, focusing on combating child labour in the textile industry. Terre des Hommes has called upon brands and retailers sourcing from Tamil Nadu to assume responsibility and work towards improving conditions in their supply chain.

Ethical Trading Initiative

The Ethical Trading Initiative (ETI), a multi stakeholder alliance of companies, trade unions and voluntary organisations working in partnership to improve the lives of workers across the globe,³⁹ has facilitated a series of meetings with retailers, clothing brands, NGOs and trade unions. At these meetings the issues raised by Anti-Slavery, SOMO and ICN were discussed among ETI members and collective ways to address these concerns were agreed upon. According to information, as of May 2011, a Joint Statement of Intent is due to be published. In this statement brands and retailers express their concerns about the prevailing situation in the Tamil Nadu textile and garment industry and commit themselves to undertake collective action in order to eradicate forced and bonded labour types and to ensure decent working conditions.⁴⁰ Immediate steps include the establishment of a tripartite body to develop a comprehensive and detailed three year plan in collaboration with local organisations, and with appropriate local and international governance and stakeholder engagement. By means of the statement the signatories also commit to contribute to a fund in support of the objectives of the plan and of local civil society organisations. Besides the final signatories, a larger group of brands and retailers have been involved in preparing the statement, including Best Seller, C&A, Cortefiel, Gap, Inditex, Marks & Spencer, Mothercare, Next, Primark and Tesco. It is not clear why they did not sign on to the statement.

Corporate statement in response to the SOMO/ICN report

In May 2011, a group of brands formulated a statement in response to the SOMO/ICN report. In this statement the signatories recognise that they have an important role to play in condemning practices highlighted in the reports, surrounding the Sumangali Scheme as well as other significant problems identified, and support efforts to eliminate labour rights abuses. The need for increased transparency beyond cut and sew facilities is recognised. Companies and retailers that have signed this statement include: ASOS, Bestseller, C&A, Grupo Cortefiel, H&M, Mothercare, Next, Primark and Tesco.

Brands Ethical Working Group

Several brands sourcing from India (among others C&A, Cortefiel, Gap, Next, H&M, Mothercare, Tesco and Timberland) are participating in the Brands Ethical Working Group. In this working group issues regarding non-compliance with labour standards are discussed. Brands that are participating in this working group have indicated they have started discussing how they, as buyers, can work together to prevent the Sumangali Scheme in spinning mills.

Business Social Responsibility (BSR)

Some companies have teamed up with Business for Social Responsibility (BSR) to develop a collaborative auditing process for apparel mills and sundries. Brands and retailers participating in the BSR Apparel, Mills, and Sundries Working Group are committed to ensuring that the mills and sundry suppliers used in the apparel industry globally adhere to the same social and environmental expectations that apply to finished goods manufacturers. Participating brands are: Abercrombie & Fitch, Burberry Ltd., Carhartt, Gap Inc., JCPenney Corporation, Inc., J.Crew, Jones Apparel Group,

Levi Strauss & Co., Nordstrom, Primark, The Timberland Company and VF Corporation. According to Timberland, Eastman Exports has agreed to participate in this initiative.

Business Social Compliance Initiative (BSCI)

The Business Social Compliance Initiative (BSCI) has held a round table meeting in New Delhi in January 2011 where the Sumangali issue was discussed. This meeting was attended by stakeholders from industry, government, NGOs, certification bodies and other parties. Migros referenced this meeting, but there is no further public information available about corporate participants or the actions that were decided upon. Another BSCI round table around the Sumangali Scheme is scheduled for May/ June 2011 in Chennai.

Individual corporate action

Some of the companies that reacted on the draft version of this report did not indicate to be participating in the above mentioned initiatives, but did elaborate on their individual approach to address the concerns. Some examples:

Oxylane for instance indicated that it had found some serious 'non conformities' in September 2010 at one of its Tamil Nadu based suppliers. Oxylane decided to work with the supplier to improve the situation, while the production was however halted. A corrective action plan was developed and implemented. Various internal assessments were conducted in order to monitor the implementation of the corrective action plan. Oxylane claims that improvements with regard to wages, health and safety, and freedom of movement have been implemented. Oxylane states that third-party assessments confirm these improvements.

Tommy Hilfiger wrote in response to the draft SOMO and ICN report *'to have expanded the scope of their investigation to include the raw material suppliers of their vendors'* so beyond their first tier supplier.

Izod reported to have conducted an on-site investigation into the allegations raised in the SOMO /ICN report of the existence of Sumangali in their manufacturer's supply chain – something beyond the pale of their normal program coverage.

Primark wrote about a financial inclusion programme for its factory workers in India without access to bank accounts. Workers are provided with a bank account to which wages are directly deposited. Women access their bank accounts through secure biometric scans that scan six fingerprints. Financial literacy training is also provided. Many factory workers are migrant workers, it is almost impossible for them to safely transfer cash home without a proper banking structure. Furthermore, cash payments present numerous challenges to factory workers, including fraud as the money passes through factory management, and safety concerns when factory workers travel home after work. Tesco is also supporting and advocating this banking system.

Conclusion and recommendations

This report highlights several labour rights violations faced by girls and young women employed under the Sumangali Scheme in the Tamil Nadu garment industry. The Sumangali Scheme equals bonded labour, on the basis of the fact that employers are unilaterally holding back part of the workers' wages until three or more years of work have been completed. In addition, workers are severely restricted in their freedom of movement and privacy. Workers work in unsafe and unhealthy circumstances. Local and international NGOs have reported extensively on the Sumangali Scheme. Inevitably, brands and retailers sourcing from Tamil Nadu have Sumangali workers in their supply chain. ICN and SOMO strongly oppose the Sumangali Scheme. Sourcing companies have a responsibility to ensure that workers' rights are respected throughout their supply and production chain.

ICN and SOMO acknowledge that steps have been taken to address problems as described in this report. At the same time, it was found that serious problems persist, including the recruitment and employment of women workers under the Sumangali Scheme as well as other forms of unacceptable labour abuses.

It is important, therefore, that initiatives to phase out the Sumangali Scheme meet certain requirements in order to be effective and sustainable. It is essential that these initiatives are undertaken in a genuine multi-stakeholder setting, in particular involving local stakeholders. A credible initiative needs to set ambitious, concrete and time-bound goals. Furthermore, companies and retailers should transparently inform interested parties about the progress in their actions.

In general, SOMO and ICN urge brands and retailers to:

- ▶ Adhere to international labour standards as well as local labour laws, whatever sets the highest standard.
- ▶ Support and facilitate the proper enforcement of such standards and laws.
- ▶ Take all necessary steps to prevent or remediate labour rights violations in cooperation with suppliers.
- ▶ Gain a complete understanding of their supply chain including second and third tier suppliers and make this information available to relevant stakeholders.
- ▶ Accept a broad definition of supply chain responsibility beyond the 'cut make and trim (CMT) phase to include the whole production process, not simply limiting monitoring and corrective actions to the direct end manufacturing units.
- ▶ Investigate and continuously monitor the occurrence of the Sumangali Scheme and/or other labour rights violations throughout the supply chain.
- ▶ Conduct social compliance audits beyond the units where their final products are assembled. Spinning, weaving and dyeing units should also be monitored.
- ▶ Engage in a structural and equal manner with local and international stakeholders.
- ▶ Ensure the establishment of genuine and credible grievance mechanisms at supplier level.
- ▶ Seek collaboration with other brands, in order to increase leverage, preferably in a multi-stakeholder setting such as provided by the Ethical Trading Initiative or the Fair Wear Foundation.
- ▶ Exercise responsible buying practices, including pricing policy honouring the social and environmental quality of products, reasonable supply lead times in order to avoid exercising excessive pressure on workers, as well as continuity in trading relations with multi-year contracts to ensure economic security for suppliers.

Terminating the relationship with a supplier is the wrong response as the situation for workers does not change or may even worsen. The decision to end the relationship with a supplier should be a last resort only, when all efforts to improve the situation have failed.

SOMO and ICN welcome the ETI Joint Statement of Intent. It is essential that the problems related to the Sumangali Scheme and other labour rights abuses in the Tamil Nadu garment are addressed in a truly multi stakeholder setting such as the ETI. It is a pity, however, that so far only four companies have signed the statement. The intention that is expressed is positive. Regarding the presentation of the problems in the ETI Joint Statement, SOMO and ICN welcome that specific mention is made of the Dalit background of the majority of the Sumangali workers. This will help in addressing specific problems related to caste-based discrimination. SOMO and ICN are looking forward to hear how the Joint Statement of Intent will be translated into action. We expect a stringent timeline for the announced three-year action plan will soon be developed.

The statement signed by 9 brands and retailers in May 2011 in response to the SOMO/ICN report is also welcomed. It must be noted, however, that this statement, unlike the ETI statement, is an industry-only initiative, although the signatories express the hope that collective collaboration with international and local stakeholders will be possible. Also, this statement is much less detailed and lacks proposals for concrete action. SOMO and ICN expect such concrete action to follow soon, as well as clear information on the results.

Most importantly, SOMO and ICN urge all companies, and local and international civil society organisations involved to join forces and work together, instead of developing separate courses of action.



Annex 1.

Eliminating Sumangali & Camp Coolie abuses in the Tamil Nadu garment industry

Joint Statement of Intent

Introduction

The textile and garment industries are vital to economic development in South India, offering employment opportunities for thousands of workers and vital foreign exchange earnings from international trade. It is also important to the supply chains of many international retailers.

Recent research carried out by Anti Slavery International has revealed labour practices in the textile and garment sector in Tamil Nadu, South India that contravene international standards and local law. In particular, it reveals use of different types of forced and bonded labour practices as well as the worst forms of child labour⁴⁰ particularly in mills. Examples are known as 'Sumangali' and 'Camp Coolie' schemes.

A group of concerned parties, including major retailers, clothing brands, NGOs and trade unions, have held a series of meetings to better understand prevailing conditions and agree collective ways in which local efforts that are underway can be supported to address the issues revealed in the research. At the same time local stakeholders have been holding a series of meetings to develop local plans and initiatives, which we applaud. We recognise that the schemes known as Sumangali and Camp Coolie, while in need of particular attention, represent only a part of a broad range of labour issues that need to be addressed in order to achieve decent work.

This joint Statement of Intent sets out commitments made by its signatories to support significant change in the industry, so that illegal and unacceptable practices are eliminated and working conditions are improved, in particular for women and young workers.

Expression of concern

Evidence shows the existence of slavery practices in the industry including forced and bonded labour, particularly of young women and Dalits, and worst forms of child labour, particularly of teenage girls. The signatories to this joint Statement of Intent recognise that these practices are absolutely unacceptable, are in contravention of Indian national law and international conventions.

We agree that urgent collective action is required to ensure that:

1. ILO Convention 138 on the minimum age for employment and hazardous employment is respected in the garment and textile manufacturing sector in Tamil Nadu.
2. Workers receive compensation for wages owed and health issues/damage arising from employment conditions, through the establishment and implementation of procedures based on the legal obligations of the employers and the state, and the responsibilities of sourcing companies

3. There is an end to all contract schemes that enact bonded labour by for example use of final lump sum payments.
4. Constraints on workers leaving their jobs are removed.
5. Workers receive contracts in a language they understand, which comply with national legislation and international conventions, and which clearly state rates of pay, overtime pay, working hours and paid holidays. Costs of accommodation and food, where provided, are clearly stated.
6. Workers should have access to appropriate safety equipment and health facilities.
7. Workers enjoy their rights to freedom of association and collective bargaining as prescribed in ILO Conventions 87 and 98.
8. Workers enjoy freedom of movement, specifically that all workers can leave their accommodation in their free time.
9. Workers' access to trade union representation is facilitated and workers are informed of their right to join a trade union and their right to have this recognised by employers, free from any negative repercussions.
10. Payment of at least a minimum wage for a basic eight hour shift should be enforced. Any overtime must be voluntary and paid at premium rates. Wages must be paid regularly (weekly/monthly) with guaranteed transparency. Deductions for accommodation and food should comply with national legislation and contractual obligations – deductions should be clearly itemised on payslips.

We also support work towards continual improvements in employment practices and working conditions such as:

- ▶ Where accommodation is provided it must be suitable and safe, without intrusive surveillance, which could constitute a violation of the right to privacy.
- ▶ Workers are facilitated with access to independent pension and savings facilities (preferably other than their employers, with NGO and trade union oversight).
- ▶ Employers fulfil their statutory requirements to ensure that workers have access to health services and insurance.
- ▶ Significant progress is made towards paying a living wage, that is a wage that is enough to meet basic needs and provide some discretionary income for the worker and his/her family.

Next Steps

To ensure sustainable solutions to eradicate slavery practices are rooted in local action and promote effective collaboration between government, industry and local civil society, including trade unions, the signatories to this Statement of Intent agree that the following principles should be adhered to:

- ▶ **collective action**: including industry, local NGOs and unions working with government;
- ▶ **inclusivity**, so that victims of slavery and labour abuses, workers and all the major stakeholders in the supply chain are involved, including but not limited to mills and manufacturers;
- ▶ **clarity** of goals and milestones;
- ▶ **transparency** of collective action plans, governance and progress;
- ▶ **sustainability** to ensure that the impact of our actions is lasting.

The immediate actions will be:

To develop a comprehensive and detailed three-year plan, in collaboration with the state government, local organisations, and with appropriate local and international governance and stakeholder engagement. This plan will recognise and where possible incorporate the existing work of local NGOs, brands and trades unions, will have clear objectives, milestones and deliverables, including:

- ▶ A resource plan to support activities, with opportunities identified to leverage third-party support from governments and donor agencies;
- ▶ Encouragement and support of active participation between relevant local organisations and companies in local multi- stakeholder groups through established mechanisms such as Tirupur Stakeholders’ Forum;
- ▶ Initial financial support for local trade unions and NGOs to work directly with workers in order to better understand their perspectives and develop independent and democratic forms of worker representation towards mature systems of industrial relations;
- ▶ A procedure to provide independent medical assessments for all workers employed through the Sumangali and Camp Coolie Schemes and to facilitate their access to owed compensation under Indian law.

The companies and organisations that support this plan are committed over the next three years to collectively and individually make efforts in good faith to meet the goals stated above.

Financial commitment

To establish a credible programme as outlined above, Anti-Slavery International has recommended that a fund be established by business in support of the above and of local civil society organisations working to remediate the Sumangali and Camp Coolie issue in Tamil Nadu. The signatories commit to contribute to such a fund, which would be focused on specific activities and outcomes outlined above, with the establishment of a transparent tripartite system of governance and monitoring arrangements.

Important note: Under the UK listings rule 10.2.4 companies are unable to commit to funding with unlimited liability without shareholder approval.

Signatories

The signatories to this joint statement of intent are:

- X
- X
- X
- X
- X
- X

Annex 2.

Response to SOMO / ICN / CASS Report

We recently read with concern the draft report authored by The India Committee of the Netherlands (ICN). The Centre for Research on Multinational Corporations (SOMO) and the Campaign Against Sumangali Scheme (CASS) with the draft title 'ICN & SOMO Report on the Sumangali Scheme'. The report outlines a very troubling picture of abuses such as Sumangali apprenticeship programmes, particularly in spinning mills and other more remote aspects of international and local supply chains in the Tamil Nadu region of India. The brands and retailers who are the signatories to this statement recognise that we have an important role to play in condemning practices highlighted in the report and supporting efforts to eliminate labour rights abuses. As such, the brands and retailers who have signed this statement support the following:

1. No workers under the legal employment age shall be employed in the garment sector;
2. Putting an end to forced and bonded labour practices;
3. Providing workers with contracts that comply with national law, which are in a language they understand, and clearly state rates of pay, working hours, overtime pay, paid holidays and relevant deductions for food and housing. Detailed, understandable pay slips should also be provided to all workers;
4. Where accommodations are provided, insisting they be suitable and safe, without intrusive surveillance. Workers must be free to leave these accommodations in their free time;
5. Providing all workers with appropriate means to raise and resolve grievances.

While brands and retailers play an important role in influencing improved labour conditions in their supply chains, government and local stakeholders should be actively engaged to create sustainable change. We therefore support, and where possible will add further weight to accelerate the goals of existing initiatives such as the Tirupur Stakeholders Forum.

We intend to focus on steps that we can collectively take to identify where Sumangali and other abuses may be occurring and then require that these suppliers demonstrate, in a transparent manner, satisfactory employment practices and working conditions. We also recognise the need for increased transparency beyond cut and sew facilities to enhance early awareness by buyers of serious issues and to support a model of continuous improvement through collaboration and engagement.

We hope that through collective collaboration with a range of international and local stakeholders, including the Indian government, we are able positively and effectively to influence the speed at which sustainable solutions can come about surrounding the Sumangali scheme in India, as well as other significant problems identified in the draft report. The signatories look forward to the opportunity to continue the direct dialogue with ASI on this issue, on how we can support efforts to eradicate the Sumangali schemes and other exploitative apprenticeship programmes in the Tamil Nadu region of India.

Sincerely,

ASOS, Bestseller, C&A, Grupo Cortefiel, H&M, Mothercare, Next, Primark, Tesco.

Endnotes

- 1 SOMO and ICN have made all reasonable effort to obtain relevant contact details of all companies mentioned in the report. Some companies, however, do not publicly provide such information on their websites and did not provide so upon request.
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- 5 A. van Es, 'Gevangen tussen fabrieksmuren voor bruidsschat', Volkskrant, 4 September 2010, Economie, p. 2-3.
- 6 T.S. Ramjamani, trade union leader, HMS, Tirupur, India, 25 August 2010, Interview by author.
- 7 Statement by KPR Mill management to visiting journalists, Coimbatore, 27 August 2010.
- 8 Translated from a recruitment announcement that circulated in December 2010.
- 9 Based on mappings of local civil society organisations.
- 10 Mr.K.Narayananwamy & Mr.M.Sachithanandam. 'A study to understand the situation of Arunthaiyar girls employed under the 'Sumangali Thittam' Scheme in Erode, Coimbatore, Tirupur, Viruthunagar & Dindigul districts of Tamil Nadu', India', 2010
- 11 V. Mohanasundaram, 'Report on Bonded Labour in Tamil Nadu : Analysing the Effectiveness of the Programmes for the Eradication of the Bonded Labour System' Centre for Education and Communication (CEC), New Delhi, India, 2007.
- 12 The situation as described in this section does not necessarily reflect the actual situation in all units of the suppliers subject of this research, but intends to give a general view of the Sumangali Scheme in its worst form.
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- 19 Social Accountability International, 'SA8000 Certified Facilities: As of September 30, 2010.
- 20 Export data from Tuticorin Port, April, May, June, July, November and December 2010.
- 21 <http://www.crystal-martin.com/>
- 22 Email correspondence with C&A and Mothercare.
- 23 SSM website, 'Sumeru Knits Customers' and 'SSM Fabrics Customers' <<http://www.sumeruknits.com/>> (accessed 2 February 2011).
- 24 CASS researchers have conducted interviews in late April 2011 with 35 workers currently employed at SSM units Akshara Textiles, Sri Saravana Spinning Mills (unit I and II), SSM Fine Yarns, Sumeru Knits and Sumeru Garments.
- 25 Website Tirupur Exporters Association, 'Eastman Exports Infrastructure', <http://www.tea-india.org/eastmanexports/infra2.htm#1> (accessed on 11 February 2011).
- 26 Eastman Exports website, 'Commitment', no date, accessed via Web Archive on 14 February 2011. Eastman Exports website has been 'under construction' for the last few months and is not accessible anymore. < <http://web.archive.org/web/20080515001414/www.eastmanexports.com/group.php?id=68&lan=>>
- 27 Export data from Tuticorin Port, April, May, June, July, November and December 2010.
- 28 Eastman Exports website, no date, accessed via Web Archive on 14 February 2011. Eastman Exports website has been 'under construction' for the last few months and is not accessible anymore.

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- 32 WRAP website, 'Certified Facility List', Certification Expiry Date 14 January 2012, <<http://www.wrapcompliance.org/en/certified-facility-list>> (accessed on 15 February 2011)
- 33 Campaign Against Sumangali Scheme (CASS) researchers, e-mail correspondence with SOMO and ICN, April 2011.
- 34 Worldscope, 'KPR Mill Limited', 2010.
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- 37 European Coalition for Corporate Justice (ECCJ) 'Rights for Whom?' Corporations, Communities and the Environment', (Brussels: ECCJ, November 2010).
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- 40 SOMO and ICN have received a draft version of this statement dated April 20, 2011. The final version with the signatories has not yet been made public.

Colofon

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