ON SALE: THE INVISIBLE COSTS BEHIND THE PRICE TAG

A LOOK AT THE INFORMAL WORKERS IN THE GLOBAL GARMENT SUPPLY CHAIN

SEWA Bharat
All India Federation of Self-Employed Women’s Association
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SEWA Bharat

7/5 South Patel Nagar
+91 11 2584 1369
www.sewabharat.org
www.facebook.com/sewabharatofficial
@SewaBharat
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The $5 t-shirt on sale in stores and malls across the globe has many more costs than what is shown on the price tag. The production of most products takes a toll on the social and environmental conditions of the producers. Overwhelmingly, these costs are felt in low-income areas in Asia.

Before clothes are pressed, folded, and sold in stores, farmers, dyers, middlemen, loomers, stitchers and embroiderers are all connected in a global production line that links the hamlets and slums of Asia to the shining malls and stores of 5th Avenue.

India is simultaneously one of the largest and fastest growing countries in the global textile industry. India is a leader throughout the garment value chain: as a producer of raw materials, as a center for dye production, and as a hub of textile manufacturing.

India plays a major role in the international garment industry and conversely garment industry plays a major role in India’s economic make-up. The garment industry contributes to 35 million jobs in the country, second only to agriculture as the largest industry [1]. With recent government focus, production and employment opportunities are only expected to increase over the coming years. Through the country’s 12th 5-year Plan, the Government aims to provide budgetary support of $4.5 billion USD and recent free trade agreements with ASEAN and the European Union is anticipated to boost production even more.
Garment and textile production is woven into India’s history and economy. Since before the Silk Road, India’s silk, cotton, and jute products have been bought, sold, and traded across the globe. Communities across the subcontinent were major producers and traders during the Silk Road, communities which today still are driven by the textile industry.

The British Raj was a critical inflection point: the British Empire introduced mechanical and industrial methods to fiber production, looming, and garment production. Cotton and garment producers from Great Britain undercut many weavers and farmers in India and stagnated the industry. It was the beginning of a consumer-driven, industrialized, low-cost production trend that has only amplified in today’s demand for clothing.

However, during India’s fight for independence, the traditional methods and means of production made a resurgence and were the adopted as the banner of a free, self-sustaining India. Gandhi used the handloom as a motif for self-reliance, independence, and identity.

Today, the legacies of handloom and handmade production are clashing with mechanization, factory production, and the race to the bottom. Communities and regions that have been dependent on traditional forms of textile production for thousands of years are being threatened by cheaper, more efficient industrial production. Communities, workers, and traditions are threatened and are rapidly being eroded and replaced by environmental, social, health, and economic stresses.

India has historically been a center of textile production. That identity remains true today, where the country’s farmers, dyers, weavers, embroiderers, and stitchers are all involved in domestic and international value chain of clothing production.
Dyeing and Farming

India is a global leader in production of raw fibers and material for the textile industry. India’s the second largest cotton producer behind the USA [1] and the second largest silk producer behind China [2]. The majority of these raw materials is turned into yarn and string domestically and either used in domestic production or exported.

String and yarn is usually dyed to be used at the later stages of production. In India, dyeing process takes place in small-scale enterprises. Over 80% of dye houses operate through manual production means, using hand processing and sun drying of products [3].

Across India, pollution from dye facilities has affected 30,000 family owned farms [6]
Dangers and Hazards of Dyeing

Dye used for clothing is extremely toxic and has both environmental and social ramifications. Despite legal regulations outlining proper guidelines for the production, handling, and disposal of material are often circumvented and done illegally.

The manual process of dyeing exposes workers to extremely harmful conditions. Dyeing begins with workers handling cauldrons of boiling water wearing little to no protection in confined, tight spaces, risking exposure to heat stroke and burns. The water is used to soften thread and yarn prior to dyeing.

Next chemical dye is added to the water, typically by hand or hand tools. Many chemical dyes are carcinogenic and it is estimated that over 40% of dyes contain organically bound choline, a known carcinogen [4]. In a study in Tamil Nadu, residents near a dye house were 2000 times more likely to suffer from cancer at some point during their lifetimes [5]. Product is then repeatedly submerged in the solution. Again, workers are at risk to burn exposure as boiling liquids are handled.

After products are dyed, the byproducts and solution are often disposed into water sources and land, violating government and legal regulations. In 2007, the Supreme Court of India ruled to close any dye houses or factories that illegally dumped liquid solutions and byproduct. However, various dye associations and small, invisible production houses have greatly minimized the benefits and effectiveness of this ruling [6]. Corruption, bureaucratic inefficiencies, and lax regulations have contributed to the expansion of illegal dumping. Improperly disposed byproducts have wreaked havoc on land, water, and agriculture in India. Outside of agriculture, textile dyeing pollutes the most clean water globally [6], contributing to 17-20% of all polluted water [7].
Dye House Process

1. Material is put in hot water
2. Dye is mixed into water
3. Material is submerged in dye solution repeatedly
4. Material is wrung and dried in sun
5. Rest of the solution is disposed of
Handloom Weaving

India is home to thousands of types of art and cottage industries. However, it can easily be argued that handloom weaving is the most important culturally and economically of these industries. While machine and mechanic production of clothing captures the majority of the value chain today, handloom weaving remains an important part of India’s cultural identity and continues to be the main source of employment in many communities in rural India. Although it is difficult to quantify the total number of weavers, government estimates place the number of weavers at 4 million, however indirect employment in the industry may inflate the number of workers in the industry to 20 million [8]. BUBBLE 13% of the cloth production in India is done through handloom methods and over $360 million were exported in 2015-16 fiscal year according to government reports [9]. Despite rapid mechanization and industrialization of the textile industry, handloom weaving remains important to macroeconomic complexion of India.

From a micro-perspective, the handloom industry is critical to thousands of communities across India. The handloom weaving industry employs the second most after agriculture in rural areas. Handloom weavers are extremely specialized workforce. Traditions and techniques are passed down generation to generation and are a representation of historic and artistic traditions in India and South Asia.
Challenges Faced by Weavers

Organization

Handloom industry is decentralized and unorganized. Weavers typically work through contractors and subcontractors to sell their products. Working through contractors and middlemen provide weavers with a market outside of their locality, however the majority of a product’s value is removed from the production cycle and goes to middlemen and not the producer. Middlemen can be categorized across three categories. Sowcars are master weavers who provide work to weavers in their community. Weavers and master weavers work in tandem on the same order and work together to provide small at-scale production for larger orders. Typically sowcars and weavers receive orders from mahajans. Mahajans coordinate production across weavers and master weavers on behalf of buyers. Unlike sowcars, mahajans are rarely involved with production and pay producers a piece rate wage. The third, less common, type of contractors are karkhanas. Karkhanas organize weavers in central production facilities and pay regular wages to weavers [11].

The decentralized and unorganized nature of weaving presents two major issues for weavers: low wages and invisibility. Due to the multiple layers of middlemen and contractors, the wages weavers receive for their products is drastically lower than the price the product is sold for. Wages are also irregular. Secondly, weavers work in often remote and small villages. Despite the importance of handloom weaving to India’s history and economy, weavers’ working and living conditions are not effectively protected by state, national, and international regulations, putting the health, education, and economic status at risk.

Production Chain

Value of Product

[Diagram of the production chain and value of product]
Challenges Faced by Weavers

Access to Capital

Weaving requires several important inputs including the loom, yarn, shuttles, dye in some cases, thread, and needles. Compounded by low wages, weavers also incur high costs in running their business. A study by the Madras University showed that of the Rs. 194.6 required in inputs for a piece, weavers borrowed Rs. 124.4 of capital [11]. Weavers borrow and take loans from a mix of middlemen, moneylenders and loan sharks, and family members. Weavers are caught in a Catch-22 where to earn a wage to pay off previous loans, weavers have to take new loans to run their business. Weavers enter a cycle of debt, perpetually paying off high interest rates used for production, housing, health, and personal costs. Since the majority of income goes to paying off debt and subsistence costs, weavers are more vulnerable to economic shocks, such as health emergencies or natural disasters.

Industrialization

The underlining and most threat has been mechanized production of textiles. While is isn’t a new threat, it slowly and dramatically eroded the bargaining power and market value of handloom weaving. Despite handloom products having much more interact and higher quality, the market for textiles has been dominated by machine-made products since the Industrial Revolution. Weavers are unable to compete with mechanized forms of production in terms of speed, quality consistency, and price.

Marketing

The reason that weavers depend on middlemen is because their market is limited. Typically, entire communities and villages weave, therefore the local market is extremely saturated with goods and families are able to produce their goods. Since weavers are far removed from their buyers, they have very little influence in the pricing and order frequency. There have been both public and social sector interventions to create a more reliable, such as welfare schemes, training, and cooperatives.
Home-based Embroidery

Home-based embroidery and stitching is done in urban areas. Home-based work is an important source of employment for urban workers in India. Over 18% of all workers in urban areas engage in home-based work, mostly comprised mostly of women [12].

Like weaving, embroidery has been an important component to the cultural and economic makeup of communities across India. Nearly every region and state in India has a unique form of embroidery work. As India becomes more and more urbanized, the complexion of the urban workforce changes. International brands, domestic companies, and local producer houses have capitalized on the influx of stitching and embroidery workers in urban centers.
Over the last two decades, stirring images and first-take news reports of sweatshops have caused outraged consumers in the West to demand accountability and transparency from brands and retailers. These factories do not follow international or domestic regulations of wages, working conditions, or protection from workplace hazards and is often out of mind for buyers and government until catastrophic events happen.

Embroidery and stitch work is not only limited to factories and sweatshops but is also done within the home or in small-scale enterprises, where hazardous working conditions and low-wages, still persist. The constellation of micro production facilities, often done in low-income areas in urban areas, makes it almost impossible for consumers, brands, and regulatory bodies to keep track, manage, and identify where products are from. Similar to weavers, embroidery workers and stitchers producing inside their home are employed through contractors of export houses and contractors of domestic and local businesses. The people that buy and the organizations that sell the products are far removed and disconnected from the producer by a series of middlemen, removing the value of the product from producers and putting it in the wallets of layers of middlemen and contractors.
Challenges Faced by Home-based Workers

**Wages**

Home-based workers do not have a formal, contractual agreement with their employers and are often paid for each piece at a marginalized percentage of the final price that the product is sold. Additionally, home-based workers are at risk to irregular, delayed, or withheld wages. Working mainly by manual means, producers earn very little compared to the amount of work that goes into each piece. A multi-country study showed that home-based workers on average worked 5.2 to 9.2 hours per day and earn 15% of what middlemen profit from [13].

**Industrialization**

Industrialized and mechanized production threatens the existence of many jobs for embroidery and stitching workers. Regionally, there has been a rapid mechanization of this process throughout Asia. Over 86% of footwear and textile jobs in Vietnam and 88% of jobs in Cambodia are under threat of being replaced by mechanized production [14].

**Working Conditions**

Home-based workers suffer from workplace related health conditions, particularly arthritis, backaches, and poor eyesight. Since they work at piece rates, seeking medical attention at the early stages of these conditions causes workers to forgo wages, deterring home-based workers from seeking treatment.

Farzana ben is one of 200 home-based embroidery workers in Delhi who work for Ruaab, a SEWA Bharat cooperative.
How you can make an impact
Our Recommendations

Transparency

A lot of the issues faced by workers throughout the value chain derive from a lack of transparency. Producers often work in small-scale production units that are invisible to governments, brands, and consumers leading to low-wages, workplace hazards, and production bottlenecks. Brands and retailers also suffer from the low transparency and are often blindsided when contractors and export houses are exposed for poor working conditions.

Connecting brands to the producers directly removes the risk of public relation blunders, ensures that producers’ wages are not eroded from layers of middlemen and contractors removing value from the production chain, and will reduce the risk of workplace hazards and dangers to workers.

Increased productivity and visibility into the production will also lead to higher quality and consistency of products. Investing in the conditions of workers and the environment is profitable for brands. Not only are products of higher quality. 66% of consumers are willing to spend more for products that are good for the environment and the producers [15].

Cooperation

Public, private, and social organizations all play a role in improving the lives of the producers and the quality of the goods that they produce. Public institutions should be responsible for the regulatory framework for workers’ workplace standards and wages. Private entities have a role in providing consumers high quality products, while maintaining responsible production processes. Social organizations provide the conduit for private and public institutions to work with producers and provide support and protection for textile workers. Social organizations have set up cooperatives, advocacy groups, and unions to fight, protect, and promote the livelihoods of textile workers. And finally, consumers also have a role in buying products that make a positive impact for workers and the environment.

For consumers, it can be difficult to find brands that align with their social interests and fashion tastes.
The following brands and retailers sell products that are fashion-forward and socially conscious

**Eileen Fisher**  
Eileen Fisher is will use only organic cotton, eliminate Rayon, use non-toxic, bluesign dyes, and is investing in the communities of workers that produce their goods across their globe, as part of their Vision 2020.

**Monsoon**  
All of Monsoon’s products align with their Code of Conduct, that ensure a minimum wage for producers, workers’ rights, and safe working conditions.

**Nomi Network**  
Nomi Network employs at-risk and human trafficking victims to be independent and successful entrepreneurs.

**People Tree**  
People Tree sources all of their products directly from artisans and farmers.

**10,000 Villages**  
10,000 Villages sells products directly from fairtrade certified artisans and organizations across the globe.

**Osborn Shoes**  
Osborn Shoes source their fabrics and materials from thrift stores and producers and Latin America. They then link the weaving and embroidery to cooperatives worldwide.
For brands and retailers the following organizations are working to connect workers and producers to more transparent forms of production.

**WIEGO**
WIEGO is the global leader in producing and providing visibility into the informal sector production. WIEGO’s network stretches from Colombia to India to the USA.

**Home-Net South Asia**
Home-net Asia organizes advocacy efforts for home-based workers across South Asia.

**SEWA Bharat**
SEWA Bharat is creating a completely transparent value chain of producers throughout textile production. SEWA Bharat links cooperatives of weavers, stitchers, and agricultural producers directly to brands, retailers, and end consumers.
SEWA: Redefining the Global Garment Chain
SEWA

The informal sector comprises of over 90% of India’s workforce. Workers in the informal sector do not have access to social security, are often left out of traditional banking and education institutions, and function outside of wage and working condition standards. In addition, women in India face added layers of gender based discrimination and inequalities, such as lower rates of education, workforce participation, mobility, and low ownership assets.

SEWA is a women-led, community-centric movement that began in 1972 in Gujarat. SEWA began as a trade union and bank for women in the informal sector and has since expanded to 16 state level SEWAs that serve as a union and offer development interventions. The SEWA movement has also led to the establishment of various financial, insurance, livelihood, housing, and energy institutions that serve women across SEWA.

SEWA is comprised of 2 million women who work across several sectors, including agriculture producers, home-based artisans, vendors, construction workers, and domestic workers in 15 states.

SEWA Bharat

SEWA Bharat is the national federation of SEWA institutions. SEWA provides economic independence and self-reliance to hundreds of thousands of women across India through housing, energy, financial, health, social security, alternative educational and skilling institutions. SEWA provides the resources and platform for women and communities to reach economic, gender, and social parity.
"I'm most proud of being able to play a role in changing the community. Leadership is about listening."

Most of us are weavers around here. Because of low wages and inconsistent orders, we don't earn too much. It's easy to just accept things the way they are. But I've been able to find solutions for my family and myself already. I've taken a skilling course through a government scheme. It helped my confidence grow—I already know I'm a skilled weaver, but now I have the proof to show others I am. But I'm most proud of being able to play a role in changing the community. I've learned a lot about myself—I now look at myself as a leader and as a servant for my community.

I've learned leadership is about listening. The concerns my neighbors have are the same as mine—it's a bit reassuring to know you aren't alone and I let everyone know we are all together. We all are able to move towards finding a solution to those problems now that we know we are all facing the same issues.

We've begun to work as a body in negotiating our work with contractors. We are working to raise those low wages as a group.

Tarakeshiyar ben, Weaver, Bathna, Fullia, West Bengal
Our Solutions Toward a Fully Transparent Value Chain

To provide a transparent and sustainable value chain, SEWA creates and links producer institutions, organizes advocacy and awareness of workers, and provides social security and capital to women.

- Institutional Development
- Organization and Advocacy
- Social Security and Capital
SEWA provides forward and backward connections to weavers and embroidery workers as well as direct linkages to consumers to create a fully transparent garment supply chain.

Weavers

SEWA works with weaving communities throughout India. Notably, two communities' local economies and culture have been rooted in weaving traditions.

Fulia, West Bengal

Fulia has a long tradition of skilled cotton weavers. However weavers in the area remain disconnected to buyers in the market and suffer from extremely low wages and irregular work through working with contractors andmiddlemen. Since 2016, SEWA has been working with women weavers and master weavers. SEWA has set up local community centers providing weavers with linkages to government benefits, leads health camps and information centers, and organizes financial literacy trainings for its members.

Bhagalpur, Bihar

Bhagalpur has been a center of silk weaving since the time of the Silk Route. SEWA has been working in Bhagalpur since 1983. SEWA connects 175 weaving families directly to buyers in Delhi and throughout Bihar, including SEWA’s embroidery cooperative, Ruaab. All materials are sourced from local producers and provided directly to the weavers. In Bhagalpur, leaders from each community represent the concerns and issues weavers have at a local and national level in advocacy efforts. Community leaders also connect members of their communities directly to SEWA or public service.

Additionally, SEWA provides weavers with various resources and tools to invest and grow their businesses. SEWA provides social security through community centers, access to capital through a microfinance cooperative, and health programs that work at a preventative and treatment level.
Home-based Embroidery

Ruaab and Loom Mool
Ruaab, a SEWA producer's company, connects over 450 embroidery workers directly to international brands and retailers, domestic companies, and directly to end consumers through a private label, Loom Mool. Ruaab’s leadership is comprised of the embroidery workers themselves, putting the producers in control of their own careers. Ruaab also sources textiles from members in Bhagalpur and Fulia.

Embroidery workers are also connected to sources of financial capital, health, and social security.
"I gained an identity and self-worth through SEWA. People called me by my name"

Before marriage, I never weaved before. I was curious and wanted to learn how to operate the loom myself. At first, I would just watch my husband weave: how he would sit at the loom, how he would load the shuttle, how he would operate the peddles. He'd let me practice and once I got the hang of it, I didn't want to stop.

Once we had our daughter, I had another purpose to weave. I wanted to make sure my daughter would have an education and a comfortable future. The interest I had in weaving and designs quickly became the means to provide a future for my daughter.

I became a master weaver shortly after weaving professionally. We took a loan to buy an extra loom for a woman that I employ. The responsibility of providing for my daughter and providing work for my employee motivates me to work harder and weave better. Whenever I negotiate with the contractors, I make sure that we both get fair wages. If the wages are too low or not enough for her, we don't move forward with the order. We work as a team—and we both have fun weaving.

I want to expand my business more and hire some more women and hopefully work with larger contractors. That way we not only have more income, but we have more products to weave! I can see SEWA's changes in our community and with me personally. I am also an agawani and love helping others solve problems. For me, people don't call me "Wife of my husband" or "Daughter of my father", they use my name. It's given me more of an identity in the community.

Gayathri ben, Masterweaver, Choria, Fulia, West Bengal
SEWA connects producers directly to foreign, domestic, and local markets to ensure the value of the product stays within the production chain.

**Organization and Advocacy**

As mentioned, throughout the production chain, workers suffer from a lack of unity and solidarity. Working in small clusters and isolated communities prevents bargaining power for basic rights and recognition and also prevents brands and governments from having visibility into production processes. SEWA serves as the largest union of informal sector workers in India. SEWA provides local, state, national, and international recognition for workers and campaigns for community, gender, and workplace rights.

The advocacy efforts of SEWA's members have led to national legislation, brought attention to local needs, such as road and water access, and have helped create protection and regulations for informal sector workers.
"People call me the grandmother of the center"

When I first started, my husband was reluctant. Leaving the house, especially for work, was never something any female member of my family did. I work at the SEWA center every day. It’s important to get out of the house and meet others. The embroidery workers at Ruaab have created a special bond—we work together, learn from each other, and motivate one another.

I began working with SEWA about 8 when my son was only 8 months old in order to pay for his school and save for his higher education. I want him to have a comfortable childhood.

People call me the grandmother of the center. I don’t feel that old! I’ve been working here for the last 8 years.

I’ve gained a lot of financial independence since working for Ruaab, but knowing that my son has a secure education is the most important thing for me. Ruaab gives us a lot more regular work than finding our own jobs—I’ve also gained a lot of genuine friendships, which I think is worth more than the wages!

Mala ben, embroiderer, New Ashok Nagar, Delhi
Social Security and Finance

In all districts SEWA operates in, SEWA provides members with access to social security, health, and financial capital.

Financial Inclusion
SEWA provides women with access to financial capital through microfinance cooperatives. In addition to basic financial services, SEWA provides financial literacy training to communities to effectively leverage savings and investments.

Health
SEWA runs community specific health camps that provide free or subsidized treatment and check-ups to communities. Additionally, SEWA provides health sessions that provide information to communities to offer preventative solutions.

SEWA Shakti Kendras
Through the SSKs SEWA overcomes information, literacy, and mobility gaps by connecting members to relevant public schemes. Members use the SSK to learn about, apply, and submit documents for public welfare schemes. The SSK also serves as a space women can use to access legal services and information about SEWA.
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