

# Surveying Informalised Labour Conditions in India's Organised Garment Sector

*The ESRC-DFID Research Project  
"Labour Conditions and the Working Poor in China and India"*

## Introduction

This Development Viewpoint assesses the results of research on labour conditions in the more organised and visible segments of the garment sector in the greater Delhi area. It is part of a series of publications produced by the ESRC-DFID Research Project on "Labour Conditions and the Working Poor in China and India".

This research is based on direct surveys of garment workers and in-depth interviews and focus-group discussions with key informants in the sector during 2012-2014 in what India calls its National Capital Region (NCR).

The surveys tried to provide a representative picture of labour conditions across production units. The more organised segments of the industry comprise manufacturing firms/factories (large, medium and small) and workshops employing ten or more workers.

However, even in these organised segments, there has been an increasing informalisation of the workforce and a worsening of their working conditions. Moreover, union representation is virtually non-existent.

## Workers' Income Sources

This research suggests that for a standardised work day (based on a worker's principal activity, such as tailoring), paid-out wages in the garment sector tend to be broadly similar across manufacturing firms, whether they are export-oriented or domestic market-oriented and whether they are large, medium or small. The average monthly wage is only about 6,700 INR (or about US\$ 122).

Most workers in the garment sector in the NCR are first-generation migrants from nearby rural areas. About 30% of them are landless and another 33% own less than one hectare.

While 70% of workers do report owning land, only about 40% of them report any income from this source. In general, agricultural income does not appear to be a major contributor to their livelihoods.

In contrast to the situation in garment sectors in the rest of South Asia as well as in South India, most garment workers in the NCR are male. And the majority belong to the Other Backward Classes. They also tend to be young. About 70% of garment workers are below the age of 30. About three-quarters have worked in the organised sector for less than 10 years and about 42% for less than 5 years.

## Labour Turnover Problems

These results stem, in part, from relatively rapid labour turnover, especially at the firm level. About 60% of workers have been employed at the same firm for less than a year. If workers have been recruited by labour contractors, 60% of them have been at a firm for less than six months.

When workers have changed jobs, only about a third of them do so because a project or task has been completed. About 19% have had their employment terminated and another 14% have changed jobs because of an unresolved grievance about working conditions. Such turnover erodes the emergence of 'formal' employer-employee relationships, which are also based on job length.

Another device that firms use to achieve the same purpose is to give labour contractors the responsibility to recruit workers and determine their employment and working conditions. This condition applies to 34% of the workers in the survey sample.

In reporting their employment condition, about 49% of workers in the organised segments of the garment sector stated that they had a 'regular' job (see Table). The rest of the workers report being employed on a casual basis, usually receiving pay that was fixed or was tied to a piece rate. Despite these distinctions, however, less than 2% of all workers reported having a labour contract.

## Employment Status of Workers (% of Total)

Employment Status	Recruited by Firm	Recruited by Contractor	Total
<b>Casual Employment (No Contract)</b>	40.0	73.4	50.9
<b>Regular Employment (No Contract)</b>	57.4	26.6	47.4
<b>Regular Employment (With Contract)</b>	2.6	0.0	1.7
<b>Total</b>	100	100	100

Source: Survey Data

## Working Hours and Overtime

Working hours are long in the garment industry. While about 43% of garment workers labour an average of 8-9 hours, about 51% work 10-12 hours and the remaining 6% work 13-16 hours. In large firms, hours can be long. For example, 7.6% of workers in such firms labour even an average of 13-16 hours.

Of course, working hours and the working week are still definitely longer in the workshop segment of the industry. Two-thirds of the workers in this segment work 10-12 hours per day and about another 30% work 13-16 hours per day.

Compensation for overtime hours is a contentious issue for garment workers. About one fifth of workers report no overtime pay, but the main reason is that they are piece-rate workers. Within the group of workers who are paid time rates, less than one quarter receive the stipulated overtime rates.

### Access to Social Security

A major factor that distinguishes large and medium-sized factories is that a significant percentage of their workers participate in social security programmes. For example, 71% of all workers in large firms make contributions to India's Employees' Provident Fund while a similar percentage make contributions to the Employee's State Insurance Corporation.

But these workers are predominantly regular workers recruited directly by the firm, not casual workers or those recruited by labour contractors. In stark contrast, garment workers in workshops are not able to make any contributions to social security.

Overall, it is not clear, in any case, that social security contributions end up making any difference to workers' lives. Even if they make contributions, there is no guarantee that they will receive any benefits. Part of the problem is that such benefits are not easily portable to new jobs.

Moreover, survey results on aggregate wages and social security suggest that employers tend to adjust their wages downwards in order to compensate for any costs associated with social security.

When all wage-related costs (including social security) are added up, it is true that unit labour costs in the workshops are distinctly lower than elsewhere in the organised sector. But, interestingly, among factories, the costs borne by both large and export-oriented firms are actually lower than those borne by small firms.

### Other Social Conditions

Housing conditions for garment workers are generally poor. They live primarily in peri-urban villages and slums, where the density of population is extremely high.

Often several workers share a tiny room, and toilets and bathroom facilities are available, at best, only on the same floor or in the same building. Only 38% of workers have access to drinking water inside their residence. Almost 90% of them rent a room, but most workers in the workshop segment live in the workshop itself.

Identity cards are essential for accessing citizenship rights and entitlements in urban areas of India. The PDS (Public Distribution System) card enables workers to access subsidised food. But, most importantly, it is the most widely used proof of identity and address that is accepted by public authorities.

However, only a little over one-tenth of garment workers have a PDS card. And a miniscule 0.4% of them possess the new biometric identity card (Aadhaar).

While about a quarter of the workers reported having more than one type of card, a fifth of them had to rely on employer-issued cards. And only 10% of all garment workers possess an ESIC card (which enables them to access benefits from the Employee's State Insurance Corporation).

As a result, about 37% of garment workers have no forms of identification whatsoever. Thus, they have only an informal status both at work and in their residence. They can neither access social protection programmes nor publicly provided urban services.

Tellingly, if workers need medical attention, about two-thirds of them have to approach unregistered practitioners at private health clinics. And even though the Indian government has emphasised the importance of financial inclusion, only about one fourth of garment workers have a bank account.

### Union Representation

There is only a minimal union presence in the Indian garment sector. For example, this project's survey results found no worker who would admit to being a union member.

In answering survey questions, 10% of the workers answered that no union existed, another 18% stated that they had not been approached by a union, a further 25% stated that they were not interested in unionisation, and 47% declared that they were apprehensive about the consequences of joining a union.

Only about one third of all workers stated, in fact, that they favoured forming a union. The corresponding percentages were lower in both small factories and workshops.

But these results do not suggest that workers have no grievances. In response to the survey, about 82% of them complained that their wages were too low and another 33% complained about long working hours. There were decidedly higher percentages on both counts in workshops alone.

Also, about 42% of workers in workshops complained about the strenuous nature of their work. And about 38% of workers recruited by labour contractors complained about irregular wage payments.

So, a significant number of workers in the more organised and visible segments of the garment sector do have major grievances. Yet only a minority would favour forming a union to address them. Hence, for the foreseeable future, wages in this sector are bound to remain low, working hours are likely to remain long, working conditions will continue to be harsh and social protection grossly inadequate.

*This Development Viewpoint draws on the project paper 'Labour Regimes in the Indian Garment Sector: Capital-Labour Relations, Social Reproduction and Implications for Labour Standards', written by Alessandra Mezzadri and Ravi Srivastava, and the extensive paper on survey findings entitled 'Capital-Labour Relationships in Formal Sector Garment Manufacturing in the Delhi National Capital Region of India', written by Ravi Srivastava.*