Export Processing Zones in India
&
Status of Labour

PRIA
&
ACILS
June, '97, one of the hottest months in recent history, will be etched forever in the memory of Ramlal, a newly recruited worker in a compressor duct manufacturing factory in the Noida Export Processing Zone (NEPZ). The job was tough and required Ramlal to stand for 8 1/2 hours, No break and no lunch. No water even. The temperature inside was a little higher than what it was outside because of the heat generated by the machines, poor ventilation and the lack of a proper cooling system. Ramlal would perspire, but there was little he could do. After all, he had come here to earn a living. But it could not go on for long and on the third day, a dehydrated Ramlal collapsed and had to be hospitalised.

This is a common phenomenon in the Export Processing Zones of India where thousands of workers toil day and night to generate foreign exchange. What they get in return is a paltry wage, no social security, and a highly unsafe work environment. On top of all this is the threat of losing their jobs.

When Society for Participatory Research in Asia (PRIA), with support of the American Centre for International Labour Solidarity (ACILS), decided to study the condition of workers within the EPZs, it was realised that things were not going to be easy. The reasons were many. Not that PRIA has not worked under tough conditions, in fact many of our studies have come in spite of harsh opposition from the industry and even government departments. However, in this case, the work area was new and the biggest trouble was the absence of any labour/workers union/association in the EPZs. The authorities did not care a hoot. And the few people who cared were helpless. The research started with collection of secondary data and consulting leading economists and planners who actually frame the national policy on EPZs. Surprisingly it was felt, that at the policy level, the EPZs were considered as machines to generate foreign exchange by all possible means. Indeed, the authorities of the EPZs proudly propagate the ‘availability of abundant low cost labour’.

This provoked questions. Like, at whose cost are these EPZs earning foreign exchange. Are EPZs really instruments of social upliftment; or are they just exploitation zones where thousands of workers — mostly women (90%) — are exploited day and night in the name of employment. The answers to these questions became clearer as the blocks began to fall in place and a true picture emerged — the horrifying picture of thousands of workers working like machines at their workplace. The wages they are paid in return for the labour they put in is a pittance, to say the least. Over and above this, they are denied their basic rights. Any effort to voice the violation of their rights is responded with dismissal. There is no dearth of cheap labour in a poor country like India. This makes the country a heaven for private investors and multinationals. Millions of
rupees in foreign exchange are generated every year, as claimed by government itself. Ironically, the workers who are pivotal in generating this money are denied even basic facilities. Full fledged rights are a distant mirage.

The time has come to realise the true potential of the workers and to give them their rightful due. All talk of 50 glorious years of independence fade into a pall of gloom at the very sight of thousands of EPZ workers whose workplace is a virtual prison.

This difficult study could see the light of the day only due to the help of some dedicated workers fighting to get the rightful for the EPZ workers. No words can express our appreciation for them and for the help and co-operation they provided. We are particularly indebted to Mr. Ponmudi and all the workers in Centre of Indian Trade Unions (CITU)-EPZ union, for the sort of help they provided us. We are also thankful to All India Trade Union Congress (AITUC) Chennai and Indian National Trade Union Congress (INTUC) for their guidance.

We are also indebted to the Woman Worker of SEEPZ, Mumbai for collecting information at the risk of her job (her name can't be given for the obvious reasons). We would also like to thank Mr. Dattatreyyulu of Indian Institute of Foreign Trade (IIFT) for enabling us understand the technical aspects related to EPZs and also for sharing his experiences with us.

Thanking all those who have been instrumental in carrying out this study, we sincerely hope that some measures are taken to improve the pitiable present state of these workers.

The research in NEPZ and MEPZ was carried out by Mr. Sanjeev Pandita. The researchers involved in the SEEPZ study were Mr. Vijay Kanhere and the women worker of SEEPZ. The study has been compiled by Mr Sanjeev Pandita with valuable inputs from Mr Harsh Jaitli, Ms Sumedha Sharma, Saumy Devasia & Mr Vijay Kanhere.

COEH Team

PRIA
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INTRODUCTION

Export processing zones are global phenomenon, where goods are produced mainly for exports or world market. In order to keep the price of goods competitive, the zone authorities give certain concessions to the exporters (tax benefits, duty free imports, non-applicability of the labour laws etc.). India has 7 such zones and the zone authorities of the zone are concerned only about earning foreign exchange by all means and workers mean just nothing.

Keeping this in view PRIA with support from ACILS carried out a study, which would not only look at the economical perspective but also peeps into the lives of the people who work there and also presents over all Health and Safety conditions prevalent in these zones.

METHODOLOGY

Secondary data regarding all Export Processing Zones in India was collected, and based on it three zones viz. Madras Export Processing Zone (MEPZ), Noida Export Processing Zone (NEPZ) and Santa Cruz Electronic Export Processing Zone (SEEPZ) were selected for detailed survey and for collection of primary data. The methodology employed for survey was different for all the three zones due to the different conditions prevalent there. In MEPZ, where a strong MEPZ workers’ union exists, it was possible to go inside the zone and visit major units within the zone. Data was collected by questioning of workers both inside as well as outside (in union office) the zone. In SEEPZ the data was collected by means of Questionnaires. A sample of 80 workers was taken. In NEPZ, where zone authorities would not allow researchers inside, data was collected primarily by questioning the workers outside the zone.

CONCEPT

An ‘Export Processing Zone (EPZ)’ in simple terms can be defined as industrial zones with special incentives, set up to attract foreign investors, in which imported material
undergo some degree of processing before being exported again. EPZs can be viewed as clearly delineated industrial estate, which constitutes a free trade enclave in the customs and trade regime of the country, and where foreign manufacture firms producing mainly for the export, benefit from certain tax and financial incentives. However, the above given definitions are not concrete and there are many exceptions e.g. some export processing zones may not be demarcated by physical barriers as in cases were free trade applies throughout the country, such as in the city states of Singapore and Hong Kong (previously), which are EPZs in themselves. Similarly China’s ‘Special Economic Zones’ are on spread on such a large scale that they seem to evade the above definition of EPZ.

This concept is known by different names such as Free Trade Zone, Industrial Free Zone, Maquiladoras (Mexico), Special Economic Zones (China). There are no less than 19 terms to describe, what is basically the same concept. Quoting Raman in this context:

Whatever be the terminology, the significance of the ‘Export Processing Zones’ lies essentially in its physical, social and economic separation from the rest of the country.

**EPZ : PAST AND PRESENT**

There has been considerable growth in export processing zones in size as well as in number over the last few decades, but the concept is not a new one.

*Under the Roman empire free trade zones were set up along the commercial routes. Used for storing duty free goods before re-exporting them, were a marginal element in a mercantile economy. The free towns of Middle Ages and the duty free ports of the British Empire (Singapore, Gibraltar, Hong Kong) continued the tradition.*

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1 ILO (1996); Labour and Social Issues Relating to Export Processing Zones; p. 3.
2 Raman (1989); A Review of Free Trade Zones in developing countries; IIFT; p. 1
3 ICFTU (1998); Behind the wire: Anti union repression in the EPZs. This information is present on the website of ICFTU under the heading EPZs.
4 Eddy Lee (1983), Export Processing Zones and Industrial Employment in Asia; p. 3.
5 Raman (1989); A Review of Free Trade Zones in developing countries; IIFT; p. 1.
6 ICFTU (1998); Behind the wire: Anti union repression in the EPZs.
As per one International Labour Organisation (ILO) report, some of the earliest references of such zones can be traced back to the thirteenth century in Spain. As per the report:

King Alfonso X granted certain commercial privileges to the city of Cadiz. The Free Zone Consortium of Cadiz was founded in 1229. Elsewhere in Spain, a free trade zone was set up in Barcelona before the First World War, but due to civil war it did not really take off until after the Second World War when a number of automobile plants were established there.¹

The first export processing zone of modern era was set up in 1959 at Shannon, in Ireland. In 1962 the concept was adopted by Puerto Rico with the establishment of an EPZ in the island. The concept soon spread to Asia. India was the first country to establish EPZ, at Kandla, in the Asia Pacific region in 1966. Sixteen years later there were nearly 175 spread across fifty countries. Since then export processing zones have been created in nearly half the world's countries mainly in the Third World. According to the latest ILO figures there are, at present, some 850 export processing zones worldwide, employing almost 27 million people. The global distribution of zones by region, as per the figures provided by World Export Processing Zone Association (WEPZA), is given in the graph below.

Figure 1

*Distribution of EPZs by Region: 1997*

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of Zones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific</td>
<td>2</td>
</tr>
<tr>
<td>Africa</td>
<td>47</td>
</tr>
<tr>
<td>Asia</td>
<td>225</td>
</tr>
<tr>
<td>Middle East</td>
<td>39</td>
</tr>
<tr>
<td>Europe</td>
<td>81</td>
</tr>
<tr>
<td>South America</td>
<td>41</td>
</tr>
<tr>
<td>Caribbean</td>
<td>51</td>
</tr>
<tr>
<td>Central America</td>
<td>41</td>
</tr>
<tr>
<td>North America</td>
<td>320</td>
</tr>
</tbody>
</table>

Source: WEPZA and ILO

Some of the important countries with their respective number of zones is given in the table below:

**TABLE - 1**

<table>
<thead>
<tr>
<th>KEY COUNTRIES</th>
<th>NO. OF ZONES</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>213</td>
</tr>
<tr>
<td>Mexico</td>
<td>107</td>
</tr>
<tr>
<td>Honduras</td>
<td>15</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>9</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>35</td>
</tr>
<tr>
<td>Colombia</td>
<td>11</td>
</tr>
<tr>
<td>Brazil</td>
<td>8</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>8</td>
</tr>
<tr>
<td>Slovenia</td>
<td>8</td>
</tr>
<tr>
<td>Turkey</td>
<td>11</td>
</tr>
<tr>
<td>Jordan</td>
<td>7</td>
</tr>
<tr>
<td>China</td>
<td>124</td>
</tr>
<tr>
<td>Philippines</td>
<td>35</td>
</tr>
<tr>
<td>Indonesia</td>
<td>26</td>
</tr>
<tr>
<td>India</td>
<td>7</td>
</tr>
<tr>
<td>Kenya</td>
<td>14</td>
</tr>
<tr>
<td>Egypt</td>
<td>6</td>
</tr>
<tr>
<td>Australia</td>
<td>1</td>
</tr>
<tr>
<td>Fiji</td>
<td>1</td>
</tr>
</tbody>
</table>

As evident from the graph and the table above, North America with 320 EPZs has the largest number of export processing zones followed by Asia which has 225 zones. Amongst the individual countries, United States with 213 zones has the largest number of EPZs, followed by China which has 124 zones. Even though India was among one of the initial countries to start a free trade zone yet, presently, there are only seven zones in entire country.

The number of EPZs is increasing as more and more countries are authorising the development of private zones. The Philippines, for example is well known for its four
government owned EPZs, but it has approved 83 zones, most of which are private. In a similar manner Indian authorities have also approved the creation of at least 3 private EPZs.8

WHY EPZ?

As per ILO, the main objective behind setting an EPZ is to attract investment that would otherwise not materialise. Developed countries have created Export Processing Zones (EPZs) mainly for the purpose of promoting development of export oriented manufacturing industries. Foreign investment is to provide the main impetus. Countries look to such investment to9:

a) create jobs and raise standard of living;10
b) transfer new skills and expertise to local human resources;
c) boost the export sector, particularly non traditional exports;
d) earn foreign exchange;
e) create backward and forward links to increase the output and raise the standard of local enterprise that supply goods and services to the zone investors;
f) introduce new technology;
g) develop backward regions of the country by locating the EPZs in these areas and using them to attract industries;
h) stimulate sectors regarded as strategically important to the economy, e.g. electronics, information technology, R & D, tourism, infrastructure and human resource development;
i) and even to kick-start the economy as a whole.

A large number of developing economies which had followed an import substitution strategy for industrialisation and development faced severe balance-of-payments deficits and foreign exchange constraints. During late 1960s and 1970s marked a shift leading to export promotion and diversification. The change was remarkably influenced by the

7 ILO (1998); Labour and Social Issues Relating to Export Processing Zones, p.3.
9 ILO (1998); Labour and Social Issues Relating to Export Processing Zones, Similar objectives have been given by Rajiv Kumar (p. 13.), Raman (p. 1) and Dattatrelyulu (p.2)
10 Some countries emphasise on creation of jobs for the unskilled whereas others may concentrate on the educated unemployed.
success of some economies which had followed export based industrialisation. However, attempts made by developing countries to liberalise bore no good fruits as the costs of adjustments often became too unbearable. Developing countries, already facing severe foreign exchange and resources constraints found it impossible to make many changes in their existing economies. Thus:

EPZs were best viewed in this context as instruments which would enable developing countries to undertake partial and limited liberalisation by creating an enclave where import substituting policies are not effective and free import and export of factors and products is allowed.\textsuperscript{11}

\textit{Modus Operandi}

Almost all EPZs around the globe operate in more or less similar manner and offer lucrative packages to entice the investors. The important aspects of this package are:

- financial incentives like tax holidays, duty free imports and exports;
- dedicated infrastructure;
- abundant and relatively cheap labour;
- strategic location and market access.

One of the important facility (for investors), widely promoted by the zone authorities around the world, is the non-implementation of the labour laws within the zone enclave.

However, in many countries, including India, zone authorities have floated a very tricky policy, under which the labour laws are applicable within the confinements of the zone also, but they are modified or moulded in such a way that maximum benefits are reaped by the investor. In other words one can say that in EPZs, labour laws are framed in such a way so as to suit the investor.

Some countries have enforced strict anti-strike laws and banned trade union activity in the zones to ensure \textit{conflict-free industrial relations for the investors}. For instance, South Korea, Taiwan, and Philippines have such laws. In Malaysia, trade union activities are banned. Similarly trade unions are not permitted to operate in EPZs in Sri Lanka.

\textsuperscript{11} Rajiv Kumar, \textit{India's Export Processing Zones}.
In India, all the EPZs have been declared as public utilities\textsuperscript{12} under the "Industrial Disputes Act (1947)". Trade unions are not banned; but all the strikes are illegal, unless they are preceded by stipulated reconciliation process involving Labour Commissioner's Office. It can be said that trade union activity is virtually non-existent in the Indian EPZs.

**Role of International Organisations in Development of EPZs**

International financial institutions like World Bank, United Nations Industrial Development Organisation (UNIDO) and United Nations Conference on Trade and Development (UNCTAD) have played an important part in creating as well as legitimising the concept of Export Processing Zones. As per a report of International Confederation of Free Trade Unions (ICFTU):

EPZs were seen by the international financial institutions as one of the essential ingredients of the opening up of the Third World economies. These zones have been often created in response to plans drawn by the International Monetary Fund or the World Bank. The UN system has also played an important role in the development of EPZs\textsuperscript{13}.

The report further states that UNIDO utilised the expertise from the Shannon zone to create the first manual on the creation of the Export Processing Zones. As per ILO, UNIDO has played a key role in the creation of the World Export Processing Zone Association (WEPZA) while UNCTAD has contributed greatly to legitimising the idea of EPZs through basic studies on the costs, benefits and advantages of these zones.

\textsuperscript{12} A public utility as defined by the law may be:

i) any service in, or in connection with the working of, any major port or dock;

ii) any section of an industrial establishment, on the working of which the safety of the establishment or the workmen employed therein depends;

iii) any industry which supplies power, light or water to the public;

\textsuperscript{13} ICFTU (1998); Behind the wire: Anti union repression in the EPZs.
India's economic development policies, since the beginning of the planning era in the 1950s, relied heavily on self-reliance. In the Fifties and Sixties, India pursued import substitution policies, in Seventies there was a shift towards support promotion and in Eighties liberalisation policies gained importance (which has continued into the Nineties).

Trade policy planners in India in the 50s, however, recognised the potential of the concept of a Free Trade Zone and perceived it as an instrument for export promotion. This was a bold departure from the thinking of the most of the developing countries at that time. The developing countries, by and large faced severe balance of payments deficits and foreign exchange constraints and followed import substitution strategies for industrial growth and development.

The inward looking policies of developing countries (restricting entry of foreign companies, foreign capital, imposition of high import duties and severe restrictions on import etc.), thus worked against import dependent export industries and seriously curtailed their ability to earn foreign exchange so vitally required for economic development.

While India widely pursued substitution policies in 50s and early 60s, the need for creating a separate enclave within the national customs territory in the form of a Free Trade Zone for development of export oriented manufacturing industries was severely felt. The zone was intended to exempt imports from all national customs and administrative formalities. Goods or raw materials or capital equipment imported for export production were not to be subjected to any kind of taxes or duties.

The Government of India announced its decision in the Lok Sabha in April 1960, to establish a EPZ at Kandla. The multi-product zone, however, came into being in March 1965 and became operational in 1966-67. India thus acquired the distinction of establishing a EPZ very early among the developing countries in 60s next to Puerto Rico which established the EPZ in 1962.

\[\text{\footnotesize{Dattatreya M; Export Processing Zones in India; p.2.}}\]
At present there are seven operational EPZs in the country which are as follows:

1. Kandla Free Trade Zone (KAFTZ), Gujarat.
2. Santacruz Electronic Export Processing Zone (SEEPZ), Maharashtra.
3. Cochin Export Processing Zone (CEPZ), Kerala.
4. Madras Export Processing Zone (MEPZ), Tamil Nadu.
5. Falta Export Processing Zone (FEPZ), West Bengal.
6. NOIDA Export Processing Zone (NEPZ), Uttar Pradesh.
7. Vishakapatnam Export Processing Zone (VEPZ), Andhra Pradesh.

The Santacruz Electronics Export Processing Zone (SEEPZ) is meant exclusively for the export of electronics and gem-jewellery items. The rest of the zones are multi-product zones manufacturing a range of items meant for export.

Administrative Authority

In India, the EPZs are constituted as departmental undertakings under Ministry of Commerce, Government of India. Each zone is headed by a Development Commissioner, a civil servant, appointed by Central Government. The highest decision and policy making body is the concerned EPZ authority, which is headed by the Minister of State for Commerce in the Central Government. It includes the Secretaries of all concerned Central and State Ministries as members as well as Development Commissioners of the EPZs in the country. The Authority meets periodically to undertake a review of the EPZ and co-ordinates inter departmental issues. All approvals, licences and other matters are dealt with by the concerned EPZ board, which meets regularly under the Chairmanship of the Additional Secretary, Ministry of Commerce. These Boards include representatives of concerned Ministries and act as ‘single window clearance’ for all issues pertaining to Zone operations. The states (in which the EPZs are located) have independent control over local taxes, municipal laws and incentives for different regions or types of industry in these EPZs.

Private/Joint Sector EPZs

Government of India has permitted the development of EPZs by private, state or joint

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sector. In this regard, the Inter-Ministerial Committee on private EPZs has already cleared three proposals for setting up of private EPZs in Mumbai (Maharashtra), Surat (Gujarat) and Kanchipuram (Tamil Nadu). In addition, establishment of an EPZ at Greater NOIDA (Uttar Pradesh) by the Government of Uttar Pradesh has also been cleared.

**Units in Operation**

The operational units in all the Export Processing Zones is given in the figure below. As can be seen from the graph, the total operational units in all EPZs of country are 538 (as on 31.3.98). SEEPZ with 157 operational units is the largest EPZ in the country and VEPZ, which has started recently (became operational from 1994-95), with only 4 operational units is the smallest zone.

**Figure-2**

**Units in Operation**

Source: Ministry of Commerce, Government of India

**Exports from India’s EPZS**

Cumulative exports from all the EPZs recorded an increase to reach a level of Rs. 4817.3 crores in 1997-98 from Rs. 4338.92 crores in 1996-97. Although the exports in 1997-98 recorded an increase of 11% over the performance in 1996-97, they accounted for a share of 3.9% only in all India exports (Desirable 5% share).

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*Data received from Ministry of Commerce, Government of India*


Employment Generation

The number of persons getting direct employment in EPZs is almost 80,000\textsuperscript{17}. The no of persons employed in all EPZs is given graphically as follows:

\textbf{Figure - 4}

\textbf{EMPLOYMENT IN EPZs}

Source: Ministry of Commerce, Government of India

\textsuperscript{17} As per government figures but can exceed if the contract labourers etc. are taken into account.
As can be inferred from the graph, SEETZ employs the largest number of people followed by MEPZ. VEPZ with a total employment of just 27 persons employs the lowest persons of all the zones.
THE ZONES UNDER STUDY

Santacruz Electronics Export Processing Zone (SEEPZ)

SEEPZ was the second Export Processing Zone to be established by Government of India in September 1974 at Mumbai (Bombay previously). This zone was set up exclusively for the electronic and gem-jewellery products. With about 157 operational units, the zone employs about 32,105 persons.

Exports consist of computers, computer sub-assemblies and peripherals, electronic components, consumer electronics, computer software, instruments and communication equipments and gem-jewellery items. Exports from the zone were estimated at 2517.68 crores in the year 1997-98.

Madras Export Processing Zone (MEPZ)

Madras Export Processing Zone is located at Tambaram, which is 22 Kms away from Chennai (formerly known as Madras) capital of the Tamil Nadu state. It is a multi-product zone and was established in 1984. At present there are 84 functional units in the zone. The total employment in the zone is 17,000\(^{18}\) out of which nearly 12,000 (70%) are women.

Exports from the zone include engineering goods, ready-made garments, perfumes, semi-precious stones, computer software, leather goods, stuffed toys, artificial flowers, electronic hardware, video cassette manufacturing, precision rubber components and industrial tyres. Exports from the zone were estimated at 1003.98 crores in the year 1997-98.

Noida Export Processing Zone (NEPZ)

NEPZ is located at Noida in Uttar Pradesh and is nearly 30 Kms away from New Delhi. Established in 1984, it has presently 117 functional units. NEPZ is an multiproduct zone and employs nearly 13,074 persons.

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\(^{18}\) As per the figures given by zone authorities on the internet.
Exports include computer software, cosmetics, garments, jewellery, pumps, electric equipments, quartz, knitwear, footwear, audio cassettes, electronics and photo type set films. Exports from the zone were estimated at 604.09 crores in the year 1997-98.

The above three zones are the leading exporters amongst the all seven zones. In 1997-98 the exports from these three zones accounted for nearly 85% of the total EPZ exports.

A comparative account of the exports from these three zones is given graphically in Figure - 5 below.

![Exports from Three Zones](image)

*Source: Ministry of Commerce, Government of India*

SEEPZ has been the leading exporter amongst all other zones. Approximately half of the total EPZ exports come from SEEPZ only (see the table below). NEPZ and MEPZ exports have been acquiring second or the third place as seen from the graph above. However, MEPZ exports for the last two years i.e. 1996-97 and 1997-98 have stood at the second place.
Table - 2

<table>
<thead>
<tr>
<th>Zone</th>
<th>Exports in 1997-98 (in Rs. Crores)</th>
<th>Percentage of Total EPZ Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEEPZ</td>
<td>2517.68</td>
<td>52.26</td>
</tr>
<tr>
<td>MEPZ</td>
<td>1003.98</td>
<td>20.84</td>
</tr>
<tr>
<td>NEPZ</td>
<td>604.09</td>
<td>12.54</td>
</tr>
</tbody>
</table>

These three zones account for nearly 80% of the total EPZ employment in India.

The table below give the employment figure of each zone with its percentage contribution to the total employment.

Table - 3

<table>
<thead>
<tr>
<th>Zone</th>
<th>Employment</th>
<th>Percentage of Total EPZ Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEEPZ</td>
<td>32,105</td>
<td>40.55</td>
</tr>
<tr>
<td>MEPZ</td>
<td>17,349</td>
<td>21.91</td>
</tr>
<tr>
<td>NEPZ</td>
<td>13,074</td>
<td>16.51</td>
</tr>
<tr>
<td>Total</td>
<td>62,528</td>
<td>78.97</td>
</tr>
</tbody>
</table>

The official employment figures (as given by Ministry of Commerce and Zone authority) are not accurate as they include only those workers who are permanent and are entered on the company record books. There are thousands of other workers, who either do not appear on the company records or may be working as contract workers. Thus the employment figure may be much higher than what is depicted by the government statistics.

During the survey of MEPZ, the MEPZ workers union[^19] which is the only union of EPZ workers in India, did not agree to the government total employment figure of the zone i.e. 17,000. They put the figure around 36,000-38,000 out of which almost 25,000 are women.

[^19]: The union is affiliated to Centre for Indian Trade Unions (CITU).

15
Workforce Composition

One of the characteristic feature of the EPZs around the globe is the prevalence of the young women workers. Almost 75% to 80% of the employment in the EPZs all around the world is constituted by women of the age group of 20 to 25 years. Indian Export Processing Zones follow the same trend. NEPZ being the only exception as it employs only 30% to 35% women.

In MEPZ, as per the figures given by the zone authorities, almost 70-80% of workforce is constituted by women only. The average age of workers is 20 to 25 years. Though such (official) figure is not available for SEEPZ, however, it is estimated that women workers constitute more than 70% of the working population.

In SEEPZ, the sample study of 80 women workers revealed that 63 women (78.8%) belonged to the age group of 21 to 24 years, 9 (11.3%) belonged to the age group of less than 20 years, 7 (8.8%) belonged to the 25 to 29 age group and only 1 (1.3%) belonged to the 30 to 34 age group.

Figure - 6

Age Of Workers

It is evident from the graph of the sample that the dominant age group in SEEPZ is 21 to 24. If we consider the marital status of these women then it was seen that only 12 (15%) women were married and 58 (85%) were unmarried.
MEPZ is located in the suburbs of the Chennai city and the workers come both from the rural and the urban areas. Majority of the workforce is, however, constituted by young rural girls of the adjoining areas. As per an rough estimate most of the workers are ‘Tamil’ (80-85%). The second largest ethnic worker group is from Kerala. Young Malayali women constitute 5-8% of the working population. The rest of the population is constituted by the other ethnic groups of the south viz. Kannada, Telugu.

In SEEPZ the sample of 80 women revealed following data:

<table>
<thead>
<tr>
<th>Mother Tongue</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marathi</td>
<td>75</td>
<td>93.8</td>
</tr>
<tr>
<td>Hindi</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>Kannada</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>Gujarati</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>Bengali</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>Malayalam</td>
<td>1</td>
<td>1.3</td>
</tr>
</tbody>
</table>

As, evident majority of workers (93.8) belong to Maharashtra, and rest of them come in equal proportions from other places like Karnataka (Kannada), Gujrat (Gujarati), West Bengal (Bengali), Kerala (Malayalam) and others (Hindi).

Since NEPZ is located very close to N. Delhi, so the workers come from all places like Uttar Pradesh, Bihar, Haryana, Delhi, Punjab, West Bengal etc. Most of the workers come from the Hindi speaking belt.

Wages

Export Processing Zones in developing countries entice the investors by playing the ‘low wage card’. India being no exception to that. Given below are some of the abstracts taken from the brochure prepared by NEPZ authorities so as to attract investors:

- **Make your mark in the international market:............. with abundant low cost labour.**
- **A wealth of human resources: .......... the city of Delhi and adjoining areas are**
home to a vast skilled & semi-skilled labour force. Plus, experienced & highly productive workforce is available at relatively low wages.

All the three zone authorities boast of easily available low cost labour. Investors look for cheap labour so as to bring down the cost of production in order to keep their goods competitive in the international market. This they do in spite of the heavy tax and duty concessions provided to them by the zone authorities.

The wages received by workers vary from zone to zone and also within the zone. The wages which a worker may receive depend upon the kind of job, skills of the worker and also on the nature of the individual firm. Workers receive wages in all forms i.e. daily, monthly and piece rate. Piece rated wages are common in the garment industry where a monthly wage is fixed on basis of some production norm. Contractual labour is also employed. The wages paid to contract worker are determined by the sub-contractor and not the firm.

The state governments have defined minimum wages for their respective zones but they are hardly implemented. This is due to the following reasons:

- the workers are paid on the piece-rate basis and may earn more than the minimum wages.
- since young women constitute the bulk of the workforce, they are most of the time employed at wages which are much below the minimum wages. e.g. the minimum wages set up by the Govt of Tamil Nadu for the garment industry in Tamil Nadu is Rs. 1200 ($30) p.m. However, it was seen that very few companies inside the zone paid minimum wages and the average wages received by a worker in garment industry is not more than Rs. 800 ($20) p.m.

In SEEPZ the study of 80 women workers revealed following wage data:
### Table - 5

<table>
<thead>
<tr>
<th>Wages in Rs.</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cum Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 1300</td>
<td>24</td>
<td>30.00</td>
<td>30.00</td>
</tr>
<tr>
<td>1401-1500</td>
<td>21</td>
<td>26.3</td>
<td>56.3</td>
</tr>
<tr>
<td>1501-1600</td>
<td>14</td>
<td>17.5</td>
<td>73.8</td>
</tr>
<tr>
<td>Above 1600</td>
<td>21</td>
<td>26.3</td>
<td>100</td>
</tr>
</tbody>
</table>

As seen above majority of women (30%) receive wages within a range of Rs. 1300 ($32) p.m. which would mean even less. 73.8% of women receive wages below Rs. 1600 ($40) p.m.

The important point to be noted here is that SEEPZ is located in Mumbai where cost of living is highest than any other Indian city and average wage of Rs. 1300 is too less a amount for survival in such a big city.

The things are no different for NEPZ. During the survey it was found that disparity of wages also existed there and no uniform system was observed. Wages for an young entrant can get wages around Rs. 500 - 800 p.m. The average wages are not more than Rs. 1200 ($30) p.m.

Considering the current Rupee-Dollar exchange rates, the average wage in a typical Indian EPZ can range from $30 - $35 p.m., which is quite less if we compare the wages in EPZs of some other countries. (See the table below)

### Table-6

<table>
<thead>
<tr>
<th>Country</th>
<th>Minimum monthly wages in zone (in US-dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guatemala</td>
<td>88</td>
</tr>
<tr>
<td>Honduras</td>
<td>78</td>
</tr>
<tr>
<td>El Salvador</td>
<td>132</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>85</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>195</td>
</tr>
<tr>
<td>Panama</td>
<td>135</td>
</tr>
<tr>
<td>India</td>
<td>35</td>
</tr>
</tbody>
</table>
Labour Laws

As per ILO, the key issue to be considered about labour legislation in the zones is whether the national labour legislations are applicable to the zone and if they are applied in practice within the zone.

Labour and factory legislations of the Government of India and of the respective states where EPZs are located are applicable in the zone. All EPZs in India have been declared as a ‘Public Utility’ under the Industrial Disputes Act. Work hours as per law have been limited to 48 hours per week. Provident fund becomes applicable after 3 to 5 years. Employers contribution to PF is limited to just 8%. Bonus law prescribes a minimum of 8.33% and maximum of 20%. However, bonus is not obligatory in the first five years, if profits are not earned.

As one can see, the labour laws of the country are applicable in EPZ too, but their application is rarely seen in practice. During the survey, it was found that workers are hardly benefited by any of the labour legislations not only because they are not applied in practice but also due to many loopholes in the existing zone legislations e.g. declaring the zone as ‘Public Utility’ restricts the workers from going to strike as it has to be accompanied by complicated procedures. Even though the work hours are restricted to 48 hours per week, it was found that at many places workers work more than that (56-60 hours) and with no or improper remuneration for the extra hours.

An interesting thing to note here is that in garment, and other labour intensive industries in the zone, women are paid their monthly wages only if they achieve a certain production target, which is set on for daily or weekly basis. When some women falls ill or due to some other reason is not able to come to work, her target keeps on accumulating and she has to work overtime so as to cover the target. Obviously, she won’t be paid any extra money even if she is putting on extra hours of work, on the contrary her salary will be deducted if she fails to complete her target in spite of her extra work.

Since bonus is not obligatory, during first five years, most companies do not pay any bonus to workers. Workers at many places do not get paid leaves. Women do not get maternity leave anywhere, in fact women generally lose their jobs if they get pregnant.
Surprisingly, some companies employ women on the condition that they won't get married or pregnant in near future.

As per the factories law, employers are prohibited from allowing women to work in night shifts, but during the survey the contrary was seen women work in night shifts in many places in MEPZ. Women in SEEPZ and NEPZ work overtime but details about their working in night shifts were not available.

**Worker Union/ Organisation In EPZs**

Indian labour law does not ban formation of workers union in the export processing zones. Yet, MEPZ is the only EPZ in India which is having a recognised trade union viz. Madras Export Processing Zone Employees Union which is affiliated to the Centre for Indian Trade Unions (CITU). The rest of the zones do not have any union even though many attempts to organise the workers in these zones have been made and are still continuing. All the attempts of workers to get organised are discouraged by the investors as well as zone authorities due to obvious reason of losing investors. Stern action is taken against those who are involved in this which would mean a worker losing his/her job.

There is an atmosphere of fear among the EPZ workers as the investors resort to any means to crush any attempts of organising the workers. The difficulty in forming the union in the zones is due the fact that zones are walled enclaves and union organisers are not allowed inside, only the workers with proper identification are allowed. This makes it difficult for even the renowned national trade unions of the country to break inside. Workers of different units inside the zone are even prevented from interacting with each other. The factories bus their workers directly to and from the factory door.

| A strike at the Tandon Group of companies, located in SEEPZ and exporting computer parts, in 1994 resulted in the arrest of around 1,500 workers. One hundred and fifty were dismissed. In the early part of 1996, a group of workers were sacked again as they went for strike. They were even banned from entering the factory premises. |

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The MEPZ workers' union was established in 1995, after a hard struggle for 3 years. It has a membership of 4,500 (20%-25% of total workforce) involving only 13 units of the zone. The membership may be less but the impact is quite visible. Organised workers are bargaining for better salaries and better working conditions. E.g., a company Balmer & Lawrie used to pay its employees wages less than Rs. 1500 per month, but after the workers got organised, at present, they are getting a minimum salary of Rs 3500 per month. The workers of other unorganised units continue to be exploited. They are paid very less wages and work for more than 8 hours (10-12 hours) without being paid overtime as per the laws. They do not get the other benefits like bonus, PF etc. The workers of the unionised units are getting much better salaries compared to the non-unionised units. This is not all they get other benefits like PF, bonus, paid leave, proper overtime wages and most important - their job is secure.

**Health & Safety Conditions**

The survey of these three zones revealed that hardly any stress was laid on the health and safety of the workers. The reasons being many:

- Since all the industries are totally export oriented ones, all the emphasis is directed towards minimising production costs to competitively price the product in the international market. Providing safe and safe environment for workers would mean escalating overhead expenses, and in turn, higher cost of the produce to be exported. Even the zone authorities are concerned only about the export performance of the units. Only some of the big investors understand the need for safe working environment and are providing it to some extent. But their number is very less. Rest care least for the worker. Workers are freely available and hence the industries in the EPZs do not mind dismissing a worker in the event of his/her falling ill or medically incapacitated, even if temporarily.

- Even the Development Commissioners are candid about the poor attention to the work environment that prevails in the EPZs. This, they maintain, is the work of the relevant Factory inspectors. There appears to be a grey area here in the sense that while the Development Commissioner turns a blind eye to the problem of a hazardous work environment (from the workers' point of view), the Factory Inspector or their staff do not even bother to enter the EPZs. In the process, the employer is assured that there is no one to bother about the application of labour laws in the EPZs.
In the absence of any worker unions in SEEPZ and NEPZ, there is no demand from the workers for the improvement of health and safety conditions. The workers are too afraid to speak about it. Workers are also ignorant about the facts of health and safety. Getting work is more important rather than the work conditions. In MEPZ, even though there is an recognised workers union the things are not too different. The union is present only in few units. The conditions are slightly better in the unionised units but only in terms of salary and other benefits. Unions have not started to take the issues related to health & safety as other issues take more prominence.

MEPZ and NEPZ being multi product zones, different types industries are present in the zone. The industries include garments, drugs and pharmaceuticals, computer (software and parts assembly), heavy engineering. SEEPZ is not a multi product zone but is exclusive zone for electronic and gem-jewellery products.

The various problems and hazards observed in the different types of units during the survey are listed below:

- None of the industries in these three zones has a well defined Health and Safety policy.

- The problems due to heat were seen in the heavy engineering industries of MEPZ and NEPZ. Both Noida and Chennai are very hot during summers and work in these industries requires lot of labour. Workers perspire heavily, losing salt and water from their bodies. Due to heavy work pressure workers are unable to take adequate quantity of water. Salt tablets are not available. Dehydration of workers is common in these units. Other problems include heat stroke, heat rashes and some gastrointestinal problems due to consumption of contaminated water.
On surveying one Freight Container Manufacturing Unit in MEPZ, it was found that there was no safety department as such and personnel dept. handles matters regarding health & safety. The workplace was very hot and dusty and there was no proper ventilation. The major problem was with ‘welders’, as they had to wear heavy protective equipment to protect their eyes, hands etc. During the welding operation, the workplace becomes quite hot. The fans can’t be provided, says management, as they might lower the welding temperature and welding may not be of the requisite standards. In summers the temperature of Chennai is quite hot and humid and temperatures can go as high as 45°C and the workplace temperature is 2-3 degrees more than the outside temperature. This causes severe perspiration of workers and many a time they get dehydrated to such an extent that they lose consciousness. The problems due to heat were seen almost in all the three zones due to improper ventilation and cooling systems. The other problems include rashes due to heat, minor injuries due to falls etc.

- Garment industry is one of the major industries in MEPZ and NEPZ and mostly employs women. Many diseases are prevalent in the garment industry. Improper ventilation is problem at almost every unit. Respiratory disorders are prevalent among majority of workers. They are caused due to inhalation of the fine polymer fibres, which is used in the inner lining of the jackets. These respiratory disorders include asthma, long lasting cough, breathlessness etc.. Women working in garment industry work in uncomfortable position for long hours. This is particularly seen in ironing section where women have to iron countless clothes standing in awkward positions. This leads to musko skeletal disorders, like body ache, back ache, joint pains etc., among these workers. Women reported many gynaecological disorders (see box).

During the survey in MEPZ, women in the garment industry complained of gynaecological problems like irregular periods, excessive flow during periods and pain associated with the periods. A few cases of abortion had also taken place in some women. Women in these industries have to sit on the sewing machine which has a small AC motor attached on the underside. It generates a lot of heat and when women sit on the machine the motor is very close to their abdomen. The heat causes lot of discomfort to them and they attribute all their gynaecological problems to it.
One of the general observation made during the survey was that workers are not provided with sufficient protective equipments. Few companies do provide protective equipments to their workers but only permanent workers enjoy this facility and if some contractual worker is doing the similar sort of job, he is not provided with any sort of protective equipment.

Accidents are common and are both minor and major. Minor accidents include minor falls, cutting and bruising, fingers getting trapped into machines and minor injuries due to splash of chemicals. Compensation is not paid as per the law by the company to the worker in lieu of any accident.

In one of the electronic switch manufacturing industry, in MEPZ, it was found that workers working in the hazardous units of the factory, i.e. the manual electroplating unit where Hydrochloric acid is heated in a bath upto the temperature of 95\(^{0}\)C. There is no sufficient ventilation in that unit and in spite of the measures taken one can feel the noxious fumes of the acid from distance. Workers working here are always exposed to these fumes and are facing respiratory troubles. They are not provided with any gas mask but are paid Rs. 50 as weekly chemical allowance.

Permanent workers of all the three zones are covered under the Employees Insurance Scheme but they hardly derive any benefit from it. The ESI hospitals are too far from the zones e.g. in MEPZ the ESI hospital is situated at Chrompet which is almost 8 Kms away from the zone. Workers have to take a day off so as to get themselves checked. Worse, ESI hospitals are in a bad state all over the country. Workers go to ESI hospital only for getting sick leave by paying some amount there.

Majority of units have primary First Aid facility but no one is given any formal First Aid training.

In SEEPZ the major type of products are computer parts like AC motor, Coils, Computer motor, Computer Heads. The work process produces lot of fumes due to the use of chemicals. Some of the common problems faced by the workers are given below:

- Minor injuries like cracking and cutting of fingers is common in workers while fixing the insulators, winding of coils and cutting operations.
- Problems like headache, watering of eyes, respiratory troubles are also common due to the presence of toxic fumes which are produced in various operations like soldering, tinning etc.

- Chemicals like alcohol, acetone and flux (used in soldering) are also used in the work process. Problems arise due to splash of these chemicals and also due to inhalation of its vapours.

The study of 80 women workers in the zone revealed following health & safety problems in the zone:

**Accidents at Work**

**Table - 7**

<table>
<thead>
<tr>
<th>Accident Type</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>27</td>
<td>33.8</td>
</tr>
<tr>
<td>Fingers scrapped</td>
<td>6</td>
<td>7.5</td>
</tr>
<tr>
<td>Mild burns</td>
<td>12</td>
<td>15.0</td>
</tr>
<tr>
<td>Deep cuts</td>
<td>24</td>
<td>30.4</td>
</tr>
<tr>
<td>Fingers caught in machine</td>
<td>3</td>
<td>3.8</td>
</tr>
<tr>
<td>Hands caught in machine</td>
<td>1</td>
<td>1.3</td>
</tr>
<tr>
<td>Injury to eyes</td>
<td>4</td>
<td>5.0</td>
</tr>
<tr>
<td>Not available</td>
<td>2</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>79</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Missing Case = 1*

Only 27 (33.8%) of the women reported that no accidents take place at the workplace. Rest 52 (66.2%) responded that accidents of varying types take place at the workplace. Accidents like mild burns (15% respondents) and deep cuts (30.4% respondents) affect a majority. The other accidents at workplace include fingers getting scrapped in machines (7.5%), fingers getting caught in machine (3.8%), hands getting caught in machine (1.3%) and injury to eyes (5%).
From the table it is clearly evident that majority (83.7%) of women are having one or the other problems due to the chemical fumes at the workplace. The common problems due to chemical fumes are headaches, breathing problems and watering of eyes.

**Information about chemicals**

Only 21 (26.3%) women responded “Yes” whereas a large number 59 (73.8%) responded “No”. This implies that most of the units do not supply the valuable information about the chemicals being used in the work-process to the workers.

The important thing to note here is that the information provided about any chemical is only rudimentary i.e. information about some of its acute effects (causes burns etc.) is provided where as the valuable information regarding the long-term chronic effects of that chemical is not provided at all.

**Backache and Bodyache**

The response on backache and bodyache can be shown graphically below in the Figure-7 and Figure-8 respectively.
As evident from the graph above, very few women responded as having no backache (5 respondents i.e. 6.3%) or bodyache (15 respondents i.e. 18.8%).

An interesting thing to note here is that in response to backache query 64 respondents (81%) are having backache usually and a total of 74 (93.7%) respondents are having backache in one way or the other (i.e. sometimes, manytimes or usually).
Similarly 51 (64.6\%) respondents are usually troubled with body ache and a total of 64 (81.1\%) are suffering from the problem of body ache in one way or the other.

The high prevalence of problems of bodyache and backache would imply high work load and also working in uncomfortable positions for long hours.
POSITION OF WOMEN AND OTHER ISSUES IN THESE ZONES

Problems of Women

Women constitute a major proportion of the workforce in the export processing zones but unfortunately their economic importance is not recognised at all. Even though the women constitute the major portion of labour-force in the EPZs, but the jobs they do are always unskilled or the low-skilled ones. They are never preferred for the skilled jobs and always occupy the ‘bottom of the occupational hierarchy’. Indian women, particularly rural, seldom enjoy the same education and training as men. Thus they find it difficult to get job in skill-intensive or capital intensive industries. Employers also are reluctant to invest in developing the skills of women as they feel it as may be a waste of investment because women may leave after marrying or having children. They have to be satisfied with a low-skilled job in the labour intensive industry. Most of the industries in the EPZs employing women only are labour intensive ones like garment, electronic assembly etc.

To quote Rajiv Kumar on this subject:

As per various studies, the reasons for employing women in the electronics and garment industry are due to certain inherent qualities possessed by women. These qualities, it is argued, are either physiological (nimble fingers, greater physical resilience, etc.) or a result of social conditioning (patience, willingness to undertake long hours of monotonous work, concentration and attention to detail, etc.). These qualities are necessary for both component assembly and garment manufacture where impatient and easily distracted, and non-resilient males will produce a large volume of rejects.21

During our study it was found that the above views expressed by Rajiv Kumar still hold good in the Export Processing Zones. The other problems of women in the zone can be summed up below:

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21 Rajiv Kumar, India’s Export Processing Zones.
Traditionally Indian women were involved in household work and reproduction of children. However, in recent times due to financial constraints and due to changing attitudes, women have to work outside to earn for living. The attitude in the society has not changed completely as men seldom do the household work. Women work outside and when they come home they have to do the domestic work too. It was seen in the women of all the three zones. Women work in the zone for 10 - 12 hours (including the commuting hours) and in addition to that they have to rise early and work till late night for their never-ending domestic responsibilities. Due to these additional responsibilities of women, late coming and absenteeism are common in the zone. Employers being insensitive to the problems of women hardly ever try to reduce their target and their work keeps on piling, adding to their already high level of stress and fatigue. Stress related disorders like stomach upsets, ulcers and disturbed mental state were common in the women of all the three zones.

The women in the EPZs are largely anaemic. This is possibly because the diet they take lacks the nutrition their bodies need to cope up with the hard labour they put in during their day-long toil in the industry as well as at their homes. This can also be ascribed to the culture of the women in the households being the last to eat and generally, there is too little left for them. This also makes them prone to malnutrition related disorders.

Some of the garment manufacturing units as well as some assembly units in the zone were seen to have very strict time schedule. In MEPZ it was seen that many units give tokens to women and she can go to toilet only after giving the token. This is done so as to restrict the women from taking break from work. Women are generally brought in buses either from the zone gate or from their homes to the factory premises. Once the doors of factory are shut they can’t leave whatever be the reason.

No special facilities are provided for women in the zones in spite of their large number in the zone. A special doctor to look after the specific problems and diseases for women can not be thought of when even the normal minimal medical facilities are not available to them. As per factories law, employer has to provide the crèche facility in the factory premise if he employs more than 30 women. However, such facility were seldom seen even though most of the factory units in the zone employs more than 30 women. MEPZ employers association, an association formed by the zone investors are providing a crèche facility for the women working in the zone.
The crèche, however, is too small (consists of one small room) to cater to the needs of such large number of women working in the zone.

- Women are not given any maternity leave and if some women gets pregnant she is simply shown door. In fact at many places the precondition of the job is laid that they won't get married or have a child.

- Sexual harassment is one of the issues which is affecting a large number of women in the zones. Very little data is, however, available on the subject because women generally tend to keep mum on the issue due to social reasons. It was seen that in all the three zones the problems of sexual harassment were present at the workplace. The supervisors are generally male and they use highly objectionable language with the women. If women are unable to complete the set target, the supervisor may even abuse them physically. This is not all, women tend to work late in the evenings, and they may be sexually harassed even on the way to their homes.

The survey of 80 women workers in SEEPZ was carried out to study the specific women related health problems which they face. The following figures were obtained:

<table>
<thead>
<tr>
<th>Problems Related to Menstrual Periods</th>
<th>No. affected (out of 80)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower abdominal pain associated with periods.</td>
<td>45 (56.2%)</td>
</tr>
<tr>
<td>Pain in the waist</td>
<td>40 (50%)</td>
</tr>
<tr>
<td>Pain in the legs.</td>
<td>26 (32.5%)</td>
</tr>
<tr>
<td>Extended periods (upto a month).</td>
<td>2 (2.5%)</td>
</tr>
<tr>
<td>Excessive blood flow.</td>
<td>18 (22.5%)</td>
</tr>
<tr>
<td>White Discharge</td>
<td>9 (11.2%)</td>
</tr>
<tr>
<td>Periods twice a month.</td>
<td>1 (1.3%)</td>
</tr>
</tbody>
</table>

The prominent problems which came up are: the lower abdominal pain associated
with the periods (56.2% respondents), pain in the waist during the periods (50% respondents), pain in the legs during periods (32.5% respondents), excessive blood flow during the periods (18% respondents) and the problem of white discharge (11.2% respondents).

Other problems included extended periods and in rare cases periods twice a month.

**Child Labour in the Zones**

Prevalence of child labour was seen in the Madras Export Processing Zone. Though it is denied officially but the researchers could see young girls of the age group of 12 - 16 years working in some companies. While talking to some of the investors in the zone, some of them frankly admitted of employing children. The employer of an artificial flower manufacturing company, which employs only young girls, maintained the job is such that it needs only small and delicate fingers. As per the MEPZ workers union, the number of child workers in the zone can be in thousands. Children are paid much less wages than adult (Rs. 20 to 25 per day). They are recruited on daily wage basis. Absence from work would mean no wages.

Presence of child labour is also suspected in other two zones (NEPZ & SEEPZ) but since there is no labour union in these zones, details could not be collected in this regard.

**Problem of Retrenchment**

One of the grave problems faced by workers is the fear of shutdown of the industry. As expressed by Mr. Ponmudi, Secretary of the Madras Export Processing Zone Workers Union, many companies in the zone have shut down without paying any compensation to the workers. On interviewing certain employers in the zone, it was found that due to the global recession the companies are losing global market and hence are forced to close. However, as per zone union the companies reap the tax and other benefits for five years and then shut down all of a sudden and reopen in some other zone within country or outside the country (e.g. Bangladesh) or surprisingly may reopen in the same zone with some other name e.g. Vastra Apparels, a garment factory in MEPZ, with over 200 workers shut down all of a sudden after 5 years in 1997 and restarted as Rudra Apparels in the same zone without employing any of its previous employees.

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22 Names of company available at request.

23 Figure given by CITU is 9000.
CONCLUSION & RECOMMENDATIONS

The first Export Processing Zone in India was started as early as 1965. India was first among the Asian countries and second in the world to do so. This happened when export-led development was becoming more popular in developing countries, then import led substitution policies. Many countries followed India like Indonesia, China, Philippines etc. Of the 225 zones in Asia, only 7 are Indian, which would imply that in spite of taking the lead, India was left behind somewhere. The condition of workers in these 7 zones is no good. Some of the issues which need to be analysed keenly:

- At policy level EPZs are considered as tools to earn foreign exchange which can be used for social upliftment. Ground reality, however, speaks differently. With more than 30 years of their existence, EPZs in India have failed to create a visible impact as predicted before their existence.

- The 7 Indian zones roughly generate an direct employment of 1 lakh (One hundred thousand) which is not more than 0.45% of total persons employed in the manufacturing and processing industry. They can’t be termed as the employment generating zones.

- Women constitute the considerable portion of the labour force (>70%). However, the jobs they do is the unskilled or the low skilled. Men are given preference in the skilled and the high profile jobs. At policy level, the importance of the distinct economic role of women in the zones is not reflected. There are not any specific regulations to ensure the overall safeguard of the rights of women in the zones.

- An audit report on the Export Processing Zones made by the Comptroller and Auditor General of India in a Central revenue audit report has highlighted serious lapses in their functioning. The report reveals the fact that Government has approved setting up of about 2,300 units in the EPZs, but most of them never started and there are only 500 active units now. The important point in the report was that “Customs duty amounting to Rs. 7,500 crores was forgone, for achieving net foreign earnings of about Rs. 4,700 crores (over value of imports) and government does not seem to have made any cost benefit analysis”. In spite of all this Government, in the 1999-2000 Budget which is to be presented in Parliament on Feb. 27, has raised the corporate tax holiday period in EPZs from 5 to 10 years.
- On papers the national labour laws are applicable in the zones but in practice the things are different. This is clearly visible as out of 7 zones only one zone (MEPZ) has a recognised Workers Union. In absence of any trade unions, workers find it difficult to demand their rights. If they do - they may lose their jobs.

- The investors in the zones are demanding that the zones should be exempted from the labour laws. This they demand in spite of the heavy concessions given to them by zone authorities. Surprisingly some policy makers and economic analysts in the country too think in the same terms. "There is a need of more free trade zones in the country. The trade barriers should be completely shed and investors should be free to hire and fire the employees at their own will" — expresses a leading economist of the country.

- Health & safety is given the lowest priority not only by the investors but also by the workers. Investors feel that the production costs may go up by providing hale and safe working environment, where as workers feel that issues like wages, bonus and job security are more important. "Daily bread for us and our family is more important even if it is at the cost of our health" is the general notion of an EPZ worker.

- Under such circumstances it is understood that the ideal safety conditions would not prevail in the EPZs but even the minimal measures to ensure the health & safety of the worker are not taken. Working in such unsafe environment makes workers vulnerable to various hazards like accidents, respiratory troubles, chemical burns, high stress levels etc. Women affected more as they are a major workforce in the zones and also because their work does not end in the zones only, they have to work at homes too.

- Prevalence of child labour is also visible in the zones. Children are paid very low wages and are preferred over adults in many units in the zone. Funny explanations are given for that like children have delicate fingers which is a prerequisite for the production process.

**Recommendations**

The problems of the Export Processing Zones are far more complex than they appear to
Many remedial measures have been suggested by stakeholders and investors, policy makers and government officials besides trade unions and social activists during the course of our interactions. However, while putting the matter in perspective, it is realised that the issue needs to be dealt with at two planes — issues of policy and issues of practice. While the first is to view the institutional arrangements specific to the occupational rights of the workers and their environment, the second is towards effective implementation of safe working practices.

It is realised that the real problem is in the implementation of the laws. It is also realised that while the investors would never like to invest in improving the health & safety conditions at the workplace, any change in policy has to have the consent of the bureaucracy, which is either insensitive or helpless to the plight of workers.

**Macro-level measures**

- The policies regarding Export Processing Zones are framed by Ministry of Commerce, without consulting Ministry of Labour. In order to safeguard the interests of the workers working in these zones, the Labour Ministry needs to play a decisive role during the formulation of policies.

- The selection of the investors should be made in such a way that they comply with the labour legislations and if at some point non-compliance is found, their lease should be ceased immediately. This should be done irrespective of their export performance. The package offered to the investors should reflect the firmness of the zone authorities in not compromising on the issues of workers rights.

- Since women are a majority in the zone hence they need special attention. This should be reflected at the policy level.

- Labour commissioner and the factory inspectors should ensure that the units in the zone comply with the existing laws. The role of Development Commissioner of the zone should not be restricted in monitoring the export performance of the zone only. He should also ensure the workers their due. There should be proper interaction in this regard between the Development Commissioner and the relevant Labour department of the region.
**Micro-level Measures**

- It should be made mandatory for the units in EPZs to have a well written health and safety policy. Workers participation should be ensured in all decisions related to the health and safety of the units, which can be done by the formation of Safety Committees etc.

- Workers should be educated about the hazards at the workplace and all of them should be given at least some basic training on health and safety. This is particularly essential in industries using chemicals and other hazardous materials. Such industries should furnish complete information to the workers about the chemicals in usage. This information must include exposure limits, short term and long term health hazards of the chemicals they deal with and the remedial measures in case of accidental exposure, inhalation or ingestion.

- It should be ensured by the zone authorities as well as by the relevant labour department that no worker is harassed by his/her employer on the pretext of forming union. The national trade union of the country should take effective steps to organise the workers.

- The health facilities should be made available to the workers within the zone. Such facilities should be made available to women. Lady doctor should be appointed for the purpose as women generally feel shy to share their problems with the male doctors.

- At present only MEPZ is having a joint crèche facility. Such facility should be extended to other zones also.
**Incentives for EPZs in India.**

- Duty free imports of capital goods, raw materials, components and spares, prototype drawings etc.
- Exemption from Central Excise.
- Exemption from Central and States Sales Tax.
- Permitted to obtain goods from DTA (Domestic Tariff Area).
- Exemption from electricity duty.
- Rebate on warfare charges at the port.
- Market development subsidy is offered.
- Tax holiday for 5 years which can be availed in any consecutive 5 years in a total of first eight years.
- Cash compensatory support is offered at 50% of the level applicable in the case of DTA units on the final output of units in EPZs.
- Facility to sell 25% of production in the domestic market in respect of items other than sensitive products, subject to payment of appropriate customs duties.
- Products manufactured and exported from the zone are exempted from Export Control Order.
- For every unit in the zone the percentage of scrap and waste and substandard is fixed, and this can be disposed of in the DTA after payment of duties.
- Sale of 100% of production in the domestic market allowed against valid import licence.
- Zone units are declared as public utility services under the Industrial Disputes act. Strikes without adequate notice are rendered illegal.
- Packing credit facility for a period of 180 days without production of firm export order of Letter of Credit.
- Term Finance are offered at concessional rate of interest for fixed assets.
- Fully owned foreign companies can invest in the zone.
- Repatriation of foreign capital investment in the zone is allowed with due appreciation.
- Repatriation of dividend earned by foreign investors is allowed after payment of taxes.
- There is no bar for investment in the zone even in the areas where foreign technical know-how and capital are barred for units in the DTA.

**Obligations**

- Units must be predominantly export-oriented.
- Units should give a minimum value addition of 30%.
- Units must be predominantly export-oriented. De-bonding is not allowed.
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ABOUT PRIA

An International Centre for Learning and Promotion of Participation and Democratic Governance.

Participatory Research in Asia (PRIA), a non-profit voluntary development organisation based at Delhi, India, has been promoting people centred development initiatives within the perspective of participatory research. It aims to strengthen popular knowledge, demystify dominant concepts and promote experiential learning and people’s participation. For nearly two decades this has been the basis of supporting empowerment of the poor and the oppressed in PRIA’s work. It learns about challenges of promoting people’s participation and democratic governance through local grassroots action via systematic documentation. It facilitates learning through sharing of its research findings and capacity building by promoting a conducive environment and supportive public policies towards this end. PRIA operates locally, nationally, regionally and globally.

VISION

PRIA’s vision of a desirable world is based on values of equity, gender justice and freedom.

A balance between economic and social development and citizen’s rights and responsibilities with ecological regeneration which gives equal importance to local priorities and global demands and a balance between authority and accountability.

MISSION

❖ To work towards democratic governance in society PRIA identifies the poor and the marginalized, focusing upon changing women’s roles and status as agents and leaders of change.
❖ Economic inequality requires addressing issues of poverty and powerlessness.
❖ Social exclusion entails mainstreaming participation by youth, tribal, dalits, elders and focusing on the rights of the workers and ordinary citizens.

STRATEGIES

Capacity Building: A wide variety of methods are used in enhancing and strengthening capacity at individual and institutional levels.

Policy Advocacy: It entails influencing policies from the vantage point of enabling participation and empowerment of the marginalized by systematic and ongoing monitoring of existing policies, their implementation and reformulation. It builds networks, coalitions and alliances of like minded individuals and organizations to facilitate dialogues across differing perspective and players and establishes linkages and accountability between micro and macro issues.

Knowledge Building: Entails engaging critical and systematic study of issues and institutions, which encourages or discourages a citizen from participating in democratic process. New knowledge is aimed at social change involving partnership with the beneficiaries. The aim of empowerment of citizens is to shape their lives, which is achieved by linkages and accountability between research and action. This is the essence of PRIA’s philosophy “Knowledge is Power”.

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ABOUT ACILS

The American Centre for International Labour solidarity (ACILS) is a US-based non-profit organisation with its headquarters located in Washington D.C. The organisation primarily works for securing the rights of the workers worldwide through a variety of programs. It is a member of AFL-CIO which is the premier trade union body in the U.S. and which has an affiliation of thousands of members. The organisation believes that more equitable markets-regulating laws, public policies and rights of the workers can only be formulated, implemented and secured through trade union influence and activism.

ACILS has now expanded its programs in South Asia and has started supporting a number of initiatives in India from its Sri Lanka office from 1998 onwards. These programs are geared towards protecting the rights of workers through initiatives like research, workshops and training. Currently, ACILS is supporting 8 sub-projects in India.

ABOUT THE CENTRE

CENTRE FOR ENVIRONMENTALLY SUSTAINABLE INDUSTRIAL DEVELOPMENT

The centre was known as Centre for Occupational & Environmental Health and has been renamed as above.

The mission of the centre is to promote the participation of workers and community in assuring an environmentally sustainable industrial development.

❖ PRIA's work in the area of environmental and occupational health has enhanced its contribution to worker's awareness and trade union's interest in addressing issues related to workplace health and safety. This needs to be further expanded to view industrial development as a whole in a sustainable perspective.

❖ PRIA's experience in research and capacity enhancement in this area can enable groups of industries and workers to find ways together in this regard.

❖ It is crucial to organize for a dialogue and joint actively to address environmental health issues arising out of industrial activity.

❖ Developing practical and measurable ways of assuring adherence to standards in social and environmental areas can help business and industry to evolve better practices. PRIA can collaborate with business and industry associates to promote adherence to such standard and undertake regular monitoring of new economic and industrial policies from the vantage point of environmental sustainability.

❖ The network of concerned individuals and organisation that PRIA has built needs to be utilised to undertake long term programming in this field and existing tools of information dissemination redesigned to serve this purpose.

❖ Present programme with ASPBAE can be used as an example to develop further collaborations globally and in Asia.