

Workers connect...

Why should we use the OECD Guideline for the Garment Supply Chain?

The pursuit of higher profits and low cost centres led to a fragmentation of the supply chain of garment with the producers being located in the developing countries and the consumers, mostly in the advanced economies. The global garment brands, mostly companies in the US or in European countries, source their products from suppliers in the developing economies. These suppliers are divided into multiple layers, with regulation declining as we go down the different tiers of production. The global brands do not disclose their complete list of suppliers or their sourcing price as both these are used by the brands to push competing suppliers in the developing economies towards a race to the bottom, thereby squeezing the producers in the south for a greater share of profits for the brands.

While for the workers, most of them are first generation women from rural areas with no or very little idea about wages and rights at work. To complicate matters, most workers live in fear of losing their jobs and hence unionisation is very difficult.

Trade Unions have used and continue to use:

1. Shop floor or/and street protests to put pressure on employers to negotiate with them. This has become increasingly difficult as workers employed in precarious jobs find it tough to both join and sustain struggles in fear of losing their jobs;
2. Legal strategy but in most cases, cases drag on and once again it becomes difficult for workers to sustain this. Further, in recent years, the judiciary too has delivered, if at all, very little and late; and
3. International campaigns of 'naming and shaming' to exert pressure on global brands, especially in the garment industry. These campaigns have yielded results in denting the image of the brands to their consumers. But, these campaigns simultaneously blame consumers in the advanced economies for buying low cost garments.

Low cost garments are bought by working people of the advanced economies who with declining wages and increasing cuts in social security cannot be made to feel guilty for buying low cost garments. The problem lies in how the profit from these garments is distributed along the supply chain and what proportion of it is lopped up by the brands. Thus increasing cost of garments would not get translated into higher wages and better working conditions for workers. It would only mean higher profits for the global brands. Thus it is time to shift the blame from the consumers to those who take production decisions along the supply chain.

But these strategies together and severally have 2 problems: (1) they may not work at all; or (2) they deal with a case in isolation and do not address the systemic problem. Thus, it is critical to supplement the ongoing struggles with new parallel strategies. One such strategy to exert direct pressure on multinational enterprises is to use the complaints mechanism available within the Organisation for Economic Co-operation and Development (OECD).

The OECD, formed in 1961, today with 35 member countries, account for 63 percent of world GDP, three-quarters of world trade, 95 percent of world official development assistance, and 18 percent of the world's population. This was formed as an organization of advanced economies, most European countries, Australia, Japan, South Korea and the USA are members of the OECD, as an intergovernmental economic organisation to coordinate domestic and international policies. The OECD, in 1976, adopted Guidelines for Multinational Enterprises that are recommendations addressed by governments to multinational enterprises. They provide voluntary principles and standards for responsible business conduct consistent with applicable laws. Each OECD country should set up a National Contact Point (NCP) that will be responsible for the promotion of the Guidelines at the national level, handle all enquiries related to the Guidelines in that specific country, including investigating complaints about a company operating in, or headquartered in that

country. The NCPs should dispose a complaint within 12 months from the date of filing of the complaint. This time bound remedy can help unions in resolving industrial disputes and even to put pressure on multinational companies. The OECD guidelines allow unions to negotiate with the principle producers - the MNEs and make them accountable for their conduct along their supply chain.

Most global garment brands like Zara, H&M, Gap, PVH, Nike, Adidas, Walmart, A&F, C&A, etc are all companies operating in, or headquartered in OECD countries, and thus violations of labour rights along their supply chain can be reported at the relevant NCP. This could be used as a strategy to pressurize the global brands to be accountable for the working conditions in their supply chain and negotiate with the workers and their organisations at their suppliers.

In 2016, the Pragatisheel Cement Sangharsh Samiti, a union of contract worker at Holcim, a Swiss Multinational cement company, with its plant in Chattisgarh, was able to use the OECD complaint mechanism to push Holcim to negotiate with the union of contract workers which ultimately led to the regularisation of workers.

On 8 February, the OECD released a new due diligence guidance for supply chains in the garment and footwear sector. The guidance is meant to provide practical support to MNEs on their implementation of the due diligence recommendations and associated provisions in the Guidelines. Thus this could also be used by garment workers and their organisations to file complaints against brands in cases of violation of local labour laws and other international labour standards as recommended under the Guidelines.

Policy News

Move to hike wages under rural job scheme:

New Delhi, 8 February 2017: The Rural Development Ministry is considering “updating” the baseline on which wages of NREGA workers are fixed. The baseline for annual revision of wages paid under MNREGA may be changed from Consumer Price Index – Agriculture Labour (CPI-AL) to Consumer Price Index – Rural (CPI-Rural). A high-level committee chaired by economist S Mahendra Dev has suggested that the wages under MNREGA should be equal to or higher

than the minimum wages in states. The panel had also suggested that MGNREGA wage rates be revised every year on the basis of CPI-Rural as it takes into consideration more variables for rural areas as compared to CPI-AL.

Centre allows Tamil Nadu to increase MGNREGA job days to 150:

New Delhi, 24 February 2017: The Centre has approved increasing the number of days of employment given under the Mahatma Gandhi National Rural Employment Guarantee Act in Tamil Nadu from the existing 100 days to 150 days.

The request was made by Chief Minister K Palaniswami in view of drought situation in the state. With the extension of job days, steps will be taken to preserve water bodies and small rivers and ponds.

Labour ministry notifies fixed-term employment for ‘Made ups’ sector:

New Delhi, 22 February 2017: The Labour Ministry has notified fixed-term employment for the ‘Made ups’ sector. ‘Made-ups’ are articles manufactured or stitched from any type of cloth, other than a garment such as bed-sheets, cushion covers, lamp-shades etc.

As part of simplification of labour laws, the cabinet had in December 2016 given its approval to increase permissible overtime up to 100 hours per quarter in ‘Made-ups’ manufacturing sector. It also approved making employees’ contribution to EPF optional for employees earning less than Rs 15,000 per month.

Collective Bargaining

Minimum wage for tea workers in Bought Leaf Factories increased in West Bengal:

Kolkata, 13 February 2017: West Bengal government increased the daily minimum wage for workers in bought-leaf-factories (BLFs) in the state from Rs 143 to Rs 290.23 in Zone A (civic bodies, development authorities and industrial townships) and Rs 256.50 in Zone B (all other areas). The rates are effective from 1 January to 30 June 2017.

There are over 130 BLFs which have around 40,000 workers mostly in the areas of North Dinajpur, Kishanganj, Jalpaiguri, Cooch Behar and at the foothills of Darjeeling hills. The

employers are however protesting this increase claiming inability to pay.

Minimum Wages increased in Delhi: Delhi, 25 February 2017: Implementing the recommendations of the special tripartite committee — comprising five members each from the government, trade unions and industry associations that was set up for the purpose, the government has increased the minimum wages of unskilled workers from Rs. 9,724 to Rs. 13,350 per month. For semi-skilled workers the same has been hiked from Rs. 10,764 to Rs. 14,698 per month. Skilled labourers also have a big reason to cheer as their wages have been increased from a minimum of Rs. 11,830 to Rs. 16,182 per month.

Discrimination

Supreme Court: Nearly 10,000 dalit govt employees may be demoted in Karnataka: Bengaluru, 26 February 2017: On 9 February, the Supreme Court struck down the consequential seniority in promotions awarded by the Karnataka government for SC/ST employees since 1978. It fixed a three-month period for demoting those promoted under the reserved category. The government can file an appeal within the period. The fate of nearly 10,000 dalit government employees hangs in the balance as they face the threat of being demoted.

Social welfare of migrant workforce: Adding portability to benefits:

New Delhi, 21 February 2017: Noting that the lack of portability of social benefits disadvantages migrant labour, the Union government-appointed inter-ministerial panel on migration has made a case for portability of food security benefits and benefits conferred under the affirmative action lists for Dalits and Adivasis, a special focus on migrants in policies pertaining to healthcare, education and housing and removal of any existing domicile requirements in job provision.

The working group, headed by Partho Mukhopadhyay from the Centre for Policy Research, has recently submitted its report to M Venkaiah Naidu, the Minister of Housing and Urban Poverty Alleviation.

The panel has identified 54 districts, many of these in Uttar Pradesh, Bihar, Jharkhand and Madhya Pradesh, which account for half the

inter-state male out-migration. The report states that migrant workers constitute 38 per cent of the male manufacturing workforce in urban areas.

The report also points to the lack of access to housing forcing short-term migrants to live in slums under the constant threat of eviction and displacement, without access to basic services and the perennial lack of safety for women.

The report also states that the first step to ensuring universal access under the Food Security Act is to allow portability of PDS benefits within the state followed by agreements between states so as to guarantee portability for inter-state migrants.

Likewise, it has asked for inclusion of migrant children in the annual work plan of Sarva Shiksha Abhiyan and portable health care for all workers in the unorganised sector that is delinked from their employment status.

Health and Safety

Government doubles maternity leave for industrial women workers:

New Delhi, 22 February 2017: The new Employees' State Insurance (Central) Amendment Rules, 2017 expands the maternity benefit scheme by first expanding the definition of an 'insured woman' to also include: (i) a commissioning mother who as biological mother wishes to have a child and prefers to get embryo implanted in any other woman; (ii) a woman who legally adopts a child of up to three months of age. The amendment also extends maternity benefits for insured women for up to a period of 26 weeks (instead of twelve weeks), of which not more than eight weeks (instead of six weeks) can precede the expected date of confinement. Further, an insured woman having two or more surviving children will be entitled to receive maternity benefits for a period of twelve weeks, of which not more than six weeks shall precede the expected date of confinement.

ESI extends Super Speciality Treatment for retirees:

New Delhi, 27 February 2017: The ESIC has decided to provide super speciality treatment to retired employees, if they are subscribing to the medical scheme at the time of their retirement. This will be applicable from 1 April 2017.

To be eligible for the post-retirement SST benefit, an Insured Person should have been eligible for SST during his qualifying period of insurable employment before retirement. Only Insured person and their spouse shall be eligible for treatment. The Insured person should enroll for the benefit within one month of their retirement.

Working from home may increase stress: ILO-Eurofund study:

Geneva, 20 February 2017: Using smart phones, laptops and other technology to work from home may cut your travel stress, but lead to longer working hours, higher stress and sleeping problems, according to a new UN study in 15 countries including India. The study is based on interviews with workers and experts in 10 European Union member states, Argentina, Brazil, India, Japan and the US.

According to this study, some 19% of all Indians employed in the formal sector are working outside the office space including from home at least one day a week. Similarly, 20% of the total US workers, 16% in Japan, 32% Sweden and 28% in Finland are mobile workers. In India, survey results indicate that a higher proportion of such workers work long hours (defined as more than 48 hours per week) than office-based workers (66 percent compared to 59 per cent).

Workplace Safety Watch

10 dead, over 30 injured in Building Collapse in Kanpur: 10 died and over 30 workers were severely injured when an under-construction building collapsed in Kanpur's Jajmau area on 1 February. The building was being illegally constructed and was sealed in December 2016. Labour department has ordered the owner of the building, Mehtab Alam, to pay Rs 75 lakh as compensation to the workers who lost their lives.

3 workers die in Mumbai Sewer: On 16 February 2017, three workers died while cleaning a sewage tank in Malad, poisoned by toxic gases. The Malwani police have booked the contractor who had employed them for making them work without taking necessary precautions.

3 women among 4 killed in factory fire in Bhiwandi: 4 workers, 3 of them women, were

charred to death in a fire in a plastic beads factory in Bhiwandi on 19 February 2017. They were all irregular workers. Preliminary investigations reveal a blast in the machine for colouring of beads leading to the fire. As it was a Sunday, only 17 workers, including a manager were in the factory.

6 workers burnt to death in Hyderabad: Six factory workers were burnt to death on 22 February in Hyderabad after a fire broke out at Triwheel Enterprises, a battery-operated vehicles and air coolers manufacturing unit. The worker, all migrants from Bihar and Jharkhand, were sleeping inside the factory premises when a suspected electric short circuit sparked the blaze that quickly engulfed the workshop, which was stocked with flammable material. The exit door in the room was bolted from outside, leaving the victims little opportunity to escape the blaze

Legal News

Maharashtra government amends Contract Labour Act:

Mumbai, 14 February 2017: In a move that is aimed at furthering its 'Ease of Doing Business' policy, Maharashtra government has amended the Contract Labour (Regulation and Abolition) Act 1970. The law has been amended to now apply only to establishments that have 50 or more workers from the earlier limit of 20 and more. This obviously means: (i) a large number of small enterprises will slip out of the monitoring net, thereby making the working conditions of irregular workers more hazardous; and (ii) in cases of large enterprises, this makes it one more step easier for registering 'factories in factories' that will then independently be out of the regulatory framework.

Bombay High Court recognises Community Health Volunteers as Municipal workers:

Mumbai, 1 February 2017: Community Health Volunteers (CHVs), all women acting as key link between the health officers and the community, were employed by the Municipal Corporation of Greater Mumbai (MCGM) to deliver health services in the slum areas. The CHVs were paid a nominal honorarium and were not eligible to PF, ESI, pension.

One municipal health workers' union challenged this and demanded recognition of CHVs as employees of the Municipal Corporation.

The Industrial Tribunal agreed to this but the Municipal Corporation challenged the decision at the Mumbai High Court. The Mumbai High Court upheld the Industrial Tribunal order and directed the Municipal Corporation of Greater Mumbai to pay 230,000,000 INR of penalty and contributions for the provident fund of the CHVs and to declare that they are covered for pension benefits and insurance under the Employees Provident Fund & Miscellaneous Provisions Act, 1952.

This order could be a precedent for regularization of all honorarium workers.

News from Around the World

Mexican mineworkers strike over job cuts:

17 February 2017: Mineworkers at Primero Mining Corporation's gold and silver mines in Tayoltitla, Durango, went on strike on 16 February protesting the company's decision to lay off 300 workers. Primero Mining Corp. is a Canadian-based precious metals producer that owns 100% of the San Dimas gold-silver mine and employs about 1,000 union members and 500 contract workers.

The workers are members of Mine and Metallurgy Workers National Syndicate, which has been in contract negotiations with the company since 7 February.

Chilean copper miners strike over pay, bonuses, benefits, conditions:

Workers at the world's largest copper mine, the Escondida mine near Antofagasta, Chile, downed their tools 9 February. The 2,500 workers are demanding that the company retain benefits and agree to distribute benefits equally among new as well as longtime workers. Workers have set up an encampment near the mine, where they have stockpiled supplies. They are alternating two 12-hour shifts. Union officials claim that they can maintain the strike for at least two months.

The union is also demanding a 7 percent wage hike and a bonus equivalent to US\$39,000. Escondida management has offered a bonus of US\$13,000 and no raise. Other concerns are safety, working conditions and job security. Union officials referred to a recent fire that injured seven workers. In January, around 90 workers were fired.

Bangladeshi tea garden workers demonstrate:

Over 15,000 tea estate employees in north-eastern Bangladesh's Habiganj district are fighting government moves to seize land on which the workers cultivate paddy rice. The 14-month struggle has involved protests and limited strikes as well as violent reprisals by police.

Thousands of workers from four tea gardens stopped work for two hours on Tuesday and demonstrated in Chandpur to demand the government drop plans to construct a Special Economic Zone on over 500 acres of their land.

The demonstration was triggered when the assistant commissioner (land) of the sub-district ordered police on Monday to seize four tractors and told workers to stop cultivating the land. The protesters were from the Chandpore Tea Estate, Ramgonga Tea Estate, Begumkhan Tea Estate and Jhal Bangla Tea Garden.

The plantation workers said they would maintain their protests until the government cancels its SEZ construction project.

Ashulia garment crisis: Tripartite meeting to find solution:

23 February 2017: The government of Bangladesh has barred unregistered trade unions and trade union federations and NGOs from having offices in the Ashulia- Ghazipur area. The Minister of State for Labour, Mr. Mohd. Muzibul Huq Chunnun has made it clear that these organisations are instigating workers in the area to protest and hence are being barred from operating in this area. However, registered unions those organisations that implement 'good labour practices' can have their offices.

In the context of the arrests, the minister said that most labour leaders have been released on bail, few remain and they shall be released on bail soon. The government will follow due legal process in these cases. The minister also said that the manufacturers have agreed to reinstate the suspended workers as per labour law.

This tripartite meeting was organised by the government in view of the fact that brands such as H&M, C&A, Next, Zara and Tchibo have boycotted the BGMEA organised Dhaka apparel summit demanding release of worker leaders, to be held from Saturday. This is an effort to bring back these brands to the summit.

Eveready plans to revamp tea business:

Kolkata, 21 February 2017: Battery maker, Eveready Industries India Ltd, has decided to restructure the company's packaged tea business, which could be spun off into a separate subsidiary in future.

Eveready, formerly owned by Union Carbide India Limited, following the Bhopal disaster in 1984, was bought over by McLeod Russel (I) Ltd. in 1995 belonging to the Williamson Magor Group and a new name - Eveready Industries India Ltd (EILL) was given. In 1996, McLeod Russel (India) Ltd, merged with EILL, and their bulk tea business was brought under the EILL.

The Williamson Magor group, being the controlling shareholder in McLeod Russel India Ltd—the world's biggest tea plantation company, has been weighing how it could leverage its “deep understanding” of the tea business and align it to the packaged tea business with McLeod Russel's operations. For the plantation company, it will create a sales channel with higher margin. Packaged tea yields a margin of around 15% even for small regional players, which is higher than bulk tea price.

Hindustan Unilever Ltd and Tata Global Beverages Ltd together are estimated to control about 40% of the Rs. 10,000 crore packaged tea market by volume. Eveready's aim is to scale up its packaged tea business. The packet tea market in India is fragmented, with over 1,000 brands, so the Williamson Magor group, which is the world's largest producer of tea, sees in it an opportunity to emerge as a leader.

Eveready's management is of the view that the packet tea business needs an investment of Rs10-15 crore a year for the next few years for scaling up.

Eveready is willing to lend its distribution network for expansion of sales of packet tea—the company reaches over one million retail outlets directly and at least 3.5 million more indirectly. Once the packet tea business is carved out, it will look to acquire more brands, the market being fragmented with over 1,000 brands. Currently, Eveready has only two brands of packet tea: Tez and Premium Gold.

Brakes on Uberisation: Puerto Rico: On 13 February, Puerto Rican Uber drivers struck work

for four hours to protest a recent rate reduction imposed by the company. The firm on 8 February informed its drivers that the rate would drop by 25-35 percent. Drivers claim that Uber's response to their objections is “take it or leave it.”

Qatar: Hundreds of Uber drivers went on strike also on 13 February in Qatar against Uber cutting the price of taxi fares and requiring drivers to present an upfront cost prior to the journey. Uber drivers say the upfront pricing can leave them out of pocket if a client requests detours or additional stops. Uber is imposing the lower fares in an attempt to compete with local firms. Many taxi drivers in Qatar are immigrant workers, many from Ethiopia, Nepal and India.

Delhi: Thousands of App-based taxi service drivers are on strike since 10 February in Delhi-NCR demanding an increase in fares from the existing Rs 6 per km, against the strict parameters for earning incentives and for discontinuing the 25% commission the app-based aggregators charge them on every booking. According to industry estimates, there are over 1.5 lakh app based taxis plying in Delhi-NCR every day.

The key issues that the drivers are raising are:

- Too many cars leading to greater supply than demand
- Leading to difficulty in earning incentives as number of rides per car declined
- Longer working hours to meet incentive targets
- Increased workplace stress, physical and mental

Bengaluru: On 23 February, over a lakh drivers from Drivers and Owners Association who are attached to Ola and Uber called for an indefinite strike in Bengaluru for better incentives and for ceasing of attachment of newer cabs by the companies, citing that the move affects the bookings of the existing vehicles.

Brazil: On 13 February, Brazilian Judge Marcio Toledo Gonçalves ruled that Uber drivers are employees who are entitled to workers' benefits. Gonçalves ordered the tech giant to pay one driver approximately 30,000 reais (\$10,000) in compensation to cover overtime hours, night shifts, holidays, and other expenses. Uber will appeal this decision, reiterating its position that the drivers are independent contractors, and not employees.