ZIMMERWALD 02

ROSA LUXEMBURG STIFTUNG SOUTH ASIA

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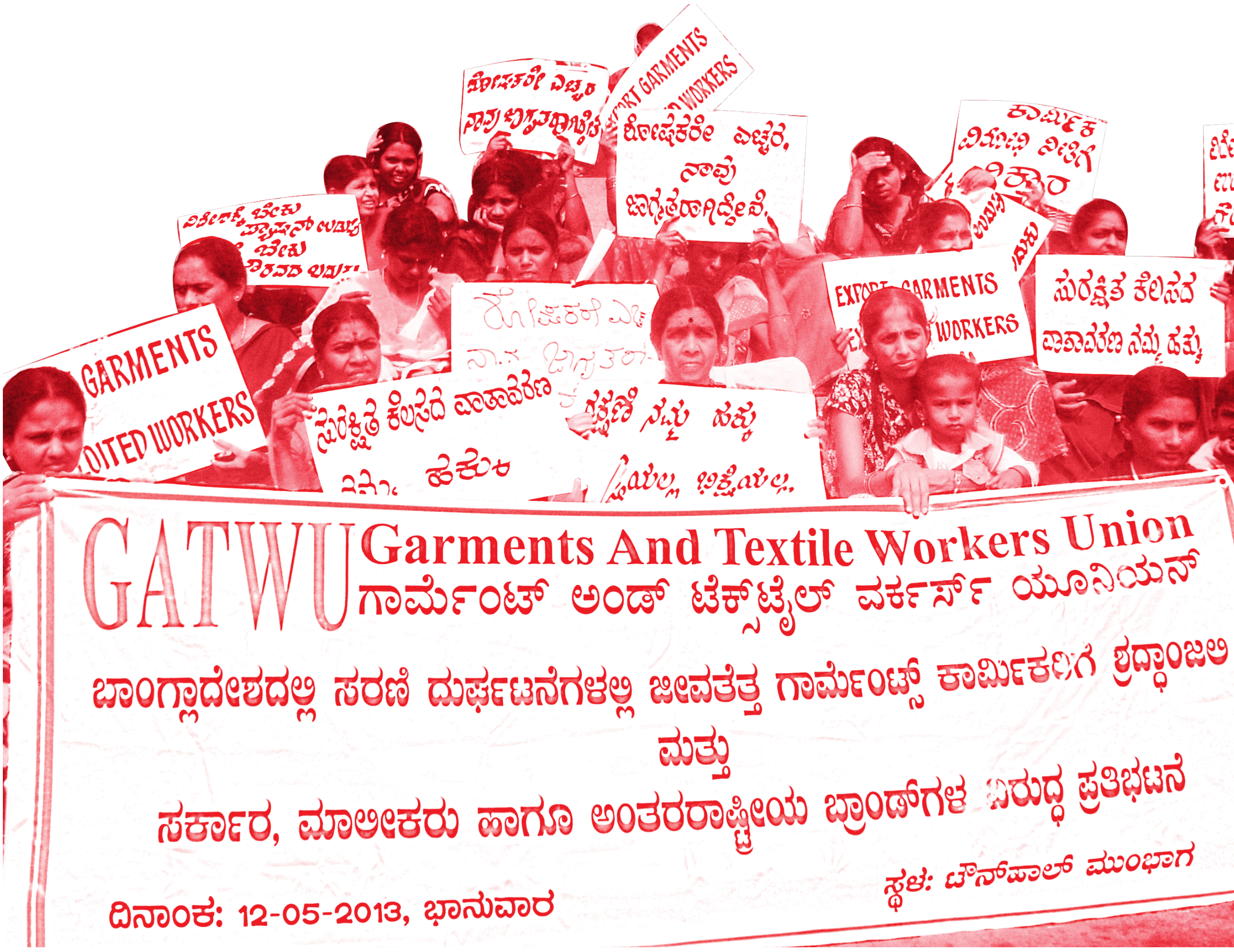
# "Ready Made"- Garments in India:

## Manufacturing cheap commodities in Global South, for the Global North

January 2013



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## Background

Global trade in textiles and garments was governed from 1974 to 2004 by the Multi Fibre Agreement (MFA), which imposed quantitative quota restrictions on export from developing to developed countries. With the expiry of the agreement on January 1st 2005, there was a huge expansion in the export of garments from the global South to the global North. For the period 2004 to 2011, export of ready-made garments globally increased by 60 percent.

**Table1: Garment export growth 2004-2011**

| Year | World Export | India Export | India Share |
|---|---|---|---|
| | ($ billion) | ($ billion) | |
| 2004 | 258.0 | 6.6 | 2.6% |
| 2005 | 276.0 | 8.3 | 3.0% |
| 2006 | 311.4 | 10.2 | 3.3% |
| 2007 | 347.1 | 9.9 | 2.9% |
| 2008 | 364.9 | 11.5 | 3.2% |
| 2009 | 315.6 | 11.5 | 3.6% |
| 2010 | 351.0 | 11.0 | 3.1% |
| 2011 | 412.5 | 14.4 | 3.5% |

Source: International Trade Statistics 2012, WTO Secretariat

India's own share of global garments export increased slightly with the expiry of the MFA, and has since remained roughly constant at around 3 - 3.5 percent of global trade.

Asia dominates the global garment trade, contributing to more than half of all garment exports. China is presently by far the largest exporter of readymade garments globally. More than a third of all garment exports originate from the country.

**Table2: Global share of major garment exporting countries (2011)**

| Country | Clothing export | Global share |
|---|---|---|
| (year 2011) | ($ billion) | |
| World export | 412 | 100.0% |
| China | 154 | 37.4% |
| Bangladesh | 20 | 4.9% |
| India | 14 | 3.4% |
| Turkey | 14 | 3.4% |
| Vietnam | 13 | 3.2% |
| Indonesia | 8 | 1.9% |

Source: International Trade Statistics 2012, WTO Secretariat

The shift in global supply chain for garments however predates the expiry of the MFA. For instance, in 1992, 49 percent of all retail apparel sold in the USA was made in the country; by 1999 the proportion of domestically made US apparel dropped to just 12 percent.[1] By 2011, 97.7 percent of all apparel sold in the country was globally outsourced.[2]

What was the purpose of this global restructuring of the garment industry? This restructuring allowed the industry to access substantially cheaper labour in Asia and other less developed regions. The global garment industry was also able to use competitive pressure between countries and the fear of movement of capital to drive down wages, and employment standards like work hours and safety norms, to gain huge supply chain advantages.

To explain this, compare wages in the garment sector in India, defined by the statutory Minimum Wage that varies around Rs.150-250 for an 8-hour working day, with wages for the lowest paid workers in the USA. The wage in India for garment workers is therefore around \$3-4 per day at an exchange rate of Rs.60 to a US dollar. Compare this with the US Federal Minimum Wage of \$7.25 per hour. Most states in the USA have minimum wages in excess of this, with the Minimum Wage in Washington being as high as \$9.15 per hour. At today's exchange rate, the lowest paid worker in the USA earns in one hour more than twice what a garment worker earns in a day. Therefore outsourcing garment manufacturing to India allowed the industry to reduce labour cost by a factor of around 20 times.

[1] John O' Loughlin, Lynn Staeheli, Edward Greenberg (eds) (2004), Globalization and its Outcomes, The Guilford Press, New York, pg74.

[2] AAFA Apparel Stats 2012 Report, American Apparel and Footwear Association, www.wewear.org.

As a result, global brands and garment retailers are able to continue making huge profits even while holding prices down in the global North. Thus, consumer price index for apparel in the USA for all urban consumers (1982-84=100) varied from 120.4 in the year 2003, to 119.1 in 2010, and increased to 126.8 in 2012. The consumer price index for apparels therefore increased by just 5% for the decade from 2003-2012. Compare this with the consumer price index in the USA for urban consumers for all commodities (1982-84=100) which increased from 184.6 in 2003, to 230.3 in the year 2012, or a 25% increase over the decade.[3] Garment prices in the USA increased at a rate only one fifth that of all urban commodities. We should add here that the increase in consumer price index for apparels from 2010 to 2012 was primarily due to a global increase in cotton prices in 2010.[4]

## Cheap labour in garments in India

The garment industry is a large employer of cheap labour in the urban India. A large proportion of the employment and manufacturing in the industry is for the export market. The garment export industry is mainly concentrated in urban regions around Bangalore in Karnataka, Chennai and Tirupur in Tamil Nadu, and in the NCR region in and

[3] Bureau of Labour Statistics, US Dept of Labour

[4] Gregory Meyer, Sept 2, 2010, "Cotton prices surge to 15 year peak", The Financial Times. The article reported that "The International Cotton Advisory Committee said this week the average global cotton price would rise 15 percent in the year that began on August1 from the previous year".

around Delhi. The statutory Minimum Wage in the industry varies from Rs.193.52 per day for an unskilled worker in the tailoring industry in Karnataka; to Rs.142.54 per day for a worker in the tailoring industry in Tamil Nadu; to Rs.205.44 per day for a worker in the industry in Haryana (NCR region).[5]

Bangalore city and its surrounding region employ an estimated 5 lakh (0.5 million) workers, while Chennai and the surrounding region employ around 2 lakh (0.2 million) workers.[6] Around 80 percent of the workers in these regions are women, from socially and economically backward sections of society. In the NCR region most of the workers in the sector are men.

Wages in the sector are extremely low. In Bangalore at the minimum wage a helper in the sector gets a monthly wage of Rs.5032. The take home wage would not be more than Rs.5000 per month for most workers in the sector. This is less than half the monthly expenditure of a typical garment worker family, as determined from the survey for 2013 (see Table3). Nearly one half of the sample in the 2013 survey (44 percent) reported that the wage of the garment worker contributed to more than 50 percent of the family wage. 17.5 percent of the workers reported that they were the sole wage earner in the family. This shows the critical importance of the wage of workers in the sector for survival of their families. It also refutes frequent government and industry claims that wages for women merely supplement the family income, and hence can be low. Table3 indicates another trend that might be of some concern. Monthly food expenditure in nominal terms remained almost the same in 2013, as in 2012. Given the prevalent double digit inflation[7] in the city, this implies a decline in real terms of around 10 percent on food items. This is also indicated by the significant decline in food expenditure as percentage of total family expenditure from 2012 to 2013. The expenditure on the food basket of Rs.3850 per month, for an average family size of 3.82 (adults plus children) in the survey, is already at a very low level. Any reduction in the expenditure can only be a forced reduction. Families of garment workers are having to compromise on basic necessities to balance their accounts. Even then they are forced into indebtedness. The survey reported very high incidence of debt, with 70 percent of the sample families being indebted.

[5] Minimum Wage Notifications for the states for 2013.

[6] Trade union estimates by the Garment and Textile Workers Union in Bangalore and the Garment and Fashion Workers Union in Chennai.

[7] According to statistics of Labour Bureau, Government of India, consumer price index (CPI) for Bangalore rose from 206 in March 2012 to 228 in March 2013, a 10.6% increase in CPI.

**Table3: Monthly Family Expenditure for a family of garment workers in Bangalore**

| Category | Year 2012 | | Year 2013 | |
|---|---|---|---|---|
| | Amount | Percent | Amount | Percent |
| | (Rs/month) | of total | (Rs/month) | of total |
| Food | 3855.42 | 41% | 3857.78 | 36% |
| Housing | 2081.67 | 22% | 2202.11 | 20% |
| Utilities | 400.97 | 4% | 670.72 | 6% |
| Transport | 767.42 | 8% | 963.56 | 9% |
| Education | 436.25 | 5% | 695.41 | 6% |
| Health care | 476.41 | 5% | 427.57 | 4% |
| Others | 1344.19 | 14% | 1950.32 | 18% |
| Total | 9362.34 | 100% | 10767.47 | 100% |

Source: Wage Survey 2012 and Wage Survey 2013[8]

Industry sources are aware that wages in the sector are low. They see this as the primary reason for the high labour turnover in the industry. Labour turnover of more than 100 percent per annum is reported as common. The industry claims that given the terms of trade along the supply chain it cannot afford higher wages.

The situation is even grimmer in Chennai, with wage levels nearly a third lower than in Bangalore. The cost of living in the two neighbouring metros in south India is not all that different.

[8] The survey was conducted jointly by the Garment and Textile Workers Union and the Centre for Workers Management during February-March 2012 with a sample size of 120 garment workers; and in March-May 2013 with a sample size of 355 garment workers in Bangalore. The garments research work of the Centre for Workers Management is supported by the RLS.

## How do wages compare with garment wages in China?

Given that China dominates the garment trade, accounting for more than a third of all global exports, Chinese norms for costs and prices should set the standard for other major Asian garment exporting countries.

However, the reality seems to be far from this.

In China in 2008 the three top garment manufacturing regions were Jiangsu Province, Zhejiang Province and Guandong Province. Together the three regions contributed to 61 percent by value of all garment exports originating from China.[9] As on 01-07-2013, the Minimum Wage was RMB 13 per hour for Jiangsu Province, RMB 12 per hour for Zhejiang Province and RMB 15 per hour for Guandong Province.[10] We can assume from this the average Minimum Wage for the garment manufacturing region in China as around RMB 13 per hour. This is a little more than $2 per hour at the current exchange rate[11], or around $16 for an 8 hour work day. Compare this with the wage rate in the Indian garment industry of $3-4 per day. We see that wages in China in dollar terms are around 4-5 times the Indian garment worker wage. The differential would be even higher in the case of Bangladesh, where wage levels in garments are less than $3 per day.

Industry sources claim that the Chinese garment sector has much higher levels of investment and productivity than in other Asian countries. Even so, the wage differential between China and other Asian garment manufacturing countries seems to indicate that the global garment supply chain has the ability to absorb much higher wage costs.

## Can global garment supply chain afford better wages?

The data in Table 4 gives indicative figures for costs along the global supply chain.

The data is from the year 2005, and for Bangalore, but would still be representative of the costs today. Two factors stand out. First, the Indian manufacturer gets a price that is only around 25% of the final retail price for garments. As a result, the profit margin at the manufacturing end may not support very high cost increases, including wage increases. Wages as a percentage of the sales price for the Indian manufacturers are around 12-15%. However, if we look at the entire supply chain, labour cost is only a small fraction of the final retail price. We see that it was substantially less than a dollar per piece for a basic shirt, a T shirt or a pair of denim jeans in 2005. Therefore, while there would be a limitation for increasing labour costs at the manufacturing end, the global supply chain as a whole can accommodate substantial increase in labour cost.

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[9] Albert Pan (2008), Research Report on China's Garment Industry, Beijing Zeefer Consulting Limited, pg 51.

[10] www.wageindicator.org.

[11] 1RMB equaled 0.17 US Dollars as on 07-01-2014. Therefore 13 RMB equaled 2.2 US dollars.

## Why are garment sector wages so low in Bangalore and Chennai?

The garment sector in Bangalore had its first Minimum Wage notification in the year 1986. At that time a tailor's Minimum Wage was fixed at Rs.18 per day. In 2008, the Minimum Wage for a tailor was Rs.108.71 per day. In real wage terms this worked out to Rs.22 per day at 1986 cost of living[12]. That is, in real wage terms, the Minimum Wage increased by only 22% over 22 years. Why has there been such a low increase in real wages in the sector?

The basic issue is with the implementation of the Minimum Wages Act. Section 3(b) of the Minimum Wages Act 1948 clearly states

that the appropriate Government should revise the Minimum Wage at intervals not exceeding five years. However, in actual practice the intervals far exceed five years. Governments delay the process for many reasons. Manufacturers resort to judicial intervention to stay Government notifications. A weak trade union movement in many sectors of industry is not able to provide credible opposition to this process. We see this applying to the garment sector in Bangalore and in Chennai.

In Bangalore, the last Minimum Wage notification was issued in March 2009. This came 8 years after the previous notification brought out in 2001. The 2009 notification which came after a sustained campaign by the Garment and Textile Workers Union (GATWU) gave workers some real benefits, including a wage increase of around 15 percent. However the industry, in blatant violation of the law, refused to comply with this notification for a year. Finally when GATWU moved the Karnataka High Court on the issue, the Labour Department issued a new notification in March 2010, diluting the provisions of the 2009 notification, claiming a "clerical error". GATWU moved the High Court on this fresh notification of 2010, and in March 2013 the Karnataka High Court passed its order holding the Labour Department action in changing the notification as wrong and without any justification. It is pertinent to note that by not complying with the 2009 notification, without even a challenge in court against the notification, the industry was clearly in violation of the Minimum Wages Act. Brands were well aware of this violation, but preferred to keep quiet about it. We would add here that at the time of the previous Minimum Wage notification in March 2001 also, the Labour Department in Karnataka at the behest of the Karnataka Clothing Manufacturers Association countermanded its own Minimum Wage notification with a fresh notification reducing the previous notified wage, claiming a "clerical error".

[12] The Consumer Price Index (base 1960=100) increased from 650 in 1986 to 3196 in 2008.

**Table4: Garment costs along the supply chain**

| Item | Percentage of final retail price | | | | |
|---|---|---|---|---|---|
| | Labour | Profit to Indian manufacturer | Landed cost to brand | Retail price ($) | Labour cost ($) |
| Men's basic shirt | 2.80% | 1.20% | 25.10% | $22.50 | $0.63 |
| T shirt | 2.00% | 0.70% | 18.30% | $15.00 | $0.30 |
| Basic denim jeans | 4.30% | 1.80% | 32.50% | $20.00 | $0.86 |

Source: Discussions with brand managers in Bangalore[13]

This form of violation of the Minimum Wages Act is not limited to Bangalore. In fact, the statutory Minimum Wage in the neighbouring state of Tamil Nadu is around 30% lower than in Bangalore. In Tamil Nadu the industry challenged and stayed the new Minimum Wage notifications brought out in 1994, and again in 2004. As a result there has been no wage revision for nearly two decades in Tamil Nadu, with wages only being revised annually to the extent of yearly increase in Consumer Price Index. It was only in 2013, with the Garment and Fashion Workers Union (GAFWU) challenging the stay and vacating it at the Tamil Nadu High Court, that pressure could be brought on the state Labour Department for constituting a Minimum Wages Committee to revise Minimum Wage for garments. A new Minimum Wage notification has even now not been announced for the sector.

We see from the foregoing that in the absence of any credible trade union on the ground in the garment sector, the industry was able to effectively stall the Minimum Wage notification in Bangalore for one decade, and in Chennai for nearly two decades. The Labour Department, while having the responsibility to implement the law under the Minimum Wages Act, was content to go along with manufacturers, and not oppose their actions. The result is extremely low wages in the sector.[14] We have already seen from the

[13] These figures for costs along the garment supply chain are based on discussions with brand managers in Bangalore in the year 2005.

[14] At a trade union discussion in Chennai in June 2012, union activists from among domestic workers claimed that in the up-market areas like T Nagar and Kilpauk, domestic workers could in six hours working earn more than garment workers working 8 hours and more in a day. This is remarkable considering that employment in garments is considered formal sector employment, with government

wage surveys of 2012 and 2013 in Bangalore that garment wages were totally inadequate to meet family monthly expenditure, with high levels of indebtedness among workers. The situation in Chennai can only be worse with wages being 30 percent lower.

## Work intensity in the sector

Increasing production norms is a standard complaint from workers in the garment sector. Workers are in many instances made to work beyond the 8-hour day, often without the stipulated overtime payment at twice the normal wage rate. They also claim harassment, including sexual harassment, by supervisors and managers to push them to give higher productivity and work extra hours. Discussions with workers in Bangalore and Chennai have indicated that over the past decade per worker productivity norms have increased by 60-100 percent.

Increasing work intensity and harassment at workplace are the two main reasons given by workers for leaving employment.[15] Labour turnover is a big issue in most companies. Industry sources claim that factories run with 85-90 percent of the optimum manpower, and companies resort to piece-rate job work to handle increased work pressure. With recession in the industry brands have moved towards a system of "just in time" production. Order sizes have become smaller, with shorter delivery times. In the situation, it might actually be beneficial to industry to have fluctuating labour strength. However, for workers fluctuating production means greater uncertainty of work schedules. Companies often force workers to take time off during lean production periods, and compensate with extra work including work on Sundays with no extra payment when there is work pressure. This can even mean continuous work without a weekly off for a whole month. This form of unpaid, compensatory work is a violation of labour law.

Work pressure also results in various forms of stress related ailments. Workers at health camps and during meetings in Bangalore and Chennai reported ailments ranging from chronic back ache and allergies, to conditions of anaemia and asthma. Table5 gives details from the wage survey of 2013, done in Bangalore with a sample of 335 workers. The high incidence of reported chronic ailments is a testimony to the effect of work pressure and low wages on the workers.

**Table5: Ailments among garment workers**

| Ailment | No. workers |
|---|---|
| Back pain | 213 |
| Leg pain | 182 |
| Allergy | 77 |

regulation, and the sector is directly supplying to markets in the global North.

[15] This understanding is based on several discussions with workers conducted by activists of GATWU in Bangalore and GAFWU in Chennai.

| | |
|---|---|
| Eye pain | 42 |
| Anaemia | 30 |
| Asthma | 28 |

Source: Wage Survey 2013[16]

## Possibilities for unions

***Minimum wage:*** Low wages in the sector is the most important challenge before trade unions. The statutory Minimum Wage is the main determinant of wages. Even skilled tailors with some level of bargaining strength, and wages higher than the Minimum Wage, still find their ability to bargain better wages limited by the prevalent Minimum Wage. We have discussed how the tripartite Minimum Wage mechanism has been made ineffective by a complicit Labour Department, and organised industry efforts, in the face of poor trade union strength. However, the experience of GATWU in Bangalore and GAFWU in Chennai show that even with relatively low membership, trade unions can play an effective role in correcting this ineffectiveness. GATWU has a membership of around 6500 workers, in a sector that employs 5 lakh (0.5 million) workers in Bangalore, and GAFWU a membership of 2000 workers in Chennai where the garment sector employs around 2 lakh (0.2 million) workers. Both unions successfully challenged in the courts the infirmities brought in the implementation of the Minimum Wages Act. GATWU has successfully claimed representation on the tripartite Minimum Wages Committee for Karnataka. Intervention by GATWU with the Labour Department and brands in 2012 and 2013 also forced major garment manufacturers to extend provisions of Dearness Allowance (annual inflation correction of Minimum Wage) to workers with wages above the Minimum Wage. This benefitted around 1.5 lakh (0.15 million) garment workers in Bangalore to the extent of 5-10 percent of their wage. This was a substantial victory, and set a precedence that manufacturers will find difficult to deny in the future.

***International campaigns:*** Experiences in Bangalore over the past five years have shown that unions can use international pressure to obtain success in specific struggles. GATWU had in 2012 and 2013 got support from international organisations like the Workers' Rights Consortium (WRC) in the USA and Clean Clothes Campaign (CCC) in Europe to successfully pressure large manufacturers to pay workers earning more than the statutory Minimum Wage the inflation linked Dearness Allowance. It also received international campaign support in specific cases taken up successfully with the Labour Department against unfair labour practices of overtime work beyond the legal limits and use of forced compensatory work. International campaigns have gained greater relevance after the global outcry at the tragedies in the garment sector in Bangladesh through 2012 and 2013. The issue here is to be able to identify the supply chains and brands that factories work with, and work with international

[16] Wage Survey 2013 by Garment and Textile Workers Union and Centre for Workers Management.

campaign organisations on clear, strategic objectives.

***Productivity:*** Productivity is an important issue for trade union intervention. Today with greater integration internationally, some companies are replacing shop floor industrial engineering (IE) practices with standard outside data, obtained from sources like the 'General Sewing Data'. What this implies on the shop floor is further alienating workers from productivity measure. The ability of workers to influence productivity norms is further reduced. Today productivity is a major issue in garment factories, and a major reason for the harassment at workplace and forced labour turnover. This underscores the need for trade unions to be able to understand issues of production and productivity, and practices for bargaining on productivity norms along the supply chain. This is an area of intervention where unions would need professional assistance.

***Health of workers:*** The issue of health of workers is closely linked with intensely high productivity levels and low wages. While workers are aware of this link, they and unions are not often able to strategise for campaign and bargaining around the issue. This is an area where links can be formed with other unions and international campaign organisations globally, to bring together issues of poor wages, very high productivity norms and health of workers.[17]

***Piece-rated work and migrant labour:*** With growing resistance of local workers to high work pressures and low wages, management in garment factories claim difficulty in being able to attract and retain workers. Many companies resort to sub-contracted piece-rated work to balance out production demands. Very often piece-rated work is carried out by gangs of workers in the factory premises, alongside the permanent workforce, with piece-rated workers prepared to work long hours continuously and at high levels of productivity. These worker gangs are mostly men, who are able to handle insecurity of unbalanced work schedules. This creates divisions among workers, and has a negative impact on attempts by workers to regulate production and push for greater safety at workplace. Companies have also started to recruit women workers from other states, where wage levels are much lower.[18] These workers are given company residence in dormitories, with severe restrictions on their independent movement outside. This is a new phenomenon in the garment sector in both Bangalore and Chennai – though it has been a standard practice in the hosiery industry in Tirupur in Tamil Nadu. Organising around these new employment practices is a challenge for trade unions.

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[17] Organisations like the Transnational Information Exchange (TIE) of Germany have helped unions in the auto sector in countries like Brazil to use health mapping as an organising and collective bargaining strategy. It might be possible to use similar strategies in the garment sector, where also work pressure is a burning issue.

[18] There are training and recruitment agencies in places like rural Orissa who receive finance through schemes of the National Rural Livelihood Mission (NRLM) to train workers in tailoring skills and place them in the garment industry in Bangalore.

***Targeting large companies and brands:*** Today the garment sector catering to exports in Bangalore and Chennai is controlled by large corporate entities. In Bangalore, the two largest business houses, Bombay Rayon Fashions Limited and Gokaldas Exports are both mega-companies with annual turnover of over Rs.1000 crores (Rs.10 billion). Gokaldas Exports has a substantial majority of its shareholdings and management control held by a major American venture capital fund, Blackstone. The companies have 25-30 factories in locations around Bangalore, and employ around 25000-30000 workers. While the companies also have factories in other cities, the major concentration is in Bangalore. There is certainly sound business logic to this concentration. It allows the companies to have tighter control over manufacturing; to centralise functions like purchase, design and fabric cutting, where efficiencies of scale are possible; to develop better liaison between their factories and major brands who have sourcing offices in Bangalore; to maintain ability to switch production from one factory to another to accommodate shorter cycle times; and also to rationalise labour and management across factories to cater to cyclical needs. In the circumstance, it is doubtful if large garment companies will shift production out of Bangalore, solely because of higher wage costs. There would be major transaction costs associated with more distributed production networks. We see for instance that even with wage costs being 30 percent higher in Bangalore than in Chennai, there has been no exodus of the garment sector to Chennai. There are also other constraints of infrastructure and factory space availability that determine location of garment factories. In the circumstances, with more stable company and factory locations, organisation of workers can also be more systematically pursued, without the fear that increasing trade union presence and wage demands will drive out companies. This can also facilitate long term trade union strategies that link manufacturing with brands along the global supply chain, and use synergies of international and local pressure to bring in effective collective bargaining in factories, and at the company/industry level.

***Union recognition and collective bargaining rights:*** Recognition of unions and rights of collective bargaining is practically absent in the sector. Even in Tiripur in Tamil Nadu, in the hosiery sector, where there exists an industry negotiated wage (TEA wage), this applies to only a small fraction of workers. In Chennai and Bangalore, there are no factory or company level settlements between unions and management. There are various reasons for this.

First, the high labour turnover restricts the ability of unions to organise and push for collective bargaining. Workers who visualise short term tenure of employment do not look to unions for benefits other than immediate redressal of grievances. This is a circular logic –workers unable to anticipate long term benefits from employment would see only limited value in union recognition and collective bargaining rights, and this lack of worker support in turn would inhibit union struggle for recognition and restrict their ability to bargain long term benefits.

Second, union strength in the sector is weak, and they themselves have not pushed to use bargaining spaces. For instance, the abdication of existing unions of their role in the tripartite Minimum Wage committee resulted in the industry management being able to use a complicit Labour Department in Bangalore and Chennai to subvert the Minimum Wage legislation. It was left to relatively new trade unions, GATWU in Bangalore and GAFWU in Chennai to challenge the situation and obtain a legal remedy.

Third, the garment industry is viscerally opposed to unions in the sector. It has used drastic measures, ranging from dismissal of union activists, to large scale transfer of workers and establishment, and even closure of factories to prevent union formation. Management is not willing to see the possibility that unionised workforce could be more stable, and consequent reduction of labour turnover could benefit the company. In locations like the NCR region around Delhi, even registration of a union of garment workers is extremely difficult, given the hostility of the state Labour Department to unions.

In today's circumstance, at least in cities like Bangalore and Chennai, unions have the potential to push for furthering collective bargaining rights. For instance, GATWU through its struggle has been able to claim representation on the tripartite Minimum Wage committee for Karnataka. Unions with a long term organisation perspective can use a combination of campaign and legal intervention to pressure for recognition. Unions have been able to win many small rights for workers in factories, which have helped them build trust in their membership. They have in some instances been able to use brand codes[19] and international campaigns to get substantial benefits at the factory, and even at the industry level. The Bangladesh garment sector tragedies have brought a greater awareness locally and internationally of issues, wages and work conditions, and put brands and manufacturers on the back foot. This offers a window of opportunity for unions to push for recognition and collective bargaining rights.

[19] Most large international garment brands have their own 'vendor code of conduct' that the manufacturers who supply garments to them are supposed to comply with. Brands would have different set of 'codes', but typically these would include issues of rights of workers, including rights to organize; safety standards at the factory; issues with respect to child labour etc. Brands would also typically have compliance mechanisms including compliance audits that are supposed to ensure that their suppliers actually comply with the codes. In practice the level of compliance is often determined by the extent of pressure brought on brands.

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**Centre for Workers Management** was set up in 1990 at the initiative of a group of independent trade unions as a resource centre for workers' organisations. It has over the past 23 years been engaged in research and education in both the informal and formal sectors of work.

ZIMMERWALD 01

ROSA LUXEMBURG STIFTUNG SOUTH ASIA

RAVI KUMAR

# Where is the Indian education system going?

## Privatisation, Inaccesibility and Deprivation

Feburary 2013

"Privatisation remains the Mantra across Educational Levels". In his paper, published in RLS's Zimmerwald Series, Ravi Kumar evaluates significant data to show how education policies in India serve private capital and finalise the exclusion of the poor from the educational system.