

CUTS Centre for  
International Trade,  
Economics & Environment  
**Research Report**

# Child Labour in South Asia

*Are Trade Sanctions the Answer?*



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# Preface

The era of globalization is witnessing a reinvigorated focus on many social concerns wherein the issue of labour standards has roofed up at the surface. It has been the persistent demand of some northern countries, trade unions and NGOs for incorporating the social issues in the World Trade Organization (WTO). At the same time there are several governments, trade unions and civil society organizations in the south, who oppose any such linkage.

Demanding the inclusion of social issues in the WTO implies opening the window for endless non-trade issues including animal welfare, gender, human rights and the like. This would contaminate the trade agenda and at the same time overload the WTO.

This sort of linkage has immense potential for abuse as a protectionist device of the North. The southern countries argue that, it would help only a few rich countries, not global welfare.

Conservatively, labour was taken as a part of the country's competitive advantage, the idea of using trade measures to assuage child labour has a long history. It dates back to the early twentieth century when the issue of child labour was first associated with trade measures. The American Labour Federation demanded that the peace treaty to conclude World War I include a provision that no commodity shall be delivered in international commerce in the production of which children under 16 have been employed.

This paper includes a survey of the various economic theories on child labour. In general terms, child labour originates in household poverty, poor adult wages, low wages paid to child labour, lack of education etc. At the theoretical level, scholars have come up with different models on causes of child labour. A dominant section of these theories consider poverty and household decision making regarding their children the fundamental variable determining the incidences of child labour.

South Asian countries, which record one of the highest rates of child labour practices in the world, the poverty explanation of child labour situations is predominant. Fertility, education, labour market, adult wages, capital market and availability of credit have been underlined as important causes.

As a result of the advocacy by politically powerful lobbying groups supported by Europe and US the trade sanction approach to encounter the issue of child labour has gained influence since the nineties.

These sanctions were exercised to alleviate the problem of child labour by the US policy-makers and also by some countries in the EU. The import of those goods was banned in the production process of which child labour was used, wholly or partly. The sectors affected in South Asia were the garment industry in Bangladesh, the carpet industry in Nepal, the football industry in Pakistan and the carpet and bidi industries in India.

These sanctions were asserted as a measure towards elimination of child labour, so it is very important as well as logical to study the impact, did it work, or did it not. If it did not, what really happened? The present paper has explored the same and it can be concluded that the trade sanctions resulted in contradiction of the basic objective, elimination of child labour. Poverty alleviation was abraded which is the root cause of child labour, instead it aggravated the sufferings of child labour and their families.

The experience as yet, asserts that the policies targeted at alleviating poverty, illiteracy, liquidity constraints and distortions in the labour and capital markets are more likely to retrench the virtual ubiquity of child labour.

It has been suggested repeatedly that to wean away children from work, they should be provided free education. However, there is the feasibility aspect of such a measure in terms of the costs of displacing the child labour. A study was conducted by CUTS on “*Eradicating Child Labour while Saving the Child: Who Will Pay the Costs?*” in 1999. As per this study, the estimated cost of displacing child labour in India is \$18.94bn.

The paper intends to give a brief exposition of the emergence of labour standards in the multi-lateral regime. Also highlighted are the estimates on and causes of, child labour. At the same time, it makes some useful recommendations on how the issue of child labour can be addressed best at the domestic as well as international level.

**Jaipur, India**  
**April 2003**

**Pradeep S. Mehta**  
**Secretary General**

# I

## Introduction

*The World Trade Organisation (WTO) being the chief trade regulatory body has increasingly been called upon to play a pro-active role in ensuring compliance with core labour standards including elimination of child labour*

The process of globalisation and the accompanied integration of world trade and economy has brought about a renewed focus on many of the social concerns wherein the issue of labour standards, particularly the elimination of child labour has surfaced on top of the policy agenda. In this context, the World Trade Organisation (WTO) being the chief trade regulatory body has increasingly been called upon to play a pro-active role in ensuring compliance with core labour standards including elimination of child labour (also referred to as the social clause).

The demand to append a social clause to the WTO agreement includes elimination of child labour, amongst other labour standards. This raises three fundamental questions: Firstly, should trade sanctions be used as an instrument to ensure compliance with core labour standards from recalcitrant countries? Secondly, do lower labour standards give exports from such countries an unfair advantage? and thirdly, is WTO an appropriate forum to discuss non-trade issues such as labour standards?

In general, labour standards seek to improve working conditions, living standards and social progress by establishing rules and norms to guarantee basic workers' rights and by setting a framework for industrial relations and the determination of working conditions. However, what constitutes core labour standards remains debatable and may vary across different socio-economic and cultural settings. In 1998, the International Labour Organisation (ILO) under the Declaration on Fundamental Principles and Rights at Work and its follow up spelt out certain core labour standards which includes freedom of association, right to organise, collective bargaining, prohibition of forced labour, equal remuneration and non-discrimination in hiring and employment practices and elimination of child labour.<sup>1</sup>

*In an increasingly competitive global and liberalised economy, the attempted linkage of trade with labour standards is set to undermine free trade and related economic growth and development and may be used for protectionist purposes.*

Since the incidences of child labour are predominantly found in developing countries which also have 'lower' labour standards, the demand for the elimination of child labour as well as enforcing labour standards through the instrument of trade is an attempt to raise the stakes for developing countries. In an increasingly competitive global and liberalised economy, the attempted linkage of trade with labour standards is set to undermine free trade and related economic growth and development and may be used for protectionist purposes (to protect jobs and higher wages in developed countries amidst fear of flight of jobs to developing countries). It is also argued that compulsory enforcement of labour standards will undermine the comparative advantage of developing countries.

Developed countries see core labour standards as a necessary condition of fair trade and maintaining efficiency in the labour market. They consider it as a part of eliminating unfair trade advantage derived from labour exploitation and use of child labour to produce items cheaply to edge out countries that have higher labour standards and labour costs. Developed countries thus

argue that if trade and labour rights are not linked, an international devaluation of labour standards may occur with countries engaging in a competitive 'race to the bottom' and the consequent dilution of workers' rights.

*There is no conclusive proof that the so-called poor labour standards in the developing countries have positive correlation with export intensities of these countries.*

Such argument does not have any economic rationale. According to Chatterjee and Mehta (1998), there is no conclusive proof that the so-called poor labour standards in the developing countries have positive correlation with export intensities of these countries. Moreover, there is no evidence to suggest that imports from developing countries cause unemployment in developed world.<sup>2</sup> In the context of globalisation, two reasons have brought the issue of labour standards to the fore, apart from the moral argument that the labour rights should be protected. According to Chishti (2000), a growth in developing countries' exports of manufactured goods from 30 percent of their total exports in 1980s to 70 percent in 1995 caused serious concerns in developed countries, despite them being the protagonist of free trade. Moreover, the tendency amongst MNCs and TNCs to shift labour intensive production units to developing countries due to the availability of cheap labour, threatened the employment opportunities in developed countries. As a result the developed countries "called for universally agreed upon labour standards to be applied to international trade" and also create provisions within the WTO to impose unilateral trade restrictions on countries who fail to adhere to core labour standards.<sup>3</sup> Madden (1995) also points out that the renewed interest in linkages between trade and labour standards is due to liberalisation, globalisation, unemployment and communication. The manufacturers in the developed world perceive cheap labour in developing countries as a potential advantage accruing to developing country producers.<sup>4</sup> As a result, new trade barriers are being erected against the developing countries.

It is noteworthy that the US, which is seen to espouse the cause of child labour as well as other core labour standards through the trade route, has not ratified the Minimum Age Convention No. 138 of the ILO. Moreover, amongst the eight core ILO Conventions, it has ratified only two (C182 Worst Forms of Child Labour Convention and C105 Abolition of Forced Labour Convention). Its commitment to the principles enshrined therein is thus suspect in the same way as its attempt to append a social clause to the WTO.

### ***Multilateral Trading Regime and Labour Standards***

*The attempted linkage of labour standards with multilateral trade regime has a long history.<sup>5</sup> This demand has long been supported by many developed countries amongst which the US has been the torchbearer.*

The debate on the linkage between trade and labour standards has long been a concern of intergovernmental trade negotiations. The discussion below gives a brief trajectory of the emergence of labour standards (that encompasses the principle of the elimination of child labour) in the multilateral trading regime. Child labour remains one of the core labour standards and in the multilateral trade negotiations it is clubbed with other labour standards. Although traditionally, labour was considered a part of the production process and comparative advantage of a country's trade relations, the issue of labour standards routinely figured in international trade negotiations. In other words, the attempted linkage of labour standards with multilateral trade regime has a long history.<sup>5</sup> This demand has long been supported by many developed countries amongst which the US has been the torchbearer.

### ***Child Labour***

The idea of using trade measures to alleviate the problem of child labour dates back to early twentieth century when in 1917 the American Labour Federation (AFL) demanded that the Peace Treaty to conclude World War I should

include a provision that “no article or commodity shall be shipped or delivered in international commerce in the production of which children under 16 have been employed or permitted to work.”<sup>6</sup> The AFL proposal was put up to the Labour Commission but it failed to get a mention in the Treaty of Versailles. However, the ILO set up in the year 1919 considered the task of “the abolition of child labour and the imposition of such limitations on the labour of young persons as shall permit the continuation of their education and assure their proper physical development,” of special and urgent importance. Subsequent attempts to prohibit goods in violation of international labour standards including child labour were made in 1943 at the Congress of Industrial Organisation, Textile Workers Union of America (1945) and British Trade Union Congress in the mid 1950s. Since then, the issue has been raised along with other labour standards but has recently assumed greater currency in international trade for a variety of reasons (see section IV).

#### *Labour Standards including Child Labour*

As early as 1919, the Treaty of Versailles called upon governments to ensure human conditions of work. In the same year, the US War Labour Policies Board noted that “nations with higher labour standards are handicapped in competition with nations having lower labour standards.”<sup>7</sup> Later, the 1948 Havana Charter on the stillborn International Trade Organisation (ITO) stipulated in Article 7 that “the members recognise that unfair labour conditions, particularly in the production for export, create difficulties in international trade, and accordingly each member shall take whatever action may be appropriate and feasible to eliminate such conditions within its territory.” Since the ITO never came into existence, the GATT system<sup>8</sup> continued to serve as a multilateral forum to regulate trade among the contracting parties. The GATT system did not deal with labour standards except that it provided for restrictions on import of goods made with prison labours under Article XX (e).

***The GATT system did not deal with labour standards except that it provided for restrictions on import of goods made with prison labours under Article XX (e). Subsequently, the US and many countries in the EU raised the demand for the inclusion of labour standards in the GATT regime at several rounds of multilateral trade negotiations.***

Subsequently, the US and many countries in the EU raised the demand for the inclusion of labour standards in the GATT regime at several rounds of multilateral trade negotiations. In 1953, the US proposed appending labour standard clause to the GATT as unfair labour standard (defined as “maintenance of labour conditions below those which, the productivity of the industry and the economy at large would justify”) as it “creates difficulties in international trade which nullifies or impair benefits under this Agreement.” The proposal basically demanded that GATT rules should allow a member country to take action in case its benefits under GATT are being adversely affected by the action of other country under the Nullification and Impairment clause [Article (XXIII)]. No progress was made at this juncture. Thereafter, the decade of eighties again saw renewed but unsuccessful US initiatives to bring in the issue of labour standards within GATT, especially at the Tokyo Round of multilateral trade negotiations.

At the beginning of the Uruguay Round of trade negotiations in 1986, the US reiterated its demand for the inclusion of workers rights by asking parties “to consider possible ways of dealing with worker rights issue in the GATT so as to ensure that expanded trade benefits all workers in all countries.” The US demand was seconded by the EU and likewise, the European Parliament’s resolution on the new round in September 1986 supported the proposal of a GATT Social Clause.<sup>9</sup>

In 1993, the International Confederation of Free Trade Unions (ICFTU) called for the inclusion of an enforceable labour clause in the program of the WTO. This demand subsequently won the support of the US government and the European Parliament. On the eve of the Marrakesh Ministerial, the US President at a summit meeting in Brussels in 1994 declared that “while we continue to tear down anti-competitive practices and other barriers to trade, we simply have to ensure that our economic policies also protect the environment and the well-being of workers.”

*At the Marrakesh Ministerial meeting in 1994, the issue of labour standards figured in the discussions but no consensus could be reached although France and the US were able to persuade the trade negotiating committee to allow discussion on the issue in the preparative committee for the WTO.*

As a result, at the Marrakesh Ministerial meeting in 1994, the issue of labour standards figured in the discussions but no consensus could be reached although France and the US were able to persuade the trade negotiating committee to allow discussion on the issue in the preparative committee for the WTO.<sup>10</sup> The matter was not taken up by the WTO preparatory committee and as of now, the WTO does not lay down any labour standards as a prerequisite for trade except under the General Exception Clause GATT XX (e) (enabling Member-countries to initiate trade restrictive measures in cases “relating to the products of prison labour” but does not envisage prohibition of prison labour as such). The Preamble of the Marrakesh Agreement also does not mention any labour standards but only states that “relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living [and] ensuring full employment.” The issue however remains inconclusive and has been raised intermittently at various WTO Ministerial Meetings.

In the Singapore Ministerial in 1996, the US along with France and Norway proposed the creation of a working group on labour standards within the WTO to complement the work of the ILO. In face of stiff reservations and apprehensions about protectionism expressed by developing countries, the ILO and not the WTO was deemed an appropriate forum to deal with the issue of labour standards. The Singapore Ministerial Declaration likewise spelt out: “we renew our commitment to the observance of the internationally recognised core labour standards. The International Labour Organisation (ILO) is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further liberalisation contribute to the promotion of these standards. We reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question. In this regard, we note that the WTO and the ILO Secretariats will continue their existing collaboration.”<sup>11</sup>

*At Singapore Ministerial in 1996, due to shift resistance and apprehension about protectionism expressed by developing countries, it was decided that the ILO and not the WTO was deemed an appropriate forum to deal with the issue of labour standards.*

Subsequently, the matter came up again at the Seattle Ministerial in 1999 where the US and EU were successful in putting it up for discussion in a working group. The EU favoured a joint ILO/WTO Standing Working Forum on the issue while Canada proposed a WTO Working Group on the relationships between appropriate trade, developmental, social and environmental policy choices in the context of adjusting to globalisation. Although these proposals did not envisage the use of trade as an instrument of enforcing labour standards, the US President Bill Clinton, on his way to the Ministerial did mention that in future trade sanctions could be used to penalise violators of labour standards. This evoked strong reactions from developing countries’ grouping and ultimately the issue of labour standards proved most divisive and contributed (among other issues) to the collapse of the Ministerial.

The WTO Ministerial Meeting in Doha, Qatar in November 2001 did not depart from the consensus built earlier and reaffirmed the declaration made at the Singapore Ministerial Conference while noting the work of the ILO on the Social Dimensions of Globalisation.

Thus, within the WTO framework, the *status quo* is being maintained on this issue. Meanwhile, within the ILO framework, some renewed initiatives are being taken to alleviate the problem of child labour. These new ILO initiatives, among other things (campaigns on ratification, awareness drives, etc.) include the establishment of the Working Party on the Social Dimension of Globalisation to address the issue of trade liberalisation, employment and investment with a special focus on poverty reduction and a proposal to form a global commission of eminent persons to examine the social aspects of globalisation. In 1999, the ILO Member Countries agreed to prohibit and eliminate the worst form of child labour defined to include all forms of slavery, child prostitution and pornography, use of children in drug trafficking and work which is harmful to health, safety and morals of children. It was also recognised that child labour is a product of poverty and the solution to the problem lay in economic growth and development.

*New ILO initiatives, among other things (campaigns on ratification, awareness drives, etc.) include the establishment of the Working Party on the Social Dimension of Globalisation to address the issue of trade liberalisation, employment and investment with a special focus on poverty reduction and a proposal to form a global commission of eminent persons to examine the social aspects of globalisation.*

This multilateral consensus notwithstanding, the US and countries in the EU have been taking some unilateral trade restrictive measures to enforce labour standards, particularly against child labour and the prime target of such initiatives have been the South Asian countries. Before we discuss the magnitude, extent and causes of child labour and related trade measures in South Asia, it is imperative to discuss major theoretical models explaining the phenomenon of child labour. This will enable us to understand specific causes of child labour in different countries of South Asia and the futility/utility (if any) of trade sanctions approach to deal with this problem.

### **What is Child Labour?**

In order to put the issue in perspective, it is important to understand the meaning of the term child labour, which is different from economically active children.<sup>12</sup> Child labour is work carried out to the detriment of the child in violation of international law and national legislation; the work that results in the denial of childhood, education and life opportunities. It involves children working for long hours on low wages, often under conditions harmful to their health and physical and mental development.

*The ILO Minimum Age Convention, 1973 (No. 138) has prescribed minimum ages for working children depending on the type of employment or work, leaving it to the individual countries to determine the contents of these activities.*

The ILO Minimum Age Convention, 1973 (No. 138) has prescribed minimum ages for working children depending on the type of employment or work, leaving it to the individual countries to determine the contents of these activities. According to the Convention, the minimum age of a working child under normal circumstances should not be less than the age for completing compulsory schooling and in no event less than age 15 years. For light work, the minimum age is 13-15 years. The minimum age for hazardous work may not be less than 18 and in some cases 16 years under strict health, safety and moral conditions. For developing countries however, the minimum age can be 14 in general and 12-14 years in case of light work. This framework thus provides a working definition of child labour (Table 1).

<b>Table 1: The Minimum Age for Different Types of Employment under ILO Convention 138 (Minimum Age Convention)</b>			
	<b>General Minimum Age</b>	<b>Light Work</b>	<b>Hazardous Work</b>
In normal circumstances	15 years (not less than age of completion of compulsory schooling)	13 years	18 years (16 years subject to health, safety and moral considerations)
Where economy and educational facilities are insufficiently developed, i. e., developing countries	14 years	12 years	18 years (16 years subject to health, safety and moral considerations)
Source: ILO, <i>Minimum Age Convention 1973</i> , C. 138.			

The Convention stipulates that signatory states must initiate adequate national policies for the effective abolition of child labour and to progressively raise the minimum age for employment or work to a level consistent with the fullest physical and mental development of children. Further, according to the Worst Form of Child Labour Convention, 1999 (No. 182), unconditional and worst forms of child labour are defined to include slavery, trafficking, debt bondage and other forms of forced labour, forced recruitment of children for use in armed conflict, prostitution and pornography, and illicit activities.<sup>13</sup>

## II

# A Survey of Economic Theory on Child Labour

Explained in general terms, child labour originates in household poverty, poor adult wages, low wages paid to child labour, low importance given to education, and lack of enforcement of labour laws, etc. According to the ILO, child labour can be explained at three levels: immediate causes, underlying causes and structural and root causes (Table 2). The dynamics and the mutual interplay of these factors play a role in determining the incidences of child labour.

<i>Immediate causes</i>	<i>Underlying causes</i>	<i>Structural or root causes</i>
Limited or no cash or food stocks; increase in price of basic goods	Breakdown of extended family and informal social protection systems	Low/declining national income
Family indebtedness	Uneducated parents; high fertility rates	Inequalities between nations and regions; adverse terms of trade
Household shocks, e.g. death or illness of income earner, crop failure	Cultural expectations regarding children, work and education	Societal shocks, e.g. war, financial and economic crises, transition, HIV/AIDS
No schools; or schools of poor quality or irrelevant	Discriminatory attitudes based on gender, caste, ethnicity, national origin, etc	Insufficient financial or political commitments for education, basic services and social protection; “bad” governance
Demand for cheap labour in informal micro-enterprises	Perceived poverty; desire for consumer goods and better living standards	Social exclusion of marginal groups and/or lack of legislation and /or effective enforcement
Family business or farm cannot afford hired labour	Sense of obligation of children to their families, and of “rich” people to the “poor” people	Lack of decent work for adults
Source: ILO, <i>A Future Without Child Labour</i> , Geneva: International Labour Office, 2002, p 47.		

*A dominant section of theories consider poverty and household decision-making regarding their children as the fundamental variable determining the incidences of child labour.*

At a theoretical level, a number of scholars have come up with different models on the causes of child labour. A dominant section of these theories consider poverty and household decision-making regarding their children as the fundamental variable determining the incidences of child labour. Others consider nature and level of education and schooling as the primary determinant and poverty as a secondary variable in explaining child labour. The structure of labour and capital market is also cited as an important factor in explaining child labour. In all these theories however, poverty plays a significant role. The section below discusses major theories on child labour in brief.

### ***Children as Household Assets***

The household behaviour theory assumes household as a primary unit where decisions are taken regarding sending their children to work or school. This model discusses parent's motives to have children which are: psychological need to have children and/ or benefit that parents hope to accrue from their children. The economic motive may consider children as an important asset to supplement household income; substitute hired labour in family units and; provide security in old age and disability situations. The economic utility of children is of two types: one, short-term when children work and earn income and the other long-term, where children attend school to augment their skills and support the family in their old age.

***The economic utility of children is of two types: one, short-term when children work and earn income and the other long-term, where children attend school to augment their skills and support the family in their old age.***

Basu (1998) classifies the household behaviour theories into two categories: intra-household bargaining and extra-household bargaining models. In the intra-household bargaining model, household is characterised by a single unit where one person takes decisions or where all persons have the same utility functions. In the unitary model of household, the head of the family takes a decision regarding work to be done by other family members, especially children. However, it has been pointed out that the household is riddled with mutual bargaining and conflict situations and decisions are often influenced by all members of the family rather than the head of the family alone. Therefore, child labour is the outcome of bargaining between parents or between parents and children where the bargaining strength of different members is determined by resources that one procures for the family, fall-back options, wealth, number, age and gender of children and wages of an individual, etc.<sup>14</sup> According to Khan, et al, (forthcoming) "it is poverty and need, and not the maximizations of welfare of a household tyrant, that drives children to work" but the possibility of abuse of power by the self-interested household cannot be ruled out.<sup>15</sup>

In the second model, children have no or very limited bargaining power and parents take decision regarding children's work keeping in mind their own selfish and economic interest. This model argues that bargaining takes place between parents and employer and the wage of the child is dependant on the bargaining strength of the household determined by household income and access to credit. Gupta (1998) on the basis of his analysis of some villages in West Bengal, India has propounded the argument of negligible bargaining power of children in a household.<sup>16</sup>

***According to the model propounded by Becker (1960), number of children/fertility is determined by cost-benefit analysis regarding children in a household, considered as a single decision-making unit.***

Some of these household behaviour theories consider fertility as an important explanatory variable in the incidences of child labour. According to the model propounded by Becker (1960), number of children/fertility is determined by cost-benefit analysis regarding children in a household, considered as a single decision-making unit. He argues that "an increase in income increases both quantity and quality of children but the quantity elasticity of demand for children is smaller than the quality elasticity of demand for children." According to Easterlin (1969), in societies where children enter labour force at a younger age, the economic expectations from children's prospective income would determine the fertility decision of the household and produce more children with a view to augment household income.

According to Caldwell (1976), in traditional and primitive societies, children start contributing to family income at an early age, take care of parents in case of disability and also old age and hence, are of greater value. Given this situation, the net flow of wealth is unidirectional from children to parents.

Thus, the time and resources used in bearing and rearing a child is considered as an investment cost for the future productive capacity of child in situations where children's labour force participation occurs at a very young age. Studies have documented that the cost of bearing and rearing farm children is lower than the non-farm children and that opportunity cost of rural children is smaller compared to those in urban areas – a factor explaining high fertility in rural areas.<sup>17</sup>

*Studies have documented that the cost of bearing and rearing farm children is lower than the non-farm children and that opportunity cost of rural children is smaller compared to those in urban areas – a factor explaining high fertility in rural areas.*

Some scholars view the need for more children as an indispensable input in peasant economies. The work of Mamdani (1972) on peasant's households in India highlighted the significance of the children's work for the poor peasant families. He argues that high fertility is essential in peasant economy as it requires a large number of working children to complement the work of adults. UNICEF views the lack of investment in basic services and labour-saving technologies in an underdeveloped economy as a crucial factor which makes a large number of children desirable, even essential, as a source of help in fields and homes.<sup>18</sup>

Viewed in value terms, number of children is determined by the parent's decision on the quality-quantity trade-off. According to Becker and Lewis (1973), parents who choose more children are less likely to invest in quality schooling which implies that number of children and investment in human capital of children in terms of quality education are interchangeable. According to the 1974 World Bank Report, due to high fertility "parents expect children to contribute to the family income rather than be educated."<sup>19</sup> According to Rosenzweig and Wolpin (1980), an increase in fertility lowers child quality. Hanushek (1992) also points to a trade off between large family size and schooling in the US. According to Patrinos and Psacharopoulos (1997), "on average, children in large families in both developed and developing countries receive less schooling, perform poorly on intelligent tests and are less well nourished." Analogously, Powell and Steelman (1993) explicit that children born in quick succession receive least investment.<sup>20</sup>

Furthermore, a large family size may also explain high incidences of child labour. A study on developing countries by Lloyd (1994) argues that larger household size reduces children's participation and progress in schools as well as parent's spending on education of their children. It is likely that the larger families increase the possibility of children working. It is also suggested that children with more siblings are likely to work longer hours when they are older. The impact of high fertility on child labour are felt more by the first born children and the gender dimension makes it likely that boys are engaged in market work while girls are engaged in domestic or farm work.<sup>21</sup>

*a large family size may also explain high incidences of child labour. It is likely that the larger families increase the possibility of children working. It is also suggested that children with more siblings are likely to work longer hours when they are older.*

According to Dessy (2000), low parental skills coupled with high fertility results in an increased reliance on child labour and the creation of a poverty trap which reinforces the trend towards child labour through generations. "The greater the number of children, the less income is earned by the parent [due to time devoted to child care activities] and the more the incentive to rely on child labour rather than send children to school."<sup>22</sup>

The study by Sharif (1994) points out that children from landless and marginal farms are more likely to engage in wage labour whereas those with larger farm lands are engaged in agricultural activities. As the farm size increases, child labour also increases. However the situation reverses where larger farm households cease to operate their own land and rent it out." Christian and Kanbur (1995) also infer that both the size of the farm and the mode of

operation will influence the effect of fertility and household size on child labour.<sup>23</sup>

***A poverty trap is created when child mortality is high and child labour is socially acceptable.***

Eswaran's (1996) model links child labour, poverty and fertility. He argues that a poverty trap is created when child mortality is high and child labour is socially acceptable. Eswaran proposes that "when children are needed to provide old-age security, allowing parents to put their children to work [it] may induce parents to substitute away from small, more educated to large, less educated families."<sup>24</sup> Similarly, according to Cain, Mazumdar and Alam (1980), for poor households, child labour is part of the household self-insurance strategy to minimise risk arising out of loss of employment, failed crops, disability, illness, etc.<sup>25</sup>

The above discussion highlights the fact that parents' decision to send children to work is predominantly a product of household poverty, apart from other factors such as fertility, size of the household and size of land holding. In poverty situations, children are considered as an asset to supplement household incomes and ensure subsistence of families. In addition, the level of economic development of a country is considered to be an important factor in explaining the prevalence of child labour as discussed below.

### ***The Poverty Hypothesis***

According to the United Nations Children's Fund (UNICEF), "where society is characterised by poverty and inequity, the incidence of child labour is likely to increase. For poor families, the small contribution of a child's income or assistance at home that allows the parents to work can make the difference between hunger and a bare sufficiency . . . A high proportion of child employees give their entire wages to their parents. Children's work is considered essential to maintaining the economic level of the household."<sup>26</sup> Thus, child labour is a by-product of poverty – a factor which is considered the cardinal explanation of child labour.

***Child labour declines as one move from low-income to high-income countries. Correspondingly, labour force participation by children between 10-14 years is the highest in world's poorest countries, reaching as high as 49 percent in Burundi, 45 percent in Uganda and 42 percent in Rwanda.***

Based on a country-level correlation between incidences of child labour and GDP per capita, Krueger (1996) has established a negative correlation between per capita income and labour force participation by children. According to him, child labour declines as one move from low-income to high-income countries. Correspondingly, labour force participation by children between 10-14 years is the highest in world's poorest countries, reaching as high as 49 percent in Burundi, 45 percent in Uganda and 42 percent in Rwanda. In contrast, countries with more than \$5000 GDP per capita, record no incidences of child labour. Besides, "while child labour is considered a necessity for economic survival in some societies, it is considered an abomination in others." Therefore, it is hard to subscribe one minimum age of work in all countries. According to Krueger, "economic growth appears to be an important way to reduce child labour. If trade agreements increase the wealth of nations, then developing countries that are a party to such agreements would be expected to more readily adopt child labour standards after trade has expanded."<sup>27</sup> Martin's (1996) study also points out that labour force participation rate for children aged 10-14 declines with the rise in GNP per capita. Also, labour force participation rate of children is negatively correlated with school enrolment figures.<sup>28</sup>

According to Fallon and Tzannatos (1998), "both the incidences of child labour and children as a proportion of the total labour force decline with per capita

***Labour force participation of children aged 10-14 is high (30-60 percent) in countries having per capita GDP of US \$ 500 or less (1987 prices) which declines to 10-30 percent in countries with income in the range of US \$ 500- US \$ 1000.***

GDP.” Thus, labour force participation of children aged 10-14 is high (30-60 percent) in countries having per capita GDP of US \$ 500 or less (1987 prices) which declines to 10-30 percent in countries with income in the range of US \$ 500- US \$ 1000. Nonetheless, the decline in the labour force participation of children is less marked as GDP rises in more affluent countries (US \$ 1000- US \$ 4000). The cultural factors may also play a role in influencing this relationship and also the structure of production. According to them, “the higher the share of agriculture in GDP, the higher the incidences of child labour.” Also, child labour declines with educational enrolment although the results may vary across countries.<sup>29</sup>

Here it must be mentioned that the poverty explanations of the child labour operate at two levels: country levels and household level (as discussed above) and are the principal explanations for the phenomenon of child labour.

#### *Relationship between Child labour, Poverty and Schooling/ Education*

As noted in the above models, poverty remains an important variable in explaining the incidences of child labour. However many theorists provide a missing link in the poverty explanation by propounding the factor of education. Their central argument is that children work because the returns to work experience exceed the returns to schooling, particularly in countries where schooling is of low quality or high cost or where the extent of technological dynamism limits the payoff to school-learned skills or there is an absence of link between educational qualifications and life opportunities. In situations, “when returns to education outpace returns to work, families will probably put a higher priority on education and keep their children in school rather than sending them to work.”<sup>30</sup>

A pilot survey sponsored by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and UNICEF in 1994 in 14 least-developed countries “reinforced concerns about the actual conditions of primary schools.” In half of these countries, classrooms for grade 1 have sitting places for only 4 in 10 pupils. Half the pupils had no textbooks and half the classrooms did not have chalk-boards.” The size of a classroom was an average of 67 pupils per teacher in Bangladesh and nearly 90 per teacher in Equatorial Guinea. Besides, the quality of teaching was found to be frequently abysmal and teacher’s conduct often violent, which might easily result in the child’s/parents’ decision to drop out of school. The drop-out rate in developing countries is as high as 30%.<sup>31</sup> Such dropouts join the labour force, thus reinforcing the incidences of child labour.

***Indian policy makers have not regarded mass education as an essential element in India’s modernisation programme. Such reluctance to adopt and implement compulsory education programmes and indifference to low enrolment and high drop-out rates has resulted in one of the highest rates of child labour in the world***

Weiner (1991) argues that India’s low per capita income and level of economic development are less relevant explanation for child labour. According to him, Indian policy makers have not regarded mass education as an essential element in India’s modernisation programme. Such reluctance to adopt and implement compulsory education programmes and indifference to low enrolment and high drop-out rates has resulted in one of the highest rates of child labour in the world and one of the lowest rates in school attendance not to mention the overall poor literacy levels.<sup>32</sup>

Bhalotra (1999), using data for 2,400 households in rural Pakistan, points out that acute poverty makes the opportunity cost of sending a child to school very high who may then join the labour force. This evidence is stronger for boys than girls.<sup>33</sup> Ray’s (2001) comparative study on Bangladesh, Nepal and Pakistan shows a “U-shaped relationship between inequality and child labour”<sup>34</sup>

on the one hand and an inverted U relationship between inequality and child schooling on the other.” According to him, compared to inequality, poverty plays a less important role in explaining child labour participation rates both at the household and cluster levels. He opines that ‘inequality’ can explain the high incidences of child labour in many middle income countries and may also explain lower incidences of child labour in poor states such as Kerala compared to affluent states of Gujarat and Punjab in India.<sup>35</sup>

*It must also be pointed out that similar poverty levels may produce different outcomes for child labour and schooling. e.g, two states in India – Kerala and Uttar Pradesh (UP) – despite showing similar economic growth, have shown diverse pattern vis-à-vis child labour as well as educational attainments of children.*

It must also be pointed out that similar poverty levels may produce different outcomes for child labour and schooling. e.g, two states in India – Kerala and Uttar Pradesh (UP) – despite showing similar economic growth, have shown diverse pattern vis-à-vis child labour as well as educational attainments of children. Compared to 98 percent school attendance of 12-14 years rural girls in Kerala, only 32 percent of rural girls attend school in UP. Here, social and cultural factors as well as the literacy levels of the parents have been cited as factors influencing incidences of child labour.<sup>36</sup>

Studies have also documented a negative correlation between child labour rates and adult literacy levels. Ray (2000) points out that all countries in South Asia including India show a positive correlation between rising adult education and children’s schooling, although such correlation is weakest in Bangladesh.<sup>37</sup>

The model developed by Grootaert (1998) based on his study of Côte d’Ivoire has identified certain factors which affect a household’s decision to choose between child labour and schooling. For example, children from parents with no or low education are more likely to work and this effect is stronger for younger children and in rural areas. Besides, father’s education and the mother’s employment contribute to increasing a child’s probability of going to school and not working, particularly in urban areas. In addition, the age and the gender of the child play an important role. For example, in urban areas girls are less likely to attend school exclusively, combine work and school relative to working only, and are more likely to be involved in home care activities. In rural areas, a female head of household would further increase the odds that a child will work. Apart from these factors, “the poverty status of the household matters the most in the decision between the work-only option and the work-school combinations”.<sup>38</sup>

Overall, poverty, lack of education and child labour reinforce each other because “child labour excludes or restricts access to education and jeopardises the chances of upward social mobility, it perpetuates poverty since lack of education impacts on earnings throughout life [as] it depreciates the human capital needed for economic and social development”.<sup>39</sup>

*Overall, poverty, lack of education and child labour reinforce each other because “child labour excludes or restricts access to education and jeopardises the chances of upward social mobility.*

Based on the above discussion, it can be said that the linkages between child labour, education and schooling, and poverty are significant and that child work largely comes at the expense of schooling. Thus, any positive policy intervention to alleviate the issue of child labour should look at these inter-linkages in totality.

### **Labour Market Failure**

A growing body of literature point to the fact that child labour is directly related to structure of the labour markets. The supply of the child labour is determined by labour market and the wage structure for adult and child worker and ultimately determines the contribution of child labour to the household income.

According to Cain, Mozumdar and Alam (1980), in a competitive market where wages are flexible, child labour can easily substitute adult labour in the labour market and this may encourage child labour. However, in case the wages are not flexible due to minimum wage and similar legislation, given the higher productivity of adult workers, child worker may not be a welcome proposition for the labour market.

***In a competitive market where wages are flexible, child labour can easily substitute adult labour in the labour market and this may encourage child labour.***

Certain studies such as those by Bequele & Boyden (1988) and Jomo (1992) also point to a wage differential between adult and child worker, thus perpetuating child labour. It has also been pointed out that monopolistic demand conditions arising out of concentrated ownership of land, credit and product monopoly, share cropping arrangements, restrictions of the mobility of labour and lack of alternative job opportunities also keep the wages of child labour very low. Since child labour is prone to lower mobility and lack of alternative jobs, the wage becomes a function of the elasticity of supply.

The studies by Levy (1985) on Egypt and Rosenzweig on India (1981) points out that children's labour supply is elastic with respect to their wages or the own-wage elasticity of child labour is positive and higher for younger children. However, the cross-wage elasticity with the labour supply of the mother was found to be negative which implies that an increase in mother's wage would reduce the participation of female children in the workforce. In case of men's wages, the opposite hold true as it has a cross-wage elasticity of 1 in case of boys and zero in case of girls.<sup>40</sup>

Ilahi, Orazem and Sedlacek's (2000) Brazilian case study on the relationship between child labour and future adult earnings and poverty status, point out that entry in the workforce before age 13 results in a reduction in adult wages of 13-17 percent and an increase in the probability of being in the lowest two income quintiles of 7-8 percent. According to them, policies which delay age of entry into the labour market may have significant impact on adult incidence of poverty. Besides, although child labour reduces the productivity of schooling, even if the child works while in school, the net effect of an additional year of schooling on adult wages would be positive. Therefore, policies which delay school drop-out rates even in cases of working children would be effective at mitigating adult poverty. The findings support the theoretical argument of Baland and Robinson (2000) that restricting child labour would be welfare improving.<sup>41</sup>

***It has been argued that prevalence of child labour reduces household income as it keeps adult wages depressed and contributes to high rates of adult unemployment. Hence a ban on child labour would raise adult wages and households' income and enable them to send their children to schools.***

It has been argued that prevalence of child labour reduces household income as it keeps adult wages depressed and contributes to high rates of adult unemployment. Hence a ban on child labour would raise adult wages and households' income and enable them to send their children to schools. However, according to Khan et al (forthcoming), given the excessive supply of labour, a large-scale withdrawal of child labour would not have any impact on the adult wages. Thus, "from the point of view of child welfare, it may be easier to approach the issue with a set of policies that eradicate work hazards, encourage schooling along with work on raising household income of the poor."<sup>42</sup>

The model developed by Basu and Van (1998) theoretically analyses the phenomenon of child labour in the household decision-making context and argues that child labour is a facet of low adult wages in the labour market and consequent poverty. They postulate a negative correlation between child work and parent's income and argue that a child's "non-work is a luxury good

in the household consumption in the sense that a poor household cannot afford to consume this good but it does so as soon as the household income rises sufficiently.<sup>43</sup> Further, they argue that labour market may be characterised by multiple equilibria – one where wages are low and children work (bad equilibrium) and another where wages are high and children do not work (good equilibrium). In the labour market, child labour can substitute adult labour despite being only fractionally as productive as an adult which in turn drives down adult wages and thereby further reinforces child labour.

***If application of minimum age results in more adult unemployment, children will continue to be employed and in fact may increase the incidences of child labour.***

According to Basu (1999), improvement in the conditions of adult workers in the labour market can result in the decline of child labour. “If we adopt policies which raise the marginal productivity of adult workers, thereby raising wages and employment, all is well.” In contrast, if this is done through the application of minimum wage legislation, its effects can be varied on the incidences of child labour. If application of minimum age results in more adult unemployment, children will continue to be employed and in fact may increase the incidences of child labour. This will further cause in losses in adult employment and lead to “further additions to the supply of child labour.”<sup>44</sup>

The Swinnerton and Rogers’s (1999) model has introduced heterogeneity in the Basu-Van model by making a distinction between adult wages and adult income as the latter may come from wages as well as profits. According to them, if the economy continues to be good, it is unlikely that the profit earning household would send their children to work. The model thus accounts for dual possible outcome in a single labour market.<sup>45</sup>

In sum, these theories’ main argument for the prevalence of child labour rests on the centrality of the labour market failures, arising out of wage differential between child and adult labour and low adult wages.

### ***Capital Market Failure***

The capital market imperfections are cited as significant determinant of child labour in theories developed by various scholars.

***Putting children to work may augment current income but may undermine their human capital development and parents’ failure to “internalise the trade-off between child labour and earning ability” would result in the child labour to persist.***

Baland and Robinson (2000) argue that there is a trade-off between child labour (current income) and accumulation of human capital through education (future income). Accordingly, child labour is inefficient when it impairs the future earning ability of a child. Putting children to work may augment current income but may undermine their human capital development and parents’ failure to “internalise the trade-off between child labour and earning ability” would result in the child labour to persist.<sup>46</sup>

Further, based on the inter-generational flow of wealth theory, Baland and Robinson argue that child labour can be Pareto-inefficient even when parents are fully altruistic towards their children and may persist “either when parents leave their children no bequests or when capital markets are imperfect.” According to them, child labour is inefficient when it is used by parents to transfer income from children to parents (negative bequest) or used as a substitute for borrowing due to capital market imperfections (transferring of income from future to the present). “Child labour is inefficient when the family is so poor that parents do not leave bequests to their children. When bequests are positive, parents completely internalise the adverse impact of child labour on the future income of their children since, by reducing bequests accordingly, they can compensate themselves for the current income they lose

***In situations where children could borrow and compensate their parents for reduced child labour, the problem of child labour could be alleviated.***

by not making their children work. Second, even if bequests are interior, child labour may be inefficiently high because parents face capital market imperfections which stop their transferring the future reduction in bequest into the present.” In situations where children could borrow and compensate their parents for reduced child labour, the problem of child labour could be alleviated. The model shows that in case of perfect capital markets, transfer of resources would occur from children to parents and restore efficiency of resource allocation.<sup>47</sup>

Similarly, Jafarey and Lahiri (2000) consider the operation of credit market as an important element in the analysis of child labour since the family that gets access to easy and low-interest credit may “forgo present consumption significantly and the decision to send a child to school may not be painful one.”<sup>48</sup>

The model developed by Basu et al (1998) points out that child labour is “a function of returns on schooling (skilled or educated wages), the child wage, the cost of education and the degree of difficulty in obtaining funds for education.” The model argues that decision whether a child goes to work or school is determined by asset distribution across households as well as capital market imperfections (when borrowing is costlier than lending due to difficulty in monitoring loans).<sup>49</sup>

Ranjan, (1999), also has postulated a two-period model in which child labour arises as the result of non-existence of market for loans against future earning of children. Ranjan (2001) further developed an overlapping generations general equilibrium model where inefficient child labour arises due to credit constraints. It derives a positive relationship between inequality in the distribution of income and the incidence of child labour and argues that as long as returns on education are high and the credit markets<sup>50</sup> allow sufficient flexibility to allow parents to borrow for their children’s education, parents would prefer to send their children to school thereby reducing or eliminating child labour altogether.<sup>51</sup> The finding that poverty compels child work is consistent with households being chronically poor or else with their being transiently poor and credit-constrained.

***“In the absence of developed financial markets, households resort substantially to child labour in order to cope with income variability” which suggests that “policies aimed at widening households’ access to credit could be effective in reducing the extent of child labour.”***

Similarly, Dahejia and Gatti (2002) statistically demonstrate the existence of an unconditional negative relationship between child labour and credit availability, even after controlling for wide range of variables such as GDP per capita, urbanisation, schooling, fertility, inequality, etc. Hence, they have argued that “in the absence of developed financial markets, households resort substantially to child labour in order to cope with income variability” which suggests that “policies aimed at widening households’ access to credit could be effective in reducing the extent of child labour.”<sup>52</sup>

In all the theories discussed above, fertility, education, labour market, adult wages, capital market, availability of credit have been underlined as one of the explanations of the child labour situations, poverty has remained the underlying and most fundamental explanations of child labour. Poverty explanations of the child labour situations are also predominant in countries of the South Asia region which records one of the highest cases of child labour practices in the world, as discussed below.



### III

## Global Estimates on Child Labour

The new global estimates on child labour put the number of economically active children ages 5 to 17 years at 352 million which is 23 percent of their total population. The child labour constitutes nearly 70 percent (245 million) of the economically active children. On average, more boys tend to work as child labour than girls although between age groups 5-14, there is no substantial gender difference (Table 3).

<b>Table 3: Global Estimates on Children in Economic Activity, Child Labour, and Hazardous Work by Age Group &amp; Gender 2000</b>							
Gender and Age Group	Economically Active Children (EAC) ('000s)	Child Labour ('000s)	Child Labour as percent of EAC	Children in Hazardous Work (CHW) ('000s)	CHW as percent of EAC	CHW as percent of child labour	Work Ratio
Total 5-14	210,800	186,300	88.4	111,300	52.8	59.7	17.6
Boys	109,000	97,800	89.7	61,300	56.2	62.7	17.7
Girls	101,800	88,500	86.9	50,000	49.1	56.5	17.5
Total 15-17	140,900	59,200	42.0	59,200	42.0	100	42.4
Boys	75,100	34,400	45.8	34,400	45.8	100	44.1
Girls	65,800	24,800	37.7	24,800	37.7	100	40.7
Total (5-17)	351,700	245,500	69.8	170,500	48.5	69.5	23.0
Boys	184,100	132,200	71.8	95,700	52.0	72.4	23.4
Girls	167,600	113,300	67.6	74,800	44.6	66.0	22.5

Source: ILO-IPEC-SIMPOC, *Every Child Counts: New Global Estimates on Child Labour*, Geneva, International Labour Office, 2000.

However, the data about girl child labour is often underestimated as it does not take into account the activities in the household enterprises and unpaid economic activity around the household. Participation rates of children are higher in rural areas than in urban centres and most of the working children are found in the developing regions of the world where one out of every four child in the age group 5-14 is a working child.<sup>53</sup>

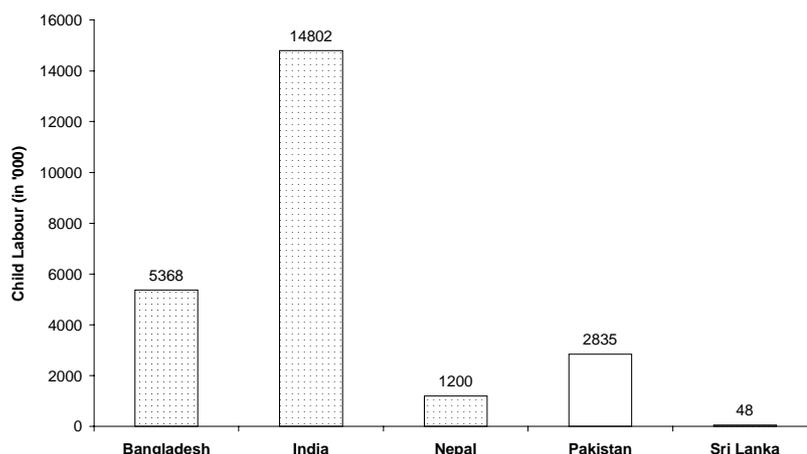
*Among the developing regions, South Asia region<sup>54</sup> accounts for the largest concentration of child labour and of children not attending school. A conservative estimate puts the number of such children (5-14 years) between 20-30 million in five countries of South Asia.*

#### **History of Child Labour in South Asia: An Overview**

Among the developing regions, South Asia region<sup>54</sup> accounts for the largest concentration of child labour and of children not attending school. The region thus has become a focus of the international campaign to eliminate child labour. These children work either in a family business, outside home or employed as wage earner. A conservative estimate puts the number of such children (5-14 years) between 20-30 million in five countries of South Asia.<sup>55</sup> The South Asian Coalition on Child Servitude (SACCS) however estimates

that there are more than 80 million working children in South Asia under 14 (55 million in India, 10 million in Pakistan, 8 million in Nepal, 7 million each in Bangladesh and Sri Lanka). On an average, percentage of working children/economically active children in the age group 5-14 years varies between 5-42 percent in five major countries of South Asia (Bangladesh: 19.1 percent, India: 5.4 percent, Nepal: 41.7 percent, Pakistan: 8.3.<sup>56</sup> In Sri Lanka about 21 percent of children in the age group 5-17 are engaged in some form of economic activity although children engaged in economic activity alone are 7.5 percent) (Table 5).<sup>57</sup>

**Chart1: Number of Child Labour in South Asia 1995**



Source: Based on *ILO Database on Economically Active Population 1998*.

Since the 1980s, the percentage of children (10-14 years) in the labour force has declined in all countries of the region, although the rate of decline varies between the countries of South Asia (Table 4).

	1980	1990	1995	1996	1998	1999
Bangladesh	35	33	30	30	29	29
India	21	17	14	14	13	13
Nepal	56	48	45	45	43	43
Pakistan	23	20	18	17	16	16
Sri Lanka	4	-	-	2	2	2
<b>South Asia</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>16</b>	<b>16</b>

Note: Percentage figures have been rounded up to the nearest whole number.  
Source: *World Development Indicators 2000* and *World Development Indicators 1998*, Washington: World Bank, pp 46-48 & pp 50-52.

According to the ILO database on economically active population, child labour (10-14 years) as a percentage of total workforce for countries in South Asia in 1995 ranged between 0.6 to 12 percent (Bangladesh: 9.17, India: 3.68, Nepal: 12.12, Pakistan: 5.73 and Sri Lanka: 0.64). The projected estimate for

years 2000 and 2010 puts the figures as follows: Bangladesh: 7.15 and 4.08, India: 2.95 and 1.51, Nepal: 11.30 and 8.86, Pakistan: 5.12 and 3.02 and Sri Lanka: 0.42 and 0.00 (Table 5).<sup>58</sup> The children's involvement in the total labour force is thus projected to decline. These projections are corroborated by actual fall in the percentage of children in the labour force, as discussed above (Table 4).

<b>Table 5: Economically Active Children and Child Labour in total Workforce in Countries of South Asia</b>				
	<b>Percent of Working/ Economically Active Children*</b>	<b>Child labour as percentage of total workers 1995</b>	<b>Child labour as percentage of total workers 2000**</b>	<b>Child labour as percentage of total workers 2010**</b>
<b>Bangladesh</b>	19.1	9.17	7.15	4.08
<b>India</b>	5.4	3.68	2.95	1.51
<b>Nepal</b>	41.7	12.12	11.30	8.86
<b>Pakistan</b>	8.3	5.73	5.12	3.02
<b>Sri Lanka</b>	7.5	0.64	0.42	0.00

\* Based on country-level ILO survey in the mid 1990s. The age group expect for Sri Lanka is 5-14 years. For Sri Lanka it is 5-17 years.  
 \*\* ILO projections.  
 Source: R Castle, D P Chaudhri and C Nyland, 'Child Labour in South Asia: Domestic and International Initiatives (Including ILO and WTO's) in *Proceedings of the National Seminar on Child Labour: Realities and Policy Dimensions*, New Delhi, 5-7 December 2000 (organised by V V Giri National Labour Institute, Indian Society of Labour Economics and Institute for Human Development).

Based on the ILO data on labour force participation for the years 1950-1995 and projections for the year 2010, Castle, Chaudhri and Nyland (2000) have given an overview of the child labour situation in South Asia over a period of time. According to them, although the latest ILO world estimates on child labour indicate that the problem has intensified, "it is largely a statistical illusion." The increase, they argue is due to better survey methods with a larger focus on the informal sector as well as girl and unpaid child workers. The section below discusses the overall child labour situation in South Asia.

A look at the index of total child labour (10-14 years of age) in South Asia with 1970 as base year shows that in the years 1950 and 1960, Sri Lanka had a higher child labour index compared with all other countries of the region. In the year 1995, the same figure had declined to become the lowest amongst the countries of South Asia. This year also saw a marginal decline in the index of child labour for India whereas the other 3 countries (Bangladesh, Nepal and Pakistan) recorded an increase in the child labour index. Projecting this trend into the future indicates that by the year 2010, Sri Lanka would reach zero on the child labour index. All other countries would also show a varying degree of decline, except Nepal (Table 6).

Amongst the countries of South Asia, Sri Lanka in 1995 recorded the best figures in terms of high proportion of children in school education as well as a low percentage in child labour compared to other countries of the region. The percentage of child labour in India 4.6 percent, 10.1 percent in Bangladesh while it was 5.3 percent in the case of Pakistan and 13 percent for Nepal (Table 7).

*Amongst the countries of South Asia, Sri Lanka in 1995 recorded the best figures in terms of high proportion of children in school education as well as a low percentage in child labour compared to other countries of the region.*

Country	1950	1960	1970	1980	1990	1995	2000	2010
<b>Bangladesh</b>	67.74	76.26	100.00	114.98	124.50	157.67	142.36	101.06
<b>India</b>	86.75	87.49	100.00	104.75	92.63	90.26	80.23	49.55
<b>Nepal</b>	79.98	84.27	100.00	111.44	127.53	143.03	152.21	155.54
<b>Pakistan</b>	60.47	68.91	100.00	121.45	134.12	134.55	142.05	117.70
<b>Sri Lanka</b>	114.61	107.87	100.00	74.16	58.43	53.93	39.33	0.00

Source: R Castle, D P Chaudhri and C Nyland, 'Child Labour in South Asia: Domestic and International Initiatives (Including ILO and WTO's)' in *Proceedings of the National Seminar on Child Labour: Realities and Policy Dimensions*, New Delhi, 5-7 December 2000 (organised by V V Giri National Labour Institute, Indian Society of Labour Economics and Institute for Human Development).

Country	Total Children ('000)	Students (percent)	Child Labour (percent)	Pre-School Age (percent)	Nowhere Children (percent)
<b>Bangladesh</b>	53,071	37.7	10.1	29.7	22.5
<b>India</b>	3,20,600	43.8	4.6	36.1	15.5
<b>Nepal</b>	9,206	40.7	13.0	29.7	16.6
<b>Pakistan</b>	53,612	24.4	5.3	36.8	33.6
<b>Sri Lanka</b>	6,375	52.3	0.8	40.5	6.4

\* The term refers to children neither in the education system nor the workforce; children involved in household, non-economic activities that are not classified as child labour.  
Note: Child population and child labour figures are for the age-group 10-14 years, those of school students for the age group 5-14, pre-school children, 0-4 years.  
Source: R Castle, D P Chaudhri and C Nyland, 'Child Labour in South Asia: Domestic and International Initiatives (Including ILO and WTO's)' in *Proceedings of the National Seminar on Child Labour: Realities and Policy Dimensions*, New Delhi, 5-7 December 2000 (organised by V V Giri National Labour Institute, Indian Society of Labour Economics and Institute for Human Development).

As estimates on child labour vary considerably between agencies,<sup>59</sup> the country-wise estimates on child labour are discussed below. The section also discusses the magnitude of child labour in the export industries of different countries and the region-specific causes (drawn from country-level surveys and studies) for child labour which shows that children in the export sector constitute only a tiny minority compared to those found in the informal and domestic sector of the economy.

#### *Child Labour in Bangladesh*

The UNICEF Report of 1999 found that 6.3 million children under 14 years of age are working in Bangladesh. According to the Bangladesh Bureau of Statistics' (BBS) National Sample Survey of Child Labour in Bangladesh, there were 6.6 million economically active children in Bangladesh in 1995-96 in the age group 5-14 years. About 19 percent of the total child population in this age group was found to be economic active (Table 8). Approximately, 83 percent of the child labourers worked in rural areas while only 17 percent

were employed in urban areas. Amongst the economically active children, about 60 percent are male while 40 percent are females. Out of the total population of child labour, 11.6 percent were in the age group 5-9 years but the majority (88.4 percent) belonged to the age group 10-14 years. Agricultural activities employed the majority of child workers (65.4 percent). Other activities, including household work accounted for 14.3 percent of the working children while other services accounted for 10.3 percent of the child labourers, followed by manufacturing (8.2 percent) and transport and communication (1.8 percent). In the household work, children work with either no salary or very low salary which is less than US \$ 2.50 per month.<sup>60</sup>

**Table 8: Economically Active Children (5-14 years) in Bangladesh 1995/1996**

	<b>Child Population</b> (’000)	<b>Economically Active Children</b> (’000)	<b>Economically Active Children</b> (percent)
<b>Total</b>	34,455	6,548	19.1
<b>Male</b>	17,862	3,919	21.94
<b>Female</b>	16,593	2,665	16.06

*Source: Report of National Sample Survey of Child Labour in Bangladesh 1995-96, Dhaka: Bangladesh Bureau of Statistics, 1996.*

*In Bangladesh children are found working in garment factories, bakeries and confectionaries, hotels and restaurants, transport, bidi factories, small engineering workshops, fish processing and other informal and unregulated sectors.*

According to the Bangladesh Ministry of Labour, children are found working in garment factories, bakeries and confectionaries, hotels and restaurants, transport, *bidi* factories, small engineering workshops, fish processing and other informal and unregulated sectors. Children work in nearly all sectors of economy nearing 200 types of activities out of which 49 are considered to be harmful to the health and well-being of children. They are also employed in domestic services, tea houses and tea shops, ship-dismantling, brick-making and brick-breaking for road fill, tourism, and as labourers on building sites.

There is extensive trafficking in both women and children, within the country and overseas (primarily to India, Pakistan), often for prostitution and at times for forced labour. Some children are also trafficked to the Middle East to be used as camel jockeys.<sup>61</sup> UNICEF has estimated that there are about 10,000 child prostitutes in the country. Other estimates have been put the figure as high as 29,000.

#### Child Labour in Export Sector

Estimates differ considerably on the number of children employed by the garment industry prior to 1995. Thousands of children were allegedly employed by the garment industry, a major foreign currency earner (US \$ 1.2 billion annually from exports to the US alone). Nearly all the child labour in export industry was found in the garment factory. The estimate by the Bangladesh Institute of Development Studies put the number of child worker in the garment industry at 80,000 in 1992. According to Paul-Majumder and Zohir (1992), until mid-nineties, the formal sector of the garment industry accounted for the highest number of child labour constituting nearly 13 percent of the labour force. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) announced in 1994 that child labour constituted only

*Nearly all the child labour in export industry was found in the garment factory. The estimate by the Bangladesh Institute of Development Studies put the number of child worker in the garment industry at 80,000 in 1992.*

one percent of its labour force, thus accounting for approximately 8,000-10,000 child labours. The 1994 study by Asian-American Free Labour Institute (AAFLI) estimated the number of child workers in garment factories in the range of 25-30,000 children.<sup>62</sup> A joint survey by the ILO, UNICEF and BGMEA found that in 1995, 2,100 garment factories employed nearly 10,547 children below 14.<sup>63</sup> Compared to the overall number of child labour in Bangladesh, only a small proportion is employed in the export sector (as is the case in other countries of the region).

#### *Child Labour in India*

India has the largest number of working children in South Asia, a function of its size and population. Estimates on child workers vary between 44 million to over 100 million child workers amongst various organisations. The survey carried out by the Operations Research Group, Baroda (ORGB) in 1983 on 40,000 sample households has put the number of child workers at 44 million which is considered to be a realistic estimate. The ORGB 1993 update estimate the number to go up to 70 million in the year 2000.

**Table 9: Working Children (5-14 years) in India 1991**

	<b>Child Population</b>	<b>Working Children*</b>	<b>Working Children (percent)</b>
<b>All Children</b>	209,986,630	11,285,349	5.37
<b>Male</b>	109,366,794	6,189,834	5.66
<b>Female</b>	100,619,836	5,095,515	5.06
<b>Urban Total</b>	50,553,202	1,032,149	2.04
<b>Urban Male</b>	26,228,333	732,783	2.79
<b>Urban Female</b>	24,324,869	299,366	1.23
<b>Rural Total</b>	159,433,428	10,253,200	6.43
<b>Rural Male</b>	83,138,461	5,457,051	6.56
<b>Rural Female</b>	76,294,967	4,796,149	6.29

\* Including Main and Marginal Workers  
Source: *Census of India 1991*, New Delhi: Census Commissioner of India, n.d.

*The NSS 55<sup>th</sup> round (1999-2000) has estimated the number of working children at 10.4 million while the 43<sup>rd</sup> Round NSS conducted in 1987-1988 had estimated 17.5 million working children. As per these estimates, there is a progressive decline in the number of working children.*

According to the census figures of 1981, the total number of working children in India was 13.6 million which came down to 11.28 million according to the 1991 census (Table 9). The NSS 55<sup>th</sup> round (1999-2000) has estimated the number of working children at 10.4 million while the 43<sup>rd</sup> Round NSS conducted in 1987-1988 had estimated 17.5 million working children. As per these estimates, there is a progressive decline in the number of working children.<sup>64</sup> In 1981, children constituted 6 percent of the total labour forces but in 1991, they constituted 3.59 percent of the total labour force. Likewise, in 1981 the number of working children was 13.6 million compared to 11.28 million in 1991. Amongst the states, Andhra Pradesh has the highest number of working children at 1.66 million. Besides, Madhya Pradesh, Maharashtra and Uttar Pradesh have more than one million working children. Majority of children are engaged in rural areas, in agricultural and allied activities including cultivation, livestock, forestry and fisheries.<sup>65</sup>

***According to the ILO estimates, the number of child workers in India is about 44 million, while some NGOs put the current figure at 55 million.***

Although the census data gives an optimistic picture, other independent studies conducted on the estimates of child labour in India have come up with differing estimates on child labour. According to the ILO estimates, the number of child workers in India is about 44 million, while some NGOs put the current figure at 55 million. It has also been pointed out that there are about 87 to 105 million children who do not attend school and are involved in housework, work on family farms or work alongside their parents as paid agricultural labourers, work as domestic servants, or otherwise are employed. The working conditions of domestic child servants often equates with bonded labour as most of them are sent to work because their parents cannot afford to feed them, or to pay off a debt incurred by the parent or family member.<sup>66</sup>

As far as sector-wise distribution of child labour is concerned, agricultural activities account for the lion's share of the child labour in India: 35 percent of children are cultivators while 43 percent are agricultural labourers. Manufacturing, processing, servicing and repairs employ 0.9 percent of the child labour while 2 percent of the children work in the transport, storage and communications sector. Other activities employ 10 percent of the child workers.<sup>67</sup>

Child labour is particularly widespread in industries such as hand-knotted carpets; gemstone polishing; leather; and sporting goods. Children are also involved in a number of other industries such as locks, leather, pottery, granite, mica, slate mining and quarrying, auto parts and accessories, processing of cashew, coir products, iron and steel goods, furniture, garments, shrimp and seafood processing, etc.

Forced/bonded child labour is also reported from various parts of the country although the number is not very significant. Industries that involve forced or indentured child labour are considered to be brassware, hand-knotted wool carpets, explosive fireworks, footwear, hand-blown glass bangles, hand-made locks, hand-dipped matches, hand-broken quarried stones, hand-spun silk thread and hand-loomed silk cloth, hand-made bricks, and *bidis*. A number of these industries also expose children to hazardous working conditions.<sup>68</sup>

#### Child Labour in Export Sector

Major export industries that employ child labour are hand-knotted carpets, gemstone polishing, brassware and metal articles, glass and glassware, footwear, textiles and silks and fireworks.

***The carpet industries are primarily located in poorest region of India, mainly to take advantage of easy child labour supply.***

India exports a large proportion of its hand-knotted carpet to the US and Germany. In 1993, the carpet exports to the US accounted for US \$ 170 million. The carpet industries are primarily located in Jammu and Kashmir and eastern UP (Bhadohi, Mirzapur and Varanasi) and has gradually spread to Allahabad and Koshambi, again in UP, outskirts of Jaipur in Rajasthan, Garhwa and Samastipur in Bihar, primarily to take advantage of easy child labour supply from Orissa and Bihar – some of the poorest states in India.

The children are involved in the whole process of carpet production including sorting, knotting, weaving, cutting, washing and dyeing. They may be either be working in a family looms, or alongside adult family member, or as apprentices (starting as young as 6) – all unpaid or as wage earner.<sup>69</sup>

Human rights organisations estimate that the carpet industry alone accounts for nearly 300,000 working children working, many of them under conditions

**Many children who work in carpet industry are sold into debt bondage against loan or lured into the work by promise of better earnings after making an initial payment to parents.**

that amount to bonded labour.<sup>70</sup> According to the American Embassy in New Delhi, in 1992 the number of child workers in the carpet industry was around 300,000 to 400,000. The 1992 study carried out by the National Council for Applied Economic Research (NCAER), New Delhi estimated that child labour constitute 8 percent of the total labour force in the carpet industry<sup>71</sup> out of which 55 percent worked as part of family labour and the remaining 45 percent as hired labour. Many children who work in carpet industry are sold into debt bondage against loan or lured into the work by promise of better earnings after making an initial payment to parents (sum ranging between Rs. 1,500-2,000 amounting to US \$ 50-60). The ILO-CORT study (1998) estimated that as many as 130,000 children were engaged in the carpet industry in India.<sup>72</sup>

In 1993, the gem polishing industry exported more than US \$ 1 billion gems, mostly diamonds. The US again is the largest market. The diamond polishing factories are located in Surat, Gujarat, and estimates on child labour in this industry range from 6,000-100,000. The gem polishing work based in Jaipur, Rajasthan, employs an estimated number of 7,000 to 13,000 child workers.

Brassware and metal article industry based in Moradabad in UP another export oriented industry, organised into a number of household units, and thus unregulated, employs a significant a number of child labour in its workforce. According to Neera Burra's study of 1989, approximately 40,000 to 45,000 children work in this industry, almost all of whom work as wage labourers and are unrelated to workshop owners, mostly recruited by contractors or agent for a commission.

Glassware industry exported goods valued more than US \$ 2 million to the US in 1992. Located in Ferozabad district of UP, it is estimated that the number of child workers in this industry is in the range of 8,000 to 50,000. An estimated number of 25,000 child workers is also known to work in the footwear industry, based in the Agra area, exporting more than US \$ 107 million of footwear to the US in 1993.

**Another industry known to employ child labour with some export potential is the *bidi* industry. Of the total exports of Rs. 24 crores in 1997-98, the United Arab Emirates was the largest market (worth Rs. 13.8 crores) followed by the US (worth Rs. 2.3 crores).**

Silk exports to the US and European countries constitute another important product in India's export basket. Here again children are involved in various stages of silk production including sericulture, spinning weaving, dyeing, washing, etc. It is estimated that around 5,000 children work in the silk industry in southern Karnataka. In a study conducted on the sample of 250 child worker in Bhagalpur, it was found that majority of child workers came from minority Muslim community or other disadvantaged groups.<sup>73</sup>

Another industry known to employ child labour with some export potential is the *bidi* industry. Of the total exports of Rs. 24 crores in 1997-98, the United Arab Emirates was the largest market (worth Rs. 13.8 crores) followed by the US (worth Rs. 2.3 crores). For the Government of India, the *bidi* industry is an important source of revenue which in 1999 fetched US\$ 165 million in excise (from domestic markets) and US\$ 200 million in foreign exchange.

*Bidi* industry is a predominantly home-based industry as only 10 percent of *bidis* are made in regular factories and is reported to involve a number of child workers. According to the 51<sup>st</sup> round of the National Sample Survey 1994-1995, child workers in the *bidi* industry belong to any of the three categories - hired child workers, paid and unpaid household child workers.

**According to a WHO paper *Children and Tobacco, India's bidi economy provides employment for 40 million men and boys and another 60 million people, mostly women and children.***

The NSS noted that an estimated number of 330 hired child workers per thousand are hired workers. Paid household child workers numbered 669 per thousand paid employees in the household category. Of every 1,000 unpaid household workers, the number of children is 209. Overall, about 50 percent of the workers are household workers and women and children undertake *bidi*-making as part of household activity. The survey also indicated that the proportion of child workers is highest among the paid household workers. Given the home-based nature of the industry, bonded child labour in *bidi* industry is non-existent claims Margaret Antony, an independent researcher on the tobacco industry. According to a WHO paper *Children and Tobacco*, India's *bidi* economy provides employment for 40 million men and boys and another 60 million people, mostly women and children. Additionally, the *bidi* industry also provides employment to farmers who grow the special tobacco and to people who are engaged in its marketing and distribution.<sup>74</sup>

Although not an exporting industry, fireworks and match-making industry in Sivakasi produces 90 percent of the fireworks (meant for domestic consumption during Diwali) and is known to employ between 30,000 to 70,000 child workers, according to SACCS. In the match industry (producing 55 percent of matches in India), nearly 55 percent of the workers are child workers (below 14 and many as young as five). Between the fireworks and match industry (in Sivakasi and Sivakasi-Satuur belt), the number of child workers is in the range of 50,000 to 100,000.<sup>75</sup>

#### *Child Labour in Nepal*

The International Confederation of Free Trade Unions, Asia-Pacific Regional Office report in 1993 estimated that there are 3 million working children in Nepal. Other estimates have revealed that 24.8 percent of the children aged 10-14 years are economically active in Nepal in 1995 (CBS Census, 1995). This figure was even higher in 1981. According to the 1995/96 Migration and Employment Survey, there are 2.6 million working children in Nepal in the age group 5-14 years with a work participation rate at 41.7 percent. The work participation rate for boys is 36.1 percent and higher (47.6 percent) for girls as the girls are very often employed in non-economic activities such as domestic and household chores (Table 10). The economic participation rate is 27.9 percent for boys and 25.5 percent for girls. The incidence of child labour amongst 10-14 years children is three times higher (at 40.8 percent) than that in children in 5-9 years age group. Nearly, 1.7 million (5-14 years) participate in economic activities which constitute 26.7 percent of the total children in the country. The rural children work participation rate is 43.4 percent which is twice the level of urban children (23 percent). Urban economic participation rate is much lower (8.5 percent; 9.7 percent boys and 7.2 percent girls) compared to rural estimates at 28.4 (29.6 percent boys and 27.1 percent girls).

**The International Confederation of Free Trade Unions, Asia-Pacific Regional Office report in 1993 estimated that there are 3 million working children in Nepal. Other estimates have revealed that 24.8 percent of the children aged 10-14 years are economically active in Nepal in 1995.**

The mountain region shows the highest work participation rate (52.2 percent) which is lowest in the Tarai region (36.6 percent). The work participation rate among female children is higher in all ecological zones and developmental regions. However, incidences of child labour are higher among male compared to the female children in all the developmental regions of Nepal except in the far-western region.

Majority of economically active children are engaged in agricultural activities (94.7 percent) and only 5.3 percent in non-agricultural activities. The survey revealed that within the non-agricultural activity, 1.62 percent economically active children are service workers and 1.6 percent are involved in construction,

transportation and communication activities. Another 0.8 percent each worked as technical workers and production workers and 0.4 percent worked as sales workers.

<b>Table 10: Economically Active Children (5-14 Years) in Nepal 1995/96</b>			
	<b>Child Population</b>	<b>Economic Active Children</b>	<b>Economically Active Children (percent)</b>
<b>All Children</b>	6,225,000	2,596,000	41.7
<b>Male</b>	3,202,000	1,156,000	36.1
<b>Female</b>	3,024,000	1,439,000	47.6

Source: Bhim Raj Suwal, Bal Kumar KC and Keshab Prasad Adhikari, *Child Labour Situation in Nepal: Report From Migration and Employment Survey, 1995/96*, Kathmandu: Central Department of Population Studies, Tribhuvan University, 1997.

The older and urban children tend to be more involved with the non-agricultural work. The non-agricultural households show lower work participation rate amongst children. Economic participation rate of children also decreases with a household occupational shift from agricultural to non-agricultural activities. Besides, work participation rate of children tends to decrease as the size of the family increases. No direct correlation exists between work participation rate of children and the size of household landholdings although economic participation rate increases with increase in the size of the household landholding.<sup>76</sup>

*Approximately 60 percent of working children also attend school. Amongst boys 70 to 75 percent work and also go to school, while only 50 to 60 percent of girls who work attend school.*

Approximately 60 percent of working children also attend school. Amongst boys 70 to 75 percent work and also go to school, while only 50 to 60 percent of girls who work attend school. Children are economically active in some small-scale and cottage industries (carpet weaving, pottery, basket weaving, sewing, candle making ironsmithing), rag picking, brick and tile works, quarries, coal mines, match factories, auto repair shops, and agricultural activities such as livestock rearing, planting, harvesting, ploughing, fishing, etc. A small number of children are employed in bars and restaurants and as domestics and porters. Reports also suggest that the Maoists insurgents often use children, including girls, as soldiers, shields, runners, and messengers.

#### Child Labour in Export Sector

The Nepali carpet industry is the largest employer and foreign exchange earner in the country. During 1992, carpet goods worth US\$ 17 millions were exported to the US. The carpet industry's value grew to US\$ 160 million annually until 1995, which is a third of the total Nepali annual budget. It is classified as a cottage industry and is thus exempt from tax and is prone to lax labour laws which perpetuate the employment of children in the carpet industry. It employs a large number of child labourers, working as wool spinners and weavers; some also dye and wash carpets.

The child labour estimates in the carpet industry in Nepal vary between official figures of 0.8 percent to 50 percent by the NGOs. A survey conducted by Government of Nepal on 23 carpet units estimated that 9 percent of the

labour force was constituted of child labour. The Child Workers in Nepal Concerned Centre (CWIN) study of 1992 however, put this figure at 50 percent and 150,000 children in nearly 2000 carpet factories. Majority of the children were between 11 and 14 years of age and 7.8 percent were below 10 years of age. According to AAFLI's survey on 17 carpet factories, 30 percent of the workers were found to be less than 14 years of age.

*The amount paid to the family for taking children to work in the carpet industry ranges between US\$ 40-100. The children are paid a flat rate of Nepali Rupees 350-750 per month (US\$ 7.95-17).*

Most of these child labourers are migrants from the rural areas, 47 percent of whom are brought by brokers, the rest by relatives. The amount paid to the family for taking children to work in the carpet industry ranges between US\$ 40-100. This is the only income that the family receives for the child's work as very few children were known to send money back to their families later. The children are paid a flat rate of Nepali Rupees 350-750 per month (US\$ 7.95-17). According to CWIN, 7-8 percent of the child labourers work to repay debt incurred by their parents, which often is a pittance: Nepali Rupees 100-15,000 (US\$ 2.50-US\$375).<sup>77</sup>

Another large export earner in Nepal is the tea industry. Here again, it has been estimated that children form 10 percent workforce in this industry, of which 20 percent are the sole earner of the family.<sup>78</sup>

#### *Child Labour in Pakistan*

According to UNICEF, in the year 1990 there were 8 million working children. Nearly 19 percent of children (2.3 million) in the age group 10-14 worked as estimated by the labour force survey for 1986-87. According to independent estimates, the figure of child labour in Pakistan is about 19 million. The 1995 report by the Human Rights Commission of Pakistan has estimated the number of working children in the range of 11 million to 12 million.<sup>79</sup>

	<b>Child Population</b>	<b>Economically Active Children</b>	<b>Economically Active Children (percent)</b>
<b>All Children</b>	40,043,700	3,313,420	8.27
<b>Male</b>	20,650,500	2,431,992	11.78
<b>Female</b>	19,393,200	881,428	4.55
<b>Urban</b>	11,341,900	367,745	3.24
<b>Urban Male</b>	5,747,400	321,634	5.60
<b>Urban Female</b>	5,594,500	46,111	0.82
<b>Rural</b>	28,701,800	2,945,675	10.26
<b>Rural Male</b>	14,903,100	2,110,358	14.16
<b>Rural Female</b>	13,798,700	835,317	6.05

Source: Federal Bureau of Statistics, Child Labour Survey, 1996.

According to the 1996 Federal Bureau of Statistics National Child Labour Survey, in January 1996, Pakistan had about 40 million children aged 5-14 years out of which 3.3 million are economically active constituting nearly 8.3 percent of the total population of children<sup>80</sup> (Table 11). Approximately 60 percent of child labour in the country is to be found in Punjab. Boys constitutes

***Incidences of child labour in the rural areas are eight times higher than in the urban areas. One reason for this could be the involvement of children in unpaid family farm activities.***

nearly 73 percent of the working child (2.4 million) compared to girls who constitutes 27 percent (0.9 million) of the total incidences of child labour. Incidences of child labour in the rural areas are eight times higher than in the urban areas. One reason for this could be the involvement of children in unpaid family farm activities. Nearly 80 percent of female child workers are employed in elementary, unskilled occupation. Besides, girl child tend to concentrate more in the agricultural sector (77 percent) compared to 63 percent boys.

The majority (67 percent) of child labourers work in agriculture, forestry, hunting, and fishing industries; 11 percent in the manufacturing sector, 9 percent in wholesale and retail, and 8 percent in community, social and personal services. In occupational terms, craft and related trade work accounted for approximately 19 percent of child labourers, while 71 percent worked in unskilled jobs. About 45.8 percent of child labourers worked 35 hours or more per week and 12.6 percent worked 56 hours or more. It has been observed that the quantum of child labour increases with age, which means the older children have higher economic participation rate.<sup>81</sup>

Like in other countries of South Asia, agriculture is the largest child labour employer; followed by the informal sector including domestic work, street vending, and family businesses; and hazardous work, such as the leather, surgical instruments, and brick kiln industries. According to the president of the Punjab Labourers Front, nearly 100,000 children between the ages of 5 and 12 years are working in more than 4,500 brick kilns in Punjab. Besides, children as young as three also work in certain sectors. According to the Human Rights Commission of Pakistan 1999 survey, approximately 4,000 children (mostly aged 3-8 years) are employed in auto workshops in the Mardan district of the NWFP.

***In remote areas of rural Sindh, bonded agricultural labour and debt slavery have a long history. According to human rights groups, about 4,500 bonded labourers were maintained by landlords in rural Sindh. A 1998 study done by the trade federation noted that nearly 200,000 families work in debt slavery in the brick kiln industry.***

Pakistan is also a source and conduit for trafficking in women and children for sexual exploitation, prostitution and for use as bonded labour. In remote areas of rural Sindh, bonded agricultural labour and debt slavery have a long history. According to human rights groups, about 4,500 bonded labourers were maintained by landlords in rural Sindh. A 1998 study done by the trade federation noted that nearly 200,000 families work in debt slavery in the brick kiln industry. The carpet industry is also known to use bonded child labour based on the peshgi system (where worker is advanced money and raw material for the carpet to be made by him) and is often exploited due to lack of education and ability to calculate.<sup>82</sup> In carpet weaving sector in particular, children from illegal immigrant families from Bangladesh and Burma are involved in debt bondage. Bonded labours usually though not exclusively belong to the unskilled, low-caste and non-muslim section of the population. Certain studies indicate that children from all the sections of society are involved in debt bondage.<sup>83</sup> Besides, phenomenon of child soldiers is not unknown. Although government does not recruit children for this purpose, some groups such as the Tehrik-e-Nifaze-e-Shariat-Muhammadi have recruited teenagers to fight alongside the Taliban in Afghanistan.<sup>84</sup>

#### Child Labour in Export Sector

Carpet industry constitutes one of the significant foreign exchange earners for Pakistan. It is primarily a cottage industry, with heavy concentration in Punjab and Sindh provinces. The carpet industry employs significant number of children in its workforce. The 1992 UNICEF/Government of Pakistan survey reported that 90 percent out of the one million workers in the carpet

***The 1992 UNICEF-Punjab report estimated that out of 1.5 million workers in carpet industry, one million were children. The Punjab carpet industry has over 80 percent child workers under 15 including 30 percent under 10 years of age.***

industry are child workers. On the other hand, the 1992 UNICEF-Punjab report estimated that out of 1.5 million workers in carpet industry, one million were children. The Punjab carpet industry has over 80 percent child workers under 15 including 30 percent under 10 years of age. According to the Pakistan Carpet Manufacturers and Garment Exporters Association (PCMGEA), an estimated 8 percent children constitute the labour force in the industry, majority of which is comprised of family unit labour. While 90 percent of the carpet weaving is based in village homes, only 10 percent of the looms are in factories. Bonded child labour is also known to be prevalent in the carpet industry.

The surgical instrument also constitutes an export industry of Pakistan, primarily exporting to the USA from the Sialkot area. There are no comprehensive estimates on the child labour in this industry. According to Government of Pakistan estimates in 1993, 3,670 children under 17 are employed in this industry. The SACCS on the other hand claims that thousands of children are employed in this sector.

The International Textile, Garment and Leather Federation also maintains that the industry employs significant number of child workers (10-15 years) who spend up to eight hours grinding and sanding surgical instrument which is considered a hazardous work for children.

The sporting goods industry in Pakistan, again in the Sialkot and adjoining area, is another export industry that uses child labour in its production process (football stitching, etc.) employing between 20-25 percent of children (12-15 years) in its labour force. Here again majority of them work in family-based cottage set ups.<sup>85</sup>

#### *Child Labour in Sri Lanka*

The Child Activity survey of 1999 by the Department of Census and Statistics estimated that out of the total child population (5-17 years) of 4,344,770, nearly 21 percent (926,038) are engaged in some form of economic activity although the proportion of children engaged only in economic activity is 7.5 percent. 62 percent of working children are males. About 26 percent males (577,410) and 17 percent (348,628) female children are engaged in economic activities. Nearly 95 percent of all the working children are found in the rural sectors where 23 percent of the children are engaged in economic activities. The corresponding figure for the urban areas is 5 and about 9 percent, respectively. 76.7 percent of all working children (75 percent males and 80 percent females) work as unpaid family workers and this trend is more common in the rural sector (Table 12).

***The Child Activity survey of 1999 by the Department of Census and Statistics estimated that out of the total child population (5-17 years) of 4,344,770, nearly 21 percent (926,038) are engaged in some form of economic activity although the proportion of children engaged only in economic activity is 7.5 percent***

The proportion of children engaged only in economic activities is 7.5 percent. A total of 3,418,733 children (i.e. about 79 percent of the total) are not engaged in any form of economic activity. This figure is slightly misleading as a number of children are engaged in household activities, which are not considered to be an economic activity. For instance, 67 percent of non-working children are engaged in household activities while attending school or educational institutions.<sup>86</sup>

<b>Table 12: Economically Active Children (5-17 Years) in Sri Lanka 1999</b>			
	<b>Child Population</b>	<b>Economically Active Children (percent)</b>	<b>Economically Active Children</b>
<b>All Children</b>	4,344,770	926,038	21.3
<b>Male</b>	2,238,445	577,410	25.8
<b>Female</b>	2,106,325	348,628	16.6
<b>Urban</b>	551,185	48,433	8.8
<b>Rural</b>	3,793,585	877,604	23.1

Source: *Summary Findings Child Activity Survey in Sri Lanka 1999*, Department of Census & Statistics, Ministry of Finance & Planning, 1999.

Similar to the trend in other South Asian countries, nearly 64 percent of working children are engaged in agricultural activities, followed by manufacturing (15 percent), trade and hotel (11 percent) and services sector at 5 percent. The survey found 450,000 children employed by their families in seasonal agricultural work.

The domestic services are known to employ thousands of children. A 1997 study reported that child domestic servants are employed in 8.6 percent of homes in the Southern Province. The child labour survey put the percentage of children working as domestic workers at 2.1 percent. Deprived of educational opportunities, many of them are subjected to physical, sexual, and emotional abuse. Children are also employed in the informal sector of economy as well as in family enterprises such as family farms, crafts, small trade establishments, restaurants, and repair shops apart from working in manufacture of coconut fibre products, bricks, fishing, wrapping tobacco, street trading, and farming.

*One of the most destructive forms of child labour in Sri Lanka prevails in the fishing industry. Children are recruited in the fishing 'vaadiyas'. Vaadiyas are very remote and children are kept in conditions of virtual slavery.*

Besides, trafficking in women and children for the purpose of forced labour and prostitution is widespread. Unconfirmed estimates of child prostitutes range from 2,000 to 30,000. Occasional and rare instances of debt bondage of children are also reported. In addition, the civil war in the country has drawn many children into the battleground.

One of the most destructive forms of child labour in Sri Lanka prevails in the fishing industry. Children are recruited in the fishing 'vaadiyas'. Vaadiyas are very remote and children are kept in conditions of virtual slavery. (ILO-IPEC, Country Paper: Sri Lanka, September 1999)

The LTTE uses high school level children for work as cooks, messengers, and clerks and occasionally, assist help build fortifications. LTTE is also known to recruit children as young as age 10 for 2 to 4 years in special schools and impart mixture of LTTE ideology and formal education and use children as young as 13 years of age in battle. Beginning in May 1999, a programme of compulsory physical training and mock military drills was initiated for all sections of the population including school children in the LTTE controlled area to provide ready army of people, particularly children.<sup>87</sup> An assessment of the LTTE fighters killed in combat reveals that 40% of its fighting force are both males and females between 9 and 18 years of age. Another study done

by a UK-based Sinhala researcher, Dushy Ranatunge, indicates that at least 60% of the dead LTTE fighters were under 18, and of these, most are girls and boys aged 10-16 years. (CSUCS, Asia Report, July 2000, citing R. Gunaratna, "LTTE child combatants", Jane's Intelligence Review, July 1998)

### Child Labour in Export Industry

According to the law, children under age 16 are not allowed to be employed in any public enterprise in which life or limb is endangered. The use of children in the export industry is not reported. In general, children are not employed in the EPZs, the garment industry, or any other export industry, although children sometimes are employed during harvest periods in the plantation sectors and in non-plantation agriculture.<sup>88</sup>

### ***Region Specific Causes of Child Labour***

Various studies conducted on ascertaining the causes of child labour are primarily country specific. Given the diversity both within and across these countries, the causes for child labour are case-sensitive. Nevertheless, as one looks at these country-specific determinants, a common set of causes can be discerned for the region of South Asia as a whole. These as well as the country specific causes of child labour are discussed below.

Issues related to child labour are connected with various socio-economic factors, nevertheless, poverty is considered the main cause, which is the antecedent to illiteracy, low productivity and poor health. Poverty is largely the reason why families send their child to work, but putting children to work in place of education. When a child is born in poverty where he is deprived of childhood and basic requirements to lead a safe, secure and health life. He grows generally with poor mental and physical health resulting into low productivity. It becomes next to impossible for him to provide his children with education and they in turn start working. If they would not do so their would be no food for their families or themselves. If mothers could choose, they would send their children to school. It is the circumstances that are hard and compelling.

***Issues related to child labour are connected with various socio-economic factors, nevertheless, poverty is considered the main cause, which is the antecedent to illiteracy, low productivity and poor health.***

When a child's family is very poor, there is no creative growth, no play for the child. There's no time that the child can spend doing something that is not essential for the family's survival.

### *Poverty*

Poverty, both at country and household level constitutes the most significant determinant of child labour in South Asia. In Bangladesh, for example, about 55 million people in Bangladesh live below the poverty line. In this situation of abject poverty, child labour contributes about 20-25 percent of the family income, most of which is spent on food, thus making child income critical to their survival. Similarly, in India, poverty constitutes the major factor in driving children to work. The backward and drought-prone areas record high incidences of child labour. The population of people living below poverty line in India is nearly one third of the total population. Studies have found that nearly half of the families with working children are below the poverty line. As estimated number of about 77 million children under 14 years belong to families below the poverty line. This provides a ready pool of abundant child labour supply that outpaces demand. The result is a downward trend in wages which keeps the child and his family in perpetual poverty thereby further re-enforcing child labour.

*In an ILO survey of four countries, the main reason cited by parents in India for letting their child work was “the need to supplement the household income,” followed by “to help in the household enterprise”.*

In situations of poverty, children are considered as an asset supplementing family's meagre incomes. In an ILO survey of four countries, the main reason cited by parents in India for letting their child work was “the need to supplement the household income,” followed by “to help in the household enterprise”. Other reasons were “lack of labour for household enterprises” and “sustenance of self,” the latter interpreted as covering also the “sustenance of other family members.”<sup>89</sup> Surveys in rural Indian have also found that poor households with no or negligible savings or current assets are unable to borrow money and hence, are compelled to send children to work.<sup>90</sup>

Likewise, Nepal being one of the poorest countries in the world has about 70 percent of people living in poverty (about 50 percent of these live in abject poverty and 20 percent just above that level), which encourages child labour practices. According to the CWIN study on urban child labour in Nepal, there is a direct link between poverty and child labour in Nepal. For example, majority of the children working as rag pickers, shoe cleaners, hotel *kanchha*, street children, carpet weavers in Kathmandu Municipality, reported poverty as a main reason for their work.

In Pakistan and Sri Lanka too, household poverty and need to supplement household income is one of the important factor for sending their children to work. But, in variance of the general trend in other countries of South Asia, children's assistance in the household enterprise is also cited as a major factor. The survey conducted in Pakistan likewise, noted that 54 percent of the parents let their children work primarily to assist in household enterprises to supplement household incomes. Approximately 27 percent parents cite need to supplement household income as another reason and 14 percent says that their children work because no one else is available to undertake the household chores. About 0.85 percent parents/guardian cited payment of outstanding debt and 3.05 percent cited ‘other’ reason. The Pakistan survey also did not ascertain correlation between household income levels and working children as nearly 39 percent of children are from households, whose income is between Rs. 2501-4000, followed by 31 percent in the income range of Rs. 1501-2500. From household with income of Rs. 4001 and above, 21 percent children work and 9 percent come from income group with less than Rs. 1500.<sup>91</sup>

Sri Lanka too shows similar pattern as majority, i.e. 58.3 percent of parents cited assistance in the household/family enterprise as the reason for letting their child work while 28 percent parents let their children work for economic gains in order to supplement household incomes. Poverty factor influences nearly 28 percent of children who work for money.<sup>92</sup>

*The pattern of landholdings in India due to a limited land reform programme has perpetuated debt burden of rural population and plight of rural labourers and marginal farmers forcing their children to work.*

#### *Mode of Production and Pattern of Landholdings*

The predominantly agricultural economies along with the feudal landholding pattern also perpetuate the phenomenon of child labour in the region. For instance, the pattern of landholdings in India due to a limited land reform programme except in the state of West Bengal (one of the lowest child labour rates) has perpetuated debt burden of rural population and plight of rural labourers and marginal farmers forcing their children to work. The consequent migration from rural to urban areas to escape rural poverty in search of jobs is fairly widespread in India which also contributes to child labour.

Similarly, in Nepal agriculture remains the mainstay of labour employment with about 80 percent of the population employed in this sector. However,

only 30 percent of land is arable resulting in slow agricultural growth and sluggish economy, thus perpetuating poverty levels and child labour. Besides, since Nepal is 80-90 percent rural, the majority of the child labour is to be found in rural areas. The feudal history of Nepal combined with landholding pattern and moneylenders' exploitation provides a fertile ground for flourishing of child labour practices. Only 6 percent of the people own 46 percent of the land. The rest, in order to avoid poverty, often migrate to cities, thus providing a permanent pool of labour including child labour. The feudal system in Pakistan also perpetuates the phenomenon of child labour, bonded child labour in particular.

#### *Lack of Education and Illiteracy*

***Parents do not attach importance to education and instead opt for short-term economic gains accrued from child labour. This trend is also perpetuated by the absence of any assured correlation between education and better jobs.***

Another determinant for child labour in South Asia is the dynamic relationship between education, poverty and household behaviour. For instance, parents do not attach importance to education and instead opt for short-term economic gains accrued from child labour. This trend is also perpetuated by the absence of any assured correlation between education and better jobs. In this situation, employment in some industries such as engineering workshops, manufacturing, etc. is considered an opportunity to acquire vocational training which is considered 'more useful' than primary education. Besides, the master-apprentice system in the non-formal sector also operates within a family environment resulting in widespread incidences of working child, i.e. if a family has some special skills their obvious choice is to impart this skill to their off-springs which encourages children working as apprentice with his/her parents.

Lack of educational opportunities particularly in the rural areas also perpetuates child labour as the distance to school and accessibility hinders attendance and results in high drop-out rates of students who inevitably join the labour force. Besides, education continues to be an expensive proposition. Sometimes, nearly one-third of the poor family income is spent on education of a child. Since most families have more than one child, providing education for all the children in the family is not possible. Even when the fee is paid for, the poor families find it hard to manage the costs of books, stationery and uniform. Children are thus forced to work to pay for their education or not study at all.<sup>93</sup>

In Sri Lanka, the number of children who are sent to work to supplement household income is 243,893 out of which 103,664 do not attend school which means that due to lack of resources/poverty, parents cannot send their children to school. According to the survey, 20 percent of children have stopped schooling to engage in economic activities and 12 percent have dropped out due to financial difficulties and 11 percent due to uncertainty of higher education.<sup>94</sup>

***The phenomenon of child labour in India is closely linked to illiteracy, in addition to poverty. According to ORGB 1983 survey, over 64 percent of the child workers were illiterate.***

Similarly, the phenomenon of child labour in India is closely linked to illiteracy, in addition to poverty. According to ORGB 1983 survey, over 64 percent of the child workers were illiterate. According to Myron Weiner, prevalence of child labour is attributable "largely to the failure of the educational system." Since primary education is not compulsory in India, children drop-out of school and work as labourers. The lack of adequate infrastructure and link between life opportunities and education in addition to economic circumstances act as another contributory factor to the causes of child labour in India.

***There is a correlation between high incidences of child labour and school drop-out rates in India. For instance, the school drop-out rates for states with higher child labour incidences such as Andhra Pradesh are 75 percent, while for Bihar it is 81 percent. By contrast in Kerala which also has the lowest incidences of child labour, the drop-out rates are 16 percent.***

According to a reference note prepared by the Ministry of Labour, Government of India, there is a correlation between high incidences of child labour and school drop-out rates in India. For instance, the school drop-out rates for states with higher child labour incidences such as Andhra Pradesh are 75 percent, while for Bihar it is 81 percent. By contrast in Kerala which also has the lowest incidences of child labour, the drop-out rates are 16 percent. The ILO survey too finds a correlation between school attendance and child labour. Important reasons cited for other children never having attended school were lack of interest in studies, cost and the need for participation in the household economic activities such as looking after their younger siblings. About 2-3 percent of rural children never went to school because they were afraid of teachers or schoolmates. School drop-out is often due to the pressure for participation in household economic activities.<sup>95</sup>

In Nepal, majority of working children are not only illiterate but also belong to less educated families. In Pakistan, 33.2 percent of working children are illiterate. Here also, there is a direct correlation between work participation rate of children and the education level of the household head in question. In other words, children's participation rate decreases as the educational level of the head of the family increases.

#### *Lack of Adequate Legal Remedies and ineffective enforcement*

Finally, the absence of a coherent government policy, non-implementation of existing laws and poor surveillance, enforcement and intervention mechanisms sustains the phenomenon of child labour. Legal remedies for elimination of child labour have been inadequate and thus failed to check the problem of child labour. Enforcement of the child labour laws remains a problem due to lack of resources and corrupt practices in all countries of South Asia. Since majority of children are located in informal sector and household enterprises, monitoring and enforcement becomes a problem due to resource constraints. For example, in Pakistan the number of child labour inspectors in most districts is limited both in numbers and training and other resources. The practice of corruption is another obstacle. Under the existing law, inspectors may not inspect facilities that employ less than 10 persons although most child labour occurs in facilities smaller than this. The rate of conviction is insufficient and even in case of a conviction, penalty is very light (ranging from an average of \$6/PRs 364 in the NWFP to an average of \$110/ PRs 7,280 in Baluchistan, even though the Employment of Children Act allows for fines of up to US \$275/ PRs 18,200) and is not a sufficient deterrent to the practice of child labour.<sup>96</sup>

#### *Other Factors*

***Enforcement of the child labour laws remains a problem due to lack of resources and corrupt practices in all countries of South Asia. Since majority of children are located in informal sector and household enterprises, monitoring and enforcement becomes a problem due to resource constraints.***

Poverty continues to be the main reason for the ample supply of cheap child labour and provides the most compelling economic rationale for child labour. However, on the demand side, children are also employed because (1) children are docile, (2) they are less likely to be absent – this is important in the informal sector where labourers are employed on a daily basis and thus require full strength of workers every day, (3) they do not form unions and their employment reduces the possibility of *hartal* or strike, (4) management of children is easy, and (5) the owners feel sorry for poor children and give them work. In some sectors, children are believed to be uniquely suited for the work such as carpet and gem industries. It is said that nimble fingers can weave 41 greater number of knots in carpets and polish tiny gems more efficiently.<sup>97</sup>

### *Country and Culture Specific Causes*

Apart from these common factors (poverty, illiteracy, nature and level of education system, supply factors, lack of effective enforcement of existing laws), which applies to South Asia in general, some reasons are country specific, e.g. In the case of Bangladesh, an additional factor of natural calamities (floods, cyclones, river-bank erosion, etc.) often results in an increase in the incidences of child labour from poor families which do not have the wherewithal to deal with such emergencies. Children from such families thus become the worst victims of such natural disasters.

***In the case of Bangladesh, an additional factor of natural calamities (floods, cyclones, river-bank erosion, etc.) often results in an increase in the incidences of child labour from poor families which do not have the wherewithal to deal with such emergencies.***

The cultural factor cited in the Indian case is that “child labour is intertwined in India’s caste system and the acceptance of inequality associated with this form of social and economic stratification.” The ORGB survey of 1983 pointed out that at least 80 percent of child labourers were from scheduled caste and scheduled tribes and minority Muslim community, especially in the carpet and gemstone industries.<sup>98</sup> According to the US Department of State, in India the “continued prevalence of child labour is attributed to social acceptance of the practice, to the failure of the state and federal governments to make primary school education compulsory, and ineffective state and federal government enforcement of existing laws.”<sup>99</sup> In Nepal too, with nearly 85 percent of population being Hindu (5 percent Tibeto-Burman and others being *sherpas* and *lamas*) caste hierarchies play its role. Besides, the concept of children’s rights is absent and at best marginal amongst poorer households. Also, societal attitudes favour working children as it is generally believed that children should support themselves and their families and become responsible rather than being vagrant, street urchins and beggars.<sup>100</sup>

Based on the above discussion about theoretical and region-specific causes of child labour in South Asia, the next section will discuss the relevance (if any) of the trade sanction approach to alleviate the problem of child labour.



## IV

# A Critical Analysis (Evaluation) of Trade Sanction Approach

*The trade intervention has taken the form of either the threat of or immediate ban or labelling of products. Labelling is considered to be a market-based mechanism, giving customers the choice to decide on the products based on social labelling.*

The application of trade sanctions approach to combat the problem of child labour gained ascendancy in the nineties as a result of advocacy by various trade unions and pressure groups in the US and Europe, supported by mounting media campaign and calls for boycott of goods made using child labour. The trade intervention has taken the form of either the threat of or immediate ban or labelling of products. Labelling is considered to be a market-based mechanism, giving customers the choice to decide on the products based on social labelling. These initiatives are aimed at improving the living and working conditions of the group/community by exerting pressure on the exporters/suppliers to enforce better working conditions including prohibiting child labour. Although these are mostly voluntary initiatives, the choice for producers is very limited as the non-use of a certain label may result in boycott of his product. In practice thus, labelling becomes the *de facto* mandatory requirement in trade.

In some instances, positive trade incentives under the Generalised System of Preferences (GSP) are also used to ensure compliance with certain labour standards. For example, the European Union's new GSP, 1998 while providing reduced tariffs on the import of many products from developing countries, requires a ban on prison labour and slave labour, respect for trade union rights, and prohibition of child labour, as defined by ILO conventions. Countries which provide proof of compliance receive privileged access to EU markets. Similarly, the GSP of the US has been extended and occasionally revoked in order to ensure compliance with certain labour standards.

### *Impact of Trade-Sanctions*

*The Nineties saw the use of trade sanction to alleviate the problem of child labour by the US policy-makers and also by some countries in the EU.*

*The sectors that were affected in countries of South Asia were apparel/ garment industry in Bangladesh, carpet industry in Nepal, football industry in Pakistan, and carpet and bidi industry in India.*

The Nineties saw the use of trade sanction to alleviate the problem of child labour by the US policy-makers and also by some countries in the EU. The sectors that were affected in countries of South Asia were apparel/ garment industry in Bangladesh, carpet industry in Nepal, football industry in Pakistan, and carpet and *bidi* industry in India. The immediate cause of these trade measures was some legislative initiatives taken within the US Congress, particularly the 1993 the Harkin Bill – the Child Labour Deterrence Act, introduced by Senator Tom Harkin which proposed to ban the import of those goods into the US that used child labour in its production process, either wholly or partly.<sup>101</sup>

#### *Bangladesh*

The impact of the bill was most pronounced on the garment industry in Bangladesh. In addition to this bill (which was not passed but caused severe indirect impact), the American television newsmagazine – *NBC Dateline* carried a feature on child labour in Bangladesh garment industry which manufactured

*Fearing boycott and resulting loss in market share, the BGMEA announced on 4 July 1994 that it would eliminate child labour in the garment industry by 31 October 1994, resulting in the dismissal of nearly 50,000 children from the garment industry which affected nearly 1.5 million families dependent upon the earnings from child labour.*

garments for supply to the Wal-Mart stores in the US. As a result of a public outcry, the company cancelled its contract with the Bangladeshi manufacturers. This had a snowballing adverse impact on other manufactures and suppliers in the garment industry. Here it must be noted that the US is the biggest markets for garment exports from Bangladesh comprising more than half of the total garment exports from Bangladesh. Fearing boycott and resulting loss in market share, the BGMEA announced on 4 July 1994 that it would eliminate child labour in the garment industry by 31 October 1994, resulting in the dismissal of nearly 50,000 children from the garment industry which affected nearly 1.5 million families dependent upon the earnings from child labour.

The consequences for the children displaced from relatively safe work places and their family income were disastrous. According to a study, instead of returning to education, most of them took up hazardous work in leatherwork, brick-making, a lot many turned to begging and domestic servants and alarmingly, some children turned to prostitution to survive. Some reports noted that some of the children now worked in hidden sweatshops hired by subcontractors in conditions worse than before while most of the children shifted to more dangerous, low paid work in the informal sector.

In particular, it affected female child labour badly as the removal of young women and girls from the factories adversely affected their chances of increasing their independence, financial security and even their prospects for marriage. A case in point is that of a former garment worker, 12 year old Saleha, who now worked for 8 hours a day in brick-breaking work. Her total earning declined to Taka 16-18 (US\$ 0.45) from the earlier Taka 38 (US\$ 1.00). According to Save the Children Fund, "she used to earn folding and packing clothes in a garment factory. She now worked all day in hot sun, exposed to pollution and harassment from passers by. Neither 'saved' from exploitative work, nor able to obtain an education, Saleha and thousands like her, were victims, not beneficiaries of ill-considered action."<sup>102</sup>

The overall impact on economy was also significant due to the loss of an estimated half billion US dollars in 1994-1995. Critics of the trade sanction approach point to the fact that the "loss of foreign exchange earnings of this magnitude actually denies Bangladesh the opportunity to finance the industrial and economic growth which would create the conditions under which child labour would disappear."<sup>103</sup>

*A case in point is that of a former garment worker, 12 year old Saleha, who now worked for 8 hours a day in brick-breaking work. Her total earning declined to Taka 16-18 (US\$ 0.45) from the earlier Taka 38 (US\$ 1.00).*

Subsequently, as part of rehabilitation work, the representatives of the ILO, the AAFLI and the US embassy officials asked BGMEA to stop firing child workers till adequate safety nets were in place. In July 1995, a Memorandum of Understanding (MOU) was signed between BGMEA, the ILO and the UNICEF which prevented the hiring and retention of child workers in garment factories, provided for placement of all dismissed child labours in schools once they are set up, provided jobs to qualified adult family member of the child worker, in addition to an employment guarantee once the child completes school.

However, by this time many children had already lost their jobs and were neither given compensation or schooling. A study carried out in the fall of 1995 found that the number of child workers in BGMEA factories came down to approximately 11,000. However, despite the fact that by September 1996,

130 MOU schools were open, only 2300 former child workers were enrolled in them.<sup>104</sup> These children were offered 300 taka (approximately US \$ 7.90) a month to attend school, not as compensation but to lessen the economic costs to the household. Nevertheless, according to the 1998 ILO-UNICEF survey amongst sacked children, only 5000 remained in school. Others were probably absorbed in hazardous employment. The situation emergent as a result of trade sanctions thus was found to be dismal for child workers. Even the rehabilitation initiatives could not wholly mitigate the consequences.

#### *Pakistan*

***In the case of Pakistan, the United States revoked trade benefits under the GSP in 1996 for certain goods, such as leather sporting goods, surgical instruments, and hand-loomed carpets, due to the tardy progress on various worker rights issues including child labour.***

In the case of Pakistan, the United States revoked trade benefits under the GSP in 1996 for certain goods, such as leather sporting goods, surgical instruments, and hand-loomed carpets, due to the tardy progress on various worker rights issues including child labour. Simultaneously, similar to the situation in Bangladesh, the revelation about the rampant occurrence of child labour in the football-making industry at Sialkot led to demand from western consumer/pressure groups, trade unions and NGOs for a boycott of products from Sialkot unless child labour was banned.

In response, in 1996 the MNCs such as Nike and Reebok agreed with their contractors in Sialkot to ban child labourers in football stitching. As a result, the production of football shifted from houses to well-monitored centres. The consequences particularly for women were difficult. According to Sajid Kazmi of the Sustainable Development Policy Institute, Islamabad, "it is very easy for women to stitch footballs in household, now many of them have lost work because they cannot leave their homes; and if children cannot work in the football industry, they will shift to more hazardous work." An illustrative example of such processes is that of Nabeed Arain, who used to stitch footballs at home with his mother. When the ban was introduced, the 13-year-old went to a small school funded by Reebok. In 18 months, he dropped out after his teacher dismissed him as a slow learner. For the past six months he has been grinding scissors in a dirty workshop in Sialkot for 12 hours a day as he learns the complex process of making surgical instruments." Although he gets more money than in making football (Rs. 1,000, £ 11) a month, he is candid in admitting that there is no choice that he has.<sup>105</sup>

***According to some exporters of football, implementing child labour reforms has increased their production costs, making their products less competitive in the world market.***

Many of the children shifted to hazardous industries such as brick kilns and car workshops and the production of surgical instruments. The consequences for companies has been the rise in cost who felt that they are not being rewarded for their effort to eliminate child labour and little effort has been made to improve actual working conditions. According to some exporters of football, implementing child labour reforms has increased their production costs, making their products less competitive in the world market.<sup>106</sup>

As a remedial measure, a number of donor agencies and concerned MNCs came forward for help. In 1997, Reebok pledged US\$ one million as aid to educational programmes in Pakistan in areas where child labour are widespread. The UK Department for International Development (DfID) provided funding for the National Rural Support Programme aimed at a credit and savings scheme to augment families' income to reduce the need for children to work. The targeted villages were the ones where more than 30 percent stitcher households were located. Around 101 million Rupees (US\$ 1.9 million) has been disbursed amongst 70,000 people and it is estimated that it has benefited 40,000 children and their families until December 1999, including former child stitchers, their siblings and children involved in other work and

also 5,000 families who took loans for setting up small businesses. According to a survey, 17 percent children worked in targeted areas compared with 26 percent in non-project areas.<sup>107</sup>

***Fund aimed at providing social protection to those children and their families, formerly employed in the industry. This sought to address the root causes of child labour through interventions around poverty alleviation and education development.***

In 1997, Sialkot Chambers of Commerce and Industry (SCCI) signed the Atlanta Agreement with ILO, UNICEF and leading sports goods associations to implement a program to eliminate child labour from the soccer ball sector over a period of 18 months. The Atlanta Agreement resulted in establishment of a presence in Sialkot of ILO International Program on Elimination of Child Labour (IPEC) funded by USDOL, other bilateral donors and contributions from local firms through SCCI. It introduced ILO monitoring of soccer ball production. Currently, over 60 firms are engaged in IPEC, accounting for an estimated three quarters of total soccer ball production. In addition, the Atlanta Agreement supported initiatives by UNICEF and Save the Children Fund aimed at providing social protection to those children and their families, formerly employed in the industry. This sought to address the root causes of child labour through interventions around poverty alleviation and education development including support for schools, training and income generating activities.<sup>108</sup>

The project to eliminate child labour from the football industry based in Sialkot monitors the production of footballs at established stitching centres, and has been instrumental in setting up 185 rehabilitation centres to educate former child labourers and their younger siblings. The project also identifies unemployed adults, especially women, from the families of former child stitchers to take up stitching work and replace lost income.<sup>109</sup> Since the ban, 6,000 children have enrolled in new schools set up by the ILO to prepare them for mainstream education. Up to 2001, 1,660 children have joined the mainstream education; another 1,760 were dropouts who simply shifted to other jobs, sometimes hazardous.

ILO has also funded inspectors to monitor small home-based football stitching centres as it has been permitted to establish home-based workshops with 3 or more stitchers registered in order for women to work in their community and safeguard family incomes. By the year 2000, 358 home-based centres were set up and 146 larger centres for female stitchers. By the end of the year, the number of home-based centres had increased to 360, larger centres to 186, and combined centres to 64. The ILO, which monitors more than 90 percent of export production, reported that it had found no evidence of children working in any of the registered stitching centres and that it found no unregistered centres.<sup>110</sup>

***In manufacture of surgical instruments and also carpet industry, both export earning industries, the ILO along with SCCI has also initiated projects aimed at promoting educational opportunities to ban employment of child labour.***

Simultaneously, some brand name leaders changed practices to reduce the exposure to child labour. While Nike reduced number of their suppliers, Reebok opted for direct monitoring using local NGOs and in developing child labour education programs.

In manufacture of surgical instruments and also carpet industry, both export earning industries, the ILO along with SCCI has also initiated projects aimed at promoting educational opportunities to ban employment of child labour. The surgical instrument industry after Federal Drug Administration's pressure on quality controls, has eliminated child labour from factory premises and all the surgical instrument manufacturing units have displayed boards saying that child labour is prohibited. But one finds children working with the various vendors who do allied jobs (polishing, cutting, etc.) in this industry.<sup>111</sup>

***Between 1993 and 1994, widely reported incidences of child labour combined with an economic slowdown in Europe, adversely affected the hand-woven carpet industry in Nepal. According to trade figures, out of the more than 3,000 carpet manufacturers in late 1993, two thirds have gone out of business.***

### *Nepal*

The carpet industry of Nepal also received international attention because it is an export-oriented industry and employs a large number of children where the margin of profit for exporters is huge. There are thus parallels between the Nepali carpet industry and the garment industry in Bangladesh and the football-making industry in Pakistan, although the industry is less regulated and less subjected to scrutiny from the outside. Between 1993 and 1994, widely reported incidences of child labour combined with an economic slowdown in Europe, adversely affected the hand-woven carpet industry in Nepal. According to trade figures, out of the more than 3,000 carpet manufacturers in late 1993, two thirds have gone out of business.<sup>112</sup> Labelling initiatives and accompanied trade sanctions initiated due to prevalence of child labour in the industry cut income dramatically since 1996.<sup>113</sup> The impact on child labour is not well-documented but given the fact that a large number of children were employed in this industry, closing down of factories would have adversely affected them and their families.

### *India*

In India, a select brand of *bidi* was subjected to a 'detention' order (preventing marketing of the product in America) in 1999 when the US banned the import of a particular brand of Indian *bidi*, alleging use of bonded child labour in the industry. The move was prompted by a CBS News story, which ran a feature on '60 Minutes' regarding the use of bonded child labour by Mangalore-based Ganesh Bidi Work.<sup>114</sup>

Since the US ban applied only to a select company, the immediate impact was not significant in terms of loss of market. If the ban on import had extended to the entire industry, India may have lost substantial revenue.<sup>115</sup> The consequent impact on the household industries employing child labour would have been disastrous.

### ***Impact of Labelling***

***Apart from outright ban, the trade intervention approach is also being pursued through the instrument of labelling of child labour products.***

***The campaign on labelling was launched by humanitarian and religious organisations of consumer countries through public awareness and media campaign against child labour in hand-knotted carpet industry in India, Pakistan and Nepal.***

Apart from outright ban, the trade intervention approach is also being pursued through the instrument of labelling of child labour products. The campaign on labelling was launched by humanitarian and religious organisations of consumer countries through public awareness and media campaign against child labour in hand-knotted carpet industry in India, Pakistan and Nepal. The resulting decline in the demand for South Asian carpets prompted the governments, manufacturers and exporters to accede to the child labour-free labelling schemes being advocated. Subsequently, a number of social labelling initiatives in South Asia such as Rugmark, Kaleen, Smiling Carpet, etc. were introduced. Other products from South Asia were also brought under the ambit of labelling schemes such as apparel and textiles, etc. Some of the labelling initiatives and their details are given in Table 13.

The most successful amongst these was the Rugmark labelling programme which was initiated as a result of consumer initiative in Europe, particularly in Germany. In December 1995, the label became a legally-binding international trademark in Germany and in the US in 1996 – the largest markets for carpet exports from South Asia.<sup>116</sup>

<b>Table 13: Some Labelling Initiative Aimed at Child Labour Products in South Asia</b>					
	<b>Rugmark</b>	<b>Kaleen*</b>	<b>Care and Fair</b>	<b>Step</b>	<b>Dip</b>
Year initiated	1994	1996 (not yet fully established)	1994	1995	1995
Product or service labelled	Hand-knotted carpets	Hand-knotted carpets	Hand-knotted carpets	Hand-knotted carpets	Textiles and garments
Producer countries	India & Nepal	India only	India & Nepal	India, Nepal, Pakistan	Kenya, India
Industries targeted	Carpets only	Carpets only	Carpets only	Carpets only	Textiles and garments
Label has international patent protection	Yes	No	No	No	Yes
Label attached to individual item or displayed by retailer	Individual item, at time of export	Individual item, at time of export	Displayed by retailer on sales premises	Retail outlet	Item
Dominant consumer markets	Germany & United States	Germany	Germany	Switzerland	Switzerland
Other, competing labelling initiatives in same market	Care & Fair	Care & Fair, Rugmark	Rugmark	None	None
Aims at removing children completely from production	100% Guaranteed Made Without Child Labour"	Made Without Child Labour"	No	Gradually	Yes
Aims at rehabilitation/ improving working conditions for children in industry	No	No	No	Yes	No
Aims at schooling for child	Yes, has established some facilities	Has plans to do so	Yes, has established facilities	Yes	No
Operates mainly in producer or consumer country	Both	Producer	Both	Both	Both
Enjoys support of retailers in consumer countries	A few	No	Yes, sponsoring association includes many retailers	Somewhat	Somewhat
Is well known in principal consumer market	Somewhat	No	Yes	Somewhat	Somewhat
Sponsorship	Private foundation	National government	Retail trade association	NGOs	Private
Has oversight board	Yes	Yes	Yes	Yes	No
Receives financial support from local/national governments only	Partly, Germany	Yes	No	No	No
Receives other external financing	Yes	No	No	No	No
Collects levies	Yes	Yes	Yes	Yes	Yes
Performs on-site monitoring and inspections	Yes	No	No - oversight by importers during buying trips	Some	Yes
Has internal system of verification and control	Yes	No	No	No	Yes
Permits some independent monitoring by other agencies	Yes	Yes	Not known	Not known	Not known
Programme adherence from voluntary for producers	Yes	No, all exports India must carry label	No, must comply to maintain relation with German member importers	Yes	Yes
Penalties for violations	De-licensing of producers	Not known	Loss of sales contracts	No	No

\* Initiated by Government of India through its Carpet Export Promotion Council in 1995 in response to Rugmark.

Source: Janet Hilowitz, *Labelling Child Labour Products: A Preliminary Study*, Geneva: ILO/ IPEC, 2000.

***Studies conducted by the ILO on the impact of informal social labelling in the Indian carpet industry have found the social labelling to be of a limited value in solving the problem of child labour.***

Studies conducted by the ILO on the impact of informal social labelling in the Indian carpet industry have found the social labelling to be of a limited value in solving the problem of child labour. It has to be complemented by other measures such as effective enforcement of the law against child labour by the agencies concerned. Although it is not possible to determine the impact of labelling programmes on the elimination or reduction of child labour, some studies have reported a notable decline in child labour in carpet industries since Rugmark was initiated.

On the flip side, the initiative has resulted in shifting of carpet industries from the carpet-belt to other areas, primarily to Rajasthan, where monitoring is less frequent and effective. Some have even shifted to remote rural areas within the carpet-belt, thus making inspections difficult, infrequent and time-consuming.<sup>117</sup>

Another ILO/ IPEC study (2000) has not reached a final conclusion about the decline in the overall incidences of child labour in the carpet industry as a result of labelling initiatives. However, it noted a decline in the incidence of hired child labour during the last decade, particularly since 1995. For example, in comparison with the 45 percent hired child labour figure quoted by the 1993 NCAER report,<sup>118</sup> this study put the proportion at 11 percent in the core carpet-belt. A disturbing finding of the study was that in the extension areas of Allahabad and Kosambi and in the new areas of Bihar, the proportion of hired child labour remained high at 36 percent and 40 percent respectively. Overall, the impact of labelling was limited and largely restricted to individual registered looms and even there, awareness amongst the weavers about these initiatives was non-existent. Also, the sub-contracting system of production method in the carpet industry makes monitoring a gigantic and difficult task. The study has concluded that the legislative measures such as the effective enforcement of the Child Labour (Prohibition and Regulation) Act, 1986 has played the most important role in contributing to the decline in child labour, apart from media campaigns, NGOs' interventions, increased enforcement and vigilance by government agencies and labelling initiatives.<sup>119</sup>

***As a result of a myopic trade sanction approach, children working in export-oriented industry in countries of South Asia attracted international attention and the subsequent developmental assistance whereas children in informal and hazardous industries working in appalling conditions did not attract any attention or aid.***

As a result of a myopic trade sanction approach, children working in export-oriented industry in countries of South Asia attracted international attention and the subsequent developmental assistance whereas children in informal and hazardous industries working in appalling conditions did not attract any attention or aid. As discussed in section III, only a minority of child labour (5-7 percent) works in the export sector in all countries of South Asia which are mostly small and medium-sized export firms or neighbourhood and family units. Trade sanctions approach thus has limited scope and only applies to the export-oriented sections whereas majority of children in this region are employed in non-tradable rural agricultural employment and urban informal sectors and in family owned businesses and as domestic servants.

Even in tradable sectors, use of trade-related instruments has not solved but often aggravated the problems of child labour. As evident from the case studies in countries of South Asia, the trade sanctions approach to alleviate the problem of child labour has been unable to tackle the root cases of the problem, not to mention the fact that it has often accentuated the misery of child labour. The children displaced from the export sectors simply shifted to other work sometimes, more hazardous, lowly paid and in worse conditions. The subsequent aid and rehabilitation packages with their holistic approach to solving the problem of child labour were a limited success given the fact that the initial damage was substantial. The trade sanctions approach thus can

not address the child labour problem in its totality, also because it does not take into account the socio-economic and cultural factors influencing incidences child labour.

*According to the Human Development Report, 2000 “the economic analysis and evidence of the link between trade and labour standards are inconclusive.” Moreover, “trade sanctions could be counterproductive, hurting rather than helping workers in poor countries.*

According to the Human Development Report, 2000 “the economic analysis and evidence of the link between trade and labour standards are inconclusive.” Moreover, “trade sanctions could be counterproductive, hurting rather than helping workers in poor countries. Sanctions and other penalties would further constrain these countries’ access to global markets. . . Trade penalties can have a much more devastating effect on a small country exporting only a few commodities. . . Sanctions or even threats of a social clause may turn government policies around. But workers’ rights depend on the behaviour of individual employers—from a multinational corporation such as Nike or Rio Tinto to a family with domestic servants—and that depends on the enforcement of laws.”<sup>120</sup>

The argument given by the US Department of Labour that developing countries’ emphasis on expanding growth based on certain labour-intensive and low-skilled exports, such as carpets and garments may increase the incidences of child labour<sup>121</sup> has not been substantiated by any empirical study. Besides, there is no empirical evidence to support the competitive advantage argument either.

An empirical study conducted by the OECD does not establish any link between labour standards and production costs but it has been noted that labour standards are more closely adhered to in sectors exposed to international competition compared to the sectors not exposed to international markets. The analysis of the relationship between the differences in labour standards and trade and foreign investment in OECD and some non-OECD countries has concluded that it is not possible to provide empirical evidence on the linkage between non-observance of core labour standards and unfair trade advantage. Also, it is difficult to establish a correlation to show that countries with lower labour standards show better export performance than countries with high labour standards.<sup>122</sup>

*According to the OECD study, ‘core labour standards’ do not play a significant role in shaping trade performance. “The view which argues that low-standards countries will enjoy gains in export market shares to the detriment of high-standards countries appears to lack solid empirical support.*

According to this study, ‘core labour standards’ do not play a significant role in shaping trade performance. “The view which argues that low-standards countries will enjoy gains in export market shares to the detriment of high-standards countries appears to lack solid empirical support. . . These findings also imply that any fear on the part of developing countries that better core standards would negatively affect either their economic performance or their competitive position on world markets has no economic rationale.”<sup>123</sup> The converse logic of the same argument would indicate that leveraging trade intervention to address compliance with labour standards (such as eradication of child labour) is unlikely to bear many fruits.

Further, the idea that trade under the WTO regime can be an effective instrument to secure labour rights including an end to the problem of child labour assumes that universalisation of labour standards across countries and regions is desirable, is untenable both theoretically and empirically. According to Robert M Stern (2000) “because of the diversity of labour standards in countries with differing national characteristics, policies, and institutions, the case for devising WTO rules and disciplines to improve core labour standards in low-income countries cannot be convincingly made.”<sup>124</sup> According to Srinivasan (1998), differences in labour standards among various countries is

a reflection of different factor endowment and level of income and it is consistent with the principle of free trade.

Thus, trade-based approach to enforce labour standards including elimination of child labour is termed as a 'campaign by the protectionist forces' by several scholars including Bhagwati (2001), Maskus (1997) and Srinivasan (1998). Moreover, various scholars including Basu (1998, 1999), Basu, Grote and Weinhold (1998), Jafarey and Lahiri (1999), Dessy (2001) Ranjan (2001) while questioning the appropriateness of trade sanctions as an instrument of addressing the problem of child labour, have pointed out that linking elimination of child labour with trade sanctions would fail to reduce the incidences of child labour. The move would not provide a lasting solution to the problem and may be counter-productive and may hurt the poor countries and child labour in these countries even more (as also established from the empirical evidence emerging from the South Asian countries).

***The trade measures results in thwarting the objective of free trade and undermines economic development and poverty alleviation which is the root cause of child labour and in fact may perpetuate or aggravate the sufferings of child labour and their families.***

The trade measures results in thwarting the objective of free trade and undermines economic development and poverty alleviation which is the root cause of child labour and in fact may perpetuate or aggravate the sufferings of child labour and their families. On the other hand, it is asserted that policies targeted at alleviating poverty, illiteracy, liquidity constraints and distortions in the labour and capital markets are likely to reduce the prevalence of child work.



## V

# Recommendations

- Recognise that trade-based approach to solve the problem of child labour is of a very limited use as it targets a small group of children involved in export sector alone. Even though, trade intervention may attract international attention to the plight of child labour, it does not address the issue in totality as it ignores the majority of children engaged in the domestic sector of the economy and does not envisage a comprehensive aid, education and rehabilitation package.
- Since incidences of child labour declines with rise in per capita income of countries, facilitating free trade and open markets is the best way to ensure economic development and the consequent elimination of child labour and also raising other labour standards.
- At the country-level, targeted poverty alleviation programmes should be initiated in regions rife with incidences of child labour. In addition, the objective of compulsory primary education and quality education should be vigorously pursued. Incentives to families as well as individual child workers should be given to attend school. [Positive incentives such as mid-day meal schemes and compensation to family may also help in eliminating child labour.] At the same time, a vocational element should be included in the school curricula so that there is a correlation between education and life opportunities, leading to an added incentive for schooling and minimising drop-out rates.
- At the international level, ILO not the WTO, with its long and credible record in the field of child labour and other labour standards should form the basis of multi-lateral understanding and solutions to the problem. The ILO's approach based on consensus, prescription and persuasion on labour standards is sustainable in the long term rather than the punitive measures as contemplated by the trade-based approach within the WTO forum. Recently ILO has also launched a highly successful effort to obtain universal commitment to the core labour standards. Since 1995, the number of countries that have ratified all the core ILO conventions has more than doubled.
- ILO's enforcement and monitoring mechanism should be strengthened and emphasis should be placed on universal ratification of the core ILO conventions, particularly the relevant child labour conventions (C 138; C 182). Here, it may be underlined that amongst the core ILO conventions, the child labour conventions have received the least number of ratifications from the member countries (120 and 130 respectively out of 175 member countries). ILO is becoming more aggressive in providing technical assistance to improve member state performance with respect to the core conventions, and in denouncing non-compliant members. Recently, for the first time ILO has invoked Article 33 of its constitution to suspend

Burma from participating in the ILO and receiving technical assistance, due to that country's labour practice (ILO Resolution on the widespread use of forced labour in Myanmar, 87<sup>th</sup> Sess. June 1999)

- The trade unions along with the civil society needs to demonstrate so as to why governments should prioritise children and public spending on children, rather than cutback. This can be done through practice, through good programmes, good work with children and education, health, livelihoods, etc. The civil society has also to do an analysis and be able to raise issues related to the economic models in their societies and its negative social impacts on children. Strong advocacy is required on budget allocations to improve the well being of children.
- There is a need to enrich data by launching comprehensive surveys to assess the real magnitude and impact of the problem. A detailed data base on child labour at country and regional levels should be created in order to facilitate comparison and bring out issues that are not immediately apparent to the policy-making process. This would go a long way in ensuring holistic and long-term solution to the problem of child labour.
- There are various ways to arbitrate and the first and foremost is prevention. The second one is withdrawal, but experience has shown that it is not enough to just withdraw children from work, but to provide a package of assistance. It had to be ensured that children are not just taken away, but are given alternatives. The third area of intervention is protection but it is a transitional measure. It remains the goal that children below the age of 15 should not be working. However, often children simply cannot be immediately removed, there can be programmes to protect children and improve their working conditions.

## Endnotes

- 1 These principles are inherent in the eight core ILO conventions and are considered to be an integral part of human rights. These are:
  - C87 Freedom of Association and Protection of the Right to Organise Convention, 1948: ratified by 141 countries, 80.5 percent of ILO's 175 member-states.
  - C98 Right to Organise and Collective Bargaining Convention, 1949: ratified by 152 countries, 86.8 percent of ILO's member-states.
  - C29 Forced Labour Convention, 1930: ratified by 161 countries, 92.0 percent of ILO's member-states.
  - C105 Abolition of Forced Labour Convention, 1957: ratified by 156 countries, 89.1 percent of ILO's member-states.
  - C100 Equal Remuneration Convention, 1951: ratified by 159 countries, 90.8 percent of ILO's member-states.
  - C111 Discrimination (Employment and Occupation) Convention, 1958: ratified by 157 countries, 89.7 percent of ILO's member-states.
  - C138 Minimum Age Convention, 1973: ratified by 120 countries, 68.5 percent of ILO's member-states.
  - C182 Worst Forms of Child Labour Convention, 1999: ratified by 132 countries, 75.4 percent of ILO's member-states.
- 2 B Chatterji, and Pradeep S Mehta, *Social Clause as an Element of the WTO Process*, Monograph # 2, Jaipur: CUTS-CITEE, 1998.
- 3 Sumitra Chishti, 'Globalisation, International Economic Relations and the Developing Countries' in *International Studies*, vol 39, no 3, 2002, p 239.
- 4 P Madden, 'What are the Social Clauses? Background and Definition' in *Should Working Conditions be Linked to International Trade: A Report from a Seminar on Social Clauses in the WTO*, Oslo: Centre for Trade & Development, Stiftelsen Alternative Handel, 1995.
- 5 The paper discusses the trajectory only in the context of GATT/WTO. However it must be mentioned here that some of the regional trade agreements which contain provisions on a social clause are European Economic Community, 1957, and the North American Free Trade Agreement (NAFTA, 1994). The NAFTA side agreement created a labour commission to look into and promote key labour standards which includes the issue of child labour among other standards and is the first international agreement that contains provision of trade sanctions in case of failure of a country to respect workers rights. Amongst the commodity agreements, Tin Agreement, 1981, Cocoa Agreement, 1986, Sugar Agreement, 1987 and the Natural Rubber Agreement, 1987 provide for fair labour standards. Besides, European Generalised Tariff Preferences, 1971 meant for a number of developing countries provides for (after consultation, investigation, etc.) temporary withdrawal of some or all custom duties or tariffs if goods involved forced labour. There have been demands to include the minimum age provision under ILO Convention 138 within this arrangement. Similarly, under the American Generalised System of Preferences, the beneficiary countries are expected to follow internationally recognised workers' rights including the one on minimum working age.
- 6 See Steve Charnovitz, 'The Influence of International Labour Standards on the World Trading Regime: A Historical Overview', in *International Labour Review*, vol. 126, no. 5, September-October, 1987, pp 565-584.
- 7 Sumitra Chishti, op.cit, p 239.
- 8 GATT was originally agreed in negotiations paralleling the negotiations for a larger agreement, the Havana Charter for an International Trade Organisation drawn up by a United Nations Conference on Trade and Employment. The Charter's chapter on 'Commercial Policy' was used as the basis for the establishment of the GATT. The Charter however never came into force because of opposition in the United States Congress.
- 9 Steve Charnovitz (1987), op.cit, p 565.
- 10 Keith E Maskus, *Should Core Labour Standards be Imposed through International Trade Policy*, Washington DC: World Bank Policy Research Working Paper no, 1817, 1997.
- 11 Singapore Ministerial Declaration 1996.
- 12 Economically active means work performed for a non-family-owned enterprise, whether or not paid including work performed within the home for one's own family if the work contributes in some way to overall household income.
- 13 ILO, Minimum Age Convention, 1973 (No. 138).
- 14 Some times children may take their own decisions to work, because their parents do not work, are alcoholics or deceased although such cases are rather rare.
- 15 S R Khan, et al, *Hazardous Home Based Sub-Contracted Work: A Study of Multiple Tiered Exploitation*, Karachi: Oxford University Press, forthcoming.
- 16 See Kaushik Basu, *Child Labour: Causes, Consequences and Cure, with Remarks on International Labour Standards*, World Bank Policy Research Working Paper no 2027, 1999, Washington DC, 1998.
- 17 See B M Dinesh, *Economic Activities of Children: Dimensions, Causes and Consequences*, Delhi, Daya Publishing House, 1988, pp 1-4.
- 18 UNICEF, *The State of the World's Children 1994*, Geneva: UNICEF, 1994.
- 19 See Olga Nieuwenhuys, *Children's Lifeworlds: Gender, Welfare and Labour in Developing World*, London: Routledge, 1994, pp 12-14.
- 20 See Brown, D, Alan V. Deardorff and Robert M Stern, *Child Labour: Theory, Evidence and Policy*, Research Seminar on International Economics Discussion Paper no. 474, 2001, p 3
- 21 See Christiaan Grootaert and Ravi Kanbur, *Child Labour: A Review*, World Bank Policy Research Working Paper no 1454, 1995, pp 11-13.
- 22 See Saqib Jafarey and Sajal Lahiri, *Child Labour: Theory, Policy and Evidence*, University of Swansea Department of Economics Discussion Paper no 00-09, 2000.
- 23 Christiaan Grootaert and Ravi Kanbur (1995), op. cit., p 14.
- 24 See Jean-Marie Baland and James A Robinson, 'Is Child Labour Inefficient' in *Journal of Political Economy*, vol 108, no 4, 2000, p 666.

- 25 See Christiaan Grootaert and Ravi Kanbur (1995), op. cit., pp 20-21.
- 26 UNICEF, *The State of the World's Children 1997*, Geneva: UNICEF, 1997, p 27.
- 27 Alan B. Krueger, *Observations on International Standards and Trade*, NBER Working Paper No. 5632, Cambridge, MA: National Bureau of Economic Research, 1996, pp. 24-25.
- 28 Cited in Keith E Maskus (1997), op. cit.
- 29 P Fallon and Z Tzannatos: *Child labour: Issues and directions for the World Bank*, Washington DC: World Bank, 1998, pp 3-4.
- 30 S L Bachman, 'A New Economics of Child Labour: Searching for Answers behind the Headlines' in *Journal of International Affairs*, vol 53 no 2, Spring 2000, pp 555-556.
- 31 UNICEF (1997), op. cit., pp 28-29.
- 32 Myron Weiner, *The Child and the State in India: Child Labour and Education Policy in Comparative Perspective*, Delhi: OUP, 1991, pp 5-6.
- 33 Sonia Bhalotra, *Is Child Work Necessary?*, LSE Development and Distribution Series Discussion Paper no 25, 2000. First draft, 1998.
- 34 Applies to both labour force participation rates as well as children's working hours.
- 35 Ranjan Ray (2001), op. cit.
- 36 See Anjali Garg, 'A Child Labour Social Clause: Analysis and Proposal For Action' In *International Law And Politics*, vol. 31, no 473, 1999, pp 480-483.
- 37 Ranjan Ray, *Child Labour and Child Schooling in South Asia: A Cross Country Study of their Determinants*, Paper presented at the IDPAD Conference on Child Labour in South Asia 2001, New Delhi, 15-17 October 2001.
- 38 Christiaan Grootaert, *Child Labor in Côte d' Ivoire: Incidence and Determinants*, Social Development Department Environmentally and Socially, Sustainable Development Network, Washigton DC: World Bank, 1998.
- 39 *Background Document Prepared for the Amsterdam Child Labour Conference*, Geneva: International Labour Office, 1997.
- 40 See Grootaert, Christiaan and Ravi Kanbur, 'Child Labour: An Economic Perspective' in *International Labour Review*, vol 134, no 2, 1995, pp187-203.
- 41 N Ilahi, P F Orazem and G Sedlacek, *The Implications of Child Labour for Adult Wages, Income and Poverty: Retrospective Evidence from Brazil*, Washington, DC: World Bank, 2000.
- 42 S R Khan, et al, op. cit.
- 43 Kaushik Basu and Pham Hoang Van, 'The Economics of Child Labour' in *The American Economic Review*, vol. 88 no. 3, June 1998, p. 415.
- 44 Kaushik Basu, 'The Intriguing Relation between Adult Minimum Wage and Child Labour' in *The Economic Journal*, vol 110, March 2000, p C50.
- 45 See Priya Ranjan, 'Credit Constraints and the Phenomenon of Child Labour' in *Journal of Development Economics*, vol 64, 2001, p 84.
- 46 Jean-Marie Baland and James A Robinson (2000), op. cit. p. 664.
- 47 Ibid, pp 664-665.
- 48 Saqib Jafarey and Sajal Lahiri, *Will Trade Sanctions Reduce Child Labour? The Role of Credit Markets*, University of Essex Discussion Paper 500, 1999.
- 49 Arnab K Basu, Ulrike Grote and Diana Weinhold, *Considering the Determinants of Child Labour*, ZEF Discussion Paper on Development Policy, No. 1, 1998.
- 50 Credit market constraints can occur when parents are unable to borrow with the promise made by children that parents would be reimbursed by them in future or when children are unable to borrow to reimburse their parents the forgone earning while going to school.
- 51 Priya Ranjan (2001), op. cit, pp 81-82.
- 52 Rajeev H Dehejia and Roberta Gatti, *Child Labour: The Role of Income Variability and Access to Credit in a Cross-Section of Countries*, NBER Working Paper no W 9018, 2002.
- 53 UNICEF (1997), op. cit., p 25.
- 54 The South Asia Association of Regional Economic Co-operation (SAARC) includes 7 countries: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. Since Bhutan's and Maldives' share of world trade is rather small, the impact of trade sanctions is going to be least significant as far as mitigating the problem of child labour is concerned (i.e., if one considers trade sanctions as the appropriate approach). The study has thus, focussed on child labour in five countries of South Asia: Bangladesh, India, Nepal, Pakistan and Sri Lanka.
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- 56 US Department of Labour figures based on ILO and country surveys.
- 57 *Summary Findings of Child Activity Survey in Sri Lanka, 1999*, Colombo: Department of Census and Statistics, ministry of Finance and Planning, Government of Sri Lanka/ ILO-IPEC, n.d.
- 58 See R Castle, D P Chaudhri and C Nyland, 'Child Labour in South Asia: Domestic and International Initiatives (Including ILO and WTO's)' in *Proceedings of the National Seminar on Child Labour: Realities and Policy Dimensions*, New Delhi, 5-7 December 2000 (organised by V V Giri National Labour Institute, Indian Society of Labour Economics and Institute for Human Development).
- 59 The reason could be different methodology and survey methods used (age group selected, definition of child labour, the fuzzy boundaries between child labour, economically active children, etc, year of survey, etc.). Also since a large number of children work in informal sectors, the figures are often difficult to estimate. Besides, due to legislative compulsions, there is a tendency to under-report the incidences of child labour.
- 60 *Report of the National Sample Survey of Child Labour in Bangladesh 1995-96*, Dhaka: Bangladesh Bureau of Statistics, 1996.
- 61 *US Country Reports on Human Rights Practices for 2001*, Bureau of Democracy, Human Rights, and Labour U.S. Department of State, March 2002, and USDOL, *By the Sweat and Toil of Children 1994: A Report to Congress*, Bureau of International Labour Affairs, U.S. Department of Labour July 15, 1994 and *Asia-Some Perspectives on Selected Countries*, AusAID Report 1997.

- 62 USDOL, *By the Sweat and Toil of Children 1994: A Report to Congress*, Bureau of International Labour Affairs, U.S. Department of Labour July 15, 1994, pp 23-24.
- 63 Mohammad M Rahman, Rasheda Khanam, 'Child Labour in Bangladesh: A Critical Appraisal of Harkin's Bill and the MOU-Type Schooling Programme' in *Journal of Economic Issues*, vol. XXXIII, no 4, December 1999, pp 985-1003.
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- 66 *US Country Reports on Human Rights Practices for 2001*, Bureau of Democracy, Human Rights, and Labour U.S. Department of State, March 2002.
- 67 *Child Labour in India: An Overview*, Noida: VV Giri National Labour Institute, 1998, p. 22.
- 68 *US Country Reports on Human Rights Practices for 2001*, op. cit.
- 69 USDOL, *By the Sweat and Toil of Children* (1994), op. cit., pp 60-61.
- 70 *US Country Reports on Human Rights Practices for 2001*, op. cit.
- 71 USDOL, *By the Sweat and Toil of Children* (1994), op. cit., p 61.
- 72 Alakh N Sharma, Rajeev Sharma, Nikhil Raj, *The Impact of Social Labelling on Child Labour in India's Carpet Industry*, ILO/IPEC Working Paper 2000, New Delhi, 2000, p 16.
- 73 USDOL, *By the Sweat and Toil of Children* (1994), op. cit., pp 64-65.
- 74 Ranjit Dev Raj, Trade: India Tobacco TNCs Shed Crocodile Tears for Child Labour, *Inter Press Service*, 12 January 2000.
- 75 USDOL, *By the Sweat and Toil of Children* (1994), op. cit., pp 69-70.
- 76 Bhim Raj Suwal, Bal Kumar KC and Keshab Prasad Adhikari, *Child Labour Situation in Nepal: Report From Migration and Employment Survey, 1995/96*, Kathmandu: Central Department of Population Studies, Tribhuvan University/ ILO-IPEC, 1997.
- 77 USDOL, *By the Sweat and Toil of Children* (1994), op. cit., pp. 96-98.
- 78 Denis Wright, 'Child Labour in Nepal' in *Child Labour in Asia: Some Perspectives on Selected Countries*, AusAID Report, 1997, p 73.
- 79 Aradhana Yadav, 'Child Labour in India and Pakistan' in *Mainstream*, December 2000, p. 129.
- 80 Many observers believe that the 1996 survey understates the problem, and estimate child labour to be around 20 million.
- 81 *Summary Results of the Child Labour Survey in Pakistan, 1996*, Islamabad: Federal Bureau of Statistics/ ILO-IPEC, 1996.
- 82 *US Country Reports on Human Rights Practices for 2001*, op.cit.
- 83 S R Khan, op. cit.
- 84 *US Country Reports on Human Rights Practices for 2001*, op.cit.
- 85 USDOL, *By the Sweat and Toil of Children* (1994), op. cit., pp. 103-106.
- 86 *Summary Findings of Child Activity Survey in Sri Lanka, 1999*, Colombo: Department of Census and Statistics, ministry of Finance and Planning, Government of Sri Lanka/ ILO-IPEC, n.d. Survey was conducted using a sample of 14,400 housing units in the areas other than northern and eastern provinces.
- 87 *US Country Reports on Human Rights Practices for 2001*, op.cit.
- 88 *ibid.*
- 89 ILO, *Child Labour Surveys: Result of Methodical Experiments in Four Countries 1992-93*, Geneva: ILO, 1996.
- 90 *World Development Report 1995*, Washington DC: World Bank, 1995, p. 72.
- 91 *Summary Results of the Child Labour Survey in Pakistan, 1996*, op. cit.
- 92 *Summary Findings of Child Activity Survey in Sri Lanka, 1999*, op. cit.
- 93 *Background Document Prepared for the Amsterdam Child Labour Conference*, op. cit.
- 94 *Summary Findings of Child Activity Survey in Sri Lanka, 1999*, op. cit., n.d.
- 95 ILO, *Child Labour Surveys* (1996), op. cit.
- 96 *US Country Reports on Human Rights Practices for 2001*, op.cit.
- 97 USDOL, *By the Sweat and Toil of Children* (1994), op. cit., pp 17-20.
- 98 Howard Brasted, 'Child Labour in India' in *Child Labour in Asia: Some Perspectives on Selected Countries*, AusAID Report 1997, p 23.
- 99 *US Country Reports on Human Rights Practices for 2001*, op. cit.
- 100 USDOL, *By the Sweat and Toil of Children* (1994), op. cit., pp 17-20.
- 101 The bill failed to be passed but caused widespread impact on certain export industries in South Asia. Subsequently, a number of variants of this Bill were proposed in the US Congress. For instance, Sanders' Amendment of the Trade Act of 1930 sought to extend the already existing ban on the import of products made with "forced or indentured labour" to include "forced or indentured child labour". Similarly, the Harkin Child Labour Amendment proposed elimination of the worst form of child labour as an important goal in US trade negotiation strategies. In 1997, a Bonded Child Labour Elimination Act was passed by the US Congress and received the assent of the US President, Bill Clinton and became Law. It isolated child labour performed under circumstances tantamount to involuntary servitude or under exposure to toxic substances or working conditions otherwise posing serious health hazard as a ground for banning import of relevant goods. At the ground level, between 1991 and 2001, 24 detention orders were placed against child slavery products out of which only 6 resulted in a ban. Efforts were also made on the preferential trading arrangements to make US imports conditional on labour standards including an end to child labour. The US Trade and Development Act 2000 sought to deny normal trade relations to countries that fail to ban 'worst forms of child labour' under the ILO Convention 182. The same extended to GSP containing provisions to revoke favourable terms of trade in case of low labour standards.
- 102 *Big Business, Small Hands: Responsible Approaches to Child Labour*, London: Save the Children Fund, 2000, pp 41-42.
- 103 Denis Wright, 'Child Labour in Bangladesh' in *Child Labour in Asia: Some Perspectives on Selected Countries*, AusAID Report 1997, p 49.

- 104 USDOL, *The Apparel Industry and Codes of Conduct: A Solution to the International Child Labour Problem*, US Department of Labour, 1996, p 7.
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