This policy brief presents findings from a rapid assessment conducted to assess the multi-faceted impacts of the COVID-19 pandemic on RMG sector workers in India and Bangladesh. The research has an emphasis on the increased risk of forced labor among vulnerable working populations.

NORC at the University of Chicago’s research addressed questions about the COVID-19 pandemic’s short- and long-term impact on India and Bangladesh’s RMG workers.

The assessment identified key emerging issues, policy and programmatic gaps, and recommendations for NGO and government stakeholders.

OVERVIEW

The RMG industry employs millions of workers in India and Bangladesh. Garment workers are vulnerable to forced labor due to high rates of poverty, the fragmented and informal nature of textile supply chains, and weak enforcement of legal protections for workers.

Though the apparel sector has long come under criticism for poor working conditions, sexual harassment, forced labor, and workplace health and safety issues, the COVID-19 pandemic further exposed major, existing flaws in the global garment supply chain.

Many global brands (“buyers”) responded to the pandemic by cancelling orders, halting production, and refusing to pay factories (“suppliers”) in developing countries. Refusal to pay left suppliers—many of which already operate on razor-thin margins—in debt and with excess inventory. As a result, many suppliers could not or did not pay workers, leaving already impoverished workers in an incredibly vulnerable position. Though these trends have emerged differently in Bangladesh and India, in both cases there is a heightened risk of workers being subject to forced labor.
KEY FINDING 1: The COVID-19 pandemic is exposing the power imbalance between buyers and suppliers

The pandemic is exposing and reinforcing the asymmetric power dynamics between buyers and suppliers in the global supply chain, putting suppliers in increasingly vulnerable positions.

Fallout from the COVID-19 pandemic is eroding trust between buyers and suppliers.

WHAT WE FOUND IN INDIA

• Suppliers have suffered great revenue losses due to the cancellation of orders by buyers, exposing inequalities between buyers and suppliers.
• Some suppliers responded to the lockdown by not paying their workers and extracting involuntary hours and services.
• Many micro, small, and medium enterprises, many of which are not registered or meet the required number of workers or size, were not eligible for government bailouts.

“What the pandemic exposed the risk that suppliers take in the garment industry where they get paid three months after producing and shipping the products. Buyers, on the other hand, are protected by force majeure clauses and hence could cancel orders.”

- NGO Representative (India)

WHAT WE FOUND IN BANGLADESH

• In the aftermath of the cancellation of orders in the spring and summer months, suppliers feel that they are caught between competing demands—production demands from buyers and new, pandemic labor and occupational safety and health (OSH) guidelines from the government.
• Informal suppliers face additional challenges resolving outstanding salary and severance pay as they were not eligible for the government stimulus package and did not receive support from banks.
• Cuts to suppliers’ business, buyers’ lack of payment for inputs and work already completed on orders, and complexities around the government shutdown affected millions of garment workers across the country.

KEY FINDING 2: RMG workers, particularly women, migrants, and informal workers are especially vulnerable

With increasing amounts of debt, no source of income, and uncertainty about their future employment and income prospects, RMG workers are in an extremely vulnerable situation.

WHAT WE FOUND IN INDIA

• Many workers lost employment and associated wages in the immediate aftermath of the lockdown.
• Many workers are not only faced with unemployment, but also with indebtedness and homelessness.
• Although government directives mandate employers to pay full wages during factory closures, this was not properly enforced and was only applicable for regular workers, excluding short-term contract or piece-rate workers.
• Migrant and women workers, as well as home-based workers and their children, constitute vulnerable sub-populations among garment workers rarely protected by social security schemes.

WHAT WE FOUND IN BANGLADESH

• Workers who retained their jobs are facing lack of timely wage payments or salary cuts.
• These workers are working regular or overtime hours but are not paid wages.
• Women workers, informal workers, and migrant workers have been disproportionately affected.

“The labor law is absent in the informal sector, including no employment contract or appointment letter, payroll, benefits, and other provisions of labor law.”

- Informal Workers Representative (Bangladesh)
KEY FINDING 3: The COVID-19 pandemic has seen an increase in the risk of forced labor

The pandemic has increased the financial insecurity and desperation of workers, while there are fewer RMG sector jobs than before the pandemic and workers have less leverage.

WHAT WE FOUND IN BANGLADESH

- Returning RMG workers are working longer hours, accepting lower wages, and tolerating harassment and compromised occupational safety.

“‘All the factors put pressure on the work intensity; the owner forced workers to do more work within limited hours of work. Thus, the owner adopted a policy like ‘with less workers, get done the more’. Unfortunately, workers are not getting more wages for more work. Workers do not speak because of the fear of losing their jobs.’”

– Government Representative (Bangladesh)

WHAT WE FOUND IN INDIA

- Widespread unemployment is pushing workers to do any kind of work that is available to them.
- Employers know that workers have little recourse in choosing work and also have a deeper labor pool from which to choose.
- There is no evidence of direct policy-making to mitigate the risk of forced labor among vulnerable working populations.

“‘We know for a fact that there have not been any specific schemes for garment workers. Apart from food rations and the cash transfer for women holders of Jan Dhan accounts, there has not been any specific government support for the garment sector or garment workers.’”

– NGO Representative (India)

- Some in the formal sector are increasingly making use of informal suppliers as a way to avoid new OSH compliance costs, passing down the consequences of the COVID-19 pandemic on the RMG sector to its most vulnerable.

“They have sent memos on hygiene and sanitation standards. But the problem is that brands don’t pay for compliance costs even when they make these demands. They outsource these costs to supplier factories. As a result of this, suppliers lower workers’ wages and increase their hours of work.”

– Formal Workers Representative (India)

- Workers who are unable to get their pre-pandemic jobs back or decide to leave their current positions may move towards informal suppliers.
- Given the lack of comprehensive RMG sector data, the Bangladesh Ministry of Labor and Employment and the Ministry of Finance are unable to provide an accurate and up-to-date list of terminated employees, limiting workers’ access to relief subsidies.
- Few donors have allocated aid to mitigate pandemic-related adverse impacts on RMG sector workers, such as mass lay-offs prompted by order cancellations, delayed shipments, and deferred payments.

- Migrant workers are at a higher risk of forced labor given the government restrictions on inter-state travel leading up to and following the March lockdown, impeding their ability to escape poor workplace conditions.
- Workers in rural settings are at a higher risk of forced labor because their workplace conditions are less likely to be monitored by government actors and/or international corporations.
- Worker-focused NGOs were adapting to all-virtual operations during the pandemic.
Looking Ahead

Private sector supply chain actors, policy actors, and GFEMS implementing partners can use our research and other emerging data on the RMG sector to adapt programs and address the multi-faceted challenges of RMG sector workers. Future research should continue to build an evidence base to inform advocacy, policy, and direct service efforts.

For more information, or a copy of the full report, contact NORC at the University of Chicago

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