



SAVE

Tiruppur Update

VOLUME 10 ISSUE 2

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SPECIAL POINTS OF INTEREST:

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Social Awareness and Voluntary Education (SAVE)

SAVE (Social Awareness and Voluntary Education) is a registered Indian Non-Governmental Organization, promoted in the year 1993, as a growing response to the challenge of preventing the child labor practices. Internalizing the fact that the issue of child labor needs to be addressed in a multi-pronged strategy SAVE expanded its intervention among women and textile and garment industry workers focusing promotion of the comprehensive rights of the garment and textile industry workers and empowerment of women. Currently SAVE reaches out to children, young women, women, textile and garment workers including the migrant workers.

Since 1995, SAVE has been carrying out programs among children in distress primarily among the children working in textile and hazardous industries with specific emphasis on promotion of health and educational rights through special schooling for the drop out children and child laborers and through vocational training support. Community sensitization is one of the main activities towards prevention of child labor. SAVE initiated campaigns and advocacy strategies could mainstream the issues of child labor and the plight of young girls in the garment and textile industry. SAVE has the unique credibility of being the champion organization in exposing the child labor issues in Tiruppur.

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GARMENTS



SISMA demands prevention of the stringent measures meted out by the Electricity Board toward job work companies

Theekadhir - February 8, 2018

Tiruppur: The South India Collar Shirts and Innerwear Small Scale Manufacturers Association (SISMA) has demanded that the Electricity Board bring an end to the strict conditions forced upon job work companies.

SISMA conducted an executive committee meeting on Wednesday in which General Secretary K.S. Babuji presided. In the meeting it was noted that banian companies are supplied with 5 to 25 HP of power. As per the officials of the Electricity Board, it is mandated that the ironing and packing processes must be performed according to the power table process otherwise the power supply must be transferred through a commercial line. In order for companies to comply with this regulation, it means that ironing and packing must take place in separate buildings. However, because of the difficulty in renting buildings for separate processes, ironing and packing are performed in the same building.

A petition was prepared to demand that this restriction implemented by the Electricity Board be abandoned so as to enable companies the ability to operate without problems. The petition submitted before the Electricity Disciplinary Commission in Chennai.

The Disciplinary Commission ruled that the actions off the Electricity Board in this case were unnecessary. Despite the ruling, the problems for companies continue. The issue will now be brought to the attention of the Honourable Thangamani. A possible solution being considered is the establishment of an industrial estate to better facilitate the operation of the various garment manufacturing processes at affordable costs.

Relief for knitwear entrepreneurs

The Hindu - February 09, 2018

Tiruppur: Loan borrowers in the knitwear sector here will get a huge relief as the Reserve Bank of India has relaxed the non-performing assets (NPA) delinquency norms for those micro, small and medium enterprises registered under Goods and Services Tax.

According to the new norms, the amount from the borrower overdue as on September 1, 2017, and payments from the borrower due between September 1, 2017 and January 31, 2018 are paid not later than 180 days from their respective original due dates, would be treated as standard assets in the books of the banks.

“Even though the condition says that only those MSMEs registered under GST having an aggregate credit facility of less than Rs. 25 crore gets this relief, it is a big breather for many of the units in Tiruppur knitwear cluster,” said S. Dhananjayan, a chartered accountant.

M. Velusami, vice-president of Tiruppur Exporters Association, said that the apex bank’s decision would help units in capital intensive clusters like Tiruppur as the sector was going through a transition phase under GST and facing difficulties to meet repayment obligations to the banks.

[http://www.thehindu.com/news/states/relief-for-knitwear-entrepreneurs/
article22706829.ece](http://www.thehindu.com/news/states/relief-for-knitwear-entrepreneurs/article22706829.ece)

Exporters wait for refund - Delay affects cash flow for companies

The Hindu - February 11, 2018

Coimbatore: Textile exporters who filed applications under IGST (Integrated GST) even six months ago are waiting for the refund.

According to industry sources, the main problem faced by exporters now is related to IGST refund. Since this is a new procedure under GST, several exporters had committed errors in the forms filled and are still not aware that there are errors or how to rectify them. There are also many error-free IGST applications that are yet to get the refund.

Across the textile value chain, exporters can get duty drawback and IGST refund. While there are very few issues related to drawback, it is IGST that has become a matter of concern. The delays in refunds are affecting cash flows for companies and might have an impact on the performance too.

The sources explained that after the introduction of the Goods and Services Tax (GST) in June last year, exporters had to file GSTR 1 to get the refund. Since the online system was not in place then, they filed part of the GSTR. The full online filing started in December. The textile associations concerned have taken up these issues with the GSTN too.

The exporters feel that the procedures can be simplified, say the sources.

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/exporters-wait-for-refund/article22719166.ece>

98% of textile manufacturing units in Tiruppur to get classified under MSMEs

The Hindu - February 11, 2018

Tiruppur: More manufacturing units in Tiruppur knitwear cluster will now get classified under micro, small and medium enterprises (MSMEs) and could avail of the government benefits extended for such units following the changes made in 'classification criteria' of industrial units.

Annual turnover

The criteria for the manufacturing units to get classified under MSMEs will be based on the annual turnover, and not on the investments made on plant and machinery.

As per the new classification, the units with annual turnover less than Rs. 5 crore would be termed 'micro enterprise', the units with annual turnover of more than Rs. 5 crore and less than Rs. 75 crore would be put under 'small enterprise' category, and the units with turnover between Rs. 75 crore and Rs. 250 crore would be classified as 'medium enterprise'.

"This is a significant step, which will now enable almost 98 % of the textile manufacturing units in Tiruppur to get classified under MSMEs, as the earlier criteria prevents any unit having more than Rs. 10 crore capital investment on plant and machinery from being classified as MSME", said S. Dhananjayan, advisor to many textile bodies.

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/98-of-textile-manufacturing-units-in-Tiruppur-to-get-classified-under-msmes/article22719172.ece>

Growth

“The new classification thus will trigger growth and encourage ease of doing business”, said Tiruppur Exporters and Manufacturers Association secretary G. R Senthivel.

U.P. offer: textile makers not impressed

The Hindu - February 16, 2018

Tiruppur: Textile manufacturers here seem not very impressed with the offers of incentives and infrastructure support extended by the Uttar Pradesh Government to them to establish production units there.

The Uttar Pradesh delegation led by Mritunjay Kumar Narayan, Secretary to Uttar Pradesh Chief Minister, presented the State’s roadmap for textiles to the manufacturers here.

The officials spoke about the incentives they could offer ranging from interest subsidy and quality development subsidy, among others, apart from the textile parks that would be developed.

They said that setting up production units in Uttar Pradesh would help Tiruppur hosiery manufacturers immensely as they were already have a large buyer base in North India.

These sops, however, have not boosted the confidence of the industrialists here to go all the way to Uttar Pradesh to set up manufacturing units there.

“These subsidies are nothing. Why should we go all the way to Uttar Pradesh set up production units when quality fabrics and skilled workforce are not readily available there? It will take at least 15 years to set up a comprehensive textile production chain in Uttar Pradesh similar to the one in Tiruppur,” said A.C. Eswaran, president of the South India Hosiery Manufacturers Association.

Some of the manufacturers were apprehensive of the political changes in future.

Similar appeals from Chattisgarh, Telegana, and Odisha too failed to attract Tiruppur entrepreneurs because of the political factor, they said.

<http://www.thehindu.com/news/states/up-offer-textile-makers-not-impressed/article22764108.ece>

Arbitration council settles dispute

The Hindu - February 16, 2018

Tiruppur: Arbitration Council rules in favour of apparel manufacturer in commercial dispute with foreign buyer; buyer default Rs. 7 crore

The Arbitration Council of Tiruppur (ACT), constituted with representatives of various leading textile associations and legal experts, has ‘ruled’ in favour of an apparel manufacturer here in a commercial dispute arisen with a German buyer, who defaulted payment of over Rs. 7 crore.

The council secretary G. Ramasamy said the ex-parte verdict was given in favour of the manufacturer after verifying the documents of transactions regarding dispatch of apparel consignments to the buyer's location for the period spread over 2015-16 and 2016-17 financial years.

The documents scrutinised by the council included purchase order, shipping bills and e-mail communications between the manufacturer and replies from the buyer.

Time given

“We gave adequate time to the buyer to appear before the council through legal means to defend themselves before arbitrating in favour of the local manufacturer”, said Mr. Ramasamy.

Industry sources here added that the important aspect of the ACT's ruling was that the manufacturer could use the copy of the ruling to prevent themselves from being put on 'caution list' by Reserve Bank if the shipping bills remained open for certain stipulated periods.

“Once in caution list, further exports will become difficult as stringent conditions need to be followed”, said sources.

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/arbitration-council-settles-dispute/article22767474.ece>

Retailers found charging GST on discounts

The New Indian Express - February 17, 2018

New Delhi: Despite the clear guidelines from the government that consumers should not be charged the Goods and Services Tax (GST) over the Maximum Retail Price (MRP), there were complaints from buyers that online shopping sites and retailers were doing the same.

After the Central Goods and Services Tax Act, 2017 came into effect on July 1, the GST has replaced many indirect taxes, such as VAT and excise duty.

The matter came to light during an online survey conducted by the local circles in which about 43 percent of the surveyed consumers claimed that they have noticed such practice while shopping - be it online or offline purchases.

In one case, a product advertised at 50% discount with a MRP of Rs. 2,000 was found to be sold at Rs. 1,180 – an excess of Rs. 180.

In the survey the consumers demanded that the Department of Consumer Affairs should ensure that this illegal practice by e-commerce sites and retail stores is put to an end.

To gauge the magnitude of the issue, local circles recently conducted a survey that took into account a total of 8,845 votes.

The poll asked the respondents how many instances they had experienced in the last month wherein the GST was being charged on top of the discounted price. Twenty-seven percent of the respondents had 1-5 instances, 15% had more than five instances, 30% did not experience any such case and 27% were not sure about it.

The survey found that many retailers were advertising discounts of a certain percentage to the MRP, which is always inclusive of all taxes, and when billings are done, the GST is levied on top of the discounted price.

Last year, the National Consumer Dispute Redressal Commission had concluded that the tax (at that time VAT), known in some countries as a 'goods and services tax (GST)', when charged on a discounted price amounts to an unfair trade practice. In July 2017, the State Consumer Disputes Redressal Commission also ruled that charging the GST on a discounted MRP constituted an unfair practice.

Consumers demanded that the department issue some clarification on the subject and have also demanded that all brands that have charged the GST over a discounted MRP since July 1 last year, should be made to refund the excess amount.

Apparel exports continue to decline, says AEPC

The Hindu - February 18, 2018

'Exporters cut back on orders because of fund crunch; delay in refund of levies hurting industry'

Coimbatore: Apparel exports have declined by 14% in rupee and 8% in dollar terms in January this year compared with the year-earlier month, latest data showed.

Between April and January of last financial year, apparel exports stood at Rs. 93,745 crore and for the same period this fiscal, it was Rs.88,709 crore, a drop of 5%. "We were hoping to remain at \$17 billion of total apparel exports this year," said a spokesperson of Apparel Export Promotion Council (AEPC).

"But, I do not see the sentiments for any major correction. Usually, orders are good between January and March. However, this year, exporters are cutting back on orders because of financial crunch," said the spokesperson.

If a garment unit with Rs. 10 crore turnover has Rs. 1 crore locked up in pending refund arrears, it is a problem for exporters. Almost 80% of the benefit in the apparel package announced by the Centre in 2016 is towards ROSL. Almost 55 % of garment exporters had not received the ROSL (Rebate of State Levies) since last July and this amounted to almost Rs. 2,000 crore, the AEPC spokesperson added.

Labour-intensive sector

Apparel is a labour-intensive sector and the ongoing issues are weakening it, said Raja Shanmugham, president, Tiruppur Exporters' Association. While the refunds from the Centre are pending, the industry continues to make the mandatory payments every month. This is crippling the industry, he said. "The international market is not bad. There is an internal competitiveness problem," added Sanjay K. Jain, chairman, Confederation of Indian Textile Industry, on the reason for drop in exports of not only garments but also other textile products.

While the country's exports are growing, decline in apparel and textile exports will bring down the share of the sector in the export basket. "The annual textile and clothing exports this year compared to last year will be a close call. It might be the same as last year. However, yarn and garments are going to be lower," Mr. Jain added.

<http://www.thehindu.com/business/Industry/apparel-exports-continue-to-decline-says-aepc/article22785101.ece>

LABOUR

**Are You Working?
Know Your Rights**



Job work industry affected – female workers in search of alternatives

Daily Thanthi - February 21, 2018

Tiruppur: Garment manufacturing is the dominant industry in Tiruppur. The industry employs many people, particularly female workers. Garment manufacturing processes are not carried out within a single place belonging to the company. Rather, job work companies, such as those responsible for printing and embroidery, operate separately and deliver their output to the customer. Female workers also engage in job work at a piece rate method working in the job work companies or from their homes.

The central government has implemented the Goods and Services Tax (GST) and imposed the same on the job work companies. As a result, the job work industry has been severely affected.

Related to this, the job work industrialists have said:

“Garments are manufactured in a company and sent to job work companies for further processes such as printing and tailoring. We receive those garments and complete the work as needed, sending the finished garments back to the company. For the past many years, a large number of female workers have been employed to do job work. Because of the activities of central government, our industry has been affected and garment manufacture in Tiruppur has now decreased. Many companies have closed. Furthermore, the GST imposed on the job work companies has led to a reduction in orders being placed with job work companies. As a result, employment opportunities for women in the garment industry have dropped significantly and they are now in search of alternative employment.”

SPINNING MILL

Case filed against the directors of Balu Spinning mills – Forgery of Provident Fund money

Theekadhir - February 4, 2018



Dharapuram: A forgery case was filed against the directors of Balu spinning mills for failure to pay the Provident Fund (PF) monies that had been deducted from workers' salaries.

Balu spinning mills operates in Pollachi Road, Dharapuram employing more than 1,000 workers. From June to September 2015, the PF monies were deducted from workers' salaries. However, the deducted monies were not paid to the PF office as required.

Ramesh Babu, the Salem PF Implementation Officer, sent a letter of reminder to the mill many times but no response was ever made. He then made a complaint at the police station against the mill's managing director, Raja Lakshmi, and director, Ruba, for non-payment of Rs. 10 lakhs 21,470. On receipt of the complaint, the police filed a forgery case against Raja Lakshmi and Ruba. The inquiries are ongoing.

WORKPLACE SUICIDE

Minor girl found hanging in spinning mill hostel – Father, trade union members suspect foul play

The Hindu - February 7, 2018

Dindigul: A 14-year-old girl from Kalkudi near Viralimalai in Pudukottai district, who was working in a private spinning mill at Ayyarmadam near Vedasandur, allegedly committed suicide in the mill's hostel in the early hours of Tuesday.

The inmates of the hostel saw the girl hanging from a fan in her room in the morning and immediately alerted the mill authorities.

On hearing about the death, trade union members rushed to spot and insisted that the body should not be removed till the arrival of her parents.

After conducting a spot inquiry, Tamil Nadu Textile and Common Labour Union (TTCU) secretary S. Thivya Rakini said the girl had worked two shifts – from 8 a.m. to 4 p.m. and from 4 p.m. to 12 p.m. – continuously on Monday.

Ms. Rakini said normally six women workers were accommodated in a room in the hostel. But the deceased was staying alone in her room on Monday night.

Two of her roommates had gone home on holiday and the other girls stayed in their friends' room, the mill authorities told her.

The deceased dropped out of school after Class VII and joined the mill two months ago.

The TTCU demanded a compensation of Rs. 10 lakh for the family of the girl stating that the incident was the result of failure of the monitoring system.

The girl's father, Balasubramani, who suspected foul play in her death, refused to accept the body, demanding a probe. Vedasandur DSP Sivakumar inspected the spot and conducted an inquiry.

Woman ends life

In another incident, M. Nithya (25) of Thiru Nagar in Dindigul allegedly committed suicide by hanging due to financial crisis on the same day. She was married to Mohan Raj six years ago. Mohan Raj incurred huge losses in his business and started working as a daily wage labourer.

The financial crisis forced her to take the extreme step, said his family members.

However, an RDO inquiry has been ordered into her death as her father Chinnaiah of Arasanampatti lodged a complaint with Dindigul North police.

Meanwhile, her relatives blocked the road in front of Dindigul Government Hospital demanding a probe into her death.

The police assured them that they would conduct an inquiry, following which they withdrew the agitation.

The State's health helpline 104 provides anti-suicide counselling and Chennai-based Sneha's suicide prevention helpline is 044-24640050.

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/minor-girl-found-hanging-in-spinning-mill-hostel/article22673027.ece>

Worker commits suicide

The Hindu - February 7, 2018

Tiruppur: Latha Sethi (22), a textile unit worker from Odisha, allegedly committed suicide in the workers' hostel at Thekkalur.

Police sources said the reason for the decision to commit suicide was yet to be ascertained.

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/worker-commits-suicide/article22673075.ece>

DYEING

Will not support units letting out untreated effluent

The New Indian Express - February 9, 2018



Tiruppur: Dyers' Association of Tiruppur president, S. Nagarajan, announced that his association would not support erring units, even those belonging to association members. His declaration came after the closure of a unit found to be illegally discharging effluent through a pipeline.

“The association will in fact report units involved in such illegal activities. We keep instructing units to adhere to the law and treat effluent through CEPT before letting it out. Such unlawful activities will affect the industry on the whole,” said Nagarajan.

On Wednesday, the Tamil Nadu Pollution Control Board (TNPCB) ordered the disconnection of power supply to a dyeing unit – Frontline Exports – attached to Veerapandi Common Effluent Treatment Plant (CETP) for discharge of untreated effluent through pipelines that ultimately drained into the Noyyal.

A spokesperson from the TNPCB said, “We keep instructing units to treat effluent through CEPT before letting it out. We will report units found involved in illegal activities”.

Power supply disconnected to nine printing companies illegally operating in the Tiruppur area – Steps taken by the officials of Pollution Control Board

Daily Thanthi - February 20, 2018

Tiruppur: Pollution Control Board officials have disconnected the power supply of printing companies in Tiruppur that operate illegally.

Tiruppur is renowned for garment manufacture so there are a large number of printing companies as well as dyeing factories and bleaching companies operating in and around Tiruppur. Dyeing factories and printing companies must operate with the permission of officers from the Pollution Control Board. However, there are many dyeing factories and printing companies discharging effluent water into the lakes and onto the land.

As a result, the water and the land are polluted. Volunteers and members of the general public raised a demand to the Pollution Control Board against those dyeing factories and printing companies. Accordingly, the officials of the Pollution Control Board took action.

The Tiruppur Pollution Control Board officers inspected the areas of KVR Nagar, Boyam Palayam, and Anupparpalayam. Officers identified nine printing companies that operate illegally and recommended the Collector, K.S. Palanisamy, to take action against those companies. The Collector issued an order against the nine printing companies and disconnected their power supply.

Regarding this, the Pollution Control Board officers said:

“The inspection remains ongoing in Tiruppur and other suburban areas. Any dyeing factories and printing companies found to be operating illegally will face punitive action. The general public is also invited to make complaints against any factories and companies operating illegally.”

Two units sealed for pollution

The Hindu - February 23, 2018

Tiruppur: The Tamil Nadu Pollution Control Board (TNPCB) on Thursday sealed two fabric washing units in Tiruppur knitwear cluster for causing pollution to the environment.

Board’s District Environmental Engineer K. Senthilvinayagam said that N.G.M. Knit Finishers and Excellent Trading, both located at Murugampalayam, were discharging water containing high levels of TDS (total dissolved solids) and colours into the open despite installing Individual Effluent Treatment Plants.

“The units should have treated the water and reused the same according to the pollution control norms,” he added.

The power supply to the buildings where the units functioned were also disconnected.

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/two-units-sealed-for-pollution/article22830457.ece>

TRADE UNION

AITUC campaign

The Hindu - February 9, 2018

Tiruppur: The All India Trade Union Congress has launched a crusade to educate the workers in the textile sector about their entitled social security benefits and other working conditions norms.

N. Sekar, district president of AITUC, said as part of the campaign, they were organising short interactive sessions with the workers near the units where they were employed.

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/aituc-campaign/article22697323.ece>



MIGRANTS

Increased presence of northern state workers in Tiruppur

Daily Thanthi - February 7, 2018

Tiruppur: There are a large number of job work companies operating in Tiruppur employing more than eight lakhs of workers. Shortage of labour is common in Tiruppur and the migration of many workers from northern states into Tiruppur has helped to fill this labour gap.



Regarding this, the industrialists have said:

“Since there is the shortage of workers in garment companies, migrant workers are find it easy to secure jobs in the garment sector. Workers from nearby districts usually return to their native places on Sunday and some do not return to Tiruppur on Monday in time for work. However, the northern state workers return home less frequently (only for festivals) and return to Tiruppur in time for work. Because of their work ethic, northern state workers can find jobs easily and their numbers are increasing in Tiruppur.”

WAGE

The revision of salary: notice issued in the Hosiery Department; peace of mind among exporters

Dinamalar - February 16, 2018

Tiruppur: A revision notice issued by the government has been released with regard to the salary of Hosiery Department personnel. Thanks to this step, the salary problem has been solved.



The employment office and its related department are responsible for fixing the minimum wages of labourers. The government established a hosiery section in the 1960's and fixed the minimum salary of a worker in garment production. However, the minimum wage has not been revised for a long time.

From 1990 onwards, the industrial associations, trade unions and the labour department have been fixing the salary increment. The result is that a higher salary was being paid to workers than that which was fixed by the government.

The government fixed the minimum salary of tailors in 2014. Instead of fixing the minimum salary of tailoring workers in the hosiery section alone, it was generally increased for all tailoring workers. This salary increment created a sense of confusion among garment manufactures.

In 2016, the minimum salary for hosiery was announced and notably the term 'garments' was not included. Garment industrialists insisted that 'garments' ought to be included in the hosiery section. As such, they brought the differences between the tailors in general and the tailors in hosiery to the government's attention.

Both the labour and employment departments have revised the minimum salary in the hosiery sector. The particulars for both domestic and export hosiery manufacturing were also included.

Raja M Shanmugam, president of the Tiruppur Exporters' Association (TEA), reiterated that the past minimum salary announcement created much confusion in garment companies. However, the revised salary has brought clarity.

WORKPLACE ACCIDENTS (FIRE)

Fire at garment-packing unit

The New Indian Express - February 28, 2018

Tiruppur: A major fire at a garment-packing unit located in Lakshmi Nagar destroyed banian material worth lakhs of rupees. The unit employing nearly 50 people belonged to Karthick Solanki (aged 47 years) of Guntur, Andra Pradesh. On Tuesday, a fire broke out suddenly during working hours and quickly spread through the unit and the buildings nearby. The reason for the fire has yet to be ascertained. Luckily, no one was injured.

