



SAVE

NOVEMBER –2017

News Letter

Special points of interest:

- **Garments**
- **Trade Union**
- **Dyeing**

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 multipronged 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 labourers 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 Tirupur.

TIRUPUR UPDATE: A NEWSLETTER OF SAVE

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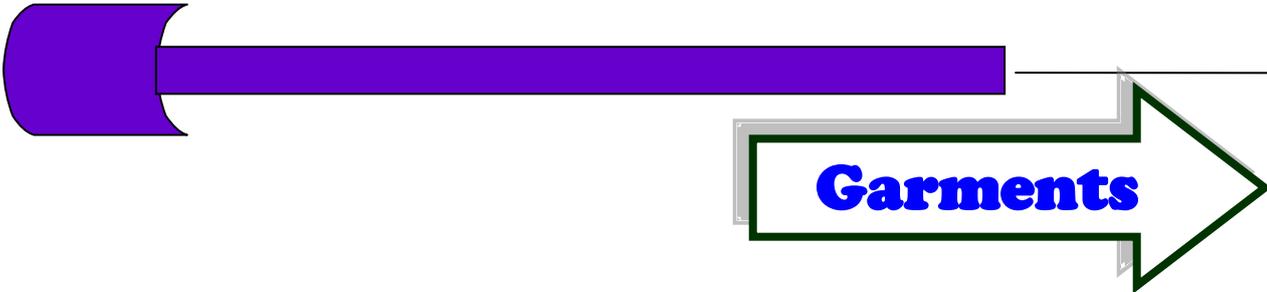
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Garments

Tamil Nadu slips in attracting investments in textiles

The Hindu - November 11, 2017

Coimbatore: Tamil Nadu, the major textile producing State in the country, seems to be a not so attractive destination anymore for the textile industry.

According to data available, between 2011 and 2016, Tamil Nadu received just 8 % of the investments under the Technology Up gradation Fund scheme. The top States that saw investments under the scheme were Gujarat, Punjab, and Maharashtra. Till 2007, almost 60 % of the investments under the scheme used to be in Tamil Nadu. The industry started slowing down on investments since the power cut problem, said a textile industry representative here.

States such as Gujarat, Telangana, and Maharashtra have come out with several incentives in the textile policies and thus attracted investments in their States. Investments in the last two or three years in Tamil Nadu is mainly towards modernisation.

“Tamil Nadu continues to have 47 % of the country’s spinning capacity. We are having regular discussions with the State Government for the textile policy and even met the Chief Minister recently regarding it. We have requested the Government to support value addition, such as textile processing,” said P. Natarajan, chairman of Southern India Mills’ Association. Textile associations are also urging its members to invest in value addition, he said.

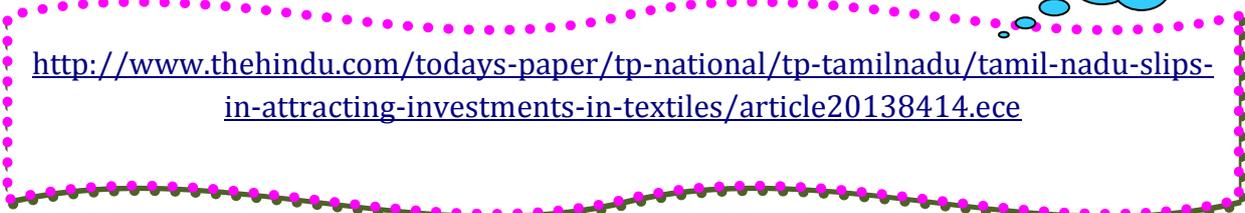
Further, less than six lakh bales of cotton is produced in the State while the textile industry needs 120 lakh bales a year. This was also highlighted to the Government.

The textile sector is looking for support from the Government towards upgrading looms, textile processing, technical textiles, and for common effluent treatment plants. In the last two years, smaller brands have come up in Tirupur in products such as leggings and basic wear. These are also companies with annual turnover of Rs. 50 crore to Rs. 100 crore. In the next five to 10 years, some of these might evolve as national brands, he added.

The State Government recently sanctioned Rs. 25 lakh to conduct awareness programmes on technical textiles, he said.



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<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/tamil-nadu-slips-in-attracting-investments-in-textiles/article20138414.ece>



Shortage of labourers on one side, power cut on the other side – the industrialists of Tirupur need an uninterrupted power supply

Dinamani - November 12, 2017

Tirupur: As a result of unexpected power cuts, garment production in the city of Tirupur has been severely affected. Furthermore, due to rainfall in the southern district labourers have returned to their native places to look after their crops.

About Rs. 45, 000 crore annually is generated in the garment sector from both export and domestic markets. In Tirupur, about seven lakhs of workers benefit from employment opportunities both directly and indirectly in garment production. Many of the workers belong to states and districts outside Tamil Nadu. Notably, there is a heavy concentration of workers in the southern district compared to others.

Due to low rainfall, the workers who were once agriculturalists were losing income as a result of crop failure. Many of these workers migrated to Tirupur, leaving their lands behind to seek employment in garment producing companies.

From Deepavali onward, there is continuous rainfall throughout Tamil Nadu resulting in the flow of river water and the shortage of water in reservoirs and lakes (with the inclusion of an increased ground water level). Thus, agricultural activities are renewed in the southern districts.

On account of the shortage of labourers in Tirupur, notice boards for 'Wanted Labourers' are seen in many places. Because of the shortage of labourers, the manufacturers are unable to complete the orders undertaken.

While the labour conditions of Tirupur become worsen, the power cuts prevail and also severely affect the garment production. When asked about the power cuts, officials of the Tamil Nadu Electricity Board stated that in the Tirupur District, about 800 megawatts electric power is required every day. Because of the shortage, there is the occurrence of power cuts but the problem will be resolved shortly.

Need for uninterrupted power supply

Muthurathinam, the president of Tirupur Exporter and Manufacturers Association (TEAMA) commented that for the past two weeks the power cuts occurred about four to five times per day without prior notice. An uninterrupted power supply is essential to the garment industry and the present power cuts have resulted in various complications in garment production. He explained that all the labourers who had gone to their native places to celebrate the Deepavali festival are yet to return – only 60 percent have returned so far. Despite the reduced workforce, the manufacturers are still obligated to complete the orders received at the fixed time. While manufacturers are



recovering from the critical situation arising out of economic reformation activities, the production has been affected due to power cuts. To manage the power cut problem, manufacturers have had to make use of generators, which result in an increase of production costs. Other states have invited the garment companies to operate in their localities with the assurance of 24 hours uninterrupted power supply. However, the Tamil Nadu government must come forward to take steps to provide an uninterrupted power supply during production. If the industries would be shifted to some other states, it would be difficult to bring them back.

The companies in Tirupur are closing, TEAMA demands intervention from the central government

Theekkadhir - November 17, 2017

Tirupur: Many companies in Tirupur are closing due to the reduction of drawbacks and the increase in the percentage of interest for loans. Tirupur Exporter and Manufacturers Association (TEAMA) has pointed to a need to address this occurrence.

P. Muthurathinam, president of TEAMA, sent a letter on Tuesday to the central government in which the following was said:

“The garments manufactured in Tirupur are exported to many countries all over the world. Moreover, Tirupur deserves first place in designing and introducing garments to those countries. On account of instability in the business, the companies of Tirupur are unable to reach their targets in garment export. To challenge other foreign countries in the export markets, the central government must support the local companies. The drawback amount supports all kinds of companies involved in garment production. The government must reconsider the reduction of the drawback amount, notably restoring the 7.5 percent that existed in earlier times.

“The role of banks in garment production and export business is also very important. They provide loan facilities to garment companies, but the rate of interest is unbearable. Therefore, a large number of garment companies are closing. As a result, many job-work companies depending on garment production companies (including workers employed there) have been severely affected. If this continues, the businesses will collapse. To prevent this, the necessary steps must be taken by the banks to cancel the loans and offer loans at low interest rates.”

Modified GST refund mechanism gives room for anxiety to knitwear exporters

The Hindu - November 20, 2017





Tirupur: Modified input tax refund mechanisms in Goods and Services Tax, moving back to manual verification process, is seen with anxiety by the knitwear exporters as they feel that the situation gives rise to possibilities of inordinate delay in availing of the refunds.

“The notification now issued for manual verification thwarts the promises of ensuring seamless electronic refund procedures, meaning on a total digital platform, under the GST regime. The manual verification and processing are now going to delay the settlement of the refund claims and make the situation further chaotic”, said S. Dhananjayan, a senior chartered accountant and consultant to various trade bodies. The exporters were of the general opinion that apart from the delays in refunds of input tax credit, this change could also lead to possible corruptions and harassments.

“Already, the complexities due to GST have not settled down. So the huge delays in settlement of claims due to the modified refund mechanism is going to create severe cash crunch for executing the subsequent orders”, said Raja Shanmugam, president of Tirupur Exporters’ Association.

The GST refund mechanism, when introduced, actually assured refund to the tune of 90 per cent of the total claimed input tax credit within seven days and remaining 10 per cent within 60 days from the date of making the claim, with entire exercise carried out online.

Due to the modifications, the exporters would have to upload the data electronically and then take a print out before undergoing the manual verification process of documents.

“It makes the procedures more complex”, the exporters said.



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<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/modified-gst-refund-mechanism-gives-room-for-anxiety-to-knitwear-exporters/article20558389.ece>



Garment exports get a leg-up

The Hindu - November 25, 2017

New Delhi: In a bid to boost exports of readymade garments and made ups and employment generation in these labour-intensive sectors, the government has enhanced the incentive rates for them.

According to an official statement, the Directorate General of Foreign Trade (DGFT) issued a public notice on Friday by which rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two sub-sectors of textiles industry — readymade garments and made ups — have been enhanced from 2% to 4% of value of exports with effect from November 1, 2017 till June 30, 2018. “The estimated annual incentives will be Rs. 1,143.15 crore for 2017-18 and Rs. 685.89 crore for 2018-19,” it added.

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<http://www.thehindu.com/todays-paper/tp-business/textiles-industry-gets-a-leg-up/article20824498.ece>

Textile industry hails MEIS rate hike – Revised rates to boost export growth, employment generation in the labour intensive sector

The New Sunday Express - November 26, 2017

New Delhi: Tirupur Exporters’ Association (TEA) on Saturday welcomed an increase of the Merchandise Exports from India Scheme (MEIS) for readymade garments and made-ups.

The government has doubled the rates for incentives under an export promotion scheme (MEIS) to four percent for readymade garments and made-ups, from two percent earlier. The announcement of the MEIS increase is a relief to the ailing knitwear garment export sector, TEA President Raja Shanmugam, said in a statement.

Appreciating the move by Finance Minister Arun Jaitley, Textile Minister Smriti Irani and Commerce and Industry Minister Suresh Prabhu “for crucial support at this hour of crisis”, he also made a request to incorporate the embedded tax and announce the revised Rebate on State Levies and Duty Drawback rates as these were desperately needed to bring back export growth and boost confidence of garment exporters to take fresh orders and sustain themselves in global business.





In another statement, Southern India Mills' Association Chairman, P. Nataraj, also welcomed the announcement, which, he said, has given some relief to the industry.

Garment exporters' body AEPC said the increase in MEIS rates will help in the fulfilment of orders for the Christmas festival as it will help in unblocking the blocked capital.

The textiles ministry said post-GST rates of RoSL are up to a maximum of 1.70 percent for cotton garments, 1.25 percent for MME silk and woollen garments and 1.48 percent for apparel of blends.

Under the MEIS scheme, the commerce ministry gives duty benefits to several products. It provides duty benefits at two percent, three percent and five percent depending upon the product and country. As a result, the estimated annual incentives will be Rs.1143.15 crore for 2017-18 and Rs. 685.89 crore for 2018-19, the commerce ministry said in a statement.

Commenting on the measures, H. K. L. Magu, vice chairman of AEPC, said the garment exporters' body has been demanding the increase in rates of MEIS along with RoSL and duty drawback from a long time.

Readymade garment exports dipped by about 40 per cent to \$829.44 million in October this year.

Govt. announces marginal hike in ROSL for garments

The Hindu - November 26, 2017

Coimbatore: The Southern India Mills' Association has welcomed the Government's announcements increasing Merchandise Export from India Scheme benefit to 4 % for garments and made ups and the hike in upper limit for Remission of State Levies (ROSL) by nearly 0.65%.

The association chairman P. Nataraj has said in a press release that the Government had extended the pre-GST drawback rates and ROSL benefits only till the end of September.

In October, garment exports dropped by 40 % compared to the same month last year and this was the lowest in the last 42 months.

Crossroads

In the absence of competitive duty drawback rates, ROSL and other export benefits, the entire clothing and textile sector is in crossroads and exporters are unable to sign long-term contracts.



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<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/govtannounces-marginal-hike-in-rosl-for-garments/article20942729.ece>



The industry is asking for hike in the benefits given.

Welcoming the increase in MEIS benefit for garments and made ups, Mr. Nataraj said the industry was expecting at least 2 % increase in ROSL rates as there were several embedded and blocked taxes.

He hoped these will be considered when the duty drawback rates are revised. Several garment and made up units have curtailed production by 20 % to 30 % because of the reduction in export benefits after the introduction of GST.

He appealed to the Government to announce revised duty drawback rates without delay.



Trade unions seek minimum wages for mill workers - In Tamil Nadu there is no minimum wages for textile mill workers

The Hindu - November 26, 2017

Coimbatore: The State-level Joint Action Council of Textile Mill Workers' Trade Unions has sought formation of a committee to determine minimum wages for textile mill workers.

In Tamil Nadu there is no minimum wages for textile mill workers. Three years ago, the minimum wages for apprentice workers at the mills was fixed as Rs. 283 a day. The apprentice workers now get about Rs.330 a day and that too only in a few mills. In Kerala, the minimum wages that a worker who joins a textile mill gets Rs. 485 a day.

Hence, the JAC decided at a meeting here on Saturday to seek formation of a committee to finalise minimum wages for textile mill workers, said former MLA M. Arumugam.

Further, the wage issue for textile mill workers is pending for more than 15 years and after 2009, there is no hike in wages for the 3.5 lakh workers employed at the 1,792 mills, he said. The JAC appealed to the State Government to call the trade union leaders for talks and resolve this issue. Further, most of the mills have campus coolies or contract workers. The Government should abolish the contract worker system at the mills and should not permit the units to have accommodation facilities for the workers within the campus, he said.

It was also decided to form joint action committees in all districts for the mill workers.

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<http://www.thehindu.com/news/cities/coimbatore/trade-unions-seek-minimum-wages-for-mill-workers/article20927026.ece>






Dyeing Issues

Action taken against illegal effluent water treatment centres – warning issued by Pollution Control Board authorities

Daily Thanthi - November 8, 2017

Tirupur: A large number of job-work companies are lending support to garment companies in Tirupur, especially in manufacturing. There are many dyeing companies operating in various locations throughout Tirupur. Together, all of these dyeing factories have established 18 public effluent water treatment centres along with many other private effluent water treatment centres.

All sewage is removed from the companies referred to above. As per an order issued by the Pollution Control Board (PCB), all of these centres must send their solid waste to the cement factories. The cement factories charge for the receipt of solid waste at the rate of Rs. 3,000 per tonne. To avoid these charges, a few water treatment centres transport the solid waste by lorries to dump it illegally in desolate areas. The solid waste is also deposited into water channels or left at the roadside. As a result of this illegal dumping, the health conditions of workers have been severely affected.

Regarding this, the PCB has acknowledged that several companies deposit solid waste improperly. It was decided that a meeting would be conducted for both public and private effluent water treatment centres. The centres that continue to dump waste improperly will face punitive actions.

Cultivable lands polluted by effluent water

Dinamalar - November 13, 2017

Palladam: Karaipudur farmers have expressed their frustration saying that officials are only interested in collecting water samples while at the same time the agriculture is being destroyed.

Dyeing factories are operating in Karaipudur village panchayat, Palladam Taluk. The farmers have said that recently it was discovered that effluent water was being discharged illegally into the areas of the panchayat. They have submitted a petition before the District Collector on the 25th mentioning the discharge of effluent water and the pollution of ground water.

As per research, the land and water resources are becoming useless due to the illegal discharge of effluent water. The effects are spreading to areas such as the Ganapathypalayam panchayat. There is a concern that if this practice continues most of the cultivatable lands might be wasted.



According to the farmers, the problem of effluent water in and around Karaipudur has remained unsolved for many years. At present, the situation has worsened because of the pollution of the ground water. They argue that the officials are not taking any steps to find a permanent solution to this problem. The farmers have submitted many petitions before the collector in the past three months. Due to the pollution, the colour and taste of the water in the wells has also changed. The polluted water has resulted in the failure of vegetable seeds (such as brinjal) to germinate and bloom. Moreover, the coconut trees too have dried up. There is no use in the application of fertiliser. The main reason for this crop failure is the effluent water discharged.

The farmers have said that the Pollution Control Board (PCB) officials and the sub-collectors are interested only in taking water samples now and then. The committee appointed under the District Collector is also inactive. The farmers have urged officials not only to collect the sample water, but also to release a report of their research so that steps can be taken to find a permanent solution to the prevailing problem.

Villages in Tirupur district are divested due to effluent water discharged from dyeing factories

Theekkadhir - November 23, 2017

Tirupur: According to village farmers, effluent water from dyeing factories is illegally discharged into wells and bore wells polluting the ground water and resulting in agricultural lands being divested.

More than five lakhs persons in Tirupur are employed in garment companies both directly and indirectly. Moreover, about 20,000 crore rupees is earned as foreign exchange every year. However, there is a bad side effect of the garment industry. Effluent water from dyeing factories must undergo a recycling process and may be used again only for the purpose of garment production. Nevertheless, this untreated water is being discharged into rivers and other water channels causing environmental damage.

Some proprietors think that the cost of using modern technology to treat the effluent water is too high and will cause them to lose profits. So they rather discharged the effluent water into the wells.

Farmers have opined that agricultural lands are being divested due to environmental degradation from the discharge of effluent water and that villages near the Noyyal River have become unfit for agricultural use. The pollution of drinking water has also driven many residents away from these areas. The blame has been cast on proprietors of dyeing factories who have failed to take proper measures to discharge effluent water thus causing degradation to agriculture and environmental pollution.

At present, the water in the wells is polluted resulting in a change of colour and a pungent smell as





can be seen in the villages of Ganapathypalayam, Karaipudur, Arulpyram around Palladam, Vettuvampalayam in the Mangalam area, Angeripalayam, Vengamedu and Athupalayam around Avinashi. The general public and farmers have repeatedly complained, showing photos and videos of the environmental impact to the government and to the Pollution Control Board (PCB). So far the authorities have not taken any steps against the dyeing factories.

A number of social welfare organisations have conducted many struggles in the past against the discharge of effluent water. However, there have been accusations that efforts to promote environmental preservation are offset by proprietors who pay bribes to officials that allow them (proprietors) to continue environmentally harmful practices.

Agriculturists have appealed to the district administration and PCB officials to take steps against those who are discharging effluent water onto cultivatable agricultural lands. The president of the Youth Federation has said that if agriculturists' demands are not met, they will launch a struggle for their demands to be recognised.

Power supply disconnected to factory that discharges effluent water without treatment near Palladam - action taken by Pollution Control Board officials

Daily Thanthi - November 28, 2017

Tirupur: The officials of the Pollution Control Board (PCB) have disconnected the power supply to a factory near Palladam for having discharged untreated effluent water.

About 18 dyeing factories are operating in and around Arulpuram, near Palladam. Among them, 12 factories are linked with the public effluent water treatment centres and the remaining six factories have effluent water treatment centres on their premises.

Shanmugam, an engineer at the Tirupur district PCB, with the support of assistant engineers investigated whether the effluent water was properly treated and discharged in dyeing factories. At the time of investigation, a factory in Pachangattupalayam, Arulpuram area was identified as not discharging the effluent water with proper treatment. A complaint was made to the PCB and thereafter, an order was issued on the

24th to seal the factory and disconnect its power supply. The factory management made an assurance to properly treat the effluent water and discharge the same but failed to comply. Shanmugam said that all the dyeing and bleaching factories must discharge effluent water after proper treatment. He emphasised that failure to do so would result in actions being taken against the factory.



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