

Unsafe and Underpaid: Working Conditions in South Asia's Leather, Leatherwear, and Footwear Factories

Bangladesh, Pakistan, and India



Background

The leather sector — from production of the material itself to clothing, footwear, and accessories — is notorious for its environmental impact and poor human and labour rights. Unions are prevented from organizing and bargaining, while gender-based discrimination and child labour are commonplace. Exposure to toxic substances and work involving dangerous machinery also leave workers facing serious health problems.

Four recent regional studies on the leather industry and working conditions in Bangladesh, Pakistan, and India conducted in 2022 by the Together for Decent Leather consortium provide comprehensive information on the sector. The studies examine tanneries in Savar near Dhaka, tanneries and leather-processing facilities in Karachi in the Pakistani province of Sindh, and in the cities of Vellore and Ambur in the Indian state of Tamil Nadu. All of the selected regions are key leather production hubs.

The analysis is based on surveys of a total of 345 leather workers, interviews with local experts from civil society, business, and government, analysis of publicly available commercial data (e.g. concerning leather shoes produced in Bangladesh), as well as a survey of brand-name companies and leather importers. This factsheet summarizes the studies' most important findings. Further details can be found in the respective publications.

The leather industry in Bangladesh, Pakistan, and India

Bangladesh, Pakistan, and India play a major role globally in the export of leather for further processing as well as for products, such as shoes, clothing, bags, suitcases, and

belts. It is an industry that contributes significantly to these countries' economies.

There are approx. 200 mainly small and medium-sized tanneries in Bangladesh. Around 80% is produced for direct export and 20% for domestic processing. The main site is an industrial park in Savar, near Dhaka. There are also a smaller number of workshops and factories in the former tannery hub of Hazaribagh in Dhaka's old town. Leather products, mainly footwear and accessories, are manufactured in the country's many other production zones. Leather garments are produced in relatively low numbers. It is estimated that the entire sector employs more than 850,000 people.

The sector's exports account for approx. 3% of the global market. It is the country's third-largest source of export revenue, accounting for 2.4%. However, this figure has been falling since 2017. Bangladeshi leather is mainly sold in China, Hong Kong, and Italy, while the US, Germany, and the Netherlands are the main markets for leather footwear.

Pakistan's leather industry is mainly based in the cities of Karachi in Sindh province and Lahore and Multan in Punjab province. Tanneries and manufacturers of leather garments and accessories are concentrated in Sindh, while Punjab mainly produces leather shoes. Various sources estimate there to be roughly 800 tanneries across the country. More than 90% of these are small and medium-sized enterprises, but many are not officially registered — nor are their workers. It is estimated that more than 1 million workers are employed across the entire leather sector, including more than half a million in the production of leather goods, more than 200,000 of whom are involved in the production of footwear.

BANGLADESH: OPAQUE SUPPLY CHAINS

The supply chain for leather products is complex, often involving outsourcing and numerous subcontractors. There is currently little information available publicly on the origin of the hides and leather used for the finished products.

In terms of sales, footwear is the most important subsector of Bangladesh's leather export industry. The US and Europe are by far the largest export destinations. With the help of databases, we selected 13 brands and retailers from these two key importers of Bangladeshi leather shoes. We asked them about the origin of the leather used in these shoes, how they trace and verify its origin, and how they identify and address social and environmental issues in leather production.

Only six companies responded: Artsana (IT), Clarks (UK), Decathlon (FR), Deichmann (DE), Dr. Martens (UK), and Zalando

(DE). They disclosed little information about their procedures for tracing leather. Dr. Martens was the only company to offer a slightly more detailed response. Three companies stated that they source leather locally for their shoes produced in Bangladesh, two import leather for production, and one company failed to give a clear answer.

While most footwear importers only check compliance with social standards during manufacturing of the final products, some cover the deeper tiers of the supply chain. The Leather Working Group, one of the larger industry initiatives for the certification of leather and leather products, which is dedicated to supply chain transparency and traceability, could become more important in the future. Currently, only chemical management and environmental standards are mandatory for member companies, but not social standards.

The leather sector accounts for around 5% of Pakistan's total exports. While the material's export share has been decreasing since 2007, leather products have seen slight growth in recent years. Pakistan is the world's third-largest producer and exporter of leather garments after Italy and India. The country sells mainly to Germany, the US, and the Netherlands.

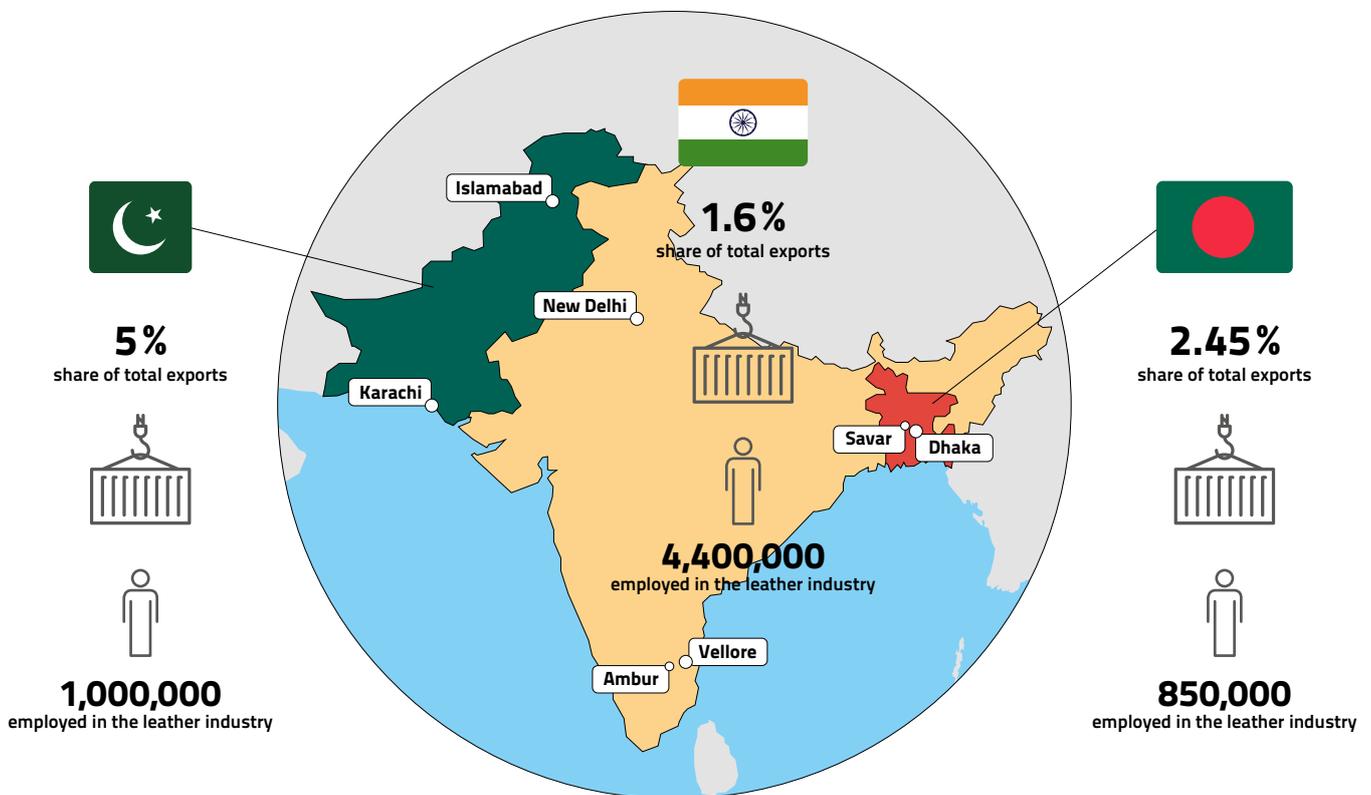
India is the world's second-largest exporter of leather products. The state of Tamil Nadu is the country's largest leather producer. In the cities of Chennai, Ambur, and Vellore, as well as Ranipet and its surrounding areas, businesses performing all stages of leather processing and manufacturing can be found. There are approx. 1,600 tanneries and manufacturers. Other key locations include the cities of Kanpur and Agra in the state of Uttar Pradesh, Jalandhar in Punjab, and Kolkata in West Bengal. Each area specializes in its own leather product. As in Bangladesh

leather make up just under a quarter (23.5%). The top export destinations for the Indian leather sector are the US, Germany, and the UK. Tamil Nadu's largest export partner for leather is the EU.

Leather workers

Working with leather is physically demanding and dirty, frequently hazardous, and poorly paid. It is labour intensive and employees have few qualifications. Tanneries and factories are thus mainly staffed by the poor. The workers interviewed by Together for Decent Leather were mostly young and male, with little education and no alternative means of earning a living. Only a few are familiar with their basic rights, labour rights, or the minimum wage.

66% of the respondents in Bangladesh are under 35, more than 80% are men, and 98% have no secondary education.



and Pakistan, the majority of Indian workshops and factories (around 80%) are small to medium-sized. The entire sector employs at least 4.4 million people, including at least 350,000 in tanneries in Tamil Nadu. However, there is a high number of unregistered manufacturers and workers.

Tamil Nadu's tanneries make up 70% of the sector's total production and 40-50% of India's leather exports. The industry is one of the country's ten largest export sectors, accounting for approx. 1.6%. Footwear accounts for more than half (52%) of Tamil Nadu's leather exports; hides and

In Pakistan, half of the respondents are under 20, all of them are male, and, again, half of them could neither read nor write. Most of the other workers surveyed have a low level of education. Many do not have access to running water in their communities or homes, and some do not have electricity. Most respondents said that their own and their family's health are at risk, partly due to high treatment costs and a discriminatory health system. Their lack of education and experience mean employment opportunities are very limited, and they cannot afford to lose their jobs.

IMPACT OF THE COVID-19 PANDEMIC ON LEATHER INDUSTRY WORKERS

Workers have been severely affected by the Covid-19 pandemic. As a result of multiple lockdowns lasting several weeks, collapsed supply chains, and order cancellations, many people's working and living situation has deteriorated considerably — and permanently. Elderly workers were often not allowed into their workplaces for months at a time to avoid infection. As these workers have no access to social benefits, they had no income during this time. After the lockdowns were lifted and the pandemic was declared over, economic crisis and persistently low demand for products, and thus orders, mean workers continue to receive lower wages and, in some cases, have not returned to the factories. Some of the many small and medium-

sized enterprises that largely make up the sector have not survived the crisis. The pandemic has thus become a catalyst for poverty.

“When the tannery shut down [because of Covid-19], they only gave us half of our salary. I didn't have money to buy food. My sister helped me. I also needed to ask my son for money. Now, there is hardly any work. The tannery might close. They sent some of the workers home with one month's salary.” – Tannery worker

[Corona Chronicles – The impacts of the Covid-19 crisis on leatherworkers in Bangladesh, Pakistan, and India](#)

Insecure employment

Most of those surveyed started working in the leather industry at a young age and never changed to another sector. The majority are not formally employed but work as temporary or contract workers via intermediaries or as day labourers — in some cases, for decades. 95% of respondents in Bangladesh, 90% in India, and almost 50% in Pakistan claim to have received no or only insufficient employment documentation, such as a contract or an employee ID card, which would be used to formally register their employment with the business. Without these documents, they face considerable disadvantages with regard to labour law protection, social security, and income. They are therefore dependent on their employers and effectively at their mercy. In the surveys, this seemed to occur more often in tanneries than in processing factories. Informal employment and a situation that is perilous from the outset contribute to workers having virtually no opportunity to escape the precarious living and working conditions they face.

In tanneries, most tasks are done by men. When women do work in these facilities, it is mostly in cutting. A higher proportion of women are found at the next stage: leather processing. However, they are largely employed informally and not registered, regardless of whether they work at home or in factories. It is thus almost impossible to find out the exact number of women in the sector.

Poverty wages

Many of the workers receive less than the legal minimum wage. Of the workers surveyed, more than half (56%) of those working in tanneries in Bangladesh earned less than the sectoral minimum wage of BDT 13,500 (EUR 143).

64% of the tannery and leather manufacturing workers surveyed in Pakistan were being paid around PKR 17,500 (EUR 79), the minimum wage in effect at the time of the survey;¹ 14% were earning significantly less. Indian factory workers received, on average, less than the sectoral minimum wage of INR 9,350 (EUR 112) as well. The same applies to almost half of tannery workers. In Bangladesh, the average wage of female leather workers interviewed is more than 30% less than that of men.

A comparative calculation of incomes in the garment industry concludes that globally there is an average shortfall of 45% between the statutory minimum wage and the living wage. This means that the minimum wage needs to be at least twice as high in order to be a living wage. In the South Asian countries considered here, this gap is much larger, with shortfalls of up to 66%.² The statements in the Together for Decent Leather surveys confirm this: Almost all workers said that their wages are not enough to live on.

Wages are paid either per piece, per day, per week, or per month — very often in cash and without a pay slip or proof. This means that wage calculation remains opaque for the recipients, who have no power to ensure any errors are corrected.

Working hours and excessive overtime

Excessive hours are a normal part of the working day. According to the labour laws of the three countries in question, the maximum working time is 48 hours over six days and 12 hours of overtime per week.

However, half of the interviewed tannery workers in Bangladesh do not have a single day off per week

1 Since 1 June 2022: 25,000 PKR (only in Sindh province)

2 <https://wageindicator.org/Wageindicatorfoundation/Wageindicatorgazette/2022/wageindicator-and-the-industry-we-want-show-living-wage-gap-in-garment-industry-february-21-2022>

and work more than 60 hours. A quarter (27%) of the interviewees even work more than 80 hours per week. In Pakistan, almost all (98%) work six days a week, but a third of them work up to 24 hours of overtime a week. Indian leather workers report regularly working up to 10 hours per day, six days a week. Some constantly work up to 24 hours of overtime and/or seven days a week.

Overtime bonuses are mandatory in all countries studied but are paid to only a fraction of workers. Some interviewees report punishment and verbal abuse as well as threats of immediate dismissal if they refuse to work overtime.

Health and safety: hazardous work

Labour in both tanneries and leather processing is physically hard and hazardous. It involves work in an environment polluted by dangerous chemicals and with heavy, largely unsafe machinery, sometimes resulting in injuries, asthma, internal and external infections, cancer, and, subsequently, death. Tanning, in particular, given its intensive and unsafe use of chemicals, poses extreme health risks. This is a general hazard made worse by the absence of protective clothing, such as gloves, aprons, boots, and masks. In facilities that process leather into clothing, shoes, and accessories, workers' joints, shoulders, and backs are being put under excessive stress, causing health issues.

In Bangladesh and Pakistan, between 75% and almost 90% of the interviewed workers in tanneries and factories for leather goods have neither received safety information or training nor sufficient protective clothing. Between 20% and over 50% of respondents in all three countries have had accidents or suffered serious damage to their health. It is rare for employers to offer support (financial or otherwise) for medical treatment, and in many instances, sick pay is non-existent.

Factory fires and accidents at work are also common in this industry. Local awareness of this issue is now steadily increasing, but significant improvements are still lacking. In Pakistan, the number of occupational health and safety inspections is rising, and in Bangladesh, a process to relocate almost the entire tanning sector from Hazaribagh to a supposedly modern industrial zone in Savar to protect

the environment and workers' health began in 2012. Yet, the investigation revealed that factories with fire safety systems and fire alarms, emergency exits, and first aid facilities are still the exception rather than the norm.

No right to organize

As is generally the case in the apparel industry, there is very little unionization of employees in the leather sector. The laws in all three countries make it difficult for unions and workers to organize and bargain collectively. Very few of the companies surveyed have unions. Many of the workers interviewed are not union members and said that employers warn and discourage them from getting involved with unions. Many do not even know what unions are. Other reasons they gave for not joining were the unions' political focus, high membership fees, and that they do not consider unions to be relevant to them.

What is clear is that in workplaces where there is a union, respondents were more likely to receive permanent contracts, shorter working hours, higher wages and, in one case in Pakistan, even social and health insurance, subsidized food, medical services, and access to loans. Moreover, almost none of the abuses mentioned so far were present in the tannery in question.

CHILD LABOUR

A study published in 2021 found children working in all processing stages of the leather supply chain in Bangladesh, ranging from slaughtering and skinning animals to tanning, dyeing, waste disposal, and the manufacturing of leather products as well as byproducts, such as glue and meat. The researchers found children as young as eight performing extremely dangerous tasks. Most worked in small informal workshops with fewer than ten employees. Such workshops are often subcontractors for larger companies.

No direct evidence of child labour was found in the Together for Decent Leather research cited in this factsheet. However, some workers reported that children and adolescents were present in their workplaces, acting as helpers or machine operators, sometimes working night shifts, or that they themselves had started working as children and adolescents.

Gorman, C. (2021) Exposing the Worst Forms of Child Labour in Bangladesh's Leather Sector

NEED FOR ACTION: RECOMMENDATIONS TO COMPANIES AND GOVERNMENTS

BRANDS, RETAILERS, ONLINE RETAILERS, AND FASHION COMPANIES must acknowledge and fulfill their human rights due diligence obligations in supply chains. In Germany, the legal basis for this is the Supply Chain Due Diligence Act. Other countries have adopted similar regulations. Here the due diligence principle includes assessing the risks for human rights violations in one's own supply chains, analyzing how the business model and purchasing practices influence these risks, preventing risks and taking corrective action in the event of violations, and communicating these measures transparently. Companies must provide suppliers with the means to comply with human rights and labour standards, including through sustainable sourcing practices. These measures should cover all stages of processing, including upstream products and raw materials.

GOVERNMENTS OF THE COUNTRIES IN WHICH THESE COMPANIES ARE BASED should advance and adopt national and international regulations for human rights due diligence, such as the EU Supply Chain Act (Corporate Sustainability Due Diligence Directive). While doing so, the interests and needs of rights holders must be more fully taken into account. Frameworks for this are the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, whose effectiveness criteria should be strengthened.

GOVERNMENTS OF PRODUCING COUNTRIES should ratify and implement the ILO labour standards and protocols and improve and effectively enforce their existing labour laws and compliance. This particularly applies to (self-employed) worker representation and trade unions, collective bargaining, minimum wage, occupational health and safety, formal employment, and the elimination of child labour. In addition, social security systems for workers should be established, and where such systems already exist, they must be strengthened and access to them ensured.

CORPORATE RESPONSIBILITY AND SOCIAL STANDARDS INITIATIVES, AS WELL AS CERTIFICATION SCHEMES, should be targeted specifically at the leather industry, aid their cooperation to ensure human rights are respected in business operations, as well as monitor and transparently report on progress. Agreement with the demands and effectiveness criteria of these frameworks is required, together with the integrity of all procedures (e.g. qualification, independent assessment).

FOR MORE INFORMATION, SEE THE STUDIES USED TO COMPILE THIS FACTSHEET AT

- Employment and working conditions in Bangladesh's leather industry. Evidence from a survey of tannery workers (Sep 2022)
- Leather from Bangladesh. Indecent work and hidden supply chains (Nov 2022)
- Employment and working conditions in the leather industry in Pakistan. Evidence from a survey among workers in tanneries and allied leather industries in Karachi (Dec 2022)
- Leather's work-places: a report on working conditions in Tamil Nadu's leather and leather footwear industry (2022)
- Shine a light on leather. Analysis: supply chain disclosure practices of 100 companies in the leatherware industry (Nov 2022)
- <https://www.inkota.de/studien-lederindustrie-suedasien>
- www.togetherfordecentleather.org



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