

Executive Summary

Forced Resignations, Stealthy Closures: A study of losses faced by garment workers in Bengaluru during the pandemic

Forced Resignations, Stealthy Closures is an account of the losses faced by garment workers in Bengaluru city during the course of the pandemic in the year 2020. It documents the phenomenon of 'forced resignations' in the garment industry whereby factory managements who want to close down or reduce workforce construct situations of fear so that workers themselves tender resignations. Workers are forced to choose this option because they are afraid they would lose out on their dues if they did not resign.

It is through this mode of forced resignations that factories in the city were able to entirely shut down or reduce their workforce significantly without having to provide workers with adequate notice and/or retrenchment and closure compensation. Workers were suddenly left unemployed, lost out on continuity of tenure and compensation and were left without access to health care under the Employees' State Insurance scheme. These losses came close on the heels of the major income losses imposed by the nation-wide lockdown and the extreme desperation workers and their households felt at mounting debts and the inability to make ends meet.

ABOUT THE STUDY

The study was conducted by Garment and Textile Workers' Union (GATWU) and Alternative Law Forum (ALF). The purpose of the study was three-fold: to map the strategies deployed modes through which factory managements were undertaking the closure of factories or reducing their workforce; to assess the impact of the closure on household incomes, food consumption and fulfilling financial commitments for families of garment workers; and document the losses around work and tenure that workers are faced with due to sudden closures and retrenchments.

It was conducted in two phases: between September and October 2020, 89 workers from 25 factories were interviewed; and between January and February 2021, 65 of the same workers were interviewed. In both phases, workers were interviewed over phone. Conducting the survey over two phases allowed for us to map both the intermittent recoveries and enduring losses faced by workers when they were forced to resign in the latter half of the year 2020.

We also reached out to factory managements over emails to offer space to their responses but did not hear from them. We also received data through the RTI Act, 2005 from the Department of Factories and Boilers on the number of operational garment factories across the state and the number of factories that shut down or have applied for closure from April 2020 onwards. This data offers us an overview of the garment industry, its importance as an arena for employment for women workers and drives home the necessity for increased state intervention in regulating unfair labour practices in the industry.

FINDINGS

I. Forced Resignations

1. Workers at 17 of 25 factories surveyed reported that they had been asked to resign by the company due to 'losses' suffered by the latter.
2. 81 percent of workers we spoke to said they had resigned. The rest were protesting the closure or were yet to resign.
3. Of those who had resigned, 85 percent said they had been asked to resign by factory managements. They resigned out of fear that they will lose their dues if they did not tender their resignations.
4. Many reported that when their factory announced that it was closing, they were presented with two options: resigning and getting their dues; or to not resign and delay/lose out on their dues.
5. The decision to resign had to be taken immediately or at very short notice, giving workers very little scope to discuss amongst themselves and with family members, find other employment and explore options to contest the demand for resignation. This is clear evidence of a coercive situation constructed by factory managements in which a worker has no choice but to resign.
6. Some common coercive situations constructed by factory managements included:
 - Telling workers that the factory is shutting down and if they did not resign, they would not get their settlement
 - Stopping bus transport that was previously provided by the factory management
 - Transferring workers to other units within the company without providing adequate means of transport
 - Promising workers that they will re-employ them when the situation stabilises and they should resign now
 - Telling workers not to return to work

II. Stealthy Closures

1. In our survey of 25 factories in three garment clusters in Bengaluru, nine factories had closed down entirely, resulting in anywhere between 5600 and 7200 workers losing their jobs during a pandemic.
2. The other 16 factories in our survey had reduced their workforce, resulting in about 11000 workers losing their jobs.
3. Given that between 30000 to 35000 workers were employed in the 25 factories, it can be estimated that on an average, about 50 to 62 percent of the workforce in the surveyed factories had been forced to resign
4. Data on closures obtained through the Department of Factories and Boilers also reveals that 65 factories have been recorded as closed down during the period of the pandemic starting April 1, 2020 in Bengaluru Urban. Atleast 10000 workers, if not more, are recorded to have lost jobs in this period.
5. Important to note is that nearly 60 percent of the factories that closed down employed less than 100 workers. Factories with less than 100 workers need not apply for permission from the state government before closure.

6. In the new labour codes, this limit is increased from 100 to 300 workers. In the current spate of closures, 89 percent of the factories that closed down had upto 300 workers. The enactment of the new labour codes will thus leave a larger number of workers out of the ambit of protective measure of Section 25(O) which provides workers with the opportunity to object to closure.

III. Losses faced by workers

1. Workers resigned also because they had little to no money during the months of the lockdown, and which had left them destitute. Faced with loss of employment, workers 'chose' the only alternative of resignation because it would mean receiving some income immediately.
2. Most workers were unclear about the total amount due to them as part of their 'settlement' and if they had received the full due amount.
3. Workers lost out on retrenchment/closure compensation that they were rightfully entitled to if factories had followed legal processes of declaring closure of their establishments. This amounts to 15 days' wages for every year that the worker has been employed in the factory.
4. Since women workers in the garment industry resign periodically, their continuous tenure is often low. In our survey, we found that although 71 percent of our respondents had a total tenure between five and 15 years in the garment industry, 60 percent had at the time of the forced resignation had less than five years of continuous tenure. This proportion of workers thus were not eligible for gratuity dues.
5. Periodic resignation is a strategy that a garment worker adopts to be able to undertake minimal levels of accumulation at the household level. Accumulation is not possible on wages alone because garment workers are one of the least-paid skilled workers in the state with their minimum wages between Rs.8000 and Rs.10000 on an average.
6. This practice of periodic resignation adversely affects workers because the statutory dues they are eligible to receive when they are forced to resign is highly inadequate for sustaining households.
7. Forced resignations also results in loss of tenure, which adversely affects the possibility of pension which workers can avail from the Employees Provident Fund. To be able to avail of pension, a worker requires a total tenure of ten years and a corpus that has not been emptied out.¹ When resignations are forced and come soon after months of a pandemic when working-class families have barely had any income, it is inevitable that they turn to the corpus of the PF and empty it out.
8. Workers above 55 years that we spoke to have not been able to find new regular employment because of their advanced age. Forced resignations have thus put such women permanently out of the workforce or forced them to resort to working at piece rates.

¹ If a worker withdraws from her corpus of PF, the service period is set to zero.

IV. Impact on household incomes and consumption

1. 96 percent of the garment workers we surveyed reported household income reductions since lockdown restrictions were eased; 47 percent said their total household incomes had reduced between 30 and 50 percent; 18 percent said their income had reduced between 50 and 70 percent; 8 percent said their incomes had reduced between 70 and 90 percent.
2. At the time of the first phase of the survey, 53 percent of our surveyed respondents were now managing household expenses with incomes varying between Rs.5000 and Rs.10000.
3. The most serious impact of the loss of incomes for worker households was on nutrition. A major reduction in expenses had come in the form of expenditure on food. Workers reported primarily cutting down on meat, vegetables, fruits, snacks and beverages such as tea and coffee; in some cases, the number of meals were cut from thrice to twice or even once a day.
4. Those with school-going children reported shifting them from private to government schools either in the city or at their native villages; in some cases, workers reported enrolling one child in school while leaving the other out of school or college for this academic year.

RECOMMENDATIONS

1. The labour department must undertake inspections of factories, examine resignations to assess whether they were voluntary or forced and ensure that retrenchment or closure compensation was provided to workers at the time of 'resignation'.
2. The labour department must undertake large-scale, periodic and intense awareness programmes among workers to disseminate information on workers' rights and how they can claim what is rightfully due to them. Publicity can take the form of advertisements in newspapers, radio and public service announcements on social media platforms.
3. The last revision of minimum wages took place in 2019 when wages were increased only by nine percent. Since garment factories do not pay more than minimum wages to its workers, the state government needs to revise minimum wages upwards urgently.
4. With the new labour codes coming into force soon, the state government must examine these codes to ensure that they are responsive to the peculiarities of the garment industry and the specific work and life conditions of garment workers in the state.
5. The state government must consider issuing zero-interest housing loans to workers.
6. Garment workers above the age of 50 onwards have been pushed out of the workforce or have had to resort to work at piece rates. The state government must undertake a survey to identify such workers and ensure access to food and healthcare and assist through monthly pensions.
7. The women's commission must undertake a baseline study of the state of nutrition and health among garment workers and suggest interventions necessary within existing public food and healthcare delivery systems.