

Identifying Solutions to End Forced Labor Conditions in Home-Based Production

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Identifying Solutions to End Forced Labor Conditions in Home-Based Production

Home-Based Workers (HBWs) in India produce goods or services for the market from within or around their own homes. HBWs represent a significant share of urban employment, but largely remain invisible and overlooked by policymakers. The result is a high risk of vulnerability of HBWs to forced labor conditions. GFEMS commissioned Weave Services to conduct targeted research to better understand the scale and scope of forced labor conditions within India's home-based apparel sector and to ascertain solutions with potential for sustainability and impact at scale.

Background

HBWs are an integral part of India’s apparel sector. They represent a significant share of employment in the industry with an estimated 9.2 million individual HBWs. They produce textiles, stitch garments, and add embellishments or embroidery to fabrics and apparel. Despite their involvement in a multitude of activities across the garment value chain, HBWs remain largely invisible and experience some of the worst forms of forced labor, which often go undetected.

HBWs are often overlooked by policymakers when policies, regulations or services are designed. Most lack access to basic services, are not protected under labor or employment law, and their contracts and transactions are not regulated by commercial law. Further, policymakers do not understand how wider economic trends impact HBWs. Economic conditions like inflation increase the price of a home-based garment unit’s inputs, recession reduces demand for their goods, and competition increases during economic downturns. All of these conditions have negative effects on HBWs.

Most HBWs acquire work via subcontractors, sourced either from a workshop or directly from large exporters, including those catering to Western markets. However, knowledge about the prevalence patterns and the factors that drive or enable forced labor in this sector is limited. GFEMS commissioned Weave Services to conduct targeted research to better understand prevalence patterns, drivers, and enablers of forced labor in India’s apparel sector, the nature of forced labor conditions, current interventions in place, and potential paths forward. This research has informed the Fund’s investment strategy and program design in India’s apparel sector.



9.2 million

estimated individual HBWs in India’s apparel sector

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TASKS TYPICALLY PERFORMED BY OUTSOURCED HBWS:

- WASHING
- DRYING
- PRINTING
- THREAD-CUTTING
- EMBROIDERY AND EMBELLISHMENT
- SEWING
- DRAWSTRING INSERTION
- QUALITY CHECKS
- RIVETING
- LABELING AND TAGGING
- FOLDING AND PACKAGING

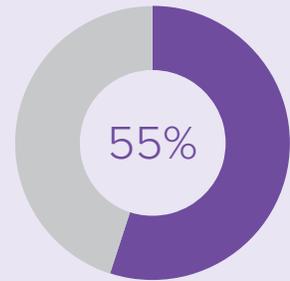
What We Learned

PREVALENCE AND GEOGRAPHIC CONCENTRATION:

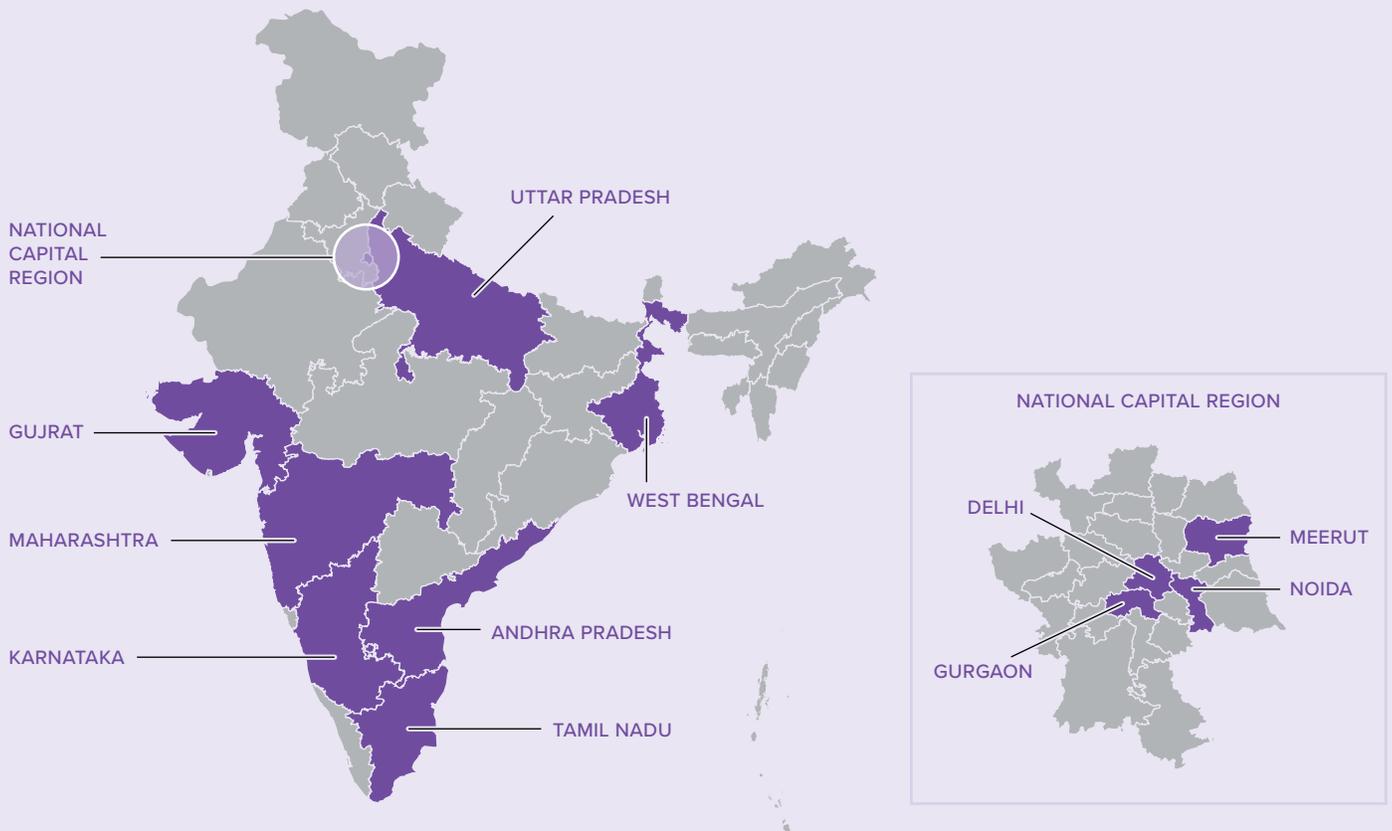
Home-based garment units are concentrated across 8 states in India (West Bengal, Uttar Pradesh, Gujrat, Tamil Nadu, Maharashtra, Andhra Pradesh, Karnataka, and the National Capital Region). These states are also the leading manufacturing hubs of ready-made garment products. Weave’s research indicates that home-based clusters are mostly located in the vicinity of production hubs to facilitate smoother transactions, both in terms of material movement and delivery lead time. Each village or cluster tends to specialize in specific types of work based on a variety of factors such as existing contractor supply chains, skillsets of workers, and proximity to factories.

Out of the eight states, National Capital Region (NCR), including the cities of Delhi, Gurgaon, Noida, Meerut, has the greatest enterprise density with 52 home-based units per sq km.

Based on Weave’s survey, which identified 14 indicators of forced labor categorized as either “Involuntariness” or “Menace of Penalty”, forced labor conditions were present in 55 percent of sampled home-based textile and garment households in NCR and Uttar Pradesh. The most common indicators of forced labor was wage withholding often in conjunction with deception or intimidation/threats.

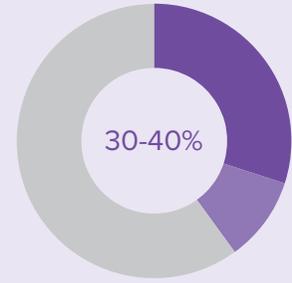


Percentage of sampled home-based textile and garment households with the presence of forced labor conditions.



DRIVERS AND FORMS OF FORCED LABOR CONDITIONS

During the course of the field studies in India, Weave observed that HBWs are primarily involved in the value add (zari, stone pasting, embellishment etc.) and finishing (thread cutting, thread insertion) activities. Despite rich skill sets, HBWs are paid minimal wages relative to the Free-On-Board value of the garments. The primary reason for these low wages is the proliferation of contractors between buyers and workers. Contractors pocket 30-40% of the piece rates, limiting the earnings of HBWs. Also, as an unrecognized and marginalized part of society, these HBWs are out of reach of formal banking services, limiting their access to various financial instruments. They therefore constantly rely on loans from subcontractors, often leading to exacerbated situations of debt bondage and being forced to work for long hours below market wages.



Contractors pocket 30-40% of the piece rates, limiting the earnings of HBWs.

Weave observed a high prevalence of wage withholding and debt bondage among HBWs in the NCR and Uttar Pradesh regions. Beyond field studies, Weave’s understanding of prevalence drivers was strengthened by interactions with NGOs during collaborative workshops. This formed the basis of Weave’s proposed Theory of Change relying on three key pillars—business engagement, fair wages from market access, and increasing rights awareness and policy support.

THEORY OF CHANGE



EXISTING SOLUTIONS AND PATHS FORWARD

Weave analyzed existing initiatives from eight states in India and shortlisted a group of 13 initiatives based on scalability and impact. This analysis showed that there are already a number of initiatives underway in the rights awareness and policy making arenas. However, as illustrated by the Theory of Change, rights awareness alone cannot lead to a full transformation of the systems enabling forced labor. Aligning with the Fund’s overall approach to sustainable impact, Weave proposed three key solutions addressing different elements of the Theory of Change that, when designed to work together, can reduce the prevalence of forced labor for HBWs in India’s apparel sector sustainably and at scale.

Short term (<1 year):	Mid-term (1-3 years):	Long-term (3-5 years):
<p>Upgrading skills set of HBWs through training programs. The difference between existing schemes and this program lies in the post-training activities, which aim to engage and facilitate jobs for graduate trainees as well as data collection to adequately measure the impact of training.</p>	<p>Increasing the visibility of HBWs by partnering with businesses and mapping the complete supply chain.</p>	<p>Creating an ethical supply chain network across targeted regions and connecting HBWs with their end-buyers through a marketplace platform, thus formalizing and eliminating layers of sub-contractors.</p>

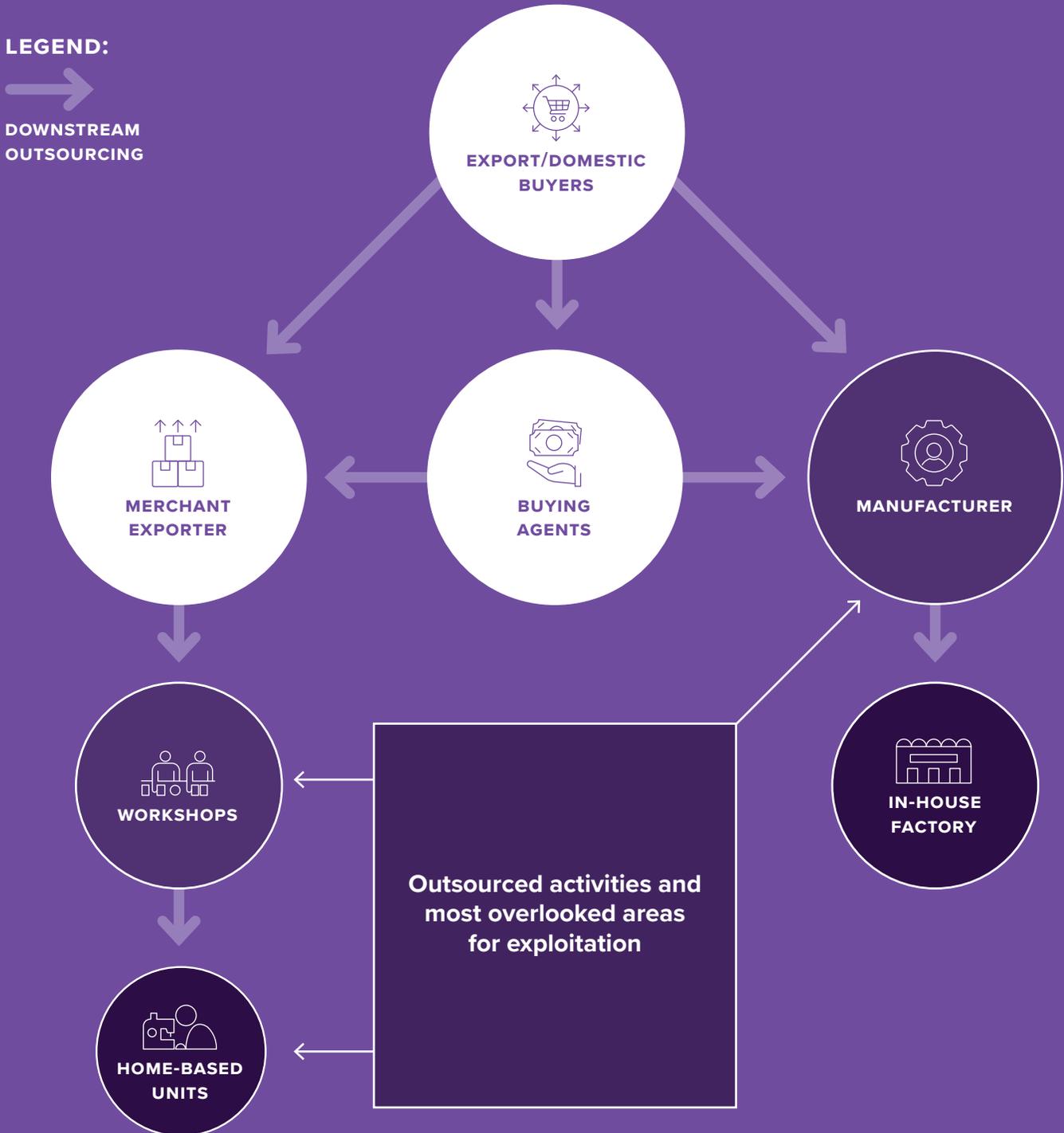
NINE TYPES OF INTERVENTIONS

Various organizations from the Indian government, international NGOs, private businesses, and self-help groups have taken initiatives to improve the working and living conditions of home-based garment workers in the last 30 years. According to Weave's research, these could be categorized into 9 types of interventions to address 4 major issues facing HBWs:

CHALLENGES	EXISTING AND POTENTIAL INTERVENTIONS		
LIMITED ACCESS TO MARKET	1.	Branding	
	2.	Cutting out the middle man	
LOW AND IRREGULAR PAY	3.	Membership based organization	
	4.	Rights training program	
	5.	Skills-based trainings	Apparel based skills training
			Other industries skills training
LIMITED FINANCIAL RESOURCES AND INFRASTRUCTURE	6.	Micro finance	Zero interest bond
			Facilitate interaction with GOI payment schemes
	7.	Micro insurance	
LIMITED ACCESS TO SOCIAL WELFARE	8.	Government welfare	
	9.	Welfare board	

GENERAL TEXTILE AND APPAREL SUPPLY CHAIN

Home based units are involved across multitude of activities across the garment value chain. The home units are engaged by both manufacturers and export houses depending on the type of activity and scale of operations. Most home units take work via sub-contractors either sourced from workshop or directly from large exporter. In the below graphic, workshops represent the contractors that are occupying the market and pocketing 30-40% of piece rates, contributing to low wages for HBWs.



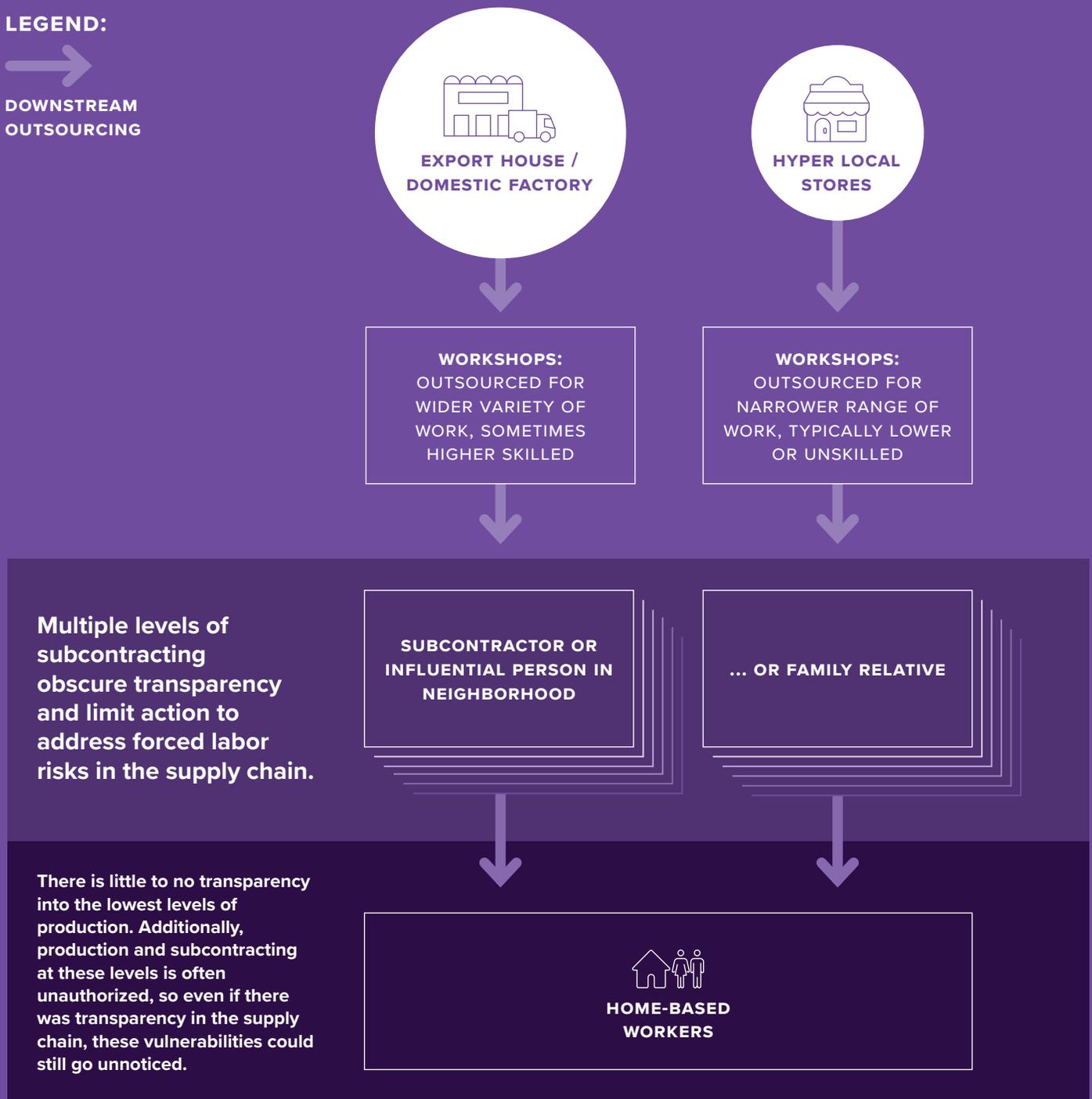
HOME-BASED UNIT SUPPLY CHAINS IN THE NCR

Supply chains of home-based units in the NCR generally fall into two categories: export house/domestic factory driven models and hyper local market driven models. Whereas export houses and domestic factory driven models are large, recognizable businesses catering to major markets and diverse customers, hyper local markets represent small manufacturing setups in the same neighborhood as the home-based workers. The main customer in this supply chain are typically the retail shop or nearby wholesalers. Final goods are intended for domestic local consumption.

LEGEND:



DOWNSTREAM
OUTSOURCING



Conclusion

This research is being used to guide the Fund's strategy in the apparel sector in India. It has informed the Fund on the scale and severity of slavery in the home-based production segment and whether it is a segment that the Fund should prioritize. By identifying the structure of home-based supply garment chains and the key drivers of slavery, as well as potential solutions, it has paved the way for future GFEMS interventions in this subsector, in collaboration with both government and private sector stakeholders. In particular, GFEMS recognizes the importance of improving transparency of home-based workers in the supply chain and engage with all layers of the supply chain (buyers, manufacturers, subcontractors) to improve labor practices for home-based workers. Improving home-based workers' awareness of their rights will also help them understand fair labor practices and seek access to social schemes and have decreased vulnerability.

METHODOLOGY

Weave approached this research by dividing it into three phases over a period of two months, leading with desk research to ascertain the environment in which HBWs operate in the garment and apparel industries. In the second phase, Weave collected primary data to measure the prevalence of forced labor among sampled HBWs. For this, survey questions were developed to map against ILO Forced Labor indicators, followed by field visits to conduct the quantitative survey. Key informant interviews and focus group discussions were held to validate and provide context to quantitative findings. The field survey was conducted across multiple clusters in the NCR and UP regions of India, covering a total of 77 households (including common facility units) representing 190 individuals ranging from ages 14 to 50+. The final phase comprised of workshops with NGOs and GFEMS to arrive at a theory of change for HBWs hypothesizing effective interventions and recommendations for the sector.

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