



Apparel Export Promotion Council

Response

By

Dr. A Sakthivel, Chairman, AEPC

On

US DOL report of Sept., 2012

Under

Trafficking Victims Protection Reauthorization Act

And

Executive Order 13126.

Dr. A. Sakthivel
Chairman



**Apparel Export
Promotion Council**

Sponsored by Govt. of India, Ministry of Textiles

November 26, 2012

Ms. Marcia Eugenio, Director

Office of Child Labor, Forced Labor and Human Trafficking
Bureau of International Labor Affairs
U.S. Department of Labor
Washington, D.C. 20210

Re: Apparel Export Promotion Council's (AEPC) comments on US DoL report of Sept 2012 under the Trafficking Victims Protection Reauthorization Act and Executive Order 13126.

Dear Ms. Eugenio,

This is in response to the Notice of Initial Determination Updating the List of Products Requiring Federal Contractor Certification as to Forced/Indentured Child Labor Pursuant to Executive Order (EO) 13126, dated 27.9.2012 and TVPRA report 26.9.2012. The Notice of Initial Determination proposes to keep *Garments from India* and *embellished textiles* amongst other goods from India and other origins.

The Apparel Export Promotion Council (AEPC), the official body of apparel exporters in India that provides assistance to Indian exporters as well as importers/international buyers who choose India as their preferred sourcing destination for garments would like to respond to the US Department of Labor to such possible inclusion of Garments on the EO and TVPRA List.

The AEPC would like to express its concern about the proposed inclusion of 'Garments' under the EO list. We expressly deny the apprehension expressed by the US Authorities through the above notification as would be apparent from the following submission.

I. India's Concern & Position

The Apparel Export Promotion Council of India is disappointed to note that garment and embellished textile continues figure in the executive order 13126 and Trafficking and Victim order report.

Following are our concerns and position :

- a. **Declining garment trade with US**: US is an important market for apparel, and the inclusion of Indian garments have already resulted in reputational risk of the sector and endangered export opportunity for small and medium enterprise who form the bulk of exporters to the US. The listing is jeopardizing the livelihoods of 11 mn people engaged in this industry, including a large women population.
- b. **Legal Prohibition**: Indian Constitution and the specific legislation do not permit the use of Child or Forced labor. (The Child Labour Policy of Govt. of India is placed at **annex-A**)
- c. **International Certification Procedures**: A factual analysis would indicate that the elaborate system of certification leaves no room for use of any child or forced labour in garment manufacturing units.
- d. **Exemplary initiatives** – The last three years have witnessed various policy changes, industry efforts and NGO initiatives that have lead to reduction of young workers by 45% as against the global average of 3%. AEPC has been sharing details of such coverages but the same has not been taken into account. (Details of AEPC's earlier engagements are placed at **Annex B**)

II. Analysis of bibliography used by US DOL in their letter dated 26th September, 2012.

The bibliography referred as the basis for the inclusion of Indian garment exports in the TVPRA and EO list were analysed and the following observations made :

- Only 5 new bibliographies used
- The media reports of child labour were found have been followed with strict action and prosecution.
- The studies did not capture the new initiatives undertaken by various stakeholders and is not updated.
- Many of the bibliographies are dated or state old positions

The detailed analysis of the bibliography is at **Annex C**

III. Industry Efforts: Considering the fact that US is one of the major markets for India, the garments industry has made special efforts to ensure that there is no incidence of child or forced labour.

III.a. Update on AEPC Initiative - DISHA

Driving Industry towards Sustainable Human Capital Advancement (DISHA) is a first-of-its-kind industry-owned and driven initiative and programme by the Indian Apparel Manufacturing Industry. Adopting multi-stakeholder approach, DISHA Programme has developed a self-regulatory voluntary Common Code of Conduct (CCC) along with a capacity building framework for guiding and supporting apparel manufactures.

The major milestones of DISHA in 2012 :

The programme has been extended to the 12th plan, with a target of covering 2600 units by by 2017.

The programme has **reached out to around 900 factories across 10 major clusters** with awareness workshops. The coverage includes jobworkers, domestic sector units and SMEs. With an average of 200 workers, the awareness has been reached out to 1.8 lakh workers.

The **first foot in the factories started from August 26th 2012** with trainings in around 40 factories initiated.

- **DISHA Secretariat** has been strengthened with greater regional presence
- DISHA website (www.aepc-disha.com) enhanced
- **First level of intervention started in factories.** Between August 2012 and November 2012, 40 factories have been covered.
- **The AEPC Common Code of Conduct amended** to give greater stress to management systems and practices.
- **Documents Developed** : Through open house workshops, and in consultation with all the stakeholders, the Code of Conduct, guidance documents and toolkit were developed in June- Jul 2012.
- **Partnership with GIZ & CRB:** AEPC has partnered with M/s Centre for Responsible Business, (CRB) a capacity building centre incubated by M/s GIZ, BSCI and SAI as Knowledge and Implementation partner.
- **Pool of trainers developed** : A pool of 22 trainers have been developed through CRB's master trainers for handholding the factories. AEPC has conducted Training of Trainers session and through a rigorous selection process build this trainers pool.
- **Comparative analysis of CCC by ITC and ISEAL:** Two workshops were conducted with ITC for comparative analysis of AEPC's CCC with other global and national standards. ITC, Geneva has found Strong alignment between AEPC CCC and the other major standards and codes that operate in the textile and apparel sector worldwide. ISEAL Alliance, UK also appreciated AEPC's multistakeholder approach.
- **The DISHA approach defined**– The industry has appreciated the DISHA approach which is :
 - Facilitation as against Auditing or Consulting
 - Partnership instead of Policing
 - Ownership by Factories
 - "Self-help model"
 - DISHA Framework
 - Standardization
 - Enabling Environment
 - Certification based on Systems
 - **AEPC Stakeholders Forum formed** with the aim to provide space to the various stakeholders in the apparel value chain to understand each other's concerns and perspectives, to build consensus, to integrate

perspectives, voices and concerns as well as seek assistance and contribution for developing strategies to improve India's image as an ethical sourcing destination. The first stakeholder roundtable was organized on 25th April, 2012 at New Delhi.

Details of DISHA milestones in 2012 and a report on DISHA prepared by Centre for Responsible Business (CRB), the knowledge and implementation partner for the programme is at annex-D.

III.b SIMA's Recruitment guidelines and Code of Discipline for Women Employment in Textile Industry - The Southern India Mills Association, Coimbatore have introduced code for mills. Code covers following elements Recruitment, Selection process, Induction and training, Legal compliances, Hostel amenities, Hostel, Food, Washing and cleaning, Welfare / entertainment facilities, General. Besides, SIMA also entered into a MOU with the international certifying body M/s. TUV Rhineland to visit and audit the textile mills in respect of recruitment policy, legal compliance, health, safety etc. Star rating would be provided by the certifying agency in this regard.

III.c Initiatives taken by Tirupur Stakeholders Forum

Tirupur stakeholders Forum has been regularly holding multi-stakeholders meeting with garment manufacturers, Brands Ethics Working Group (BEWG), NGOs, Trade unions etc. TSF has sent the guidance documents to the members advising against use of child or forced labour and a committee has been created to monitor the implementation. TSF has decided that if any issue is identified in any of the units, the unit name has to be brought to the notice of TSF and categorically stated that TEA will take care of the monitoring activity and there is need to set up a common committee / multi stakeholders committee.

As per TSF estimates, only 5 to 10% of the total yarn produced in Tamilnadu/South India region is used in Tirupur and rest of the yarn is

either used to make woven fabrics in the rest of the country or exported to other countries. These yarns produced out of mills practicing sumangali is used to make garments in countries like Bangladesh, China, Korea, etc.

TSF suggested Brand Ethics Working Group could advise their buyers that they should not buy products made out of yarn from the mills having sumangali scheme. For ensuring traceability, a self declaration has been advised to be given by the mills.

IV. New Government Initiatives

IV.a Amendment in Child Labour Act vide cabinet Note on August 29, 2012 - Union Cabinet has banned all work for children under the age of 14, and restricted non-hazardous work to adolescents between the age of 14 and 18. Employing a child under 14 for any work will be a cognizable offence punishable with imprisonment up to two years or a fine up to Rs 50,000 or both, an increase from the current one-year jail or Rs 20,000 punishment. Repeat offenders can be imprisoned for up to three years.

IV.b Magnitude of Child labor in India

The 61st round of NSSO data, 2004-05 reported that there were 90.75 lakh working children in India which is 45% reduction during last 5 years. The International labour organization (ILO) estimates that there were 215 million child labourers world wide in 2008, a three per cent decrease from 2004 and 12 per cent from 2000. *This indicates that India is doing much better for eradication of child labor.*

IV.c New Institutional mechanisms set up

There is a child labor advisory board (CAB) in ministry of labor and employment to review the implementation of existing legislations administered by the central government to suggest legislative measures as well as welfare measures for working children and to recommend the industry the areas where there must be progressive elimination of child labor.

There is a central monitoring committee (CMC) under the chairmanship of secretary, labor and employment to review the magnitude of the child labor and to monitoring of all the steps taken for elimination of child labor.

Under the child labor act, a technical advisory committee is constituted to advise for inclusion of further occupations and processes to the schedule which is a statutory committee.

Government of India has developed a protocol on prevention, rescue, repatriation, and rehabilitation of trafficked and migrant child labor.

IV.d. Enhanced funding in various schemes

Right to education act 2009: The right of children to free and compulsory education act, 2009 has been enforced from 1.4.2010. The funds allocated to implement RTE act during 2012-13 are Rs 25,550 crore.

Mahatma Gandhi NREGA: The scheme aims at enhancing livelihood security of households in rural areas of the country by providing at least 100 days of guaranteed wage employment in a financial year. The amount of 33000 crore has been earmarked during current financial year i.e., 2012-13.

Mid-day meal scheme: The scheme aims to improve nutritional status of children, To encourage poor children, belonging to disadvantaged sections, to attend school more regularly and help them concentrate in classroom activities, To provide nutritional support to children in drought affected areas during summer vacation. The budget allocation for 2012-13 is Rs. 11,937 crore.

Integrated Child protection Scheme (ICPS)

The objectives of the scheme are to contribute to the improvement in the well being of children in difficult circumstances, as well as to the reduction of vulnerabilities to situations and actions that lead to abuse, neglect, exploitation, abandonment and separation of children from parents. Funds allocated for ICPS of MO WCD during 2012-13 are Rs 400 crore.

V. NGO Initiatives :

ETI's work on homeworker groups - The Indian National Homeworker Group has been working to improve the lives of homeworkers as also improving transparency in the supply chain. By imparting on health and safety, basic record-keeping, quality control,

etc the programme is building confidence, increasing incomes, and getting buy-in throughout the value chain. Brands like GAP, Monsoon's etc have joined this programme. The ETI's piece rate methodology has helped to raise wages. In keeping with recommendations in the ETI Homeworker Guidelines, Monsoon has also launched a '*Worker Reference Handbook.*' *"This handbook increases transparency of payments throughout the supply chain.*

The programme has also helped the home workers organize, and thus realise sustainable change in our supply chain, where our suppliers and workers negotiate with each other to resolve issues for workers. Monsoon hopes to impact up to 25,000 homeworkers through this work.

VI. Dr. A Sakthivel, Chairman-AEPC has given a presentation before the USDOL authorities in February, 2012 for "Deletion of Garments & Embroidary Textiles Made in India from TVPRA & EO13126 lists". A copy of which is placed at Annex. E

VII. The Council submits bibliographies on new initiatives taken in 2012 :

The reports highlighting the recent developments with regard to child labour and forced labour, in the Indian garment industry (**Annex. F**)

VIII. CONCLUSION

Outcome of AEPC's efforts on analyzing references given by US DOL in their notification dated 26th Sept 2012. US DOL had cited 3 major studies and 2 interviews in the new bibliography :-

1. Study by Centre for Research on multinational, (SOMO) Netherlands.
2. Study by FLA

3. Study by Verite Inc.

4. Interview with BBA and Global March

As per AEPC's analysis of the reports, the following has emerged :

a) The mills referred by SOMO in their studies have denied the contents of the report. Also, the study does not capture the new initiatives undertaken by the industry in the last 2 years.

b) The study of FLA on Sumangali shows that majority of the yarn produced under Sumangali scheme are for the domestic industry. Thus the study should not be applicable to the export sector.

c) The Verite Inc study is based on a select sample of brokers, agents and workers. It does not establish their linkages to the garment units and hence may not be considered for the garment export sector in Tamil Nadu, India.

d) Global March - US DOL is requested to provide the full contents of the interview between Global March and US Embassy and the scientific base of methodology adopted by Global March.

(d) From the above AEPC has demonstrated the bibliography used by the US DOL leading to India in EU TVPRA list with respect to the garment and embellished textiles is not substantive and does not indicate presence of child labour or forced labour in garment export units.

e) Government of India vide cabinet Note dated Aug 29th2012 have prohibited employment of children below the age of 14 in all kinds of manufacturing activities.

(f) AEPC's DISHA programme has acclaimed wider implementation.

(g) AEPC /Industry groups have implemented Social compliance systems to ensure that they do not profit from labour abuses.

(h) Common Code of Conduct developed by AEPC in accordance with Indian labour standards and ILO ratified conventions is being voluntarily adopted by large number of industrial units

(i) The Facilitative, enabling and "self-help" approach towards compliance at factory level will ensure sustainable changes in compliance standards

(j) The management systems based approach will have long term demonstratable impact on management practices and workplace conditions.

(k) Creating awareness amongst stakeholders by communication through multiple modes have generated awareness at grass root level.

(l) There is a growing ownership of the programme and thus of self regulation and compliance

The AEPC therefore respectfully urges ILAB to consider the updates submitted and accordingly make clear in its reports and lists that the garment export sector in India is not marked by child labor or forced labor and there have been significant increase in initiatives at the government and industry level to improve awareness on compliance standards.

Respectfully submitted,



(Dr A Sakthivel)
Chairman, AEPC

TIRUPUR EXPORTERS' ASSOCIATION

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March 26, 2012
Ms. Martje Theuws
SOMO

Dear Madam,

This has reference to your report on Labour conditions in the Indian Garment Industry requesting the review from the concerned members and it has been brought to our attention by our members.

Our comments

While going through the forwarded report, we found that the report has apparently ignored several progressive changes taken place in the Industry and the researchers may not have all facts on lots of exceptional work of the Social auditors/local ethical sourcing groups comprising the manufacturers and the global buyers/and several voluntary organizations/trade unions. All of them have significantly contributed to the welfare of our workforce and the report casts a doubt on the credibility and genuineness of almost everyone.

Most of the issues raised in the report look a repetition of the earlier versions without acknowledging improvement in the situation

Role of TEA

We wish to note that our Association is seriously concerned about the welfare of our work force and the Association play the role of an arbitrator and negotiate, resolve the issues emerged in the factories with trade unions. It is a fact that trade unions are acknowledging our genuine role and are always ready to approaches to solve the issues.

First of all, we wish to emphasis the point that Tirupur garment exporting units are not having the Sumangali Scheme and as this being the position, we feel that the report should remove the existence of Sumangali Scheme in garment exporting units in Tirupur.

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June 23, 2012

Anti Slavery Organisation,
London

Dear Sir,

Sub.: Requisition to remove the false findings in your official website – Reg.

This has reference to your report published in June 2012 in your official website “**Slavery on the high street – Forced labour in the manufacture of garments for international brands**” brought to our knowledge by our members.

We have gone through the published report and the entire report is found with lot of presumptions. Your report is completely inaccurate and far away from the ground reality.

All our members (exporting units) have neither sumangali nor any lump sum wage schemes in any other names or forms. We have a strong presence of trade unions in the industry, who will vouch for the same.

Your report ignores several progressive changes that have taken place in the industry. The tremendous contribution made by various stakeholders to this industry, the manufacturers, buyers, several voluntary organizations, social auditors, local ethical sourcing groups and trade unions have all been ignored. The report casts a doubt on the credibility and genuineness of almost everyone.

Most of the issues raised in the report look a repetition of the earlier version without acknowledging improvement in the situation.

Much more than any outside organization, we as Tirupur Exporters' Association (TEA) is seriously concerned about the welfare of our work force. The welfare of our Industry depends on the welfare of the workers.

Showing the garmenting Industry as the exploiter of the labour is not a realistic assessment of the situation. The textile industry in Tirupur never restricts the movement of labour in any form. Workers are free to choose among the plenty of opportunities available in the industry and the employer. It is up to the workers' choice to continue with a factory or seek other options.

Labour industry in garmenting is completely fluid and labour turnaround is high. It is a known fact that workers keep changing their jobs as per their wish.

There is no sumangali or such other schemes in any other names or forms in Tirupur garmenting industry. The labour issues in the total textile industry are unfairly connected to the Tirupur fashion industry.

Tirupur consumes less than 10% of the total yarn produced in Tamilnadu. Furthermore, even less than half of this yarn is consumed for production and export of garments to the global market. The large part of the yarn produced in Tamil Nadu is exported to China / Bangladesh. Substantial quantity of yarn is also exported to European and American garment manufacturers.

So in reality, garments manufactured out of the Bangladesh / China / Srilanka / members of European Union and Americas and all the traditional garment exporting places all over the world are the major consumers of the yarn from the spinning industry. Totally 128 countries import the cotton yarn, but it is Tirupur garment Industry and its importers who take the entire blame, rest of the garmenting world is completely outside this loop.

To make a general analysis based on surveys involving few dozen workers and drawing conclusions from a distance does not reflect the reality on the ground of a very huge, dynamic, vibrant and progressive situation.

We are taking our dedicated efforts for eradicating the issue of Sumangali and other lump sum schemes in spinning industry and helping the Tirupur garment exporters to improve their employment practices.

As a part of our continuing efforts, we have passed a resolution that Sumangali scheme need to be eradicated and no yarn purchase will be made from the mills where sumangali scheme of employment is still in existence. This resolution was communicated to the spinning mills associations SIMA and TASMA. Both the associations have been asked to advise their members not to have sumangali scheme of employment and no yarn would be purchased from those mills practicing such scheme of employment. A time frame has been given. We have received positive response from the spinning associations. The resolution has also been communicated to the TEA members.

If any organization from any part of the world is genuinely concerned about the issues that has been raised, we welcome them to join several groups which are locally proactive and work with the Industry.

We like to provide every stakeholder in the industry an opportunity to address any of the concern they have.

Your report without verifying the correct facts in the factories are denial of natural justice to all stakeholders and damage the cause you claim to uphold. Your findings are false & baseless.

We would like to draw your kind attention that if you have any evidence of unfair labour practice by any member, you are most welcome to address the issue to us before publishing in your website and we will take up the matter with those factories and ensure a remedial action. We strongly feel that when we have been seriously addressing the issues through Tirupur Stakeholders Forum (TSF), the appearance of false findings is not at all required.

We always advocate for fair practices and we advise you to remove the report published on your website and other linked websites as well.

Thanking you
Yours faithfully

A.Sakthivel
President

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सत्यमेव जयते

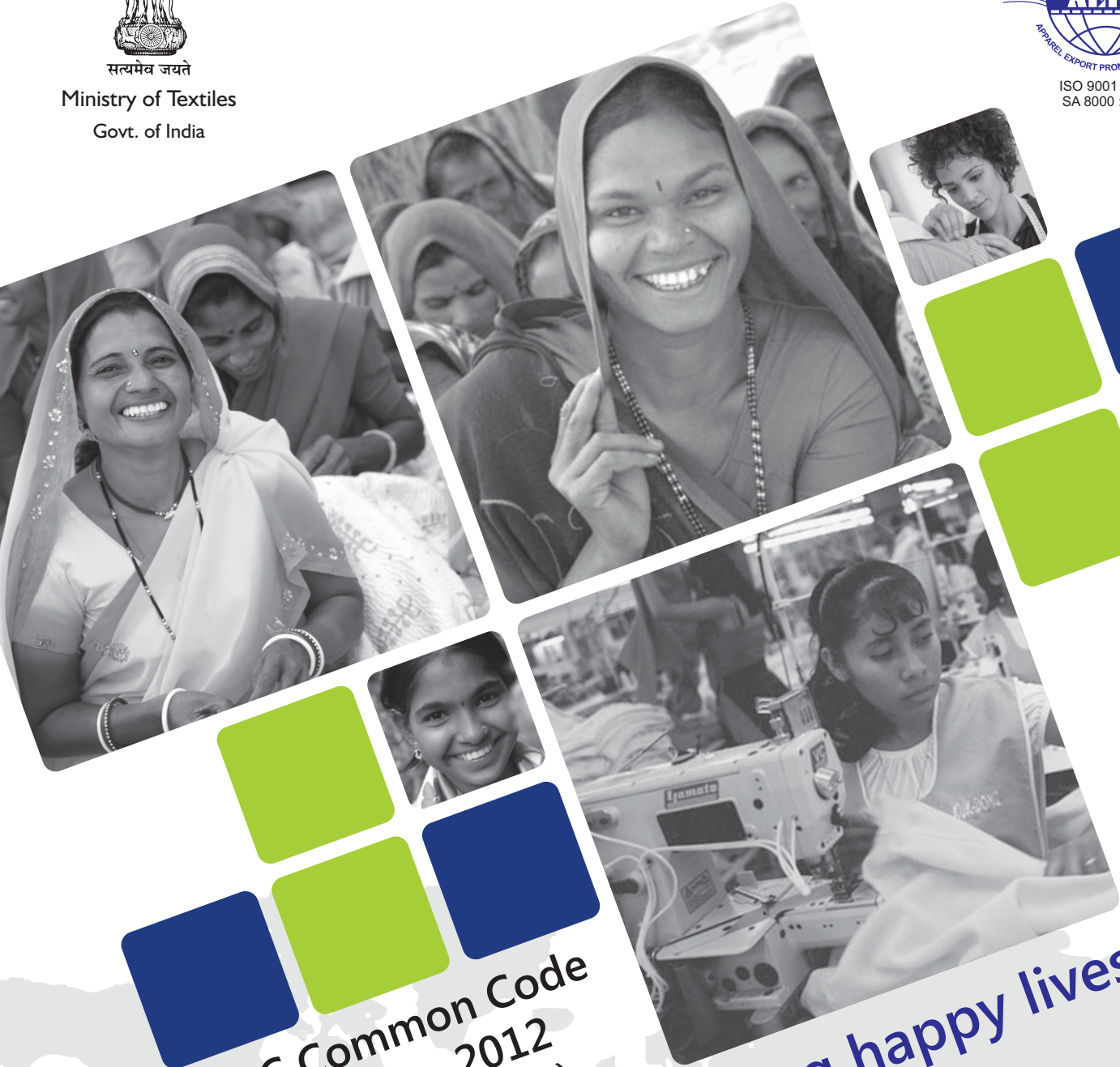
Ministry of Textiles

Govt. of India

Principal Implementing Agency



ISO 9001 : 2008
SA 8000 : 2008



**AEPC Common Code
of Conduct - 2012**
(Under DISHA Programme)

living happy lives



Knowledge & Implementation Partner





Preamble

Driving Industry towards Sustainable Human Capital Advancement (DISHA) is a first-of-its-kind industry-owned and driven initiative by the Indian Apparel Manufacturing Industry. Through a multi-stakeholder and voluntary approach, DISHA will encourage adoption of a self-regulatory AEPC Common Code of Conduct (CCC) along with a capacity building framework for supporting and facilitating apparel manufactures.

The principal sponsor of DISHA Programme is the Ministry of Textiles, Government of India. The Apparel Exports Promotion Council (AEPC) is the Principal Implementation Partner, and the Centre for Responsible Business (CRB) is the Knowledge & Implementation Partner.

DISHA Vision

Enable Indian apparel manufacturing industry to enhance competitive advantage and achieve sustainable economic gains in a way that is good for the business and society.

DISHA Mission

The Indian Apparel Industry attains the DISHA Vision by taking responsibility for:

- Respecting decent work, social justice and environment.
- Unifying and cooperating to achieve global alignment and resource optimisation.
- Providing enhanced value to the customers and consumers.

DISHA Objectives

- To have a globally recognised and accepted AEPC Common Code of Conduct (CCC) based on applicable Indian laws and regulations.
- To build capacities of apparel factories to establish and implement a management system for DISHA CCC implementation.
- To promote a process-based certification system that enables measurement of progress towards adoption and maintenance of the benchmark practices in the AEPC CCC.

AEPC CCC is a process based code aimed at supporting, facilitating and enabling the Indian apparel manufacturers to establish and implement social and environmental policies and principles based on applicable Indian laws and regulations. Principles 1 to 10 in AEPC CCC refer to social and environmental requirements. Principle 11 of AEPC CCC refers to Management System that provides a framework for guidance, implementation and sustenance of Principles 1 to 10 of the code in the apparel factories.





AEPC Code of Conduct 2012

(Under DISHA Programme)

Principle 1: Prohibit Child Labour

AEPC CCC certified factory shall ensure that no child who has not completed fourteenth year of age shall be required or allowed to work in any occupation in the factory.

AEPC CCC certified factory shall also adhere to all applicable local laws for employment of adolescents and prohibit adolescents from performing any work that is likely to be hazardous or harmful to their health and physical and mental development.

Principle 2: Prohibit Bonded and Forced Labour

AEPC CCC certified factory shall not compel any person to render bonded labour or any other form of forced labour. The factory shall ensure all persons perform work voluntarily and no mental or physical coercion is exercised.

Principle 3: Prohibit Discrimination

AEPC CCC certified factory shall not discriminate against any person on grounds of religion, race, colour, place of birth, age, caste, sex, disability, political opinion/affiliation, marital status and health and medical condition in its hiring and employment practices.

Principle 4: Prevent Harassment and Abuse

AEPC CCC certified factory shall treat all persons in the factory with dignity and respect and not use threat or violence, sexual, physical, verbal or psychological harassment and abuse. The factory shall be sensitive to meet the special protection needs of women, adolescents and disabled persons employed by the factory.

AEPC CCC certified factory shall establish a functional and effective grievance redressal mechanism.

Principle 5: Regulate Hours of Work

AEPC CCC certified factory shall regulate provisions relating to hours of work, overtime, rest periods, holidays and any other requirements as established by the applicable local laws. All overtime work shall be voluntary.

Principle 6: Ensure Wages and Benefits

AEPC CCC certified factory shall ensure payment of minimum wages to all persons employed by the factory as established by the applicable local laws. The factory shall pay such wages for hours of work in a normal





working day, and overtime hours at rates as per applicable local laws and provide all legally mandated benefits.

Principle 7: Ensure Health and Safety

AEPC CCC certified factory shall ensure adequate safety measures and shall promote health and welfare of all persons employed by the factory as per the applicable local laws. The factory shall educate and train all persons employed on related health and safety requirements.

Principle 8: Regulate Sub-Contracting

AEPC CCC certified factory, while hiring and engaging sub-contractors, shall follow due processes. The due processes shall include, but not limited to, encouraging and supporting adherence to all applicable local laws by the sub-contractors. The factory shall promote well-being of all persons engaged in activities contributing to the business outside of the factory and cover work performed by individuals, including sub-contracted and home based work.

Principle 9: Respect Freedom of Association and Right to Collective Bargaining

AEPC CCC certified factory shall respect the freedom to form association/s as a means of engagement and communication, and the right to collective bargaining for all persons employed by the factory.

Principle 10: Protect Environment

AEPC CCC certified factory shall ensure protection and improvement of the quality of environment through prevention, control and abatement of environmental pollution caused due to business operations.

Principle 11: Establish and Implement Management System

AEPC CCC certified factory shall establish, implement and maintain functional and effective management system to ensure adherence to all the principles of AEPC Code of Conduct (CCC) and shall report and disclose implementation of AEPC CCC to respect and promote transparency.



National Legislation and Policies Against Child Labour in India

Legislation

The Constitution of India (26 January 1950), through various articles enshrined in the Fundamental Rights and the Directive Principles of State Policy, lays down that:

- No child below the age of 14 years shall be employed to work in any factory or mine or engaged in any other hazardous employment (Article 24);
- The State shall direct its policy towards securing that the health and strength of workers, men and women and the tender age of children are not abused and that they are not forced by economic necessity to enter vocations unsuited to their age and strength (Article 39-e);
- Children shall be given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth shall be protected against moral and material abandonment (Article 39-f);
- The State shall endeavor to provide within a period of 10 years from the commencement of the Constitution for free and compulsory education for all children until they complete the age of 14 years (Article 45).
- Child labour is a matter on which both the Union Government and state governments can legislate. A number of legislative initiatives have been undertaken at both levels. The major national legislative developments include the following:
- The Child Labour (Prohibition and Regulation) Act, 1986: The Act prohibits the employment of children below the age of 14 years in 13 occupations and 57 processes that are hazardous to the children's lives and health. These occupations and processes are listed in the Schedule to the Act;

- The Factories Act, 1948: The Act prohibits the employment of children below the age of 14 years. An adolescent aged between 15 and 18 years can be employed in a factory only if he obtains a certificate of fitness from an authorized medical doctor. The Act also prescribes four and a half hours of work per day for children aged between 14 and 18 years and prohibits their working during night hours.

An important judicial intervention in the action against child labour in India was the 1996 Supreme Court judgement, directing the Union and state governments to identify all children working in hazardous processes and occupations, to withdraw them from work, and to provide them with quality education. The Court also directed that a Child Labour Rehabilitation-cum-Welfare Fund be set up using contributions from employers who contravene the Child Labour Act.

India is a signatory to the:

- ILO Forced Labour Convention (No. 29);
- ILO Abolition of Forced Labour Convention (No. 105);
- UN Convention on the Rights of the Child (CRC).

Government policies and programmes

In pursuance of India's development goals and strategies, a National Child Labour Policy was adopted in 1987. The national policy reiterates the directive principle of state policy in India's Constitution. It resolves to focus general development programmes to benefit children wherever possible and have project based action plans in areas of high concentration of child labour engaged in wage/quasi-wage employment. The National Child Labour Policy (NCLP) was adopted following the Child Labour (Prohibition and Regulation) Act, 1986.

The Ministry of Labour and Employment has been implementing the NCLP through the establishment of National Child Labour Projects (NCLPs) for the rehabilitation of child workers since 1988. Initially, these projects were industry specific and aimed at rehabilitating children working in traditional child labour endemic industries. A

renewed commitment to fulfil the constitutional mandate resulted in enlarging the ambit of the NCLPs in 1994 to rehabilitate children working in hazardous occupations in child labour endemic districts.

The strategy for the NCLPs includes the establishment of special schools to provide non-formal education and pre-vocational skills training; promoting additional income and employment generation opportunities; raising public awareness, and conducting surveys and evaluations of child labour. The experience gained by the Government in running the NCLPs over several years resulted in the continuation and expansion of the projects during the Ninth Five-Year Plan (1997/02). Around 100 NCLPs were launched across the country to rehabilitate children working in hazardous industries such as glass and bangles, brassware, locks, carpets, slate tiles, matches, fireworks, and gems. The Central Government made a budgetary allocation of Rs 2.5 billion (about US\$57 million) for these projects during the Ninth Five-Year Plan. The Government of India has committed to expand the coverage of the NCLPs to an additional 150 districts and increase the budgetary allocation to over Rs 6 billion (about US\$131 million) during the Tenth Five-Year Plan (2003/07).

NATIONAL CHILD LABOUR POLICY 1987

Government recognized the need to protect child labour from exploitation and from being subjected to work in hazardous conditions that endanger such children's physical and mental development, and the need to ensure the health and safety of children at the workplace. It recognized that they should be protected from excessively long working hours and from night work, that work even in non-hazardous occupations should be regulated, and all working children should be provided with sufficient weekly rest periods and holidays. The programme of action plan under the national child labour policy comprises:-

- A legislative action plan
- Focusing on general development programmes for benefiting child labour-
- Project- based action plans in area of high concentration of child labour engaged in wage/quasi- wage employment

The legislative action plan

It envisages the strict enforcement of the provisions of the child labour (Prohibition and Regulation) Act, 1986 and other related legislation. A Child labour Technical Advisory committee had been set up to advise the central Government on addition and processes to the schedule contained in the child labour (prohibition and Regulation) Act, 1986. In Tamilnadu, a state level Advisory board for child labour had been constituted under the chairmanship of the Labour Minister.

Focussing on General Development Programming for Benefiting Child Labour:

In order to successfully rehabilitate child labour withdrawn from employment and to reduce the incidence of child labour progressively, the environment of the child needs to be focused. The on going development programmes in the areas of education, health, nutrition, integrated child development, and the anti-poverty programmes are utilized for the benefit of the child and his family, and this will diminish the compulsions to send the children to work. Children will be encouraged to attend school rather than take up wage employment.

Area specific projects:

In the areas known to have high concentration of child labour project based approach has been adopted for identification, withdrawal and rehabilitation of working children. The National Child Labour Projects (NCLP) were launched for the first time in 1988 in areas of high concentration of child labour. The NCLPs are area-specific; time bound projects where priority is given to the withdrawal and rehabilitation of children engaged in hazardous employment. The main objective of the National Child Labour Project (NCLP) is to eliminate the prevalence of child labour in this country. The components of the running of the NCLP are

- (i) Enforcement of the Child labour (Prohibition and Regulation) Act, 1986, the Factories Act, 1948, the Mines Act, 1952 and such other acts within the project area.
- b. Coverage of families of child labour under the income/employment generating programmes under the over aegis of anti poverty programmes.

- (i) Formal and non-formal education for child labour in hazardous employments. Also, a stepped -up programme of Adult education (Including non formal education) of the parents of the working parents.
- (ii) Setting up of special schools for child workers together with provision of vocational education/training in such special schools, supplementary nutrition, and stipend to the children taken out from the prohibited employments and health care for all the children attending at such special schools
- (iii) Creating awareness among the different target groups in the society through governmental and non-governmental organizations to raise their consciousness on the issue of child labour.
- (iv)** Survey of child labour in the project areas and also evaluate the progress of the project periodically. In the year 1994, a National Authority on Elimination of Child Labour was constituted under the Chairmanship by Union Labour Minister with Secretaries of nine Departments of Government of India concerned with Child Labour.

AEPC's Engagement so far

Since the inclusion of garments in the TVPRA order in September, 2009, AEPC has been continuously engaged with US department of Labor and has been sharing data on various Govt. and Industry initiative as also state level data on inspection and conviction with regard to child labor in this industry. Below is details of the comments submitted AEPC so far.

Details of Response/Comments submitted by AEPC

S. No.	Particulars	Year
01	Reply from Dr. A Sakthivel, Chairman AEPC in response to US DOL letter dtd 11.5.12	20 June 2012
02	Submission of additional information, as follow up to Dec 2011 response.	7 th March, 2012
03	Request for deletion of embroidered textiles and garments made in India from EO and TVPRA list by Mr. Premal Udani, Chairman AEPC	1 st December 2011
04	Additional comments on federal register notice 76 Fed. Reg. 22921 dated April 25,2011 by Chairman AEPC	May 20,2011
05	Preliminary Comments on the Report on a Survey of the Indian Garment and Zari /Embroidery Industries by M/s Sidley Austin	May 17,2011
06.	Comment on Notice of Initial Determination Pursuant to Executive Order 13126; 75 Fed . Reg 78755 dated December 16,2010	February 15,2011
07.	Information on Business Practices to reduce the Likelihood of Forced Labour or Child labor in the Production of Goods.	June 14, 2010
08.	Statement on Business Practices and Initiatives to reduce the likelihood of Forced labor or child labor in the production of garments in India	August 19,2010
09.	Comments on the TVPRA & EO List of Feb 2010 on Child and Forced in the garment sector	April 09 2010
10.	AEPC's Additional comments on EO List	Jan 22 2010
11.	AEPC's first response on the TVPRA & EO list on child and forced labor	December 9, 2009

Besides the regular submission of comments and data, AEPC has also participated in several public hearings. The last was in Feb 2012.

The delegation level interactions are as follows :

I. 15-16 Dec 2009 – JS (Exports) and SG AEPC

- Highlighted lack of consultations
- Questioned credibility of bibliography and surveys
- Requested for release of missing bibliography details

II 10-13 May 2010 – JS(Exports), Chairman & SG AEPC

- Reiterated India's commitment on child labour
- Lack of clarity in the EO and TVPRA formulation process

III 18-20 Aug 2010 – JS(Exports), Chairman, SG and Director -NITRA

- Submitted memorandum on best practices and benchmarked standards
- adopted by AEPC
- Discussed the “reasonable basis criteria” used for putting India in the list

IV. 12-16 Dec 2010 – JS(Exports) and SG AEPC

- Discussed NITRA survey report on textiles and zari units
- Discussed progress made on compliance initiatives of AEPC

However, the data and facts, including over 50 bibliographies submitted so far have not been considered.

Analysis of the new bibliography for garments in the report dated 26th September, 2012

The TVPRA report 2012 cites the following bibliography for garments as the basis for the inclusion of Indian garment exports in the TVPRA and EO 13126 list :

A. Bibliography – **Media reports** :

1. "Child laborers rescued in raids on Delhi factories." *MSNBC* [Photoblog] June 13, 2012;
4. *Deccan Chronicle*. "41 Kids Rescued from Tirupur Units." December 21, 2007.
7. Hawkes, Steve. "Primark Sacks Suppliers Over Use of Child Labour." *Times Online* June 16, 2008;

Analysis/ Response :

The Media reports quoted in bibliography no. 1, 4, 7 above are selective and not representative of the garment industry.

In support of this fact, AEPC had submitted national survey done in major apparel clusters of Gurgaon, National Capital region, Tirupur, Bangalore, Uttare Pradesh and Chennai.

Also, all these cases were followed up and strict action was taken against the guilty.

In the case of the child labour rescue report of June 13,2012, the NGO – Bachpan Bachao Andolan was contacted and the followed information received from them :

26 children were rescued working in 3 textiles factories and a metal processing plant during a raid by police along with workers from Bachpan Bachao Andolan.

As per the input received from the BBA, Kalkaji office, there were 13 children from the garment unit sector located in Jafrabad area (East Delhi) and all of them have been rescued and handed over to their parents.

The rehabilitation of these children has been already initiated. The factories involved have been sealed and not functioning now. FIRs have been lodged in Bhajan Pura Police Station against the factory owners.

The penalty amount of Rs. 20,000/- each has been deposited by the factory owners towards rehabilitation of the children.

The hearing of the case is still going on and not settled yet.

Source: Photoblog.msnbc.msn.com - on 13.06.12

B. Bibliography – **Interviews** :

2. BBA (Save the Childhood Movement) official. Interview with USDOL Official. January 31, 2012.

6. Global March Against Child Labor official. Interview with USDOL Official. February 9, 2012.

Analysis/ Response :

The interviews with **BBA and Global March** (bibliography no.2 and 6) does not have details. AEPC has requested for details of the interview from Global March, to understand the concerns. However, so far no details have been provided. In the absence of full details of the interview, we request US DOL to enable AEPC to get full text of the interview along with scientific base adopted by Global March for ascertaining the outcome during the interview.

Bibliography – **Studies** :

3. Center for Research on Multinational Corporations and India Committee of the Netherlands. “Maid in India.” [online] April 25, 2012;

5. Fair Labor Association. *Understanding the Characteristics of the Sumangali Scheme in Tamil Nadu Textile & Garment Industry and Supply Chain Linkages*, [online] May 2012

17. Vérité, Inc. *Help Wanted: Hiring, Human Trafficking, and Modern-Day Slavery in the Global Economy*. 2010; available from

Analysis/ Response :

1. With regard to **Center for Research on Multinational Corporations and India Committee** of the Netherlands. “Maid in India.” (bibliography no. 3) we have ascertained from 3 factories mentioned in the report i.e. KPR Mills, Bennnari Amman and Eastman Exports as also the Tirupur Exporters Association that the report is not factually correct.

The Tirupur Exporters Association has, through a written communication (**annex C1**) to SOMO highlighted the omission of several progressive changes taken place in the industry and at the factual inadequacy. The report was a repetition of the earlier version, without update on the on-ground initiatives and improvement.

The Tirupur Exporters Association had also written to Anti Slavery Organization (**Annex C2**) requesting to remove the false findings on forced labour in garment industry. The facts submitted were that the report was based on presumptions, the industry in Tirupur has a strong presence of trade union, Tirupur consumes less than 10% of the yarn produced in Tamil Nadu, while a large part of the yarn produced in Tamil Nadu is for exports to China and Bangladesh.

In view of this, US DOL cannot rely the report submitted by SOMO.

2. **Fair Labor Association.** *Understanding the Characteristics of the Sumangali Scheme in Tamil Nadu Textile & Garment Industry and Supply Chain Linkages (bibliography no. 5)*

With regard to this report by Fair labour Association, Maid in India indicates that the majority of the yarn produced under the Sumangli Scheme is for the domestic centre.

AEPC had contacted the research organization engaged in conducting the study, Solidaridad, to understand the scope and objective of the study and the major concerns found on ground. Solidaridad shared that the understanding and reporting has so far been from NGOs only. There is need for understanding the overall supply chain, understanding brand and retailer access develop partnerships, identify examples for best practices, documenting and sharing their practices etc.

Since the study does not demonstrate that the Sumangali scheme is prevalent in the garment export units, hence the study should not be applicable for the export sector.

3. **Vérité, Inc.** *Help Wanted: Hiring, Human Trafficking, and Modern-Day Slavery in the Global Economy.*

This study on the system of brokers and agents is based on a small sample of workers, brokers and agents in Kerala, Tirupur and NCR. It does not cover the industry practices and it also highlights the fact that such systems are practiced worldwide, and not unique to India.

None of the above studies have captured the impact of the recruitment guidelines and code of discipline for women employment in textile industry, developed by SIMA , in association with TUV Rhineland, (annex C3 - in CD) there is reason to believe that the studies are selective and not capturing recent positive developments in the industry.

4. Besides these citations, all the other 11 citations are old bibliographies to which AEPC has responded in the past.

Update on AEPC Initiative - DISHA

AEPC with support of Ministry of Textiles initiated a National program (DISHA) on Social Compliance in 2011. The Major milestone which was completed so far is given below:

- 1. Awareness Workshops** - Through 11 workshops and orientation program at all major cluster in India reached out 898 factories so far. With average work force of 300 workers per factory (though the coverage span from 10 workers job work unit to 2000 workers in factory) covered around 2.7 lac worker in term of awareness generation .
- 2. The project Mission, Vision and Objectives redefined**, after stakeholder consultations :

DISHA Vision

Enable Indian apparel manufacturing industry to enhance competitive advantage and achieve sustainable economic gains in a way that is good for the business and society". The vision of the scheme is aimed at extending beyond apparel manufacturing to the whole textile manufacturing industry dealing in export as well as domestic business.

DISHA Mission:

Indian Apparel Industry/ textile industry attains its vision by taking responsibility to:

- Develop a globally recognized and accepted Common Code of Conduct (CCC) based on nationally applicable laws and regulations.
- Build capacities of factories for CCC implementation.
- To Create and Adopt management systems for compliance with Indian laws
- Respect decent work, social justice and environment.
- Provide enhanced value to the customers and consumers.
- Unify/Cooperate to achieve global alignment and resource optimization.

DISHA Objectives

- Improve the competitiveness of the apparel manufacturers.
- Increase awareness and enlightenment among apparel manufacturers on social and environmental standards based on applicable Indian laws.
- Build capacities of apparel manufacturers to work towards improving standards of workplace systems and practices related to social and environment issues.
- Promote a management system oriented thinking and approach for engaging with the social and environmental issues.
- Promote a process-based certification system that enables measurement of progress towards adoption and maintenance of the benchmark practices in the DISHA Common Code of Conduct (DISHA-CCC).

3. Code Redefined : The AEPC Common Code of Conduct was first formulated in 2010. Since then various consultations on the code and implementation have resulted in version 2 in September, 2012. This common Code of Conduct 2012 (**Annex. D1**) gives very high emphasis on facilitative approach and management systems. Both these are aimed at sustainable changes in the work place .

4. Target Beneficiary group expanded :

Tier 1 : Factories

- a. Improving Units
- b. Initial Units (Typically small factories)
- c. Mature Units (Typically large factories)

Tier 2 : Subcontracted workers

Tier 3 : Home Workers

5. Project Components strengthened :

Common Code of Conduct: a compilation of Indian national laws applicable to the apparel factories. Each code element is appropriately defined to ensure clarity and understanding.

Factory Capacity Building & Training – This involves orientation for the factory owners and competence building for nominated factory personnel on CCC and towards applying and operationalising Management System through a 6 day programme indicated below.

Baseline & Impact Assessment: The factory shall undergo a baseline assessment for gap analysis against the CCC benchmark. After trainings and operationalisation of the Management System an internal and external impact assessments shall be undertaken.

DISHA Certificate: a DISHA certificate shall be awarded by AEPC upon successful completion of the programme.

DISHA Awards: DISHA Ambassador Award at the Cluster level, DISHA Champion at the Factory Personnel level; and DISHA Factory at the Factory level. AEPC and the Ministry of Textiles shall recognize and reward the active participation and best performance by awarding factory personnel, factories and the factory management at cluster level.

DISHA Helpdesk: Exporters can avail of the “Compliance Clinic “set up for resolving their queries.

The DISHA website provides a “Windows for Queries” section which can be availed of by exporters for better understanding of DISHA implementation needs and ways to achieve it.

Factory visit schedule: (Capacity building)

PRE COMMENCEMENT Communications

CONTACT DAY 1		
SESSION	DETAILS OF SESSION	SUGGESTED FACTORY PERSONNEL TO ATTEND
<p>SESSION 1</p> <p>Opening Meeting</p>	<ul style="list-style-type: none"> • Introductions • Factory's expectation of DISHA • Objectives of DISHA - and how they address the Factory's expectation • The DISHA approach - Capacity Building and Management Systems. Non audit. Non consultant. Framework of Indian Laws. • Get the Top Management's buy-in – sign the LOC& the formal CRB Welcome Letter to be handed over • Brief on the Facilitator's role • Brief on the day's agenda (DISHA Champion Team, CCC, Guidelines and Baseline Data 	<p>Owner, Management representatives, HR, Admin, Production</p>
<p>SESSION 2</p> <p>Formation of DISHA Champion Team (nominated by the Factory</p>	<ul style="list-style-type: none"> • Concept of DISHA Champion Team • Management representatives nominate members for DISHA Champion Team. List could include: <ul style="list-style-type: none"> - Human Resource Manager, Admin Manager, Personnel Manager, Compliance Officer, Safety Officer, 	<p>Representatives from Management, HR, Admin, Production, Compliance</p>

Management)	Industrial Engineer - Production Manager/Factory Manager • Obtain the Champions List Format duly signed	
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SESSION 3 Meeting with DISHA Champion Team	<ul style="list-style-type: none"> • Introduce the DISHA CCC - get feedback on factory's understanding of the principles • Roles and responsibilities of the DISHA Champion Team • Facilitator's role in each of the visits • Discuss the process flow & agenda for all 6 interaction days. <ul style="list-style-type: none"> • Factory to maintain Minutes of Meetings on format provided and give feedback for all days. 	DISHA Champion Team
SESSION 4 Introducing the DISHA Guidance Document and Baseline Data Collection Format	<ul style="list-style-type: none"> • Share the Guidance Document & Baseline Data Collection Format with the DISHA Champion Team • Facilitate study of each principle, and analysing where factory stands against each principle (check with available documents and with visits to specific factory locations) • Move on the Baseline document with the Champion Team. Stress on need for clarity of thought and detailed comment. Guide factory on how to identify gaps, and get team to complete the document overnight 	DISHA Champion Team

CONTACT DAY 2		
SESSION 1 Opening Meeting & Factory Tour	<ul style="list-style-type: none"> • Recap of Day 1 • Ensure full attendance of DISHA Champion team • Follow up Baseline & other deliverables established on Day 1 	DISHA Champion Team
SESSIONS 2 & 3 Baseline Data Collection Review	<ul style="list-style-type: none"> • Check for the thought process while reviewing & add missing information - emphasize need for detail • Go through each code element & highlight gaps, if any • Facilitator not to prescribe, but ask facilitative open ended questions to bring forth solutions from the Champion team 	DISHA Champion Team
SESSION 4 Gap Analysis	<ul style="list-style-type: none"> • Introduce the Gap Analysis document • Collect the filled in Baseline data document duly signed by the factory representative • Collect the MOM duly signed by all members present • Set up a date for the 3rd Day. List the deliverables to be ready for that meeting, including the completed gap analysis 	DISHA Champion Team

CONTACT DAY 3		
<p>SESSION 1</p> <p>Reviewing the Gap Analysis Document</p>	<ul style="list-style-type: none"> • Recap interactions and learning of Days 1 and 2 • Follow up on Gap Analysis and other deliverables established on Day 2 • Review GA document – principle by principle. Check for thought process, and get missing or incomplete information filled in. • Get factory to generate the green and red highlighted GA chart • Summon Top management, and get Champion Team to share GA chart with them. 	<p>DISHA Champion Team</p> <p>Owner, Management representatives</p>
<p>SESSION 2</p> <p>Revisiting the Management System Process</p>	<ul style="list-style-type: none"> • Go through the DISHA ppt again, redefine the Management System process and its need 	<p>DISHA Champion Team</p>
<p>SESSION 3</p> <p>Introducing the DISHA Toolkit</p>	<ul style="list-style-type: none"> • Explain the content and use of the document, and how it will help in setting up the Management System • Discussing a Management System and action plan based on the Gap Analysis 	<p>DISHA Champion Team</p>
<p>SESSION 4</p> <p>Detailing the DISHA Management System</p>	<ul style="list-style-type: none"> • Identifying the key persons who will create, implement and drive the action plan • Creating documents and content, evolving SOPs • Implementation – strategy and timeline. MoM& Report 	<p>DISHA Champion Team</p>

CONTACT DAYS 4 and 5		
Implementing the DISHA Management System	<ul style="list-style-type: none"> • Factory tour – gauge effect of system implementation • Provide Guidelines for factory's Internal Assessment against the action plan 	DISHA Champion Team

CONTACT DAY 6		
Facilitating Internal Assessment	<ul style="list-style-type: none"> • Reviewing implementation progress against action plan, and gauging factory's readiness for third party assessment and certification. 	Top Management and DISHA Champion Team

6. First level of interventions started in factories

Between August 2012 and November 2012, 40 factories have been covered.

As part of the base line assessment, self assessment forms were circulated and cluster level sessions on the **Self Assessment Tools (SAT)** were conducted in 8 clusters covering 96 units. Self Assessment tools were used for understanding the gaps in the units.

Another important feedback and evaluation format developed was the **Quality Assessment Questionnaire (QAQs)**. These are for baseline assessment of the expectations of the participants, which will be evaluated at the end of the programme to assess the effectiveness of the programme for the factories. The QAQs have given positive feedback on the program and overall, exporters have expressed faith in a programme like this in meeting their compliance challenges.

However, with evolution of methodology, these gap assessment instruments were further modified and in August 2012, new baseline assessment forms introduced in the factories.

7. Material Development workshops / Open houses : An open in house workshop was conducted for 3 days from 25 – 27 July at Apparel House wherein experts from labor law, industry experts, renowned people from buying houses, 3rd party auditors, Representatives from NGOs etc. were participated. Through this open house the material was developed and reviewed.

8. Material Development :

- a. Common Code of Conduct (CCC)
- b. Guidance Document
- c. Baseline Assessment & Gap Analysis
- d. Toolkit

9. Partnership with GIZ & CRB: AEPC has partnered with M/s Centre for Responsible Business, (CRB) a capacity building centre incubated by M/s GIZ, BSCI and SAI as Knowledge and Implementation partner.

10. Training of Trainers program : After preparing the base documents of DISHA, 2 Residential TOT' sessions were organized with an objective of acquisition of knowledge, skills and competency as a result of the teaching of practical skills and knowledge that relate to training competency. ToT's were 4 full day programs and were held at Bhiwadi & Bangalore respectively.

11. Pool of trainers developed : A pool of 22 trainers have been developed through CRB's master trainers for handholding the factories. AEPC has conducted Training of Trainers session and through a rigorous selection process build this trainers pool.

12. Comparative analysis of CCC by ITC and ISEAL:

Two workshops were conducted with ITC for comparative analysis of AEPC's CCC with other global and national standards. The following are observations of ITC, Geneva on the DISHA codes:

- Strong alignment between AEPC CCC and the other major standards and codes that operate in the textile and apparel sector worldwide.
- CCC shows very good potential to meet its main objectives to reduce the burden of the factories having to undertake multiple audits.
- The India specific context will require AEPC to develop side trainings and capacity building of factories and employees.

ISEAL Alliance, UK also appreciated AEPC's multistakeholder approach.

13. The DISHA approach defined

The industry has appreciated the DISHA approach which is :

- i. Facilitation vs Auditing vs Consulting
- ii. Partnership vs Policing
- iii. Ownership by Factories
- iv. "Self-help model"
- v. DISHA Framework
- vi. Standardization
- vii. Enabling Environment
- viii.** Certification based on Systems

14 (a) Report received from Dr. Bimal Arora, CEO of CRB (by e-mail) is reproduced below :

----- Forwarded message -----

From: **Arora, Bimal GIZ IN** <bimal.arora@giz.de>

Date: Tue, Oct 23, 2012 at 6:49 PM

Subject: Seeking an Appointment for a Review Meeting

To: "chairman@aepcindia.com" <chairman@aepcindia.com>, "Haebig, Manfred GIZ IN" <manfred.haebig@giz.de>

Cc: "divya@c4rb.in" <divya@c4rb.in>, Vishesh Saini <vishesh@c4rb.in>, Chandrima Chatterjee <chandrima@aepcindia.com>, KJ Merryjohn <kjmerryjohn@aepcindia.com>, Dsg Dsg <dsg@aepcindia.com>, Chandrima <chandrimag@gmail.com>

Dear Dr. Shaktivel and Mr. Haebig,

Hope you are well, and greetings for Dusshera.

I am pleased to share with you that our plans, systems, procedures, content and activities in the DISHA Programme are evolving and picking up speed very well with factory visits already scheduled in several regions of India. Different experiences and learning are emerging from the ground during factory visits/implementation on a daily basis and we continue to refine the implementation strategy and plan, with a long term view of the programme. After three Training of Trainers (ToT) workshops and a telecon session on voluntary standards we recently conducted, with the help of our partner International Trade Centre (ITC), Geneva, the CRB Management Team and the Facilitators Team are fully geared and excited to deliver on the unique approach and methodology that we have developed for DISHA. We are very proud that during the initial pilot visits in eight factories in September 2012, our approach and methodology received a very positive response from the factories and continue to receive encouraging response as we are moving forward with 3rd and 4th factory visits. I am attaching herewith the DISHA Programme implementation plan in the enrolled factories (updated as on 23rd October 2012) for your perusal.

On brands and international endorsements for DISHA Programme, besides engaging with several brands individually, we have engaged with the Global Social Compliance Programme (GSCP) to seek their support and endorsement for the DISHA Programme, and as a result GSCP has invited us to participate in their General Meeting to be held in Zurich on 27-28 November 2012. We also discussed the DISHA Programme with the Ministry of Economic Affairs, Government of the Netherlands to seek their support in facilitating a meeting with the Dutch Textile Industry for us to present the DISHA Programme and seek endorsement from Dutch apparel brands, and I am very pleased to inform you that Government of the Netherlands has agreed to facilitate such a meeting. Further, we are also planning to present the DISHA Programme to officials in the Embassy of Germany in India and

would request them to facilitate a meeting for us in Germany to present DISHA Programme to the German apparel brands.

I am sure you would agree that all these are very encouraging developments. However, from CRB, we would like to present to you a detailed status update on the DISHA Programme so far, the unique approach and methodology we have developed for DISHA and our plans as we are moving forward - with an objective to brainstorm with you and seek your inputs on certain issues that we are experiencing in the implementation of DISHA Programme.

Kindly let me know when are you scheduled to be in New Delhi next, and we will plan a two hours review session with you and GIZ?

This review meeting would be very helpful for us in taking the DISHA Programme implementation and the GIZ/CRB-AEPC partnership forward.

I shall look forward to hearing from you and we will plan a review session accordingly. We will send the agenda for the meeting after hearing from you on the date/time convenient to you.

Best wishes,

Bimal

Dr. Bimal Arora

Senior Technical Advisor, Scaling Up Indian CSR Initiatives

Deutsche Gesellschaft für

Internationale Zusammenarbeit (GIZ) GmbH

CEO, Centre for Responsible Business (CRB)

B-5/1 Safdarjung Enclave, 2nd Floor

New Delhi - 110 029, India

14 (b) A As on now DISHA team has visited 40 factories across India as per the schedule given below :



Microsoft Office
Excel 97-2003 Worksl

14 (c) The complete factory orientation schedule for 400 factories is drawn and given below :



Microsoft Office
Excel 97-2003 Worksl

14 (d) Feedback :

As per the feedback received from the 40 factory visits completed, the programme has imparted clarity on the national laws and the management systems that need to be put in place in the factories.

Its unique facilitative approach, with emphasis on self-help and self regulation is already showing positive impact on ground.

Emphasis on management systems approach will result in better documentation and understanding of management practices, and development of best practices across the industry

Feedback / Comments / Inputs (From 19 Factories Till Date) given below :

Factory 1

“Factory management was appreciative of the DISHA facilitator's knowledge and professionalism. Felt that if a common code of conduct outlining details of best practices in compliance, this would be beneficial for the whole industry. Continuous benefits will have a cascading effect onto workers thus promoting social change, global recognition and acceptance will lead to increased business.”

Factory 2

“The visiting team found out few observation in Health & Safety issues. We accept the same and assured that we will work on the same and here DISHA Factory Champion Team will be involved, each individuals responsibilities will be fixed and the Health & Safety issues will be rectified and kept under check on regular basis by the team. We strongly believe “Learning Is A Journey – Not a Destination” & similarly compliance is an on going process, you keep sharpening your skills & at Nahar we are ready for that. This is a training program not only for the workers but factory as well.”

Factory 3

“Learned a lot about the DISHA approach and feel it is very beneficial. They were interested to apply the guidelines to their own practices. Will hopefully lead to worker retention and better understanding of existing laws and regulations.”

Factory 4

“DISHA will help us implement systems more easily”

Factory 5

“Previously Shakti wears ; Signed LOC but the implementation needs to be done in another location where the factory is shifting”

Factory 6

“More compliance will be beneficial to the business and promote growth”

“DISHA is acting as a catalyst , helps to understand certain level of basic social requirements in correlation to buyers codes.”

Factory 7

“In the meeting the Vision, Mission & Objective of the Disha were shared with the members and the understanding from the organization point of view was also taken.. An understanding on Disha's common code of conduct was also given to establish and implement an effective management system.Both the facilitators and the members shared a healthy discussion on the present prevailing Management System in the company. Mr. Sahani and Ms. Neera Dhawan promised to share the prevailing Policies , Procedures of the present management system, with the DISHA Members in order to implement the DISHA Program effectively and to present Pee Empro as a fully compliant unit”

Factory 8

“Top down approach leading to sustainable compliance and long term adaptability. Since AEPC is involved we are sure DISHA will have the right approach to compliance using latest additions of compliance methodology.”

Factory 9

“Got understanding on the definition of a young worker as per law and understood the importance of maintaining the age proof to substantiate that ; Understood the need of revisiting the factory act Sec 16c for regulating working hours; Understood in detail on sub-contracting and where is it applicable”

Factory 10

“The approach is very collaborative and very comprehensive”

Factory 11

“Agreed to the DISHA approach and found it to be the best method of learning for SME's as to how to approach compliance altogether”

Factory 12

“Beneficial for employees who are attending this programme, especially production team since they will be able to understand the reasons behind compliance and will strive to comply ; Most employees in management are either business oriented or technical, this programme is creating awareness and importance of social & environmental compliance. Awareness is the beginning of creating systems for implementation and complying”

Factory 13

“Understood the benefits of compliance and why is it important for the sustainability of business. The awareness on laws regarding child labour, forced labour, subcontracting working hours and the importance of documentations was understood.”

Factory 14

“This is a common goal and compliance must be worked on from all sides. Appreciate the program as it will hopefully lead to more team building, a decreasea in backlog therefore more efficiency and a platform to discuss issues. “

Factory 15

“Understood and appreciated the DISHA concept ; Awareness about some of the principles has increased which can be followed after understanding”

Factory 16

“Child labour policy will be translated in Tamil and displayed ; Expressed rediness to work on DISHA CCC and use the extracts of the Acts to learn and implement”

Factory 17

“All efforts taken by AEPC are appreciated as this will help boost trade and add to the economy of the country”

Factory 18

“Found the DISHA approach to be holistic and simple, interested in learning more about compliance”

Factory 19

“Were glad that DISHA was involving all departments and across managerial levels. A good platform to learn and grow”

14 (e) We are attaching photographs demonstrating compliance of the factories in the areas of active implementation of DISHA. The photographs are taken during the period September & October, 2012 at Ludhiana, Delhi, Bangalore, Tirupur and Mumbai demonstrating fire fighting arrangement, affluent treatment plant, embroidery arrangement, fire alarm, emergency light, display of social security benefits, factory management sharing and existing system etc.

		
Disha Champions Delhi	Introducing Disha components Delhi	Disha Champions Delhi
		
Running through CCC Delhi	Factory management sharing some of their existing systems Delhi	Policy Delhi
		
Production Section Delhi	First aid Delhi	Policies displayed Delhi



Finishing section Delhi



Emergency exit [Push Bar] Delhi



Factory sharing records Delhi



Introduction of Disha champions Delhi



Cutting



Bundling



Sampling section Delhi



Fire Fighting preparedness Delhi



Evacuation plan and fire alarm Delhi



Meeting with management in Mumbai



Meeting with management in Mumbai



Production



Cutting



Finishing



Discussion of laws



QC



Stitching



DISHA CCC



ISHA presentation



Meeting with Champions



Greeting by factory in Tirupur



Layering



Checking



DISHA Champions in Tirupur



DISHA Champions



Meeting management



DISHA Champions

Dr. A Sakhivel, Chairman-AEPC has given a presentation before the USDOL authorities in February, 2012. A copy of which is placed at Annex. E



Microsoft Office
PowerPoint 97-2003 f

New Bibliography

Below are some reports highlighting the recent developments with regard to child labour and forced labour, in the Indian garment industry :

Women employment case before Madras High Court.

http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=540185&version=1&template_id=40&parent_id=2

2. **Women Employment System in Textile Mills**

<http://www.ktvn.com/story/19998030/112-year-old-us-apparel-maker-in-pa-to-close>

3. **Empowering Women workers in textile mills - Published by The Hindu 4th Jan., 2012.**

Empowering women workers in textile mills

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5. **It is not all work at KPR Mill - published by The Hindu on May 21, 2011**

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It is not all work at KPR Mill

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6. **Here they learn as well as earn - M Rafi Ahmed, Udumalpet, September 18th, 2012**
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10 **A successful scheme - Published in Frontline vol. 24 - issue 20: Oct 06-19, 2007**

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http://articles.economictimes.indiatimes.com/2012-10-11/news/34387350_1_yarn-exports-southern-india-mills-association-second-largest-employment-provider

13.. **Indian apparel exporter's reject bonded labour tag by NGO - www.fibretofashion.com - 22nd Oct., 2012**

Indian apparel exporter's reject bonded labour tag by NGO

October 22, 2012 (India)

http://www.fibre2fashion.com/news/apparel-news/newsdetails.aspx?news_id=117153

14. **Future is bright - Vol. 27 - Issue 20 Sept. 25 - Oct. 08, 2010**

15. <http://www.ethicaltrade.org/news-and-events/news/Tamil-Nadu-Update>

Analysis of select bibliography mentioned above:

I. SIMA launches Women Employment Code of Conduct - Reported by The Hindu dated 30/05/20120

- SIMA has been taking positive steps for overall improvement of the situation towards women employment. Some of the key initiatives so far has been:
- Textile mills told to provide all welfare benefits to women employees and make workers permanent.
- TUV-SIMA women employment code of conduct was launched.
- Copy of recruitment guidelines and code of discipline for women employment in textile industry was also circulated.
- Mills rating program is being adopted in which methodology adopted is on the basis of welfare and legal compliances and working conditions. The rating is at the scale of three to five star.

II. Women employment case before Madras High Court.

- Indian courts have been acting upon the reported cases as per applicable local laws of India and some milestones judgments have been already passed so far including punishing the defaulting Mills:
- Monitoring committees have been constituted for the districts of Erode, Coimbatore and Dindigul consisting of members of Collectors of respective districts, Deputy Chief Inspectors of factories, Deputy commissioner of Labor and District revenue officers to go and monitor the engagements of women employment with particular reference to safety, working hours, weekly offs and sexual harassment etc.
- Defaulters and violators of the local law have been held responsible and applicable actions are being taken on as and when case to case basis

III. Article: Women Employment System in Textile Mills

Textile mills have been playing an important role in the employment of women workers in the region as mentioned below:

☐ Textile industry is the only manufacturing industry which can provide employment to people below the poverty line, particularly women from rural areas, who have very minimum education or even illiterate people irrespective of age and sex.

☐ The 11th Five year plan approach paper has estimated a job loss to 10 million people during the plan period from the agriculture sector and the textile industry can absorb these unemployed people and sustain their livelihood.

☐ The Southern India Mills Association (SIMA) took efforts to streamline the system and make it legally acceptable from social angle. It is towards this objective, SIMA evolved a code of conduct by bringing out the guidelines for recruitment and engagement of women in the hostel system.

IV. Empowering Women workers in textile mills - Published by The Hindu 4th Jan., 2012.

An interactive session on "Empowerment of Women in Textile mills" was chaired by Rohit Rajendran, former chairman of the Young Indians, Coimbatore Chapter, as part of Coimbatore Vizha at Southern India Mills' Association (SIMA). The association sent out a circular in 2005 to its members on the dos and don'ts of women employment. The SIMA and TUV Rheiland has a certification programme for women employment in the mills.

V. Textile Industry Spin Bonded - labor controversy in TN - Reported by The Economic Times dated Nov. 16th 2011.

In the latest sign that the West is serious about the labor issues, multinational retailers, such as GAP, Walmart, C&A, H&M, Primark, Mothercare and TESCO have instructed their Indian suppliers to stop sourcing of raw materials from Textile mills that employ girls under Sumangali, a contractual arrangement that labor watchdogs say involves unfair practices amounts to bonded labour. Taking the cue, exporters in Tirupur have snapped links with mills that have the Sumangali scheme.

VI. It is not all work at KPR Mill - published by The Hindu on May 21, 2011

Being on a job as tedious as that of a mill worker did not deter S. Suganya from Perambalur from completing her plus two this year. She worked hard despite heavy odds, secured 1058 marks in the exams and with it, hopes to enrol herself for a B Com course at a private college here. Suganya was among, the high scorers who were facilitated by the KPR group, where she works.

VII. Here they learn as well as earn - M Rafi Ahmed, Udumalpet, September 18th, 2012

The girl who work in the Premier mills as apprentice on a monthly remuneration of Rs 1456 after deduction of Rs 21 for food and accomodation get a lumpsum of Rs 50,000, which includes PF, ESI and bonus on successful completion of three year contract. Their life has changed. Their outlook too has gone through a sea change and they are now an empowered lot.

VIII. Earning their stripes - Published in business line The Hindu

Change is happening in village surrounding the textile mills of Tamil Nadu in Madurai and Coimbatore districts where the girls employed by the mills are now being offered incentives such as

an opportunity for higher education through the Tamil Nadu Open university and extra-curricular activities such as yoga classes, a plethora of games, outings at regular intervals and swimming etc.

IX. Weaving dreams into reality - Published in Business line, The Hindu dated Jan 09, 2008

Giving details of the scheme, Mr. Manikam Ramaswami, Chairman of Loyal Textile Mills and former president of the South Indian Mills association, which today has about 350 textile units as members, says that the "monthly wages are collected by the parents of the girl. Often, even after three-year apprenticeship period is over, the girl are asked by their parents to continue, as the entire family depends on her salary. It often pays for the younger brother or sister's school fees and other expenses.

X. A successful scheme - Published in Frontline vol. 24 - issue 20: Oct 06-19, 2007

The system of employing the apprentices has been very successful. The percentage of apprentices varies from mill to mill, depending on the rationalisation that companies go for. These are based on guidelines laid down by Individual mill managements. The mill owners gift gold to efficient apprentices, which became useful for their marriage. This trend seems to have become popular from then on and several mills began to provide marriage assistance to girls at the end of their apprenticeship.

XI. Women in the Mills - An article by K Selvaraju - Gen secy. SIMA.

Various constraints made the organised textile mills to try for different innovative methods of employment of labor. The textile industry by this scheme helps the society just below the poverty line to increase their purchasing power by two to three times of per capita income. Most of the textile jobs require very minimum educational qualifications and slim or medium physical conditions. Therefore, textile jobs are ergonomically more suitable for women.

XII. Are Walmart and Carrefour Suppliers Sweatshops? - Economic times - Oct., 2012

Textiles have substantially filled the export coffers over the years. After agriculture, textiles is the second largest employment provider. The coming together of Indian textile mills and western brands is the latest attempt to salvage the situation, even as lawmakers in India and Europe seem to have taken cognizance of the issue. The meeting attended by the two retail biggies as well as by

representatives of C&A, Primark, GAP and three other brands may help shape their collective response to this controversy.

**XIII. Indian apparel exporter's reject bonded labour tag by NGO - www.fibretoofashion.com
- 22nd Oct., 2012**

Around 35 representatives from the most well-known worldwide apparel brands and retailers sitting on the same side of the table in the Indian textile hub of Coimbatore. Representatives of renowned global apparel brands and retailers like Wal-Mart, Marks & Spencer, Carrefour, Levi Strauss, Mother Care, Inditex, C&A, Bestseller, Primark, GAP, were present at the meeting in which SIMA leaders tried to convince them that the whole industry should not be targeted for the follies of a few. A few representatives of those global apparel retailers present at the meeting whom fibre2fashion contacted, but did not want to reveal their identity too accepted that, the system was prevalent in less than 10 percent of the textile and apparel industry in the textile hubs of Coimbatore and Tirupur. A few of them also conceded that the whole industry could not be targeted. A few representatives who are mainly compliance officers of these apparel retailers also revealed that checks at the units from where they sourced their textile products revealed that most of them followed compliance levels mandated by their respective apparel brand companies.

XIV. ETI's work on homemaker groups

The Indian National Homemaker Group has been working to improve the lives of homeworkers as also improving transparency in the supply chain. By imparting on health and safety, basic record-keeping, quality control, etc the programme is building confidence, increasing incomes, and getting buy-in throughout the value chain.

Brands like GAP, Monsoon's etc have joined this programme. the ETI's piece rate methodology has helped to to raise wages. In keeping with recommendations in the ETI Homemaker Guidelines, Monsoon has also launched a '*Worker Reference Handbook.*' *"This handbook increases transparency of payments throughout the supply chain.*

The programme has also helped the home workers organize, and thus realise sustainable change in our supply chain, where our suppliers and workers negotiate with each other to resolve issues for workers. Monsoon hopes to impact up to 25,000 homeworkers through this work.

XV. ETI's MULTI-STAKEHOLDER APPROACH <http://www.ethicaltrade.org/news-and-events/news/Tamil-Nadu-Update>

Supporting young women workers in the textile and garment sector of Tamil Nadu, India. MULTI-STAKEHOLDER APPROACH TO TACKLING THE ISSUE - Since last year, ETI has played a lead role in facilitating discussions amongst international brands and retailers from Europe and the US, as well as international NGOs and trade unions. It was agreed that a multi-stakeholder initiative was needed, to effectively engage all stakeholders, including most importantly local government, suppliers and mills. It was also agreed that any initiative should be rooted in the local culture, with a clear leadership role for local government, industry and civil society, to be able to ensure that international labour standards are respected across the industry. ETI seeks to play a role by channelling the resources and buying power of international brands to support local political and business sector engagement. After several in-depth discussions, the first in-country multi-stakeholder event was held in Tirapur, in March this year. ETI organised the event in collaboration with the Fair Labour Association and supported by a number of international brands and retailers. More than 200 participants attended from across a diverse range of stakeholders including local government, trade unions, civil society groups, and, for the first time, mills and their related associations. Most crucially, workers themselves participated and voiced the challenges they face, as well as their aspirations. All stakeholders agreed that continued engagement and a coordinated approach were vital.

A THREE-PRONGED APPROACH

A three-pronged approach was agreed, as a way of working together to improve the conditions of young women workers in the textile/garment sector in Tamil Nadu. Whilst still being formalised, these focus area include:

- Grassroots outreach
- Supplier engagement/leadership
- Supporting a regulation, inspection and services model

XVI. Recruitment guidelines and Code of Discipline for Women Employment in Textile Industry

The Southern India Mills Association, Coimbatore introduced above mention code for mills. Code covers following elements Recruitment, Selection process, Induction and training, Legal compliances, Hostel amenities, Hostel, Food, Washing and cleaning, Welfare / entertainment facilities, General. Besides, SIMA also entered into a MOU with the international certifying body M/s. TUV Rhineland to visit and audit the textile mills in respect of recruitment policy, legal compliance, health, safety etc. Star rating would be provided by the certifying agency in this regard.

XVII. Future is bright - Vol. 27 - Issue 20 Sept. 25 - Oct. 08, 2010

A Sakthivel in his interview with Frontline, presented the knitwear industry's views on various issues. On the Sumangali scheme, he mentioned that the scheme is no longer attractive. Now people want higher wages and they like to take up jobs other than work in a spinning mill. In fact, people are ready to work in garment factories and the factories don't have Sumangali scheme and regular wages are provided to the workers.

Media reports on DISHA is at Annex F-1.
