

UTTHAN FRAMEWORK

Transforming the embroidery industry in Mumbai

Creation date: December 2016

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DEFINITIONS

Brands: Companies which buy embroidery from exporters.

Exporters: Companies from which brands buy embroidery.

Utthan partners: Brands and exporters which are signatories of Utthan.

Workshops: The places where embroidery is done. These may belong to exporters, or they may be separate entities supplying exporters.

Subcontracting workshops: workshops to which exporters subcontract some production.

1. INTRODUCTION

Exporters of luxury hand embroidery from Mumbai have come together with their clients, luxury brands, in partnership with the government of India and supported by Impactt to develop Utthan, a scheme with the following objectives:

1. **To empower karigars in the Mumbai hand embroidery cluster to gain recognition for their skills and a dignified livelihood. (In the spirit of the Constitution of India Article 21) and reach 50,000 karigars by end 2020.**
2. **To preserve and strengthen the craft heritage of India (Constitution of India, list of Fundamental Duties Article 5A to value and preserve the rich heritage of our composite culture).**
3. **To secure a sustainable supply chain which all partners can be proud of.**

To date, Utthan partners have developed and carried out initial trials of a skills training and certification scheme for individual karigars. The trial was endorsed by the Apparels made-Ups & home furnishing Sector Skills Council (AMH SSC) which forms part of the Indian government Ministry of Skill Development & Entrepreneurship.

Partners are now committed to developing the Utthan Framework, which will build on the skills training and certification scheme to:

- improve job quality for karigars,
- enable exporters to meet the sometimes competing delivery and ethical requirements of their clients,
- provide assurance to brands on key labour standards, all within the legal framework in India.

FOUNDING PARTNERS

The following brands and exporters are founding members of Utthan and co-created the Utthan Framework with Impactt:


K E R I N G B U R B E R R Y Mulberry


aamfr
 Beading & Embroideries Pvt Ltd.

amal
www.amalexports.com


MARSIL EXPORTS

2. THE UTTHAN COMMITMENT

Utthan partners make the following commitments:

BRANDS

- Supporting the Mumbai embroidery industry in its transition to Utthan by continuing to buy from exporters who are on the Utthan journey and who are meeting the milestones.
- Prioritise using exporters on the Utthan journey from the beginning of year 1 and only use these exporters by the end of year 2.
- Ensuring that the business model allows payment of Utthan Framework wage levels.
- Developing ways of working which allow Utthan hours limits.

EXPORTERS

- Transparency of production networks (i.e. disclosure of names and locations of workshops where products for Utthan brands will be manufactured) to brands. Brands will not share this information with other exporters and it will be kept strictly confidential.
- Do not allow workshops to further sub-contract (i.e. maintain direct relationships with all workshops where products for Utthan brands are manufactured). Exporters agree to do this within Year 1 of the Utthan programme.
- Having 95% of karigars in their own workshops with Utthan certification by end of Year 1.
- Having 90% of karigars in subcontracting workshops used for Utthan signatory brands with Utthan certification by the end of Year 2.
- Meeting Utthan Framework requirements and/or being in compliance with the law in their own workshops by end of Year 1.
- Demonstrating improvements at subcontracting workshops on all Utthan Framework areas in line with agreed milestones.
- Ensuring that any new workshops meet at least the basic level health and safety requirements.
- Ensuring that all workshops do not employ child labour.

3. MILESTONES

| | End Year 1 | End Year 2 | End Year 3 | Verification method |
|---|------------|------------|-------------------|---|
| Transparency of production networks¹ | 100% | 100% | 100% | 1. Partial through Labor Voices feedback |
| Karigars in own workshops certified | 95% | 95% | 95% | 1. Certification database 2. Labor Voices feedback |
| Karigars² in subcontracting workshops certified | 50% | 90% | 95% | 1. Certification database 2. Labor Voices feedback question |
| Utthan Framework requirements met in own workshops and/or compliance with the law | 100% | 100% | 100% | 1. Pay – Labor Voices feedback 2. Hours – Labor Voices feedback 3. H&S – Utthan trainer visit |
| Progress made on wages element towards Utthan Framework standard in x% of subcontracting workshops³ | 25% | 50% | 100% ⁴ | Labor Voices feedback On site verification visits |
| Progress made on PF/ESI element towards Utthan Framework standard in x% of subcontracting workshops | 10% | 50% | 100% | Labor Voices feedback On site verification visits |
| Progress made on working hours element towards Utthan Framework standard in x% of subcontracting workshops⁵ | 25% | 50% | 100% | Labor Voices feedback On site verification visits |

¹ Disclosure of units that produce for Utthan brands

² Karigars who have worked on site 6 months or more

³ Based on average increase in wages in individual workshops

⁴ Please note that 100% progress made in year 3 means that at the end of year 3 the wages, PF/ESI, working hours Utthan requirements are met in 100% of subcontracting workshops as per own workshops. Units are given flexibility in years 1 and 2 to reach this target

⁵ Based on average reduction of hours in individual workshops

| | End Year 1 | End Year 2 | End Year 3 | Verification method |
|--|---|-------------------------|----------------------------|--|
| Utthan Framework H&S element achieved in x% of subcontracting workshops | 100% of subcontractors ⁶ who have been trained (basic level) | 100% (acceptable level) | 100% (good practice level) | Utthan + H&S checklist Exporter H&S assessments submitted to Utthan team Dedicated visits to be discussed |

Brands commit that within Year 1 they will:

1. Review their current order process with their exporters.
2. Share findings with exporter.
3. Agree a plan.
4. Start to take actions.

Please note that:

Milestones will be reviewed at the end of Year 1 and Utthan partners will then agree milestones for Year 2 and actions to meet final target of 100% in Year 3 (and 95% for certification of karigars). Current milestones are based on what the Utthan partners want to achieve and all parties agree that those milestones are ambitious especially for wages and working hours progress at subcontractor level.

Achieving milestones is also subject to the number of trainers in the Utthan team. The current delivery model is based on training 5,000 karigars in Year 1, and 7,500 in Years 2 and 3. The initial mapping exercise will enable us to understand the number of workers and workshops in the Utthan universe for the first year, and recalibrate our resources so as to meet the milestones.

⁶ Regular subcontractors

4. VALIDATION PROCESS: KPIS

| WHAT | WHO | WHEN |
|--|--------------|--|
| H&S assessment of all workshops | Exporters | Pre-training, and once every 6 months, submitted to Utthan team. |
| H&S check-list and action plan at each workshop | Utthan team | When delivering Utthan modules on site – opportunity for up to 9 checks and action plans (one per module). |
| Capacity building module for all workshops on H&S, wages and hours. | Utthan team | Once per workshop. |
| On site verification visits | Utthan team | Once a year per site. |
| Worker feedback | Labor Voices | TBC based on proposed model. |

5. ACCOUNTABILITY PROCESS

Each Utthan partner agrees to meet its commitments within Year 1 of the programme in the spirit of collaboration and transparency. Utthan partners (or their representatives) agree to:

- Monitor their performance against target.
- Meet on a quarterly basis to review performance.
- Share feedback on enabling factors and barriers/ stressors.

Utthan partners all commit to look for ways to simplify the programme and reduce any burden whilst achieving the milestones.

We will develop a robust accountability framework over the first year to track gradual progress on a quarterly basis. Each Utthan partner agrees to present feedback on their progress and if they are falling behind target they should present their case on the reasons why and what challenges they have faced. If the Utthan partner needs additional support to meet the target, the group will provide this.

If the Utthan partner cannot evidence why no progress has been made, they will be accountable for this and their participation in the programme, including access to training, will be reviewed.

6. THE UTTHAN FRAMEWORK

The Framework is divided into 3 elements:

1. **Recognising and remunerating individual karigar skills (pay)**
2. **Balancing client demand and working hours limits (working hours)**
3. **Ensuring better health and safety**

Underpinning these elements, we commit to transparency of our supply networks.

1. **Recognising and remunerating individual karigar skills**

Exporter Commitment: We recognise that the skills of our karigars are what makes our industry great. We commit to ensuring that every karigar working on orders for our Utthan clients has a recognised Utthan skills certificate. We commit to developing a pay ladder which transparently links pay with skill and ensures that all karigars working on orders for our Utthan clients receive a government of India-endorsed pay level for their work, plus PF and ESI as required by Indian law.

Background

By custom, workers are paid according to the nafri system, which is not recognised by government. The nafri system is not compliant with minimum wage, overtime and working hours legislation. Workers in some exporter-owned workshops are now receiving minimum wages according to the readymade garments minimum wage, and some are receiving PF and ESI. The minimum wage schedule for Maharashtra does not contain embroidery as a category. The Maharashtra Department of Labour has commented that the correct benchmark in the absence of an embroidery category is the skilled category under the Shops and Establishments Maharashtra minimum wage. The proposed new wage level is INR 9,200 per month for standard time, and is currently with the State Government for approval. The Central Government is mooted a universal minimum wage of INR 15,000, but this is not yet a concrete proposal.

Workplan

- Map current wage levels against new minimum wage INR 9,200 with and without PF and ESI. NB: Exporters are expected to achieve Utthan hours and wages by the end of year 1. Limits are 11 hours per day, 6 days per week what corresponds to a take-home wage of INR 16,000 (including additional benefits such as paid leaves, PF and bonuses).
- Engage with exporters about these pay levels and see what would need to change to achieve this.
- Study opportunity to evolve beyond nafri system within Utthan factories.
- Develop a mechanism for annual review of wage levels – this could involve Maharashtra Department of Labour or be an Utthan member initiative.

2. Balancing client demand and working hours limits

Exporter Commitment: an important part of the competitiveness of our industry is our ability to deliver high quality embroidery to very short timelines, to meet the requirements of runway shows and collections. Orders are often made at the very last minute to suit the demands of designers' creativity. Often the only way to meet these demands is for karigars to work longer than legal working limits. We commit to working within legal limits and expect that buyers plan their ordering requirements in a way that helps us achieve that. For production, both parties agree that it is feasible to control overtime within legal limits. When this is more challenging (especially during show periods), buyers will have to recognise that legal limits will be compromised. These exceptions will be recorded and we will strive to reduce these exceptions over time together with buyers. In any case we commit to paying legal overtime increment for ALL overtime hours worked.

Brand Commitment: We commit to supporting our suppliers to control working hours by planning our order requirements to reduce sudden peaks and provide as much advance notice as we can. If at any time we cannot do this we will record it and will strive to reduce these exceptions over time.

Background

Working hours in the embroidery industry are high during peak order times, particularly in relation to rush orders for shows. However, it is also true that long working hours are common at other times.

The legal framework in India on working hours is in a period of change.

LEGAL FRAMEWORK: WORKING HOURS

Proposed amendments in Factories Act 1948 is in form of a Bill called the Factories Act (Amendment) Bill 2014

[http://www.prsindia.org/uploads/media/Factories/Factories%20\(A\)%20bill,%202014.pdf](http://www.prsindia.org/uploads/media/Factories/Factories%20(A)%20bill,%202014.pdf)

Amendment in Section 64 means that the total number of overtime work in a quarter will increase from 50 to 100 hours.

Amendment in Section 65 means that with the permission of the Chief Inspector, the total number of hours of overtime work in any quarter shall not exceed 115 hours and in some circumstances

shall not exceed 125 hours.

Amendment to Section 56 means that the spreadover⁷ of working hours increases to 12 hours even without permission of the Chief Inspector.

In Maharashtra, the Factories (Maharashtra Amendment) Act 2015 has been passed.
<http://bombayhighcourt.nic.in/libweb/acts/Stateact/2015acts/2015.40.pdf>

According to this, at present, smaller industries that may be excluded from the provisions of the Factories Act, 1948, applies to workshops with more than 10 workers in premises with power supply and 20 workers in premises without power. The Amendment Act increases this limit to 20 and 40 workers (respectively for workshops with power and without).

Further, the condition with regard to prior approval of the management for overtime has been done away with. The Amendment Act allows overtime of 115 hours per quarter from the present level of 75 hours to workers in SSI workshops.

In order to deal with exceptional press of work, any or all adult workers of the factories shall be exempted from compliance of any or all Sections 51(*Weekly hours*), 52 (*Weekly holidays*), 54(*Daily hours*), 56 (*Spread over*). The Rules related to these are still pending.

Workplan

- Buyers carry out a detailed study and recommendation on how to make ordering practices more efficient to meet legal limits.
- Utthan team to conduct Full analysis of workshops' working hours and wages. Based on this, exporters develop alternative ways of working to comply with the law and Utthan, for example by the use of shift systems, increased number of workers, longer lead times etc.
- Exporters and buyers commit to a reduction over time of exceptions in keeping to legal limits
- Exporters consider organising their operations under SSI in Maharashtra.
- Exporters/buyers consider support for fast passage of Amendment to Factories Act 1948.

⁷ Spreadover refers to the total length of the working day including lunch break and overtime.

3. Ensuring better health and safety

Exporter Commitment: We recognise that we all have a duty to safeguard the health and safety of all people working on our products, whether these be working in our own workshops or in the wider production network. We commit to implementing the Basic and Acceptable levels of the health and safety checklist alongside the Utthan skills training, and to supporting subcontracting workshop managers to make improvements.

Background

Embroidery takes place in a wide variety of buildings and set-ups and health and safety is a significant issue in some of these.

LEGAL FRAMEWORK: HEALTH AND SAFETY

Section 11: according to Factory act 1948 -This section basically specifies the issues of cleanliness at the workplace. It is mentioned in the provision that every factory shall be kept clean and free from effluvia arising from any drain, privy or other nuisance. This includes that there should be no accumulation of dirt and refuse and should be removed daily and entire area should be kept clean.

Section 13: This section focuses on ventilation and temperature maintenance at workplace. Every factory should work on proper arrangements for adequate ventilation and circulation of fresh air.

Section 15: This section specifies regarding the artificial humidification in factories. In this the humidity level of air in factories are artificially increased as per the provision prescribed by the State Government.

Section 18: This section specifies regarding arrangements for sufficient and pure drinking water for the workers. There are also some specified provisions for suitable point for drinking water supply. As in that drinking water point should not be within 6 meters range of any washing place, urinal, latrine, spittoon, open drainage carrying effluents. In addition to this a factory where there are more than 250 workers provisions for cooling drinking water during hot temperature should be made.

Section 19: This section provides details relating to urinals and latrine construction at factories. It mentions that in every factory there should be sufficient accommodation for urinals which should be provided at conveniently situated place. It should be kept clean and maintained. There is provision to provide separate urinals for both male and female workers.

Section 17: Under section it has been described that there should be proper arrangement of lighting in factories. In every part of the factory where workers are working or passing should be well equipped with lighting arrangement either by natural sources or artificial sources.

Section 32: In this section it has been specified that all floors, stairs, passages and gangways should be properly constructed and maintained, so that there are no chances of slips or fall.

Section 35: This section provides specification regarding safety and protection of eyes of workers. It mentions that factory should provide specific goggles or screens to the workers who are involved in manufacturing work that may cause them injury to eyes.

Section 38: As per this section there should be proper precautionary measures built for fire. There should be safe mean to escape in case of fire, and also necessary equipments and facilities to extinguish fire.

Section 45: This section specifies that in every factory there should be proper maintained and well equipped first aid box or cupboard with the prescribed contents. For every 150 workers employed at one time, there shall not be less than 1 first aid box in the factory. Also in case where there are more than 500 workers there should be well maintained ambulance room of prescribed size and containing proper facility.

Workplan

- Signatories agree checklist content and H&S levels.
- Exporters agree to only choose new workshops / locations that meet the basic level and commit to only work with workshops above this level by the end of Year 1.
- Signatories to agree on H&S Utthan method in addition to Utthan trainer using the checklist as part of training.
- Discuss and outline minimum building safety standards.

| UTTHAN H&S CHECKLIST | | | | |
|--------------------------|---|--|---|-----------|
| | Facility name: | | Facility address: | Assessor: |
| Subject | Basic level | Acceptable level | Good Practice | |
| Walkways and Exits | All entry and exit doors are unlocked | There are at least two emergency exits in each production area (when number of workers and/or room space requires to have 2 exits) | Every exit and every emergency exit route is fully signposted | |
| | Staircases and Exit Doors are blockage free | Every exit has a sign | There is a dedicated H&S representative | |
| | Aisles and walkways are blockage free | Aisles are marked with yellow tape and marks are visible | | |
| | There is a safe way to evacuate all areas (even without two exits through window, roof etc) | Emergency lights are installed in each exit way | | |
| Fire Safety | There are at least 2 working fire extinguishers of correct type in each production area. | Sufficient working fire fighting equipment in place as per the law (water hose, sand buckets etc) | Fire alarm in place, working and tested weekly. | |
| | Fire equipment blockage free | Fire fighting equipment signposted with instructions in local language. | | |
| | Fire equipment serviced annually | Fire alarm in place, working and tested monthly. | | |
| | No Combustible material kept in stair cases | Fire drills at least twice a year with records | | |
| | Workers know what to do in case of emergency | Fire risk assessment from a certified body available and up to date | | |
| Electrical safety | Wires in safe condition. | Wires in good condition, electrical boxes in place and signposted. | | |
| Chemical use | Chemicals are stored in a separate area with secondary containers, labels and MSDS sheets. | | | |
| | Designated trained people use chemicals. | | | |
| Worker safety | | Workers are trained on and provided with PPE. | Workers are provided with, trained on and use PPE correctly. | |
| Toilets | Clean and hygienic | Sufficient light | | |
| | No bad smell | Adequate Ventilation | | |
| | Working Flush | Basin with soap & towel | | |
| | Clean water supply | | | |
| Facility & house keeping | Adequate light | Acceptable temperature / fans provided | Air conditioned | |
| | Well ventilated | | | |
| | All areas are clean and hygienic | | | |

| UTTHAN H&S CHECKLIST | | | | |
|-----------------------|--|--|--|---|
| First Aid | Sufficient First Aid Boxes | | Trained first aiders | |
| Drinking water | Sufficient Drinking Water is in place | | Water Test Report is available and valid | |
| | Water Tank/ Filter is clean | | | |
| | Water Tank/ Filter is not kept near to Toilet | | | |
| Eating | Eating areas are clean and hygienic | | | |
| | Sufficient washing facility available | | | |
| Sleeping arrangements | Sleeping area meets basic fire safety requirements | | | Separate room to sleep for workers (separated from production room) |
| | Sleeping area sufficient for number of people | | | Mattresses are supplied to workers to sleep |
| | Sleeping area clean and hygienic | | | |
| | Sleeping area well ventilated | | | |