

# **Hard work for soft fibres**

Labour law violations in Indian ginning  
factories

AutorInnen:  
Sabine Ferenschild, Sudhir Katiyar

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### **Hard work for soft fibres**

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#### **Editor of the English version:**

Deutsche Kommission Justitia et Pax

Kaiserstr. 161

53113 Bonn

Tel: +49 (0)228-103217

Fax: +49 (0)228-103318

Justitia-et-Pax@dbk.de

www.justitia-et-pax.de

Editor: Dr Hildegard Hagemann

Authors: Sabine Ferenschild, Sudhir Katiyar

Translation: DBK translation service and Aingeal Flanagan

#### **Editor of the German version:**

SÜDWIND e.V. – Institut für Ökonomie und Ökumene

Kaiserstraße 201

53113 Bonn

Tel: +49 (0)228-763698-0

info@suedwind-institut.de

www.suedwind-institut.de

PRAYAS

www.prayaschittor.org

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## 1. Introduction

The following pages will provide an insight into textile and clothing production in India and the working conditions within these sectors. India is one of the world's leading producers of textiles and clothing. Approximately 35 million Indian citizens are directly employed and a further 45 million are indirectly employed in this sector. This means that the textile industry is the second largest employment sector in India after agriculture, accounting for 18 per cent of industrial jobs (cf. IndiaMART 2012; CCI 2014, 2). Because of the high national and international importance of the Indian textile and clothing production sector, India is the focus of attention when it comes to making social and environmental improvements in the global supply chain for clothing. In the course of the appraisal of the causes of the collapse of Rana Plaza in Bangladesh in the spring of 2013, the German Partnership for Sustainable Textiles was established in Berlin in October 2014. Since then, the debate between all involved players from the world of politics, business, trade unions, and civil society has intensified in Germany and reached a new level. Unfortunately, however, this debate all too frequently focuses on Bangladesh and the issue of safety at work. Although it is certainly true that Bangladesh is an important supplier country for clothing with highly precarious working conditions, and although (a lack of) safety at work is a matter of life and death, it is essential not to lose sight of other supplier countries of textiles and clothing and other key labour law violations.

This study would like to make a contribution to this debate by providing an overview of work processes and working conditions in the various textile-processing stages in the Indian state of Gujarat. Of all the processes involved in textile production, the main focus of this study is on ginning, a process that is largely unknown in Germany, but without which no cotton fibres can be used for spinning.

The results of this study are based on three sources: following a comprehensive study of relevant literature in 2014, one of the authors – S. Ferenschild - undertook a study trip to Gujarat as part of the Clean Clothes Campaign (CCC) in January 2015.<sup>1</sup> The objective

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<sup>1</sup> The following people took part in the study trip to Gujarat: Tim Felder-Roussety (of the German services trade union ver.di), Sabine Ferenschild (SÜDWIND), Christian Fussenegger (ver.di), Gertraud Gauer-Süß (Bremen Information Centre for Human Rights), Hildegard Hagemann (German Commission for Justice and Peace), Berndt Hinzmann (INKOTA network), Dominic Kloos (Ecumenical Network in the Rhine-Mosel-Saar region), and Petra Wetzler (ver.di).

of this study trip was to gather information about working conditions in the textile-processing stages that precede the tailoring process. To this end, the author visited a number of sites and companies and spoke to workers, home-workers, farmers, entrepreneurs, trade unionists, and representatives of non-governmental organisations. Of the numerous NGOs contacted, two proved particularly helpful: the PRAYAS Centre for Labour Research and Action and SEWA (the Self-Employed Women's Association). As local partner organisations of SÜDWIND and the Clean Clothes Campaign, both these organisations arranged all meetings in Gujarat and discussed the main focus of their work, strategies, and findings in a most impressive manner with the CCC group.

The third source used for this study was on-site research conducted by PRAYAS on behalf of SÜDWIND from November 2014 to January 2015. This research included interviews with 34 workers from four ginning factories in Gujarat. Chapter 3 sums up the results of this research.

One of the four ginning factories has a Global Organic Textile Standard (GOTS) certificate. However, according to the interviewed workers, the conditions in these factories seem to differ only marginally from the conditions in conventional factories. For this reason, the presentation of the research findings from India is followed by an explanation of the GOTS (chapter 4).

Chapter 5 includes recommendations and conclusions relating, among other things, to the GOTS.

## **2. The textile production chain in India, using the example of Gujarat**

The Indian textile production sector is very diverse. It ranges from the production of numerous natural fibres (such as cotton, silk, wool, or jute) and man-made fibres to all the different processing stages, including tailoring. It is dominated by small and micro enterprises (cf. CCI 2014, 2; IndiaMART 2012). Indian enterprises in the textile industry are not generally integrated, in other words, most companies have specialised in a specific stage of processing and do not cover several processes under one roof. Productivity is generally low and production, while not capital intensive is very labour intensive (cf. GTAI 2013). However, the majority of workers in the textile sector are casual labourers. Moreover, a high proportion of them hail from marginalised social groups. About 60 per cent of workers are women, whereby the proportion of men in the

workforce is higher in northern India. In southern India, however, the proportion of women in the workforce is higher (cf. FWF 2012a, 12).

The textile sector in Gujarat is also dominated by labour-intensive forms of production. The main reason for this is that since India gained independence, the Indian government has supported smaller enterprises and labour-intensive production methods while at the same time restricting modern technologies (cf. Dun&Bradstreet India, n.d.). The following sections will provide an overview of the consequences of this policy for the individual stages of production.

### *2.1 Cotton seed production*

Seeds are needed in order to grow cotton. As a rule, seed must either be bought or made available by the buyer of the cotton harvest. The reason for this is that the seed is only separated from the fibres during the ginning process, at which point the harvested raw cotton is no longer in the farmers' possession.

The purpose of producing cotton seed is to spread special varieties or breeds. In terms of cultivation area, Gujarat accounts for 55 per cent of cotton seed production in India (approximately 15,300 of a total 28,300 hectares). Today, seed is generally produced on small, remote farms, 80 per cent of which are run by ethnic minorities and rely on the labour of family members. In recent years, there has been a definite shift away from large farms towards small, family-run farms (cf. Venkateswarlu 2010, 4). The corporations Monsanto, Bayer, and DuPont control about 12 per cent of cotton seed production in Gujarat (cf. Venkateswarlu/Kalle 2012, 30). Manual pollination is very time consuming, which explains why seed production is very labour intensive (approximately 5,000 working days per year per hectare). Up until a few years ago, most of those working in seed production were children, above all girls (cf. Venkateswarlu 2003, 6). Most of the agricultural labourers working in cotton seed production come from small ethnic groups in southern Rajasthan and Gujarat. However, because of the launch of the state labour programme for the rural population (NREGA<sup>2</sup>), migration from Rajasthan has been in decline since 2005 (cf. Venkateswarlu/Kalle 2012, 30).

### *2.2 Cultivating cotton*

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<sup>2</sup> NREGA stands for Mathama Gandhi National Rural Employment Guarantee Act.

In the 2014/15 season, over 12.2 million hectares of land were cultivated for cotton in India (cf. ICAC 2015). Together with the states of Madhya Pradesh and Maharashtra, Gujarat is one of the key cotton-growing areas. Together, they account for 65 per cent of the total cotton cultivation area in India. In this zone, rainwater is the dominant form of irrigation (Maharashtra: 93 per cent; Gujarat: 66 per cent; Madhya Pradesh: 60 per cent). However, yield in this sector is much lower than in those that use artificial irrigation (cf. ITC 2011, 15 f.). Cotton cultivation in the central cultivation area increased massively after the introduction of Bt cotton (a genetically modified form of cotton). Although the use of pesticides initially dropped after the introduction of Bt cotton, the use of fungicides and herbicides has been rising significantly since the end of the first decade of this century (cf. Kranthi 2012, 40).

While Maharashtra has the largest cultivation area, Gujarat has higher yields and therefore produces by far the greatest amount of raw cotton (cf. Cotton Corporation of India 2011). Between 30 and 40 per cent of all Indian cotton and 50 per cent of all Indian export cotton is grown in Gujarat (cf. Patel 2011, 12).

**Table 1: Cotton cultivation area, production, and yield in the regions of India (forecast for 2013/14)**

State	Area (in 100,000 hectares)	Production (in 100,000 bales of 170 kg)	Yield (kg / ha)
Gujarat	26.91	116	733
Maharashtra	38.72	81	356
Madhya Pradesh	6.21	19	520
<b>Central region (total)</b>	71.84	216	511
<b>Northern region (total)</b>	13.65	58	722
<b>Southern region (total)</b>	28.37	95	569
<b>India (total, including other areas)</b>	115.53	375	552

Source: Cotton Corporation of India

Most farms in Gujarat are small and less than 1 hectare in size; larger farms cover approximately 14 hectares. Small farms rely predominantly on family labour. When their own fields have been tilled, many members of the family who work on small farms

go to work as agricultural labourers on larger farms (cf. Delhi Platform 2011, 22 ff.). In addition to these small farmers, landless people also find employment as seasonal labourers on larger cotton farms. Most of them are migrants from other parts of the country. In the case of Gujarat, many of them come from the neighbouring state of Rajasthan (see chapter 3).

In the agricultural sector, two forms of working systems prevail. The first is a tenancy system, called share cropping, which gives the land-owner part of the harvest. Here, the work is done by the tenant farmer (share cropper). In the event of crop failure or if the land-owner breaks the tenancy agreements (which are usually oral and not written), it is very often the case that the tenant farmer ends up owing money to the land-owner. The second system in place is agricultural contract work. As a rule, wages in this system are paid for a certain kind of work on a daily basis and are linked to a quantifiable performance level. For example, according to a study conducted by the Gujarat Agricultural Labour Union (GALU) dating from the year 2011, a wage-earner earned between 70 and 100 rupees per day depending on the number of kilos of raw cotton harvested. With the rise in mechanisation in cotton cultivation (irrigation systems, the use of tractors to work the land, etc.) agricultural work is gradually changing. A worker driving a tractor can now do the work of three manual labourers (cf. Delhi Platform 2011, 36 f.).

As illustrated by numerous studies in recent years, both systems provide considerable opportunities for labour law violation (cf., e.g. Venkateswarlu 2003; Delhi Platform et.al. 2011)

Before natural cotton fibres can be processed into textiles, raw cotton is processed into fibres in ginning factories. This process, the structure of the ginning industry in Gujarat, and the working conditions in this sector are described in detail in chapter 3.

### *2.3 Spinning cotton*

The cotton fibres that are pressed together to create bales are sold by the ginning factories to spinning mills both inside and outside India (often by intermediaries). There, they and other natural fibres and man-made fibres, are processed into yarns of varied quality using a number of different techniques. The basic stages involved are the cleaning and sorting of the fibres, the stretching of the fibres to form lengths of fibre or rovings, and finally the spinning, which includes drawing out, twisting, and winding (cf.



Hofer 2000, 600). For those who work in spinning mills, the work on the spinning machines is quite monotonous: torn threads have to be twisted on again, bobbins removed and replaced, and threads respun. Despite the monotony, high levels of concentration and speed are required as the machines continue running, and the spinners have to keep up.<sup>3</sup>

According to the Confederation of the Indian Textile Industry (CITI), there were 3,474 spinning mills in the formal sector in 2013. Of these, only 198 were integrated, i.e. united other stages of production such as weaving or knitting under one roof. Every year, Indian spinning mills produce just below five million tons of yarn. By far the greatest proportion of this yarn (namely 3.6 million tons or 73.5 per cent) is cotton yarn (cf. CITI 2013a, 7 ff.). There are very few large spinning mills and a high number of small and micro spinning mills in India. About 1,800 large mills were responsible for about 90 per cent of total yarn production in 2012. Indian spinning mills have an average of 22,000 spindles per enterprise. The smallest mills, however, only work with about 3,100 spindles (cf. Deutsche MittelstandsNachrichten 19.06.2011; GTAI 2013). After China, India is the world's second biggest producer of yarns, with 22 per cent of all installed spindles worldwide. It is also one of the biggest yarn exporters on the world market (cf. CITI 2013b, 5). Within India, the southern state of Tamil Nadu is the centre of Indian spinning. Gujarat, on the other hand, ranks only sixth in terms of cotton yarn production even though the spinning capacities of cotton yarns and mixed yarns have doubled over the past ten years (cf. Table 2). Within the scope of the textile policy that was announced in 2012, the government of Gujarat provides subsidies and loans to develop the state's spinning capacities. The aim is to ensure that 90 per cent of the cotton fibres produced in Gujarat do not have to be transported to other Indian states for processing, as is currently the case (cf. Parikh 2013).

## **Table 2: Cotton yarn production according to Indian federal states, 2011-12**

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<sup>3</sup> The working processes and the way that they have changed in line with technological developments in spinning and weaving procedures is described in impressive detail in Bohnsack 1981.

State	Percentage
Tamil Nadu	38 %
Punjab	16 %
Andhra Pradesh	8 %
Maharashtra	8 %
Madhya Pradesh	7 %
Gujarat	5 %
Haryana	5 %
Others	13 %

Source: Parikh 2013

In addition to industrial spinning, the government also supports hand-spinning, which in Gujarat is organised and marketed via Khadi co-operatives. Khadi is the term used for cotton fabrics that are both handwoven and handspun. The Khadi movement can be traced back to Mahatma Gandhi, who disregarded the British (colonial) ban on Indian textile production and called for a boycott of British textile products and for the processing of Indian cotton in India: 'Khadi represented India's resistance and revolution. Khadi was also the face of Indian identity,' says the website of the government authority responsible for the promotion of khadi (cf. Gujarat Rajya Khadi Gramodyog Board, n.d.). Because of the great political significance of Khadi for the Indian identity, most politicians in India wear Khadi fabrics. Moreover, the Indian flag may only be made of Khadi – although it must be said that this rule is not always observed (cf. *ibid.*).

In addition to the political significance of handweaving, Khadi production is also significant in economic terms: as a highly labour-intensive production method, it promotes employment within the rural population. According to the Khadi & Village Industries Commission, just below 26 million kg of yarn are produced using over 2 million spindles in this sector all across India. Overall (and this includes handweaving), just below 1.5 million people work in Khadi production (cf. KVIC 2009).

Compared with handweaving, which is organised like a craft (in other words, workers use their own means of production and can divide up their time as they see fit), work in industrial cotton-spinning mills is much more damaging to health. Respiratory complaints (e.g. those caused by raw cotton dust) are also more prevalent here than they are in subsequent textile-processing stages. In addition to air pollution, other problems encountered in spinning mills include high noise levels, accidents caused by a lack of training and fatigue, and a lack of protective clothing (cf. FWF 2012b, 1 f.).

## 2.4 Weaving fabrics

Once it has been spun into yarn, the cotton is then processed to create fabrics. The most important techniques in this respect are weaving and knitting, whereby this section will focus on the weaving sector. The weaving sector in India can be divided into two categories: small enterprises or cottage industries on the one hand and highly industrialised production units on the other. Here, however, in contrast to the spinning sector, small and medium-sized enterprises that work with either handlooms or simple electric powerlooms, dominate. Small and medium-sized enterprises employ the largest number of people and produce by far the greatest amount of fabric (cf. Table 3).

**Table 3: Structure of the weaving sector in India**

Category	Enterprises in 2013	Volumes (2013-14) m <sup>2</sup> of fabric (millions)	Employment (millions)
Industrial enterprises	1,789	2,531	1.0
Powerloom sector 2013	530,269	36,790	5.9
Handloom sector 2011/12	3.5 million	7,104	7.0 (March 2011)
Khadi, silk, wool	No data	876	1.5*

Source: Author's own table based on data from the Textile Commissioner 2014 a and b; Khadi: KVIC 2009

\* incl. spinning

The handloom sector, where an average two people are employed in each enterprise, can be described as a cottage industry. The Indian government's twelfth five-year plan states that just below 78 per cent of the people working in this sector in 2010 were women. Almost half of all those who work in this sector live below the poverty line; almost 30 per cent have never attended school (cf. Government of India 2013, 397). On average, the enterprises in the powerloom sector are only slightly larger than in the handloom sector. According to data made available by the Ministry of Textiles, the average enterprise has just over four looms and approximately 11 members of staff. However, they produce just under two-thirds of all fabrics in India (cf. Government of India 2013, 124).

Inside India, Gujarat is the largest producer of fabrics made of man-made fibres and the second-largest manufacturer of cotton fabrics. It produces approximately 1 billion m<sup>2</sup> of denim fabric per annum and accounts for over 25 per cent of the production of

technical textiles (cf. Parikh 2013). Some 30 per cent of all fabrics produced in industrial enterprises and 25 per cent of all fabrics in the powerloom sector in India are made in Gujarat. There are 250 large weaving mills in Ahmedabad and another 350 in Surat, in southern Gujarat. Gujarat accounts for 12 per cent of India's total textile exports. Of all Indian states, Gujarat has the second-highest concentration of enterprises in the powerloom sector (cf. iNDEXTb 2015). In Surat alone, 500,000 powerlooms are in operation, providing work for over 600,000 people (cf. Desai, n.d., 9). In accordance with the Minimum Wages Act, work on the powerlooms is divided up into six different unskilled activities, seven semi-skilled activities, and eight skilled activities for which between 268 and 293 rupees have been fixed as the minimum daily wages since December 2014 (cf. Government of Gujarat 2014, 2 ff.).

A study on the powerloom sector in Tamil Nadu conducted by the University of Sussex discovered that work in this sector is badly paid and characterised by 12-hour shifts in loud, dusty rooms. Accidents and poor health are not uncommon. As a rule, men operate the powerlooms and women prepare the yarn packages. The study says that because of advance payments, workers are often heavily in debt to their employers, are strictly monitored, and are threatened with violence if they indicate that they want to leave their jobs (cf. University of Sussex 2013, 2). It would be important to determine the extent to which this study, which also investigated the high proportion of domestic migrants among staff and the ways in which they are discriminated against because of the caste to which they belong or their ethnicity, can be transferred to the situation in Surat and Gujarat. The findings of the Sussex study certainly suggest that the working conditions in the powerloom sector are similarly precarious to those in the ginning sector (see chapter 3).

### *2.5 Finishing textiles*

Untreated natural fibres often have a yellowish, brownish, or greyish/blackish hue. In order to turn them into textile products for a variety of purposes and with a variety of designs, a wide range of processing or finishing procedures are used. These include bleaching, dyeing, or printing. In view of the fact that a large number of chemicals are used, these production stages can put a huge strain on both the workers and the environment.

In India, over 5,000 textile-finishing enterprises process either woven or knitted fabrics (cf. CITI 2013b, 7). This sector is also dominated by small, non-integrated enterprises (cf. Chellasamy/Sumathi 2006, 6). The few integrated enterprises that do exist also cover

other processing stages such as weaving or spinning. Nevertheless, they only accounted for approximately 3 per cent of total production in the year 2004. According to estimates from the Indian Ministry of Textiles, approximately 440,000 people were employed in the finishing of textiles in March 2011 (cf. Textile Commissioner 2012).

In Gujarat, textile-finishing enterprises are concentrated in two areas (clusters) in particular: Surat in the south and Jetpur in the west of Gujarat. These enterprises receive special support through the establishment and development of special economic areas. About 400 textile-finishing enterprises are based in the textile city/region of Surat in southern Gujarat. There, 25 million metres of fabric are finished every day (cf. SGTPA 2015). The second centre of textile finishing in Gujarat, Jetpur, is situated in the western part of the state. There, approximately 40,000 people are employed by a total 515 enterprises, using screen printing to produce above all sarees, kangas, and kitangas (African garments), which are also destined for the export market. The list of job-related illnesses suffered by workers is long, production methods are often out-dated, and untreated liquid waste ends up in the environment (cf. Mehta, n.d., 2).

However, small dyeing mills and other textile-finishing enterprises are not just based in these two clusters, but are scattered throughout the state. These mills process the delivered fabrics on behalf of wholesalers. On the one hand, they are labour intensive. On the other, they use hardly any measures to protect either the environment or the workers, who have to work with chemicals and are often ignorant of the risks to which they are exposed.

## *2.6 Tailoring*

In order to be able to make finished garments or functional textiles from fabrics (both woven and knitted fabrics), there are several fundamental stages that are considered part of the clothing or tailoring sector and have to be completed before the items are ready to ship. These stages include cutting out the individual sections, sewing them together to produce a finished garment or textile, if necessary the sewing on of care labels or brand labels, and also decorative work such as embroidery, the sewing on of sequins and beads, and the addition of lace, borders, cords, etc. Washing, drying, ironing, sorting, packaging, and quality control are other steps involved in tailoring. All of these steps can be completed in a single enterprise. By the same token, individual steps can be outsourced to other companies or home-workers. This kind of outsourcing is widespread (cf. Global March 2010, 7).

In India, the tailoring sector is in a position to buy in almost all the preliminary materials it needs within India. Only about 5 per cent have to be imported. As in the weaving sector, small and micro enterprises are of huge importance in the tailoring sector; they have a market share of about 75 per cent. Most manufacturers are grouped together in textile clusters. There are about 20 major textile clusters, which are supported by the government, across the whole country. To date, there are 40 textile parks. However, at the end of 2012, the government approved 20 more, all of which will be built up on the basis of the Scheme for Integrated Textile Parks (SITP) (cf. GTAI 2013).

According to the Confederation of the Indian Textile Industry (CITI), over 100,000 enterprises (most of them small) were involved in the tailoring of garments in 2012. They produced 10 billion items of clothing that year. The CITI expects production to grow significantly: it forecasts the production of 17 billion garments in 2017 and 20 billion garments in 2020. According to estimates from the Indian Ministry of Textiles, about **11-22** million people were employed in the production of clothing in March 2011 (cf. Textile Commissioner 2012).

According to data supplied by the Fair Wear Foundation, only 7 per cent of workers in the Indian clothing sector are organised in trade unions; even fewer benefit from collective bargaining (cf. FWF 2012a, 19). Threats towards trade union members or workers who set up trade unions or want to join a trade union are not uncommon (cf. SLD 2012, 17 f.).

In addition to small enterprises, a number of large, integrated enterprises that also produce clothing have emerged in Gujarat since the early 1990s. The company Arvind is the best-known example of such an enterprise. Employing over 20,000 people and divided up into numerous subsidiaries, Arvind is active in ginning, spinning, weaving, knitting, finishing, and tailoring. Established in Ahmedabad as long ago as 1931, Arvind, like many other companies in the 1980s, experienced tough competition from the powerloom sector. However, unlike many other companies that went bankrupt during this decade, Arvind was able to survive by starting to produce denim for the export market. Today, Arvind produces over 7 million pairs of jeans per annum, making it one of the largest jeans manufacturers in the world (cf. Arvind 2014).

In Gujarat, clothing is also produced by home-workers. This work is done by women working at home in Ahmedabad. They decorate saree material or other clothing fabrics with embroidery and/or beads. They often work in cramped conditions. Monotonous

work, poor posture, and oftentimes poor lighting conditions over long periods all take their toll on the health of home-workers. The Self Employed Women's Association (SEWA) is the trade union for these home-workers. It fights for their interests, supports the establishment of co-operatives, and provides cheap loans and training (cf. SEWA 2009).

### 3. Working conditions in ginning factories in Gujarat

Cotton ginning is a processing stage in the cotton production process that is relatively unknown in Germany. It is generally done in close proximity to the cotton-growing areas, which is why the most important cotton-growing regions are also the regions with a high concentration of ginning factories. In recent years, several studies on the poor social conditions in Indian ginning factories have been published (cf. Patel **2011**; PRAYAS **2012**; PRAYAS, *n.d.*). For this present report, four case studies in Gujarat were used to determine how the sometimes extremely precarious working conditions have developed since the publication of these studies. In November **2014**, SÜDWIND's Indian partner, the PRAYAS Center for Labour Research and Action, conducted a survey of workers in four ginning factories and compiled the evaluated results in a report. The findings of this report are summarised below (cf. PRAYAS **2015**).<sup>4</sup>

#### 3.1 The case studies

The study is based on research conducted in four ginning factories. Although the names of these factories are not included in this report, they are known to SÜDWIND. Three factories are situated in northern Gujarat. Two of them are situated in the city of Kadi, which—with more than **100** ginning factories—is the 'capital' of cotton ginning in Gujarat. The fourth factory is situated in the region of Saurashtra, which lies to the south west of Ahmedabad, a city with a population of several million and a relatively new cotton-ginning hub. Of the four factories included in this study, one is a GOTS-certified factory (see chapter **5**). According to information provided by this factory, it also produces cotton for the fair trade sector and for the Better Cotton Initiative (BCI).

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<sup>4</sup> The authors have added some technical explanations in chapter 3.2.

Interviews were conducted with **34** workers from the four factories. The workers were also asked to fill in questionnaires based on the structure of the ILO standard. In the case of three of the four factories, the interviews were conducted outside the factory premises. In the case of one factory, the questionnaires had to be filled in in the presence of the management. The information provided was subsequently verified during home-visits to the workers in question. In addition to the individual interviews, two group discussions with workers from three of the four factories were organised in order to delve deeper into the issues addressed.

### *3.2 The ginning process*

When Eli Whitney invented the 'gin' (ginning machine) to separate fibres from cotton seeds in **1794**, his machine revolutionised cotton processing (*cf.* Patel **2011, 11**). Down through the years, numerous technological improvements were made to the gin. Today, one differentiates between two basic ginning technologies. The first is the roller gin, where two rotating rollers separate the fibres from the seeds. This technology is based on a manual technique that was invented in India in ancient times (*cf.* Estur/Gergely **2010, 10**). The saw gin, on the other hand, uses two knives for the ginning process: in some cases, one knife is stationary and one moves; in the other (since the late **1950s**), both knives rotate. While roller gins are above all suited to ginning high-quality, long-staple (long-fibre) cotton, saw gins are used above all for short-fibre cotton and for low-quality medium- and long-staple cotton (*cf.* Estur/Gergely **2010, 10**). While saw gin technology is more efficient than roller gin technology, the latter is more gentle on the fibres, thereby ensuring higher fibre quality (*cf.* Estur/Gergely **2010, 46**).

### *3.3 The structure of the ginning industry*

The ginning industry in India not only has a long history, it also belongs to an important sector of the Indian economy: as one of the first stages of production in the textile-processing industry, it is part of the first industrial sector to be built up in India. Gujarat's ginning industry is dominated by small- and medium-sized enterprises, of which up until recently only very few covered both ginning and bale pressing. Cleaning machines, which reduced the soiling of the cotton fibres (removing leaves, etc.) were also very rare, which is why Indian cotton fibres found it very difficult to compete with internationally traded cotton (*cf.* Patel **2011, 11 f.**). Because of the high significance of the textile sector for the export market and the number of jobs available, the Indian state is supporting the modernisation of the sector, among other things in the form of subsidies for the modernisation of ginning factories.



Because Gujarat is one of the most important cotton-producing states in India, it is also a major centre of the cotton-ginning industry. At the end of **2014**, there were **762** active ginning factories, which were ginning cotton not only from Gujarat but also from other states such as Maharashtra. Table 4 provides an overview of the regional distribution of cotton-ginning factories in Gujarat.

**Table 4: List of cotton-ginning factories in Gujarat**

<i>No.</i>	<i>District</i>	<i>Number of factories</i>
<b>1</b>	Ahmedabad	77
<b>2</b>	Patan	27
<b>3</b>	Mehsana	137
<b>4</b>	Vadodara	40
<b>5</b>	Sabarkantha	33
<b>6</b>	Amreli	28
<b>7</b>	Bhavnagar	47
<b>8</b>	Junagadh	92
<b>9</b>	Rajkot	144
<b>10</b>	Bharuch	24
<b>11</b>	Surendranagar	72
<b>12</b>	Other districts	41
	Total	762

Source: Directorate of Industrial Safety and Health, Gujarat from PRAYAS 2015

In Indian society, which is still heavily shaped by the caste system, the majority of ginning factory owners in Gujarat comes from the Patel community or caste. The Patel caste in Gujarat is very large and is a sub-caste of the caste/group of land-owners—whether small, medium-sized, or large land-owners—who own the lion's share of agricultural land in India. Although the Patels constitute a relatively low caste within the caste system, the fact that they are land-owners gives them considerable political, social, and economic clout. The Patels' entrepreneurial activity in the ginning sector can be traced back to the agricultural nature of this industry. At the same time, it reflects the fact that the Patels are diversifying: nowadays they are not just land-owners and farmers, they are also factory-owners. Moreover, many of them have gone abroad. Ginning factories are often joint ventures involving several Patel families. Two of the four factories presented here are joint ventures.

Most of the cotton produced by ginning factories is destined for export. India is one of the largest cotton-exporting nations in the world. It exports to over 50 countries

worldwide. The exportation of cotton has risen in recent decades. Cotton is mainly exported to the countries of South Asia and China.

### *3.4 Workers and work processes*

There is no reliable data on the number of people working in ginning factories in Gujarat. Official records are not a sufficiently reliable source of information for the simple reason that many of those employed in this sector are casual workers, i.e. they do not appear in official records or duty rosters, etc. However, if one assumes that the smallest ginning factory, which operates 10–12 *charkhas* (gins), employs 50–60 workers and larger factories operate 36–40 *charkhas* and employ 125–130 workers, and considering that 70 per cent of ginning factories are small and 30 per cent are large, one can assume that about 55,000 people work in this sector. This constitutes a very large workforce.

Work in ginning factories comprises three main processes:

1. the unloading of trucks and the spreading/mixing of raw cotton in the factory's storage area,
2. the operation of the gins, and
3. the operation of the pressing machine and the removal of the pressed cotton bales.

The cotton seeds that are separated from the cotton fibres are sent to an oil-extracting factory for oil extraction. In many cases, however, the oil-extracting facility is part of the ginning factory. Each stage of the work process is done by members of a different ethnic group.

#### *Unloading the trucks*

The raw cotton is transported to the factories in trucks. There, the trucks are unloaded and the raw cotton is mixed in the storage area (for example in order to eliminate differences in quality and colour). Then, the cotton is transported on conveyor belts to the gins inside the factory.

This work is done mainly by workers from the state of Bihar in northern India, which is just under **2,000** km away. Almost all workers are Dalits and come from the *Kevat* or *Paswan* communities. This work is done exclusively by men and sometimes by male

youths.

India's Minimum Wages Act classifies this work as unskilled.

### *Operating the gins*

This is the most important working process in the factory. Every worker operates between three and four gins. It is their job to ensure that raw cotton is fed into the gin and cotton fibres, seeds, and boll waste are removed from the gin swiftly and smoothly and that any problems that arise are solved quickly.

The workers are either locals from the surrounding villages or migrants from the Dalit community of southern Rajasthan or western Madhya Pradesh. The majority of the workers in this sector are very young, either young people or young adults. Sometimes, however, older people who cannot find jobs elsewhere, are also hired to do this work. Many women are also employed to operate the gins.

The Minimum Wages Act classifies this work as unskilled.

### *Mechanic*

Every factory has a number of mechanics. These technically qualified workers are responsible for making sure that the machines work smoothly. They have either received technical training or have taught themselves all they need to know. Most mechanics come from the northern Indian state of Uttar Pradesh. They are all male.

The Minimum Wages Act classifies this work as skilled.

### *Pressing cotton fibres*

Once the cotton has been ginned, it is mechanically pressed into bales. The bales are then brought from the factory to an outdoor area where they are loaded onto trucks for transportation. This work is mainly done by workers from the Marwar region in western Rajasthan. No female workers are employed to do this work. The workers belong to the *Bisnoi* caste, a higher caste that owns land.

The Minimum Wages Act classifies this work as semi-skilled.

### *Supervision*

Supervisory staff monitor and check all work processes. Locals are usually hired to do this work.

The Minimum Wages Act classifies this work as skilled.

If the classification of the various activities is transferred to one of the ginning factories investigated (factory C) it can be said that **72** per cent of workers are unskilled, **9** per cent semi-skilled, and **19** per cent skilled.

### *3.5 Overview of labour law*

The two main laws that govern industrial relations in India are the Industrial Employment (Standing Orders) Act 1946 and the Industrial Disputes Act 1947. However, both these Acts do not apply to the majority of employees in ginning factories as the employees are so-called 'contract workers', i.e. they are not employees engaged on a permanent basis. The employment relationship of the majority of workers in ginning is regulated particularly by the Contract Labour Act. As most of the workers come from other states and thus are seasonal migrants, the Inter State Migrant Workmen Act 1979 - a variant of the Contract Labour Law – is applicable. In addition, there are a number of other labour laws which are general in nature and of universal validity. The major labour laws are briefly summarized below. Specific violations of these labour laws are listed in the chapter following the study findings.

In addition to the national labour law, India has ratified four core labour standards of the International Labour Organisation:

C 029 – Forced Labour Convention (1930)

C 100 – Equal Remuneration Convention (1951)

C 105 – Abolition of Forced Labour Convention (1957)

C 111 – Discrimination (Employment and Occupation) Convention (1958)

India has not ratified the following four core labour standards:

C 087 – Freedom of Association and Protection of the Right to Organise Convention (1948)

C 098 – Right to Organise and Collective Bargaining Convention (1949)

C 138 – Minimum Age Convention (1973)

C 182 – Worst Forms of Child Labour Convention (1999)

Cotton ginning is a seasonal industry because cotton is not available throughout the year. Only cottonseed oil mills, some of which are run by ginning factories or are affiliated with them, produce consistently. Therefore the employees are considered to be permanent employees and are covered by the 'Employment Social Insurance Scheme Act' while employees of cotton gins are only covered by the 'Factories Act'.

**The Factories Act** sets out basic rights of workers in terms of health and safety. Other important provisions stipulate limits on working hours (eight hours a day and 48 hours per week), limits on overtime work (maximum of twelve hours per week and 50 hours in a quarter), regulations concerning the double pay for overtime hours, a weekly day off, worker identity cards, attendance cards, vacation slips, paid leave, etc.

**The Minimum Wages Act** specifies minimum wages to be paid for normal eight-hour work. India's minimum wage system is highly complex and differentiated, depending on the type of employment, the level of education, and region. For agriculture and other occupations for which no specific minimum wage is fixed, a general minimum wage is applied.

Ginning industry is subject to specific minimum wage rules: The current minimum wage to be paid is 276 Rs (3.58 Euros<sup>5</sup>) per day for unskilled, 284 Rs (3.69 Euros) for semi-skilled and 293 Rs (3.80 Euros) for skilled workers in urban regions. In the remaining regions, the same wages shall be applied for unskilled and semi-skilled work as in urban areas since 26 December 2014 (previously 229 Rs (2.97 Euros) or 235 Rs (3.05 Euros)). Only for skilled work the wage rate of 288 Rs (3.74 Euros) is lower than in urban areas.

**The Payment of Wages Act** provides for the regular and timely payment of wages.

**The Contract Labour (Abolition and Regulation) Act** seeks to protect workers who are recruited through labour contractors. It also aims to prevent that contract workers are used for regular, non-seasonal occupations.

**The Interstate Migrant Workers (Protection and Regulation) Act** is designed to protect workers recruited from other states. It provides for registration of contractors and employers, and contains regulations concerning bonus payments (travel expenses), housing and other benefits to inter-state migrants.

**The Workmen's Compensation Act, 1923** applies to accidents at work. It specifies amounts to be paid as compensation for different occupational injuries including death.

**The Child Labour (Regulation and Prevention) Act** governs the employment of children in India. The Act defines a child as any person who has not completed his fourteenth

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<sup>5</sup> All conversions are based on the exchange rate as at 1 January 2015 according to [www.oanda.com](http://www.oanda.com).

year of age. The Act regulates the employment of children in certain occupations and prohibits it in others. There is a list of occupations prohibited for children. Cotton ginning falls in the category of prohibited occupations.

The Act has been widely criticized also by India's civil society especially for the low age defining children and allowing employment of children, as well as for the child labour schedule – instead of implementing a general ban.

There are other legislations which are more progressive than the Child Labour Act. The most important among them is the Juvenile Justice Act (JJ Act) and the Right to Education Act. The JJ Act defines childhood as below the age of 18. While there is no specific law in India against trafficking of children for wage labour, the JJ Act can be applied in such situations. The Right to Education Act obliges the State to ensure that all children under the age of 14 can attend school.

### *3.6 Working conditions in the four factories surveyed*

The following expositions summarize the results of the four separate studies. The overview table on pages 28-31 ,Overview table on the survey results sorted by company A-D' shows the results for the specific factories.

#### **(a) Age, sex and social profile of workers**

Ginning industry has a significant presence of female workers who are typically employed in the *charkha* section (raw cotton feeders). The work does not require much skill. Of the 34 workers interviewed, twelve (35 percent) were female. The age of the workers ranged from 18 to 47 years. More than a quarter of these workers were adolescents who reported their age to be 18 to 20 years.

Particularly striking is the fact that the majority of workers were seasonal migrants. Only supervisory staff and in some cases also charkha workers were local residents. In the factories surveyed, the majority of workers came from sometimes very remote states like Rajasthan, Bihar, Madhya Pradesh or Jharkhand. In three of the four surveyed factories, only 10 percent of the workers were local residents, the rest were seasonal migrants.

#### **Case example: Manisha from Kadi / Gujarat**

Manisha is 18 years old and throughout the 2014/15 season she worked in one of the ginning factories surveyed (unit C). She comes from a rural family living in South Rajasthan, she is illiterate and unmarried. She has three brothers and one sister. Her

parents work in agriculture, two brothers work as construction workers in Gujarat, her thirteen-year-old sister and her twenty-year-old brother are still in training. Like her brother Prakash and her parents, Manisha has never gone to school, whereas her brother Chetan, one of the construction workers, has attended school at least for five years.

With the money she earns in the ginning factory, Manisha supports her family as the family income is quite low. In the ginning factory she works in shifts and sometimes she even works the night shift. The work is very difficult for her because of the noise, and because of the cotton dust flying around she has breathing problems. The workplace is lit up but there is no drinking water or protective clothing such as a breathing mask for example.

Manisha lives in an accommodation provided by the factory owner. She lives in a room of only 10 square metres which she shares with two and sometimes even with five other workers. Though the room has electricity, there is no fan. Cooking is done outside the room for which Manisha is provided oil and wood by the factory owner.

Manisha has one day off per week, and she loves to go to the market that day. The biggest problem for her is that she cannot find a job near her hometown. So she has to work far away from home. In addition, the employment in the ginning factory is limited to four months only. Afterwards she has to look for a new job. She does not want to work so far away from home any longer.

Source: PRAYAS 2015

### **(b) Working time and holidays**

Workers in all four factories reported working overtime. Due to the extension of regular shifts to more than eight hours of daily working time, overtime is part of the special shift system in ginning industry: Three factories operate two twelve hour shifts – from eight in the morning to eight in the evening. The fourth factory operates an 11 hours shift, but the shift ending time is flexible. If there is more work, the workers have no choice than to work overtime. This overtime practice is in violation to article 54 of the Factories Act saying that no adult worker shall be expected or required to work more than nine hours a day. According to article 64 of the Factories act, the state government can allow exceptions to article 54, but as the shift system includes four hours of overtime per day, 24 hours of overtime per week and nearly 300 hours of overtime in a quarter, working time in ginning factories significantly exceeds the limits provided for in the Factories Act.

The shift system in turn is in contradiction to Article 59 of the Factories Act which prescribes that double wages are paid for every working hour exceeding nine hours in a day or 48 hours in a week.

In two factories, the workers reported a weekly day off, in two other factories only a monthly day off was reported. There is no payment for this day. All persons interviewed complained about having no leisure time for their families.

In two factories, the workers also reported that they are checked by security staff when leaving the factory premises, and so they feel restricted in their freedom of movement.

While the majority of the workers surveyed are seasonal migrants and do not work enough to be entitled to be paid annual leave, one factory, including spinning, employs its workers all year round. But for this factory, too, no paid annual leave was reported. According to Article 79 of the Factories Act, all workers who work more than 240 days in a factory during a year are entitled to one day of paid leave for every twenty days of work performed.

### **(c) Child labour**

All workers interviewed were above 18 years. The respondents did not report presence of child labour in the factories. However, it was obvious that in two of the factories young people were employed. In one factory, more than half of the persons interviewed reported their age as 18-19 years. They can be considered as borderline cases, as became clear particularly in one of the group discussions. The participants seemed to be younger than 18 years. But as they and their labour contractors present are well aware of the fact that employment of people under 18 in ginning factories is illegal, they are “very careful” in reporting their age.

### **(d) Discrimination**

No discrimination was reported except for the case of pregnancies: Pregnant women are not entitled to special working conditions or leave. They have to do the same work as all other workers. If they stop working around the time of the birth they have to take unpaid leave.

### **(e) Freedom of association**

There is no union activity in any of the factories surveyed. The workers very clearly stated that the factory management will not permit any union activity. There are no collective agreements in any of the factories. In two of the factories surveyed there have been initiatives to form a trade union. These were prevented by the management. However, some labour contractors further try to support trade unions. Some of the



persons interviewed in the two factories where there have not yet been any trade union initiatives said they would appreciate the formation of a trade union to support their interests.

#### **(f) Wages**

As in many other sectors, the wage situation in ginning industry is very problematic: None of the persons interviewed who are all unskilled workers has ever received a pay slip. Their daily wages range from 150 Rupees (1.95 Euros) to 190 Rupees (2.47 Euros). Only one factory, which in addition to ginning has further production stages, reported higher wages. So the wages paid are far below the statutory minimum wages for unskilled workers in Gujarat, which in 2014 amounted to 229 Rupees (2.97 Euros) or, since the end of December 2014, to 276 Rupees (3.58 Euros) for an eight hour day (see Government of Gujarat 2014: 2).

The wages are paid fortnightly or monthly. None of the four factories seems to pay bonuses or extra payments, although the information received varied. Some workers said that they got some bonus while others, working in the same factory, had never heard of bonuses. One worker said that he once got an annual bonus of 1,800 Rupees (23.37 Euros). Others reported that they sometimes receive gifts in kind of sweets or clothes. On the whole, the criteria for bonus payments, if there are any bonuses paid, seem to be very unclear to the workers.

All respondents said that the wages are insufficient to meet their basic needs. To meet these needs the wages were to increase between 18 and 75 percent they said. One respondent considered it necessary to increase the daily wage to 500 Rupees (6.49 Euros).

#### **(g) Infrastructure, Health and Security**

Three of the four factories have canteens on their premises. However, only the management and supervisory staff have access to them. The workers do not eat there.

All four factories surveyed comply with Article 19 of the Factories Act insofar as they have toilets on the premises. In two of the four factories the workers reported to have access to the toilets. In the remaining two factories, the workers are not allowed to use the toilets on the factory premises. In fact, in these factories the workers are mostly seasonal migrants living inside the factory premises. Nevertheless, they do not have any toilets even in their living quarters. They have to resort to open defecation. In the group discussion the workers complained about this because this situation causes them major problems.

None of the factories surveyed had care facilities for children under the age of six years as they are obliged to under Article 48 of the Factories Act if more than 30 women are employed. One of the four factories surveyed employed more than 30 female workers. None of the persons interviewed reported that safety equipment is provided or used. Even in the factory visited there was no evidence of safety equipment available. The responses to the question whether there is sufficient medical care in the factories varied. Some answered the question in the affirmative while others answered in the negative. Asked about the kind of medical care, the workers reported that there is a medicine cabinet.

None of the persons interviewed has suffered an accident in the factory. In three factories, however, major accidents in the recent past were reported. One of these was so serious that the worker died. In two other incidents the workers suffered serious injuries and had to be hospitalized. Information on compensation received was available only in the case of the fatal accident where the family received half of the statutory compensation after negotiations. In the two other cases there was no information on compensation, only that the management paid for the hospitalization costs.

The persons interviewed did not suffer from occupational diseases and did not report of any illness. However, further investigations will be required to gather information about the prevalence of occupational diseases, particularly about Byssinosis. Byssinosis – also called brown lung disease or Monday fever – is an occupational lung disease caused by exposure to cotton dust in inadequately ventilated working environments. Depending on the prevailing conditions it can also occur in ginning factories. To date, no case is known in the factories surveyed / in the region what might be due to the high turnover (seasonal work) of the employees. Other possible diseases relate to difficulty breathing and skin rashes. A recent study of ginning factories in Maharashtra State suggests that long-term exposure to cotton dust can result in reduced lung volume (cf. Dube et.al. 2013).

Concerning the social security of the workers, the persons interviewed did not report of contributions to any social security scheme of the government.

#### **(h) Employment contract and contract work**

None of the persons interviewed had a written employment contract with the factory. They all were recruited by so-called „labour contractors“. Neither the factories nor the

labour contractors are registered in accordance to Article 6 of the 'Interstate Migrant Workers Act'.<sup>6</sup> And none of the migrants did receive the 'displacement allowance' equal to 50 percent of the monthly wage or at least 75 Rupees (0.97 Euros) as required by Article 14 of this Act. Workers from three of the four factories reported that they are paid only one way travel expenses (either from their place of residence to the place of work or the way back), though Article 14 of the above mentioned act stipulates that expenses for the outward and return travel shall be paid by the contractors and that the travel time shall be considered as normal work time.

Due to the structure of contract labour, none of the migrants has access to the state social security system.

They did not have to pay a fee for being employed.

### *3.7 Summary*

The majority of the workers is recruited through labour contractors for fixed-term, seasonal activity in the factories and has no access to social security. However, it is possible that there are some permanent workers who have access to social security. The major violations of labour laws in ginning and pressing are:

1. All factories are forcing workers to overtime which is in contravention to the provisions of the Factories Act.
2. The wages are below the statutory minimum wages per eight-hour day. Taking into account the daily overtime, the payment is almost only one third of the statutory rates.
3. Elementary sanitary facilities such as toilets are not provided in two of the four factories surveyed, though the Factories Act prescribes that the employer has to ensure the provision of sanitary facilities.
4. No safety equipment is provided by any of the factories. The reported serious accidents in three of the four factories surveyed showed that if an accident occurs, the victims are not compensated according to the requirements of the Workmen's Compensation Act.

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<sup>6</sup> The law applicable in Gujarat stipulates such registration of all factories and contractors who employ more than five inter-state migrants (vgl. Government of Gujarat 2013).

## Overview table on the survey results sorted by company A-D

	A	B	C	D
<b>Respondents</b>	10	6	13	5
<b>Certificates</b>	GOTS, Fairtrade, BCI	none	none	none
<b>Number of employees</b>	estimated 200	46	165	39
<b>Age of the employees interviewed</b>	19 - 40 years	28-42	18 - 37	19 - 47
<b>Origin of the employees</b>	Rajasthan, Uttar Pradesh, Bihar, Madhya Pradesh, Jharkhand / India; Nepal	Gujarat, Migrants from the near vicinity	Rajasthan, Bihar, Uttar Pradesh, Gujarat	Rajasthan, Uttar Pradesh, Gujarat
<b>Working hours / Forced labour</b>	2 shifts of 12 hours; Every 15 days or every 30 days one unpaid day off	Shift from 7 am to 6 pm including one hour lunch break; Shift is extended if there is more work; No day off	2 shifts of 12 hours; one unpaid day off each week	2 shifts of 12 hours; one unpaid day off each week
<b>Child labour</b>	No child labour	No child labour	No child labour, but some very young employees	No child labour, but some very young employees
<b>Discrimination</b>	No paid maternity leave	No information	No information	No information
<b>Freedom of association</b>	No union activity or employee representation; No wage negotiations	No union activity or employee representation; No wage negotiations	No union activity or employee representation; No wage negotiations	No union activity or employee representation; No wage negotiations

<b>Wages</b>	No pay slip; monthly wages of 4,500 – 12,000 Rs (58-156 Euros), daily wage between 150 - 400 Rs (1.95-5.20 Euro); monthly payment of wages, intransparent granting of bonuses	No pay slip; daily wage of 200 Rs (2.60 Euros) is paid fortnightly; No bonuses	No pay slip; monthly wage of 4,500 – 5,000 Rs (58-65 Euros; + 5% compared to the previous year); Payment of one way travel expenses	No pay slip; Daily wage of 180 Rs (2.34 Euros) is paid monthly; Travel allowance of 400 Rs (5.19 Euros)
<b>Wage rate</b>	To meet basic needs, wages would have to increase by 20-50%, one respondent spoke of 500 Rs per day	To meet basic needs, wages would have to increase by 30%.	To meet basic needs, wages would have to increase by 25-75%.	To meet basic needs, wages would have to increase by 18-54%.

<b>Health and safety</b>	No safety equipment; medicine cabinet exists; no compensation following an accident at work (broken hand) which required treatment in hospital	No safety equipment; medicine cabinet exists; payment of hospitalisation costs in case of an accident but no further compensation	No safety equipment; no health care; compensation amounting to half of the statutory compensation paid following a fatal accident	No safety equipment; medicine cabinet exists; no accidents reported
Occupational disease	No information	No information	No information	No information
Social Security	non-existent	non-existent	non-existent	non-existent
Canteen	Exists but is frequented only by the management	non-existent	Exists but is frequented only by the management	Exists but is frequented only by the management
Clean drinking water	available and accessible	available and accessible	available and accessible	available and accessible
Toilets	available and accessible (4-9)	available and accessible (2)	available but not accessible to workers	available but not accessible to workers

Employment contract	No employment contracts; recruitment through contractors; no job placement fees	No employment contracts; recruitment through contractors; no job placement fees	No employment contracts; recruitment through contractors; no job placement fees	No employment contracts; recruitment through contractors; no job placement fees
What Indian laws are violated?	Minimum Wages Act; Inter State Migrant Workmen Act; Factories Act; Workmen's Compensation Act	Minimum Wages Act; Inter State Migrant Workmen Act; Factories Act; Workmen's Compensation Act	Minimum Wages Act; Inter State Migrant Workmen Act; Factories Act; Workmen's Compensation Act	Minimum Wages Act; Inter State Migrant Workmen Act; Factories Act; Workmen's Compensation Act

## 5. The Global Organic Textile Standard and efforts to make the textile production chain more sustainable and transparent

Poor social and environmental conditions along the textile production chain have been well documented around the globe. Moreover, for some time now, civil society groups have complained that the lack of transparency in the production chain makes it difficult to introduce improvements that can be measured. This being the case, the findings of the PRAYAS study on the Indian ginning sector are not surprising, even though PRAYAS chose a stage of the cotton textile-processing sector that is relatively unknown in Germany. What is surprising is that one of the factories investigated for this study has been certified in accordance with the Global Organic Textile Standards (GOTS). This standard features strict environmental requirements, comprehensive social criteria and a relatively high level of transparency about member companies via a publically accessible database.

### 4.1 History and structure

The original impetus behind the GOT standard (GOTS) was the effort to harmonise various organic standards for textiles in order to increase transparency and to provide a

reliable standard that includes both environmental and social compliance criteria for the rising global demand for organic textiles.<sup>7</sup> Finally, after lengthy discussions, the GOTS was finally launched in July 2004 with the signing of an agreement by four standards organisations: the International Association of Natural Textile Industry (IVN) from Germany, the Organic Trade Association (OTA) from the USA, the Japan Organic Cotton Association (JOCA), and the non-profit-making Soil Association (SA) from the United Kingdom. Certification began in October 2006. In recent years, the GOTS has been revised several times. The fourth and most recent revision of the standard has been in force since March 2014.

The key bodies within the GOTS are: (1) the Advisory Council of the Global Organic Textile Standard International Working Group (IWG), which is the supreme decision-making body; (2) the Technical Committee, which develops the quality assurance system and the GOTS standard; (3) the Certifiers Council, which fulfils an advisory function in the field of GOTS quality assurance and ensures a uniform interpretation of GOTS criteria. Both the Certifiers Council and the Technical Committee are chaired by the technical director of the GOTS; (4) the company Global Standard GmbH, which is based in Germany, is responsible for administrative activities relating to the implementation of the GOTS and in particular for the quality assurance and the licensing system. It is the owner of the GOTS label, with which textiles that meet the GOTS can be marketed.

Two certificates play a role in the GOTS certification process. Firstly, the Scope Certificate (SC), which certifies that a company is capable of processing its products in accordance with GOTS criteria. However, possession of this certificate does not certify that the goods in question are already GOTS certified. In order to ensure that this is the case, a company needs a Transaction Certificate (TC). With this certificate, the certifier of the supplier confirms that the supplier's products meet the requirements of the GOTS. A finished product can only carry the GOTS label if it can be proven that all preceding production stages have also been GOTS certified. For natural fibres, different labels apply: 'made with (x%) organic' is used when 70–94 per cent of the fibres are from certified organic sources, while 'organic' is used when at least 95 per cent of the fibres are organic. At present, 15 certifiers work for the GOTS. These include the Dutch company Control Union Certifications, which carried out the audit on ginning factory A (see

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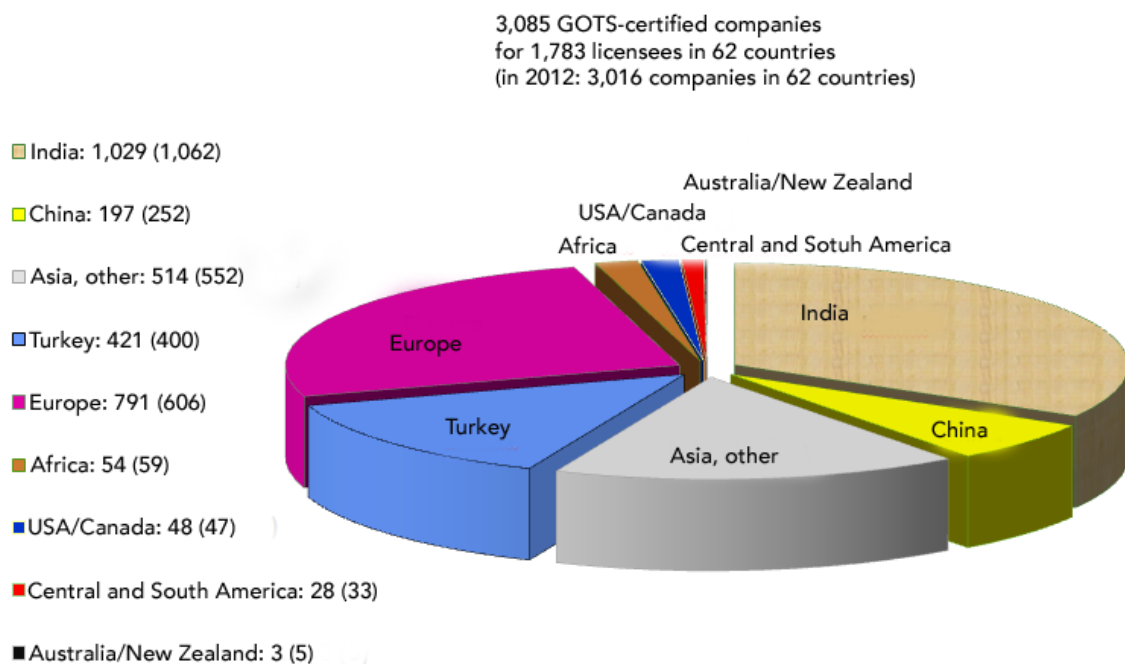
<sup>7</sup> Unless otherwise indicated, the information in this chapter is based on the GOTS website (cf. GOTS 2013).

chapter 3). Any certificates that are issued on the basis of a successful audit must be renewed once a year following a new inspection.

#### 4.2 Current status

Since the first certificates were issued in 2007, the number of GOTS-certified companies has almost quadrupled. In late 2013, 3,085 facilities around the world had GOTS certification. These either belong to or produce for 1,783 licensees.

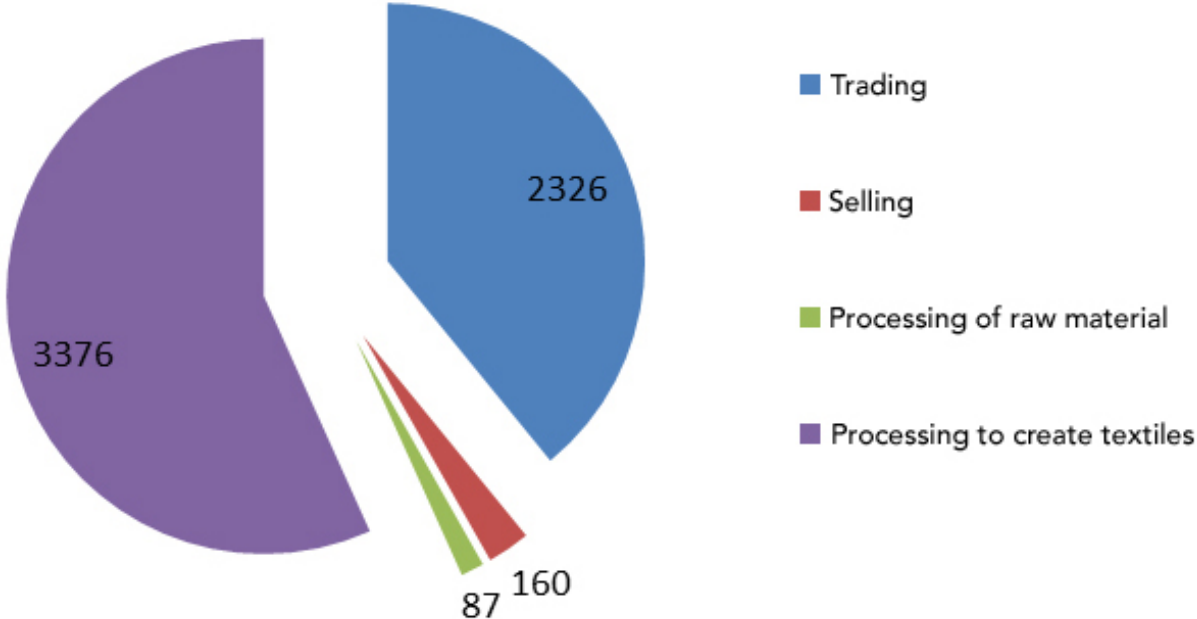
**Fig 2: Distribution of GOTS-certified companies in the year 2013**



Each of the companies listed in Fig. 2 completes at least one stage in the textile production chain. Because the GOTS certifies production processes and not companies, an integrated company can have all of its processes (e.g. ginning and spinning) certified or can have specific processes certified individually (e.g. ginning or spinning). This is why in addition to the number of certified companies, the breakdown of the certified production processes is also revealing.



**Fig. 3: Breakdown of GOTS-certified production processes**



Source: Authors' own graph based on data from the GOTS database (downloaded on 06.03.2015)

Trading = exporting, importing, trading; selling = mail order selling, retailing; processing of raw material = ginning, post-harvest handling; processing to create textiles = dyeing, tailoring, knitting, manufacturing, printing, other processing, spinning, weaving, wet processing

Just under a third of all GOTS-certified companies come from India. This means that of the 1,811 companies in the database, 578 are from India (figures valid as at 20.03.2015). In terms of certified work processes too, Indian companies account for a third of all GOTS-certified companies in most areas too. The proportion of Indian companies is greatest in the ginning sector, with almost two thirds coming from the subcontinent.

In Gujarat, a total 35 companies are GOTS certified. Of these companies, seven are active in the ginning sector, as illustrated by Table 5.<sup>8</sup>

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<sup>8</sup> Data was drawn from the database on 06 March 2015.

**Table 5: GOTS-certified production processes in Gujarat (absolute)**

	Number
Trading	30
Exporting	32
Importing	02
Ginning	07
Spinning	12
Weaving	08
Knitting	02
Dying	09
Tailoring	07
Printing	07
Manufacturing	09
Wet processing	10
Other processing	17

Source: Author’s own table based on data from the GOTS database

*4.3 The standard*

The GOTS includes both environmental and social standards. Although the core competence of the GOTS is in the environmental sector, this aspect will not be examined any further here because of the labour-focused nature of this study. The social standards included in the GOTS system are based on the core GOTS labour standards of the ILO (International Labour Organization). In order to ensure that social standards are met on a permanent basis, the companies have to provide evidence that they have a social management system that guarantees the observance of social standards. The overview in Table 6 shows that the majority of the relevant GOT standards in the GOTS-certified factory that features in this study have not been observed.

**Table 6: GOTS social standards in the finning factory examined for the purpose of this study**

GOT standard	Factory A	Assessment
1. Employment is freely chosen (no forced labour or slave labour)	12-hour shift system	Red
2. Freedom of association and the right to collective bargaining are respected	No works council; not explicitly banned	Red
3. Working conditions are safe and hygienic: protective clothing must be provided/access to clean toilets and drinking water must be guaranteed	No protective clothing Medicine cabinet available Toilets available and accessible Drinking water available and accessible	Yellow
4. Child labour must not be used	No child labour used in the enterprise	Green
5. Living wages must be paid as the minimum (for a regular working day; wages must be sufficient to meet basic needs, payment slips must be provided)	Wages below the minimum wages are paid Wages are not sufficient to meet basic needs No payment slips are provided	Red
6. Working hours are not excessive (under no circumstances should workers regularly work more than 48 hours a week; workers should have one day off a week; overtime must be voluntary and must not exceed 12 hours a week; overtime must be compensated at a premium rate)	72–84 hours a week An unpaid day off every 2–4 weeks Overtime is not voluntary Overtime is not paid	Red
7. No discrimination is practised	No paid maternity leave	Red
8. Regular employment is provided	Contract work with no registration	Red
9. Harsh or inhumane treatment is	No indication of inhumane	Green

prohibited	treatment	
10. Social compliance management	No data	

#### 4.4 GOTS Statement

##### **Marcus Brügel, Technical Director:**

The described ginning factory has been GOTS certified by Control Union Inspections and Certifications India Pvt. Ltd. for ginning, trade and export. The last inspection took place on 17 and 18 November 2014 and lasted 16 hours. The inspection included a check for social minimum criteria defined by GOTS and the results differed significantly from those described in the report of Südwind. Six workers were employed at the time of the inspection. Though the inspection was not carried out during peak season, contrary to the visit of Südwind, the certifier – on the basis of its knowledge of the company’s size and technical equipment - does not consider it possible that 200 workers were employed at the time of the Südwind visit and points out that other companies (processing cottonseed and oil) are also located on the same premises and that they probably account for a large part of the estimated workforce indicated in the report.

The results of the inspection are based on an on-site inspection of the operational units and their facilities, on interviews with the management and with workers as well as the examination of personnel documents for the period of October 2014. In addition to the compilation of the control checklist, other documents such as presence and time protocols, payment of wages and wage statements, minimum wage provisions, social insurance statements, a list of the workers’ committee were copied and photos about occupational safety were taken.

In particular, the following differing results were documented and reported:

- Working time: In October, the working time was an 8-hours shift per day with one weekly day off, no overtime work was performed.
- Freedom of association: There are no agreements with a trade union but the workers form an internal company committee.
- Wages: The basic wage per day was 270 Rupees, adding up to 7,290 Rupees for 27 working days in October. The statutory minimum wage is 268 Rupees per day. (Assuming the payment of this basic wage, the demands of workers who, according to the report of Südwind, earn 4,000 Rupees per month and who claim

a wage increase of at least 50 percent in order to be able to meet basic needs would be met.)

- Security and Health: The required equipment such as medicine cabinets or fire extinguishers is available, firefighting training is offered.
- Social insurance: Registration with the 'Employers Provident Fund' of the six workers employed in October has been submitted.
- Employment contract: 'Appointment orders' for the workers have been viewed.

Conclusion: At the time of the inspection by Control Union in October (based on interviews with workers and the management, on-site controls and examination of document statements) the situation of the company was completely different. If persons are interviewed outside the factory premises and if their affiliation is not exactly verified on the spot, their statements should be taken with caution, as show for example the obviously incorrect estimate of 200 workers employed in the ginning factory, and the very different information about the income and the number of toilets available.

Nevertheless, we take the results of the report seriously and it is quite possible that the results achieved at the time of the inspection will be clearly different some months later during the peak season. The workload in ginning depends on the harvesting season, unlike in any other downstream textile industry. The response to these structural challenges is the employment of seasonal workers. This, however, must not entail violations of social minimum criteria. In future GOTS certification processes, this seasonal higher risk should be taken into account by carrying out inspections of ginning factories preferably during the peak season. Control Union, the by far most important GOTS certifier, already has confirmed to coordinate immediate appropriate measures. In future, the situation and conditions in the factory surveyed and in comparable GOTS certified ginning units shall be more closely examined with regard to the employment of seasonal workers.

Therefor we consider the Südwind report to be a constructive contribution to improving the working conditions in this sector.

Kind regards

Marcus Bruegel

Technical Director

Global Organic Textile Standard

[bruegel@global-standard.org](mailto:bruegel@global-standard.org)



GOTS has reacted promptly and frankly to the results of the survey on GOTS certified ginning factories in Gujarat.

SÜDWIND does not call into question the working conditions of six employees of the ginning factory described in the GOTS statement. However, these working conditions are not the same as those of seasonal workers who make up the majority of workers in ginning and of whom a total of ten persons were interviewed by SÜDWIND / PRAYAS in November 2014. This concerns the working hours, the wage rates, the contractual relations, and other things. This is why SÜDWIND does not withdraw any of the labour rights violations denounced in the overview table even after having read the GOTS statement.

GOTS has awarded its certificate on the basis of the interviews of six permanent employees, without taking into account the major group of seasonal workers. The reason for this is obviously the time when the audit was carried out by Control Union: If the audit was carried out in November, December or January, the seasonal workers would have been on the job. And if they were interviewed, the GOTS certificate could not have been awarded according to the survey results available to SÜDWIND.

In his comment, GOTS remarks that the workers interviewed by SÜDWIND / PRAYAS overestimated the total workforce. Though it is possible that the seasonal workers interviewed overestimated the total number of workers employed in the ginning process, the company may well have about 200 employees working in its three production sectors (ginning, oil mill, spinning). When SÜDWIND visited the company in January 2015 which, in addition to ginning, runs an oil mill and a large spinning mill on its premises, it was not possible to visually assess the exact number of employees working in the particular sectors. However, SÜDWIND interviewed only employees working in the ginning process and the results of the interviews only apply to this production process. The validity of the interviews concerning the working conditions of seasonal workers is not qualified by a possibly lower number of workers in the ginning sector. The question is rather why GOTS doubts the estimated workforce but gives no precise figures.

From SÜDWIND's point of view, GOTS has to ensure that

1. The GOTS standards are applied also to the employment of seasonal workers.
2. Audits in ginning factories are carried out only during the ginning season.

## 6. Results and Recommendations

The findings of the PRAYAS study listed in chapter 3 clearly show that labour law violations are very common in ginning factories in Gujarat. The recommendations of PRAYAS and SÜDWIND are aimed at three levels– the ginning factories, the entire cotton value chain as well as the GOT-Standard.

**The number of accidents in ginning factories must be reduced, and safety must be improved.** Accidents in ginning factories still regularly occur as the reported serious accidents that recently occurred in three of the four factories surveyed made clear. Continued joint efforts to improve the security are needed from all stakeholders – employers, state agencies and employees.

**Further efforts to increase wages need to be made.** The current wage rate is far below the statutory minimum wage. The most promising but also long-term way would be to organise the employees to enable them to demand higher wages. As this does not seem possible in the short term, advocacy work with the State is required and attention must be given to trade channels (see below).

**It is necessary to create transparency in the cotton value chain.** Up to now it is very difficult to follow the way of cotton after ginning. It is hardly possible to verify what cotton is exported and what cotton is processed locally. Transparency in the supply chain can contribute to link precarious working conditions at the beginning of the supply chain with the clothing retailers at the end of the chain and to undertake advocacy work with them.

**The organization of employees must be further developed.** This is the most important task. Organized labour can best fight against the violation of labour rights at various different levels. Political advocacy work will not be successful without pressure from the workers. But this is not easy.

**Joint action and activities of labour rights organizations must be promoted.** The cotton value chain is long. Many organisations and activists at different levels work to improve the workers' situation. Their activities should be networked, possibly by establishing a central coordinating body which monitors the whole chain and brings together people working at and on different levels of the value chain.

**Working conditions along the entire value chain require further studies.** The present study focuses only on one part of the value chain – the ginning factories. Similar studies of other stages of the value chain, which were only roughly outlined in chapter two of this study, could help to get an overall picture of the workers' situation in the textiles sector.

**Additional studies should focus for example on GOTS or BCI certified cotton processors.** The fact that ginning factories affiliate with Standards Organisations like GOTS or BCI is good news. This increases transparency and the possibility to gain an insight into the factories not only through audit visits. However it is surprising that working conditions in the GOTS-certified factories surveyed were only slightly different from other, conventional factories. Therefore it is appropriate to investigate the standards, to carry out a study of other certified factories and to do advocacy work with Standards Organisations in order to ensure that labour rights are not only included in every standard but also implemented in the factories.

**In view of the labour rights violations in Indian ginning factories, GOTS should conduct a separate study of the situation in this production process.** It is to be welcomed that GOTS has included the ginning process in its certification system. However, this sector is different from other production processes because of its seasonal character. Therefore GOTS should ensure that audits are conducted only during the season. In addition, the certifying organisations should have special qualifications concerning labour rights in seasonal and migrant labour or be trained in this respect. Together with other Standards Organisation like Fairtrade, the Better Cotton Initiative and Cotton Made in Africa, GOTS should support the above proposed in-depth study of other certified ginning factories.



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