

# Taking Liberties: the story behind the UK high street



Photo : Society for Labour and Development



FIGHTING GLOBAL POVERTY



Labour Behind the Label

Clean Clothes Campaign





## Taking Liberties

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## The organisations involved in this report:

**Labour Behind the Label** is a UK-based organisation which campaigns to support garment workers worldwide in demanding and defending their internationally recognised human rights. LBL is the UK platform of the Europe-wide Clean Clothes Campaign (CCC).

[www.labourbehindthelabel.org](http://www.labourbehindthelabel.org)

**War on Want** fights poverty in developing countries in partnership and solidarity with people affected by globalization. We campaign for human rights, especially workers' rights, and against the root causes of global poverty, inequality and injustice.

[www.waronwant.org](http://www.waronwant.org)

**Society for Labour and Development** aims to be a place for coalition building, new forms of research with the aim of organizing, supporting grassroots worker organizing, and developing campaigns to change policy and raise awareness

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# Taking Liberties

The battle to obtain wages high enough to ensure a dignified and decent life is being fought by hundreds of thousands of mainly women garment workers in some of the poorest countries in the world.

The **Taking Liberties** report reveals that this struggle goes far deeper than the problem of poverty wages. Temporary contracts, systematic exclusion from social security benefits, repression of trade union organising and problems in accessing state provision of basic services mean workers have the most basic of social and economic liberties taken from them.

Our researchers found that workers in the Indian city of Gurgaon are subject to systematic exploitation, violence and repression, long and stressful working hours, casual employment relationships, and exclusion from the social rights, protection and benefits they should be entitled to. Workers spoke of living in a climate of fear and insecurity, where their everyday choices are limited by the contractors, factory owners, landlords, and authorities who control all aspects of their lives.

These workers are not producing for the low cost, fast fashion and supermarket brands normally associated with such appalling conditions. Instead they make garments for some of the more well-respected brands on the UK high street. M&S, Debenhams, Arcadia group, Monsoon and NEXT were all named by workers as major buyers from the factories where they worked. All, except Arcadia group, are members of the Ethical Trading Initiative and all sell clothing at a price which should allow for a living wage and decent working conditions. However, as this report shows, the workers of Gurgaon see no benefit from producing better quality, higher priced clothing for our high street.

For the last five years Labour Behind the Label and War on Want have been at the forefront of UK campaigns to demand a living wage for garment workers. Since 2006 Labour Behind the Label has been calling on UK companies to implement

a living wage for all garment workers. Each year it has produced its Let's Clean Up Fashion report, which examines and compares the commitments and actions of UK brands to pay a living wage. War on Want's 2006 *Fashion Victims*<sup>i</sup> report supported this campaign, bringing the plight of Bangladeshi garment workers to public attention. *Fashion Victims II*<sup>ii</sup>, published in 2008, proved that little had changed.

This report highlights that there remains the urgent need for retailers to ensure that workers are paid a living wage. A number of UK high street companies, including a number of those highlighted here, claim to have made wages a central plank of their corporate social responsibility work [i] and many top UK brands and retailers now profess to have the improvement of wages at the top of their agenda. But, as the workers interviewed for this report testify, these words have had little impact on their daily struggle to provide for themselves or their families.

In *Taking Liberties* we give a snapshot of what life is like for these workers, putting their stories and their demands at the centre of the debate. We look at why the positive commitments of these top brands and retailers are still failing to make an impact on the poverty faced by workers in their supply chain. In the final part of this report we outline what urgently needs to be done by brands, retailers and governments to make a living wage and decent work a reality for garment and textile workers in India and around the world.

We believe that to make a difference brands, retailers and governments need to focus their attention on the root causes of poverty wages, not just pay lip service to a lofty principle. We don't deny that genuine and sustainable change is going to be hard to achieve, but it's time to take up the challenge. We hope you will join us.

# Background

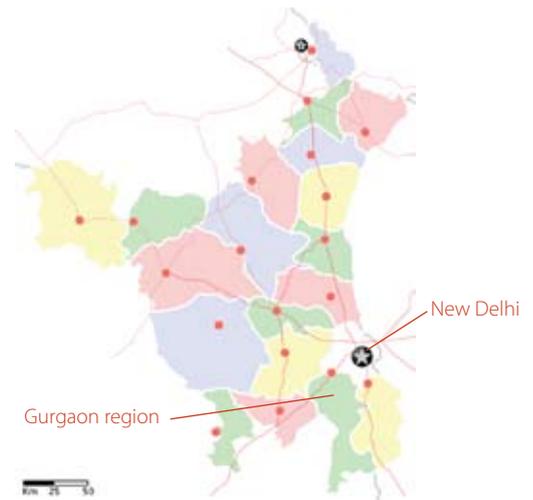
## Gurgaon, India

Few people outside of India have heard much about Gurgaon, located just 32km south west of Delhi, yet many of us will own clothing produced there. It has undergone a rapid transformation from a relatively poor, agricultural region into a massive industrial hub. Much of the manufacturing takes place in specially designated export processing zones, set up to attract foreign investment through tax incentives and exemptions on legal regulations, including labour laws.

This rapid industrialisation has drawn hundreds of thousands of migrant workers to the region, both from other parts of India and from neighbouring countries such as Nepal and Bangladesh<sup>iii</sup>. These workers are often unaccounted for by the authorities and are unable to get the documentation needed to access the government services and support provided to registered citizens. Most are unable to vote, access local services, open bank accounts or send their children to school. They are generally fearful of the authorities and as a result rarely make complaints about abuses they suffer at the hands of employers or landlords.

This increasingly unregulated export-led growth, common to many garment producing areas, has provided huge wealth to investors and industrialists as well as millions in profits for many well known UK retailers. Yet the workers, upon whose

cheap labour this model is built, enjoy little of its success. In 2009/10 Marks & Spencer, one of the retailers highlighted in this report, generated a pre-tax profit of £632.5 million, an increase of 4.6% on the previous year. Arcadia also appears to have suffered little in the recession, reporting pre tax profits of £213.6million in 2009<sup>iv</sup>. The annual pay & bonuses of Stuart Rose, the former CEO of M&S, amounted to £4.3 million in 2009/10. This could help pay a living wage for nearly 3000 Indian garment workers. The £4.9 million sign on fee paid to new M&S CEO Mark Bolland with additional compensation of £7.5m and potential bonus of £2.4m could have paid for a living wage for more than 10,000 garment workers<sup>v</sup>.



## The factories in this report

The workers interviewed for this report were employed in two different factories in Gurgaon, between them employing 3,330 and 4,200 workers at any given time. Unusually for the garment industry 90% of these workers are men. The 10% female workforce is employed in packing and finishing, the lowest skilled and poorest paid positions in the factory.

At the time of the research Factory A was producing for the Debenhams' Casual and Red Herring ranges, the M&S Indigo range and NEXT. Other clients listed on their website include Arcadia (Dorothy Perkins, BHS and Miss Selfridge) and H&M. Workers at Factory B were producing for M&S, including the Indigo range, and NEXT. They also told us Monsoon and Arcadia were regular buyers.



Photo: CCC

## The Living Wage – a global call

All garment workers identify the need for a living wage as their most urgent concern. A living wage is one that enables workers and their dependents to meet their needs for nutritious food and clean water, shelter, clothes, education, health care and transport, as well as allowing for a discretionary income. A living wage is an essential part of decent work which the UN has identified as critical in lifting people out of poverty<sup>vi</sup>.

The barriers to achieving a living wage for all garment workers are varied and many. Competition between countries for much needed foreign earnings keeps the minimum wage (where it exists) well below estimated living wage levels. Price competition amongst retailers, combined with their desire to increase profits year on year, leads to constant downward pressure on the prices and terms of trade offered to suppliers. This pressure is often passed down the chain to workers, translating on the ground into low wages, lack of social security, long hours and unrealistic targets.

Workers' ability to resist this is undermined by a number of systematic rights violations. Garment workers are largely

prevented from joining trade unions through repression and anti union behaviour by employers. This is combined with a lack of will on behalf of brands, retailers and governments to take the steps needed to uphold this basic right. Workers are increasingly employed on short term or temporary contracts or through labour agents. This leaves them vulnerable to arbitrary dismissal and allows employers to evade the responsibilities they have to their workforce. Finally unemployment in areas like Gurgaon is rising as the impacts of climate change, agricultural policy, increasing privatisation and liberalisation of trade are pushing increasing numbers of workers to move from rural to urban areas to find jobs.

Despite these barriers, there exists a growing global movement in support of a living wage. In July 2010 thousands of workers in Bangladesh took to the streets to demand that the minimum wage be increased to 5,000 taka per month. In September 2009 Cambodian workers held a national strike to demand that the new minimum wage be set at \$93 rather than the \$61 initially recommended by the government. The Asia Floor Wage initiative (see below) is also gathering momentum and is mobilising workers and their organisations across Asia to push for an Asia-wide floor wage. Organisations like the ILO and global trade unions are focusing their attention on the need for a living wage, while consumer campaigns across Europe and North America are demanding action from the brands and retailers supplying our high streets.

## Asia Floor Wage

The Asia Floor Wage aims to set a common minimum living wage for garment workers across Asia, thereby eliminating the competition between countries to push down wages in order to increase investment<sup>vii</sup>. It was worked out by developing a living wage for each country, calculated on the basis of the cost of a basket of food making up 50% of costs for a family of four. The figure for each country was then calculated into Purchasing Power Parity dollars<sup>viii</sup>. An average PPP was then negotiated

between the countries and translated back into local currencies. The AFW figure for 2009 was PPP\$475. This figure, converted back to Indian rupees was 6968,25<sup>ix</sup>. In Gurgaon this figure sits at the low end of living wage recommendations for the area.



**For more information on the Asia Floor Wage see [www.labourbehindthelabel.org/](http://www.labourbehindthelabel.org/)**

# Living wages

## Brands and retailers: working towards a living wage?

“We believe that all workers in our supply chain should earn enough money to meet their basic needs.....In addition, their earnings should provide some discretionary income, in line with our Global Sourcing Principles and the ETI base code.”

-M&S submission to Let's Clean Up Fashion 2009

With the notable exception of Debenhams, all of the brands highlighted in this report have committed to improve wages and can cite active projects that aim to make a real difference to the lives of workers. NEXT and M&S regularly score quite highly on ethical rankings. So why has this failed to improve life for workers in Gurgaon?

The truth is that the work being done by brands and retailers has largely failed to move on from attempting to define a living wage to actually implementing it. For example, although all five of the brands highlighted here commit in principle to a living wage in their codes, in practice, like most retailers, they substitute the “living wage” cited in their codes for a “minimum wage” in audits, which remain the main tool used by all brands to collect information on working conditions. This means investigators will only report wage violations if they can prove they are below legal minimums. The result is that few brands and retailers actually have any idea what salaries are being paid to workers in their supply chain.

Another weakness in the corporates’ approach to tackling poverty wages is the apparent reluctance to put workers at the centre of their projects. With the exception of NEXT, who through their “Autopilot” programme is now attempting to engage with unions and labour rights groups, retailers and brands show considerable reluctance to engage with workers and their representatives in designing and implementing their living wage projects. Not one of the retailers mentioned in the report are willing to sign up to the concept of the Asia Floor Wage, which is based on figures developed and negotiated by and through worker representatives.

Yet, the reality is that workers tend to *underestimate* what

their real needs are, rarely calculating in extras such as savings, clothing and family obligations. The current struggle in Bangladesh, where workers are demanding half the real value of the living wage, is a case in point. Yet, rather than accepting worker and trade union estimates on a living wage, many retailers, like M&S, prefer instead to develop their own benchmarks. This leads to a confusing plethora of definitions and takes away from workers the right and capacity to define and demand a wage based on their own needs. For example when the Sunday Times exposed low wages at an M&S factory in Sri Lanka last January, the retailer hit back, claiming that “*There is no one definition of a living wage*” and that the wages at the factory were “*very fair relative to the cost of living in Sri Lanka*.” This, despite the fact that workers interviewed for the story claimed they were unable to meet the cost of living on their salaries.

Until workers and their organisations are put centre stage in the process of defining and implementing a living wage, such efforts will remain little more than window dressing for an industry built on the exploitation of some of the world’s most vulnerable workers.

The stories of workers in Gurgaon highlight once again that the issue of a living wage is not just a theoretical debate but a real and ongoing crisis for hundreds of thousands of human beings. The information below is based on their stories, which serve to highlight the barriers and obstacles that workers themselves tell us are preventing them from enjoying decent work and a dignified life.

Our research showed that workers faced a number of challenges in attempting to earn a wage sufficient to provide



Photo: Society for Labour and Development

## The real story: The living wage in Gurgaon

“You will not see an energetic garment worker in Gurgaon. This industry is sucking our blood and growing and leaving us in this dirt and filth. Are we living in humane situations? Nobody cares...” -Garment worker producing for Debenhams, M&S and NEXT

for themselves and for their families. Clearly the biggest challenge is the paltry sum provided by their monthly salary, but a number of other issues were highlighted. Workers pointed to the denial of social security benefits, the lack of opportunity for promotion or upgrading wages, gender discrimination, the failure to provide sickness and holiday pay, temporary layoffs, and the failure to properly record and compensate overtime as additional problems that limit the ways that workers can try to add value to their wage.

### Poverty wages, discrimination and non-promotion

Garment workers interviewed for this report were struggling on earnings well below a living wage. Workers at both factories were earning the minimum wage for the pay grade assigned to them by the employer. This means unskilled workers such as helpers and thread cutters, were earning Rs4349 (£60)<sup>1</sup> per month. Skilled workers such as tailors and checkers were earning a maximum of Rs4739 (£65). This is significantly lower than the 2009 Asia Floor Wage figure of Rs6968,25 (£96) per month, although with rapid increase in the cost of living and the higher prices paid for goods and services in India's capital region, even the AFW figure is conservative. Local trade unions in Gurgaon are calling for a living wage of Rs 9100 (£126) per month – over double the amount currently earned by the workers at Factories A and B.

The minimum wage in Gurgaon is currently revised by the local government every six months and is set in increments depending on the skill of the worker employed. All the workers we interviewed were employed as either unskilled workers or Skilled A workers (the lowest rate for skilled workers) or somewhere between the two. Workers in both

factories told researchers that they were rarely promoted beyond the level at which they were initially employed. For example, workers who had several years' experience as tailors were still employed on the lowest rate for a skilled worker. This means that workers are kept on the lowest wage possible for their position in the factory and have no way of increasing their salary through length of service or training.

*“There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.”* - ETI base code, 7.1

Women workers in Gurgaon face an even more difficult situation. None of the female workers in the factories surveyed are employed in production or tailoring departments, where wages are higher, but are only employed as thread cutters or helpers. Even worse, some women employed in Factory A reported earning between 200 and 300 rupees below the minimum wage paid to their male colleagues.

<sup>1</sup>Exchange rate = £1/72.36 Rs. Exchange rate calculated on 16th November 2010 using currency convertor live rate.

# Living wages

## Benefits denied

Workers are entitled to social security benefits that provide a safety net for workers who find themselves unable to work due to sickness, pregnancy or unemployment. The Provident Fund (PF) provides a pension for workers and the Employee State Insurance (ESI) scheme provides cash benefits and medical treatment during illness.

Workers in *Factory B* reported that that they were registered with both the PF and ESI. Workers said they could claim part of their wages through the ESI scheme during prolonged periods of sickness. For shorter periods of sickness, only medicine costs can be claimed. Loss of pay cannot be claimed and should instead be covered by the 15-day paid sick leave provision given under Indian law. None of the workers were provided with any sick leave meaning any illness impacts heavily on their already meagre pay. Workers in *Factory A* were not members of either scheme, in violation of Indian law, and were also not provided with paid sick leave.

*"Clinics and dispensaries are so expensive for us. If the company provided us ESI, it would have been a relief to us"* - Worker at *Factory A*

Under Indian labour law workers are entitled to an annual bonus equivalent of at least 8.33% of the salary earned over the year. They are also entitled to one day's annual leave for every 20 days worked, or, if the leave isn't taken, one day's pay. None of the workers in *Factory A* were given this annual leave or the equivalent pay, although they did get 8-10 days leave for government public holidays. In *Factory B* workers got one day leave for every month worked (rather than every twenty days) but only the 5% of workers employed on permanent contracts received the annual bonus.

## Overtime – excessive, forced and underpaid

Given the gap between wages and basic costs, workers are reliant on working overtime hours to make ends meet. Under Indian law overtime hours (work that is more than 9 hours

in a day or 48 hours in a week) should be paid at double time<sup>xii</sup> and must be undertaken voluntarily. All the retailers highlighted in this report have codes of conduct, based on the ETI code, which set out guidelines for overtime.

*"...overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate."* – ETI base code 6.2

All the workers interviewed stated that they regularly worked extra hours, although in *Factory A* these were only paid at the standard hourly rate. In *Factory B* workers were being paid double time for hours worked. Workers at *Factory A* state that managers keep two sets of overtime records, one showing the real wages paid and the other, to be shown to buyers and their auditors, showing the overtime rate at the legal amount.

Overtime hours at *Factory A* were estimated to be between 70 and 100 hours of overtime each month, although this went up to 140 per month during peak seasons. At *Factory B* workers reported that they had to work until 2am several times a month.

Overtime that is not taken voluntarily is defined as forced labour by the International Labour Organisation, and is prohibited under ILO conventions. For most workers, overtime is essential if they are to earn enough money to survive the month. Therefore unless salaries are being paid at living wage levels it would be difficult to describe any overtime as truly voluntary. Even so, at times all workers may have good reason to want to leave on time, but at both factories they were clear that refusing overtime for any reason at all was not permitted at their workplace. They reported that any attempt to do so is met by verbal abuse and even dismissal.

# What is the cost of living in Gurgaon?

*"The truth is that in winter, me and my wife take bath in cold water to save gas. When we fall sick, we do not go to hospital unless we feel that we are going to die."*

- Worker from Factory B

As the box below shows, workers face monthly expenses of between 3000 rps (£42) and 8500 (£118) rps per

month, although these figures do not take into account medicine, education, family expenses or savings. These figures clearly show that the wages earned by the workers in Gurgaon are completely insufficient to cover their basic needs. For this reason local trade unions are calling for a living wage of Rs 9100 per month – over double the amount currently earned by the vast majority of workers.

Item	Rupees/month for 1 worker	Rupees/month for family <sup>x</sup>
Rent	Between 600 - 700 (shared room)	1100 -1300
Food	1500 - 2200 (cheap vegetables and rice only)	3500 - 5500
Electricity/Gas <sup>xi</sup>	300 - 350	700 - 800
Transport	150 - 300	200 - 400
Clothing	200 - 300	300 - 500
<b>Total</b>	<b>2750 - 3850</b>	<b>5800 - 8500</b>



Photo: CCC

# Living and working in Gurgaon

## Contract labour and job insecurity

*"A lack of secure employment greatly increases workers' vulnerability to poverty, making the provision of permanent positions and contracts of employment important elements of poverty reduction among workers." - ETI Impact Assessment (2006)<sup>xiii</sup> part 1 p29.*

According to Indian labour law contract workers can only be employed in those activities which are not of a perennial nature. In other words, contract work can only be used when there is an unusual need (e.g. in peak production season) or skill (e.g. embroidery) that is not a normal part of the company's activities. In Gurgaon this law is widely flouted and the industry is increasingly controlled by labour contractors or agents. 95% of the workers at Factory B were employed through three or four different labour contractors. Workers we interviewed were clear that employers had switched to using contract labour in order to avoid their responsibilities.

*"Workers on contract basis are not given their rights in terms of annual leave with wages, bonus etc. No worker is given their right to unionise."*

By switching from using directly employed, permanent workers to temporary contract labour, factory owners can avoid responsibilities to workers that they would otherwise be legally obliged to provide, such as holiday, bonus, sick pay and protection from unfair dismissal. The problems facing workers on a daily basis, including health and safety issues, harassment and bullying, forced overtime, lack of drinking water and poor sanitation, as well as high targets are all under the control of a factory owner that is no longer the 'official' employer. Their actual employer is now the labour contractor, who has little, if any, control over workplace conditions and whom the workers rarely see. In fact, most workers at Factory B reported only ever seeing the representative of the labour agent on pay day and almost never the contractor directly responsible for their employment.

Retailers themselves have started to recognise that contract

labour is often used to flout the labour law, to deny workers their rights and to prevent trade union organising. This is reflected in guidelines on contract and subcontracted labour in both the ETI code used by M&S, NEXT and Debenhams and Arcadia's own code of conduct. Both state that:

*"To every extent possible work performed must be on the basis of recognised employment relationship established through national law" and that "obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements" - Arcadia code of conduct 2009 and ETI base code 8.1 and 8.2*

However it is clear that, in Gurgaon at least, the recognition of the problem has yet to be translated into practical steps to prevent it. In fact the trend towards using contract labour appears to be growing to the point where the use of temporary contracts is the norm, rather than the exception. This should not be a difficult problem to either uncover or to address. Brands clearly need to be more proactive in translating the concerns outlined in their codes into practical action to prevent and reverse the trend towards contract and temporary labour.

## Targets

Workers in Factory A are set hourly targets by supervisors. If a worker is struggling or failing to meet the target she or he will be verbally and sometimes physically abused. Occasionally workers are dismissed if they repeatedly miss their targets. If all the workers meet a target then it is increased in the following hour. If workers are unable to meet the target then it is never reduced. Those interviewed stated that only the very experienced workers are able to meet the targets set for them. They estimate that in fact these targets are unreachable for around 60% of the workers.

*"I am worried always whether the tailor next to me will be able to meet the target and I will not be able to meet and will get scolded and abused by the supervisor in front of all other workers in the floor."*



Photo: CCC

Workers in factory B also report having hourly targets. At the moment they are working on ladies' shirts and their target is 20 an hour. Failure to meet the target leads to scolding, shouting and humiliation from supervisors. All workers reported that they face tremendous pressure as a result of this and found work extremely stressful.

## Unsafe water and poor sanitation

*Access to clean toilet facilities and to potable water ..... shall be provided."* – Debenhams Code of Conduct

In Factory A, filtered and purified water is only made available to supervisors and senior staff. The rest of the workers have to drink directly out of the borehole. Although they provide adequate toilets for the number of workers they are often filthy and there is rarely water available. In Factory B water is available both to drink and in the toilets, but the number of toilets is woefully inadequate, with only one toilet for every 83 male workers.

Such conditions are not uncommon in factories in Gurgaon, and can have serious health and safety consequences aside from the obvious health implications. In one recent incident, a woman working in the Viva Global factory, also supplying garments to M&S, was burned with acid as a result of an unreliable water supply. Washing with liquid from a clear bottle that she believed to be water, she suffered horrifying and painful burns when its contents turned out to be acid<sup>xiii</sup>.

## Hot and stuffy conditions

As well as being stressful places to work, both factories were also reported to be uncomfortable. Workers at reported that the factories had inadequate coolers, which led to the workplace being stuffy. In the summer months when the temperature in and around Delhi soars to over 40c, the factories are unbearably hot.

### Case Study 1: factory A worker

Worker X comes from one of the poorest states in India, Uttar Pradesh. He has worked in Gurgaon for over 10 and at Factory A for the last two and half years.

*"My boy is in 9th grade now and my girl has stopped school. I cannot afford to bring my family to Gurgaon on the wage I earn. Now, I live in a room which has asbestos roofing which has Rs 1000 rent which me and my friend share. My children and wife wanted to see Delhi for many years but I could never bring them. If the family came I would have to take a better room of my own which will cost me at least Rs1500 including electricity. Sending kids to school will also be a problem*

*here. Workers' children in the area are not admitted in the Government schools in Delhi as they cannot provide the documents the Delhi Government schools ask for.*

*Living under asbestos roofing is really tough in the Delhi summer where temperature goes up to 46 degree Celsius and the Delhi winter where temperature dips to 1 degree Celsius. I get up in the morning, cook lunch, take bath, wash clothes and go for work. I don't eat breakfast, only lunch and dinner. Instead of breakfast, some money is spent for tobacco.."*

# Living and working in Gurgaon

## Living conditions in Gurgaon

Workers from both the factories surveyed live in “colonies”, unofficial slums where the housing is mostly unregistered and government services such as clinics or schools are simply not provided. Workers live in small rooms in squalid conditions, which they share with their families or other workers. In the colony visited by our researchers two toilets were shared between all the residents on a floor of 18 rooms. The floor accommodates 36 adults and 30 children. The least expensive rooms are those covered by an asbestos roof, which leaves them unbearably hot in the summer and far too cold in the winter. The presence of asbestos in the homes of workers also presents a clear health risk, a risk which could be eliminated if their incomes enabled them more choice over their accommodation.

Most landlords in the area refuse to give housing contracts to their tenants. This allows them to deny that workers are actually living in their properties<sup>xiv</sup>. Without proper housing contracts workers are unable to get the residency cards that would enable them to access local services. Workers reported that landlords are often abusive and that they are required to move homes regularly.

*“In the last 16 years, I must have lived in 10 different places. There are lot of problems like water and electricity shortages. Sometimes the house owner comes to our place drunk and abuses tenants.”* - Worker, Factory A

The low wages these workers earn combined with the soaring cost of housing in the rapidly expanding Gurgaon means it is impossible to find housing outside of these colonies. Their unregistered status also means they are unable to access government-subsidised gas (at 25rps per kilo) and are forced to buy it on the open market (at 60rps per kilo). As the cost of rent and utilities are both high and fixed, workers have little room for coping with sudden and unexpected changes in income or expenditure. So, if work hours are cut or overtime is not available or if any other emergency arises, the only expense workers can cut down

on is food. Yet even in a normal month workers claimed they are unable to afford anything other than the cheapest vegetables and rice.

*“We do not buy the vegetables we like or we should eat which will give us essential nutrients. When we go to the market, we look for the cheapest vegetable we get in the market.”*

Worker Factory A

Workers often choose to skip breakfast to save on food costs, facing several hours of work on an empty stomach. The issue of low wages is compounded by a scheme that forces workers to buy food from shops owned or ‘recommended’ by their landlords. These shops sell food which is 20 -30 % more expensive than that available on the local market.

*“My wife is not working and life becomes miserable with family in Gurgaon.”* – Worker, Factory B

Most workers arrive in Gurgaon without their families and will spend many years without the possibility of seeing them. For those that do bring their wives and children with them life is even harder. Their accommodation will cost over 1500 rupees per month, an amount that can’t be reduced through sharing with other workers. Whatever the rent being paid, the housing conditions remain appalling. Without the registration documents to claim residency they are not able to send their children to school, and private schools are unthinkable on their salaries. One worker stated he did send his children to a local tuition centre, but this cost him 450 rupees per month, an expense that might have to be sacrificed on months with temporary lay-offs or no overtime.



## Case Study 2: factory B worker

*"I am thirty two year old worker from Saharsa district in Bihar - the poorest state in India. I did not have any intention of coming to Delhi and being worker in the garment industry. In a way, nature pushed me out of my village and forced me to come to here. One flood in the village pushed me out to Delhi. My father decided that for everyone in the family to depend on the monsoon's moods was not be a good idea.*

*I came to Delhi early 2000 and learned stitching from a tailor in Kapashera for a month and joined one small factory. Though I learned stitching from the tailor, I joined as a checker. After working there for one year I joined Factory B. At that time all workers were employed directly by the company. No contractors were there.*

*In 2002, company started engaging contractors to supply workers. Then slowly almost 95% workers became on contract basis. I have been working in the company for*

*almost ten years. For the first year I was directly employed by the company and since then on contract basis. This month<sup>1</sup> I earned Rs 4299 including my overtime, after the deduction of PF and ESI payments.*

*For three days that month I was laid off for lack of work and company did not give any pay. Still I had to pay Rs 1500 for rent for the room my family stays. I live with my wife and two kids. The cooking gas for the month is Rs 650 per month. I had to pay Rs 250 for the tuition of my elder child kid and Rs 200 for the younger. They go to a tuition centre in Kapashera, not to schools."*

# Barriers to Decent Work

What is clear is that codes have not led to a substantial increase in income, especially in terms of guaranteeing a living wage. - **ETI Impact Assessment part 1 p29.**

Most current wage programmes have failed to have a real and lasting impact on the lives of garment workers. This is in large part due to their failure to address some of the fundamental obstacles that are responsible for maintaining poverty wages. Below we outline two areas we consider to be fundamental in any programme that genuinely aims to tackle this issue: trade union rights and purchasing practice, and explain why the current Corporate Social Responsibility (CSR) strategies are inadequate.

## Trade union rights denied

*"Improvements in pay and working conditions have happened historically through collective bargaining between workers and employers and where fundamental rights such as freedom of association, are respected." - NEXT submission to Let's Clean Up Fashion 2009*

For workers themselves to achieve improvements to their wages, working conditions and living conditions, they need to be able to organise together to collectively raise their demands. This is the principle behind the fundamental right of freedom of association. In the workplace this would mean organising in a trade union which could negotiate with their employer for the changes needed. Unfortunately for the workers in Gurgaon, they are effectively prevented from organising through a combination of insecurity and fear.

*"Any worker who appears to be vocal is taken care of immediately through termination from the service. And it had happened with a few workers in the factory" - Worker Factory B*

In Factory A all workers categorically stated that they are not allowed to unionise at the factory and that any attempt to do so is dealt with by the contractors' "security" and a permanent "goon" employed by the factory management to

take care of any possible anti-management activities within the factory. He reportedly visits the factory twice a week and is called in for extra days if any worker is suspected of "unusual" behaviour. Workers report that they are terrified of this man and when he is not present he is still used as a threat to control workers.

Workers at Factory B also say they are unable to join a union. They claim the shift to using contract workers in 2002 was part of an effort to break the union and that to organise workers employed by three or four different contractors is almost impossible. The contractors themselves are ever-vigilant about their workers' activities and most workers at Factory B are even more scared of them than the factory management.

*"No worker is given their right to unionise. Contract workers are more terrorised as disciplining by contractors can be harsher than the management." - Worker, Factory B*

Labour representatives in Gurgaon say that the labour contractors play an insidious role in breaking the union in any factory. They report that contractors have used various methods to stamp out organising activities including death threats, physical violence, abduction and even killing to break unions. Attempts to organise at the nearby Viva Global factory in August led to an attack on workers attempting to enter the factory and the kidnap and beating of one of the union leaders, Anwar Ansari. Two employees of the labour agent supplying workers to Viva Global, P&D contractors, were arrested for the attack.

*"Each contractor will compete to supply the cheapest labour to get the company to take the maximum workers from them.... They supply cheap labour to companies and supply supervisors and henchmen who are very good at brutally disciplining workers and breaking unions." - Union organiser.*

## Purchasing practices

*"The way in which retailers buy from the supply chain and the related sourcing decisions have a great impact on workers." - M&S submission to LCUF 2009.*



Photo: Society for Labour and Development

Another barrier to improving wages and conditions is the purchasing practices of the brands and the retailers themselves.

The practice that most urgently needs addressing is that of retailers trying to drive down the price they pay to suppliers. Over recent years the price that buyers are prepared to pay for goods has consistently decreased, with retailers using their market power to force suppliers into fierce competition with each other on price per piece. This downward price pressure has been continuing even as the costs of other inputs such as cotton, fuel and utilities have been rising dramatically. Often the only input where costs can be constantly reduced is labour, pushing suppliers and workers into a constant race to the bottom on wages and benefits.

NEXT, Arcadia and Debenhams have yet to commit publicly to addressing their pricing policies as part of their living wage programme. Only M&S has so far made a commitment to *consider* raising prices to cover the cost of a living wage. In their submission to the 2009 Let's Clean Up Fashion report they stated that *"as part of our cost negotiations going forward we will ensure that sufficient provision is made to ensure [living] wages are included."*<sup>xvi</sup>

Of course price is not the only purchasing practice to have a direct impact. Other issues identified by unions and campaigners include last-minute production changes, constant switching of suppliers, short-lead times and penalties, worsening payment terms and charges for delays, faults or promotions<sup>xvii</sup>. All of these put downward pressure on working conditions, and particularly on job security, overtime and wages. By refusing to tackle the core practices that lead to poverty wages and long hours, brands and retailers are effectively undermining their own commitments to a living wage.

## CSR: Avoiding the issue?

Brands and retailers have consistently failed to engage regularly and meaningfully with trade unions and workers to develop an agreed living wage standard for each production

country. Their refusal to include them in the design and implementation of specific living wage programmes has moved the focus away from workers' own needs and demands and has allowed brands and retailers to redefine the living wage agenda. This has led to the increasing focus on productivity as a way of achieving wage increases.

Productivity programmes focus on improving the way a factory works, to make sure that more output can be produced for less input. The ways in which this can be achieved are varied and can include changing production systems, improving planning and bringing in technology. Productivity is seen by the CSR community as a potential win-win solution. Workers can get better wages, paid for through the efficiency savings made, while they themselves can continue to pay low prices for the garments they buy. There is no doubt that improvements in productivity *can* lead to better run factories and may provide for at least the possibility of improving wages. The problem is that there is little evidence to prove that productivity programmes are actually improving conditions for workers. Without a unionised workforce or any independent verification there is no guarantee that productivity savings are being passed on to workers. At its least sophisticated, productivity improvements can simply mean getting workers to produce more. Workers interviewed for this research already described the stress and pressure they are under to produce targets that are unrealistic. As such it is completely unreasonable to suggest wages should or could be improved by simply making them work even harder.

We are not in principle opposed to the use of productivity programmes as a small part of attempts to improve wages. The concerns outlined above could be addressed if living wage programmes are designed in cooperation with workers and with a clear focus on improving wages and conditions and not just profits. The real danger of an overreliance on productivity programmes is that they distract attention from the real barriers to achieving a decent wage: denial of trade union rights, insecure employment and poor purchasing practices, particularly price deflation. Unless the removal of these barriers becomes the central focus of living wage programmes they have little hope of achieving the change they claim to wish for.



# Closing the Gap – Steps towards a living wage

“Wherever brands and retailers have been serious and sincere in changing the working conditions, there the union could make considerable positive changes” - **Trade union organiser**

As we have highlighted above, the corporate commitments being made to provide a living wage to garment workers are not being translated into real change for workers. Urgent steps are needed if we are to change a garment and textile industry built on exploitation and low wages into one that can provide a decent life and a route out of poverty for its workers. We don't deny this challenge is huge but this is not an excuse to do nothing. There are ways that brands, retailers and government could support this change. This is what we think they need to do.

## Brands and retailers:

Debenhams urgently need to get to grips with their failure to take responsibility for the workers in their supply chain and should now focus on developing concrete plans for translating their paper code into reality. The other brands have gone further in making commitments and outlining plans to improve wages, but have yet to seriously address the barriers outlined above. We are calling on all the retailers highlighted in this report to take the following steps:

- **Sign up to the Asia Floor Wage, and use these figures to develop living wage benchmarks**
- **Take concrete steps to support freedom of association and collective bargaining**
- **Eliminate the use of short term, contract labour and encourage direct employment wherever possible**
- **Address purchasing practices that impact on wages. In particular ensure that price calculations take into account the need to provide a living wage to workers**
- **Work with others, especially workers and their unions, to translate aspirational codes into reality**

## Governments:

**India:** There is a clear lack of will on behalf of the local authorities to enforce what labour legislation exists in Gurgaon. Trade unions claim that many of the labour contractors have illegal and corrupt relationships with members of the local authorities and police. Gurgaon authorities need to:

- **Regularly inspect factories to check compliance with labour and social laws and prosecute any employers, contractors and landlords who breach these laws or who abuse, threaten or attack workers they are responsible for**
- **Adopt a supportive approach to trade unions and provide an easy and quick process for their registration**
- **Urgently address the housing crisis and ensure that migrant workers are able to access services and decent housing**

**UK:** The UK government has a responsibility to ensure that UK companies sourcing clothes from India guarantee that workers are not exploited and have their human rights respected. We believe the UK government needs to introduce regulation to ensure it fulfils its duty to protect the human rights of workers who supply UK companies by establishing a UK Commission for Business, Human Rights and the Environment.

Such a commission has been endorsed by the UK Joint Committee on Human Rights in its investigation into business and human rights. It would have the authority to investigate the abuse of workers overseas and allow them to seek redress in the UK when they suffer from exploitative buying practices. For more information about the commission, please see the Corporate Responsibility Coalition (CORE) website: <http://corporate-responsibility.org/campaigns/uk-commissions-proposal/>

# Take Action!

## Contact the brands

Consumer action makes a difference! It is important that these retailers know that their customers care about working and living conditions of the people behind the clothes we wear.

Labour Behind the Label and War on Want are running email and postcard campaigns to let these brands know that we remain shocked and appalled by the kind of conditions uncovered in this report and that we demand they take urgent action to address them.

Take action now at [www.labourbehindthelabel.org/campaigns/takingliberties](http://www.labourbehindthelabel.org/campaigns/takingliberties)

You can order postcards and copies of this report by emailing [info@labourbehindthelabel.org](mailto:info@labourbehindthelabel.org) or by filling in an order form on our website at <http://www.labourbehindthelabel.org/resources>

## Spread the word

We need more people to know about these issues and to stand up for the rights of workers. You can help us by getting your friends to read the report and take action. Why not post it on Facebook and Twitter, and sign up to our campaign mailing list to get more information on this and more issues?

## Labour Behind the Label



Twitter: [www.twitter.com/labourlabel](http://www.twitter.com/labourlabel)  
Facebook: [www.facebook.com/labourbehindthelabel](http://www.facebook.com/labourbehindthelabel)  
Sign up: [www.labourbehindthelabel.org/supportus](http://www.labourbehindthelabel.org/supportus)

## Demand that politicians take action

Demand that the UK government hold retailers to account for the violation of rights to a living wage, freedom of association and safety of the individual. You can write to your MP calling on them to support the call for a UK Commission for Business, Human Rights and the Environment to enable overseas workers to seek justice in the UK when they suffer from exploitative buying practices. Ask your MP to raise this issue in parliament and write to the Ministry of Justice as a matter of urgency. You can take action by joining War on Want's Love Fashion Hate Sweatshops campaign: <http://www.waronwant.org/campaigns/love-fashion-hate-sweatshops>

## Get involved!

Labour Behind the Label and War on Want both have their own Facebook pages and Twitter feeds. Sign up and follow the news from the struggle for garment workers rights around the world, learn about new ways to take action and hear about events and campaigns you can get involved in.

## War on Want



Twitter: [www.twitter.com/waronwant](http://www.twitter.com/waronwant)  
Facebook: search for "War on Want" on Facebook.  
Sign up: [www.waronwant.org/signup](http://www.waronwant.org/signup)

**For copies of this report, detailed company responses, updates and background see**  
[www.labourbehindthelabel.org/takingliberties](http://www.labourbehindthelabel.org/takingliberties)

## Research methodology

This research was undertaken on behalf of Labour Behind the Label by the Society for Labour and Development (SLD) in Delhi. We designed the research methodology to enable support for future organising work in the area, using organisers from the Garment and Allied Workers Union to approach workers in industrial areas of the city. Workers were asked if they could identify UK brands present in their workplaces and, if so, whether they would participate in the research.

From this initial survey two factories were short-listed as supplying a number of UK brands. Two group interviews were done with workers from Factory A, one with 12 and one with 9 workers, along with 7 further individual interviews. From Factory B two group interviews were conducted with 7 and 4 workers and a further 3 workers were interviewed individually. Several trade union organisers and representatives from labour rights organisations were interviewed to give a wider picture of problems in Gurgaon and to provide recommendations for action that could help improve the lives and working conditions of garment workers in Gurgaon.

Photos credited to SLD were taken during the research conducted and depict workers' homes and living areas. Other photos in the report are for illustrative purposes and reflect life and work in similar Indian garment-producing areas.

## Notes

- i See [www.labourbehindthelabel.org/cleanupfashion](http://www.labourbehindthelabel.org/cleanupfashion)
- ii Fashion Victims and Fashion Victims II examined conditions for garment workers producing for Tesco, Primark and ASDA. See [www.waronwant.org](http://www.waronwant.org)
- iii ISI/SLD "Gurgaon: How the other half lives" (2009) p23
- iv [http://www.arcadiagroup.co.uk/press/statements/pressreleases/AG\\_results\\_08-09.html](http://www.arcadiagroup.co.uk/press/statements/pressreleases/AG_results_08-09.html)
- v based on exchange rate of 9100 Indian rupees (estimated living wage) = £121.01. Data taken from [http://corporate.marksandspencer.com/investors/press\\_releases/RNS/MarcBolland](http://corporate.marksandspencer.com/investors/press_releases/RNS/MarcBolland)
- vi <http://www.un.org/en/development/desa/news/social/Decent-work-key-eradicating-poverty.shtml>
- vii For more information on the Asia Floor Wage see [www.labourbehindthelabel.org](http://www.labourbehindthelabel.org)

## A note on anonymity

It should be obvious why we have removed the names of workers from this report, but why the factories' names? Because although most retailers now acknowledge that they should not 'cut and run' from a factory identified by the media or campaigners, the fact is that many still do. This does nothing to improve conditions for workers, and serves to punish them for speaking out.

The problems highlighted here are widespread and systematic and go beyond one or two "bad" factories. As one of the workers interviewed states *"in my experience the problems faced by workers at all the factories is more or less the same."* Therefore we need retailers to start addressing these practices systematically and not just factory by factory. We are happy and willing to put them in touch with SLD and the unions on the ground if they wish to focus efforts in Gurgaon and work towards addressing the issues highlighted. This will have the added impact of improving conditions across the area and not just in the factories we uncovered.

- viii A currency developed by the World Bank to compare the buying power of different wage levels
- ix Merk, J, *Stitching a Decent Wage across Borders*, AFW 2009. Includes a detailed explanation of the AFW proposal.
- x Average family size = 5
- xi Quoted as cost for two children attending a tuition centre.
- xii Section 59 of The Factories Act, 1948
- xiii Communication between GAWU and Labour Behind the Label. Available on request.
- xiv ISI/SLD "Gurgaon: How the other half lives" (2009) p23
- xv See [www.labourbehindthelabel.org/urgentaction/vivaglobal](http://www.labourbehindthelabel.org/urgentaction/vivaglobal)
- xvi McMullen A & Maher S, *Clean Up Fashion 2009*, M&S submission
- xvii See Traidcraft, *Material Concerns*, (2008) and *Clean Clothes Campaign*,

