

Child Labor in India - Should It Be Legalized?

By

Sampa Saha

THESIS

Submitted to

KDI School of Public Policy and Management

in partial fulfillment of the requirements

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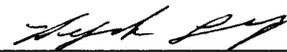
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ABSTRACT

It is a fact that child labor is a crucial issue that is prevalent in different parts of the world for ages, even in the developed nations. Though there is a claim that there are number of activities going on, all around the world to combat this deadly disease, in reality it is seen that only a little is achieved towards the mission of eradication. The Indian scenario of the child labor is painful as India is the country having the largest number of working children in between 5 to 14 years of age and with the second highest population in the world, there is a little chance to curb child labor, in the way the actions are taken. To follow the guidelines of ILO, India has adapted measures those are practically undoable when India is plagued with poverty, illiteracy and population growth. To have a sustainable strategy towards reduction of child labor and to make the children's future dignified this paper searches for a practical strategy that is workable in Indian scenario of culture and social structure. If the present way of handling it, were the correct way to eradicate, it would have been abolished by this time and could not have continued for hundreds of years. There are many loopholes in the present regulations and there is social hindrances that restricts the efforts to curb child labor. It seems that the if the laws are modified so that the child labor issue is legalized to have a better effect of children's work on their future, it will help the society to curb child labor in a phased manner. By providing mandatory education and nutrition facilities by the employers, it will be possible to get future adults healthy and educated. So the next generation can have skilled and educated parents. Thus there is possibility of curbing it through a different approach of legalization, instead of trying to curb in an abrupt and impractical manner.

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CHAPTER-I

1.1.INTRODUCTION

“ Our greatest natural resource is in the mind of our children”- Walt Disney

Look around and see how much we have done to preserve the resources? There is huge cry all over the globe to preserve materialistic natural resources but there is only a little done to protect the interests of child labor, millions of deprived children.

The number of child laborers had reduced from 222 million in 2004 to 215 million in 2008, that is 3% over the period, as expressed in a report published by ILO. This represents a “slowing down the global pace of reduction.” The global figure includes 115 million children engaged in hazardous work, which is injurious to their health. Child labor is prevalent in developing countries and with about 60% in agricultural work. ILO is under their job to abolish the “worst forms of child labor”. Then also the story of these deprived children tells something else. The negligible reduction in the number of working children from 2004 to 2008, is not at all encouraging. It is seen that although there is drop of 31% in hazardous work done by children under 15 , there is a rise of 20% working children in the age group 15- 17.¹ Moreover the accuracy of data is also a matter of concern.

Indian economy cannot deny the sweat of children as in India there are the maximum number of working children in hazardous job in the age between 6 to 14. Despite the fact that Indian constitution guarantees for ‘free and compulsory education’ for them, these children are seen in different spheres of Indian economy. Abolishing child labor may seem to be very difficult when India is plagued with poverty (42% of Indian population is under international poverty line) but it is the real need of this hour to try whole heartedly until it is too late. These children, being vulnerable, become easy targets for exploitation. These children who are being deprived of their childhood, innocence, parental care, education and basic needs are

¹ Child Labor Guide. <http://uk.oneworld.net/guides/childlabor>

likely to be against the social norms and likely to surrender in the evil hands of machineries of terrorism.

So the matter is highly important and of truly to be concerned of, and at the same time it is affecting the society and nation. The problem is not specified to a particular society or not confined to a nation but its consequences have greater impact as it lead to cultural degradation, threat on economy and human security. The activities on child labor has been piecemeal. It is a challenge because the extent of its impact is huge compared to the activities undertaken by government. The eradication program requires efforts from all in the society to make the mission of abolishing child labor successful. In this article, some root causes of child labor in India are being analysed. Some initiatives/policies which can be undertaken by major actors/institutions are formulated with practical participation from all sectors of society. There should be an urge for change in laws and making child labor legalized to have a practical do-able solution towards abolishing child labor in India. The effect of legalizing child labor and assuring strict monitoring on sweat shops with the positive contribution from media and massive sensitization among masses will help to put a step forward to minimize child labor if it cannot be abolished.

1.1.1. BACKGROUND

The story of child labor is not new. During industrial revolution and Victorian age, children were working in mines, chimney sweeps and factories even in hazardous works. In 19C Great Britain, one third of the poor families sent their children to work as labors. There were domestic child labors and cases of child prostitution.

According to UNICEF's definition, "child labor is a harmful work for a child that exceeds minimum number of hours depending on age of the child and type of work. Child

labor is an exploitation and considered illegal by law and custom.”² ILO report says that there are 218 million child labor between 5-14 years of age, in the world which does not include domestic labors. In India, in 1991 there were 11.2 million children aged between 5-14 in hazardous job, which was 12.6 million in 2001. Presently India has 17 million child labor (migrant, abundant or poor) as per government report, who are employed to do repetitive and tedious works like carpet weaving, embroidery, stitching, glass blowing, making fireworks and match stick, electro painting, lead mining, beedi making, shoe polishing, food selling , cleaning etc. and they work mainly in the informal sectors compared to registered organizations, in unhygienic conditions.

Besides following article 32 of UN and article C-138 of ILO, Indian constitution (1950) had clauses like article 14, 39 E, 39 F and 45 to protect children. Based on Gurupadaswamy committee’s recommendations, Child Labor Prohibition act(1986) was formulated to prohibit employment of children less than 14 years in harmful and dangerous works and they identified 57 processes and 13 occupations as hazardous except works in family owned businesses. In 1987, a policy was made for the working children to be rehabilitated. There are in existence, Factories act (1948) , The Mines act (1952), The Merchant shipping act of 1958, The Motor transport Workers Act of 1961, Atomic Energy act (1962), Bidi and Cigar (employment) act of 1966, National labor policy (1987) and others.³ The 1986 act primarily does not meet the ILO standard age of 15 years . The law is rarely adhered to because punitive action for violation is negligible compared to the benefit in employing them. Moreover the law does not include agriculture and domestic works. So there remains the loopholes of the law and rules, which allows exploitation.

² UNICEF, <http://www.unicef.org>

³ <http://www.right-to-education.org/content/age>

Child marriages, child trafficking , sexual exploitation, violence against children, children without parental care, female genital mutilation, child in conflict and emergencies are also of great concern. Poverty, unemployment, social classifications amongst Indian population, illiteracy and population burst are some of the deep rooted causes that contributes to child labor incidences. The factory owners or sweatshop runners find it easy to employ children because of cheap price and ‘no union problem.’ In India, organisations like CARE, CRY, CHORD, Pratham, global march against child labor, lead India 2010, NCLP, INDUS are working with some success stories towards eradication. In spite of the fact that there is supreme court judgment (1996) to list child labors and to send them to rehabilitation centres, and to set up funds with the contribution from the violators, there is only little achievement compared to the devastating incidences of child labor.

1.1.2 Statement of problem

“Child labor is a concrete manifestation of violation of a range of rights of children and is recognized as a serious and enormously complex social problem in India.”⁴ These children are deprived of different basic rights including education, and are forced to work for earning livelihood. Indian economy is showing a growth of 8-9% per year, but it is a complete paradox when we hear news of child abuses. Administration’s lack of control on the issue and half hearted efforts are producing no result to overcome the problem. There are regulations to protect rights of children the most important being the ‘Child labor prohibition and regulation act ,1986’. But the efforts of Indian government and NGOs towards eradication have not produced satisfactory results; so it seems that these efforts are not wholehearted efforts. Today there is a need for a modification in existing regulations and

4. NCPCR, “Magnitude of Child Labor in India, An Analysis.”

also there is a need for social and cultural reform. So it may require that child labor should be legalized in order to combat poverty and to take care of the child's future.

1.1.3. Importance of the study

Child labor is a phenomenon that is harming the children along with the evil of recycling poverty and illiteracy. According to UNICEF, "Twenty percent of children aged between 6 to 14 are still not in school [and] social distance arising out of caste, class and gender differences deny children equal opportunities."⁵

This social evil cannot be allowed to be continued, because children are the foundations of the society and these resources cannot go wasted, else the socio-economic structure will be at stress. So if the condition is not changed, it may lead to rotten culture of society and the backbone of a nation will be at a stress.

1.1.4. Purpose of the study

It is difficult to find the actual number of children working in different sectors. The data does not reveal exact figures. The government report as per the 2001 census reflects that there were 12.6 million working children in hazardous work who were between 5-14 years. There was some doubt expressed by other reports that these numbers were under-reported. Presently as per government report, there are 17 million children working as laborers. If we consider the number of children who are out of school, the number shows an increase to approximately 50- 60 million. The activities undertaken to combat the situation is inadequate.

Media reports that "US brands can stop India sourcing if the country fails to establish that there are no children working in clothes-making units."⁶ The MNCs are to go by the

⁵ UNICEF, "Issues facing children in India."

⁶ Shramana Ganguly, May 20,2011. <http://articles.economictimes.indiatimes.com>

labor rules strictly for 'fair trade' to ensure that their supply is free from children sweat. But is it not a fact that the Indian government is not imposing strict enforcement on 'Fair Trade Certificates' on each product? Why it should be so? The main reason behind this is that the government is unable to feed every child.

What's the way out? What's wrong if the MNCs come for outsourcing to India and feed millions of children by the way of paying them? Is it unethical for the MNCs to get profit out of it?

What's in the illusion of ILO's agenda of eradicating child labor by 2016? Is it at all possible in the poor nations like India? What if the MNCs stop employing these children and customers stop buying the products made by millions of children in the poor nations? How much minor population will be forced to work as a prostitute ? Isn't it a better life for the child to work in a sweatshop and earn his livelihood in a dignified manner?

Yes, the question is how much social responsibility is shown by these MNCs towards these poor children to make their future. Is there any other alternative? What is the way to feed huge number of children without the support from these MNCs?

The purpose of this study is

- to analyze the main causes, the social and economic issues that lead to the incidences of child labor
- to analyse the situation in neighboring countries/ other countries along with success stories
- To analyze the cases where MNCs in India are using child labor
- To analyze the ethical issues and stakeholders interest in child labor phenomenon
- to find out the draw-backs of present practices towards eradication of child labor
- to find some initiatives that can be initiated by stake holders related, to combat the situation in a practical manner

- to find a do-able solution towards phased eradication (like withdrawing ban on child labor, categorise works as per age of the children, and provisioning of education/ formal training to child laborers with standard wages by the employers to ensure future competence of these children for professional skill development)

1.1.5. Preliminary Questions

Child labor contributes a considerable percentage of workforce. Whether MNCs are indirectly supporting it?

Is it true that before any purchase, we will like to see “fair trade certificate”? Is it justified by other countries to ban import of products from India when they know that the product is made by child labor?

Why the action of government against the violators is not stringent? Who can oppose the movement? Whose behavior is to change?

To eradicate child labor, there are laws and regulations from central/state government out of which many have been tried to be implemented or are being implemented by actions of the government bodies or actions of the NGOs in line with ILO, WTO, UNICEF and others. Then why it has only shown no improvement in past years?

Why government cannot assure at least one person’s job in a poor family? Are there viable solutions to minimize the ill effect by acts such as putting children in computer assisted jobs/ job oriented trainings rather than the manual and hazardous factory work?

If problems like population burst, poverty, orphanage, lack of education be the root causes of child labor then will it be possible to eradicate it until the evil of poverty and illiteracy is destroyed?

Then why we should concentrate on child labor instead of concentrating on poverty reduction or 100% literacy program?

Is there any hidden agenda?

The mafia groups responsible for trafficking children or the militant groups also use child labor for their purposes. Who is dared to act against them even if evidences are found and established?

Is it possible to get enough fund from international authorities for reduction of poverty to some minimum level and for improvement of literacy among the poor?

Why should not India force on adoption of poor children as many as possible by international affluent parents so that the child gets a privileged life?

It is a threat that infiltration is happening through different methods and these people find mechanism to get fake identity cards for inhabitation. Why the action against infiltration is poor?

How to sensitize masses? Is it possible to have social trust overcoming dilemma of collective actions? Will it be possible for people to overcome self interests and induce common interests?

What is more effective to eradicate child labor: stringent government regulations or universal awareness and education?

Isn't it shameful to find news of corruption over free children education program or poverty reduction programs?

Can't we make a pilot project in a state, towards eradication in a do-able manner by legalizing and maintaining wage standards along with free education and nutrition programs?

1.1.6. Specific Questions:

In India, huge number of poor children are working in different industrial sectors and contributing to Indian economy. Even the census figure directs to an enhanced number of children working in hazardous jobs when figures are considered for the year 1991 and 2001.

“In a supreme court case in 2005, Ashok Agarwal, an advocate for a group of NGOs, submitted that 100 million children were out of school and working-- half of India’s 200 million children.”⁷ The statistical data which is officially announced, shows differences, but it is fact that huge number of children are out of school and working to feed themselves. For survival, the poor and socially deprived parents allow their children to work compromising education. “The demand for children in the labor market occurs not because of labor shortages but because of the characteristics of the labor market which is segmented by caste, gender and class provisions which provides distinct spheres for participation of children in the labor force.”⁸ The important question is what will be the percentage of labor force that is constituted by children. Is it a fact that ‘caste system in India’ is an evil that directs towards child labor?

According to UNICEF, “India has the largest number of child labor under the age of 14 in the world, engaged in hazardous occupations.”⁹ The poor children are working in all industrial sectors like firework, carpets, silk, ‘Zari’, , brick, diamond etc. So withdrawal of children from these fields may affect the economy. Government regulations ask to ban child labor, but the approaches to stop it have not yielded any result. There is a definite problem in enforcement; there is a problem in prevalent approaches . We have to understand that the regulations should be modified to have practical implementation, then monitoring on compliances will have effect.

Most of the children working as laborers are coming from the socially backward classes. It is a fact that poverty prevails mainly in rural India, because of large population and uneven economic growth. Adult unemployment is another factor that forces a child to work.

⁷ T Kala. 2006.WSWS. “Exploitation of Child Labor in India.”

⁸ S Kak.2004. “Magnitude and profile of child labor in the 1990s.”

⁹ UNICEF, ”Issues facing children in India.”

How it is possible to sensitize people for an effective implementation of eradication methods? Why media is not aggressive about the issue?

Will it be possible to get reports about the children who are working as domestic servants in urban areas and should we be able to combat the situation? What is the practical solution to come out of the problem of child labor for a country like India where the international guidelines may not be 'applicable one to one'?

1.1.7. Research Questions/ Agenda

The prominent questions while dealing with the issue of child labor in India are :

1. Isn't it a fact that MNCs feed millions of children by the way of employing them?
Is it unethical for the MNCs to employ children in India in their supply chain and get profit out of it?
2. For how long can we expect child labor to continue in India? Can we expect a rational policy and strategic paradigm for a do-able solution to combat child labor?

Despite a number of laws to restrict it, child labor has been continued for years. There has been no result towards eradication of child labor despite some efforts from government.

The point is the MNCs who are using these children for their production are also taking care of the financial needs of the poor families to some extent so that they can survive. If the phenomenon of child labor is eradicated it will be a healthy society to live in and the future of children will be secured. But is it a doable solution when there is resource

crunch for proper education and also for employment facility for all eligible. If the child labor is stopped abruptly it may lead to harsher incidences like suicide of families or prostitution by young girls.

:1.2. Scope/Limitations

In this research the socio-economic causes of child labor in India are being analyzed. The loopholes in the existing legislations and in the present approaches towards eradication program are being pointed out. The success stories for reduction of child labor including

rehabilitation programs in different parts of the world are studied in detail to find a mechanism for implementation in Indian scenario. Finally the activities of the major stakeholders that can be undertaken, are framed along with changes in laws, which can help towards an approach to phased eradication. The justification for legalization is worked out for a doable solution.

The research topic is liable to have limitation of accurate data. There has been incidences of under-reporting about the magnitude of child labor. So there is probability of getting suppressed figure from the official resources. To get the number of children working as domestic laborers in urban households is a Herculean task as the house owner will never willingly point out the existence of child labor in his home. Poor parents will also be silent on the issue unless government takes enough measures for maintaining their livelihood. The deep-rooted caste system and the discrimination among people are not at all easy to remove from the social structure. It is difficult to find solution to organize mass sensitization because people are oriented to their self interest rather than collective interest. There is only possibility to start a time bound whole hearted pilot project from some state where government is sympathetic to the issue and bold enough to challenge social obstacles. If mandatory education on child labor is started in schools, affluent children will be sensitized to the issue and sympathetic to children of their age who are deprived. This can bring a social change in future.

1.3. Hypothesis

India is deep rooted in poverty. Child labor constitutes a considerable amount of work force in the industries. Parents sacrifice their children's life and future to combat poverty. A little is done towards eradication despite several efforts. There is lack of whole hearted efforts. Everyone is aware of the harms about child labor. **But it is only a one sided story.** We have to look in a different perspective to know the actual status of a child if there is no MNC to employ him or there is a ban from the developed nations on the products made by the children sweat. The irrational approach towards eradication cannot provide results as both the MNCs and the poor parents need each others' support. So why should not we think in some other direction when the **MNCs will use children not at the cost of their education but also by providing proper education?** Why they cannot use children legally along with providing the economical as well as educational and other benefits to the children? It may be harsh to say that child labor is a positive phenomenon if we consider the pathetic conditions of children in poor India. But it is fact that because of MNC's utilization of child labor , many poor families could survive else they could have committed suicide. In a country like India, MNC's utilization of child laborers is ethical considering the bigger picture. It is only expected from the MNCs that they help in education of the child as a part of their social responsibility. This can be a doable and sustainable solution considering poverty and social structure of India.

Many people will argue that child labor is unhealthy for a society but whether the definition of standards can be generalized in US or developed nation and India? The social concepts, the disparity of income, the caste system in India – can it be comparable to internationally formulated 'code of conduct' of business? Is it not acceptable for a society to

have at least some way to get the children fed and have a better life compared to starvation and death?

Can we say that it is unethical for poor families to earn by their children's labor? Should we give more importance to ethics when it is known that poor children are benefited by working in MNCs, at least for the bread they need? So,

There is a need of change in existing legislation and also in social structure. At the same time eradication may seem to be a luxury when poverty is deep rooted. There is a need for two-pronged strategy through focused areas where children can work to acquire skill for future self sufficiency and entrepreneurship. **It is better to legalize child labor in India with changes in laws like mandatory education for child laborer by the employer, which will be a doable and sustainable solution for survival of the family and proper development of the child.**

CHAPTER –II

2.1 Literature Review

In India, the actual figures of child labor vary to a large scale from state to state across the nation. The study of T.Kala in the state of Maharashtra and Tamilnadu of India as mentioned in his article **“Exploitation of child labor in India”**¹⁰ reveals that there is large number of child laborers working in pathetic and inhuman conditions. The author tries to establish the “desperate conditions affecting the rural as well as urban poor in India.” Through the deep analysis of conditions of child labor in different unorganized sectors in these states, he describes the extent to which the children are being abused and are being deprived of “basic rights including education and joyful childhood.” He brings out that “as much as 43.28% of Chennai city’s total child workforce work in small hotels and are badly exploited, while medium hotels employ 29.10% and nearly 27.62% are employed by large units.” The interviews taken with a number of child laborers reflect the fact how much they are exploited in respect of monetary terms compared to adults. He criticizes the actions taken by the government and comments that even when there are enough instances of child exploitation, “ governments turn a blind eye to sweatshops.” Children aged between 6-14 years work non stop, in thousands of small zari factories in Mumbai in an unhygienic and suffocating atmosphere. Even after raiding these types of sweatshops, the state police cannot take stringent actions because of loopholes in the legislation and also because of deep-rooted problems in the society. He criticizes the political system in Tamilnadu state where the politicians are making false promises of eradication of child labor but their acts don’t lead to anything other than their political benefits. He argues that there is a real need for “ensuring a decent income to the parents to continue the education of tens of millions of children.” The

¹⁰ T.Kala. “Exploitation of child labor in India.” 8th June,2006.

article helps in documenting the actual situation of child laborers in the two states which gives direction for further analysis in the study of finding fallacies in government policies.

The enforcement on child labor laws and regulations becomes practically ineffective because of many loopholes. The child labor act, 1986 primarily does not meet the ILO standard age of 15 years. The law is rarely adhered to because punitive action for violation is negligible compared to the benefit in employing them. Moreover the law does not include agriculture and domestic works. A.S. Shenoy, in his article '**Child labor**'¹¹ argues about the minimum age limit for a person to work. By citing instances of differences of minimum age limits to work in different categories of Indian labor laws, he establishes that there is no uniformity in the definition of 'child' in the Indian context. There is need for reform in laws and decentralization of the enforcement activities. He also tries to define theoretical models in the role of the stakeholders in stopping child labor. It is a need for the society to act now. It will definitely include involvement of local representatives, religious leaders, social bodies, voluntary youth forums and government agencies. There is need for mass publicity about the ill effects, door to door campaign, road shows, regular workshops by NGOs, increase in women/ student/ senior citizen welfare associations. Participation can reduce the gap in opinion differences and lead to co-operation among public and government. The article reveals that "one in eight children in the world is exposed to the worst forms of child labor which endanger children's physical, mental health and moral well being." The major causes of child labor are poverty, lack of education, migration of adult labor, lack of social security network and also influence of mafia groups engaged in trafficking children. The hard reality of child beggars in cities controlled by "mafia gangs" is only decaying the existing social trust and norms. The impact of child exploitation on the child himself is likely to be psychological which can lead to development of anti social behavior or self-destructive

¹¹ "Child Labor." A.S. Shenoy. Indian Council of Social Welfare.

behavior. So, the responsibilities of stake holders are of importance. Here the stakeholders include “national government agencies, NGOs, people’s forum, corporate entities and individual social service activists” who have definite roles in the mission of abolishing child labor, and he asks that the “stakeholders should jointly resist any form of child labor using whatever means available.” He argues that “it is high time that India introduce an all-encompassing common act to safeguard the rights of a child.” The article gives practical ideas in the direction of actions which are to be taken by the major stakeholders for eradication of child labor.

Lack of social security networks characterizes harsher types of child labor. In some parts, poor farmers are letting their children work as bonded labor for long period to the land owners who lend them money. The deep rooted cause is inherited from an earlier era when there was discrimination among people in the society which led to formation of the caste system and that in turn generated lack of trust and bondage in the society. Dr K. Jamanadas¹² in his article “**caste system contributed to child labor in India**” refers to a news article of UNI (January 7,1997) where it is reflected that “the rigidity of the caste system in India has among other things, contributed to the mushrooming of child laborers in the country.” This article analyses various ethnic groups in line with Dr B.R. Ambedkar, “an authority on caste” and the founder of the constitution of India, to see how the population has been gradually divided into several classes according to castes. Dr Jamanadas tries to analyse the fact “why the literacy rate in India is poor and why India has the highest number of illiterates in the world.” He explains that “from time immemorial, Brahmins, the upper caste people taught to the masses that all knowledge was stored in Vedas alone.” So who were not supposed to read Vedas (lower caste people) had no purpose of learning to read and write. This discrimination

¹² Dr. K. Jamanadas. “Caste System Contributed to Child Labor in India.”

continued for generations that “upper caste did not like other caste to learn.” He shows that most of the street children and beggars are from backward classes. Similarly most prostitutes have come from backward classes due to their lack of rights, including education. The problems of masses were ignored by ruling classes for long time. But he also points that there is a hope as the situations are changing. This article gives an insight about the caste system in the society and reveals how it can lead to lack of social trust and social bonds.

Kaushik Basu in the article **“Child Labor : Cause, consequence and Cure, with Remarks on the International Labor Standards”**¹³, explores the very fact that from ages children are being exploited all over the world . We see that from ancient time, children were working in factories even in developed nations. It is no exception in present times. Only positive thing is that the awareness about working children is increased, which may be a result of globalization. Activities like banning products with children sweat or setting standard to be monitored by the ILO /WTO or labeling the products with child labor, giving customers an option to boycott them, have increased.

The paper provides an analytical survey on child labor with a theoretical foundation when aim of theorizing is to influence policy. As per ILO convention 138, any person below 15 years of age is termed as ‘child’ under normal circumstances. An ‘economically active’ child is a laborer who is ‘gainfully employed.’ As per ILO, “the age bar for ‘light work’ is 13 years and ‘for hazardous works it is 18 years.” The author mentions clearly that “Child work can include ‘doing light household chores’ and can have some learning value (ILO 1995) while ‘child labor’ is being used to describe most pejorative part of child’s work.”

¹³Kausik Basu .“Child Labor : Cause, consequence and Cure, with Remarks on the International Labor Standards.”Journal of Economic Literature . Vol. XXXVII.September1999.

The author explains that there is different interpretation about the minimum age and type of works (including household) carried out by the children and so the number of child labor shoots up when a strict definition is taken into consideration. The author presents statistical data for “participation rate” for children 10-14 years across main continental regions and some nations (China, India, Brazil, Italy) from 1950 with projections till 2010 in each decade where the trend to reduction seems to be encouraging because of growth in income. The author does emphasize that “growth of economy is by no means the only factor nor for that matter the most important factor, in the mitigation of child labor.”

It is debatable whether legislations can be made that are more important than economic growth. He explains about three kind of interventions and institutions as policy to curb child labor : ‘intra national’, ‘super national’ and ‘extra national’. Intra national effort is within nation’s boundary, with a range of different institutions trying to eliminate child labor, not just with the question of “banning and not banning child labor.”

‘Super national interventions’ are tried by the international organizations (WTO, ILO, UNICEF). The most powerful instrument is the international labor standard which all countries are expected to adhere to.

Another terms these actions as extra national interventions e.g. Deterrence Act (Harkin’s bill) that disallow the import of the goods to US which is produced by a child’s sweat; Sander’s amendment which seeks to amend Tariff Act (1930) to reject goods produced by boned child laborers.

The author is of the opinion that intra national intervention – education and compulsory schooling is the main activity for reducing child labor. His finding is that “education and child labor are not only mutually exclusive activities but there may be important complementarities between them.”

He tries to focus on the fact that “for a child to work is not the worst thing that can happen.” It is necessary to keep in mind that stopping child labor should not make the situation worse off, like starvation or bodily harm. He quotes Sarah Bachman (1995) who pointed that “attempts to bar children from working in the manufacturing sector in Bangladesh pushed some of them over to prostitution” The author emphasizes on identification of the context through theoretical analysis, when legal ban are appropriate. He brings out observations by Karl Marx, Alfred Marshall and Arthur Pigon. Marx was not supporting banning of child labor, he advocated for restriction on work hours and education of children(Marx 1875). Marshall (1920) pointed that “the most valuable of all capital is that invested in human beings.” Pigon’s (1962) idea was to couple a ban with welfare of poor.

Introducing different models for multiple equilibrium in labor market (Child labor and Adult labor), he established that if child labor is banned then for unchanged demand condition , economy will settle at an equilibrium where market wages are high. As this is an equilibrium of original economy, the law banning child labor will no longer be needed. There are assumptions here like: “the luxury axiom (household will not send children to work if its income from non child labor sources is sufficiently high) and substitution axiom(adult labor is a substitute of child labor).” The author, says that first axiom is contestable, citing many examples mainly from India where there are counter evidences for “granted parental altruism towards the child”. He uses a number of models for analysis of labor market behavior and its distributional consequences and reiterates that if market wages rise, child labor may decline. If market contains oligopolistic elements, increase in minimum wage will help to enhance adults participation and the children may not be forced to work, but if market is competitive , the consequences of increase in wage may lead to ambiguity. The author emphasizes on the “dynamic consequence” of child labor which is large because if number of child laborers is increased, there will be less ‘human capital’. His model of “child labor trap” reflects that

uneducated parent do not send children to school and that child again becomes an unskilled and uneducated adult in turn. He mentions about the fruitful government intervention and points out that in case of child labor trap, one generation is to be educated by large effort to get the economy rolling towards virtuous equilibrium.

Keeping a close eye towards the international labor standards , he is particular about the context and says that the remedy of child labor will vary from context to context. Answering the question of banning child labor is not unconditional and seems to be impractical to be implemented in poor countries. Still there is a need for detailed empirical studies to decide whether banning is worthwhile. Banning should be accompanied by compulsory schooling as school attendance can be monitored easily. It is possible to combine schooling and work instead of considering them as mutually exclusive activities.

The paper by K Basu is an excellent demonstration of child labor phenomenon. His models to investigate international labor standard presents theoretical understanding on the issue along with repercussion of family and employer. The number of citations from historical evidences of causes of child labor and the consequences and issues related to success in curbing child labor , provide ideas about situations which can be measured and analyzed to the effect of context and behavioral change. This study helps as an informative tool of market analysis and context analysis to decide policy options for a step towards curbing child labor.

Child laborers are seen world wide from ages and there are existing labor standards (international as well as national) to combat the occurrences of child laborers. It is seen that the phenomenon is most prominent in the developing countries and there seems to be issues of under reporting. The article **“An Economic Analysis of Child Labor”** by Priya

Ranjan¹⁴, shows how poverty gives rise to child labor in developing countries and makes an argument that banning even enforceable, may lead to reduced overall welfare. Awareness on child labor increased because of globalization, ease of communication and information flow. “ People became aware of the problem and the natural reaction is to seek ways to eliminate it.” The author mentions that the policy should be to ban it and to ban products made by children. He develops a model of developing countries mentioning that imperfections in credit market gives rise to child labor. The author analyses the paper written by Basu and Van(1998) where “they generate multiple equilibria situation in which a ban on child labor can move an economy from an equilibrium with low wage where children work to another with high wage where children do not work.” The author PriyaRanjan, here considers education and child labor trade off, which he claims that the authors Basu and Van had not taken into consideration in their paper. According to him, the poor parents cannot overlook the earning of kids because of “ non-existence of a market for loans against future earnings.” He says that poverty and ‘missing market for loans against future earnings’ are leading to the incidences. Redistribution of parental income may be one option to reduce child labor.

There are three types of laborer in the market: “child labor , adult unskilled labor and adult skilled labor.” Skilled laborers are more efficient than unskilled labor and child labor is less efficient than the unskilled adult labor. He also analyses two types of household behavioral cases : with no constraint of credit and with closed credit market. In the first case with “two possibilities of action; (1) to send the child to work in the first period in which case the child earns the child wage in the first period and the unskilled adult wage in the second period , (2) to send the child to school in the first period in which case the child earns skilled adult wage in the second period.” Comparing the life time utility in both the cases the author

¹⁴ Priya Ranjan. “An Economic Analysis of Child Labor.” Journal of Economic Letters.1999.

proves that a household prefers a child to go to school in spite of low income, if the “rate of return on education is greater than the rate of interest.” This is against the general idea of poverty being the only cause of child labor. If acquiring education seems profitable to the parents, they will send the children to school.

In the second case (no market credit case) lending and borrowing are not happening, saving cannot be generated and income is exhausted when earned. Considering lifetime utility for both cases (sending children to school and sending children to work), the intuition is that utility lost by children’s attending school is ‘related inversely’ to the family income. Due to ‘diminishing marginal utility’, utility lost is enough high. The utility advantage in next period by schooling of children is not related to family income. So if family has low income, utility loss by compromising children’s labor “offsets utility gain” achieved in next period of time by earning through skilled performance.

It is natural that parent with low income send their children to work though “the rate of return on schooling justifies investment in human capital of children.” The author explains that this arises because of the family is unable to borrow despite choices of earnings in future and so the poor parents are compelled to take advantages of their children’s labor for running households.

The author establishes that “child labor phenomenon is limited to missing market for loans against future earnings.” He mentions, first best policy towards elimination of child labor will be to remove credit market imperfections. Alternative policies may be to provide “ consumption support to poor families to compensate for foregone earnings of the child; government scholarship for poor students, redistributing parental income through proportional tax combined with lumpsum subsidy.” He mentions that if some policy limits parent’s choice then the overall welfare will be reduced. There is high probability that a ban on the children to work in formal sectors, can make the situation worse off as they will be

forced to work in informal zones even in hazardous areas. His point is, enforcement on banning import of goods where children sweat shops are involved in supply chain, will be ineffective because of its inherent limitation to be applicable to developing economies. To combat the situation, he emphasizes on financial support to poor families so that earnings by a child becomes unnecessary.

This paper is useful in terms of analysis of the real situation in developing nations. The models which are simple enough, help to understand the consequence of behavioral change if poor parents in different context. But the idea of redistribution of parental income through proportional tax, seems to be little away from hard reality and government interventions to support consumption, urges for huge monetary support which is also of deep concern for developing nations. However, the hypothesis of “ simply banning reduces welfare” is very practical in the context of child labor eradication, though the alternative suggestions need further studies and analytical framework on the economic and social impact of the nation.

In the article **“Ethics in international business : multinational approaches to child labor”** by **Ans Kolk and Rob Van Tulder published in Journal of world business (39, 2004)**, the authors say that there exists a ‘moral free space’ where the context matters and the companies are to accept the dilemmas arising out of development of economy and social stigma. The host country norm related to child labor may be different from the home country norms and so mainly the MNCs are operating by the rules of host country. The concept of ‘universalism’ and ‘relativism’ towards child labor code is to be strategised by the companies depending on the situation. They have to make choice about the right thing at right time.

The ‘code of conduct’ for an MNC is based on the legal, societal and ethical aspects and many times includes the code for child labor issues in the poor countries. The public is generally aware of the code of conducts but the policies are not open to them. So the child

labor codes if not included in the code of conduct, can not be viewed by public. The research by the authors on fifty MNCs with child labor codes, revealed that the companies followed the host country laws and/or the “home country laws(which are usually stricter).”

KMART mentioned that the suppliers are to obey local labor laws as in the host countries whereas Hennes and Mauritz mentioned about following the international standards. In this research it was reflected that ethical norms related to child sweat shop has the break up like : host country laws followed by 52% of companies, international laws are followed by 26% of companies and none is followed by 22% of companies. The minimum age for the child to work also varies depending on the country specific or international standards of laws. And it was reflected that age requirement was country specific for 66% of companies, world standard specific for 6% of the companies and no specification for 28% of companies.

The consumers at the home country may ask for banning of child labor, whereas the host country’s regulations are loose and monitoring is imperfect. Shell points that the very strict policy on child labor may enhance its reputation but may force a child to prostitution or harsher jobs. The authors point is that the local suppliers need to support the communities and rather than seeking to eliminate child labor , a company can choose to change his nature of work . This can be in line with ILO and nation’s labor policies. But there is a possibility that the groups who are not understanding the complexities of local dynamics may criticize such activities, even if the children get benefited from the reasonability of work hours and types of jobs.

Shell formulates a plan to act on “case by case basis to develop an appropriate response in the context of host country and particular business sector, and thus respond to local needs through multi-local approach.”¹⁵

Hennes & Mauritz expresses that the social obstacles due to which the children are compelled to earn, can not be ignored and so the child labor issues cannot be addressed without ‘broader policies.’ So it takes measures that is “in the best interest of the child.” Nestle’s code of conduct states that “ill considered policies and commercial measures can make the situation worse for children.” The authors conclude that the company’s ethics on child labor issue is specific to it and it may not be universal approach by all to address the issue.

All these discussions reflect how complex the issue and how much is the ethical dilemma in making decisions.

2.2. How this research is different

In the reviews of the literature as discussed above, we see the general trend of statistical viewpoint about the conditions of child labor in India. We also see how caste system has left the under privileged far behind the growth and contributed to the fact that most of the child laborers are from backward classes which questions the society about the true development. The theoretical models and the economic analysis as we see from various literature s about the issue, only determines the failure of market or the government or the society towards curbing child labor. The theoretical analysis only provides us some information towards the

¹⁵ Ans Kolk and Rob Van Tulder. “Ethics in international business : multinational approaches to child labor.” Journal of world business (39, 2004).

status quo and the aspects in which direction we need to go. But the main issue is a need for a doable solution which is lacking in the literatures.

Despite the fact that child labor phenomenon is existing world-wide from ages, there could not be a universal mechanism that can help in eradicating child labor. The diverse nature of economy, cultural and social hindrances make it difficult to provide a general guideline for curbing child labor. The ILO's guidelines are not being effective in the Indian scenario when the basic definitions of child , labor or the definition of development vary from nation to nation. This research is trying to find a doable and sustainable solution towards policy changes that can help in reducing child labor in a phased manner instead of abruptly saying that it is to be banned and eradicated to the fullest.

In a country like India, where the main problem is with population growth which is linked to poverty and child labor, it is a myth that without having control on birth rate and change in perception among people, it is not possible to abolish child labor. But this is not the only cause. The social structure that keeps huge number of children deprived of education or keeps them out of society, comes from the curse of caste system. This system is prevalent for thousands of years. So it is not possible to change it overnight. To make the strategy full proof we have to take care of the system and also the economic conditions so that it becomes a practical solution. Instead of trying to ban child labor, this paper researches in the direction of legalizing it and regulating it by formulating proper laws for the MNCs and the society , so that the children can survive as well as get the basic educational and economic benefits from work place. This will help the MNCs also to avoid penalties and to serve the society as a part of their corporate social responsibility.

CHAPTER-III

3. Analysis

3.1.1. The Status Quo of Child labor in India

While dealing with the issue of child labor in India, the definition of ‘child’ itself poses the first problem. “Some cultures view childhood biologically rather than chronologically.”¹⁶ In certain languages there is no word for the period between infancy and adulthood. Developing countries argue that they lack the resources to keep children out of the workforce .¹⁷ In India ‘Work’ has been defined in census 2001 as “participation in any economically productive activity with or without compensation, wages or profit . Such participation could be physical and/ or mental in nature.”¹⁸ The United Nations Conventions on the Rights of the Child (“UNCRC”) defines childhood as “extending to the age of eighteen unless domestic law provides otherwise.”¹⁹ In the convention of Child Labor (No. 138) it was specified that the ‘minimum age of work’ should not be less than age when schooling is completed and cannot be below fifteen years. Thirteen years old were permitted to do light work that are not harmful to health and that does compromise with education or training.²⁰ Developing countries can reduce this age by one year.

The trend of child labor incidences has increased in recent years which is evident despite the fact of under reporting. The MNC’s supply chain in India finds millions of poor children to work in informal sectors with little wage and without any education and nutrition facilities.

¹⁶ Wikipedia, “Child labor.”

¹⁷ American University International Law Review, “Using International Law to fight Child Labor.”

¹⁸ NCPDR, “Abolition of Child Labor in India, Strategies for 11th five year plan.”

¹⁹ UNCRC. <http://www.uncrc.com>.

²⁰ <http://www.right-to-education.org/content/age>.

There is an ethical dilemma of using child labor by the MNCs in their supply chain to poor nations and many a times they are accused of using child labor in their production units. On the surface it may seem that child labor in a MNC's supply chain is not justified considering the vulnerability of the children and the poor nations. But there lies the big question whether this life is better compared to harsher forms of child labor like prostitution or armed conflict? It is a common phenomenon that MNCs world wide are being accused of using child labor time to time. No matter who is the MNC and its image, when ever the question of supply chain responsibility comes, and the outsourcing are in effect, it is seen that the cheap labor in the developing nations are being used to produce the products of the top MNCs even with the labor of children.

3.1.2. The Root causes

The reason behind huge number of child labor incidences in India is mainly poverty as the case in other poor countries but this is not affecting the number of incidences in one to one basis. Denial to education and parental illiteracy become another issue which contributes to child labor. Poor families who lack of education have many children and it is seen that women literacy is contributing to the fertility rate in the states. So when parents are uneducated and have many children, they send them to work preferring not sending them to school. They think that free primary education can not earn a good wage for the child. So poor children are forced to work from very young age to earn for their livelihood.

Because of seasonal migration of families to align to the agricultural season changes, makes it difficult for the children to continue schooling and it becomes inevitable that the children are having no option other than working in the field.

The issue of “over- population of India (more than 1.17 billion) has a very strong impact on the nation’s per capita GDP.”²¹ The adult unemployment in India gives a scope for children to work to feed the families.

The social and cultural system in India is also a prominent cause for child labor incidences. The caste system contributed to the fact that there are mainly children from backward classes who work as child laborers. There are incidences of dowry from the brides’ parent to the grooms’ parents and so the poor father sends his sons to work as child labors.

There is lack of awareness about the human rights specially of children and there is also lack of proper educational infrastructure, mainly in the villages, that contribute to the fact that children are out of the school, they do not enroll, and drop out even if they enroll in the primary school.

The exploitation of unrecognized labor is so common as the factory owners or sweatshop runners find it easy to employ children because of cheap price and no union problem. The laws for penal actions are having scope of loopholes and so the wrong doers can escape by paying some money to the parents and the evil continues.

3.1.3. Problems in the Law and present approach

While dealing with child labor, the main hindrance comes with the definition of a child which varies largely from one law to another even in Indian scenario. According to the ‘Convention on the Rights of the Child’, article (i) defines “The child as every human being below the age of 18 years unless under the law applicable to the child, majority is attained earlier.”²² The Indian Penal Court (IPC) defines the child as being 12 years of age. Indian Traffic Prevention Act 1956 defines a “Minor” as a person who has reached the age of 16

²¹ http://web.mit.edu/angles/2010_srikant Bolla.html.

²² A.S.Shenoy. Report on Child labor. Indian council of social welfare.

years. Section 376 of IPC which punishes the perpetrators of the crime of rape defines the age of consent to be 16 years of age. Section 82 and 83 of the IPC states that a child under the age of 7 years cannot be guilty of an offence and further a child under 12 years is not considered to have attained sufficient maturity to have an understanding of the nature of the Act and the consequences of his conduct. Juvenile justice Act 2002 defines a male minor as being below 16 years and a female minor as being below 18 years of age.²³

So it is seen that the Indian legislations defines child's age differently in different context. It is not uniformly defined which leaves a loophole in the implementation of child labor laws and so the wrong doers can escape easily taking help of the gaps in legal system.

The Indian government ratified the UN Convention on the Rights of the Child in 1992 and introduced various legislations to eliminate child labor. The Ministry of Labor in India has imposed a ban on children under age 14 from working as domestic help in hotels. The employment of children in hazardous industries including the manufacture of fire crackers, carpet making, glass making etc. is banned under Child Labor Act 2002.²⁴ Violations to these laws attract penalties including imprisonment.

“The Child Labor (Prohibition and Regulation) Act 1986 prohibits child labor in certain occupations and processes alone.”²⁵ The penal provision is not strict enough. The law does not prohibit child labor if the child works for own family, and no demarcation is made for the hazardous works in own family. There are lapses because the law has does not cover the agricultural sector where large number of children are working as laborers.

²³ A.S.Shenoy. “Child Labor.” Indian Council of Social Welfare.

²⁴ [http://www.icsw.org/doc/child labor](http://www.icsw.org/doc/child%20labor)

²⁵ NCPCR. “Abolition of Child Labor in India. Strategies for 11th five year plan.”

The NCLP (National Child Labor Project, 1988) program, released as supplementary part of the Child Labor (Prohibition & Regulation) Act, frames laws to rehabilitate working children along with provisioning of education.²⁶

3.2. Analysis of the Obstacles

The main drawbacks in the present regulations related to child labor and education are :

- Loose enforcement on free and compulsory education
- Penal Action not strict on labor law violation
- Loopholes in the present laws which makes employers escape
- NCLP is confined to those working children who work in the industries as notified in the Act. So a huge number of children are left behind to get rehabilitated.
- Monitoring is not enough
- Definition of child and strict compliance on birth registration is a problem area
- Definition of hazardous works vs sectors outside purview is problematic
- No control on sweatshops/ domestic laborers
- Problems in constructive rehabilitation even if children are taken out of work because of the poor infrastructure of the schools and problems in accessibility
- There is no change in the line of action by the government

The Act could not protect rights of the working children as “ it was based on wrong premises of justifying and legalizing child labor on account of passing ‘traditional craft’ and ‘harsh social reality. The Child Labor Act and the child labor policy of 1987 are not located

²⁶ NCPCR.<http://www.ncpcr.gov.in/reports>.

in the inseparable processes of child labor and universalization of primary education but in the Hindu hierarchical mindset.”²⁷

In the review of present approach we see that, there is lack of focus on children who are out of school. There has been no effort to make public aware of the situation or the harm. The activities of NGOs are also confined to specific region / scattered. There is a gap of coordination between the works of the government and NGOs. Significant contribution from the media is lagging. Government’s silence on actual data / statistics create suspicion of hidden agenda. Social trust is far away from what is expected.

No act can help to eradicate child labor until and unless there is efforts from all parts of the society. There is involvement of local representatives, religious leaders, social bodies, voluntary youth forum and government bodies. There is need for mass publicity about the ill effects, door to door campaign, road shows, regular workshops by NGOs, increase in women/ student/ senior citizen welfare associations . There is need for reform in laws and decentralization of the enforcement activities. It is required to enhance budget and foreign donations. It is required that all the activities should be harmonized at local , state and national level. Provision of better education to poor children by free and compulsory schooling with mid day meal program, social awareness and rehabilitation of child labor can be a step towards the solution.

3.3. Solutions

3.3.1. How can the problem be best tackled?

The ILO’s experience is that a combination of several types of action is most effective, such as:

²⁷ THE HINDU. Ashok Khandelwal. “Scrap the Child Labour Act of 1986” . December 23,2007.

- Improving the collection of data on children at work and occupational accidents and illnesses, including analysis of the sex and age of children involved;
- Awareness-raising, so that both adults and children recognise the dangers;
- Developing policies and up to date regulations to protect children;
- Promoting effective law enforcement through integrated labor inspection services working in concert with other actors; and
- Working with workers' representatives and employers' organizations to help ensure that work is safe for all.

3.3.2. WHO NEEDS TO ACT?

The major actors/ institutions in this case are mainly the government (central and state), administrative authorities , political leaders, social institutions/ NGOs, local community welfare groups and people as a whole. The activities undertaken in the country are insufficient compared to the severity of the problem.

- (1) The government has to give assurance on job aspects for at least one poor family member. There must be schools and women education centre in each village with adequate teaching and classroom resources. If required government may seek help for international fund/help to reduce poverty . There may even be need for “ distribution of world resources and socio economic restructuring”. The national and state government agencies need to enforce strict monitoring on sweat shops. Some special units in the administration may be formed to restructure enforcing ministries for certification of products conforming ”fair trade practice”. It is required that mandatory birth registration in remote parts are monitored, else children will be again vulnerable to exploitation.

(2) NGOs should make mass awareness program. They should arrange demonstrations whenever necessary against sweat shop owners or against government agencies for not performing their jobs. They can sensitize people in the society to get information about the sweat shops in their localities and inform government. NGOs like CHORD, CRRC, CACL, child line, CRY have to increase rehabilitation programs to shelter children and they have to reach every part by seeking political help if necessary.

(3) MNC authorities have to incorporate the agenda of child labor as a part of their vision and corporate-social strategy and introduce welfare norms for their workers and their families .They have to provide mandatory education and nutrition to children for their development along with skill building through work. They should also introduce methods to monitor the entry of child labor in their companies/ associated sub units/ outsourcing partners.

(4) As media has strong influence on all aspects of social life today, it is to play some active role to bring out news of sweat shops or any information of child labor immediately as true journalist without any form of biasness (towards politicians, industrialists/ factory owners or specific social groups). Any success story is to be highlighted in local/national TV in massive scales.

(5) Every citizen has responsibility in this case. Civil society/ people's forum can play active role to find sweat shops in their society/neighborhood. They can start youth action group in the community. They have to observe child labor day (June 12) to have impacts.

3.3.3. WHAT IS NEEDED TO BE DONE?

Bill Gates, Founder , Micro Soft : “I believe that if you show people the problems and you show them the solutions they will be moved to act”.

India has huge number of poor population who are illiterate. So it is really difficult to reduce the number of working children as they are deprived of basic needs of life. The enforcement activities cannot produce any satisfactory result even though penal actions are predefined for violation of regulations. In spite of court regulations, child labor is continuing for last half century. A whole hearted approach from all is needed and it should definitely include involvement of local representatives, religious leaders, social bodies, voluntary youth forum and government bodies. There is need for mass publicity about the ill effects, door to door campaign, road shows, regular workshops by NGOs, increase in women/ student/ senior citizen welfare associations . There is need for reform in laws and decentralization of the enforcement activities. It is required to enhance budget and foreign donations. It is required that all the activities should be harmonized at local , state and national level. Provision of better education to poor children by free and compulsory schooling with mid day meal program, social awareness and rehabilitation of child labor will be a step forward.

The policy in this direction can be considered in two parts : (1) legal intervention and (2) collaborative intervention i.e. public action. India is a democratic country and people in the society can have impact on policy issues by being sensitive to the issue and by reacting. But who are the people to react? Is it difficult to find the public in true sense? Here public, if we consider them as interest groups (poor people) are the voters and as they are the affected, they can select representatives through elections only when these representatives fulfill their duties of taking the issue as their primary concern. In India no single political party dominates. So the public has fair chance to alter the decision makers and their situations. They can have impact on political forces as participatory mechanism can increase the justice of democratic governance by replacing the decision maker/ compelling him to act justly.

Archong Fung says citizen's participation serves three core democratic objectives: Legitimacy, justice and effectiveness, so in case of a move towards change in the status of child labor, it can have impact if there is people's participation. So social networking is again necessary effective tool. The fact driven information is to be transferred to wisdom which can make the process effective. Partnership of citizen's group and public officials will lead to increased participation and increased efficiency. Daniel Yankelovich suggests "judicious use of dialogue can transform the public into an invaluable partner of leaders and elites in shaping policy because dialogue brings forth the wisdom inherent in the collective public experience. Method of Archong Fung also suggests to engage lay stake holders who has deep interest in the concern. The retired government or private officials / senior citizens can take this responsibility voluntarily. Also they can sensitize local clubs or residents through dialogue as people can then convert their raw opinion into considered judgments.

'Bonded' labors are existing in some parts where poor farmers are letting their children work as bonded labor for long to the land owners who lend them money. So where is the social trust, norm and network security? Robert Putnam's theory on social capital can play a special role to induce mutual trust in society.

The concept of micro lending among poor people who lack capital (like Grameen bank concept of Dr Iunus in Bangladesh) or some form of voluntary cooperation (like RCA) must have to be widely introduced in order to develop the status of the poor, so that there is employment to unemployed families. This in turn will also enhance trust and social capital. Building of social capital is not easy, but it is the key to make democracy work. The story Brazil's success by conditional cash transfer (CCT) to poor parents can be tried to be replicated by the administrative authorities.

Professional politicians are to play model role here. They have to build their constitutions as zones having every child educated even if they work. They have to get fund

to run the schools or even provide banking to the poor families. They have the social and political power which is to be utilized to invite the rich industrialists for arranging donations to schools for grant of food, book and other accessories.

James Fishkin says “ to make a democracy that works, we need citizens who are engaged, communications that function and media that speak for us as well as about us”. The role of public discussion and open dialogue is important in value formation which is called the “constructive” role of democracy. It will be a workable solution to telecast face to face comments of ruling and opposition leader, people’s representative and NGOs in public hearing. A firm action for widespread deliberation by experts in the issue, is required to protect the vulnerable. A pilot project in a state can be started and success factors can be telecast to give wide publicity and to have mass support.

CHAPTER-IV

4. Analysing Child Labor issues in MNCs supply chain in India

It is a common phenomenon that MNCs world wide are being accused of using child labor time to time. No matter who is the MNC and its image, when ever the question of supply chain responsibility comes, and the outsourcing are in effect, it is seen that the cheap labor in the developing nations are being used to produce the products of the top MNCs even with the labor of children. Companies like Apple,Microsoft, Nike, Harsheys, Disney, Wal Mart, Toys R U, Hanes,Coca Cola, ABC carpet and Home, Exxon, H & M, Mc Donalds, Nestle, Adidas, Gap, Firestone, American apparel, Chevron are some of the MNCs who have been in the news in times for using child labor in their factories.

I am **concentrating the focus on the MNCs operating in Indian scenario**. Here some important incidences in Indian child labor scenario is mentioned which relate to the activities of supply chain of the MNCs.

4.1. 1. MNCs using child labor in India

1. GAP Inc

In India, GAP accepted the fact of using child labor in their embroidery industry when it was raided after publish of the news in the Sunday Observer(on 28th Oct,2007) and they had thrown products from shelves. Despite documents, action against them was not severe and supreme court had to interfere when a case was filed by BBA (Bachpan Bachao Andolan meaning “save childhood”) founder and chairperman of ‘Global March against Child Labor.’ In parallel they were in dialogue with GAP authorities for positive strategy and GAP agreed for conforming to the regulations. Most firms are interested in cutting costs and not

considering the consequences. The repercussion of outsourcing to India leads to the fact that the poor families are provoked to have the children work in such factories for their livelihood.

Gap admitted violations. Their supply chain sweat shops were instructed for having control on work hours. They had paid the workers who were underpaid as per legal norms.

Their Code of Business Conduct (COBC) promotes a responsible and ethical environment. In 2010 they developed Human Rights Policy for GAP Inc which they claim to respect the fundamental human rights throughout the operation chain.

As a gesture of doing good towards children, GAP is being associated with Global March against Child Labor, the NGO for protection of child rights. But what about those children whose sweat is flowing in a hidden manner to produce the garments of the world known brand?

2. NIKE

NIKE had been facing criticism over past many years for using child labors in different factories, which has put negative image of the company in people's sentiment. NIKE's "main products (apparel, footwear and equipment) are made in about 600 factories that employ more than 800,000 workers in 46 countries around the world. Nearly 60 percent of the work force is in North Asia and 31 percent in South Asia."²⁸

NIKE is accused of using child labor. It is blamed that about 50% soccer balls (global) made in India, Bangladesh, Pakistan, and Indonesia have the probability of being made by child workers. Number of children about 4 to 5 years old, are found in their production line. NIKE in their supply chain has number of sub contractors, who are mainly the local vendors. They generally put in their agreement of terms and conditions, that the local agencies have to

²⁸ <http://www.teamsweat.org>.

follow NIKE's international guidelines. It is also a fact that NIKE's head quarter is to control and monitor the activities of the agencies in their supply chain.

As a business entity, Nike and the local sub contractors in different parts of the globe, try to reduce production cost and so ultimately land up into the incidences of abusing child labor. It is questioned by critics "Why Nike always land up in places having cheap or bonded labors or in places where it can easily get away with illegal labor practices?" The incidences of child abuse are reported from countries like India, China, Pakistan, Vietnam, Bangladesh and Indonesia. Nike had a practice of finding countries where cheap labor force is available so that the products can be made with low cost. Thus many a times it happens that the basic regulations of child labor is not abided by. By the side, Nike as a renowned MNC shows off a good public image by many activities of charity and donations, so that the blame of abusing child labor gets faded from the minds of people.

3. GOODWEAVE and other carpet manufacturers

“An estimated 12 percent of children in India ages 5-14 are engaged in child labor activities, including carpet production (UNICEF, State of the World's Children 2010).”²⁹

In India, abuse of child labor in the carpet industry started in 1980's. The carpet weaving industry accommodated child labor in tedious jobs which adults refused to do. The children suffered a lot from physical harm besides the mental excursion. Many of the children work twelve hour shift in unhygienic factories even with adequate food. When the numbers of child laborers in the carpet weaving industry went up, Western nations called for reform. There were attempts from carpet companies like Good Weave which were put into effect. Good Weave implemented Certification unit label to assure customer that product is made without any child sweat, called Fair Trade certificates.

²⁹ Goodweave. http://www.goodweave.org/child_labor_campaign/facts.

Despite Government's trial to catch the wrong doers, it is well felt that India has such a large population and economy, and so there are numerous unregistered, private carpet factories not monitored by the government.

Currently, the U.S. Department of Labor has removed them from the watch list of imported items made from child labor. 30 Good Weave label claims to protect carpet industry from child sweat and claims that half million children were shifted and the jobs were given to adults in South Asia. Germany instigated a procedure to combat the situation by stamping on imported carpets so that the products are free from child sweat.

4. PRIMARK

Primark, the multi-national Irish clothing brand has high demand of cutting edge and low price garments. The high-in-demand retail store in London sold over a million garments within first ten days of its opening on Oxford Street. It was a fact the Primark's vendor in India was using children as their labor force for production of the garments. After disclosure, in 2008, Primark suspended the work of three vendors in India and they said that they wanted to fulfill social responsibility.³¹

Actually in practice, many vendors who are working on behalf of MNCs are using child labor and it does not happen in reality that the products made in outsourced locations are free from child labor.

5. NEXT and Marks & Spencer

"Britain's best-known high street stores -- Gap, Next and Marks and Spencer -- have reportedly launched inquiries into abuse of working regulations at their Indian suppliers,

³⁰ "Child labor watch on Indian carpets removed ."Oriana Robertson .September 10, 2010

³¹ Primark fires supplier on child labor issues. September 8,2011

which have resulted in children as young as six being left alone while their parents work in outlets in Delhi and in the outskirts.”³² Indian workers were paid less and forced to work for hours together in the factories used by Britain's renowned stores. The *Observer* investigated that laborers under Indian suppliers were working as long as “up to 16 hours each day.”³³

Despite the allegation of low wage to workers, extra time of work and unfair practices, the companies told the media that they were in favor of practicing ethics in their labor practices and so they will not allow any mishap in the factories related to their supply chain.

Next made it clear that it had found the situation to be "deplorable" and Indian vendor apologized and promised to make amends. Marks & Spencer admitted the fact and they also committed that they will follow every guideline to handle the situation.

6. Hindustan Lever (Unilever)

Hindustan Lever Ltd., the Indian subsidiary of British-Dutch multinational company Unilever, and the American multinational Monsanto are making use of hazardous forms of child labor in cotton seed production in India on a large scale.³⁴ In a report of May,2003, the Indian committee of Netherlands, reported that about 25,000 children work for ten to thirteen hours a day, for Hindustan Lever, about 17,000 children work for Monsanto and its Indian subsidiary Mahyco.³⁵

These children are out of school and so get no education, earn less than Rs.20 (one third of a dollar) a day and are exposed to poisonous pesticides like Endosulphan. More than

³² <http://www.hindustantimes.com/News-Feed/India/Britain-s-top-labels-thrive-on-Indian-sweatshop-labour/Article1-584030.aspx>

³³ *ibid*

³⁴ “Child Labor and Trans-National Seed Companies in Hybrid Cotton Seed Production in Andhra Pradesh.” Dr. Davuluri Venkateswarlu. <http://www.indianet.nl/cotseed.html>

³⁵ *ibid*

11,000 children work under similar conditions for the multinationals Syngenta (Swiss), Advanta (Dutch-British) and Proagro (owned by Bayer of Germany).³⁶

Unilever informed the Dutch press that “ it would like to contribute to a solution of the child labour problem in cottonseed production in India.”³⁷ Because of European Union’s campaign against child labor that time, the NGOs working in Andhra Pradesh, where maximum child labors are found in cotton seed fields, there were several activities to abolish the system. Many children were taken out of the work and placed to school. But the issue is, still in Andhra Pradesh, number of children are working as laborers in cotton seed fields to earn their wages to feed the family. When the issue is in media, some activities are undertaken without thinking of future consequences.

4.1.2. Positive Approaches of MNCs to fight child labor

1. IKEA’s efforts to curb Indian Child Labor

IKEA faced criticism for using child labor in Pakistan (1994) and in India (1995). It was common for MNCs to outsource to poor countries for getting cheap labor force and it was also the case with IKEA. Human Rights Watch estimated that India was having “60 million to 115 million child laborers out of which 200,000 were employed in carpet industry.”³⁸

The issue was having effect on the image of IKEA and to avoid the drop in sales, IKEA decided to offer lowest price to its customer but ‘NOT AT ANY PRICE.’ As a business entity IKEA’s efforts were not to withdraw from Indian manufacturing market but to do something to balance the trade and image. To have a better image and better profit margin

³⁶ [http://www.freeindiamedia.com/child labor](http://www.freeindiamedia.com/child%20labor)

³⁷ <http://www.globalmarch.org>.

³⁸ Human rights Watch, India. <http://www.hrw.org/asia/india>

than competitors, IKEA strategized to do good for the poor children in India and other poor nations.

As India, Pakistan and Nepal were not signatories to the ILO's convention on child labor issues, it was not legal to accuse IKEA. But child labor issue was ethical issue and IKEA made a clause for sub contractors to abide by the laws of child labor else the contract will be cancelled. IKEA also made monitoring team and enforced on fair trade practices. The spirit of the company to accept mistakes and the ways to rectify it through socially responsible acts were appreciated. To deal with the issue of child labor in poor countries as a long term strategy, IKEA made children budget for their education opportunities.

In 2009, It was reported by IKEA authorities that that IKEA works actively to prevent child labor and they work in conformity towards UN convention on the child's right (1989) that defines the basic principles of child rights and also in conformity towards ILO's convention 138 (1973) concerning the minimum age of workers and prevention of the 'worst forms of child labor.' The 'IKEA way on preventing child labor' does monitoring on compliances of IKEA trading and purchasing of home furnishing products.³⁹ IKEA monitors the supply chain activities and organizes seminars with sub contractors to know the problems related to child labor.

If a child is found in any factory, IKEA mandates the contractor to do something to the best interest of the child. He does a corrective and preventive plan to educate and train the child. IKEA terminates the contract if the terms are not adhered to.

News reports say that IKEA donated \$48 million to UNICEF to help the poor children in India to improve their health and living conditions. By this, they became the biggest corporate partner of UNICEF. ⁴⁰ This could help poor families to combat high mortality

³⁹ <http://www.equityforchildren.org>.

⁴⁰ Reuters. February 23rd, 2009. <http://in.reuters.com>.

rates of the child and the mother by providing immunization to infants and nutrition to children. They helped in supplying clean water and providing sanitation and health supports.

IKEA foundation supports projects run by UNICEF in different parts of the country like Northern India's carpet industry and cotton seed industry of Andhra Pradesh, with the aim to prevent child labor incidences by addressing the root causes like debt, poverty, lack of education etc.

IKEA had also invested for the lives of 100 million women and children in north India.⁴¹ It helps for quality education of the poor children by providing funds. It has donated \$167 million to make a difference in the life of the children, while tackling the child labor issue.

In 1990s after the media news about the child labor issue, IKEA got associated with Save The Children and UNICEF to develop their responsibilities towards children in poor countries and started with tackling the issue in Uttar Pradesh carpet belt of India. The way of inspection in schools and helping the neediest (mainly the socially backward population) was also one inspirational aspect which increased child enrolment in elementary schools.

In the 'cotton corridor' of India, UNICEF and IKEA jointly had made campaigns and awareness raising activities to fight child labor issues. The areas are mainly tribal and socially backward, where the low class poor people were relieved from sending children to work and started understanding children rights. IKEA's donations could raise many children's future by the way of rehabilitation to schools and awareness for the basic rights.

2. H&M

H&M is the biggest buyer of organic cotton and India is supplying almost half of the global demand of organic cotton.

⁴¹ UNICEF. www.unicef.org

The Indian cotton industry is blamed for using child laborers in an unhealthy fashion. Mostly the girls are working as bonded by paying some amount to the parents. The condition of the state of Andhra Pradesh reveals that the GDP growth is high but it can not deny use of large number of children as working force.

H&M was having partnership with UNICEF to work for the poor children in Cambodia and Uzbekistan from 2004 . In India they started working from 2007 and focused on the situation of children in the cotton sector. It has taken a stand against child labor and stands united with UNICEF to protect the children rights. The project “all for children” launched in 2009 aims to improve the conditions of children in the state of Tamilnadu in India.

‘All for children’ is a five year project supported by a donation of \$4.5 million from H&M.⁴² They are trying to get the child laborers out of the work in cotton field and send them to school. It also takes care of their health by supporting nutrition. The estimated number of poor children in the area of focus is about 1.2 million who are from socially backward classes and poor.

For the long term sustainability of the project the aim of H&M is to ensure quality education and health support also ensuring that the family finds some alternative way to earn their daily livelihood. H&M makes its customers aware of the organic cotton by regular offering of specially designed bags and the sales are contributing to the project for the poor children.

3. ING’s effort to reduce Indian child labor

The top global financial institution ING has joined UNICEF to provide support to child laborers in India. It provides funding to UNICEF towards fulfillment of “Millennium

⁴² UNICEF. www.unicef.org

Development Goal” to achieve ‘universal primary education’ by 2015.⁴³ The employees of ING are also contributing towards this mission. ING has contributed \$13 million to UNICEF for projects in poor nations. 44

The ING’s efforts to help the poor children in the State of Tamilnadu in India is worth appreciating. They are providing quality education to the working children who generally work for low wages and are unskilled laborers. They are getting the hope to be educated and skilled with an idea to reduce the chances of poverty and illiteracy in future.

ING also targets the poor children who are out of the schools because these are the children who at some time become child laborers in factories for their livelihood. ING tries to continue their education so that they can be better citizens in future.

4. Pepsico and child labor issues

Though Pepsico was sometimes alleged of using child laborers, It has later joined hands with ‘Save the Children’ to help the poor children in rural India and Bangladesh. It has funded three year \$5 million grant to ‘Save the children’ to fight the malnutrition and mortality issues of children in these areas. 45

The joint effort provides awareness programs in rural areas mainly to pregnant women, mothers and the communities for the benefits of health care and education. They are helping the poor by providing the basic supports so that they can get the preliminary education and health care services to live a better life, which will bring a difference to their daily living.

Pepsico also helps nations with disasters by providing child focused emergency works so that the children are not exploited to do harsher types of works to get their basic needs fulfilled.

⁴³ Globalmarch. <http://www.globalmarch.org/campaigns/keepyourpromises/images>

44 UNICEF. www.unicef.org

45 Save the Children. www.savethechildren.org.

5. Reckitt Benckiser (RB)

Reckitt Benckiser (RB), the leader in home care and medical products helps children by joining hands with 'Save the Children' and supporting the activities in developing nations like India, Tanzania and Angola. They funded more than \$ 9.8million since 2003 and the campaign of "save 100,000 lives" in 2006-2008 was a success story to provide simple solution for education and health care. RB funds for the life saving works in India as a part of the social responsibilities.

West Bengal, a state in India, has domestic child workers in the urban households, who are poor and from backward rural families. They come to stay in the urban households for years together, do every work in the house and get their food and earnings. There is no question of the basic education that the child generally gets from the owner of the house. Children as small as four years old are sometimes trafficked and sold to do long time domestic works. Reckitt Benckiser made a project to help and support these children by rescue and rehabilitation of them .

RB also help 'Save the Children' organization by providing minimum donation of \$165,000 per year to the Children Emergency Fund so that emergency works can be carried out by the organization without waiting for the raise of funds. RB also launched a global health and hygiene campaign to raise funds for children .

India's brick kiln industry, which is full of child laborers has been accused many a times for use of children in worst forms of child labor. Reckitt Benckiser Pharmaceuticals donated to assure more than 2500 migrant children 's safety aspects and right to education in the state of west Bengal in India.

6. Target

Target helps poor children in India by providing education with basic facilities. They recently funded for \$200,000 to 'Save the Children' to help 6800 children in the state of

Andhra Pradesh by provisioning of quality education to the poor and backward classes of the society.

Target also helps children during emergency situation due to disasters. In 2008, the state of Bihar in India was affected by flood which seemed to be worst in last fifty years and Target helped the children in need with emergency services.

Target helped “child friendly safe places ” to take of children when parents were out of home to earn money. Target had built temporary schooling so that the children get some basic education and resume formal education afterwards. They provide \$3 million every week to support the education and basic care of children in need. 46

7. NIKE foundation

To help the girl child in poor nations NIKE foundation granted a three year \$1.58 million grant to Bangladesh and Malawi. They partnered with ‘Save the Children’ and provided improved skills and education to girl children of 10 to 19 years of age . This could provide access to better life including health care by having a sense of empowerment. The efforts of NIKE is important in the sense that they could know the fact that girl children are most important to have improvement in the society as they are future mothers and they can take care of future generations if they are educated. The NIKE foundation works in partnership with different social organizations to build community welfare and educate the girl children.

From the multi national company’s perspective, to address the conflicting norms will be a difficult decision. The ‘code of Conduct’ of the organization often reflects the legal and social responsibilities of an organisation. This also includes ‘child labor codes’ and there comes the ethical dilemma of using child labor which generally is an unpleasant choice

46 Save the Children. www.savethechildren.org.

relating to moral principles. “The companies that are dedicated to doing right things, have a commitment to the social responsibility and act on it consistently are more profitable than those who don’t.”⁴⁷ The international companies address to the host country’s regulations and it is seen that “companies with a more explicit ethical policy make particular choices with regard to the strategy process and content.” The illustration of Unilever that “there is no such thing as universal standard” gives the option of doing the right thing depending on the context and time. The society can dictate the MNC about what is right and what is wrong. The share holder oriented company is more inclined towards profitability while the stakeholder oriented company is inclined towards responsibility.⁴⁸ The issue of child labor in India, though legally and ethically be questionable, is a positive orientation towards the economic and philanthropic responsibilities of the firms. **What is the harm if any company supports a poor child for his bread?** The intention may be profit oriented which is the ultimate goal of the firm, but in the process a child can survive.

4.2. Stakeholders’ Analysis

If we go for stakeholder analysis for the child labor issues in India, we see that number of stakeholders are directly and indirectly related. The major actors/ institutions in this case are the **MNCs and the outsourced partners in host countries, retailers, poor parents, government and administrative authorities , social institutions/ NGOs/ local community welfare groups, media and customers.** The motivation of each of these stakeholders vary while they deal with the child laborers.

47 John C Maxwell. “There is no such thing as ‘business’ Ethics. There is only one rule for making decisions.”

48 Journal of World Business. “Ethics in international business: multinational approaches to child labor.”

With the two types of motives (Altruistic and Economic motive) we explain main stakeholder’s interest related to the issue, in the following table.

Stakeholders	Altruistic motive (long term commitment)	Economic motive (profit, reputation, customer support)
MNCs	Possibly interested about long term sustainability of the company rather than long term support to the children welfare	Profit generation is the main motive, along with customer confidence gaining and reputation management. So perception of child labor in host nation matters a lot.
Outsourced Firms in host country	Sometimes care for community children and their future	Profit generation and survival is the main motive
Poor parents	Care about the children. But have no other option than to send the children to work	Economic motive is important because that is the main source of survival of the family
Government	Care about future generation. But where is the fund to feed and educate all children ?	Government bothers about reputation and social culture that reflects its image to outside world
Community welfare groups	Care about community children and their development but they lack monetary support	They care about reputation of community
Customers	Care about children development. At the same time many do not bother about who is making the product (adult or child)	Wants cheap commodities with good quality. But sometimes support good causes like preventing HIV AIDS
Media	Supports long term commitment for a social cause which will create ‘stories’ for long	They are profit earning entities and care for own reputation

From the above analysis it is evident that the direct contribution of the MNC to child laborers is important while the other can also have impact on the decisions. MNCs can provide mandatory education and nutrition to children for their development along with skill building through work. They should also introduce methods to monitor the entry of child labor in their companies/ associated sub units/ outsourcing partners. The regulations of the host country (India) also matters a lot

4.3. Social responsibility of MNCs towards children

Business entities have a basic responsibility towards the society as a part of their corporate social responsibility. The responsibilities as it is described in the pyramid of business responsibilities are briefly described for the MNCs who are using the children as their workforce in the outsourced nations.

Economic Responsibility : The business has the important responsibility to be profitable and to cut cost they outsource to poor nations having huge child population as labor force. It is not expected from a business to forget about its profit. So using child labor and minimizing cost by using low cost laborers is justified.

Legal Responsibility : The business entities generally follow the labor regulations of the host country where they are operating. So it depends on the host country whether they have enough regulations about child labor issues. The environment and the factory working conditions even those are not acceptable in the home country, may be accepted as per the host country regulation. In India Child labor regulations exist from long but as there are number of loopholes in the legislation and because of the fact that the parents and the MNCs both need each other, the regulations become ineffective.

Ethical Responsibility: Every business organization has their 'Code of Conduct' which relates to their ethical behavior towards employees and society. The definition of ethics cannot be judged in absolute terms and so the ethical behavior of the business related to the use of child labor in India is questionable. The discussion in previous chapters reveal that use of child labor is ethically justified in poor nations and so business do greater good for greater number of people.

Philanthropic Responsibility : The socially responsible business entities take care of the social problems in poor nations by funding to the organizations working for the deprived. In India, as we have seen from the above discussions that many MNCs, even the MNCs who

were once blamed for using child labor in their supply chain, are reasonably working to increase the welfare of the children in the poor families by providing schooling, health care, nutrition and other facilities to the communities like water , sanitation and basic infrastructural facilities.

4.4. Ethical Analysis of Child Labor issue in MNC's supply chain

Statistically it is seen that child labor is present in different sectors of Indian economy with the following distribution:

Agriculture – 68.14%, Mining - 0.25 %, Manufacturing- 16.55 %, Trade,

Hotel – 8.45 %, Transport – 0.66 % and the rest for other activities like construction, electricity, water etc.⁴⁹ With these distribution of child labor in different sectors it is well understood that Indian economy is dependent on child laborers. A recent news clip in the newspaper Economic Times reflects that India was to submit convincing proof to US government that the apparel industry was not employing child labor, else the apparel exporters will lose clients like NIKE, GAP and REEBOK also other clients like Next and Primark. As in American society child labor is a sensitive issue, failure to convince US government, can stop outsourcing to India which is 30% of global requirement of American MNCs.⁵⁰

In today's globalised economy, when we see the incidences of child labor, we have to first analyse the stakeholder's view point for the child labor issue.

The stake holders for the child labor issue are the MNCs and their share holders, the retailers, the sub contractors in the supply chain, customers of the product, other employees, regulator and the government (local, national and international), poor parents, other social groups, media and so on.

49 NSSO. Estimation of child Labor. 2004-2005.

50 Shramana Ganguly Mehta.<http://articles.economictimes.indiatimes.com/2011-05-20/news>

If we do an analysis of the stake holders viewpoint on the issue, their influence and importance we see that from MNCs perspective, the employees (Child laborers) are of low importance and low influence. While we see the same issue from the child's perspective, the MNC's importance and influence is very high and the parent's influence and importance is low because the parents do not find any choice than to send the child to earn. If the children are withdrawn from the labor force either by strict regulation or by parental choice does it affect the MNC in a high degree? Perhaps not. Because firstly India is poor country with huge population so there is enough unemployed to do the same job. Secondly, even if the MNC has to stop child labor in one area, it can start it in some other poor country and the chain flows. So legally and economically there is no strong force that can benefit the children or force the MNCs for doing betterment for these children. But the corporate social responsibility of a MNC makes it bound to do some work which is ethical and philanthropic. What is ethical in the issue? Stephen Chapman , columnist from Libertarian newspaper challenges "Why it is unreasonable for a poor country to allow child labor? Is it a crime that some poor parents willingly send their children to work in a factory to survive? Is it cruel for Nike to give them the chance?"⁵¹

ILO estimates that "8.4 million children are working in the unconditional worst forms of child labor"⁵² and urges every nation to get rid of child labor. But the issue is how ethical it will be to get rid of the child laborers in a business? For any ethical decision making firms have to look into the interests of the stake holders. Firms employing children have children as the work force have to see their interests first when one fifth of India's GDP is contributed by child labor.

⁵¹ <http://www.raincity.com/~williamf/words96.html>

⁵² ILO. <http://www.ilo.org>.

The **Utilitarianism** points to the consequences of the action and tells about the better overall consequences than the alternatives. The emphasis on producing “greatest good for the greatest number of people” forces us to see the cost and benefit of eradicating child labor abruptly without any arrangement of alternate to get daily food for the families. The children can bring foreign investments to the nation and the families find means of survival by their employment. So it brings greater happiness to the society and serves maximum people’s utility. The consequences of stoppage of children working in the supply chain will be denial of education as it is now, less money for families to get food, also the children will go for crime, drugs, prostitution. So banning child labor harms the children and family and so reduces social welfare. From utilitarian perspective it seems that **banning child labor is unethical.**

But it is also to keep in mind that “no act is ever absolutely right or wrong in all cases in every situation; right or wrong will always depend on the consequences.”⁵³ The MNCs having their inherent interest of profit maximizing will try to utilize the vulnerability of poor children and there comes the mis-conduct. They come to poor nations with the interest of having cheap labor to reduce the cost and so employ millions of children. They forget about the development of these children and MNC’s social responsibilities. There comes the unethical behavior from the part of the MNC. So the policy by the government should be a **balance between the profit maximization and the welfare of the child.**

Even if the MNC is searching for profit, which is legally, economically and ethically correct from MNC’s perspective, the benefits that the child gets by working is that at least he gets his daily food and can feed the family. What would be the other option than to starve or commit suicide?

53 Hartman and Desjardins. Business Ethics.

The inherent problem in utilitarian approach is still alive that is the means are not justified. In this case, the ways by which children are exploited questions the result. Although the results are bringing overall happiness to maximum number of people, there are possibilities that the children are not treated properly. If the net costs are greater than the net benefit, obviously, utilitarianism supports child labor issues.

The Duty theory points to the fact that MNCs have certain duties to the employees and some more duties when they are children. If we see that banning of child labor or removal of child labor from the MNCs are matter of principles, then we have to look into the ethical issues of the principles. The Deontological ethics points to the principles that are rules to follow or certain duties that are to be obeyed. **It may lead to the fact that even if the incidences of child labor increases overall happiness, there is an ethical rule that prohibits use of child labor.**

But when the definition of right and wrong is not absolute how can we judge that use of children as labor force is unethical? Moreover, the question is if the MNCs utilize the children in an ethical manner what is the harm? The child labor can be utilized for improving their skill as well as getting nutrition and education by the MNC's ethical programs. The legal rules or organizational rules in MNCs restricts children's entry, hereby pushing them towards harsher life or suicide. The principles of human rights lead to the fact of utilizing child labor in a human way and so can be termed as justified means to use child labor. There is no legal right of a child laborer when he works in a unorganized sector but there is definitely moral right which the employer is also to obey to conform to his duties.

As per **Immanuel Kant**, the moral worth depends on the motive and human rights should be respected by any means. Kantian approach would object to child labor practices because this violates the responsibility towards children and also violates the rights of large number of children, as children are treated as means to production and economic growth. But

if we consider in a different way of respecting human values by letting children live rather than starve, then banning child labor in that case cannot be ethical as to respect human values and right , the right to live a human life can be considered to be moral right of the child laborer and to support that right by way of employing him, is a respect towards humanity.

The theory of social justice points towards equal rights under veil of ignorance. This theory of social justice by John Rawls have two components : procedure to define the ‘principles of justice’ that should govern society and the ‘specific principles’ that are arrived from that. Here individuals are treated as ends and not means to an end and further the principles chosen are to be fair to treat individuals impartially. ⁵⁴ We have to see whether the issue of banning child labor provides equal rights to the individuals? The basic right of a children to get nourished is denied if the child is removed from the work. The question of his education , anyway comes after the fact that he gets food. The concept of ‘veil of ignorance’ defines that utility and the burdens in a society are to be shared equally. For a MNC’s operation, the benefits of banning child labor will be image building by fair trade operation and obeying legal acts, improving child’s health for few children who are rehabilitated, future scope of adult employment. The burdens on the society will be huge number of under-nourished and uneducated children and starved families, huge economical loss by losing foreign investment, loss of profit margin by MNCs and increasing trend of prostitution or under world activities. Even if the effects of the benefits are shared by the stake holders , who is going to share the burdens which is so crucial and unsafe ? So from this aspect also it does not seem that banning child labor can be an ethical option for decision making. Rather, employing child labor can provide equal rights to deprived children by providing them means to survive by earning and getting skill. The burden in the case of utilizing child labor is low wages to child laborers, uneducated future youth and recycling of poverty. This can be

54 Hartman and Desjardins. Business Ethics.

handled by distributing the burden of cost of improved wage and educating children to the government and MNCs who are capable of taking the responsibilities.

CHAPTER-V

5.1. DATA ANALYSIS

Global trends in children's economic activity by region, 2004 and 2008 (5-14 years) :

	Child population('000)			Children in employment('000)			Activity rate(%)			Percentage point difference of activity rate (2004-2008)
	2000	2004	2008	2000	2004	2008	2000	2004	2008	
World	1,199,400	1,206,500	1,216,854	211,000	196,047	176,452	17.6	16.2	14.5	-1.7
Asia and the Pacific	665,100	650,000	651,815	127,300	122,300	96,397	19.1	18.8	14.8	-4.0
Latin America and the Caribbean	108,100	111,000	110,566	17,400	11,047	10,002	16.1	10.0	9.0	-1.0
Sub-Saharan Africa	166,800	186,800	205,319	48,000	49,300	58,212	28.8	26.4	28.4	2.0
Other regions	269,300	258,800	249,154	18,300	13,400	10,700	6.8	5.2	4.3	-0.9

Source : ILO

Let us have a look on the statistical report from ILO where we see that the percentage rate of children's work including the hazardous work is very high in Sub Saharan Africa. In an absolute term, the magnitude is very high in Asia Pacific region because of the population in the region.

Regional Estimates of child labor (5-17 years) in 2008

	Total children	Child labor	Incidence rate %	Hazardous work	Incidence rate %
World	1,586,288	215,269	13.6	115,314	7.3
Asia and the Pacific	853,895	113,607	13.3	48,164	5.6
Latin America and the Caribbean	141,043	14,125	10.0	9,436	6.7
Sub-Saharan Africa	257,108	65,064	25.3	38,736	15.1
Other regions	334,242	22,473	6.7	18,978	5.7

Source: ILO

The estimated child labor when considered age wise give a crucial data while there is a decrease in the number of child laborers in the age of 5-11 when compared to 2008 than 2004

figure, there is also an increasing trend of working children in the age of 12-14. The same analogy applies when we see the trend of children at work comparing the data of age group 5-14 and 15-17. So there is difficulty in saying that the numbers are really decreasing in an absolute term.

Global estimates on trend of child labor

	Children (000)	Children (000)
Child labor Age	2004	2008
5-11	110,655	91,024
12-14	59,728	61,826
Total 5-14	170,383	152,850
Total 15-17	51,911	62,419
Total 5-17	<u>222,294</u>	<u>215,269</u>

Source : “Global child labour developments: Measuring trends from 2004 to 2008, Yacouba Diallo, Frank Hagemann, Alex Etienne, Yonca Gurbuzer and Farhad Mehran.” International Labour Organization 2010

The **labor force participation rate** of adult versus children in the regions vary significantly and the following table shows that the ratio is again high in Asia and Africa.

Comparison of Labor Force Participation Rates of Children and Adults by Region (percent):

Region	15 years and over	10-14 years
Africa	65.2	22.0
Americas	61.8	7.9
Asia	68.1	15.3
Europe	54.5	0.3
Oceania	62.7	6.9

Looking towards the Indian scenario we start from the historical **population growth** in India as seen from the following table . This massive growth on population can be attributed to huge chunk of unemployment and is also a reason towards poverty.

Year of Census	Growth of Population (Million)
1901	238.40
1911	252.09
1921	251.32
1931	278.98
1941	318.66

1951	361.09
1961	439.23
1971	548.16
1981	683.33
1991	846.42
2001	1028.74
2011	1210.19
2021 (Projections)	1400.00 (Projected)

Source : Census data 2011 by Ministry of Home Affairs, censusindia.gov.in

Let us have a look on the **percentage contribution of India towards world population**. India is contributing 17.5% towards world population ranking to second after China. With this huge population growth it is difficult to cater to all poor people for their livelihood by government funding. The poor have no other way than to sacrifice their children's education to survive.

Country	Percentage of world population
China	19.4
India	17.5
USA	4.5
Indonesia	3.4
Brazil	2.8
Pakistan	2.7
Bangladesh	2.4
Nigeria	2.3
Russia Federal	2.0
Japan	1.9
Others	41.2

Source : Census data 2011 by Ministry of Home Affairs, censusindia.gov.in

If we look at the **top 10 states in India with highest populations** we see that **Uttar Pradesh , Bihar, West Bengal** are among those states where the incidences of child labor is also very prominent. On the contrary the state of Gujrat though being in the list of top ten states with highest population , has nominal incidences of child labor.

State	Population	Percent(%) of India	Density(person/sq km)
INDIA	1,21,01,93,422	100	382
Uttar Pradesh	19,95,81,477	16.49	828
Maharashtra	11,23,72,972	9.29	365
Bihar	10,38,04,637	8.58	1,102
West Bengal	9,13,47,736	7.55	1,029
Andhra Pradesh	8,46,65,533	7.00	308

Madhya Pradesh	7,25,97,565	6.00	236
Tamil Nadu	7,21,38,958	5.96	555
Rajasthan	6,86,21,012	5.67	201
Karnataka	6,11,30,704	5.05	319
Gujarat	6,03,83,628	4.99	308

Source : Census data 2011 by Ministry of Home Affairs, censusindia.gov.in

India's literacy rate varies widely from state to state . Kerala is having highest literacy rate of 93.91% with Bihar having low literacy rate of 63.82%. There is a relationship among the active participation of children in the economy and the literacy rate of the state if we see that the most incidences of child labor are in the states of Bihar (8.8 %), Madhya Pradesh(8.4 %), Rajasthan (10 %), Uttar Pradesh(15.2 %),West Bengal (6.8 %),Andhra Pradesh (10.8 %) in comparison to Gujrat (3.8%),Orissa(3.0%) and Kerala (0.2%).Maharashtra despite in top population list has 6% child labors because of its high GDP and literacy rate (82.91%).

State/ UT	Literacy Rate	State/ UT	Literacy Rate	State/ UT	Literacy Rate
Kerala	93.91	Sikkim	82.20	Orissa	73.45
Lakshadweep	92.28	Tamil Nadu	80.33	Assam	73.18
Mizoram	91.58	Nagaland	80.11	Chhattisgarh	71.04
Tripura	87.75	Manipur	79.85	Madhya Pradesh	70.63
Goa	87.40	Uttarakhand	79.63	Uttar Pradesh	69.72
Daman and Diu	87.07	Gujarat	79.31	Jammu and Kashmir	68.74
Puducherry	86.55	Dadra and Nagar Haveli	77.65	Andhra Pradesh	67.66
Chandigarh	86.43	West Bengal	77.08	Jharkhand	67.63
Delhi	86.34	Punjab	76.68	Rajasthan	67.06
Andaman and Nicobar	86.27	Haryana	76.64	Arunachal Pradesh	66.95
Himachal Pradesh	83.78	Karnataka	75.60	Bihar	63.82
Maharashtra	82.91	Meghalaya	75.48	INDIA	74.04

Source : Census data 2011 by Ministry of Home Affairs, censusindia.gov.in

If we **combine the literacy rate and poverty rate along with the child labor incidences** in the states as per the census data 2001, and rank the states we get the following chart where we can see the comparison of the child labor incidences according to the effects

of poverty or literacy rate. The state wise social culture also varies in a large extent and it is seen that the incidences of child labor do not directly match either with poverty or with the literacy rate. So **there is some other factor that contributes to the incidences of child labor in the states**. For example, Andhra Pradesh is ranked poor (34) for child labor when its literacy rate ranking is 28 and poverty ranking is 11. In case of west Bengal the child labor ranking is 30 when the literacy and poverty ranking is 18 and 25 respectively. Kerala having the highest literacy rate and standing with rank 1, has poverty ranking of 10 and child labor ranking of 13.

STATES/U.T.	Houseless Population per cent	Rank based on Child Labor	Literacy (rank)	Poverty level (rank)
Andaman & Nicobar	22.6	2	10	24
A.P.	15.8	34	28	11
Arunachal Pradesh	17.6	9	32	15
Assam	19.7	22	24	19
Bihar	41.4	32	35	34
Chandigarh	7.1	5	6	2
Chhattisgarh	40.9	23	23	33
Dadra & Nagar Haveli	33.2	7	30	29
Daman & Diu	10.5	2	9	5
Delhi	14.7	14	5	9
Goa	13.8	7	4	7
Gujarat	16.8	27	15	13
Haryana	14	21	20	8
H.P.	10	18	11	4
J&K	5.4	20	33	1
Jharkhand	40.3	25	34	32
Karnataka	25	29	22	26
Kerala	15	13	1	10
Lakshadweep	16	1	3	12
M.P.	38.3	31	25	30
Maharashtra	30.7	28	8	27
Manipur	17.3	13	19	14
Meghalaya	18.5	16	27	16
Mizoram	12.6	11	2	6
Nagaland	19	15	21	18

Orissa	46.4	24	26	35
Pondicherry	22.4	2	7	22
Punjab	8.4	20	16	3
Rajasthan	22.1	33	29	21
Sikkim	20.1	8	17	20
Tamil Nadu	22.5	26	13	23
Tripura	18.9	10	12	17
Uttar Pradesh	32.8	35	31	28
Uttaranchal	39.6	17	14	31
West Bengal	24.7	30	18	25

Source : National Commission for the Protection of Child Rights. May 2008.

The total **fertility rate** for the country remained at 2.6 for the year 2008 to 2009 with Bihar having highest rate of 3.9 while Kerala and Tamilnadu are lowest with 1.7. The rural women have total fertility rate more than urban women by 0.9, the rural woman's fertility being 2.9 while urban woman's fertility being 2.0 at national level. Fertility rate of some of the states in our consideration is like:

State	Fertility Rate
Andhra Pradesh	1.9
Delhi	1.9
Himachal Pradesh	1.9
Karnataka	2.0
Kerala	1.7
Maharastra	1.9
Punjab	1.9
Tamilnadu	1.7
West Bengal	1.9

The fertility rate has decreased over the years and if we look at the national total fertility rate from 1990 the rate of decrease goes like :

YEAR	Rural	Urban	Total
1990	4.1	2.8	3.8
1995	3.9	2.6	3.5
2000	3.5	2.3	3.2
2005	3.2	2.1	2.9
2009	2.9	2.0	2.6

It is possible to conclude that the women literacy rate has a direct effect on the fertility rate as we see from the above tables. **The states with highest women literacy rate has lower fertility rate compared to the states where the women literacy rate is low.**

State/ UT	Women Literacy Rate	State/ UT	Women Literacy Rate	State/ UT	Women Literacy Rate
Kerala	91.98	Sikkim	76.43	Orissa	64.36
Lakshadweep	88.25	Tamil Nadu	73.86	Assam	67.27
Mizoram	89.40	Nagaland	76.69	Chhattisgarh	60.59
Tripura	83.15	Manipur	73.17	Madhya Pradesh	60.02
Goa	81.84	Uttarakhand	70.70	Uttar Pradesh	59.26
Daman and Diu	79.59	Gujarat	70.73	Jammu and Kashmir	58.01
Puducherry	81.22	Dadra and Nagar Haveli	65.93	Andhra Pradesh	59.74
Chandigarh	81.38	West Bengal	71.16	Jharkhand	56.21
Delhi	80.93	Punjab	71.34	Rajasthan	52.66
Andaman and Nicobar	81.84	Haryana	66.77	Arunachal Pradesh	59.57
Himachal Pradesh	76.60	Karnataka	68.13	Bihar	53.33
Maharashtra	75.48	Meghalaya	73.78		

Source : Census data 2011 by Ministry of Home Affairs, censusindia.gov.in

The recent labor market changes as reflected from the reports of ILO reveals that the employment rate in India has increased by 0.4% in 2009-2010 whereas the unemployment rate has been decreased by 0.9% which is comparable with the rate of decrease of Brazil's unemployment rate. Brazil's CCT has been proved to be a success to reduce child labor whereas India's mid day meal program could not justify for increase in child labors from 2001 census to 2011 census.

The sectoral distribution of Indian child labor is like : Agriculture : 68.14%, Mining and quarrying : 0.25%, Manufacturing : 16.55 %, Trade, hotel : 8.45%, transport : 0.66%, construction : 1.95% and the rest for others (Electricity, water, finance and other services). When we see the unemployment rate for adults the figure does not vary much from the year 1972. As a result there comes the probability of children doing the works for their livelihood.

Indian unemployment rate did not change much over time and the rate of unemployment from 1970's can be seen from the following table:

Unemployment Rate (Percentage of labor force)	
1972-73	8.35
1977-78	8.18
1983	9.22
1993-94	6.06
1999-2000	7.31

Source : Ministry of Labor and Enrolment

“The unemployment rate in India was reported at 9.4 per cent in fiscal year 2009-10. From 1983 until 2000, the unemployment rate averaged 7.20 per cent reaching the historical high of 8.30 per cent in December 1983 and a record low of 5.99 per cent in December 1994.”⁵⁵ We see the distribution of children’s work state wise from 1991 to 2001 , it is seen that overall percentage of child labor has a declining trend. But the trend in North and Eastern Indian states has an increasing trend of child labor incidences.

The regional wage growth shows that the growth of wages in Asia has not changed much when compared to 2005 till 2009. The Eastern Europe shows an decreasing trend and Africa and Latin America show an increasing trend. and minimum wage act (1948) in India is important for labor legislation but it is a complex system. It determines that the appropriate government should fix the minimum wage rate payable to employees. This has three implications .1. Minimum wages are set by either the central or state authorities, 2. The minimum wage is set in “certain employment or occupation” and so not all wage earners are covered, 3. There are a large number of rates which sometimes differ widely across India, even for the same occupation.⁵⁶ In 1978, a study group named Bhootlingam committee had proposed the idea of nation minimum wage , irrespective of sector, state or regions below

⁵⁵ The Hindu. 31st October.2011. <http://www.thehindu.com/business/article2583212>

⁵⁶ ILO. “Global Wage Report 2010/11.”

which there cannot be any employment. Any state government can set their minimum wage above this level. The central government had set the national minimum wage floor at US\$2 per day since 2009.

The employment survey by NSSO (National Sample Survey Organisation) in 2004-05 indicates that there are approximately 173 million wage earners throughout India and 116 million of them are casual workers. There are huge number of low paid workers and they are mainly from poor families. There is a wage gap between the male and female worker. Also **there is no formal wage for a child labor.**

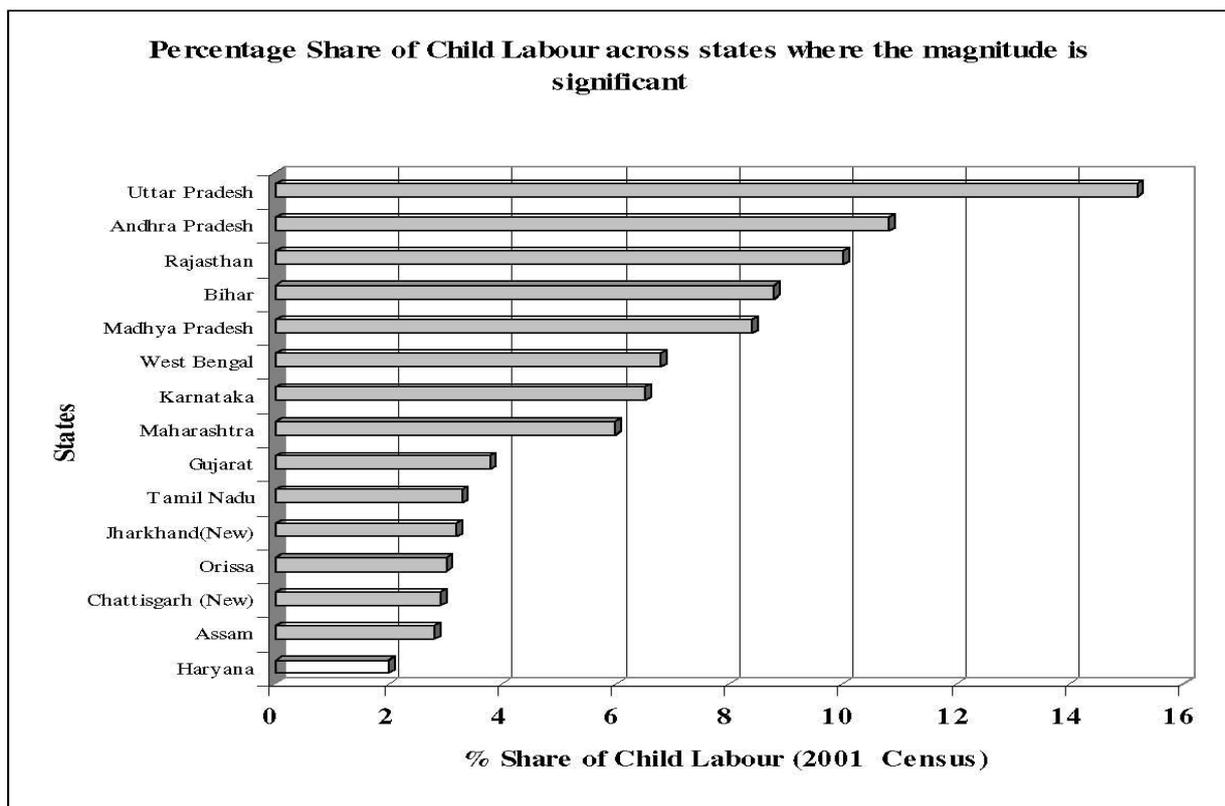
The change in number of child labor :

State	1971	1981	1991	2001
Andhra Pradesh	1627492	1951312	1661940	1363339
Assam	239349	**	327598	351416
Bihar	1059359	1101764	942245	1117500
Gujarat	518061	616913	523585	485530
Haryana	137826	194189	109691	253491
Himachal Pradesh	71384	99624	56438	107774
Jammu & Kashmir	70489	258437	**	175630
Karnataka	808719	1131530	976247	822615
Kerala	111801	92854	34800	26156
Madhya Pradesh	1112319	1698597	1352563	1065259
Maharashtra	988357	1557756	1068427	764075
Chhattisgarh				364572
Manipur	16380	20217	16493	28836
Meghalaya	30440	44916	34633	53940
Jharkhand				407200
Uttaranchal				70183
Nagaland	13726	16235	16467	45874
Orissa	492477	702293	452394	377594
Punjab	232774	216939	142868	177268
Rajasthan	587389	819605	774199	1262570
Sikkim	15661	8561	5598	16457
Tamil Nadu	713305	975055	578889	418801
Tripura	17490	24204	16478	21756
Uttar Pradesh	1326726	1434675	1410086	1927997
West Bengal	511443	605263	711691	857087
Andaman & Nicobar	572	1309	1265	1960

Arunanchal Pradesh	17925	17950	12395	18482
Chandigarh	1086	1986	1870	3779
Dadra & Nagar Haveli	3102	3615	4416	4274
Delhi	17120	25717	27351	41899
Daman and Diu	7391	9378	941	729
Goa			4656	4138
Lakshadweep	97	56	34	27
Mizoram		6314	16411	26265
Pondicherry	3725	3606	2680	1904
Total	10753985	13640870	11285349	12666377

Source: Ministry of labor, India

We also have a look on the percentage of children working force in Indian states with highest contribution:



In the year 2001, the states which were showing high trend of child labor incidences are still having high child labor ratios. The states of Uttar Pradesh, Andhra Pradesh, Bihar, west Bengal, Rajastan, Madhya Pradesh contribute to major share of child labors in India.

Let us have a look on the **poverty issue**.

Percentage of population below poverty line (BPL) has changed from 1993-94 to 2004-05 in the following manner:

States	Lakdawala Methodology		Tendulkar Methodology	
	1993-94	2004-05	1993-94	2004-05
Assam	40.9	19.7	51.8	34.4
Bihar	55.0	41.4	60.5	54.4
Gujarat	24.2	16.8	37.8	31.8
Haryana	25.1	14.0	35.9	24.1
Himachal Pradesh	28.4	10.0	34.6	22.9
Jammu & Kashmir	25.2	5.4	26.3	13.2
Karnataka	33.2	25.0	49.5	33.4
Kerala	25.4	15.0	31.3	19.7
Madhya Pradesh	42.5	38.3	44.6	48.6
Maharashtra	36.9	30.7	47.9	38.1
Orissa	48.6	46.4	59.1	57.2
Punjab	11.8	8.4	22.4	20.9
Rajasthan	27.4	22.1	38.3	34.4
Tamil Nadu	35.0	22.5	44.6	28.9
Uttar Pradesh	40.9	32.8	48.4	40.9
West Bengal	35.7	24.7	39.4	34.3
All India	36.0	27.5	45.3	37.2

Source: Planning commission India website

Percentage of population below poverty line (by caste and other) for Indian states :

	1983	1993-94	2004-05
All	46.5	37.2	28.0
Scheduled Castes	59.0	48.6	37.1
Scheduled Tribes	63.9	50.6	44.7
All Hindus	47.0	36.8	28.0
Muslims	51.2	45.2	33.0
Other Minorities	30.2	26.8	17.9

source: Planning commission India website

The State-Wise Percentage of Population Below Poverty Line(2004-05) for the

states where the incidences of child labor are in prominence :

1. Andhra Pradesh	15.8	7. Haryana	14.0	13. Madhya Pradesh	38.3	19. Uttar Pradesh	32.8
2. Assam	19.7	8. Himachal Pradesh	10.0	14. Maharashtra	30.7	20. Uttarakhand	39.6
3. Bihar	41.4	9. Jammu & Kashmir	5.4	15. Orissa	46.4	21. West Bengal	24.7
4. Chhattisgarh	40.9	10. Jharkhand	40.3	16. Punjab	8.4	All India	27.5
5. Delhi	14.7	11. Karnataka	25.0	17. Rajasthan	22.1	Source : Ministry of Social justice and Empowerment, www.socilajustice.nic.in	
6. Gujarat	16.8	12. Kerala	15.0	18. Tamil Nadu	22.5		

If we just see at the statistics of child labor incidences and the percentage of people below poverty line from the above tables, there is **no direct relationship** between the child labor and the persons below poverty line.

For example, Andhra Pradesh is having high incidences of child labor but the persons below poverty line is less compared to Assam, where the incidences of child labor is low. Orissa despite having high percentage of people below poverty line, has less incidences of child labor.

If we see the **GDP issues**, we can see that, the states are comparable to developed nations when the overall GDP is considered but because of high population in these states , when per capita GDP is calculated it goes to be comparable with the third world economies. Here are some of the states in the following table where some comparison is being shown to the other economies in the world. So **population plays a major role in the development**. Despite high domestic product the net effect of it on the state is not considerable, which gives rise to effects like informal ways to get money and wealth by the poor families.

Name of the state	GDP (B \$)	Comparable to country with GDP	Per capita GDP (US \$)	Comparable to country with GDP
Maharastra	175.3	Singapore (183.3 b)	4743	Srilanka(4760)
Uttar Pradesh	103.5	Qatar (98.3 b)	1586	Kenya (1620)
Andhra Pradesh	85.7	Slovakia (87.8 b)	3047	Nicaragua(2950)
Gujrat	80.1	Angola (77.6 b)	4132	Congo – Brazzaville (4150)
Tamil Nadu	80.0	Angola (80.6b)	3549	Mongolia(3550)
West Bengal	77.6	Angola (77.6 b)	2429	Ghana (2400)
Karnataka	62.9	Croatia (63.2 b)	3199	Phillipines (3270)
Rajasthan	46.3	Dominican Republic (46.6 b)	2093	Sudan (2190)
Madhya Pradesh	37.3	Guatemala (39.1b)	1494	Benin (1500)
Bihar	32.7	Uzbekistan (32.8 b)	1019	Eritrea (1020)

The per capita GDP of the states as mentioned in the above table shows that the states Andhra Pradesh, though having high Per capita GDP compared to Uttar Pradesh, the literacy rate is almost similar. So **the poverty is not playing an effect on the literacy rate**. Then Andhra Pradesh has its huge population of child labors in its cotton industry, which contributes to GDP also. The **culture to have children at work is in built in the system and change of economic status does little to change the literacy rate**. The cause that children are work, may be a direct result of parental illiteracy mainly the mother's illiteracy.

The **gap between the male and female literacy** in India has been reduced over decades and is mentioned in the table below.

Year	Person	Male	Female	Gap between male and female literacy
1951	18.33	27.16	8.86	18.3
1961	28.3	40.4	15.35	25.05
1971	34.45	45.96	21.97	23.98
1981	43.57	56.38	29.76	26.62
1991	52.21	64.13	39.29	24.84
2001	64.83	75.26	53.67	21.59
2011	74.04	82.14	65.46	16.68

Source : Census India 2011

When we compare the state wise literacy rates and the differences in between the female and male literacy, it reveals that the difference varies widely from state to state as shown in following figure.

1. Andhra Pradesh	15.82	7. Tamil Nadu	12.95
2. Bihar	20.06	8. Rajasthan	27.85
3. Uttar Pradesh	19.98	9. Maharashtra	14.34
4. West Bengal	11.51	10. Karnataka	14.72
5. Gujarat	16.5	11. Madhya Pradesh	20.51
6. Orissa	16.50	12. Kerala	4.04

Source : Data compiled from census report 2011 of India

The state of Kerala has highest literacy rate with male literacy of 96.02 % and female literacy of 91.98% having a gap between the two of 4.04 which means that the population is progressing.

The literacy rate (with female literacy rates) of the states with highest number of child labor incidences are like :

Uttar Pradesh- 69.72 (59.3) ; Andhra Pradesh- 67.66 (59.7)

Rajasthan- 67.06 (52.7) ; Bihar- 63.82 (53.3)

Madhya Pradesh- 70.63 (60) ; West Bengal - 77.08 (71.2)

Karnataka- 76.64 (68.1) ; Maharastra- 82.91 (75.5)

Gujrat- 79.31 (70.03) ; Tamil Nadu- 80.33 (73.86)

Maharastra has high rate of literacy rate compared to West Bengal but the later has less percentage of people below poverty line. Again, Gujrat has higher literacy compared to Andhra Pradesh while the later has less percentage of poor people below poverty line compared to the first.

Further the women literacy in the range of 50- 60% is corresponding to the first five states of high child labor incidences. So women literacy has a relationship with the child labor incidences rather than the total literacy rates.

According to a survey by Union Ministry of Human Resource and Development, “81 lakh children in the country between the age group of 6 and 13 years are out of education. Out of this 94% have never seen a school and 25% drop out half way.”⁵⁷ The primary school drop out rates for children aged between 6-14 years, shows that Rajasthan and Uttar Pradesh observed dropout rates of 9.28 percent and 7.58 percent respectively, while Kerala and Goa have recorded 0.0 percent school dropouts followed by Delhi at 0.50 percent.⁵⁸

Dr Sunita Chugh, assistant professor at National University of Educational Planning and Administration (NUEPA), said, “ **Among the key reasons for high dropout in northern**

⁵⁷ TNN. september 23.2011

⁵⁸ http://schema-root.org/region/asia/south_asia/india/states/goa/education.

states is the cultural factor.” Dr Gaysu R Arvind, professor at Department of Education, University of Delhi, said “it was not difficult to explain the high primary school dropout rate in states like Rajasthan and Bihar.”⁵⁹ Besides poverty issue behind low literacy rate, seasonal migration, lack of awareness at family level and lack of proper infrastructure facilities are the major reasons behind high school dropout rate. As per one study of HRD Ministry on state-wise performance until March 31, 2011, it was shown that Uttar Pradesh, Madhya Pradesh and Bihar had adverse pupil-teacher ratio impacting continuity in education.⁶⁰

The GiNi Index showing the income disparity in different states is reflected in the following table where it is seen that India has high disparity of income and has a coefficient of 0.325. When we look into the GiNi coefficient of the states along with its decadal change, it is seen there is disparity in rural and urban figures.

	1973-74		1977-78		1983		1993-94		1999-2000		2004-05 (URP)*		2004-05 (MRP)*	
	Rural	urban	Rural	urban	Rural	urban	Rural	urban	Rural	urban	Rural	urban	Rural	urban
Andhra Pradesh	0.29	0.29	0.30	0.32	0.29	0.31	0.29	0.32	0.24	0.31	0.29	0.37	0.24	0.34
Assam	0.20	0.30	0.18	0.32	0.19	0.25	0.18	0.29	0.20	0.31	0.19	0.32	0.17	0.30
Bihar	0.27	0.26	0.26	0.30	0.26	0.30	0.22	0.31	0.21	0.32	0.20	0.33	0.17	0.31
Jharkhand											0.22	0.35	0.20	0.33
Gujarat	0.23	0.25	0.29	0.31	0.25	0.26	0.24	0.29	0.23	0.29	0.27	0.31	0.25	0.32
Haryana	0.29	0.31	0.29	0.31	0.27	0.30	0.30	0.28	0.24	0.29	0.32	0.36	0.31	0.36
Himachal Pradesh	0.24	0.27	0.26	0.30	0.27	0.31	0.28	0.43	0.23	0.30	0.30	0.32	0.26	0.26
Jammu & Kashmir	0.22	0.22	0.22	0.33	0.22	0.24	0.23	0.28	0.17	0.22	0.24	0.24	0.20	0.24
Karnataka	0.28	0.29	0.32	0.34	0.30	0.33	0.27	0.32	0.24	0.32	0.26	0.36	0.23	0.36
Kerala	0.31	0.37	0.35	0.36	0.33	0.37	0.29	0.34	0.27	0.32	0.34	0.40	0.29	0.35
Madhya Pradesh	0.29	0.27	0.33	0.38	0.29	0.29	0.28	0.33	0.24	0.32	0.27	0.39	0.24	0.37
Chhatisgarh											0.29	0.43	0.24	0.35

⁵⁹ <http://www.zeenews.india.com/news>.

⁶⁰ Ankita Chakrabarty. Zee Research Group. September 26, 2011

Maharashtra	0.26	0.33	0.46	0.36	0.28	0.33	0.30	0.35	0.26	0.35	0.31	0.37	0.27	0.35
Orissa	0.26	0.34	0.30	0.32	0.27	0.29	0.24	0.30	0.24	0.29	0.28	0.35	0.25	0.33
Punjab	0.27	0.29	0.30	0.38	0.28	0.32	0.26	0.28	0.24	0.29	0.28	0.39	0.26	0.32
Rajasthan	0.28	0.29	0.46	0.30	0.34	0.30	0.26	0.29	0.21	0.28	0.25	0.37	0.20	0.30
Tamil Nadu	0.27	0.31	0.32	0.33	0.32	0.35	0.31	0.34	0.28	0.38	0.32	0.36	0.26	0.34
Uttar Pradesh	0.24	0.29	0.30	0.33	0.29	0.31	0.28	0.32	0.25	0.33	0.29	0.37	0.23	0.34
Uttarakhand											0.28	0.32	0.22	0.30
West Bengal	0.30	0.32	0.29	0.32	0.28	0.33	0.25	0.33	0.22	0.34	0.27	0.38	0.24	0.36
Delhi	0.15	0.35	0.29	0.33	0.29	0.33	0.24	0.21	0.29	0.34	0.26	0.33	0.24	0.32
INDIA	0.28	0.30	0.34	0.34	0.30	0.33	0.28	0.34	0.26	0.34	0.30	0.37	0.25	0.35

Source : Planning Commission, Government of India, (URP : Uniform reference period, MRP – Mixed reference period)

Finally let us have a look on the **enforcement figures** which is available as per government data:

State/UT	Inspection conducted	Violations detected	Prosecution launched	Conviction
Andhra Pradesh	206832	70922	31375	15294
Bihar	199801	21582	2002	3
Gujarat	13262	1028	477	18
Karnataka	95146	9968	1386	197
Kerala	10044	591	23	7
Madhya Pradesh	31976	1221	1221	243
Maharashtra	152992	2161	137	33
Orissa	1853	1145	303	7
Rajasthan	32015	567	1653	2141
Uttar Pradesh	12234	8123	6885	300
Tamilnadu	1232060	6122	4165	917
West Bengal	90656	4153	79	3

Source : Planning Commission, Government of India

The data reflects that even if some monitoring is tried to get enforced the punishment is not at all upto the level of any inspiration to curb child labors. After start of the project NCLP

the number of children mainstreamed also give a pathetic impression about the success of the project. Here is the list of children mainstreamed :

State	Number of children mainstreamed
Andhra Pradesh	1,73,297
Bihar	10,704
Jharkhand	10,231
Karnataka	10,767
Punjab	1,386
Madhya Pradesh	2,314
Maharashtra	8,235
Orissa	62,237
Rajasthan	11,371
Uttar Pradesh	23,251
Tamilnadu	39,523
West Bengal	16,086
Total	3,74,255

Source : Planning Commission, Government of India

In the Union Budget (2010-11), only 4.6% share for children was allocated when the children are of about 44% of the nation's total population. The budget gave a share of only 0.49% to child health, 0.90% to development and 0.04% to protection . But there was a rise of 15% in the Sarva Shiksha Abhiyan (SSA) and 18% in the mid-day meal scheme. There are 164 million children in the 0-6 years age group in the country. According to the report of ministry of women and child development, around 69 million children aged 6-72 months were covered by the Supplementary Nutrition Program under Integrated Child Development Scheme (ICDS) and only 34 million children were covered by any kind of pre-school initiatives.

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It is estimated that there should be a government primary school for a population of 300 at a distance of every one kilometre and an upper primary school for a population of 800 at every

⁶¹ Ministry of women and child development. <http://wcd.nic.in>.

two kilometers. But the real picture is far behind. The inadequate infrastructure for elementary education of children is of a great concern towards betterment of children in need.

The budget allocation in India for children care can be seen from the following table:

Year	% Share of Child Health in Child Budget	% Share of Child Development in Child Budget	% Share of Child Education in Child Budget	% Share of Child Protection in Child Budget	% Share of Total Child Budget in Union Budget
2004-05	0.423	0.422	1.567	0.033	2.445
2005-06	0.527	0.658	2.638	0.034	3.857
2006-07	0.556	0.830	3.487	0.034	4.907

Source : Planning Commission, Government of India

The amount of budget estimates on child protection compared to union budget shows that there is no much change in the allocation from 2000 till 2007 in respect of child protection. It is always in between 0.02 to 0.04 % of the union budget.

If we see the allocation state wise, we see that, “average allocation for child protection in state budget, in Andhra Pradesh is 0.16% (200-05) while the same for Himachal Pradesh is 0.06% and for Orissa is 0.04%”⁶²

The allocation of funds for child protection in the states include allocations under centrally sponsored schemes as well as state’s part of contribution to the sector.⁶³ It seems from the above figures that the share of the funding in child protection is really less. There is lack of co-ordination among different ministries (planning commission, central and state ministries concerned with child protection). The review of different approaches for meaningful implementation is also at low level. Statistics shows that the number of BPL (below poverty line) families has increased from 30% to 37%, despite growing GDP. After

⁶² Ministry of women and child development. <http://wcd.nic.in>.

⁶³ *ibid*

consulting all the above statistical reports world wide and through out the states in India we can say that **poverty is not the only factor for parents to force children to go to earn by working.** It is a fact that social structure and parental illiteracy matters. Women’s education is crucial for any improvement in child’s status because the mother only can help to upgrade her child when she is educated. We can say that child labor incidences in the states of India is a prominent function of Women literacy, GiNi and social factor prevailed in that area.

$$\text{Child Labor} = f\{(\text{women literacy}), \text{GiNi}, (\text{cultural factor})\}$$

The GiNi coefficient and the social structure in a state is very important to decide the children’s fate and crucial variable for child labor phenomenon. No rule can stop it until parents and society are not ready to curb it. No monitoring can be effective when child and parents are ready to work. It is true that stakeholders’ positive response is necessary to make a whole hearted effort from all sectors.

5.2.SAMPLE SURVEY Report

A survey was conducted among the government and other organisations (India), individuals and also in KDI school students by survey form distribution/ tele -calling and the report in YES/NO format is placed here with the percentage of perceived values. The sample size taken is 215.

Question	YES	NO	Don’t know
Will you buy a product made by NIKE or GAP or Unilever or Pepsico if you know that it is made by child laborers?	29.4	68.6	1.9
Do you support developed nation’s banning of import of goods which is made by child labor in poor nations?	71.2	26.5	2.2

Do you think that the companies should inform about child labor in marketing of their product so that the customer is aware of the issue?	81.6	16.4	1.9
Do you feel that child labor in a firm can save some child's life from harsher works?	39.1	41.7	19.2
Do you think that child labor in a firm is in better situation compared to a child prostitute?	68.9	25.1	5.95
Do you think child labor phenomenon lacks morality aspect?	80.95	17.1	1.9
Do you feel child labor can be abolished by 2016?	26.2	58.4	15.4

So it is seen that the perception though varies, has one thing in common that is they believe that it is not possible to eradicate child labor by 2016. But one issue is there that the percentage of people who believe that the issue should be informed in product marketing is 81.6%. The ideas of people who will buy products even if it is made by child labor becomes strong as they are constituting 39.1% of the total in this survey, despite the fact that 80.9% feels that child labor phenomenon lacks morality aspect. With this statistics in mind it is logical to say that child labor has become an intrinsic part of informal industry in poor countries and so ethically it may not be correct to try to abolish without finding alternate means of their financial support.

Chapter –VI

Comparative Study

In this section it is tried to show the scenario of child laborers in the prosperous nations like UK and US. The following observations show that , the phenomenon of child labor incidences could not be eliminated even in the countries like UK or US where we can presume that laws are stricter, the government takes care of poor children and tries to eradicate child labor by employing any means. If the phenomenon could not be abolished in these countries from years, can we expect that in a country like India, child labor can be eradicated by banning or penalizing some firms? The issue is child labor is deep rooted in the culture, social structure and family orientation of the families in India. It is not possible to eradicate by stricter laws like banning, when the child himself wants to work to get his food. We have to look in from other way, like having children in work at the same time having them educated.

6.1. Child Labor in Brazil

In 1990s, Brazil's Bolsa Escola program for education of children was very effective in reducing number of working children in the nation. The main feature that distinguished this program from others were firstly, the program included "means test, defined in terms of a maximum household income level, above which households are not eligible for the benefit and secondly they include a behavioral conditionality that requires that members of the participating households regularly undertake some prescribed actions."⁶⁴ Children between 6-

⁶⁴ World bank report. <http://www-wds.worldbank.org>.

15 years, were to be enrolled in schools and to actually attend schools.⁶⁵ In Brazil the percentage of rural population is 41% , the unemployment rate is 8.3% and the literacy rate is 90% . The amount spent on health expenditure of children is 8.4% . The program tried to reduce the poverty level and the inequality. It provided incentives for reducing future poverty , by the way of increased schooling of poor children. The program was created in April,2001 within the ‘broader social development project’ called Projeto Alvorada.⁶⁶ In this program federal funding was provided for different activities and monitoring was done by the local governments.

The principle of operation was like : households with monetary income of less than 90 Reals (R\$) per month⁶⁷ having children aged between 6-15, can have benefit of the program when they send their children to school. It was necessary that the attendance has to be 85% and the municipal governments were controlling the schools. The amount of monthly stipend was R\$15 per child and upto R\$45 per household. The amount was supposed to be given to the mother of the child while she presented a ‘magnetic card’ that was recording the progress of the program.

Though the program was locally controlled, the control was maintained at both the federal and local governments. The impact of Bolsa Escola program was gradually seen from the reduction in incidences of child labor in the nation. We look at the year wise decrease of child labor incidences in the nation.

⁶⁵ “Conditional Cash Transfer, schooling and Child Labor: Micro stimulating Brazil’s Bolsa Escola program.” World Bank Review, Volume 17. No 2. 229-254

⁶⁶ <http://www-wds.worldbank.org>.

⁶⁷ R\$90 was equal to about US\$30 , in August 2002 exchange rates.

6.1.1. Child in Employment (7-15 years) :

YEAR	Child Labor	YEAR	Child Labor
1992	17.5 %	2003	9 %
1993	16.9 %	2004	8.3 %
1995	16.3 %	2005	8.9 %
1998	12.9 %	2006	8.1 %
1999	12.8 %	2007	7.5 %
2001	10.3 %	2008	6.7 %
2002	9.9 %	2009	6.6 %

The main aspects in the program which helped to reduce child labor were : improvement in the availability and quality of education system, conditional income transfer to families in condition that they send children to school and number of national and local policies implemented to eliminate child labor. There were number of reforms in the constitution to guarantee a minimum spending on primary education and to transfer funds to schools and to develop information and communication program about education quality.

Federal government was spending 18% and local government was spending 25% of its tax and transfer revenues towards the increased budget for education. There were other activities like defining the roles and responsibilities among different level of governments, improving the education system in the poor areas, improving quality through assessment and standards. Moreover, the government's efforts towards eliminating child labor was concentrated on reinforcing laws, supporting education of child laborers, conducting inspections and making effective awareness programs. Brazil ratified ILO's convention 182 "worst form of child labor" in 2000 and convention 138 "minimum age" issue in 2001. The 'minimum age' for a working child is to be 16 years as per the constitution which was raised from 14 years in 1998. The employment rate for the children was reduced as well as the age to enter employment was increased by two years. The attendance in school was increased and

students entered schools early and left schools later than 16 years.

In 2008, about 7% (2.1 million) children were employed and school attendance was 97% for children in the age group 7-15 years. The children employment and schooling trend in 2008 is reflected from the following table .

Child Activity for children of age 7-15 years (2008)

Activity	Urban	Rural	Total
Only Employment	0.5	1.0	0.5
Only Schooling	93.3	80.4	90.8
Employment and Schooling	4.0	15.9	6.3
Neither Activity	2.2	2.7	2.3
Total Employment	4.5	16.9	6.8
Total Schooling	97.3	96.3	97.1

The efforts to reduce child labor have been successful in Brazil because of few reasons, most importantly, the active government support. The active policies towards improved schooling, broad scale cash transfer schemes and improvement in basic services could help to generate more educated generations of parents, improved living standards by shifting parents incentives in favor of schooling.

Brazil's success was a result of comprehensive policy response addressing different factors contributing to child labor, in an integrated manner.

6.2. South Korean Child Labor Laws

South Korea joined the International Labor Organization (ILO) in 1991. Korea has few laws to ensure that the use of child labor is not against their development . It includes that-

(1) the children below eighteen years, are to get written permission from their parent or guardian if they want to work. Children below fifteen years, should not be employed and even if they get employed, they should obtain ‘special employment certificate from the labor ministry.’ (2) The work hours for a child worker in between fifteen to eighteen years, should not cross 7 hours a day and forty-two hours a week. They are also not allowed to work overnight . (3) Labor laws are there to keep working children safe.⁶⁸ Children are not supposed to do harsh works and should not be allowed for overworking. Also children are required to continue their education which is necessary for their development in future life.

6.3. Child Labor in UK

Till the time that the children reach Mandatory School Leaving Age (MSLA) by the age of sixteen, they can only go for specified period of work hours per week and can only do specified works. After they reach the age of MSLA, they can apply for their National Insurance Number for full time work. The age of a child for part-time work is 13 years, but this is not mandatory for jobs like modeling, acting and so with a performance license.

The children may not work “in the cases where it is without an employment permit issued by the education department of the local council, or in any industrial setting such as a factory or industrial site.”⁶⁹ The working times are specified, children are not supposed to work “during school hours, before 7.00 am or after 7.00 pm, for more than one hour before school, for more than four hours without taking a break of at least one hour.”⁷⁰ It is also there that they can not work ‘in any occupations prohibited by local byelaws or other legislation

⁶⁸ South Korean child labor laws. <http://internationalbusiness.wikia.com>.

⁶⁹ [http://ukonline.direct.gov.uk/en/parents/parents rights](http://ukonline.direct.gov.uk/en/parents/parents%20rights).

⁷⁰ *ibid*

such as pubs and betting shops, in any work that may be harmful to their health, well-being or education’ .⁷¹ It is also framed by laws that children will have to have two week break from work during holidays in each year.

There is also pre- defined working hours during term times and school holidays. For example during school holidays, 13 to 14 years can work for maximum of 25 hours whereas the 15 to 16 years can work for 35 hour per week. “The minimum wage is £4.92 an hour for 18 to 20 year old worker and £5.93 an hour for 21 year and older. Children who are 16 or 17 years old, are to get £3.64 an hour. It is also mandatory that children in the age for compulsory schooling are not suppose to have minimum wage.”⁷²

It is also mandatory for the employer to intimate the authorities like education department of their local authority, that some school-aged child has been employed. The authorities will check for the satisfactory arrangements to issue a permit for such employment, if local byelaws demand this. Then they issue employment permit. A child can not get insured when these activities are not done.

Local byelaws are there to enlist the works that are permitted for children of the age of 13 years. These children can not do a job that is not enlisted. It is possible that depending on local scenario, local byelaws may restrict the work hours and type of works in an employment.

Leaving aside the law, let us look at the children’s poverty issues. The survey of income poverty in UK Households Below Average Income (HBAI)⁷³ in 2009/2010 shows that 13.5million people are poor (22%). It also shows that 23% of English population, 19% of Scottish population, 23% of Welsh population and 2% of Northern Irish population are

⁷¹ <http://www.babywiggles.net/parenting/parents-and-child-rights>.

⁷² <http://webarchive.nationalarchives.gov.uk>.

⁷³ <http://www.cpag.org.uk/povertyfacts/index.htm>

categorized as poor. The main cause of poverty arises from unemployment and low wages. The unemployment rate is 7.8% as of February, 2011.⁷⁴

Child poverty costs about at least £25 billion each year in losses to the exchequer and in reduced GDP.⁷⁵ The report showed that children from low income families are deprived of proper education, health and family life. The longer term effect of child poverty is unskilled adults and under privileged life. The JRF (Joseph Rowntree Foundation) adviser Donald Hirsch said that “Tackling child poverty would bring a double benefit – for the families whose life chances and quality of life would be improved and for society, which would no longer have to pay such high costs of picking up the pieces.” So in a nation like UK, it is calculated that 2.8 million children are living in poverty in 2008-09 that is one in five children is poor. It is more than 20 years that UK government did ratify UN convention on rights of children. But there is enough battle going on to reduce child poverty despite the laws trying to combat the situation.

6.4. Child labor in US

Now let us have a look on the status of **US children**. In 2009, 19 percent of children in the age of 5 to 17years, were in poverty, compared to 15 percent in 2000 and 17 percent in 1990. The percentage of children who are in poverty can be seen from the following chart where region wise statistics are provided for American states in a decadal changed manner.⁷⁶

⁷⁴ Institute for Fiscal Studies. www.ifs.org.uk

⁷⁵ Joseph Rowntree Foundation . “Child poverty is costing the UK billions.” <http://www.jrf.org.uk/media-centre/child-poverty-costing-uk-billions>

⁷⁶ NCES. “*The Condition of Education 2011.*” <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2011033>

	1990	2000	2009
US	17	15	19
North East region	14	14	16
Mid West region	15	12	18
South	20	18	21
West	16	16	18

Source: NCES

So the poverty in US again gives a scope to use the children as child laborers despite the laws and despite the fact that US is most the prosperous nation in the world. The category and definition of child and the definition of poverty may vary from the Indian scenario, but the fact remains that US also cannot avoid incidences of child abuse.

A recent news clip reveals that “U.S. administration fines three Movie Theater Companies over Child Labor allegations.”⁷⁷ It is noticed that the companies have been charged for more than \$277,000 because of allegations related to violation of child-labor laws. It was alleged that they were making teenagers work for hours together who also used dangerous machineries such as ‘trash compactors’.

The alleged violations of U.S. child-labor laws by the theatres, Regal Cinemas Inc., Marcus Theatres Corp. and Wehrenberg Inc. were termed as one of “industry's high rate of noncompliance.”⁷⁸ The child employees were engaged in hazardous jobs like operating paper balers and trash compactors, driving motor vehicles, using power-driven mixers and

⁷⁷ <http://www.foxnews.com/us/2011/03/01/fines-3-movie-theater-companies-child-labor-allegations>

⁷⁸ <http://www.ibj.com/us-esnes-3-theatre-compani-child-labor>.

baking, which were violating the Fair Labor Standards Act necessary for employment of young children.⁷⁹

As per the law, there are 17 number of hazardous occupations which employees below the age of 18 cannot do. In this list, operating and unloading of scrap paper balers and paper box compactors are mentioned which can not be operated unless certain specific conditions are fulfilled. The law also put a limit on the working time and work hours for working children of less than 16 years of age. The theatres were not following this practices. The federal law does not restrain child workers of 14 or 15 years to do some occupations but it restricts the time and no work is allowed before 7 a.m. or later than 7 p.m.⁸⁰ In US, the laws restrict children's work for "more than three hours on a school day, 18 hours in a school week, or eight hours on a non-school day and 40 hours in a week when school isn't in session."⁸¹

6.4.1. Scenario in US Agricultural Farms

In US, "before industrial revolution, citizens were working in their own land to get their own food."⁸² Due to globalization and modernization, the number of small farms were decreased but the competition among firms increased. The advent of technology helped in emerge of high-tech industries where the manpower required was less and so the number of people working in agriculture reduced.⁸³ At present about 2% Americans are working in agriculture. Agricultural work is a field of labor intensive jobs where the workers are to work

⁷⁹ <http://www.foxnews.com/us/2011/03/01/fines-3-movie-theater-companies-child-labor-allegations>

⁸⁰ *ibid*

⁸¹ NCES. *The Condition of Education 2011*. <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2011033>

⁸² <http://www.sociology.org/featuured/problem-child-labor-agriculture>.

⁸³ *ibid*

for long hours, many a times using ‘dangerous equipment and hazardous chemicals’.⁸⁴

To compete in the market, and to get products in lower prices, the US agriculture industry was in need of immigrants from central and south America, as labor who were working at low wages even below the minimum wage. Most of the child laborers voluntarily work and help families. The Fair Labor Standard Act (FLSA), allows children of 12 years to work in farming as long as they have parental permission.⁸⁵ The law protects the small family farms who during the peak time of farming use their children. But there is no distinction among the small family farms and big farms. There comes the problem of mis-utilizing children’s labor.

The poor families are most often unaware of the government aids or their rights. Statistics show that in 2000, “only 46% of field worker families with children received food stamps, 16% received assistance for women and children.”⁸⁶

In firms when children below 15 years of age work for long hours and also use pesticides and heavy machineries, the job becomes hazardous to them. Their fatality rate is 80% more than that of the adult. It is also statistically established than 37 % of children working in the farms completely drop out from the school and 15 % of them do study below grade.

The laws are not just as there is banning for work of 14 and 15 years old in fast food stalls for more than three hours beyond school hours, when 12 years old are working in the

⁸⁴ “The Problem of Child Labor in US Agriculture. Dec 8th,2010.” www.sociology.org/featured/problem-child-labor-agriculture

⁸⁵ <http://www.sociology.org/featuured/problem-child-labor-agriculture>.

⁸⁶ *ibid*

farms for unlimited period. The effort for better awareness and better education in on rise to have a doable solution for the problem.

A recent news clip reports that child labor is widespread in US farms. It mentions that about 400,000 children are working in US farms which was a shock to the film maker Roberto Romano. He explained that he never expected that US is having child labors who are American citizens. The documentary film “The Harvest” reveals some unknown facts of US child labor in agriculture and highlights that the root of “US agriculture child labor issue is an archaic exemption within the Fair Labor Standards Act of 1938.” Today, child laborers are working on industrial farms since family farms no longer produce the majority of U.S. agricultural yield. These children and their families, comprise the 40 percent of industrial agriculture laborers that migrate as the harvest moves in order to maintain employment. “The migrant children workers are four times more likely to drop out of school and their families are twice as likely to be living in poverty as those in other occupations.” This migratory lifestyle along with nominal pay creates a situation for parents to make the children work.⁸⁷ The film maker believes that the citizens of America can react by writing to their elected congressmen about this serious issue.

In a petition in 2009 by Human Rights Watch, it was revealed that large number of young children are working in US farms. It was also placed that they were working for more than 10 hours a day. They are working in hazardous jobs and are also using dangerous pesticides. As a consequence of their work, they drop out from schools.

⁸⁷ Lesley Lammers. October 27th, 2011. <http://www.foxnews.com/us/2011/03/01/fines-3-movie-theater-companies-child-labor-allegations>.

Recent media release reports that on 5th August,2011, the Human Rights Watch (HRW), a member of US child labor coalition has written to the US secretary of labor regarding child labor enforcement in US agriculture sector. There is a decrease in number of inspections by 9% when compared to 2009 and 2010 figure despite the number of inspectors has increased. The Global March chair Mr. Kailash Satyarathi mentioned that it is an irony that US being a generous donor for global child labor programs, “has not still ratified ILO convention number 138 on minimum age of employment nor the UN convention on the rights of the child.”⁸⁸

Now there is a recent development in Missouri as reflected from news clip, where it is mentioned that, a bill is placed and pushed by Missouri state senator Jane Cunningham which is modifying the existing laws on child labor. “It eliminates the prohibition on employment of children under age fourteen. Restrictions on the number of hours and restrictions on when a child may work during the day are also removed. It also repeals the requirement that a child aged fourteen or fifteen obtain a work certificate or work permit in order to be employed. Children under sixteen will also be allowed to work in any capacity in a motel, resort or hotel where sleeping accommodations are furnished. It also removes the authority of the director of the Division of Labor Standards to inspect employers who employ children and to require them to keep certain records for children they employ. It also repeals the presumption that the presence of a child in a workplace is evidence of employment.”⁸⁹

It is to say that there are changing perception about the child labor laws and the way that child’s rights can be protected. US senator Mike Lee praised a decision by Supreme Court in

⁸⁸Global March Against Child Labor . “Concern over child labor in agriculture in USA.”

⁸⁹ <http://www.libertarianrepublican.net/2011/02/missouri-bill-would-legalize-teens.html>

1918 declaring child labor laws unconstitutional. However this decision was overruled in 1941 by Supreme court. Despite this fact this seems that leaders are of the opinion that there must be something doable that can be sustainable. The present laws even in the US scenario is not doable and not practical.

6.5. What is the rationale behind legalization of child labor in India?

The Hindu reports, it is alleged that the Child Labor Prohibition Act of India indirectly promotes child labor incidences. The report says that “The Child Labor (Prohibition and Regulation) Act, 1986 should be scrapped forthwith. First, it violates fundamental rights of the children guaranteed by the Constitution in Article 24 (that no child shall be engaged in factory or mine or any hazardous employment) and Article 21A (that guarantees free and compulsory education up to the age of 14 years). Secondly, it is not in conformity with the U.N. Child Rights Convention of 1989 and ILO Convention 182 of 1999.”⁹⁰

The report also mentions that though the Act prohibits child labor in specified hazardous occupations (17 in number) and processes (57 in number), that hardly covers 10% of working children. It exempts household occupations . The law is poorly implemented, which is evident when we see huge number of poor children are working in hazardous jobs such as diamond cutting, carpet weaving, gem polishing and so on. Article 24 thus stands violated.⁹¹

Further, it is reported that by indirectly legalizing child labor in other jobs, the act in fact promotes engagement of children in different working sectors compromising their education.

⁹⁰ THE HINDU. Ashok Khandelwal. “Scrap the Child Labour Act of 1986.” December 23,2007.

⁹¹ The Hindu. <http://www.hindu.com/op/2007>

It also encourages 'legal sanction to dropouts.' "The recruitment of thousands of children from the tribal belt of southern Rajasthan for work on cotton fields of Gujarat for BT cottonseed production are testimony to this. The act thus violates Articles 21A."⁹²

The above report in the renowned news paper is a clear evidence that nothing positive could be done in the direction of curbing child labor inspite of the fact that there are laws and a so called monitoring system. The 'right to free and compulsory education' has been implemented 60 years after independence . The official data of children at work as per census shows an increase in number of children at work. The number of children workers in between 5-14 years, increased from 11.3 million in 1991 to 12.7 million in 2001. As per the (2004-05) NSSO data, "the size of the child 'labor pool' (out-of-school children) is to the tune of 45.2 millions, nearly 18 per cent of the total children in the age group 5-14. Thus, almost every fifth child in India stands deprived of the fundamental right to education."⁹³ So the loose efforts and lack of a whole hearted effective systematic approach towards eradication of child labor is seen, despite number of official complacence in the direction.

ILO's urge towards eradication of child labor by 2016 stands to be a myth when in last so many decades we could not curb it. From the Victorian age till today we are finding our economy growing at the cost of child laborers. So there is a need to think in the direction that can converge to a concrete approach in a practical and doable manner.

⁹² ibid

⁹³ NSSO. National Sample Survey Organisation of India.http://en.wikipedia.org/wiki/national_sample_survey_organisation.

6.6. Strategy towards a doable action plan

From the above discussion and the data analysis, it is pertinent that despite all efforts from ILO and Indian government there is no sunshine seen towards eradication of child labor. The magnitude of child labor always suffers from the fact of under reporting. Even if the correct figure is reflected in the reports then also it is increased in 2011 compared to 2001. The huge number of labors in agriculture and domestic work anyway, are left behind. Where to start the issue? Some of the success stories in a non concise manner cannot be a light towards success. There is no strong monitoring on the sweatshops in the states and even if someone is found guilty, he can escape through the loopholes.

Moreover, parents and the child himself are willing to work because of the monetary benefit which can feed the family. Compulsory education in schools with mid day meal program cannot abolish child labor if we see the drop out rates and the corruption in mid day meal issues. The disparity in financial earnings state wise and region wise gives another chance to think that there is no much change in child labor incidences through out the past years.

We have also seen from the data analysis in Indian states that **poverty can not be termed as only necessary cause** to let the child to go to work. It is mother's education (**women literacy**), the **GiNi** coefficient and the **social culture** which get the children to work as child laborers. Because of the wage difference with adults, employers find benefit to employ children. But they are also in the pressure to surrender in the hands of law if it is stringent. The issue becomes whether to sacrifice child's work or to get penalized? Let the employer decide without any prejudice whether adult wage vs. cost of (education + child wage) is profitable to him, whether cost of penal action/loss of image vs declaring child labor

is beneficial to him or whether other countries come forward to ban their product because of bad CSR?

The majority instances of child labor is from the communities of STs, SCs, OBCs or Muslims (minority and backward classes). The concept of ‘craft’ and ‘informal education’ emanates from a biased distinction made, as observed by Prof Weiner, “between children as ‘hands’ and children as ‘minds’; that is, between the child who must be taught to ‘work’ and the child who must be taught to ‘learn’, the acquisition of manual skills as distinctive from cognitive skills.” The manual skills are considered essential for the children of the poor and marginalized placed lowest in the Hindu hierarchy.⁹⁴

India's economic growth can be termed as impressive and in recent years this has changed the benefits in economic and social spheres positively and significantly. But it is also seen that the disparities in income and human development in different parts of the nation are noticeable. “A large section of the population — especially the poor, scheduled castes, scheduled tribes, other backward classes, minorities and women — lack access to the resources and opportunities needed to reap the benefits of economic growth,” says the World Bank in its Country Overview on India.

The GDP growth in India increased to 7.7 per cent in the second quarter of 2011 over the previous quarter. Historically, from 2000 until 2011, India's average quarterly GDP growth was 7.45 per cent. The Reserve Bank of India estimated the GDP growth for this financial year at 7.6 per cent at the end of March 2012. But the growth rate of GDP is not able to reduce the unemployment rate.⁹⁵

⁹⁴ THE HINDU December 23,2007

⁹⁵ The Hindu. <http://www.thehindu.com/business/article>.

“Poverty remains a major challenge though it is declining steadily but slowly,” according to the World Bank. It is reported that as per definition of new official poverty lines, “42 per cent of people in rural areas and 26 per cent of people in urban areas lived below the poverty line in 2004-05. In 2009-10, the combined all-India poverty rate was 32 per cent as compared to 37 per cent in 2004-05.”⁹⁶

The evidences reveals that the phenomenon of child labor does not move a household from poor status to rich. Because from generations a large percentage of poor families remain poor. It is only the fact that poverty is transferred from one generation to another. It is also a matter of fact the child labor incidences are not related only with poverty.

So, here social structure does not allow children to be out of work. The employer is benefited by giving money to parent and escape from penalty even if he employs children in his firms. Despite number of social or governmental programs to eradicate child labor, from many decades, there is no much change (if not increase) in numbers of Indian child laborers. To provide quality schools at the government’s cost is very difficult as the funding is a problem to provide quality education along with the minimum facilities like meal, accessories and sanitation. When a product is banned by US or other government , the children will have to suffer for some time because the issue will be solved after sometime, by managing to enroll these children in some other industry or a partial rehabilitation.

The regression result as in the article “Is spatial Income Inequality Increasing in Philippines?” by Arsenio Balisacan and Nobuhiko Fuwa, provides an important insight⁹⁷ about the issue whether legalizing child labor can serve as a solution towards curbing it. It has been argued that the welfare of a family is inversely related to the number of children.

⁹⁶ The Hindu.31st October.2011

⁹⁷ <http://www.veiledpad.blogspot.com>.

But if there are more household members including children, and they are employed, the family welfare can be increased. In that case child labor will be beneficial. So it becomes a logical conclusion for poor families that the child labor is a means to earning and a practical way **to improve the welfare of the family.** All these children are sweating everyday for survival of the family which in turn benefits the economic growth of the society.

If the phenomenon has some positive points, why we are not seeing it from the other direction? If it is not practicable to eradicate child labor, then why we can not look into it from another angle? By legalizing child labor, there is a possibility that the welfare of the child as well as the family will be enhanced, if the policy is a doable and strategic towards sustainability. “By legalizing child labor, we can even improve the working child’s well being by implementing laws that could guarantee their protection.”⁹⁸ The Supreme Court of India, on Dec 10, 2009 said accusing Government of India, while judging a case, that “Legalize prostitution if you cannot curb it, you can then monitor the trade, rehabilitate and provide medical aid to those involved”. The arguments in the court were that there are a large number of prostitutes in India who are minors. Trading of minor girls is rampant and has increased significantly in recent years. A significant portion of the sex workers in India are at the risk of being HIV positive. The banning of child labor in some cases lead to the fact of harsher life for the girl child like prostitution. The court in this judgment was in favor of the idea that legalization can help in ensuring proper rehabilitation of people engaged in the trade. Legalization of prostitution will also help in avoiding exploitation by the middlemen. It will also help the workers to have access to adequate medical facilities for the treatment of their ailments. It will end the exploitation of minors.

⁹⁸ Arsenio Balisacan and Nobuhiko. “ Is Spatial Income Inequality Increasing in the Philippines?” WIDER. United Nations University.

Finally, It will reduce the criminal and human trafficking activities associated with prostitution.

CHAPTER-VII

7.1 Recommendation

To achieve a sustainable development in a nation, the country primarily is to take care of the rights of its children and women. So the responsibilities towards poor children can not be denied. In a globalizing world, international labor standards are necessary but can be compromised to some extent if it helps to the development of children in the host country. Further, exports may be affected adversely because of the use of child labor illegally.

In India, a number of initiatives and programs were undertaken in last two decades to tackle the problem of child labor. Besides the laws related to child labor, there were acts for ‘free and compulsory education’ of children. The government tried to enforce formal education on the children which was a barrier to the survival of the families. There is a scope of informal education that can be imposed on the working children that will help them to survive as well as get basic education.

Two basic assumptions have defined the framework of the policies which have been undertaken by the government. The first one is that the child labor is a ‘harsh reality’ where the poor parents are compelled to get their children in the labor force to earn money. This is the poverty argument of child labor. The second assumption is that there is a distinction between ‘child labor’ and ‘exploitation of child labor.’⁹⁹ So it is necessary that the laws are modified in a manner that help to avoid implementation flaws and can do something towards reducing the ill effect in a practical way.

⁹⁹ Shantha Sinha . “Child Labor and education policy in India.” The Administrator. July-September 1996.

Towards a doable solution

- It is recommended that the “Child Labor Act” should be replaced with a comprehensive law to universalize free and compulsory equal school education with adequate provisions to ensure that there is no interference in the formal education of any child up to the secondary level.”¹⁰⁰ The agricultural sector constitutes about 60% of child labor and mainly from girl children. The social apathy for a girl’s education is to be handled in a careful manner. This sounds perfect only with the problem of ‘low interference in the formal education.’ It becomes necessary to have a practical strategy and so the policy on child labor Laws should have the following in order to accept child labor’s presence as a fact and to reduce its harms in a gradual way instead of illusion of banning :
 - Make Separation of hazardous jobs(extreme, medium, little) and allow by age as per UNICEF and Allow every child in non hazardous jobs to learn skills
 - Mandate education and nutrition by the employers for children employed
 - Educate the poor about minimum wage standard
 - Define formal wage for a child labor
 - Provision of education on mandatory basis instead of free education that is left optional to parents and strict enforcement on compliance
 - Shift attention from formal to non formal education
 - Provide tax incentive to firms who provides schooling along with works
 - Stringent penal action for violation
 - Strengthen enforcement and monitoring on birth control and child’s education

¹⁰⁰ THE HINDU December 23,2007

As a responsible corporate citizen, the MNCs have to come forward for a better understanding of the issues prevailing in poor countries and to act according to the situation at hand. For its sustainable development and long term performance stability, it is easier for the firms to tackle the child labor issues in a manner where the child's work can be merged with mandatory education or nutrition facilities.

Ethics teaches us what is right and what is wrong and how should we live collectively in a community. It concerns the decision on many people and focuses on social responsibilities. The corporations have to do what is right and what is wrong based on the legality and economics of the child labor issues. Let us look into the ethical foundation of global business. From cultural relativism perspective, intervention in local issues and traditions by outsiders is unethical. From **cultural normativism** perspective, non-intervention in local violation of global standards is unethical. So business is left with two options : (1) it can avoid operating in those countries where poor children work as labor force or (2) it can practice in those areas with moral responsibility and ethical procedures.

Child labor issue in India is so deep rooted that it can not be abolished easily. Kaushik Basu, presently the economic advisor to government of India, opines that implementation of a legislative ban on child labor is only feasible when there is a reason to believe that adult wages will increase because of the ban. 101

Recent news clip in NY Times reflects that in North East India coal towns, many miners are children. Thousands of children even though they are 8 years old, are toiling along with the adults in the coal mines. Despite repeated deaths and accidents, the fate of these children

101 Kaushik Basu. "The poor need child labor"

are not changed. If a MNC is investing in its production factory and engages children who will be in a safer place compared to a coal mine or a brothel, it is better to do so.

There is recent change of perception regarding child labor. Instead of abruptly banning child laborers, it is better to get some social activities from the MNCs so that the children get educated while they work in the factories. For a sustainable strategy, the MNCs are to adopt a changed direction of operation. Instead of forcing the supply chain to get rid of child labor issues, let them face the reality of having child labor in poor countries and make development strategies for these working children.

The MNCs 'code of conduct' directs them to make codes effective to raise awareness about corporate responsibility in the company, help the company to avoid risk, communication among the stakeholders and to enhance the utility and identity among divergent companies. 102

The MNC's social responsibility towards protection of human rights (in this case the child's right of education) can lead to mandatory education facilities for the working children. If we consider the basic human right i.e. everybody's right to life, then these children also have the right to live by any means. The act of parents also justifies in the way that this is the better option than to die or to send children for prostitution.

The consideration of the prevailing law is important because the legal framework in the respective areas will determine the actions undertaken by the MNCs. So the regulations and government's positive attitude is necessary towards the welfare of the under privileged. The direction is to be **towards practical reasoning rather than theoretical reasoning.**

102 Hartman and Desjardins. "Business Ethics: Decision making for personal integrity and social responsibility"

So it is absolutely true that even if the legality issue of child labor is questionable and the perception varies widely from country to country and context to context, but the ethical issue of child labor can not be questioned if we stick to the utilitarian consequences of the effects. Moreover, Amartya Sen's perspective of freedom as a certain basic human qualities, leads to the ideas of providing work that enhances the ability of the workers to exercise core human capabilities. UN also argues that MNCs have responsibilities to respect human rights. The only possible and practical solution to handle it in a sustainable manner is to accept it and provide all supports for social responsibilities towards children.

The question of MNCs supporting the children can be understood from the **sweatshop economics**. First, it is argued that "in the developing countries the notion that productivity is independent of wage is wrong."¹⁰³ The nutrition model enhances the productivity by encouraging good health and less frequent absence of workers. In case of children, if the nutrition model is supplemented by education model that can also enhance the productivity. Secondly, it is also seen that in the poor nations, "MNC can raise wages and can improve the working conditions in the factories, without making unemployment increased."¹⁰⁴ It is argued that "in cases where increased productivity and loyalty do not completely offset increased labor cost, the cost can be passed to the consumers. Mostly the consumers will prefer those items which are produced by

maintaining the human rights issues."¹⁰⁵ Thirdly, it is a fact that profit margins vary among products. "An increase in the labor costs may be absorbed as operating expense." If

¹⁰³ Laura P Hartman. "Perspective in business ethics."

¹⁰⁴ *ibid*

¹⁰⁵ Hartman and Desjardins. "Business Ethics: Decision making for personal integrity and social Responsibility"

the increased labor cost cannot be balanced by any of these three, “it can be balanced by internal cost cutting measures.”

A ‘code of conduct’ for the companies is necessary which should focus on “definition of the desired behavior, communication with stakeholders, compliance with recent and anticipated legislations, financial risk mitigation through a good faith effort to prevent illegal acts and benchmark against which individual and organisation performances can be measured.”¹⁰⁶

There are reasons for MNCs both ethically and strategy wise, to respect human rights and to have healthy working environment. Evidences are there that show that MNCs can work responsibly towards protection of rights of workers, while the overall welfare is not reduced.

So the above recommended policy option is to be implemented along with some activities which are to be undertaken by the society as a whole. These actions will include mass awareness programs about child labor where media is to play an important role. The schools of rich children should have mandatory knowledge about ill effects of child labor so that they can share feeling about peer groups who are engaged in child labor activities to feed themselves. The child labor phenomenon can be reduced in a phased manner when the women are literate and the mother can take care of children’s future in a well defined manner. There is a necessity of a social change towards women education, stoppage of early marriage or even homicide of girl fetus. The population growth can be controlled by women education and this will help in dealing with changing poverty status. These activities go hand in hand and the strict enforcement of practical policies in each of these areas will help to curb child labor in a doable and phased manner.

¹⁰⁶ Hartman and Desjardins. “Business Ethics: Decision making for personal integrity and social Responsibility

CHAPTER-VIII

1.1.CONCLUSION

It is reported that Asia leads the world in the child labor products. In the world, Bangladesh , India and Philippines-these countries have maximum number of products that are made by child laborers. The US government ‘stock-taking of the global scale of under aged labor force’ revealed that about 130 types of products are produced by child’s sweat.¹⁰⁷ India tops the list with its children producing not less than twenty products including bricks, bidis, footwear, fireworks, matches, glass bangles, locks, thread, silk fabric, incense, rice, and soccer balls. India also led a separate list of products made by forced or indentured child labor -- seven types of goods in all, including carpets, embroidered textiles and garments.¹⁰⁸ With such a severe crisis situation, it can not be a strong step towards real challenge by the way of making primary education compulsory for all from 2010. In a country like India, where the monitoring on birth registration itself is a big challenge, how the monitoring on school going children will be done? The incidences are there from years and the trend towards eradication shows a pathetic outcome, despite rules and regulations to overcome the problem. The main reason is that all the legislations being framed are theoretical and not doable or sustainable. Copying ILO’s regulation can never be a practical solution in a country like India where the population burst is so immense and the poverty is so high.

It is estimated that “one out of seven children works as laborer, which is 14% of the children aged 5-14 years. One out of five children, is away from school –that is about 18%

¹⁰⁷ <http://www.haveeru.com.mv/woald>.

¹⁰⁸ <http://www.google.com/hostednews/afp/article.September> 2011.

of the children of primary school going age. It is also seen that 57% of them are girls. There are over 238 million young people living on less than one dollar a day.”¹⁰⁹

As per the (2004-05) NSSO data, “the size of the child ‘labor pool’ (out-of-school children) in India is to the tune of 45.2 million, nearly 18 per cent of the total children in the age group 5 to 14.”¹¹⁰ It is alleged that the Child Labor Prohibition Act of India indirectly promotes child labor incidences.

ILO estimates on the ‘costs and benefits of eliminating child labor’ and says that “economic benefits would outweigh costs by nearly seven to one. Reduction of child labor can help the child’s educational achievements and help reduce poverty.”¹¹¹ This does not include the intangible benefits like social, human and other benefits.

But it is now estimated that “it would cost \$760 billion over a 20-year period to end child labor. The estimated benefit in terms of better education and health is about six times that—over \$4 trillion in economies where child laborers are found .”¹¹² It is estimated that the benefits of eliminating child labor by next two decades will amount to US\$ 5.1 trillion for both developing and transitional economies, where we see the maximum incidences of child laborers.¹¹³

So it is really questionable that whether the urges of ILO to eliminate child labor by 2016 is actually practical or just a myth? It is estimated that the cost of USD 55 billion per year for child labor eradication program in the first decade, is only 11% of the USD 493 billion of ‘global military spending’ or 5.5% of the USD 1 trillion in debt services. During the second decade, the expenditure of USD 136 billion in child labor eradication program,

¹⁰⁹ Global March Against Child Labor. Keep Your Promises. <http://www.globalmarch.org>

¹¹⁰ The Hindu, December 23, 2007.

¹¹¹ Global March Against Child Labor. <http://www.globalmarch.org>

¹¹² ILO, *Investing in Every Child*, 2003.

¹¹³ Global March Against Child Labor. <http://www.globalmarch.org>

amounts to 28% of the annual military expenditure and 14% in debt services.¹¹⁴ Still there is a big question whether this amount can really be spent on elimination of child labor rather than doing international defense or debt services?

The international organizations take their vision towards eradication of child labor without thinking whether this strategy is doable or not. There is a question about the acts of the MNCs regarding the child labor issues. The renowned companies have been accused of using child labor many a times, still there are incidences of child labor in companies and farms even in US. The notion of eradication seems to be non attainable goal until and unless the policies formulated are towards a sustainable direction.

Columnist 'Stephen Chapman' from Libertarian newspaper argues “why it is unconscionable for a poor country to allow child labor? Is it a crime that poor parents willingly send their children to work in a factory and earn for survival? Is it cruel for some MNC to give them a chance?”¹¹⁵ He points out to the fact that “the best way to end child labor is to buy more products that those children produce. This will increase their demand and as they produce more they will earn more.”¹¹⁶ So there will be a chance to improve their poverty and social level. This can benefit the family as well as the nation.

This argument just in the reverse direction of what commonly is thought of, but in a abrupt way without **balancing** of few factors like education of the child or the long term benefit of the family. This argument does provide some insight to the fact that the direction to achieve the vision should be in the other way. Not just saying that it is to be banned and it harms the child but in the way that maintaining child labor in a dignified way of educating the children, can help the society in a large extent.

¹¹⁴Global March Against Child Labor. Keep Your Promises.<http://www.globalmarch.org>

¹¹⁵ <http://www.raincity.com/~williamf/words96.html>

¹¹⁶ <http://www.visitindia.org/HRavenue.pdf>

Eradicating child labor in India, in the line as we are going today, is difficult rather impossible because poverty and illiteracy prevail in states of India mainly in the rural sector and there is huge gap in the wealth, literacy and human index as we see in the state wise figures or in the figures related to the urban-rural discrepancy. It is found that India is the dwelling place for 30% of world's poor. The huge population growth makes it difficult for the government to get one adult in every household employed and earn for the family. The wage rate of formal and informal sectors vary widely. When there are so many issues related to the child labor incidences, it is not possible to eradicate child labor if we only focus on the market economy.

The labor market has its own nature of social welfare and when it comes to the comparison of child labor and adult labor, it will be difficult to discriminate the effects coming from children's sweat or the adult's sweat. Because the inaccuracy of data on child labor itself poses the restriction on calculating the effect of their contribution to economic growth. **The factor of hiding utilization of child labor also poses an indirect restriction on the MNCs about publicly declaring the issue which could have been tackled by the way of declaring the issue with concrete corporate social responsibilities like provision of schooling for these children by the MNCs.**

The activities undertaken by the government agencies or the NGOs lack support from public because of **unawareness**. The role of media in the issue is not at all prominent. There is not enough support from the politicians and there is no wholehearted approach.

To keep a step forward towards eradication program needs that the government is to give assurance on job aspects for at least one poor family member and ensure education for every poor child. But where is the **fund to serve the huge population**? So the need comes

for policy reform in a direction which is to look into the problem from the perspective that is just in the reverse direction in which we are moving. So the whole hearted effort from all sectors of the society is to be organized and started by looking into it in a different way. It's time to get started with no bias.

With the existing regulations having many drawbacks, it is fact that banning child labor or banning import of goods produced by child labor, by developed nations, can never be a doable solution. From the MNC's perspective, for its long term strategic interest it will be better to do positive activities towards children's education and nutrition.

As a business entity, to persue the goal of enlightened self interest, it is to consider about its profit along with social responsibility. The use of child labor is profitable to a business and if it wants to contribute to the society by making children's welfare a mandate, the social welfare will be increased. So from a business perspective, there is nothing unethical when the mandate for a business is to make profits at any cost. But the social responsibilities make a business understand the hard realities of child labor.

For long term sustainable development for both the business and children, it is necessary that the strategy should be in the direction of welfare of the society and satisfaction of the stake holders. The issue of child labor reduces cost of operation, so there is profit margin that increases utility of share holders. Because of low price, the sale is increased that satisfies customers and contractors or retailers. The poor community is benefited as they can have their basic need fulfilled by feeding the family members.

The government action to legalize the child labor with compulsory education/ training by the employers is a strategy which seems to be doable and can be started as a pilot project in any of the states in India where the incidences are in the higher side. This can help poor

families to survive and at the same time make these children educated and self sufficient so that their future is enriched. It will definitely be a do-able solution because there will be no need to hide the facts of using child labor by the MNCs and the parents do not need to hide anything from the enforcement agencies. This will help in rising the wages for the children as well because employment of these children will not be on the mercy of the middleman rather can be dealt by the firm itself without any fear. As the children earn and get educated, in future there will be skilled adults who in turn can take care of the education of their children and there will be a stoppage on the vicious cycle.

There may be apprehension that legalization will lead to apparent moral sanctioning, that in turn will strengthen both demand and supply. But even if that becomes a fact, it will be a better social condition compared to a society with such a deadly disease like the present scenario of child labor. With mandatory education and nutrition which will be provided to all the children by the employers, will in turn make literate and healthy society who can take care of every ill effects on it. The purpose of the public policy is to enhance the welfare of individual and society, so by legalization if that goal is achieved, it should not be questionable.

Let us look in a different way for a sustainable strategic option towards a vision that is long awaited. We can start with some rational decisions that gradually turn the ideas around , in the direction, opposite to the conventional and traditional ideas of banning child labor. Let us just see the effects of legalization in case of some social problems like legalization of prostitution or the legalization of drug use in Netherlands. In case of legalization of prostitution, “Research shows that illegal industries (such as human trafficking) increase with

the legalization of sex works.”¹¹⁷ It is also argued that legalisation of prostitution does expand the sex industry and does not help in protecting women’s health.¹¹⁸ But when in India about 1.2 million children are estimated to work as prostitutes, it can be felt what will be reverse effect of not legalizing and monitoring it. While poverty and lack of employment are two major reasons for children being pushed into prostitution, then legalization can only help in protecting the welfare of the prostitutes and enforcing regulations on the middle-man. Is prostitution unethical? The answer is ‘yes’ when it is exploited in sex tourism or for entertainment of a part of population or spreading the HIV/AIDS among children. The answer is ‘NO’ when a child’s slavery as a prostitute saves rest of the family from suicide or starvation. In Indian scenario, legalization has at least helped the women to be aware of their rights and getting better utility when they are not exploited by the middle-men or the clients. The status of industrial worker helped them to live a comparably dignified life.

The issue of legalization of drug use in Netherlands, though it cannot be compared to the issue of child labor in the similar way, reportedly has effects which lead to negative social consequences.¹¹⁹ It has been argued that Dutch, Swiss, Canadian and Ireland’s experience of legalization has not been satisfactory, and illegal trading has increased. It seems there was a flaw in the law which allowed ‘medical Marijuana’ to be prohibitively costly and also made the consumption process disappointing to the users. In case of child labor issue, the matter is of survival and basic needs of the child while drug use is the case of addiction and not the issue of poverty or malnutrition. So it cannot be directly compared because child labor exists on mutual agreement of the poor family and the employer, they do not have any other choice

¹¹⁷ <http://endhumantrafficking.wordpress.com>

¹¹⁸ <http://www.prostitutionresearch.com/laws>

¹¹⁹ http://www.justthinktwice.com/factsfiction/fiction_drug_legalisation_works.html

to survive. But drug use is only some addiction that is killing the society and so legalizing it with some defective laws may have increased the abuse rates.

The ethical values of a policy decision serve the ends of human well being. So when compared to harsher types of labors like armed conflict, bonded labor or prostitutes, child labor is acceptable in poor countries where the government is unable to provide adult employment in every family or provide support for basic human needs. The implication of accepting child labor in a dignified manner is not only ethical but also economic if we see the long term benefits of the MNCs. The future skilled youth will definitely enhance the productivity and welfare of the society and the improved image and the brand name will increase profit by increase in sales.

So the use of child labor, though on the surface it seems unethical, in practical scenario and contexts, it is not. It is definitely a better childhood for the poor children who thrive to survive in hard realities and it is also a better option compared to prostitution where the basic human rights are not protected. If the MNC employs children in a socially responsible manner, can have impact on their welfare and the employment will be ethical as the ends as well as the principles of ethics will be justified.

Legalization of child labor sounds to be a proper and sensible solution in Indian scenario, when the evils like poverty and illiteracy is massive in India. Though this research gives enough scope for further study in formulation of exact laws and corrective measure of clauses related to relevant legislations, this study will definitely provide some insight towards looking deeper into the problem, and towards finding a doable strategy.

It remains a question whether Indian government will be bold enough to legalize child labor, when ILO convention and international commitments demands that child labor should

be banned and abolished by 2016. But at least if any state government takes the issue as a practical challenge and if legalization is implemented in one area successfully leading to enhanced utility of children and upgraded social status, it can definitely put a step forward towards eradication of child labor. Indian government can take up the success story globally to approach international organizations to agree to doable strategies in poor nations depending on local environments. The political authorizers are to be convinced for the different angle of approach. The children are to be groomed in a healthy manner without sacrificing their childhood. Their labor will be an excellent opportunity for their future growth instead of making their life bitter. We cannot let our precious resources – the children-- go wasted in a filthy and disgraceful manner. Let us hope that this time we act rationally and be practical towards searching a sustainable solution.

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