

SUMMARY

"Child Labour and Labour Rights in the Sporting Goods Industry A Case for Corporate Social Responsibility"

Introduction

This study seeks to (re)examine the issue/problem of child labour and other labour standards in the football industry in India. This builds upon the previous studies done on the industry in the recent past.

A study on the status of child labour in the industry was done in 1998 by V.V. Giri National Labour Institute (India). In June 2000 the India Committee of the Netherlands (ICN) published the report, 'The Dark Side of Football – Child and Adult Labour in India's Football Industry and the Role of FIFA' (www.indianet.nl). This study showed that the contractual agreements between FIFA and the football manufacturing companies who use FIFA and FIFA-owned logos are violated with regard to almost all the labour rights that are an integral part of those contracts.

As a follow-up to these reports and the FIFA-supported monitoring and rehabilitation programme started in 2000 by the Sports Goods Foundation of India (SGFI), it was deemed fit to re-examine the current status in the industry. ICN contracted the services of the Social Sector Group, Tata Consultancy Services (TCS) in New Delhi to do an objective assessment of the ground realities.

Study Methodology

The study was conducted during February–April 2002 in the football producing areas of Jalandhar and Batala, Punjab. It involved a survey of 450 households (261 in Jalandhar and 189 in Batala), 20 stitching units in Jalandhar and visits to a few stitching centres in Jalandhar. Nearly 50 per cent of these households were involved in football stitching as their primary occupation. A whole range of stakeholders were also interviewed and their opinions sought on the state of labour standards in the industry. A stratified sample of households from Jalandhar was also surveyed to allow for a comparative analysis of the dynamics in the level of labour standards between 1998 and 2002. The quality of the inspection system and the rehabilitation of child stitchers were also assessed.

Findings

The main findings of the study are clubbed into the following sections: Findings from the field - Implementation of Labour Standards, Quality of the inspection system and Rehabilitation of the child stitchers. These will be published at the end of May 2002 on the website www.indianet.nl.

1. Findings from the field - Implementation of Labour Standards

These findings cover Child Labour, Wages, Gender Discrimination on Wages, Freedom of Association and Collective Bargaining, Employment Relations (including sub-contracting) and Health & Safety.

• Child Labour

Nearly 30 per cent of all football-stitching households surveyed had at least one child employed in football stitching. The proportion of such households was 36.50 per cent in Batala and 24 per cent in Jalandhar.

The activity status of children indicates the following:

Only Working (OW): Jalandhar - 9.17 per cent, Batala - 7.32 per cent; in 1998, this was 9.67 per cent for Jalandhar.

Only School Going (OSG): In the 5-14 age group, Jalandhar 42 per cent and Batala 30 per cent.

Working and School Going (WSG): Jalandhar - 46.33 per cent; compared to 1998, there has been a decline in the WSG category children in Jalandhar from 64.23 per cent. This decline has been mainly offset by an increase in the proportion of the OSG category of children in Jalandhar.

The problem of full time workers is found to be more of a rural phenomenon in Jalandhar and urban in case of Batala.

Gender dimensions of the problem of child labour reveal that while 17 per cent of all girl children in Batala belong to the OSG category, the corresponding figure for Jalandhar is more than double (38.64 per cent).

It is clear that child labour has far from disappeared from the football industry in India, although some decline seems to be there in the proportion of the WSG category, as mentioned above, and also a concomitant rise in the share of the OSG category.

- **Wages**

There are large differences between the wages received by workers in the stitching centres, registered units and the unregistered units for the same work. The wages of stitchers at the centres range between Rs. 22-28 per ball. Registered stitching units pay around Rs. 14 - 20 per ball of an average quality. However, the workers in the unregistered home-based stitching units only get a wage rate of Rs. 11 per ball.

Field discussions indicate that on an average a stitcher is able to stitch four balls per day (of quality II) in the registered/unregistered units.

The sports goods industry is marked with seasonal variation in the wage rates. In the peak season, it is estimated that the average earnings per day for a stitcher in the peak season are: Rs. 88-112 at the stitching centres (>7 workers); Rs. 56-80 at the registered stitching units (<7 workers); and Rs. 44 at the unregistered home-based stitching units. The average earning for stitchers in the registered stitching units would be Rs.58 per day (based on sample data that on an average a stitcher earns Rs. 14.50 per ball and is able to stitch four balls per day).

During the slack season the stitching rates generally come down to 50-60 per cent of the peak season wage rates in both registered and unregistered units. **Considering the current minimum daily wage of Rs. 82.08 in Punjab for unskilled (agricultural) labour as a benchmark (as there are no official minimum wage rates for stitching of footballs), stitchers at both, registered and unregistered stitching units, still earn an income which, on an average, is far below the official minimum wage.**

- **Gender discrimination on wages**

There are vast gender-wise wage differences. This issue does not arise at the stitching centres as no women are employed at these centres. However, it is relevant to the stitching units (which are essentially home-based) and to the unregistered units. In both types of units women get about Rs. 5 to 6 for stitching half of a football (known as *Khokha*). The discussions with women indicate that the wages received by female stitchers is generally Rs. 5 less per ball than what men get at the stitching units. On an average, a women stitcher at such units is able to earn two-thirds of her male counterparts working in the centres.

The stitchers at the stitching centres are not required to provide any stitching material, while the home-based workers are. They get a piece rate of Rs. 10-11 per ball. The cost of the stitching material is around Rs. 2 per ball. The net piece rate for the female workers is thus only Rs. 8-9 per ball.

The wage gap between male and female stitchers further widens during peak seasons. The wages for the same work during the peak season goes up to Rs. 20 per ball at the stitching units from an average of Rs.14. However, discussions with female workers at these unregistered stitching units indicate that the increase in wages for them does not exceed Re.1 per ball. **Thus, even though the wages are paid on a piece rate basis, equal remuneration for the same work does not seem to be the practice in production of footballs.**

- **Freedom of association and collective bargaining**

The focus group discussions with the stitchers' community in the sample areas indicate that there are associations of stitchers in nearly one-third of the football stitching areas. The workers are not satisfied with the style of functioning of these associations, as the associations do not negotiate for a wage increment. The manufacturers come to the 'negotiating table' with their fixed ideas in mind and revised wages are announced in the name of bipartite wage negotiations. Normally the exporters unilaterally increase the wage rates by Re. 1-1.50 per ball every year. **Effective collective bargaining thus does not take place.**

- **Employment relations (including sub-contracting)**

As far as employee- employer relations are concerned, it is easier to establish such relations in the stitching centres. The greater the level of contracting and/or sub-contracting, the lesser the degree of established employment relations. Most often the stitchers are not even aware of the names of their principal employer. The contractors do not reveal this information to the stitchers. For the stitchers, in the case of both the registered and unregistered home-based units, the contractor is the principal employer. **Benefits such as bonus, overtime and regular health check-ups are only given to a limited number of stitchers in the stitching centres; in the registered and unregistered units, these benefits are hardly ever provided.** A few companies do give a monthly salary and a guaranteed bonus, as well as overtime rates.

- **Health and Safety**

A number of adult stitchers complained of backache and eye-related problems. Among other reasons, about 10 per cent of the households included for re-survey in the present study (which were earlier surveyed in 1998), reported that continued morbidity due to occupational health hazards had forced them to move out of football stitching as their primary source of income. There is no public primary health care system and there is a complete lack of support for advanced medical treatment from the contractors and exporters.

2. Quality of the inspection system

A monitoring program was launched by the SGFI in January 2000. The program runs through a mechanism of internal monitoring by companies themselves and external monitoring by the auditor - Societe General de Surveillance (SGS) - on the basis of a list of stitching units provided by the companies. The monitoring is restricted to the members of the SGFI (32 exporters at present). The membership of SGFI covers 95 per cent of all exporters of sports goods.

It was found that at present there are approximately 2900 stitching units being monitored by the SGS. However, focus group discussions with the stitchers in the sample areas indicate that many units are yet to be brought under the inspection and monitoring umbrella of SGS. The home-based workers who are not a part of the registered stitching units or centres are left out of any protective provisions.

The focus group discussions with villagers and stitchers in the sample villages reveal that the **number plates indicating the SGFI registration number are generally fixed on those households:**

- **which are completely dependent on the sports goods industry for their livelihoods**
- **which are not involving children in stitching of footballs**
- **where all stitchers are above the age of 14 years.**

It is clear that there is a possibility of missing out on a large number of unregistered units. The same discussions indicate that **of the total households that are involved in the stitching of footballs, roughly one third are registered.** This also includes those households where production is done for exporters who are not members of the SGFI.

The existence of a relatively large proportion of unregistered home-based stitching units reflects the still rather limited penetration of SGFI's inspection and monitoring system of football production in Jalandhar and Batala.

The SGS has a total of 8 to 10 teams comprising of two members each and on a given day, every team visits approximately 4-6 units, which may be located in different localities or villages. Taking an average value of five stitching units/centres visited by every team, it may be inferred that on a given day approximately 40-50 stitching units/locations are inspected. Assuming that randomness is maintained in the selection and the next day a list of other units is drawn, it is estimated that the possibility of visiting the same unit would come only after 60 days, rather than six weeks (or 42 days) as indicated by SGS. SGS maintains that ever since the project on social protection was launched and they entered as the monitoring agents, the frequency of inspections has been lowered from three weeks to four weeks, to the current six weeks. The focus group discussions held with adult stitchers in the sample areas indicate that inspections take place once in six months. It is clear that the frequency of visits to the same unit/centre is rather low. With such a low frequency, it is likely that the standards reinforced by inspection would have relapsed by the time of the next audit.

Discussions in the relatively high concentration zones of football stitching indicate that the initial rigour in the inspection is gradually waning. Sometimes the inspections are reduced to casual visits to the contractor and the information is taken from them rather than from the stitchers. In nearly 20 per cent of the cases, the contractors working for specific exporters happen to be the internal monitors of the companies. The SGS inspection does not cover a number of labour standards that are part of the contracts between FIFA and sporting goods companies. These include absence of child and bonded labour, equal opportunity and remuneration, freedom of association and collective bargaining and the payment of at least local minimum wages. However, only the issue of child labour is the focus of this inspection. A systematic attempt to monitor and verify other labour standards is missing.

3. Rehabilitation of the child stitchers

Supported by UNICEF and Save the Children as members of the SGFI Steering Committee, SGFI has appointed CRRID to organise self help groups, to focus on social mobilisation and finally, to phase children out of football stitching. The SGFI has adopted 4 out of 27 National Child Labour Project (NCLP) schools, run with financial support from the Ministry of Labour, Government of India. The funds are provided by the Government of India and the SGFI manages them.

The rehabilitation activities of SGFI are centred around the urban areas. Though there is a high enrolment rate, the managers of the rehabilitation centres feel that the problem of retention of children is far more severe. In terms of basic infrastructure and drinking water facility, these centres appear to be better placed. On the other hand, nutritional support, provision of teaching and learning aids and vocational training at these schools are inadequate. Efforts towards institutionalising the process of awareness generation, parent-teacher interaction, convergence with health care service providers (both public and private) seems to be some of the good initiatives by the SGFI.

Lack of efficient government educational facilities in rural areas does not provide any option to the parents except to put the children to work. There is a low rate of rehabilitation of working children compared to the figure of nearly 200 children that were found working during audits by the SGS monitors. Overall, the NCLP schools managed by SGFI are covering only 50 per cent of the children from the sports goods industry.

Conclusion

Although progress has been made with regard to elimination of child labour and provision of better wages through monitoring and setting up of stitching centres and units, the actual labour conditions do not yet reflect the FIFA agreement with sporting goods companies. Child labour is prevalent and other labour standards are still grossly violated. The inspection system not only shows severe shortcomings with regard to its present mandate (elimination of child labour), but also lacks the mandate from SGFI to monitor all rights at work that are part of the present contract between FIFA and the sporting goods companies. The presence of UNICEF and Save the Children in the SGFI Steering Committee does not seem to make a difference in this respect.

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