



Bonded (child) labour in the South Indian Garment Industry

An Update of Debate and Action on the 'Sumangali Scheme'

July 2012

Background

In a year time, the Centre for Research on Multinational Corporations (SOMO) and the India Committee of the Netherlands (ICN) have published two major reports documenting the exploitation of Dalit girls in the South Indian garment industry that produces for European and US markets.

This update zooms in on on-going abuses in the Tamil Nadu garment industry, as well as on the debate and actions to tackle the 'Sumangali Scheme', that is fuelled by the findings and recommendations of the SOMO and ICN reports.

In May 2011, SOMO and ICN published 'Captured by Cotton'. This report evoked considerable company responses and promises for improving the documented labour rights violations. Almost a year later 'Maid in India' was issued, in which SOMO and ICN together with local human rights groups continue to monitor the commitments of brands, trade associations and CSR initiatives to take concrete action.

Workers in the textile mills and garment factories in Tamil Nadu, South India, suffer exploitative working conditions. In 'Maid in India', SOMO and ICN document that more than 100,000 girls – possibly up to 300,000 – work under employment schemes, often referred to as *Sumangali*, that amount to

bonded labour. Workers make long hours, including forced overtime, under unhealthy conditions. Wages in the spinning mills are far below the legal minimum.

Pressure from active brands on their suppliers has brought about some improvements in employment and labour conditions on the work floor and in workers hostels, but major labour abuses continue to occur. Those brands which are active often operate in isolation and lack the leverage to pressure suppliers, or they do not succeed in putting promises into practices.

The majority of the brands, however, have not taken any action so far. These are amongst others Diesel, Marks & Spencer, Ralph Lauren, Quicksilver and buying house Crystal Martin, that supplies well-known brands such as Mothercare and Next.¹ At the same time, public concern about these violations is growing.

Hopeful signs in Tamil Nadu

Local NGOs in Tamil Nadu have reported some improvements in labour and employment conditions. In Tirupur district the length of the contract period which girls have to fulfil to receive a lump sum amount – generally consisting of withheld wages – is under discussion and in some factories has been reduced from 3 years to 1 year. The Tamil

Nadu Minister of Labour publicly denounced the Sumangali Scheme in the State Assembly. *'The government will not accept the Sumangali scheme,'* the Minister said (IBN Live, May 11, 2012). In a recent meeting with six trade unions representing spinning mills workers, the Minister assured that he would release a government order to form a new minimum wage committee soon. This committee will fix a minimum wage for regular spinning mill workers. Currently, there is only a legal minimum wage for apprentices. The minister also promised to take 'appropriate action' against those mills that use a Sumangali scheme, when the trade unions will provide the details of these spinning mills (Theekathir, 5 July, 2012).

Migrant workers

There is increasing evidence that girls and boys from impoverished regions of India are lured to work in the garment factories and spinning mills in Tamil Nadu with promises of good wages, food and accommodation. A local NGO reports that late June 2012, 15 boys from Northern Indian states were released from a spinning mill. They had been forced to work day and night, but had never received any wages. Trade union activists pressured the local police to intervene with the employer to pay the overdue wages which would allow the boys to return home. On 6 July last, the Indian daily newspaper The Hindu reported the trafficking of boys aged 13 to 18 by an organised group of brokers. The boys originating from as far as Bihar in the North of India were put to work in the Tamil Nadu textile industry.

Child Labour

In reactions to media exposure on Sumangali it is often denied that child labour, defined by present Indian law as related to the employment of children under 14 in certain occupations, takes place in the textile industry in Tamil Nadu. The Factory Inspector of Tirupur District, for instance, in a letter to local NGOs, denies that child labour occurs in any of the 84 mills under his supervision. Contrary to this statement during recent police raids in June and July child labourers under 14 coming

from all over Tamil Nadu, as well as from the Indian States Bihar and Rajasthan were found to be working in spinning mills in Tirupur. The raids followed a complaint by SAVE, a Tirupur-based NGO. The police arrested 26 people and charged them with illegally employing children under 14 (The New Indian Express, 14 June 2012).



In 'Maid in India' SOMO and ICN also document some instances of the employment of children under 14. In defining child labour, SOMO and ICN apply a ILO Conventions 138 and 182. This implies that all children up to at least 14 should be able to attend full-time education and hazardous labour of children between 14 and 18 is prohibited. According to the ILO Conventions all girls under 18 working in the Tamil Nadu garment industry, making long hours, often including night shifts, under unhealthy circumstances, often far away from home, and with severely restricted freedom of movement, qualify a child labourers or even as bonded labourers. Although these conventions are widely ratified, India has not yet endorsed them. While most Code of Conducts of Western brands refer to both ILO Conventions, most content themselves by merely following Indian law, which implies only certain forms of employment of children under 14 are seen as child labour. To date, C&A is the only brand that has agreed to even exchange views on a more ambitious definition of child labour.

Political responses to Sumangali in Europe and the USA

Immediately after the release of SOMO and ICN's report 'Made in India', a large majority of the **Dutch Parliament** adopted a resolution which: *'Requests the government, in co-*

operation with the garment sector, to reach an agreement about **full supply-chain transparency and the eradication of child labour in the textile chain and to inform the Parliament about the results thereof.** SOMO and ICN have entered into dialogue with the Dutch government, garment industry trade associations and other stakeholders to work on the implementation of this resolution.

The socialist group in the **Spanish parliament** also questioned the Spanish government on which steps it will take to address the labour rights violations in the South Indian textile industry. Furthermore, three members of the **European Parliament** – from the conservative, social-democrat and liberal groups – have submitted questions to the EU's High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, requesting that she raise the issue with the Indian government, develop a joint plan of action with companies and demand **full supply chain transparency** from the European garment industry.

The **US Department of State Trafficking in Persons Report** of June 2012 mentions *'reports that forced labor may be present in the Sumangali scheme in Tamil Nadu, in which employers pay young women a lump sum to be used for a dowry at the end of a three-year term. An increasing number of job placement agencies lure adults and children for forced labour or sex trafficking under false promises of employment.'* This India-wide development also manifests itself in Tamil Nadu. The report recommends that the Indian government increase prosecutions and convictions on all forms of trafficking, including bonded labour and also if there are officials involved, and raise public awareness on bonded labour. An American government delegation visited victims of the Sumangali scheme and the mills in Tamil Nadu.

Steps by industry and multi-stakeholder initiatives

'Maid in India' extensively described the **Tamil Nadu Multi Stakeholder group of the Ethical Trading Initiative (ETI)** that involves 20 international brands, NGOs and trade unions,

and that organised a very well-attended multi stakeholder event in Tirupur in March 2011. ETI seeks to follow up this meeting by channelling the resources and buying power of international brands to support local political and business involvement. ETI proposes a three-pronged approach that covers the following areas:

- **Grassroots outreach:** ETI members, local business and civil society develop a project that will help workers and their communities to better understand the risks related to working under the Sumangali Scheme.
- **Supplier engagement:** brands and retailers will engage spinning mills and garment factories in Tamil Nadu to improve labour conditions and propose ethical sourcing practices all the way down the supply chain.
- **Supporting a regulation, inspection and services model:** ETI also aims to engage with the government of Tamil Nadu and local districts to support the development of labour inspection, regulations and services. One specific aim in this work is to reduce the apprenticeship term from 3 years to 6 months.

ETI members still have to commit to this programme. Local civil society hopes that ETI will use the leverage it has to promote dialogue among the different stakeholders.

The **Fair Labor Association (FLA)** in its 2011 annual report states that *'This practice [Sumangali Scheme] has been known to lead to forced labour, restricted freedom of movement, excessive overtime, health and safety risks, and a number of other violations of the FLA Code of Conduct in factories in India.'* The FLA teamed up with ETI in organising the aforementioned multi stakeholder event in Tirupur. FLA affiliates that source from the four integrated factories in the research are American Eagle Outfitters and Philips-Van Heusen (mother company of Tommy Hilfiger and Calvin Klein). Business initiative **Business Social Compliance Initiative (BSCI)** 'committed to improving working conditions in the global supply chain',

reports in its annual report for 2011 that it guides its members, including El Corte Inglés, Ernstings Family and Marks & Spencer, to bring an end to this practice. **Social Accountability International's** auditors visited local NGOs to learn about recent developments in the sector. All four initiatives have not yet reported on the concrete results of their efforts.

The **Fair Wear Foundation** (FWF), together with Indian NGOs SAVE and CIVIDEP, started a project to combat harassment in factories. The projects aim to establish anti-harassment committees in 50 factories that supply FWF members, and will provide mechanisms for women workers to report violence or harassment at work. During this first session it was found that workers do not see the Sumangali scheme in itself as a problem; it provides them with employment opportunities they do not have elsewhere and often more food than they would get at home. According to FWF, the problem lies in the possibilities to exploit the system to the detriment of the girls. The trainings, provided for over 30,000 workers and managers of the factories, and the social audits, aim to reduce the ill-treatment of women workers.



Sumangali in the media and brands' responses

In their reporting on the SOMO and ICN report, Dutch daily *De Volkskrant* and other Dutch media focussed on C&A and Primark. **C&A** in its reaction says one of the steps it has taken to tackle the complex issue of Sumangali is to develop a strategy with their supplier **SSM India** to resolve labour issues further down its

supply chain. SSM India is one of the vertically integrated manufacturers covered by our research. Their garmenting unit, Sumeru Knits, will become a fully independent legal entity. Sumeru Knits will disclose all yarn and fabric sources they are purchasing from, to C&A's auditing organisation SOCAM and its buying office Mondial. Furthermore Sumeru Knits agreed to withdraw business from all mills that are still using the scheme, even if these companies belong to the SSM group, a family company. These actions are now being implemented and will be completed by the end of August 2012, from then on SOCAM will monitor. C&A emphasizes that this is part of a broader approach the company has, that amongst others includes outreach to workers' communities. C&A supports the work of Terre des Hommes Germany and their local partners that has brought more than 1400 former sumangali workers back to school or in vocational training.

Primark is participating in the Child Labour Platform / UN Global Compact Labour Working Group to develop strategies against child labour.

The Spanish daily *El Confidencial* published two articles on Sumangali and asked major Spanish brands for a reaction. **Cortefiel (Springfield)**: 'Eastman Exports is a supplier of ranking A that fulfils all the certificates and is not giving problems'. **El Corte Inglés** recognised that Eastman Exports is one of their suppliers but *'the supplier has abandoned the Sumangali practice and has successfully passed two audits done by BSCI. Eastman Exports nowadays only commits minor irregularities'*. El Corte Inglés also engaged in a stakeholder dialogue in which it shared the results of these audits.

Inditex (Zara and other brands) referred to preventive measures taken by ETI, of which it is a member, that will prevent these labour violations from reoccurring. In its annual report 2011, Inditex states that none of its suppliers uses the Sumangali scheme. The company also claims to have done social audits in the mills and to have identified all spinning mill workers. In 'Maid in India' we found that one of Inditex' brands (**Pull and Bear**) sources from

Eastman as well. Eastman is indeed the producer where most improvements were found. 'Maid in India' reports that the Sumangali scheme is abandoned at Eastman, that freedom of movement for hostel workers has improved and that wages are relatively high at Eastman. However, the report also found girls as young as 14 and 15 in Eastman's factories, it records how workers are forced to work 24 hours in peak period, and that there are no trade unions. These are all violations of the BSCI Code of Conduct.

'The discriminatory practices found ingrained in Indian society on the basis of gender and caste are playing out in the factories as well, with the international companies failing in their attempts to structurally improve labour conditions at their suppliers in TN [Tamil Nadu]', Indian quality newspaper The Hindu writes in its extensive article about the 'Maid in India' report, 27 April 2012.

BBC Radio 4, Today Programme, reported on SOMO, ICN and Anti-Slavery International findings (1 June 2012). In this broadcast, **Tesco** and **Marks and Spencer's** insist that their own investigations have found these claims against one of their suppliers to be entirely unfounded. The BBC interviews workers who say they are instructed to give positive answers to any questions posed by auditors who visit the factories they work in.

German TV stations ZDF and ARD in March and June 2012 each broadcasted a documentary on Sumangali, which highlights how brokers recruit girls from impoverished families and reports on the high level of suicides among Sumangali girls. In the ZDF broadcast, C&A is the only brand willing to react. ARD has approached **Ernstings Family**, who in first instance denies that they still source from KPR Mill and assure that they do regular audits. When confronted with export data, Ernstings Family admits they did source from KPR, but that this was a delayed delivery, and that they have cut ties with KPR because KPR Mills has breached Ernstings Families' Code of Conduct.

Other reports on Sumangali

'Slavery on the High Street', a report by **Anti-Slavery International** (1 June 2012), exposes the routine use of practices strongly resembling slavery in the supply chain of top UK brands. *'The owners of the spinning mills and factories exploit local customs to portray the forcible confinement of young women and girls to hostels as a way of keeping them "safe". Many workers suffer appalling ill health, brought on by poor diet, poor hygiene in the hostels and the hazards associated with working with cotton.'* Anti-Slavery's research covered manufacturers that were not included in the SOMO/ICN research (SP Apparel, SCM and Prem Group) and who supply brands such as H&M, Walmart and Migros.

Solidaridad and the Fair Labour Association published 'Understanding the Sumangali Scheme in Tamil Nadu's Textile and Garment Industry' (8 May 2012), that offers the perspective of women who work under the scheme and an elaborate understanding of supply chain linkages. One of the recommendations is setting up a multi stakeholder grievance remediation mechanism where workers and parents can go to submit their grievances.

IndustriALL, the new global trade union federation representing workers in mining, energy and manufacturing, issued a report Precarious Work in India (21 June 2012). The report describes the devastating effect of the Sumangali scheme, as what was once a permanent, largely unionised workforce has now become a workforce composed of very young – often under the age of 18 – contract workers. Since the girls are seldom allowed to leave the factory premises and boarding houses, unions cannot reach out to them. The report further raises health and safety issues.

'Textile mills are humid, steamy and noisy and the high levels of cotton dust make it difficult to breathe. Workers are usually given safety masks, but these are not replaced regularly. Dust therefore becomes affixed to the masks, making it so difficult to breathe that the workers remove their masks. As the young women are

given very poor quality food, the result is that they often fall ill and have to return to their villages before the contract expires.'

IndustrALL calls upon global fashion brands to change their buying practices. Brands who buy from garment factories often fail to do a proper assessment of the factories' capacity. The Indian factories, in turn, are generally reluctant to refuse orders. This results in overtime and factories subcontracting to even less regulated workplaces. Furthermore, international brands need to insist on transparency with regard to the labour element of the price of a garment, so as to ensure that the price is sufficient to pay for the wages and benefits workers are entitled to.

Caste

One of the elements that remains underexposed in most media, research and strategies by brands and MSIs is the fact that a majority of the girls working under the Sumangali scheme are from a Dalit ('untouchables') background, the most subordinated group in Indian society. An exception to this is an online article by US-based media platform GOOD. 'Caste Off' describes how Dalit girls from poor and rural backgrounds are recruited with false promises to work in the spinning mills. It also describes the work of READ, an NGO that works for the empowerment of Dalit women and rescues children from forced labour in agriculture and textile mills.

About SOMO and ICN

The **Centre for Research on Multinational Corporations (SOMO)** is an independent, non-profit research organisation working on social, ecological and economic issues related to sustainable development.

The **India Committee of the Netherlands (ICN)** is an independent NGO campaigning and doing advocacy work on human rights issues in India. Both SOMO and ICN are active members of the **Clean Clothes Campaign** in the Netherlands. In India, we work together with the **Campaign against Sumangali Scheme (CASS)** and the **Tirupur People's Forum**.

Please see our [website](#) for up-to-date overview of the Sumangali situation.

¹ In an earlier version of this briefing paper Gap was included as a customer of Crystal Martin. After consultation with Gap it was decided to remove the reference to Gap as the company explained that it works with the Crystal Group, mother company of Crystal Martin, but that it has stopped working with Crystal Martin in 2008.



Colophon

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