

# WALK A MILE IN THEIR SHOES

Workers' Rights Violations  
in the Indian Leather  
and Footwear Industry

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## LIST OF ABBREVIATIONS

AFWA	Asia Floor Wage Alliance
CEC	Centre for Education and Communication
CETP	Common Effluent Treatment Plant
CLE	Council for Leather Exports
CLRI	Central Leather Research Institute
E.I. stage	East India stage (vegetable tanning) of production of finished leather
ESI	Employees' State Insurance
FDDI	Footwear Design and Development Institute
IETP	Individual Effluent Treatment Plant
ILO	International Labour Organisation NCEUS National Commission on Enterprises in the Unorganized Sector
OBC	Other Backward Classes
OECD	Organisation for Economic Co-operation and Development
PF	Provided Fund
PPP\$	Purchasing Power Parity \$
SC	Scheduled Castes
ST	Scheduled Tribes

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## 1. INTRODUCTION

*“Yeah, they give gloves and all, but we won’t use. These gloves are made up of rubber and they are heavy and it slows us down. And sometimes wearing the gloves, the worker will be little careless if he is not feeling the sewing machine and he has the risk of making the hand go into the machine.”*

*“We have to stand all day in the cutting section, [where] we are prone to get arthritis and other joint related pains.”*  
*“We have to deal with leather, and the smell it emits as well as the glue we use to stick the shoe and other material in the process of shoe making, make us go dizzy sometimes... we don’t have appetite and want to sleep the moment we get home.”*

These statements were made by workers from different Indian shoe and leather factories. Testimonies like the above attest to the fact that labour law violations are still a common phenomenon in the Indian leather and footwear industry. The people who work at the factories that supply European brands told us, among other infringements, about salaries that are far below a living wage, involuntary overtime, insufficient protection from health and safety risks, absence of workers’ unions and discrimination and exploitation based on traditional gender and caste norms.

The research was conducted in two different regions: Ambur in South India and Agra in North India. The present study shows that workers in Ambur survive in relatively better conditions than in Agra by reaping the historical gains of a vibrant trade union movement – now well past its peak. In this context, recent labour law reforms materialize to supply a flexible labour force for global finance capital. It seems to become increasingly difficult for workers to remember themselves as bearers of human rights. Such a condition is already presenting itself in the case of the workers in Agra. Therefore, having supplied the numbers of rights violations, this study would do justice to the working people of the Indian leather and footwear industry in foregrounding their voices to narrate their own stories.

To do so, the present study takes a closer look at labour rights in the Indian leather and footwear industry: Which economic and political changes have been made in recent years in both sectors, and how have these developments affected the situation of industry workers?

India has been the second largest producer of footwear after China for many years. There are more than 1 million people engaged in the Indian footwear industry. Leather footwear is by far the most important product for the Indian footwear industry, both in terms of production and export. The major importers are the UK and the US as well as Germany, France and Italy. So anyone who wants to know about the social and environmental conditions under which leather footwear sold in these countries is produced must look at India.

This study is a product of the international campaign Change Your Shoes. Eighteen European and Asian organisations have come together to raise awareness about problems in the production of leather and footwear. Research for the campaign was conducted in China, India, Indonesia, Eastern Europe, Italy and Turkey, with the aim of improving social and environmental conditions in the global leather and footwear industry.

The present study first gives an overview of the structures, geography and legal framework of the Indian leather and footwear industry (Chapter 2) then goes on to look at the Indian legislation relevant to labour rights (Chapter 3). This understanding of the legal framework aids analysis of the interviews with industry workers presented in Chapter 4. We interviewed 232 workers from four leather and footwear factories. The interviews were conducted in two of the most important production clusters in India – 119 interviews of footwear factory workers in the Agra district in the state of Uttar Pradesh and 113 interviews with footwear factory and leather tannery workers in the Ambur cluster of the Vellore district of Tamil Nadu. Of the 113 interviews conducted in Ambur, 51 were with tannery workers. The study ends with recommendations on how various stakeholders might improve social and environmental conditions in the Indian leather and footwear industry (Chapter 6).

Workers in India’s leather and footwear industry cope with international market volatility under an increasingly liberalized regime. This goes along with a gradual dilution of labour laws, decline in the trade union movement and a lack of alternative employment opportunities. International brands procuring from Indian suppliers must take urgent measures to ensure that their profits do not come at the cost of the lives of those who are furthest down in the footwear supply chain.



## 2. OVERVIEW OF THE INDIAN LEATHER AND FOOTWEAR INDUSTRY

### 2.1 INDIAN LEATHER INDUSTRY IN WORLD TRADE

Leather and leather products industry in India is a sizeable industrial sector with an annual turnover of USD 12.5 billion in 2014-15 and exports touching USD 6.5 billion achieved at a cumulative annual growth rate of 13.1% over the last five years (CLE 2015: n.p.).

The excellent performance of the Indian industry can be attributed to its richness when it comes to cattle and buffalo, and goat and sheep population, accounting for 21 % and 11% of the total world population, respectively.

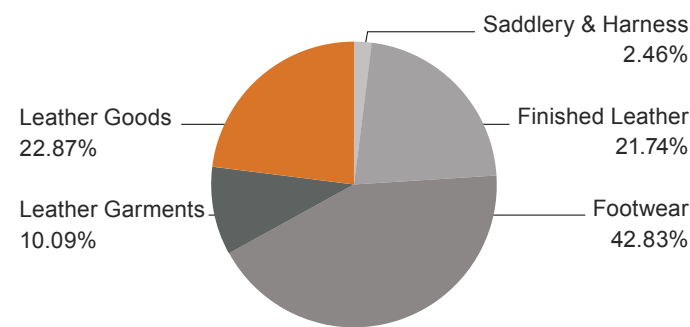
The industry is also labour-intensive employing over 2.5 million people, of whom roughly 30% are women workers (Ibid.). The Indian leather industry produces roughly 3 billion square feet of leather annually, with some varieties of goat, calf and sheep skins commanding premium positions. The industry has been undergoing rapid modernization. Supporting industries of leather chemicals and finishing auxiliaries have complemented the growth process. Tanning, footwear production, leather garments and leather goods and accessories including saddlery and harness are the integral components of the leather production sector in India.

Table 1: India's Export of Leather and Leather Products for Five Years

	2010-11 (Value in Million USD)	2011-12 (Value in Million USD)	2012-13 (Value in Million USD)	2013-14 (Value in Million USD)	2014-15 (Value in Million USD)
Finished Leather	841.13	1024.69	1093.73	1284.57	1329.05
Footwear	1758.67	2079.14	2066.91	2557.66	2945.15
Leather Garments	425.04	572.45	563.54	596.15	604.25
Leather Goods	855.78	1089.71	1180.82	1353.91	1453.26
Saddlery & Harness	87.92	107.54	110.41	145.54	162.70
Total	3968.54	4873.53	5015.41	5937.97	6494.41
% Growth		22.80%	2.91%	18.39%	9.37%

Source: CLE 2015: n.p.

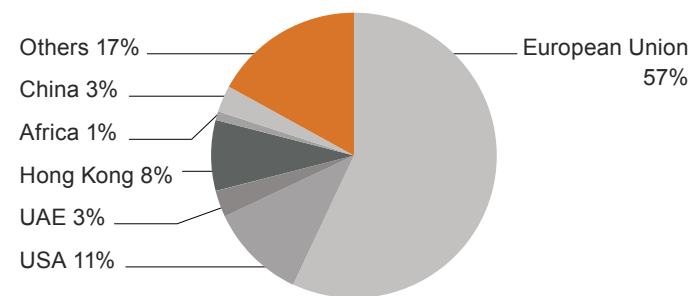
Figure 1: Share leather & leather products (2014-15)



Source: CLE 2015: n.p.

Among the leather and leather products exported from India, leather footwear occupies the prominent position at 42.83% of the total exports. Other leather goods and finished leather occupy second and third place among the most traded leather products from India.

Figure 2: Share of various countries in India's leather & leather products exports (2014-15)



Source: CLE 2015: n.p.

12 countries accounting for roughly 75% of the total Indian leather and leather product exports are Germany, USA, U.K., Italy, France, Hong Kong, Spain, Netherlands, China, Denmark, UAE and Belgium. The European Union countries accounting for 57% of the total exports are the main markets for India (IBEF 2014: n.p.). Germany stands as number one importing country of leather and leather products from India among all European Countries and one of the major importers of Leather and Leather Products in the world (Acharya 2013: 11).

Table 3: Product-wise major brands that source from India

Product Category	Major Brands sourcing from India
Footwear	Acme, Ann Taylor, Bally, Charter Club, Clarks, Coach, Colehann, Daniel Hector, Deichmann, DKNY, Double H, Ecco, Elefanten, Etienne Aigner, Florsheim, Gabor, Geoffrey Beene, Guess, Harrods, Hasley, Hush Puppies, Kenneth Cole, Liz Claiborne, Marks & Spencer, Nautica, Next, Nike, Cole Haan, Nunn Bush, Pierre Cardin, Reebok, Rockport, Salamander, Stacy Adams, Tommy Hilfiger, Tony Lama, Versace, Yves St. Laurent, Zara, Johnston & Murphy, Docksteps, Timberland, Armani, Geox, Diesel, Ted Baker, Lacoste, Kickers, Calvin Klein, Sioux, Brasher, Zegna, Massimu Dutt, Buggatti, Lloyd, Christian Dier, Salamander, Camper, Bata, Espirit, French Connection, Legero, Mercedes, H & M and many more famous brands
Leather garments	Armani, Zegna, Abercrombie & Fitch, Marco Polo, Mango, Colehaan, Andre Maarc, Guess, Pierre Cardin, Tommy Hilfiger, Versace, DKNY, Liz Claiborne, Ann Taylor, Nautica, Kenneth Cole, Charter Club, Daniel Hector
Leather goods/accessories	Coach, Liz Claiborne, Harrods, Yves St. Laurent, Tommy Hilfiger, Etienne Aigner, Geoffrey Beene, Marks & Spencer, Guess, Next, Pierre Cardin, Prada, GAP, Levis, H & M, British Home Stores, Banana Republic, Furla, American Eagle Outfitters, Bracciliani, Walmart etc.

Source: CLE 2015: n.p.

Table 2: Major export market countries for Indian leather and leather products

Rank	COUNTRY	2014-15	%Share 2014-15
1	Germany	800.2	12.32
2	USA	768.06	11.83
3	UK	751.33	11.57
4	Italy	504.26	7.76
5	Hong Kong	422.11	6.5
6	France	371.75	5.72
7	Spain	351.27	5.41
8	U.A.E.	281.07	4.3
9	Netherlands	224.92	3.46
10	China	194.26	2.99
	Total	4669.23	

Source: CLE 2015: n.p.

### 2.1.1. Centres for Leather Production

India has multiple production clusters for leather and leather products spread out across all parts of the country. Table 4 provides a state-wise distribution of the main production centres for leather in India.

The Council for Leather Exports (CLE) of India provides a broad break-up of the export performance of various geographical regions in the country which are summarized in the following table. Another report cites CLE data in identifying the Southern region of India, with the main production cluster of Tamil Nadu as having the highest number of production units (ONICRA 2014: n.p).

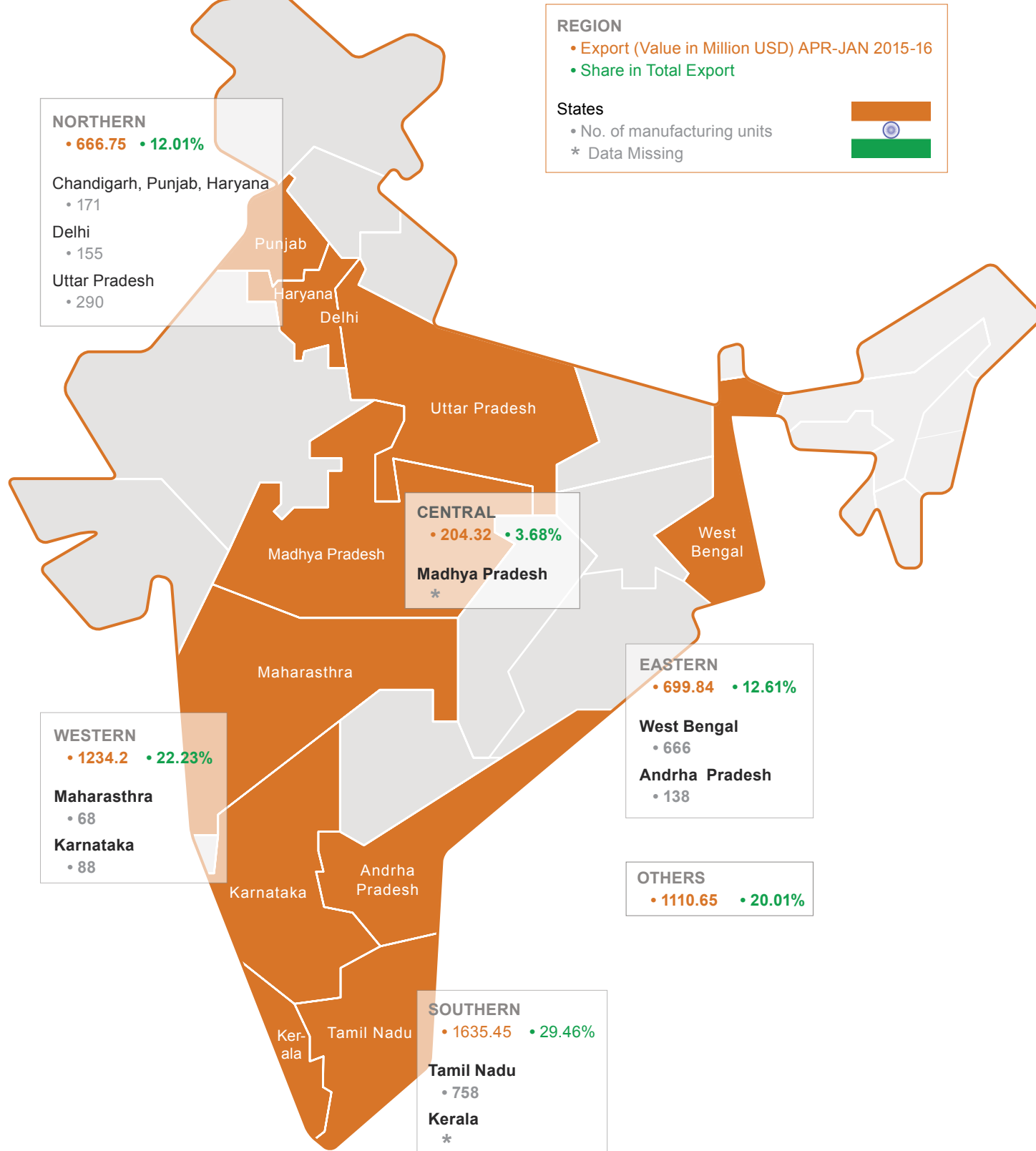
It must also be noted that leather footwear has been and is expected to be the dominating export of the leather industry (KPMG 2014: vi). Therefore, an inevitable overlap in trends and features of the leather industry and the footwear industry is witnessed in the following sections.

### 2.1.2 Structure of the Leather Industry

Damodaran and Mansingh (2008: n.p.) have undertaken a thorough investigation of the structure of the leather industry in the Tamil Nadu clusters. The Tamil Nadu clusters have historically led the Indian leather industry in both technological advancements and export-orientation, since the colonial period. In the contemporary period too, Tamil Nadu remains a leading producer of leather and footwear among the Indian states (see data in the previous section). A survey of the structure of the Tamil Nadu industry is used in this section as a representation of advanced leather production in India.

The industry in Tamil Nadu developed mainly in response to the high availability of raw material, particularly goats and sheep from Southern parts of India. The contemporary industrial clusters in the region are dominated by Muslim community owners, who historically took over the entrepreneurial reins from the pioneering Eurasians. Besides the Chennai cluster mainly situated in and around the Chromepet-Pallavaram areas, the Tamil Nadu region's main clusters are located in Palar Valley in Vellore district, consisting of the clusters of Vaniyambadi, Ambur, Pernambut, Melvisharam and Ranipet and the clusters of Erode, Trichy and Dindigul in the other parts of Tamil Nadu. Government interventions since the colonial period and particularly with the formation of the Central Leather Research Institute (CLRI) in 1953, have played a key role in shaping the industry.

Figure 3: Contribution of major leather and leather footwear production centres to India's total leather exports<sup>1</sup>



<sup>1</sup> Note: The estimates of regional exports do not represent the exhaustive export production of all clusters within the region. The estimates are based on aggregate port data for the ports in each region.

Source: CLE 2015: n.p., ONICRA 2014: n.p.

Figure 4: Leather production clusters in Tamil Nadu

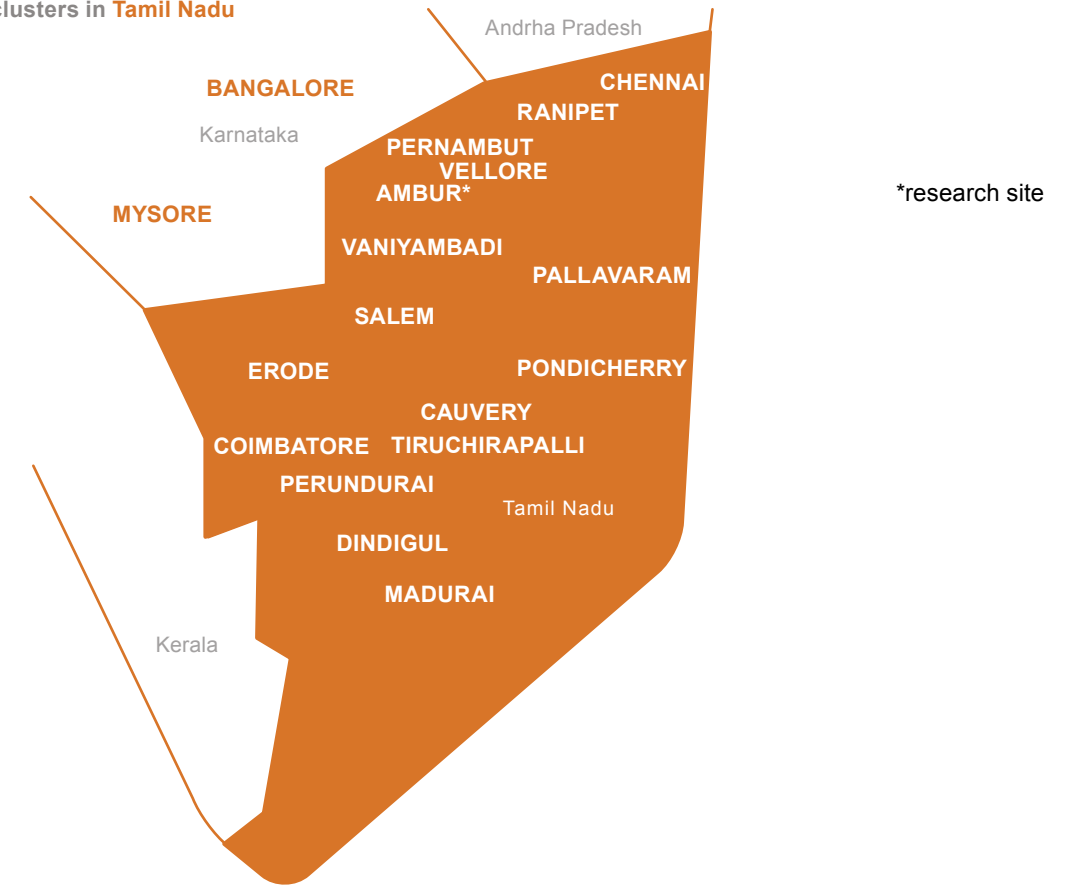


Table 4: Description of hierarchical structure of local value chains in the Tamil Nadu clusters

Level (bottom-up)	Type of Production Units	Brief description	Main functions
I	Dependent sub-contractors in tanning (jobwork tanneries) and in leather product making (leather fabricators)	Small scale enterprises, hierarchical, vertical relationships with firms that place orders with them	Prepare shoe uppers for exporters from finished leather, produce finished leather from wet blue leather
II	Small scale independent producers of finished leather and leather products	Involved in vertical hierarchical relations with job work units (piece-work) or fabricators who either supply specific products to them or undertake specific processes regularly, or in times of high demand. Largely reflect the nature of modern small-scale firms constituting the majority of units in the clusters; have vertical linkages with subcontractor and subcontractee firms and also horizontal relationships among themselves; also export directly to countries like China	Mostly do their own work outsourcing only roughly 10 % of the work at times
III	Medium and large scale enterprises (independent as well as part of groups)	Top level of local value chain, emerged from forward linkages with leather products exporting firms; leather product making firms at this level rely on backward linkages with lower levels to flexibly respond to export demands; main exporters to the European market and to Asian hubs	Large units that cover entire range of products, from tanning of raw hides to a variety of leather products such as shoes, leather garments, leather goods; job work is minimal and roughly 40 % of the work is outsourced.

Source: Damodaran and Mansingh 2008: n.p.

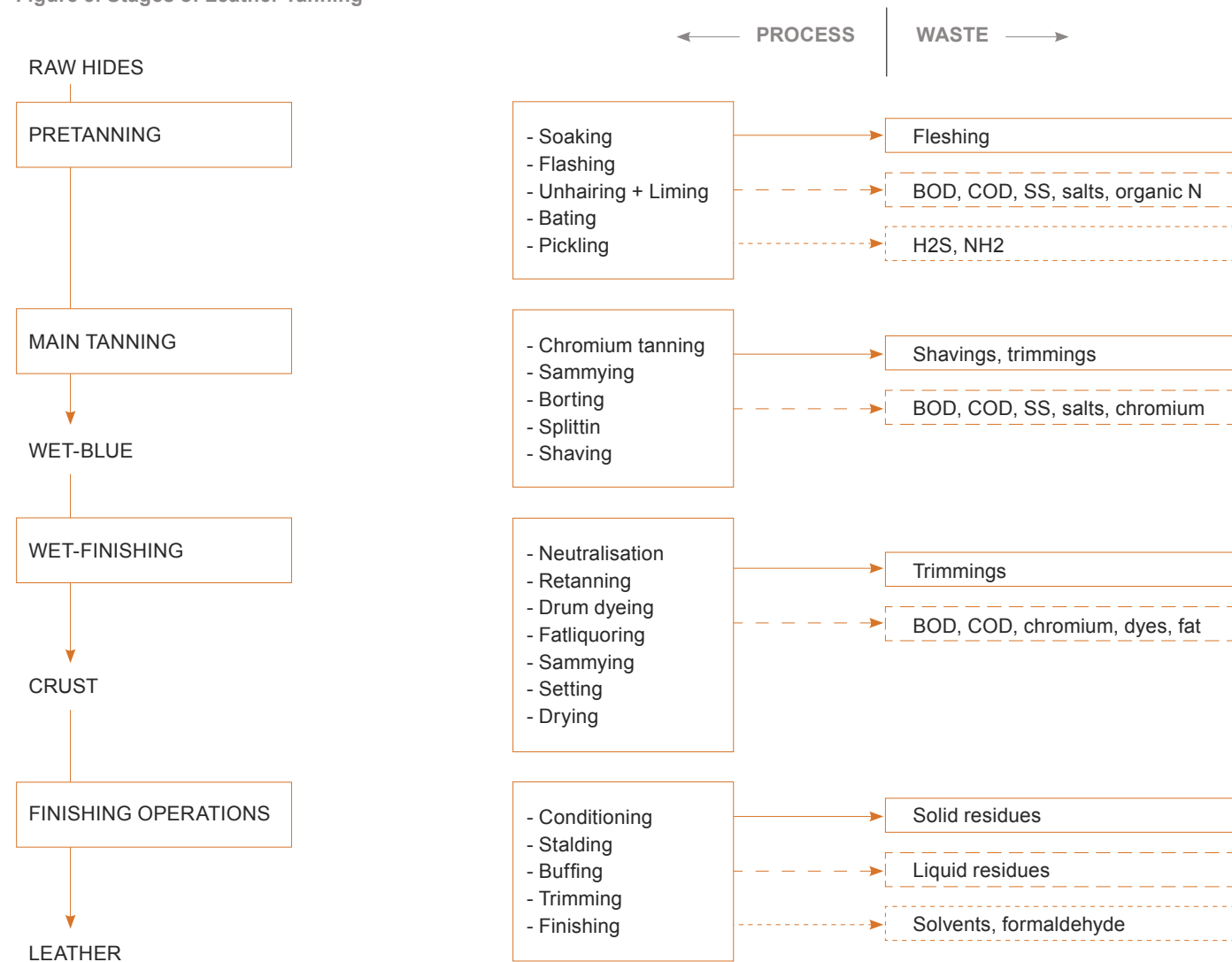
A typical cluster in the region such as the Chromepet-Pallavaram cluster houses a large number of tanneries and shoemaking units as well as large numbers of input suppliers, repairing workshops, warehouses for storing raw hides and skins and several tiny unregulated units for converting waste material into various articles that are transported to local markets. The banking sector institutions catering to the credit needs of the sector in the region are mainly located in the Chromepet-Pallavaram cluster. The production in the clusters is generally organized along the lines of a value chain relationship between small and large units described in table 4.

Raw materials at the first level are mainly sourced from neighbouring clusters within Tamil Nadu. The second and third level production units source their leather from across other Indian leather production hubs like Jalandhar (Punjab), Kanpur (Uttar Pradesh), Kolkata (West Bengal), etc. as well as from international suppliers depending on the demands of the buyer.

Backward and horizontal linkages within and between the category of tanneries and leather product makers is common irrespective of the size of the units. Such linkages typically result in smaller units like fabricators moving up the value chain hierarchy. However, such growth into large vertically integrated firms does not preclude the vertical integration with units outside the firm- both types of integration are found to simultaneously exist. It must also be noted that tanneries in Tamil Nadu clusters like Chromepet-Pallavaram are not allowed to undertake highly polluting processes preceding the stage of wet blue (Chromium tanning) or East India (E.I.)<sup>2</sup> stage (vegetable tanning) of production of finished leather. (See figure below) On the other hand, the Kanpur leather production cluster remains a major cause of concern when it comes to high levels of pollution from the tanning industry (Varman 2009: n.p., Down To Earth 2001: n.p., Times of India 2016: n.p.).

<sup>2</sup> E.I. stage refers to the vegetable tanning method of tanning raw hides practised mainly in Southern India in the colonial period. For more details, see <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/article1295176.ece>

Figure 5: Stages of Leather Tanning



## 2.2 INDIAN FOOTWEAR INDUSTRY IN WORLD TRADE

In 2015, India was the second largest producer of footwear after China. India produced 2,200 million pairs of shoes equivalent to 9.6% of the total world production. However, China is by far the leader in this segment producing 13,581 million pairs in 2015, that is, 59.1% of the total world production. But India did considerably better than Vietnam, Indonesia and Brazil which rank 3, 4 and 5, respectively, with shares in global production hovering in the range of 3 to 5% (APICCAPS 2016: 4, 21). India is also the third largest consumer of footwear after China and the US, with a market for 2,196 million pairs amounting to 10.6% of the total world consumption of footwear in 2015 (Ibid.: 23).

As an exporter of footwear though, India ranks relatively low at number 7, exporting 206 million pairs or 1.4% of the total world export in footwear in 2015. These numbers reflect that India has yet some distance to cover for better integration with the global supply chains when it comes to its footwear industry, which currently is mainly producing for domestic consumption (Ibid.: 6).

In value terms, Indian exports rank further lower in the world rankings at number 11 with a 2% share in the global export market. India has the same low ranking at number 11 when it comes to average export price of footwear at USD 11.92. In fact, among the top 5 Asian exporting countries, India ranked last in both quantity and value terms. India is not to be seen among the top ten exporters of waterproof footwear in the world in 2015 (Ibid.: 17, 25, 29). A similar situation exists when it comes to rubber and plastic footwear.

Leather footwear represents India's competitive strength in exports where it was ranked ninth among the top world exporters of leather footwear in 2015. In value terms, India's export of leather footwear is fairly comparable to Indonesia, Spain and Belgium which are ranked higher in this list. In quantity terms, at 115 million pairs in 2015, India produced far more footwear than most countries that lead it in the leather footwear export rankings. Given this fact, India still ranking at number 9 in value terms reflects the considerably lower quality of its production. Its average export price at USD 16.72 compared to the global average export price of 25.16 USD for leather footwear is reflective of the Indian industry's incapacity to add considerable value to its leather footwear and therefore capture a higher place in the global supply chain (Ibid.: 31).

India is again missing from the top ten exporters' lists when it comes to textile and other types of footwear export. It is clear that India's limited strength in the global export market for footwear lies in leather footwear. In fact, leather footwear accounted for as much as 56% of the total exports from India in 2015, with rubber and plastic footwear occupying the second place at 29%. However, despite the predominance of leather footwear in Indian exports, India requires a high level of upgradation of its product quality in the world market (Ibid.: 70). India is also a major importer of footwear showing a gradual increase in its imports in value terms between 2009 and 2014.

In fact, India's imports at 203 million pairs was comparable to the quantity it exports at 207 million pairs in 2015- the rate of growth has been more than 50% in the years 2013 and 2014. 67% of India's imports in 2015 were rubber and plastic footwear followed by leather and other type of footwear as the second and third leading categories of imported products. Indian market consumed almost as many pairs of footwear at 2,196 million pairs as its industry produced (2,200 million pairs) in 2015. However, export growth rate between 2004 and 2014 has shown a much higher increase compared to a rather slow but steady increase in the rate of import growth (Ibid.). The UK and the US were the two largest export trading partners for India in 2015. Germany, UAE and France are the 3 other major importers of Indian footwear products according to 2015 data. The US, UK, UAE, Somalia and Germany have shown remarkable increase in imports from India between 2010 and 2015. China, Vietnam, Nepal, Indonesia and Bangladesh were the top countries from which India imported footwear products, in 2015. Since 2010, the rate of import growth from these countries to India has been remarkably high (APICCAPS 2016: 70).

Indian export grew by 200% over the last decade but in 2015 they declined somewhat. Indian imports have also been growing steadily and in 2015 exceeded 400 million USD for the first time. Bata India Limited, Relaxo Footwears Limited, Puma Sports India Private Ltd, Adidas India Marketing Private Limited and Ssipl. Retail Limited are the largest players in the Indian footwear market with their turnovers ranging from 112.6 million USD to 409.2 million USD in 2015 (Ibid.).



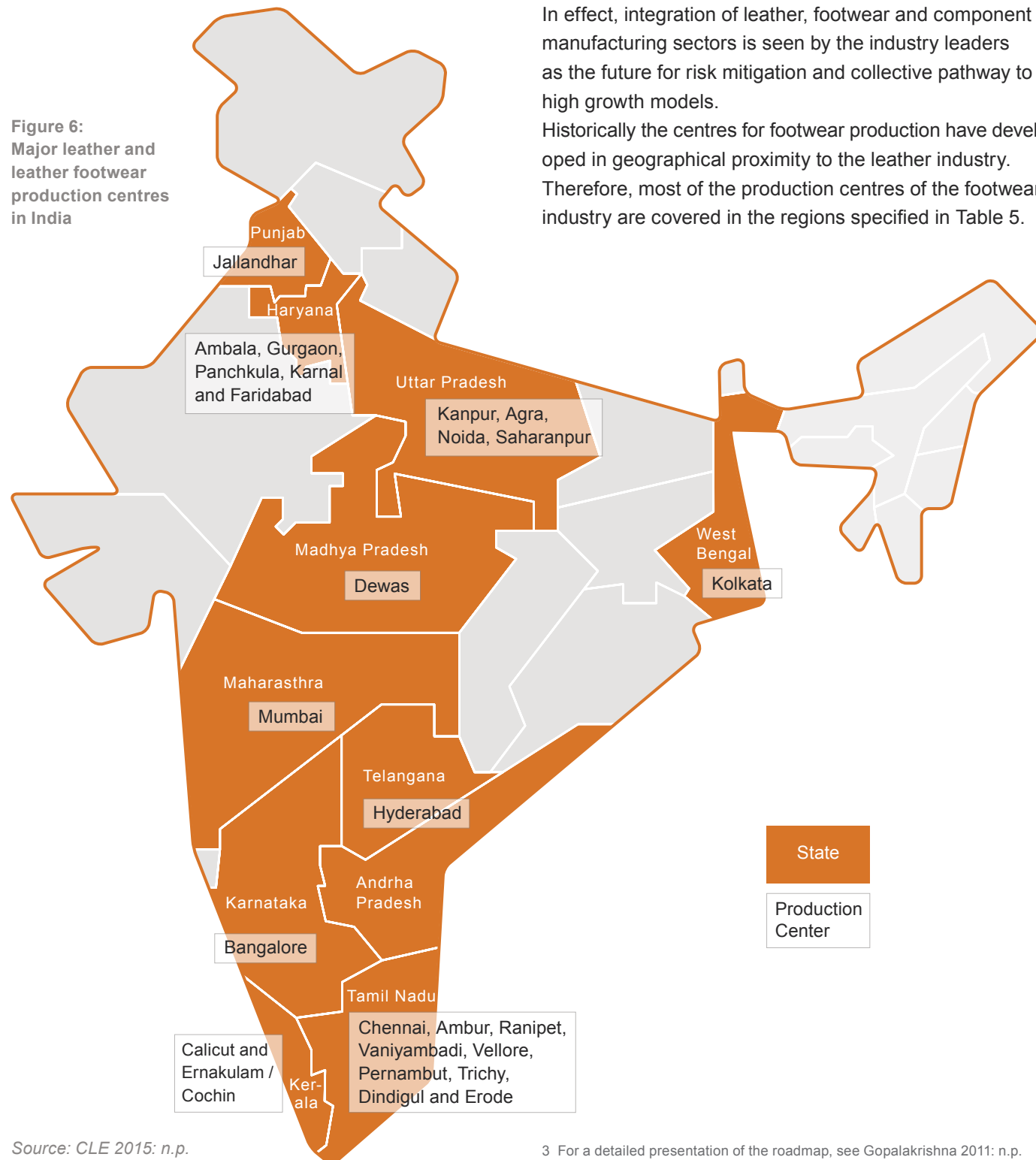
### 2.2.1 Centres of Production

The Indian footwear industry and the leather industry have been seeking integration into close geographical clusters with an eye on efficient production. As related by a senior trade unionist from a major Ambur tannery, this process of integration has been very slow but steadily underway for the past few decades. The purpose of this as cited in a Roadmap document by the Indian Shoe Federation is manifold as noted below.<sup>3</sup>

- i. Overcome the challenge faced by traditional clusters (high cost of land, non-availability of labour)
- ii. Contribute to logistical efficiency and gain the confidence of foreign investors
- iii. Contribute to the skilling of the workforce supplied to the production facilities
- iv. Small and medium manufacturers can gain by sharing in the geographically concentrated infrastructure and potential sub-contracting from the larger manufacturers
- v. Improved infrastructure would enhance timely deliveries and monitoring of product quality

In effect, integration of leather, footwear and component manufacturing sectors is seen by the industry leaders as the future for risk mitigation and collective pathway to high growth models. Historically the centres for footwear production have developed in geographical proximity to the leather industry. Therefore, most of the production centres of the footwear industry are covered in the regions specified in Table 5.

Figure 6: Major leather and leather footwear production centres in India



Source: CLE 2015: n.p.

<sup>3</sup> For a detailed presentation of the roadmap, see Gopalakrishna 2011: n.p.

### 2.2.2 Structure of the Industry

Agra is a major production cluster for leather footwear in India catering to nearly half of the country's domestic demand and more than a fifth of the country's export. Roughly 40% of the city's population is directly or indirectly engaged in this industry. Historical accounts trace the genesis of the Agra footwear industry to the rule of Akbar during the Mughal period in India, where trade relations in Hing (a spice product)<sup>4</sup> with Afghanistan contributed to the original supply of leather to the industry. As a result of India's partition in 1947, major in-migration of Pakistani Punjabi community with strong business interests and acumen for financial management, saw the local footwear industry in Agra being taken over by them. The erstwhile local producer communities including the Muslims and the Jatavs got confined to production processes as the Punjabi community took over the trade. Bata India Limited was the first company to introduce new technologies into Agra footwear industry immediately after India's independence in 1947. The 1950's saw the beginning of exports to East African countries later boosted majorly through trade initiatives by Punjabi enterprises with connections in Delhi and Soviet Moscow in the 1980s. As export expanded to countries of Europe the government took keen interest in the development of the industry mainly through the State Trading Corporation. Imported machines from Germany laid the base for technological upgrade through the initiatives of the local forgeries. With the disintegration of the Soviet Union at the turn of 1990, the Agra production cluster did well to build upon ties with Europe and South Africa to sustain the exports (Hashim 2010: 74-91). Even as the export orientation in the Agra footwear is significant, the number of modern large firms catering to the international market are small in number. Damodaran and Mansingh (2008: n.p.) estimate that with a production capacity of about 250,000 pairs a day, the footwear industry in Agra houses roughly 50 modern factories, 150 semi-mechanized units and about 5,000 cottage units.<sup>5</sup>

<sup>4</sup> Hing is the Indian colloquial name for the spice, Asafoetida. Even as a few varieties of Asafoetida or Hing are found in India, the country has historically depended on imports from Afghanistan and Iran for this spice product. Historical accounts relate that in the Mughal period, Hing was imported to Agra from Afghanistan in leather pouches. It is these leather pouches which constituted the first raw material supply to local footwear artisans in Agra.

<sup>5</sup> While the data trends for these facts are not easily available, newspaper reports over the last year so have been suggesting a relative decline in leather and leather footwear production. The main reason for this has been reported as the ban on cow-slaughter in Uttar Pradesh imposed under the right-wing NDA government at the centre.

Traditionally developed localized production is also geographically segmented within Agra with a significant presence of input suppliers. The organization of production in Agra in its local value chain integrating various types of production of units is described in the table below.

Table 5: Description of hierarchical structure of local value chains in the Agra footwear cluster

Level	Type of Production Units	Brief description	Main functions
I	Fabricators, sub-contractors, job (piece) workers	Small scale firms employing less than 100 workers	Job work for one or more firms at the same time.
II	Dependent sub-contractors	Emerging in the late 1980s and early 1990s, exclusive suppliers to/long-term relationships with both domestic and international brands. About 100 workers on an average.	Produce the entire footwear.
III	Independent footwear producers	Produce mostly directly for exports, perform the job work for other exporters. About 100 workers on an average.	Perform largely in-house production with very low levels of sub-contracting where the various pieces of work are carried out by different units of a single producer factory/unit.
IV	Large export firms	Do not undertake job work for other firms but have a hierarchical relation with sub-contractors supplying specific products. About 1,000 to 2,000 workers on an average.	Producing all parts of the footwear from shoe upper to the complete shoe.

Source: Damodaran and Mansingh 2008: n.p.

### 2.2.3 Government Policy

The leather and leather products industry including the leather footwear industry in India has been treated largely as a single sector for policy purposes. This sector is important for two main reasons. One, the small-scale traditional-artisanal form that survives side-by-side with the modern industry today, which provides employment to some of the most socially and economically marginalized sections of the Indian society, particularly Scheduled Castes and low-income strata of the Muslim community. Two, since pre-colonial days, this industry has generated among the most significant export earnings for the country. These two critical factors are addressed in the government policy by focussing on the small-scale sector development and export promotion in the leather industry. With a view to sustain and promote small-scale artisanal, rural production in the sector, the Indian government reserved the production of many segments of the leather and leather product industry for the small-scale sector from 1967. The support for the sector grew in the form of an expanding list of reserved products and subsidized financial support for small producers. However, as relocation of production activities in the leather industry began to happen from the developed to developing countries since the mid-1970s, the policy focus on export-promotion grew to overtake the concern for employment-generation. Four critical moments in this paradigm shift in policy can be noted in the outcome of three important government committees for the leather and leather product industry. In 1972, the Seetharamaiah Committee sought to comprehensively develop the export potential of the Indian industry by banning of exports of raw hides and skins, quota restrictions on export of semi-finished leather and other steps to promote production and export of finished leather. In 1979, the Kaul Committee revived the focus of the government on modernizing production by easing restrictions on the import of machinery for tanning, finishing, footwear and leather goods. While this initiative transformed the industry significantly, the overall regulatory failure of the government resulted in lopsided developments lacking any integrated pan-industry approach focussing on clusters of enterprises. In 1985 the Pande committee identified the footwear segment as the most important export segment for India. It was recommended that footwear export promotion required both the supply of high quality raw material and technology as well as a professionally trained workforce catering to footwear engineering, design, pattern making, etc. (Hashim 2010: 74-91).

With the formal embrace of liberalization and globalization in the New Economic Policy of early 1990s, export orientation of the leather and footwear industry overtook the traditional emphasis on employment generation. Reservations, subsidies and such pre-liberalization measures were seen as constraining the development of the domestic industry by a 1992 committee of the Indian government. The new policy targeted a 10% global market share for the Indian leather and leather products industry by the year 2010. It was sought to be achieved through a withdrawal of government interventions in favour of small-scale industry in order to allow market-led growth of the big private players who would tap into India's competitive advantage of abundant cheap labour (Ibid.). It was assumed that such a pattern of industrial growth would automatically take care of employment generation through sub-contacting, development/transformation of smaller producers to provide supplementary services and products to the core footwear producing units, etc. (Damodaran and Mansingh 2008: n.p.). In the following decades leading to the contemporary shape of the industry, near-complete de-reservation of product segments, abolishing of licensing requirements, development of educational and training institutions and technological enhancements have realized the vision of the 1992 committee's recommendations. The leather sector was opened up for foreign investments in 2001. However, liberalization being a two-way process has also seen rapid increase in imports of footwear, particularly from China. It has caused the displacement of domestic production for domestic markets and increase in reliance on the export markets like Europe and the U.S. (Maity 2013: 261-281). The aforementioned trajectory of India's policy in the leather and leather product industry has resulted in a vast structure of institutions meant to support the industry and promote exports. The most prominent such institution is the Central Leather Research Institute in Chennai which conducts basic research on materials and processes. Multiple colleges of leather technology in various parts of the country groom professionally trained workforce for the industry. Lower level of skills is also disseminated through training institutes dedicated to the leather sector. Institutions like the Footwear Design and Development Institute (FDDI) located in Noida, Uttar Pradesh, offer diplomas in footwear and leather design. The United Nations Development Programme-assisted National Leather Development Programme and the Leather Technology Mission, along with various state level leather boards and other such initiatives contribute to the institutional developmental framework for the industry. In addition,

there are multiple business associations that make concerted efforts for the development of their respective segments as the Ministry of Commerce's Council for Leather Exports actively promotes the collective interest of the industry.

### 2.2.4 Environmental Issues

Within the leather and leather products industry including leather footwear, tanneries are the most prominent source of pollutants. The tanning process in the Indian industry can be broadly divided into three stages. The first is the pre-tanning stage which mainly includes the processes of desalting, soaking, liming, de-liming, bating and pickling (Roy 2012: 8). The main pollutants from this stage are listed alongside the sub-stages in the table below.

Table 6 Pre-tanning stages and pollutants

Pre-tanning Stages of Production	Pollutants
Salting & Soaking	Salt, hide surface impurities, dirt, globular protein, substances dissolved in water
Liming	Suspended solids, sulphides, nitrogenous metals
De-liming & Baiting	Calcium salt, sulphides residuals, degraded proteins & residuals, proteolytic enzymatic agents
Pickling	Chromium, Chloride & Sulphates

Source: Roy 2012: 9

The second stage of tanning in which raw hides are converted into leather causes the highest pollution particularly owing to the widespread use of chromium sulphate in mineral tanning methods. In the chromium tanning method, many water soluble chemicals remain unabsorbed by the hide, thereby passing into the effluent waste. Under high temperature processes the ordinarily used chromium III transforms into chromium VI which is known to be carcinogenic (Ibid.). Vegetable tanning used for flexible leather in baggage and furniture products also causes pollution albeit of less harmful type compared to chrome tanning. An early 2000s estimate of the pollution load in Indian tanneries is presented in the following table.

Table 7: Average pollution load in Indian tanneries

Pollution Parameters	Pollution Load/ kg
Biological Oxygen Demand (BOD) 5 days@ 20C	70
Chemical Oxygen Demand	180
Chloride	270
Dissolved Solids	600
Suspended Solids	100
Sulphides	4
Total Chromium in terms of Basic Chromium Sulphate (BCS)	40

Source: Rajamani 2001, Roy 2012: 11

The third stage of post-tanning processes generally does not produce any alarming levels of pollutants. Pollution control regulations in India are largely the domain of the Central Pollution Control Board which has delegated functions at the state level to the State Pollution Control Boards. A 1988 amendment has allowed these boards to enforce compliance to regulations through criminal prosecution and other means. The Indian Supreme Court too, with multiple judgements on regulation and relocation of polluting industries like tanneries, played a major role in pollution control. For instance, a judgement of the Supreme Court in the 1990s led to the rehabilitation of 538 tanneries and the formation of the Calcutta Leather Complex in line with its instructions. Measures to curb pollution from the tanneries in different states of India include the following measures. The process of chromium recovery has been effective in facilitating the reuse of water after chromium extraction from the chromium liquor. A significant portion of the recovered chromium is also reused. Tannery clusters have seen the adoption of Common Effluent Treatment Plants (CETP), mostly in Tamil Nadu. A large number of other tanneries have also opted for Individual Effluent Treatment Plant (IETP) solutions. The Zero Liquid Discharge Technology deploying the reverse osmosis systems has also been widely used for recovering water from tannery effluents. Besides these, the industry has matured to adopt various measures for conserving water and curbing pollutants. However, a problem with the prevailing approaches in India is that they focus mainly on water pollution. Air pollution and solid wastes are yet to find adequate attention in India's pollution regulation (Ibid.).



### 3. LABOUR RIGHTS IN INDIA: NATIONAL LEGISLATION<sup>6</sup>

#### 3.1 NATIONAL OVERVIEW OF LEGAL PROVISION

The Constitution of India, 1949, has been distinguished as an exemplar in aspiring to protect economic rights. Rights at work are enshrined in India's Constitution under both the Directive Principles of State Policy and Fundamental Rights. Together, the Directive Principles and Fundamental Rights have been described as the "conscience of the Constitution" (Austin 1966: 50). Fundamental Rights are distinct from Directive Principles in a way that Fundamental Rights can be enforced directly by the Supreme Court while Directive Principles aim to guide governance and lawmaking but are non-justiciable (Ibid.).

The Directive Principles of State Policy, articulated in Part IV of India's Constitution guide the establishment of laws and policies aimed at conferring basic rights for all citizens.<sup>7</sup>

- Article 39 of the Directive Principles recognizes the need for the state to direct its policy towards securing the right to an adequate means of livelihood for all men and women, distributing ownership and control of material resources of the community to serve the common good and protecting the right to equal pay for equal work.<sup>8</sup>
- Article 41 of the Directive Principles directs the state, within the limits of its economic capacity and development, to secure the right to work, education and social assistance in cases of unemployment, old age, sickness and disablement.<sup>9</sup>

- Article 43 of the Directive Principles calls for just and humane conditions of work, including maternity leave, a living wage and conditions of work that ensure a decent standard of life.<sup>10</sup>
- Under Article 46 of the Directive Principles, the State is charged with promoting the economic interests of particularly the Scheduled Castes and the Scheduled Tribes.<sup>11</sup>

Constitutionally protected Fundamental Rights are articulated in Part III of the Constitution. The fundamental rights to non-discrimination in matters of employment and freedom of association are also particularly relevant to labour regulation.

- Article 16 (2) of the Fundamental Rights sets forth that no citizen shall – on grounds only of religion, race, caste, sex, descent, place of birth, residence or any other grounds – be ineligible for, or discriminated against in respect of any public employment.<sup>12</sup>
- Article 19, of the Fundamental Rights guarantees all citizens the fundamental right to form associations or unions.<sup>13</sup> The right to form associations, is not, however, absolute: clause 4 of Article 19(1), empowers the state to restrict the fundamental right to form associations in the interests of national sovereignty and integrity.
- Under Article 21, the right to life has been interpreted to be more than mere physical existence and "includes the right to live with human dignity and all that goes along with it"<sup>14</sup> – including the right to livelihood.<sup>15</sup>

Some of these constitutional protections find articulation in the legal framework governing labour and employment relations in India. In particular, India's labour laws have made significant headway in protecting individual rights at work.

<sup>10</sup> Constitution of India, 1949, art. 43: "Living wage, etc., for workers—The State shall endeavor to secure, by suitable legislation or economic organization or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities and, in particular, the State shall endeavor to promote cottage industries on an individual or co-operative basis in rural areas."

<sup>11</sup> Constitution of India, 1949, art. 46: "Promotion of education and economic interests of Scheduled Castes, Scheduled Tribes and other weaker sections. The State shall promote with special care the educational and economic interests of the weaker sections of the people, and, in particular, of the Scheduled Castes and the Scheduled Tribes, and shall protect them from social injustice and all forms of exploitation."

<sup>12</sup> Constitution of India, 1949, art. 16(2): "No citizen shall, on grounds only of religion, race, caste, sex, descent, place of birth, residence or any of them, be ineligible for, or discriminated against in respect of, any employment or office under the state."

<sup>13</sup> Constitution of India, 1949, art. 19(1)(c): "All citizens shall have the right—to form associations or unions."

<sup>14</sup> Francis Coralie v. Union Territory of Delhi AIR 1981 SC 746, 753.

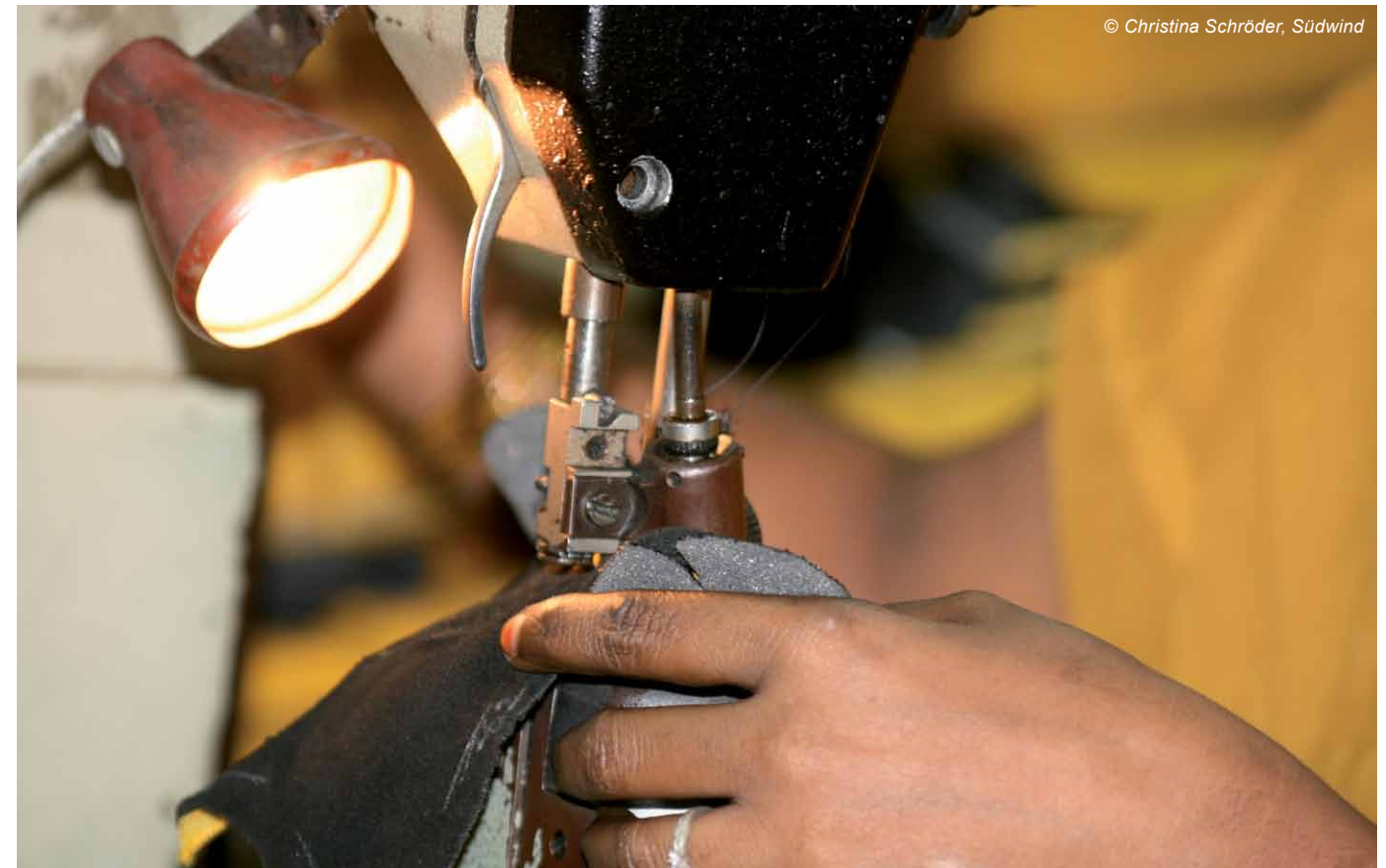
<sup>15</sup> Olga Tellis v. Bombay Municipal Corp, AIR 1986 SC 180; DTC Corp v. DTC Mazdoor Congress AIR 1991 SC 101.

<sup>6</sup> The analysis of Indian labour laws was compiled by S. S. Bhattacharjee, drawing from her 2016 report Examining India's Labour Law Changes: Principles of Rights, Inclusion and Employment Security.

<sup>7</sup> Together, the Fundamental Rights, Directive Principles of State Policy and Fundamental Duties sections of the Constitution of India comprise a constitutional bill of rights that guides government action.

<sup>8</sup> Constitution of India, 1949, art. 39: "The State shall, in particular, direct its policy towards securing—(a) that the citizens, men and women equally, have the right to an adequate means of livelihood; (b) that the ownership and control of the material resources of the community are so distributed as to best subserve the common good; (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment; (d) that there is equal pay for equal work for both men and women; (e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength; (f) that children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment.

<sup>9</sup> Constitution of India, 1949, art. 41: "Right to work, to education and to public assistance in certain cases—The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement, and in other cases of undeserved want."



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Leather shoe production in India is very labour-intensive and often manual work.

India has upwards of 150 separate pieces of labour legislation arising from central and state governments. Accordingly, understanding the regulatory context of contemporary labour law is a complex undertaking. Within this report, particular laws and policies relevant to the leather and shoe industries are given in context of more detailed discussions on freedom of association, social insurance, occupational safety and health, worker portrait child labour, living wage and labour contracts.

However, it is significant to note, that despite extensive labour legislation, most workers in India remain outside the ambit of this protection. The use of standard employment models continues to decline and employer-employee relationships are increasingly ambiguous. The National Commission on Enterprises in the Unorganized Sector (NCEUS) defines unorganized workers to include both workers in unorganized enterprises and households, and workers in the organized sector who are not provided with any employment or social security benefits. In common parlance the terms organized and unorganized sector are used interchangeably with the terms formal and informal sector (Pratap 2014: n.p.).

In India's contemporary labour market, the boundaries between the organized and unorganized sectors are eroding as precarious employment relationships increase

within organized sectors, the public sector and the economy as a whole. The proportion of unorganized workers in the organized sector rose to 51% in 2009-2010. By 2009-2010, without accounting for unorganized workers within the public sector, 92% of all workers in the organized and unorganized sectors were effectively in unorganized employment. Put another way: more than 400 million workers in India are employed with low wages, little job security and no entitlement to state protection of their rights at work. In 2004-2005, 95% of Scheduled Caste and Scheduled Tribe workers were employed in the unorganized sector. This situation has not fundamentally changed in the last decade (Sengupta et al. 2008: 49-63).

In 2015, the Indian government proposed a series of labour laws changes that would further weaken protection for workers in the garment industry. The proposed 2015 Draft Code on Wages dilutes protective standards, including minimum wage standards, prohibitions on gender-based discrimination in remuneration and protected bonuses; opens the door to rights abuses, including arbitrary and illegal wage deductions and forced labour; and undermines accountability by dismantling labour law inspection and accountability mechanisms, restricting the functioning of workers organizations and trade unions



and systematically undermining access to justice. The proposed 2015 Draft Code on Industrial Relations undermines the rights of trade unions by creating barriers to registration, imposing restrictions on union governance structures, reducing obstacles to canceling union registration and prohibiting strikes and lockouts. Workers are also increasingly vulnerable to retrenchment and changes in service without prior notice. The 2015 Draft Code on Industrial Relations simultaneously weakens accountability for upholding labour standards by diluting government inspection authority, removing existing arbitration forums and appeals mechanisms and lowering incentives to speedily resolve industrial disputes. Finally, standing orders—establishing conditions and regulations—no longer apply to establishments with less than 100 workers. Standing orders, moreover, can now be established without workers' input as previously required under the principle act. In this backdrop, chapter 3.2 to 3.5 present the scope of relevant national labour legislations in India with some historical context and future outlook where possible.



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The highly toxic sludge often leaves the tanneries as untreated waste water.

### 3.2 FREEDOM OF ASSOCIATION

#### Relevant legal and constitutional provisions

The regulatory framework undergirding industrial relations in present-day India was introduced during the 1920's. Significant legislation included the Trade Unions Act, 1926 and Trade Disputes Act, 1929. The Trade Unions Act, 1926, provided for registration of trade unions, gave unions legal status and extended some protection against civil and criminal liability in the course of industrial disputes. However, both the Trade Unions Act, 1926 and Trade Disputes Act, 1929 remained limited in their protection of freedom of association and collective bargaining. Unregistered unions were excluded from protection and the legislation did not obligate employers to bargain with registered unions. The Trade Disputes Act, 1929, severely limited the right to strike and required referral of industrial disputes to a conciliation board or court of enquiry—although the outcomes of a referral were not binding upon the parties.

The Industrial Disputes Act, 1947 applied conditions under which workers were allowed to strike and distinguished between legal and illegal strikes. The act designated no procedures to determine the representative union in a particular bargaining unit. Since employers were under no legal obligation to bargain with unions, there was no incentive for collective bargaining. Instead privileging strong state intervention in industrial disputes, compulsory arbitration lies at the core of the Industrial Disputes Act, 1947, permitting the state to force any conflict into compulsory arbitration and to declare any strike or lockout illegal. These provisions allowed the state to intervene in industrial disputes and direct industrial relationships through civil dispute mechanisms. For the most part, under these provisions, disputes were referred to conciliation, then to the labour commissioner—and if these mechanisms failed, disputes were settled in industrial courts, labour courts or through binding arbitration. In context of global marketization, India's labour laws have been critiqued for facilitating the rising power of unions and protecting rights at work. In particular, criticism was leveled against inefficiency in India's state machinery for adjudicating industrial disputes and the 1982 amendments to the Industrial Disputes Act, 1947 that were seen as curtailing employers' rights and enhancing bargaining power of unions.

Such critiques have been mobilized to advocate for labour law reforms that increase workforce flexibility, decrease the bargaining authority of trade unions and diminish the reach of India's state labour regulatory apparatus. While de jure labour law reforms have been slower to

materialize over the last twenty-five years industrial relations have been de facto restructured along these lines. The 1991 reform climate prompted systematic downsizing of the organized workforce. Micro-level studies of this period have documented large-scale employment adjustments in response to adverse demand shocks. For instance, due to the collapse of Ahmedabad's textile factories in the 1980s and 1990s, 36,000 workers lost their jobs between 1983 and 1984. Other systematic measures to achieve labour flexibility during this period have included illegal closures, increased use of contract labour, outsourcing and subcontracting. As a result of such systematic downsizing of the organized sector, workers were increasingly channeled into delivering flexible, labour intensive production activities at low cost and without wage, job or social security. Reducing the bargaining power of what remains of the organized industrial sector, 2001 amendments to the Trade Unions Act, 1926 required unions to have at least 100 members or to represent at least 10% of the workforce in order to register under the Act—making the formation and registration of unions far more challenging than had previously been the case.

### 3.3 SOCIAL INSURANCE

#### Relevant legal and constitutional provisions

Strengthening protection for individual workers' rights was articulated as the responsibility of the central government. The central government was tasked with "dealing with all phases of the worker's life,"—including "housing, welfare, work, better working conditions and fair wages."<sup>16</sup> Ideas of social justice and the role of the welfare state, articulated by the national movement for Independence and enshrined in the Indian Constitution, were articulated as the grounds for labour regulations aimed at advancing workers' rights in this period (Papola and Pais 2007: 185). Consistent with these articulated objectives, a range of protective legislation was introduced between 1946 and 1962. Highlights include:

- *Employees' State Insurance Act, 1948*, providing a system of insurance in cases of sickness, maternity, injury, disablement and death;<sup>17</sup>
- *Employees' Provident Fund and Miscellaneous Provisions Act, 1952*, providing retirement benefits to employees through provident funds, pensions funds and deposit linked insurance funds;<sup>18</sup>

<sup>16</sup> Id. 421.

<sup>17</sup> Employees' State Insurance Act, 1948, No. 34 of 1948 (19 April 1948).

<sup>18</sup> Employees' Provident Funds and Miscellaneous Provisions Act, 1952, No. 19 of 1952 (4 March 1952).

- *Payment of Bonus Act, 1965*, securing payment of an annual bonus to all employees receiving wages below a specified limit.<sup>19</sup>

### 3.4 OCCUPATIONAL SAFETY AND HEALTH

#### Relevant legal and constitutional provisions

India's Factories Act, 1948 regulates conditions of work in manufacturing establishments to ensure adequate safety, sanitation, health, welfare measures, hours of work and leave parameters for workers employed in factories. The 1987 amendment to the Factories Act, 1948 gave workers the right to information about the nature and extent of workplace hazards and held directors of companies responsible for risks imposed by hazardous waste and other dangers.

Under proposed labour law changes, factories employing 10-40 workers will be governed by the Small Factories (Regulation of Employment and Conditions of Services) Bill, 2014. The 2014 Small Factories Bill suspends application of 14 labour laws to small units.<sup>20</sup> The bill also reduces standards for health and safety established under the Factories Act, 1948. The bill does not contain provisions relating to maintenance of cleanliness, adequate ventilation, suitable temperature, measures to contain dust and fumes, and the safety of persons working on machines. It also does not contain any provisions relating to provision of personal protective equipment, periodic medical testing of workers, reporting of work-related accidents and injuries and occupational diseases to the labour authorities. In the circumstances, the provisions relating to health and safety in the bill cannot be said to be adequate.

Defining a factory as small based only upon the number of workers employed in the factory does not adequately account for variation in capital investment, turnover and volume of output. Further, size based classification provides incentives to employers to spread manufacturing work over more than one factory to seek exemptions under the act. It is unclear what law will apply to industrial units with 1–9 workers.

<sup>19</sup> Payment of Bonus Act, 1965, No. 21 of 1965 (25 September 1965).

<sup>20</sup> The following labour laws are not applicable to small factories under the 2014 Bill: Factories Act, 1947; Industrial Disputes Act, 1947; Industrial Employment (Standing Orders) Act, 1946; Minimum Wages Act, 1948; Payment of Wages Act, 1936; Payment of Bonus Act, 1965; Employees State Insurance Act, 1948; Employees Provident Funds and Miscellaneous Provisions Act, 1952; Maternity Benefit Act, 1961; Employees Compensation Act, 1923; Interstate Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979; (State) Shops and Establishments Acts, Equal Remuneration Act, 1976 and Child Labour (Prohibition and Regulation) Act, 1986.

### 3.5 LABOUR CONTRACT AND MINIMUM WAGES

*The Industrial Employment (Standing Orders) Act, 1946* requires employers to provide employees with clear terms of employment as set down by a certified employment Schedule.<sup>21</sup> Besides that, the foregoing discussions on various major labour rights legislations in India underscore the necessity of clearly defined labour contracts for the workers to be able to claim their rights. However, India's National Commission on Enterprises in the Unorganized Sector (NCEUS) has identified rampant trends of decline in the hiring of workers on a regular contract, as short-term and irregular contracts are emerging as the basis of most recent recruitments in the Indian industries (Pratap 2015: n.p.; Sridhar 2014: n.p.). Casual and contract workers lack job security, social security benefits and freedom of association. This facilitates the sidestepping of statutory obligations by employers and creates a constant state of insecurity for workers.

Contrary to economic assumptions that wages and productivity move in tandem, data from the 2013 Annual Survey of Industries data shows that workers' real wages have been stagnant in India between 1983 and 2013 while real productivity has increased at an annual average rate of 7%. While a large part of this growth is attributed to increasing mechanization, requiring workers to upgrade their skills, this has not translated into higher wages (Singh 2015: n.p.) Data from the last 25 years shows that wages for Indian workers have barely kept up with inflation. Accounting for inflation and calculating in 2011-12 prices, if a worker earned Rs. 8,154 per month in 1990-91, they earned only Rs. 7,972 per month in 2011-12. In real terms, workers today earn less proportionally than they did in 1990 (Yadav 2015: n.p.). Labour laws protecting wage standards in India include the Payment of Wages Act, 1936.<sup>22</sup> Minimum Wages Act, 1948,<sup>23</sup> Payment of Bonus Act, 1965<sup>24</sup> and Equal Remuneration Act, 1976.<sup>25</sup>

21 Industrial Employment (Standing Orders) Act, 1946, No. 20 of 1946 (23 April 1946).

22 Payment of Wages Act, 1936, No. 4 of 1936 (23 April 1936).

23 Minimum Wages Act, 1948, No. 11 of 1948 (15 March 1948).

24 Payment of Bonus Act, 1965, No. 21 of 1965 (25 September 1965).

25 Equal Remuneration Act, 1976, No. 25 of 1976 (11 February 1976).

## 4. LABOUR RIGHTS VIOLATIONS IN INDIAN LEATHER AND FOOTWEAR INDUSTRY

As described through workers' testimonies in the following sections, the workers of the leather and footwear industry in India face widespread and systematic violation of their labour rights. The Society for Labour and Development, New Delhi has conducted primary research to investigate the nature and extent of these rights violations in two prominent production clusters of India- Ambur, Tamil Nadu and Agra, Uttar Pradesh. The investigations in Ambur engaged with workers in both footwear production factories and leather tanneries. However, in Agra the research focussed on footwear factory workers exclusively. The following section discusses the findings of the primary research.

### 4.1 METHODOLOGY

The present study is based on a survey of secondary literature and data along with the primary data collected through 232 in-depth interviews with workers from footwear manufacturing and leather production industry in India. The interviews were conducted in two of the most important production clusters in India – 119 interviews of footwear factory workers in the Agra district in the state of Uttar Pradesh and 113 interviews with footwear factory and leather tannery workers in the Ambur cluster of the Vellore district of Tamil Nadu. Of the 113 interviews conducted in Ambur, 51 were with tannery workers. The respondents in both of these places were identified using the snowballing technique. The data collection took place between August and November, 2015.

The type of work done by our respondents in footwear factories included pasting, cutting, stitching, finishing, lasting, packaging, etc. Tannery workers were involved in works like buffing and skinning, auto-spray, vacuum, crusting, colouring, cleaning, dyeing, finishing, stretching the skin, packing, spiriting, etc.

The interviews were conducted using a semi-structured interview schedule. The schedule aimed to comprehensively capture specific aspects of violation of labour rights under the India labour laws. The interviews drew on a questionnaire developed within the 'Change Your Shoes' project and incorporating fundamental International Labour Organisation (ILO) standards. The same questionnaire was the basis for data collection in other producing countries, for example China and Indonesia. Most questions are informed by the ILO conventions.

Other questions gather personal information about the interviewee and one section on legally binding employment contracts follows 'Clean Clothes Campaign' guidelines.

Alongside its national labour laws, India has ratified the following ILO core labour standards. India is yet to ratify some of the fundamental ILO conventions critical to protection of labour rights.

Table 8 Status of relevant ILO-Conventions in India:

In addition to national legislation India has ratified the following ILO core labour standards	Date	Status
C100 – Equal Remuneration Convention, 1951 (No. 100)	25 Sep 1958	In Force
C111 – Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	03 Jun 1960	In Force
C029 – Forced Labour Convention, 1930 (No. 29)	30 Nov 1954	In Force
C105 – Abolition of Forced Labour Convention, 1957 (No. 105)	18 May 2000	In Force
India has not ratified the following ILO core labour standards		
C087 – Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)		
C098 – Right to Organise and Collective Bargaining Convention, 1949 (No. 98)		
C138 – Minimum Age Convention, 1973 (No. 138)		
C182 – Worst Forms of Child Labour Convention, 1999 (No. 182)		
The following additional ILO-Conventions are relevant for this study	Date	Status
C001 – Hours of Work Convention		Not ratified
C026 – Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)	10 Jan 1955	In Force
C131 – Minimum Wage Fixing Convention		Not ratified
C155 – Occupational Safety and Health Convention		Not ratified
C005 – Minimum Age (Industry) Convention, 1919 (No. 5)	09 Sep 1955	In Force
C006 – Night Work of Young Persons (Industry) Convention, 1919 (No. 6)	14 Jul 1921	In Force
C018 – Workmen's Compensation (Occupational Diseases) Convention, 1925 (No. 18)	30 Sep 1927	In Force
C081 – Labour Inspection Convention, 1947 (No. 81) Excluding Part II	07 Apr 1949	In Force
C089 - Night Work (Women) Convention (Revised), 1948 (No. 89) P089 - Protocol of 1990 to the Night Work (Women) Convention (Revised), 1948 ratified on 21 Nov 2003 (In Force) Has ratified the Protocol of 1990	27 Feb 1950	In Force
C090 - Night Work of Young Persons (Industry) Convention (Revised), 1948 (No. 90)	27 Feb 1950	In Force
C118 - Equality of Treatment (Social Security) Convention, 1962 (No. 118) Has accepted Branches (a) to (c)	19 Aug 1964	In Force



#### 4.1.1 Profile of the workforce in Ambur

The workforce in the leather industry is distributed across the three broad types of production units discussed in the structure of the industry section. Most number of workers within production units are employed generally at the Level III. In this industry even at the bottom of the value chain where small units are engaged in job work, the division of labour is clearly defined. Those working with machines and drums are categorized as skilled workers, whereas those using basic hand-tools for processes like dehairing and fleshing are considered semi-skilled. All the other categories of workers like i. e. cleaners and helpers are considered unskilled in the industry.

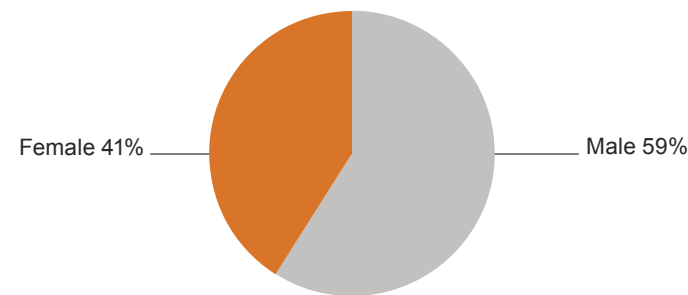
The workforce in the Tamil Nadu clusters consists of traditional leather worker castes such as Chakkiliyans and the Paraiyans (both Scheduled Castes), who perform the so-called 'dirty operations' in the tanning industry. It has also been seen that other castes from the Scheduled Caste category have gradually entered the workforce without traditional knowledge of the work. Muslim workers have also entered the workforce in numbers now almost as significant as the Scheduled Castes. The reason for their entry is explained in terms of the organizational transition in the industry to more mechanized systems. The mostly Muslim owners in the industry were apprehensive of the traditional Scheduled Caste workers' capacity to adapt to the new production processes. They decided to bring in new Muslim workers to smoothen the transition in the wake of the Seetharamaiah Committee's<sup>26</sup> recommendations in the 1970s. Since unlike the local Scheduled Caste workers, the Muslim workers were not traditionally entrenched in the old ways of working, they were deemed more suitable to be trained with the new techniques. Despite the numerical dominance of the Scheduled Caste and Muslim communities in the workforce, community identity does not perform exclusionary functions when it comes to entry into the workforce.

It has also been noted that unlike the general trend of caste-based segmentation of the workforce in the leather industry in other parts of the country, Tamil Nadu clusters have seen more of gender-based segmentation. Women are generally employed in the tanning industry in significant numbers in the finishing jobs and not so much in the earlier stages. Possible explanations for this gender-segregation within the workforce could be the traditional dominance of men in the other jobs and entrenched patriarchal values undermining the recognition of skills and capacity to perform in higher-paying jobs for women. The nature of work for the women remains degrading and arduous.

Primary data collected for this study offers a review of the structure of workforce in the leather and leather products industry of the Ambur cluster including footwear workers.

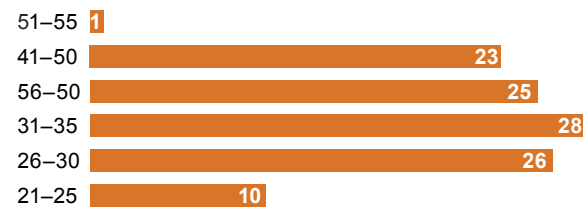
Of the 113 shoe factory workers interviewed in Ambur, 67 were male and 46 were female workers. The sample was drawn from across 9 leather shoe factories and 9 tanneries. 51 of the 113 respondents were tannery workers.

Figure 7: Gender Composition of the workforce in Ambur



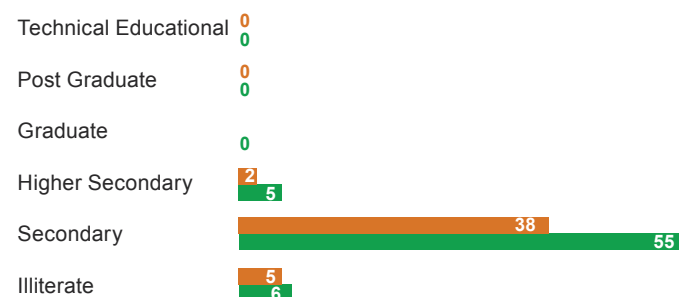
All but one respondent were above 21 years and under 50 years of age; the maximum number 28 falling in the 31 to 35 years' age group.

Figure 8: Age profile of the workers in Ambur



Only 11 out of the 113 respondents were illiterate. Most of the respondents had received up to secondary education- 55 men and 38 women.

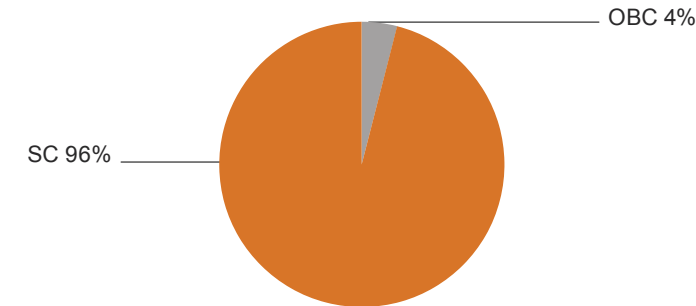
Figure 9: Educational profile of the workforce by gender in Ambur



Almost all the respondents were married except 3 men and 8 women. Almost all the respondents reported their permanent residence as Ambur or one of the neighbouring areas of Kanchipuram.

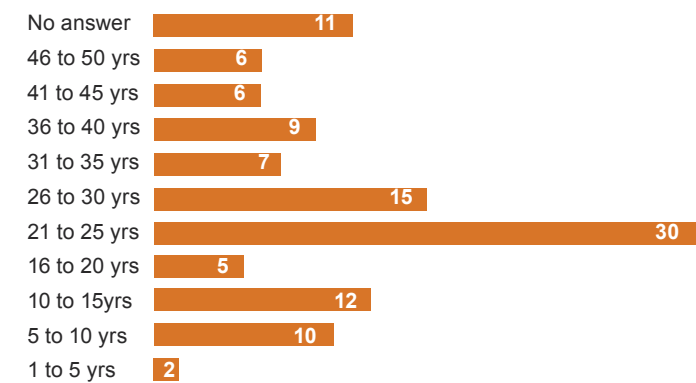
The workers interviewed were predominantly from the Scheduled Caste community – 108 out of the 113. The 5 other came from Other Backward Classes (OBC).

Figure 10: Social composition of the workforce in Ambur



The following graph describes the duration of employment of the respondents in their current workplace. Most of the respondents reported working for more than 20 years in the same place, reflecting a significant level of job security in Ambur.

Figure 11: Years of employment in the present workplace in Ambur



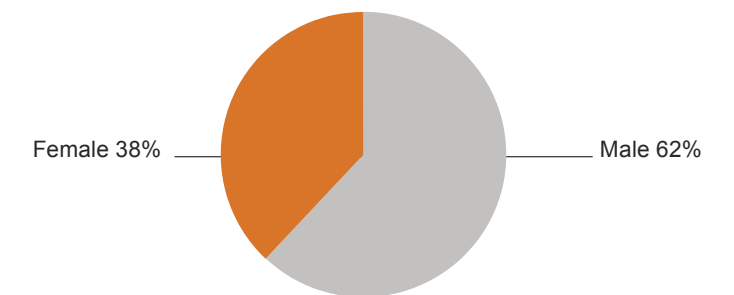
#### 4.1.2 Profile of the Workforce in Agra

A particular Scheduled Caste of Jatavs along with Muslim workers dominates the workforce in the Agra footwear industry. However, the composition of the export-oriented units' workforce is not so clearly determined by the caste and community factors. As in Tamil Nadu, in Agra too women find themselves confined to low-paying arduous jobs, often as helpers and sometimes in upper produc-

tion as fitters. Given the complementary existence of home-based small units with the medium and large production units, the workers tend to hone their traditional skills in the job first in smaller home-based units and then progress to employment in factories. However, the progression is not one-way and workers keep shuffling between larger factories and smaller units in their career.

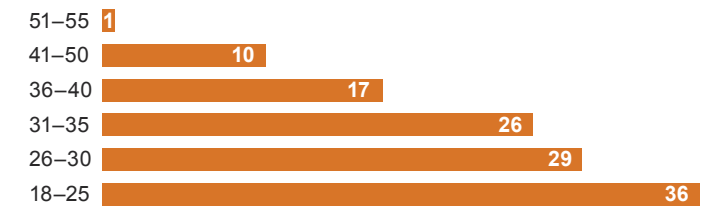
Based on the primary data collected for this study, of the 119 shoe factory workers interviewed in Agra, 74 were male and 45 were female workers.

Figure 12: Gender composition of workers in Agra



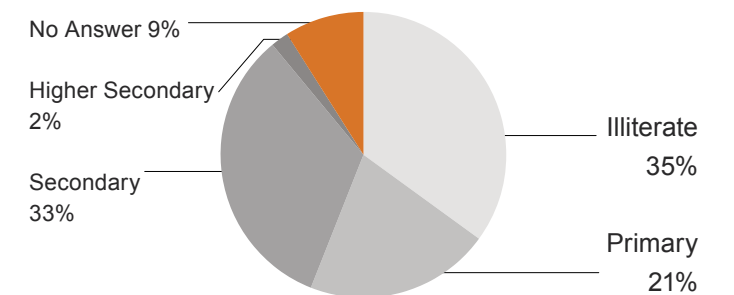
Most of the respondents (76%) belonged to the age-group of 18 to 35 years.

Figure 13: Age profile of the workers in Agra



42 out of the 119 workers were illiterate. Of the rest, 66 workers reported having undergone primary to higher secondary level of schooling. 26 out of the 45 women workers reported having gone through some level of schooling.

Figure 14: Educational qualification of workers in Agra



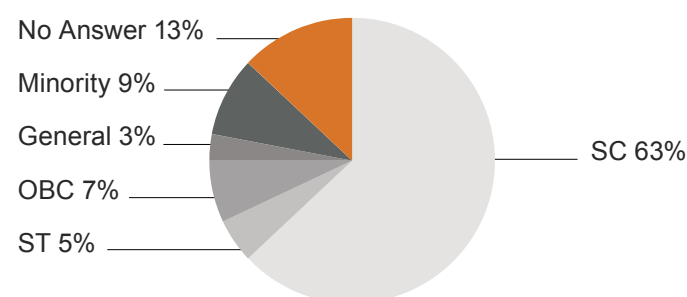
26 See Chapter 2.2, Government Policy

33 out of the 45 women respondents and 58 of the 74 male respondents were married.

All the respondents reported their permanent residence in Agra and 106 out of the total had been residing in Agra since birth.

Majority of the respondents, that is, 75 out of 119, reported belonging to the socio-economically marginalized Scheduled Caste (SC) communities. Another 25 respondents belong to other marginalized communities, viz. Scheduled Tribes (ST), Other Backward Classes (OBC) and minority religious groups. 15 of the respondents refused to reveal their social background and only 4 reported belonging to the general category.

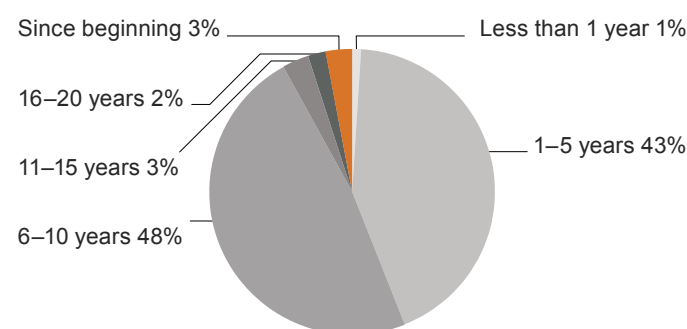
Figure 15: Social Background of Workers in Agra



71 of the total respondents worked in 3 prominent shoe factories, namely, Metro & Metro (25 respondents), Tej Shoes (24 respondents) and Roger International (22 respondents).

51 of the respondents had been working in the present factory for 5 years or lesser. 57 of the respondents had been employed in the present factory for 6 to 10 years at the time of the interview. There were about 10 workers who reported being employed in the present factory for more than 11 years.

Figure 16: Duration of present employment in Agra



## 4.2 FACTORY CASE STUDIES FROM AGRA

This section examines global supply chain relations of two prominent footwear manufacturing companies in Agra, along with a systematic assessment of the working conditions in their production factories.

### 4.2.1 Tej Group, Agra

Established in 1962, the Tej Group is a leading supplier to European brands like Balducci, Deichmann, Hush Puppies (Bata) and Rieker (Tej Group 2015a: n.p.). The Tej Group also owns two brands of its own, viz. TSF and AZA (Tej Group 2015b: n.p.).

Besides key European countries like the UK, Belgium, Czech Republic, Norway, Denmark, Finland, Greece, Spain, Germany, Sweden, Hungary, France and Switzerland, the company also supplies footwear products to many other countries and regions like Australia, USA, Canada, Kuwait, Russia, Saudi Arabia, South East Asia, Jordan and the UAE.

The company claims average production rates of 15,000 pairs of shoes every day which include 3,000 pairs of injection footwear, 7,000 pairs of hand-stitched and San Crispino footwear and 5,000 pairs of cemented footwear (Ibid.).

Our study included interviews with 24 workers currently employed in the factories of the Tej Group. 16 of them perform the job of fitters, while the remaining perform other functions like cutting, bottom-making, pasting soles and miscellaneous unskilled work.

**Main forms of employment.** 21 of the respondents were paid either daily wages or by piece-rates, whereas the remaining were employed through contractors. These are the dominant forms of employment in these factories.

**Labour contracts and social security.** Almost all the workers reported not receiving any formal letter of appointment or job contracts. Verbal agreements between labour contractors and the workers are the norm. In the absence of any other proof of employment such as identity cards, workers reported blanket exclusion from any social security benefits like Provident Fund (PF) and Employees' State Insurance (ESI).

**Exploitation based on traditional gender and caste norms.** The caste composition of the workforce in the leather and shoe industries in India unmistakably testifies to the cruel persistence of the oppressive Hindu

varna (caste) system. Almost all the workers belonged to the Scheduled Castes and other socially marginalized groups.

Further, gender-based discrimination in the industry denies equal recognition to women's work and skills. Women remain confined to relatively unskilled and low-paying positions of helpers and hand-stitching. Women are generally paid lower than men in the same work, even as they work without any support systems like crèche facilities for their children or a legally required internal complaints committee to address issues of sexual harassment.

**Living Wages.** 14 of the 24 workers reported monthly incomes<sup>27</sup> between Rs 5000 and Rs 7000, whereas the rest reported slightly higher incomes in the range of Rs 7000 to Rs 9000. These incomes are far below the levels advocated as living wages for such workers. (See chapter 4.5.4)

**Working hours, overtime and forced labour.** Given the abysmally low incomes of the workers, a large number of them choose to work on the piece-rate system where their income becomes directly proportional to their daily productivity. In this system, in order to earn more every day, workers put in 8 to 12 hours a day. The piece-rate system as observed in Agra precludes the notion of overtime work and the rates of payment do not increase for overtime hours. Moreover, this employment system also does not provide weekly, sick, casual or any other form of leaves.

Within this context it can be fairly argued that the overtime work amounts to forced labour thrust upon extremely poor workers by the inadequacy of prevailing wage rates.

**Freedom of association and the right to collective bargaining.** Only 5 out of the 24 workers reported awareness about the significance and functions of a workers' union. The surveyed factories of Tej group themselves do not have any workers' union. Workers' issues are dealt with by them individually approaching their supervisor or contractor.

**Health and safety.** The respondents reported non-availability of any first-aid kits in their workplaces. They are not provided any safety equipment or made aware of possible work-related hazardous situations and rescue systems that might be needed.

<sup>27</sup> All incomes for workers in Agra and Ambur reported from the primary data are real net wages that workers take home.

Burns and cuts are common injuries suffered frequently by the workers. Given their systematic exclusion from the ESI services, they have to bear entire medical costs for their own treatment.

### 4.2.2 Roger Industries Ltd. Agra

Established in 1979, Roger Industries Ltd. (formerly Roger Exports) supplies footwear products to most European countries as well as the US, South Africa, China, Taiwan, Russia, Japan, Australia and others (Roger 2015). Interviewees stated that one of its European buyer brands is Deichmann. Deichmann, however, assured the authors of this report that Deichmann is not sourcing any products from this factory.

The company claims a production capacity of 100,000 pairs per month (Ibid.). They have an in-house testing system to undertake the inspection of products at each stage of the production.

Our study included interviews with 22 workers currently employed in the factories of the Roger Industries Ltd. 11 of them perform the job of fitters<sup>28</sup>, while the remaining perform other functions like cutting, bottom-making, pasting soles and miscellaneous unskilled work.

**Main forms of employment.** Among the 22 respondents, 20 workers were recruited on piece-rate or daily wage, while the remaining were hired through contractors. Piece rate and contract systems are the dominant systems of employment in these factories.

**Labour contracts and social security.** The workers in the factories of Roger face similar conditions as the workers in Tej when it comes to written letters of appointment or job contracts. All the workers reported verbal agreement with the supervisors and contractors as the only basis of their recruitment. They also reported not getting any identity cards and not receiving social security benefits like PF and ESI.

**Exploitation based on traditional gender and caste norms.** Workers in Roger reported similar practices of gender discrimination as Tej. The predominant number of Scheduled Caste workers in our sample, in case of Roger as well, is testimony to the deeply-entrenched varna-based occupational norms in the industry.

<sup>28</sup> Shoe fitters are skilled workers responsible for keeping the measures/sizes of the shoes to set standards.

**Living Wages.** 8 of the 22 workers reported monthly incomes between Rs 4000 and Rs 6000, whereas 11 reported slightly higher incomes in the range of Rs 6000 to Rs 8000. Only 3 of the workers reported receiving monthly incomes above Rs 8000. Payments of wages are generally made on a weekly basis but the workers are not given any payment slips. Workers reported not receiving any bonus or gratuity benefits either. Workers said that their wages are not sufficient for decent living, therefore, they generally do cost cutting in food and children's education to survive. The wage levels in Roger factories are far lower than prevailing living wage standards and at the same time violate the legally mandated minimum wage norms of Uttar Pradesh. (See chapter 3.5)

**Working hours, overtime and forced labour.** As in Tej factories, abysmally low incomes coupled with the prevalence of the piece-rate system of wage calculation in Roger factories too, compel the workers to work for 8 to 12 hours long work days without any overtime payments. Weekly, sick, casual and other regular forms of leave in standard employment systems are absent in the piece-rate system of work.

**Freedom of association and the right to collective bargaining.** None of the 22 respondents reported any awareness about the significance and functions of workers' unions. None of the factories had any unions and workers reported informal and individualized grievance redressal systems similar to the Tej factories.

**Health and safety.** Workers from the Roger factories reported similar lack of health and safety measures as in Tej factories.

### 4.3 WORKER PORTRAITS OF FOOTWEAR AND LEATHER TANNERY WORKERS FROM AMBUR

This section presents the worker portraits of a woman footwear factory worker and a senior male worker from a leather tannery in Ambur.

#### 4.3.1 Kamakshi, footwear factory worker, Ambur<sup>29</sup>

Kamakshi (name changed on interviewee's request) is a 38-year-old woman from the Other Backward Classes category working in Ambur's footwear industry for the last 22 years. Right after completing her school education and not yet an adult, she joined work in a shoe factory to supplement the income of her poor father. She has continued

29 Transcription of the interview recording available on file with SLD.

to work after marriage to supplement the income of her husband. With decades of experience in the cutting department (considered skilled), she is entitled to a basic pay of Rs 4500, and her gross monthly salary varies between Rs 7000 to Rs 9000 a month.

Her long days begin with tending to domestic chores and her children before leaving for work. In the cutting department at work, she stands all day working under the close watch of her supervisor who is there to ensure that she meets her daily cutting targets with high quality work and minimum wastage of leather. The supervisors' watch is tightly aligned with the foreign buyer's specifications.

While unlike the shoe factories of Agra, Kamakshi's factory has facilities like canteen, dining hall, a nurse for first aid services in case of accidents, and even a crèche, the taxing conditions of the work do take their toll on the workers' health. Kamakshi tells that working all day, standing up, causes arthritis and joint pains for many. She also tells that working in the stench of leather and chemicals in the factory causes occasional dizziness and kill her appetite even after a hard day of work. Besides, work-related injuries are also common, particularly for the workers in the stitching department.

Kamakshi does acknowledge that the management appears to be lenient with high-performing workers, allowing them small breaks in addition to the half-an-hour lunch break. However, she also feels dissatisfied with the absence of any effective grievance redressal mechanisms. Aware of her labour rights, she suspects a collusion between the government's labour department officials and the management. Labour inspections, which are few and far between, make no effort to reach out to workers to address their issues. Kamakshi feels that even the workers' union in her factory has been co-opted by the management, leaving the workers to fend for their individual issues. With more than two decades of work experience and no alternative avenues of livelihood in sight, Kamakshi wishes the management cared a little more for their workers.

#### 4.3.2 Manikkyam, Leather tannery worker, Ambur<sup>30</sup>

Manikkyam (name changed on request of the interviewee) is a senior trade union leader from one of the biggest tanneries in Tamil Nadu, the T. Abdul Wahid Tanneries Private Limited (TAW). He has recently retired after 40 years of work in the tannery. He comes from a Scheduled Caste background with a personal history that virtually embodies the history of the tanning industry in Ambur.

Manikkyam started out as an unskilled helper in a tannery, progressing through the checker's position to more senior roles. When he started out, he claims, tanning was carried out without using artificial chemicals, and without polluting

30 Transcription of the interview recording available on file with SLD.

the environment of the area. The leather thus produced was colloquially called Avaram Patta. However, not long after Manikkyam started working, the industry moved on to chemical methods to reduce the process time from 10 days to 5-7 days. In the new production methods, lower quality leather is produced using a process known as dhras and higher quality leather is made using Chrome tanning. Manikkyam also observed that the limited supervisory capacity of foreign buyers coupled with corrupt practices of the tannery owners led to the eventual end of leather export in the area. The tanneries had to then start their own shoe factories to sustain their business.

Manikkyam also notes that as the use of the chemical processes pervaded the whole industry, the government also tightened its environmental regulations. Government monitoring of the pollution and tanneries' failure to comply with the set norms, led to the closure of a number of tanneries in the area. Only a few large ones like TAW survived for their early adoption of measures for treatment and recycling of waste, particularly the water. In reality, environmentally hazardous practices still go on as the administration fails to curb corruption in its own ranks. Manikkyam has seen major decline in the fertility of agricultural land in the area and also the virtual extinction of all fresh water sources. The intensification of chemical use in the industry has also had grave health consequences for Manikkyam. He has tumours all over this body which according to his doctors have been caused by prolonged exposure to the chemicals. The tumours may or may not be malignant but they have not been cured. Manikkyam says that his employers refuse to take any responsibility for his treatment, citing the availability of the ESI services.

In his long career as a trade union leader associated with the All India Trade Union Congress, Manikkyam relates stories of countless struggles that have improved the lives of thousands of workers in the region. Manikkyam fondly remembers his own political mentor, Venkatesan, popularly called AV, with whom he won his first major struggle for bonuses to the workers. Manikkyam followed in AV's footsteps to successfully secure the right to a weekly leave, proper workers' uniforms, collective labour agreements with employer groups for adequate allowances besides the basic pay and so on. The findings about the relatively decent working conditions for leather and shoes industry workers in Ambur in our study, are perhaps a glowing testimony to the success of Manikkyam and his comrades. That success notwithstanding, Manikkyam mulls over the fact, somewhat like Kamakshi, that after 40 years of untiring service to his employers he has retired at a salary-level which his young daughter is receiving at the start of her career!

## 4.4 VIOLATION OF LABOUR RIGHTS

The following sub-section uses the findings of the primary research to surface violations of the rights guaranteed by the key labour laws in India. Foremost among these laws are those protecting the freedom of association, social insurance, occupational health and safety, living wage and labour contracts of the workers. As the following parts deal with each of these types of rights and their violations in the industry of Ambur and Agra clusters, the study attempts to underscore the failure of national and state government authorities as well as employers in protecting the basic rights of the workers. The discussion on each type of right begins with a description of the existing rights under the present legislative and constitutional provisions in India<sup>31</sup>, followed by an analysis of the primary data to assess the level of compliance with these provisions.

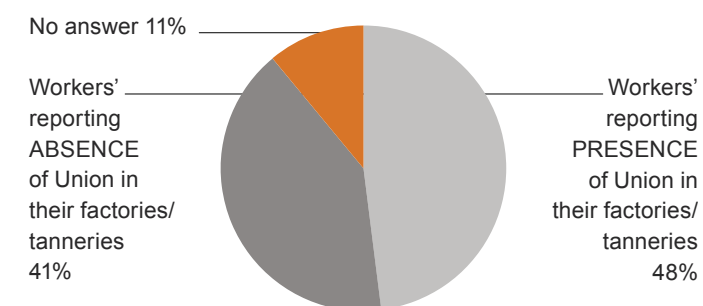
### 4.4.1 Freedom of Association

#### Leather tannery and footwear workers in Ambur

On an average, 55 out of the 113 workers interviewed in Ambur were either unable to or refused to answer questions pertaining to the freedom of association in their workplaces. However, 101 of the respondents said that they were aware of the significance and functions of a workers' union.

54 reported having unions in their factories, whereas 47 claimed that there was no active union in their place of work.

Figure 17: Presence of workers' unions Ambur



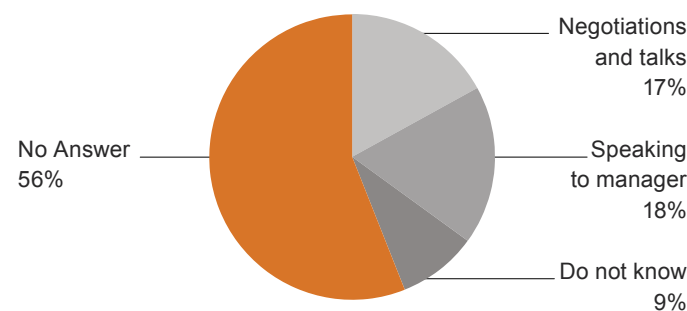
31 The discussion of the relevant legal and constitutional provisions in the following parts is based upon SLD's unpublished research report titled Examining India's Labour Law Changes: Toward advancing principles of rights, inclusion and employment security. The report has been prepared by Shikha Bhattacharjee.



42 of the workers said that their union was formed by the workers; only 4 of the respondents claimed that any central trade union had a role in the formation of their union. When asked if they believed that their colleagues were harassed for participating in union activities, 63 workers gave no answer, while another 49 said that there was no such harassment by the management. Negotiations and talks with the manager were reported as the dominant mode of dispute settlement by 40 of the total respondents. At the same time, 63 of the respondents were ignorant or refused to engage on the question of mechanisms for dispute settlement.

When asked if they believed that their colleagues were harassed for participating in union activities, 63 workers gave no answer, while another 49 said that there was no such harassment by the management. Negotiations and talks with the manager were reported as the dominant mode of dispute settlement by 40 of the total respondents. At the same time, 63 of the respondents were ignorant or refused to engage on the question of mechanisms for dispute settlement.

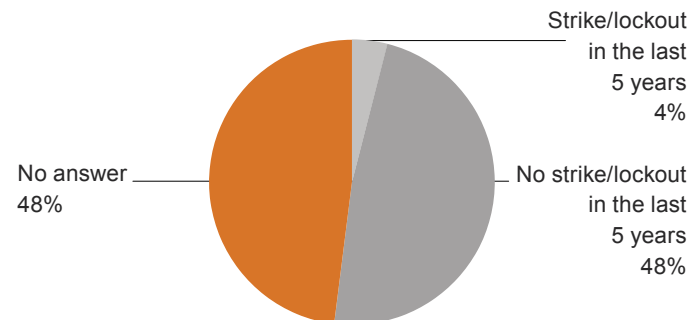
Figure 18: Mode of dispute settlement by the unions in Ambur



In fact, in an answer to another question, 46 of the respondents expressed a belief that there was no mechanism for grievance redressal in their factories. 50 workers reported that their factory management did not allow union meetings to take place during work hours. Only 5 said that they could hold union meetings during work hours. Only 3 of the total respondents believed that there exists a collective bargaining agreement between their union and the factory management. 43 of the workers claimed that there was no such agreement. The remaining respondents either had no idea about the agreement or could not answer this question.

54 of the respondents said there has been no strike or lockout in their knowledge over the last 5 years; whereas another 54 had no answer for this question. Only 5 of the respondents claimed having knowledge of any strike or lockout in the last 5 years.

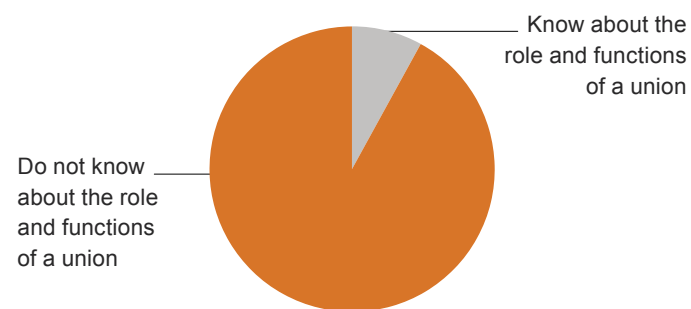
Figure 19: Knowledge of any strikes or lockouts in the last 5 years in Ambur



#### Footwear workers in Agra

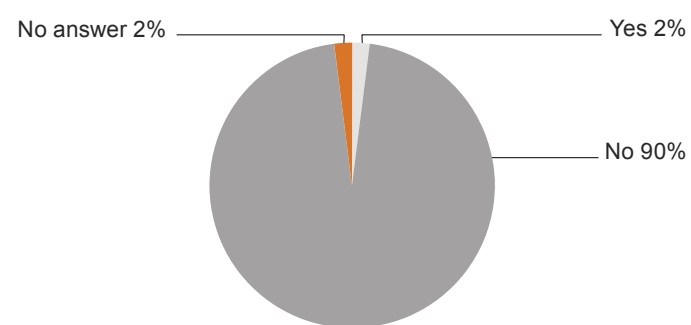
For the shoe factory workers of Agra, freedom of association and right to collective bargaining appear as alien concepts. 110 of the 119 workers had no understanding of the significance and functions of a workers' union.

Figure 20: Knowledge about the role and functions of a Union in Agra



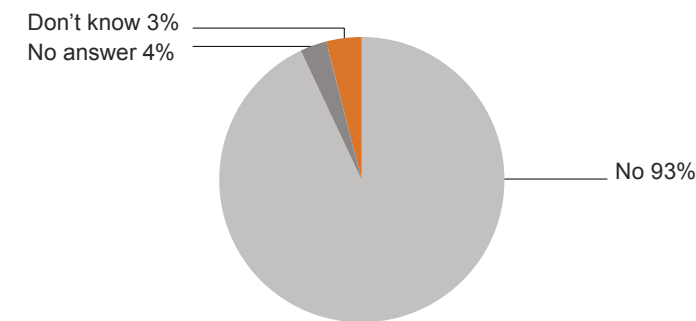
It does not come as a surprise then, that 115 of the workers reported having no unions in their factories.

Figure 21: Presence of a workers' union in Agra factories



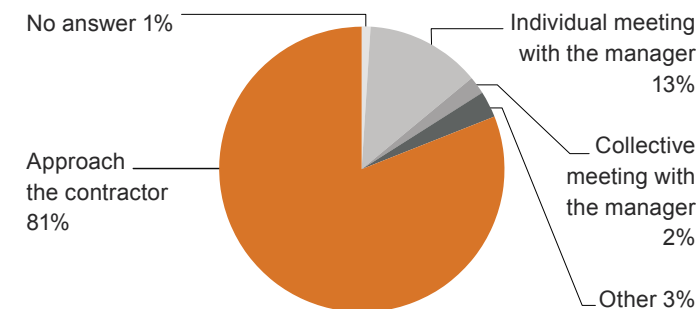
Workers, individual or as a collective, do not have any formal or informal access to the management for grievance redressal.

Figure 22: Any informal system of dispute settlement in Agra factories



Only 17 of the 119 respondents reported approaching the management, mostly individually, in case of any grievances. The ad-hoc nature of this system reflects in the fact that 110 of the workers said that there existed no informal system of grievance redressal in their factories. It is the labour contractors, the workers rely upon for resolving their issues. 97 of the workers interviewed said that they approach their contractors if they have any problems.

Figure 23: Common modes of dispute settlement in Agra



Our survey was unable to establish the efficacy of this system in addressing issues of labour rights. However, in the near complete absence of any unions or even informal labour collectives, the freedom of association of the workers remains a right systematically curbed by the contractor-led employment system in the industry.

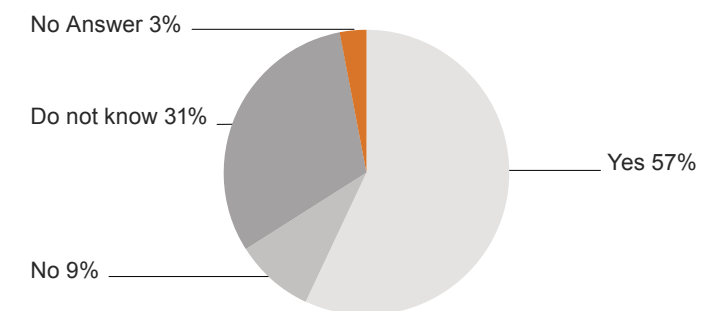
#### 4.4.2 Social Insurance

##### Leather tannery and footwear workers in Ambur

When it comes to providing legally guaranteed social security benefits to the workers, our sample of leather and shoe workers from Ambur reported the following.

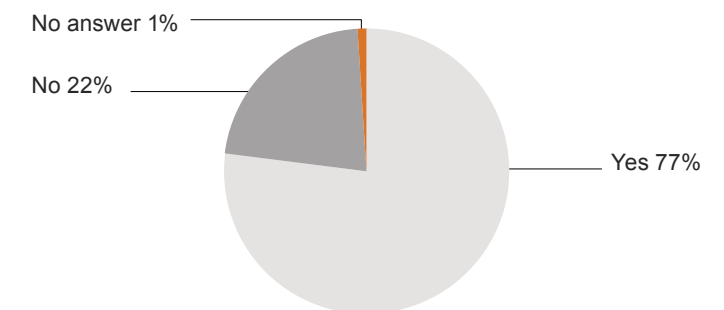
All the workers interviewed were registered as beneficiaries of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. All but one knew their Provident Fund account numbers and 108 of the 113 were aware of the amount being deducted from their salaries towards their contribution to the PF. However, only a little over half of the respondents believed that their employers contributed their share to the PF. 10 thought that the employers did not contribute money to their PF while the remaining were either unaware or could not answer the question.

Figure 24: Employers' contribution to the Provident Fund in Ambur



Almost all the respondents (111) were registered as beneficiaries of the Employees' State Insurance Act, 1948, of which, 101 also possessed the ESI Smart Cards<sup>32</sup>. 102 of the respondents knew the amount being deducted from their wages as their contribution for the ESI services. A large majority of 87 workers from our sample had actually used the ESI services.

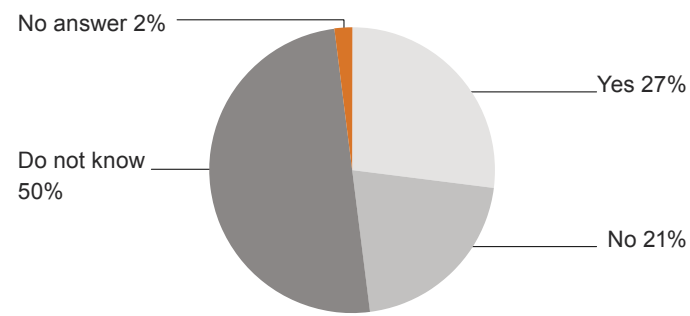
Figure 25: Workers who have used ESI Services in Ambur



However, as is the case with PF, here too the workers were unsure if their employers were contributing their due shares towards the ESI. Only 30 believed that the employers contributed, whereas 24 said that they did not; the rest were unaware or could not answer the question.

<sup>32</sup> ESI Smart Cards are IT-based systems of providing the Employees' State Insurance Services.

Figure 26: Employers' contribution to the ESI fund in Ambur



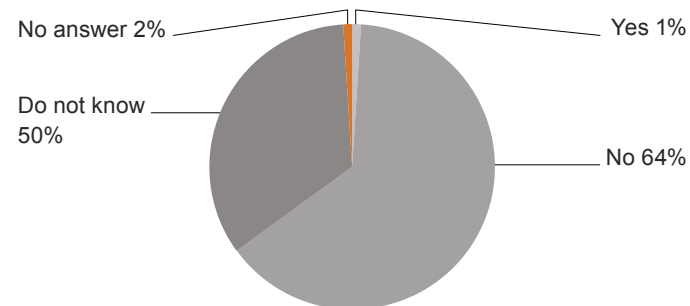
Moreover, most of the workers, 105, found the process of availing the ESI benefits difficult.

Additionally, all but one worker reported that their factories provided bonuses to their employees. Nearly all, 106 workers, also reported their factories providing gratuity amounts.

#### Footwear workers in Agra

Agra throws up a starkly contrasting situation to Ambur. Only 1 out of the 119 workers interviewed in Agra reported being registered under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. While 76 others knew that they were not registered, a large number of 41 workers were ignorant about their rights under the 1952 Act.

Figure 27: Registered under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 in Agra



110 of the workers did not know if their employers were deducting any portion of their wages in the name of contributions to the PF. This fact is important as it is common practice where the employers use PF-related deductions as a mechanism to provide lower wages to their workers. In such cases the workers might not even be aware if they are registered for getting PF benefits.

A similarly bleak situation exists in the case of access to ESI services for the workers. Only 1 of the 119 respond-

ents was registered under the Employees' State Insurance Act, 1948. Unaware of their rights under the 1948 Act, workers demonstrated a cynical disengagement with further inquiries into ESI issues.

Similar situations prevailed when it came to the issues of getting bonuses and gratuity where almost all the workers either did not know about them or were not receiving these benefits.

#### 4.4.3 Occupational safety and health

##### Leather tannery and footwear workers in Ambur

Ambur shoe and leather production facilities were found to frequently provide basic arrangements to ensure the health and safety of their workers.

Almost all the workers interviewed reported availability of clean drinking water, sufficient number of toilets, adequate lighting, fan or cooler during the summer season and a canteen facility at their workplace. However, only 68 of the workers could confirm the availability of separate toilets for men and women.

Almost all respondents reported that their factories were equipped with fire-fighting systems and emergency exit doors.

111 of the respondents reported having first-aid care facility and 112 reported receiving safety equipment at their workplace. 74 respondents had received instructions for dealing with work-related hazards and 60 reported having also received training on safety measures to minimize the risk of such hazards. While 30 respondents had also at various points complained about hazardous conditions of work, a majority of 79 workers had never made such complaints. Despite the significant number of workers receiving necessary training to deal with health and safety issues, 102 of the respondents reported that there were no dedicated committees in their factories to take up health and safety issues.

The most common forms of accidents and injuries in shoe factories and leather tanneries are caused by acid or other chemical spills on the skin, burns and piercing by needles. Other significant work-related ailments reported include asthma, nausea, headaches, skin diseases and allergies.

21 workers reported having met with an accident at work. 41 workers said that in case of accidents or emergency health issues, the management commonly provides first aid and then refers the worker to a hospital if needed. Another 59 workers confirmed that referral to a hospital was a common response by the management in case of medical issues at work.

75 respondents reported that it is the ESI services or the factory management which bear the cost of treatment generally in case of work-related health issues and minor accidents. However almost all the workers also said that in case of major accidents, it is the workers who have to bear the cost of treatment and expenses during the recovery period.

In all, it can be contended that the factories and tanneries in Ambur provide basic facilities and financial support to their workers in cases of minor accidents and common health hazards. However, in the absence of collective representation of the workers in managing these facilities, in cases of major accidents and long-term ailments the workers are likely to be left to fend for themselves.

##### Footwear workers in Agra

In Agra, the study found very few responses indicating that the factory managements took any responsibility for the health and safety of their workers, except for providing some very basic facilities. Almost all workers reported adequate availability of toilets, lighting, and fans or coolers during the summer season in their workplaces. A large majority of 95 workers confirmed the availability of separate toilets for men and women. However, 16 other respondents also said that there were no women workers in their factories. 54 of the workers had canteens in their factories. Emergency exit doors and fire-fighting systems were not found in all the factories - only 68 workers reported having the emergency exit doors and only 63 reported having fire-fighting systems in their workplaces.

Almost all the workers reported asthma as a major work-related ailment commonly found in the industry workers. Injuries caused by burns and cuts were reported as common by 58 workers. Only 2 workers reported having witnessed any major accident in their workplace.

Only 37 of the 119 respondents claimed to have first-aid facilities in their factories. As few as 20 of the respondents said that their factories provided them with safety equipment. As many as 100 respondents said that they did not receive any information about work-related hazards from their managements. Only 7 workers had ever complained about hazardous working conditions.

While 65 workers said they receive no help from the employers in cases of work-related accidents, a few, 19, said that they did receive some kind of help from the employers. However, probing further into the nature of help received, the study found that it was limited to cases involving minor incidents.

The majority of 88 workers said that they themselves have to bear the cost of treatment in case of accidents. Even in other instances requiring expenses for medical

services, a similar number of workers said that they bore the expenses themselves. However, 18 workers did claim receiving financial support from the factory in cases of work-related diseases.

96 workers said that workers do not get paid during the period of recovery after an accident or from illness. A small number of 18 workers contradicted this opinion and said the workers do get paid during the recuperation period. As many as 69 workers claimed that if recovery from an accident or illness takes a long time, workers are fired from their jobs. In contrast, another 47 said that it is not the case.

However, an overall assessment of the situation indicates a general trend of dereliction of duty on the part of the employers in the Agra shoe industry when it comes to workers' health and safety.

#### 4.4.4 Living Wages

##### The Asia Floor Wage Benchmark

The Asia Floor Wage Alliance (AFWA), a global coalition of trade unions, workers' rights organizations and human rights organizations, provides a detailed formula for calculating living wages across national contexts. The AFWA definition of a living wage specifies that living wage calculations must include support for all family members, basic nutritional needs of a worker and other basic needs, including housing, healthcare, education and some basic savings.

The Asia Floor Wage Alliance bases their calculations on the following considerations:

- A worker needs to support themselves and two other consumption units. [One consumption unit supports either one adult or two children.]
- An adult requires 3000 calories a day in order to carry out physically demanding work in good health.
- Within Asia, food costs amount for half of a worker's monthly expenditure.

Based upon these assumptions, the Asia Floor Wage is calculated in terms of Purchasing Power Parity \$ (PPP\$). This fictitious World Bank currency is built upon consumption of goods and services, allowing standard of living between countries to be compared regardless of the national currency. In order to calculate annual Asia Floor Wage figures, the AFWA carries out regular and ongoing food basket research (AFWA 2016: n.p.). Accounting for high inflation, Asia Floor Wage figures are calculated annually.

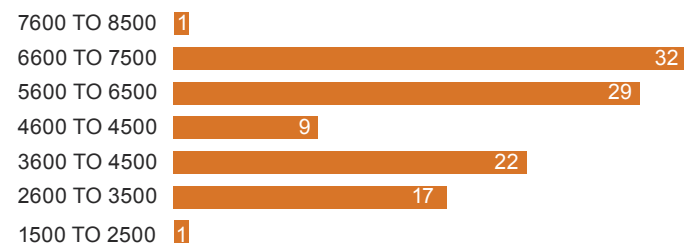
According to 2015 AFWA annual PPP\$ wage figures, calculated based upon up to date national food basket

research, a living wage sufficient for workers in India amounts to INR 18,727 [USD 282.78] per month. This rate includes support for all family members, basic nutritional needs of a worker and other basic needs, including housing, healthcare, education and some basic savings.

#### Leather tannery and footwear workers in Ambur

Despite their relatively better-off working conditions compared to the workers in Agra, the workers in Ambur receive dismally low wages for their work. Our study revealed that most workers in Ambur were not receiving even half of the living wage amount. The following graph shows the distribution of our sample across various income strata.

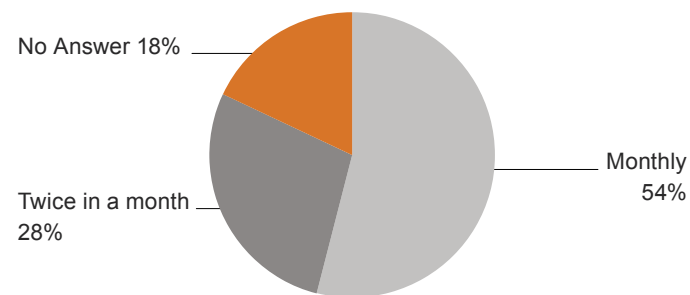
Figure 28: Average monthly incomes in Ambur



Distribution of the sample of respondents across various monthly income brackets. (Y-axis: Income brackets in Rs/month; X-axis: Number of workers from our sample receiving their monthly wages in a particular income bracket)

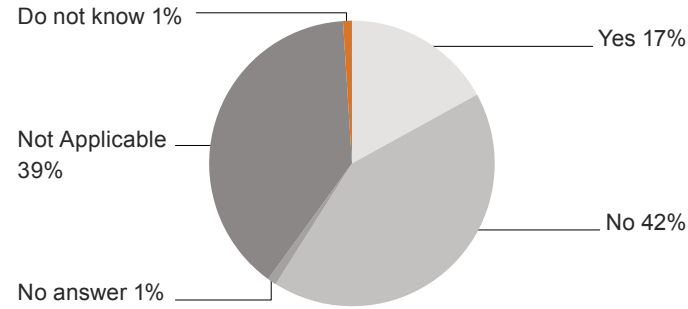
95 of the workers received payment slips for their wages. 61 of the 113 respondents received their wages on a monthly basis, as another 32 received them on a fortnightly basis.

Figure 29: Frequency of wage payments to workers in Ambur



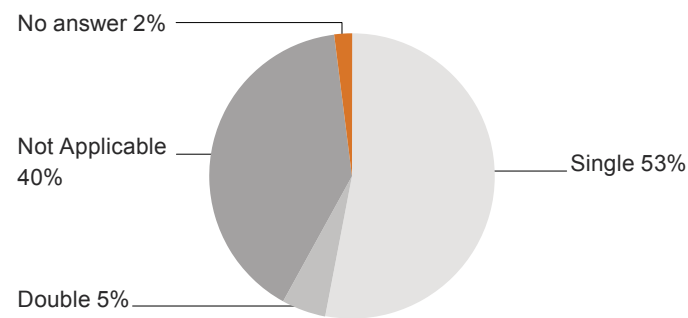
Only 19 of the workers received extra wages for overtime work.

Figure 30: Payments for overtime hours in Ambur



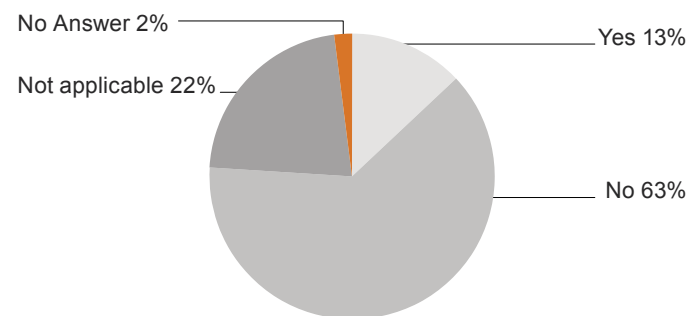
However, only 6 of the respondents believed that overtime wages were paid at double the normal rates; 60 workers believed that the rates were the same as normal work hour-rates.

Figure 31: Rates of overtime payment in Ambur



71 workers said that they believe that there is no wage discrimination based on gender. Only 15 said that women received lower wages than men for the same work.

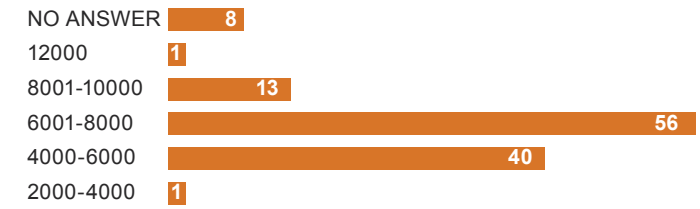
Figure 32: Women receiving lesser pay than men for the same work in Ambur



#### Footwear workers in Agra

The workers in Agra have far lower monthly incomes compared to the prevailing living wage standards. Their absolute monthly incomes are only marginally higher than their Ambur counterparts. The following graph shows the distribution of our sample across various income strata.

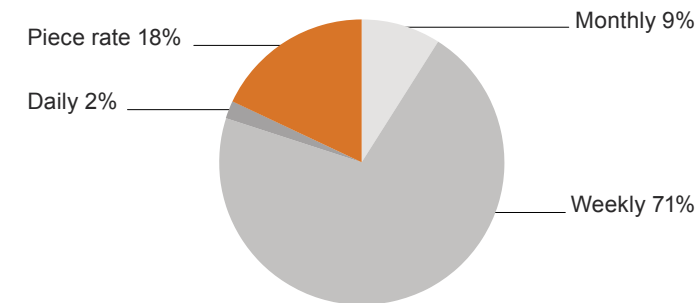
Figure 33: Average monthly incomes in Agra



Distribution of the sample of respondents across various monthly income brackets. (Y-axis: Income brackets in Rs/month; X-axis: Number of workers from our sample receiving their monthly wages in a particular income bracket)

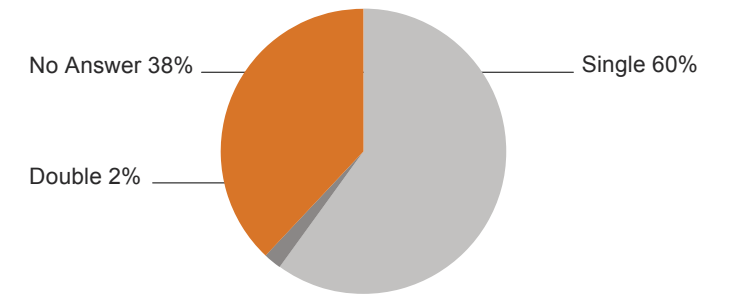
Only 3 of the 119 workers reported receiving payment slips for their wages. Maximum workers, 84 in number, received their wages on a weekly basis. Another 22 workers received their wages under the piece-rate system. Only 11 of the respondents received monthly salaries.

Figure 34: Frequency of wage payments in Agra



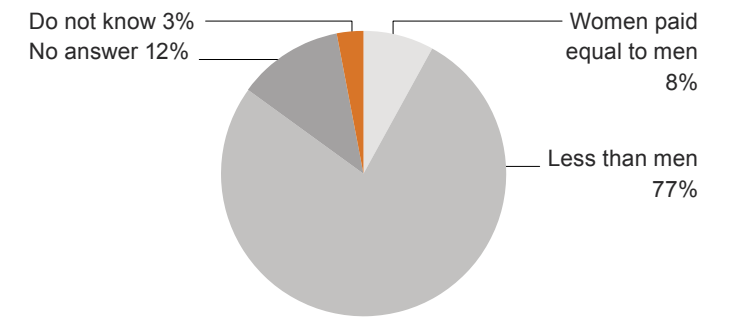
71 workers reported that overtime wages were paid at single rate. Only 3 workers said that workers received double rates for overtime hours.

Figure 35: Overtime wage rates in Agra



Gender-based wage discrimination in Agra is really high with 92 of the 119 respondents believing that women were paid lesser than men for the same work.

Figure 36: Women receiving lesser pay than men for the same work in Agra



#### 4.4.5 Labour Contract

##### Leather tannery and footwear workers in Ambur

109 of the 113 respondents in Ambur were regularly employed and 2 were employed as daily wage workers. However only 4 workers reported having appointment letters whereas 104 of the respondents said they did not have it. 101 workers said that they had never asked their employers for the appointment letters. As a proof of employment 106 of the workers had company identity cards, 104 of which were signed by factory officials.

##### Footwear workers in Agra

In Agra, almost none of the workers received any appointment letters or possessed any identity cards. The workers had also never asked for these documents.



## 5. INTERIM CONCLUSIONS

In sum, the numbers in the foregoing analysis of the Indian leather and footwear industry point to rampant violations of labour rights, aggravated by exclusionary social structures of caste and gender. The workers in Ambur do appear to have relatively better access to social security compared to the workers in Agra. In this context, as the aforementioned labour law reforms materialize to supply a flexible labour force for global finance capital, it would become increasingly difficult for workers to remember themselves as bearers of human rights. Such a condition is already presenting itself in the case of the workers in Agra. Therefore, having supplied the numbers of rights violations, this study would do justice to the working people of the Indian leather and footwear industry in foregrounding their voices to narrate their own stories. It is with this sense that, we put forth the interim conclusions below through the narratives shared by the workers themselves.

*“We have to stand all day in the cutting section, [where] we are prone to get arthritis and other joint related pains... Especially women are subjected to more health issues, as we have to deal with leather and the smell it emits while working, and other gums we use to stick the shoe and other material in the process of shoe making, make us go dizzy sometimes... and once we are home we generally don't feel like eating or anything; we feel like we don't have appetite and we want to just sleep the moment we go home.” (Kamakshi, a 38-year old shoe factory worker from Ambur with 22 years of work experience)<sup>33</sup>*

The working conditions in the Indian leather and footwear industry are physically highly taxing. Workers may end up with long-term ailments with insufficient incomes or pensions for medical treatment. Manikkyam, a senior trade union leader and leather tannery worker from Ambur showed the researcher tumours all over his body. The tumours, his doctors tell him, are caused by long-term exposure to chemicals used in the tanneries. His pension and savings are not enough to get them examined for possible malignancy. The tannery he worked in for his whole life takes no responsibility of his condition on the pretext that he already has access to Employees' State Insurance (ESI) medical services. The ESI medical facilities have not been able to cure his tumours.

However, Manikkyam is among the better-off workers when compared to the footwear industry workers from Agra. Out of the 119 workers interviewed for this study, only one had an ESI registration. It is an accepted norm in Agra that workers have to bear their own medical expenses even if they are necessitated by hazardous working conditions.

The employers in Ambur can also seek relief from such responsibilities towards their workers as they do provide safety equipment. However, as another footwear worker from one of Ambur's production units manufacturing for export to Italy, told the researcher: *“Yeah, they give gloves and all, but we won't use. These gloves are made up of rubber and they are heavy and it slows us down while working and you feel like you have been working slow and not with the efficiency one generally has. And sometimes wearing the gloves, the worker will be little careless if he is not feeling the sewing machine and he has the risk of making the hand go into the machine.” (Anand, a 38-year old footwear worker from Ambur)<sup>34</sup>*

The safety equipment provided by the company does not sit comfortably with strictly supervised daily targets for production in Ambur's footwear production units. High productivity of the worker is critical to the protection of their subsistence wages. In Agra similar pressure makes workers take up long hours of work without much care for their own health or rights, in order to make the maximum in wages under the piece-rate system of payment. Agra has not had a history of a vibrant trade union movement in the leather and footwear industry. However, Ambur with its great legacy of successful trade union movements led by the communists, is presently at crossroads about the ways to protect workers' hard-won rights. As Damodaran and Mansingh (2008) note, job security in the export-oriented leather and footwear industry is highly vulnerable to the volatility of the international markets. In case of a demand slump, the domestic market too is not capable of providing an alternative avenue to large suppliers, as the highly competitive Chinese industry has come to swamp the domestic Indian market with cheap products. Additionally, any space in the domestic sector that might be targeted by big producers in scenarios of low international demand, will end up displacing thousands of small and medium producers who generally rely on the domestic market.

<sup>34</sup> The quote is from a group discussion with Anand and other workers. Transcript of the recording of this discussion is available with SLD on file.

With this backdrop, the workers have been convinced that their subsistence wages are critically tied to the sustainability of their employer firm. Thus, in cases of rights violations, workers have reported a preference for resolving the matter internally with the employer through non-disruptive negotiations. This compromised attitude towards collective bargaining among the workers could be a possible explanation for the weakening of the once-robust trade union movement in Ambur.

*“Inside union is formed by the workers of the respective company and its main concern is about that particular company. However, outside union is formed by someone else and if you want to start working under that banner you have to get registration number, and seven members should be by law members. Although there can be elections within the union, these seven members will continue as founding members. And this type of unions such as AITUC, CITU, Anna, and PMK and several other outside politically affiliated unions will be concerned about many things and it is not good for the company and the workers. And the inside union is like family, if we have issues with management we can resolve among ourselves without the intervention of the outside agencies.” (Balram, a tannery worker from Ambur with 26 years of experience, on why he does not prefer working with “outside unions” like the central trade unions)*

Unfortunate as it may be, the situation in Ambur is much better compared to the state of labour rights in the Agra footwear industry. Almost none of the respondent workers from Agra in this study showed any awareness about their rights. Most of them reported little to no knowledge about the significance and functions of trade union. This could be seen as a possible explanation of their dismal working conditions, as is reflected in the discussion of our primary data.

Given the industry-wide systematic violation of labour rights and the decline of the trade union movements where they were once strong, the workers may want to choose an alternative profession if available. In Agra, the exercise of such a choice is circumscribed by historical reasons of caste and the prominence of the industry in the local economy. Jatav and Muslim communities constituting the bulk of the workforce have been engaged in the shoe-making profession since the Mughal era. A transition to a new profession would involve breaking of repressive socio-cultural barriers and gaining new skills. Our field study was unable to identify signs of any such transition.

In Ambur, agricultural land has been rendered infertile by the pollution from the leather industry. Those aspiring for new avenues are striving hard to gain higher education and learn new skills. But as of now the resources required to fulfil such aspirations still come from income from the leather and footwear industry. As related to the researcher by Anand from Ambur:

*“There are people who are still students and [are also] working in the companies. We know three people who are like this; they go to college and they come for work also. They want to study but they don't have money. What will they do? They have to work to earn money and study to fulfil their dreams. There is a teacher who is working in our line, and there is also a nurse who does the same work as we do.”*

This scenario leaves no choice for the workers but to depend on the government authorities to protect labour rights enshrined in India's constitution and legislative structure. The present study has also traced the shift in the legislative and governance attitude in the backdrop of market liberalization in India. Even as the large scale labour law reforms are yet to be fully realized by the Central government, a de facto liberalization of these is already effected through their negligible implementation. Kamakshi narrated her experience with labour inspections in her factory:

*“... but when the labour officers come and visit us we feel there is a nexus between the administration and the labour officers. They just come once in a while and go on their own way. There is no mechanism for the employees to inform the labour officers if there is any complaint.” A logical outcome of these adversities faced by the workers, can be summed up in the case of Manikkyam. Having fought his entire working life for the collective rights of the workers in Tamil Nadu's leather industry, Manikkyam himself is left to wonder after his recent retirement:*

*“After working for 40 years, I could not get the salary which my fourth born managed to get in the initial stages of her earning [life].”*

As the workers in India's leather and footwear industry cope with international market volatility under the liberalized regime, de facto and proposed de jure dilution of labour laws, decline in the trade union movement and a glaring dearth of alternative employment opportunities, international brands procuring from Indian suppliers must take urgent measures to ensure that their profits do not come at the cost of the lives of these toiling masses.

<sup>33</sup> Transcript of the recording of interview available on file with SLD.

## 6. RECOMMENDATIONS

### 6.1 RECOMMENDATIONS TO THE INDIAN LEATHER AND FOOTWEAR FACTORIES AS WELL AS TO INTERNATIONAL COMPANIES

1. Recruitment and placement of workers in the industry should follow statutory obligations.
  - a. The illegal practice of hiring contract and daily wage workers for perennial work within the factories should be immediately ended.
  - b. Discriminatory placement of women workers must be stopped. Women must be appointed to positions commensurate with their skills, at par with male workers.
  - c. Appointment letters should be provided to all workers.
2. Living wages and at the minimum, statutory wages should be provided to all workers. Wage theft should be ended; transparent modes of wage payments in line with the relevant national and state government regulations must be practiced.
  - a. Daily wage workers should be regularized as their “daily wage” status is a misclassification for what ought to be regular work; this practice only allows for denial of benefits and exploitation of workers.
  - b. Piece rate payments to workers should be made as per rates set through scientifically derived methodology with input from workers’ representatives. In the absence of such a mechanism, the result is inhuman production targets and forced overtime. Piece rate work should be abolished altogether in favour of regular employment, until a valid methodology is put in place
  - c. Pay-slips should be provided to the workers without fail.
  - d. Overtime work should not be forced and the wage rates for overtime hours should be double the rates of the regular work hours.
  - e. Women should be paid equal wages as men for similar work.
3. Occupational health and safety should be actively ensured by the management for all the workers.
  - a. Workers in leather and footwear factories must be thoroughly trained to handle hazardous chemicals and processes with adequate safety gear.
  - b. Health issues among workers resulting from hazardous working conditions should be actively monitored by the workplace management in order to install suitable protective systems; management must bear the responsibility of the treatment of those affected.
  - c. Healthy working conditions should be ensured with proper ventilation, hygiene, sanitation, primary medical care, adequate waste management, legally regulated work hours, etc.
  - d. Democratically elected, functional and accountable committees against sexual harassment as mandated by the Indian law should be constituted in all factories.
4. Adequate social security systems should be put in place in accordance with the existing government policies for all workers.
  - a. Provident Fund and Employees’ State Insurance should be provided to all workers including those currently precluded from the benefits due to irregular systems of employment like daily wage, piece-rate and contract workers.
  - b. Pay-slips provided to all workers without fail should reflect clearly the deductions from their wages on account of contributions to various social security benefits like Provident Fund and Employees’ State Insurance.
  - c. Information and communication technology should be effectively deployed to facilitate easier access and transparency in the various social security benefits.
  - d. Maternity benefits as mandated by the law should be strictly followed.
5. Freedom of Association, as guaranteed by the Indian Constitution and labour laws should be promoted and protected by the industry at all costs.
  - a. Workers should be allowed to organize for their rights without fear in factory spaces.
  - b. Grievance redressal systems should be made functional at the factory level for addressing the concerns of the workers.
  - c. Collective bargaining with democratic unions and groups of workers should be adopted as a norm for decision-making within the factories.
  - d. Unfair labour practices and illegal coercion should be strictly checked as common practices for union busting.
  - e. Women should receive equal representation in all bodies formed for the purpose of collective bargaining and workers’ representation.

### 6.2 RECOMMENDATIONS TO THE INDIAN GOVERNMENT

1. The institutional systems for stringent implementation of the labour laws in the leather and footwear industry of India can be strengthened through the following measures:
  - a. Promotion of labour rights among workers, employers, implementing authorities, consumers, investors and other stakeholders
  - b. Hiring of sufficient personnel in the labour department to ensure regular inspection, monitoring and compliance by factories
  - c. Providing free legal services to low-income workers in order to prevent their exclusion from accessing justice
2. The ministries and authorities mandated with implementation of environmental regulations shall also take into account for redressal the adverse impacts of pollution from the industry on community livelihoods and health.
3. Prevention of gender discrimination in wages and commensurate promotion in recognition of skills of women workers.
4. Active policy incentives and financial support, as provided to association of owners in the industry, should be extended to unions and collectives of workers in recognition of their constitutional and legal right to freedom of association.
5. Minimum wages shall be raised in order to guarantee decent work to all categories of workers.
6. Denial of ESI and PF, or withholding of employer contribution, must be closely monitored and retroactively implemented in cases of violation.
7. Proposed labour law reforms shall be reconsidered to better guarantee the rights of the workers and ensure accountability of employers as well as global supply chains.
8. The Indian government must ratify ILO Conventions 87, 98, and 131 at the earliest with due considerations for the specific conditions of labour in India.

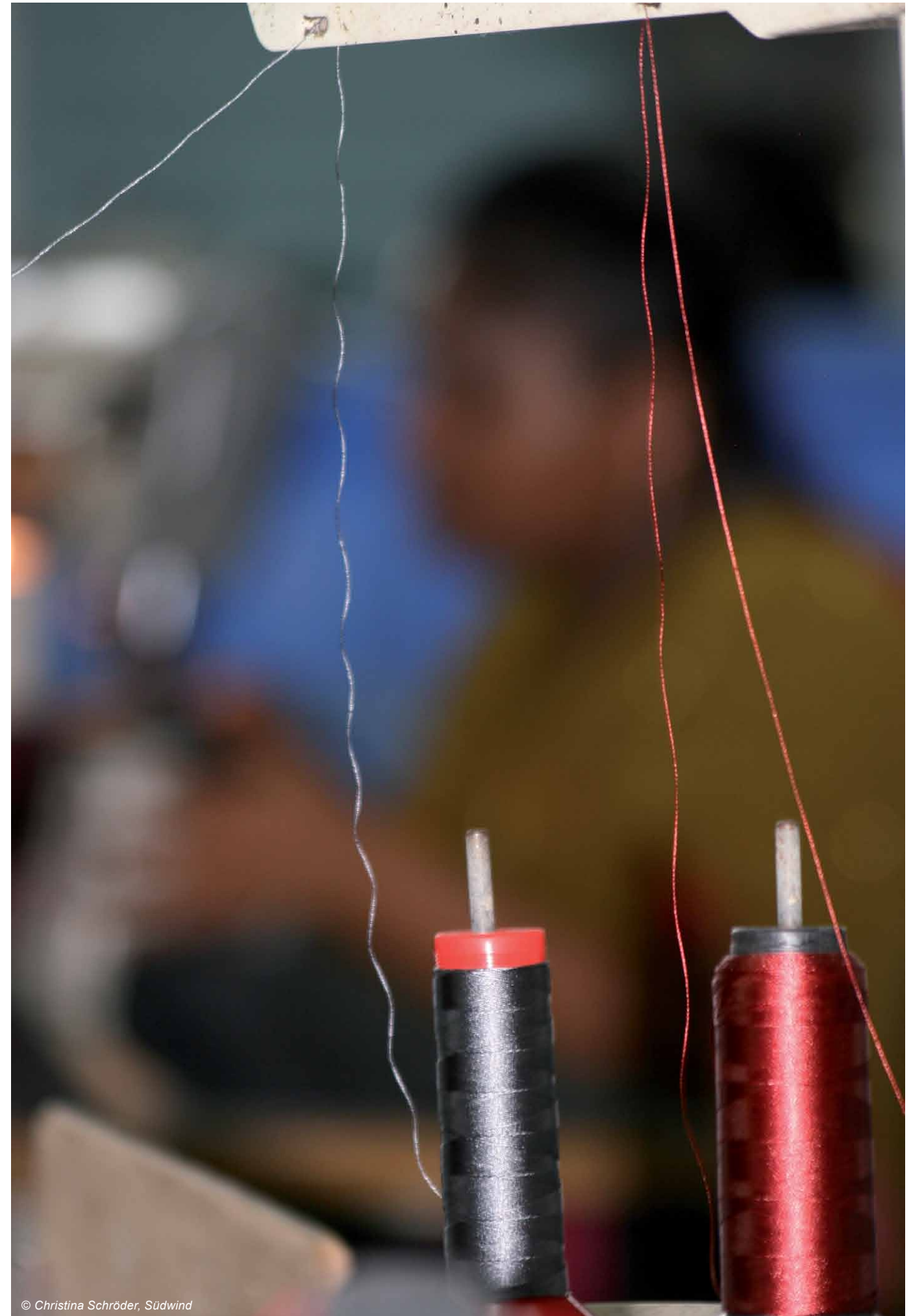
### 6.3 RECOMMENDATIONS TO THE EU MEMBER STATES

1. EU Member States shall implement the UN guiding principles on business and human rights.
2. EU Member States shall create national action plans obligating government and businesses to protect human rights.
3. EU Member States shall reform their OECD national contact points for multinational enterprises to meet human rights standards.
4. EU Member States must create or improve grievances and complaints procedures for the victims of labour and human rights violations.
5. EU Member States shall create a legal framework to take action against illegal business practices as well as infringements of corporate criminal law by multinational corporations.
6. EU Member States shall take the initiative in creating MSI focused on leather and footwear production.



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## IMPRESSUM

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