



Retired at Eighteen: Political Economy of Child Labour in the Textiles and Allied Industries in India

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Cover image: A child worker in a sari factory in Rajasthan. Photo: Getty Images / Christophe Boisvieux

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EXECUTIVE SUMMARY

This report analyses the use of child labour¹ in the textiles and allied industries in India, and the drivers that lead to its prevalence. India, home to one-fifth of the world's children, has the highest rates of child labour: an estimated 33 million children under the age of 18 are engaged in work in various sectors across the country, from domestic service and agriculture, to textiles and mining.

The textiles and allied industries are the second largest employers in India after agriculture, with 40 million direct and 60 million indirect employees. As a traditionally labour-intensive industry—where flexible and low-cost labour has driven growth and pushed India's global competitiveness in the sector—the textiles sector is enabled by the massive use of child labour. The continuing practice of child labour has the potential to jeopardise India's push for incentivising foreign investments into the sector and integrating into global supply chains.

This report seeks to address key facets of the issue and provide holistic policy solutions. It is divided into three sections: Chapter 1 reviews key literature about child labour in India, particularly its causes and impacts. The second chapter provides an analysis of child labour in India within the garment and textile industry, using data from 88 sub-state regions (a collection of districts) covered by the National Sample Survey (NSS) of 2011-2012. The final chapter tests the hypothesis that labour costs are the main drivers of global competitiveness in the textiles and allied industries. This is done through an analysis of NSSO unit-level data from the Enterprises Survey 2015-16, of ten sub-state regions.^a

^a This study was supported by the Children's Investment Fund Foundation, India.

POLICY PRESCRIPTIONS

- ❖ The Ministry of Textiles should reinvigorate and renew the cooperative movement among micro and family-level enterprises, helping the sector reap the benefits of economies of scale.
- ❖ District administrations in areas of high child labour incidence should be sensitised to the issues and catalysed to incentivise parents to send their children to schools.
- ❖ The Ministry of Labour and Employment must explore new ways of implementing anti-child labour laws at the district level. The Ministry of Human Resource Development should expand the reach of scholarships to pull children to schools.
- ❖ The Ministry of Finance and the Reserve Bank of India need to deliver a closer alignment of the Pradhan Mantri MUDRA² Yojana with micro enterprises, and ensure that entrepreneurs are able to avail of loans under the scheme.
- ❖ The Ministry of Human Resource Development should expand the scope of the Right to Education to include higher secondary levels (up to Class 12).
- ❖ The Ministry of Skill Development and Entrepreneurship should target skills training to children in areas with high child-labour concentration so that they can transition to better-paying opportunities.

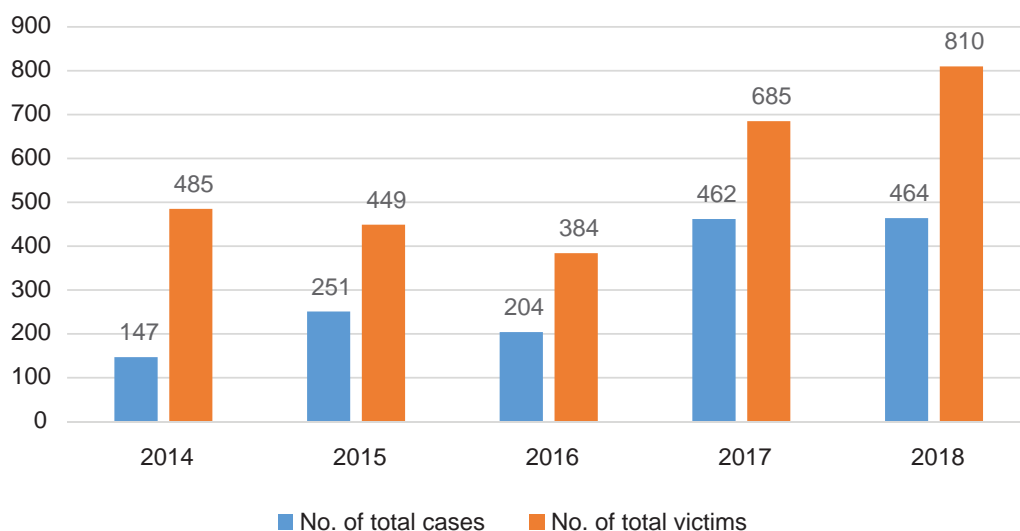
Introduction: Child Labour as a Roadblock to India's Human Capital Accumulation

Child labour deprives the young of their rights and dignity, and robs them of the opportunity to fulfil their full potential. Of the estimated 152 million children under the age of 18 engaged in labour across the world, 73 million are engaged in hazardous work.³ They can be found in a wide array of industries – from domestic service and agriculture, to more hazardous sectors such as mining. India, home to one-fifth of the world's children, has among the highest incidence of child labour: some estimates peg the number of child labourers at over 33 million.⁴ While the number has declined over the years, child labour in India remains in a massive scale and represents the insidious side of not only domestic, but global supply chains.

What compounds India's child labour problem is that a large part of it is considered "legal".⁵ Current definitions of child labour leave children between 14 to 18 in a limbo—they are considered too young to be adults but old enough to be out of school and in low-paying, low-productivity jobs.⁶ These children will remain underemployed and unemployed in their adult life, until they are eventually replaced by younger, cheaper hands; by then, they would not have nurtured any skills to move to other gainful employment. A vicious cycle is perpetuated, whereby fragmented welfare schemes subsidise them for the rest of their lives.

Much of child labour and trafficking is invisible, but the National Crime Records Bureau (NCRB) records cases filed across the country under the Child Labour (Prohibition & Regulation) Act, 1986. An analysis of child labour cases filed in India across the last five years for which data are available shows that the number of cases has gone up from 147 in 2014 to 464 in 2018. The number of cases for which trials got completed also improved over time—from just 10 in 2014 to 78 in 2018. Convictions were made in just three cases in 2014 but the number was 34 in 2018, showing an improvement. The conviction rate, which was 30 percent in 2014, increased to 43.6 percent in 2018.

Figure 1. Child Labour Cases in India (2014-18)



Source: NCRB, Various Years.

As one of the youngest nations in the world with two-thirds of its population below 35, India still has time to reap its demographic dividend. However, there remains a high proportion of children dropping out of school at 14 years—when the protection offered by the Child Labour (Prohibition and Regulation) Amendment Act and the Right of Children to Free and Compulsory Education Act ends. This creates a perverse incentive in the system by creating a vulnerable group of children who could easily be absorbed into the workforce.⁷ The expansion of the Right to Education Act to include compulsory and quality secondary education as suggested in the draft National Education Policy 2019 will result, hopefully by implication, in a revision of the definition of child labour.

Child Labour in India's textiles and allied industries

Child labour in India is widely prevalent in the textiles and garments industry. To begin with, India is one of the world's largest producers of textiles, with the industry generating two percent of India's GDP in 2014-2015.⁸ The textiles industry is diverse, ranging from small household enterprises to large garment plants, and has employees in both the organised and unorganised sector. In fact, it is the second largest employer in the country after agriculture, with 40 million direct employees and another 60 million indirect employees.⁹ It is a traditionally labour-intensive industry, where flexible and low-cost labour has remained a critical factor in maintaining India's global competitiveness and subsequent viability.

The use of child labour is seen as a method of lowering labour costs. As this report has highlighted, children are employed in all stages of the process – from cotton-picking, to finishing the product by embellishment and embroidery. Indeed, children under 14 account for almost 25 percent of the total workforce in India's cottonseed farms.¹⁰ Furthermore, as a considerable proportion of child labour in textiles and allied industries are found to be in household-based enterprises—where regulation and social responsibility is not a major concern—minority and disadvantaged groups are disproportionately affected. Studies have found that child labour is most prevalent in the rural parts of the country and is highest amongst girls, the Muslim community, Scheduled Caste/Scheduled Tribes and Other Backward Classes.¹¹ As this study shows, the proportion is even more highly skewed in the textiles and allied industries, where eight of every 10 child labourers are Muslims.

The data presented in this report breaks the mould of past narratives, in the process highlighting the need for a re-mapping of child labour in India. For example, this study found that the general category population of child labourers in the textiles and allied industries is a considerably high 58 percent, which is in stark contrast to the overall economy where they constitute a much lower 23 percent.

Child Labour and Human Capital

The practice of child labour has significant implications for human capital development and great opportunity costs for India's ability to develop its human resources. While in the short term it may seem that child labour increases household incomes, the practice perpetuates the cycle of poverty through reduced human capital accumulation. As the literature shows, child labour has serious physical and psychological health impacts caused by long hours of work and unsafe working conditions. Children employed in the zari (embroidery) sector, for example, suffer from damaged eyesight and hands by the time they reach adolescence (14-18) from working long hours in rooms that do not have proper lighting.¹²

The health issues are compounded by the lack of education and skills resulting from being out of school. While the figures vary, a UNICEF study on child labour in home-based garment work found that about 71 percent children aged 11 to 14 years were either out of school or working part-time after school.¹³ Indeed, the use of children for their economic output in their most vulnerable stages have immense implications. On a micro level, low levels of health and education will lead to poor-paying jobs in adulthood, which will further increase the chances of their children to be forced into child labour, thereby perpetuating the cycle of poverty.¹⁴ On a macro level, the skills gap created by uneducated children will add to the already high rates of youth unemployment and leave them at the mercy of the welfare system, in turn slowing down India's long-term growth.

Eliminating Child Labour in India: Legal Challenges

If India is to achieve the Sustainable Development Goal (SDG) 8, which calls for the promotion of "sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all",¹⁵ the country must prioritise the abolition of child labour.

To be sure, India has already made significant strides in the fight against child labour. It is signatory to a wide gamut of international conventions and treaties that aim to cease the practice of child labour. Most recently, in 2017, the country signed two ILO conventions concerning the 'Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour' and the 'Minimum Age for Admission to Employment'.¹⁶ With India's ratification, almost all of the world's children are covered by both these conventions, enhancing global efforts on abolishing child labour.¹⁷

However, international treaties and conventions must be translated into domestic legislation, and India's current legislative architecture around child labour leaves a lot to be desired. To its credit, India has passed several laws throughout the last century prohibiting child labour, the most notable of which is the Child Labour (Prohibition and Regulation) Act, 1986. The law, albeit controversial, contained a particular set of occupations and processes where children under the age of 15 were prohibited from being employed.¹⁸

The 2016 amendment to the Act expanded the ambit of the legislation to adolescents (15-18). At the same time, however, the amendment created loopholes that have inevitably ignored the realities of sectors engaging in child labour, especially the garments industry. The amendment prohibits all forms of labour for children under the age of 15 except in the case of family businesses and home-based enterprises. It further prohibits hazardous adolescent labour in only three sectors – mining, explosives, and those occupations mentioned in the Factory Act.¹⁹ There are several caveats to this amendment – the first and most important is that the law ignores the realities of which it seeks to legislate upon. As highlighted above, the highest incidence of child labour in the garments industry is found in home-based enterprises, and estimates suggest that 10 percent of hazardous adolescent labour occurs in family enterprises.²⁰ Second, it assumes that all work is bad work; the presumption is unfounded. Age-appropriate employment in controlled, safe environments that does not interfere with schooling, can provide skills development and be regarded as a normal part of childhood. Third, the ambiguous nature of the legislation not only makes implementation and enforcement extremely difficult, but demonstrates India's legal inefficiencies in addressing the root of the problem.

Furthermore, as argued earlier, eliminating child labour is not a panacea and efforts

must be coupled with a specific focus on human capital development. India's legislative framework has focused predominantly on the nexus between education and child labour and has neglected to address the concomitant health issues. The Ayushman Bharat Pradhan Mantri Jan Arogya Yojna (PMJAY) scheme should bring about changes going forward and be incorporated within the child labour legal framework ensuring coverage and health protection to high-burden areas in particular.

While the new draft National Education Policy has committed to free and compulsory quality secondary education to adolescents, the implementation strategy, yet again, fails to anchor on reality. Access to capital remains a key barrier to eradicating child labour and even within a supposedly 'free' education system, 'fixed private costs' such as transport and study materials cause many families to pull their children out of school.²¹ Furthermore, as highlighted in this report, direct cash transfers to working families are more effective in eradicating child labour than incentives such as mid-day meals. A similar trend can be found in a study of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), which found cases of adolescents working at worksites to supplement family income.²²

The legislative inefficiencies highlighted in the preceding paragraphs have made it clear that it is necessary to view child labour from an economic lens as opposed to viewing it simply as a human rights issue. Eliminating child labour while developing avenues for quality education and health access, and increasing access to capital, can lead to inclusive growth and boost the economic output of the largest youth population in the world.

Child Labour: Creating Cooperatives

Despite the government's shortcomings, its intervention remains key in eradicating child labour. In the context of the garments industry, India has already granted sweeping incentives and investments and the textiles and garments industries currently have 100-percent FDI.²³ Furthermore, the Make in India Programme has several initiatives to develop state-of-the-art infrastructure and upgrade current machinery; create environment-friendly processing units; harness skill development of textile weavers; and assist textile exporters in exporting to specific markets.²⁴ However, these initiatives, again, often fail to address the realities around child labour in India, and its continued practice can jeopardise investments and the Make in India Programme itself, due to the stigma facing employers of child labour amongst global businesses.

To this end, as highlighted in this report, cooperatives can be an effective mediator between governments and enterprises in creating grassroots campaigns and initiatives to eliminate child labour. Cooperatives are member-owned, member-led organisations formed by businesses and local enterprises who create initiatives towards the eradication of child labour. This report has highlighted several such cooperatives that have been effective such as the partnership between European fashion retailer MIGROS and exporters from Tirupur, the hub of knitwear in India, which provides full-day school and meals to children of employees so they do not engage in informal unemployment. RUGMARK is another cooperative which works with loom owners and carpet exporters to curb the employment of children under 14 years. A cooperative approach can improve financing, enhance profitability, create awareness and tackle poverty by bringing down the costs of production. However, as highlighted by the ILO, there is still a dearth of data on the effectiveness of these cooperatives, as many do not have monitoring and evaluation reports.²⁵ Better reporting practices will be key in filling this information gap and facilitate efforts by businesses and enterprises.

Ethical Trading: Harnessing India's Competitive Advantage

As argued earlier, the race to the bottom has placed a special emphasis on finding cheap production costs for the textiles industry to thrive. Indeed, the phenomenon of 'fast fashion'²⁶ has a deteriorating effect on working conditions and gives rise to a situation where children are employed and made to work in dangerous and unhealthy working environments.

Ultimately, this is the result of a gap between the objective of global supply chains to integrate countries like India into itself, and the operational level with problematic or non-existent micro-compliance. The power ultimately vests in global businesses to create transparent and traceable supply chains to curb the use of child labour. Various studies have found that the majority of the global child labour population in the garment sector caters to the demands of consumers in Europe and the United States (US). With increasing awareness of the abuse faced by labourers, large brands are increasingly positioning themselves in the arena of "fair trade", engaging only with ethical suppliers.

India has a significant interest in branding itself as an ethical trader – it does not have the comparative advantage of wages, and cannot compete with countries like Ethiopia and Bangladesh in this aspect. Engaging in fair trade practices, where workers are given decent wages and work in safe and dignified conditions, will not only improve the quality of the fabric, but deviate from India's current position as having a large population of child labourers.

As a corollary, the global demand for man-made fibre (MMF) and fabrics have steadily increased; here, India has comparative advantage. Coupled with doubling-down on its position as an ethical trader, investment in technological innovations related to synthetic fibre and fabrics,²⁷ can ensure that India maintains its viability as a leading player in the garments industry.

To conclude, a preliminary examination of child labour in India highlights the perverse nature in which child labour in the garments sector is subsidising India's inefficiencies—from perpetuating the insidious inequities that run across the country, hindering human capital development, and underscoring its legal inadequacies. The following chapters will further examine the key facets of child labour in India and delve deeper into the causes and impacts of its prevalence, the implications on human capital, and the nexus between labour costs and global competitiveness in the textiles and allied industries.

Chapter I. Child Labour in India: A Review of Relevant Literature

Key Findings

- ❖ India is home to 10.1 million child labourers in the age of 5-14 years, engaged in agricultural sector, hazardous industries, service establishments, and domestic work.
- ❖ Child labour deprives the child of their fundamental rights and hampers their overall growth and development.
- ❖ Child labour is more prevalent in the rural areas and is highest among socio economic categories such as OBCs (Other Backward Castes), Muslims, Scheduled Castes, and Scheduled Tribes.
- ❖ Child labour leads to poor school attendance and higher dropout rates.
- ❖ Poverty and lack of parental education are some of the root causes of child labour. Parents, with little choice themselves given their own lack of education and skills—are forced to put their children in some form of labour.
- ❖ Child labourers suffer from health problems not only related to their own poverty, to begin with, but the poor working conditions as well.
- ❖ Dalit girls (Scheduled Castes) and those from impoverished rural areas are preferred over boys especially for labour in the cottonseed farms and textile spinning mills.
- ❖ Five states—Uttar Pradesh, Bihar, Rajasthan, Madhya Pradesh and Maharashtra—have the highest incidence of child labour in all of India.
- ❖ Uttar Pradesh is the hub of child labour: it employs 22 percent of all India's child labour.

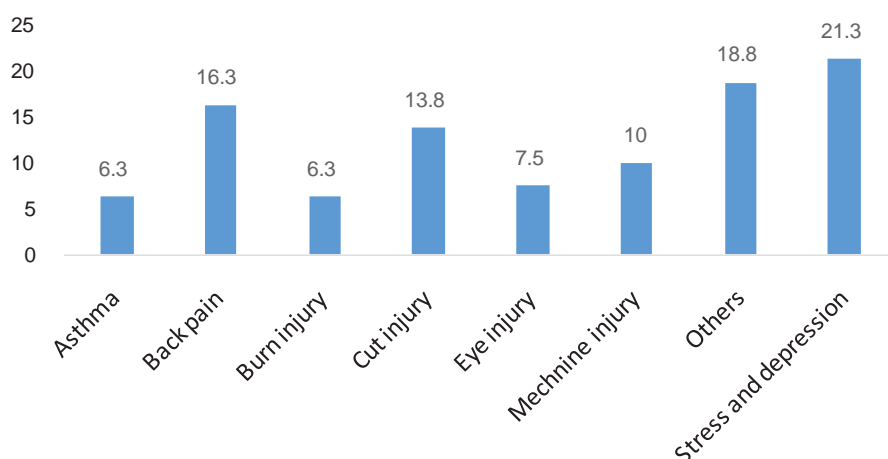
Article 1 of the United Nations Convention on the Rights of the Child defines a child as anyone below the age of 18. According to the International Labour Organization (ILO),²⁸ 'child labour' is work that deprives children of their childhood, their potential and dignity, and which is harmful to their physical and mental development. It refers to work that is mentally, physically, socially or morally dangerous and harmful to children; and interferes with their schooling by: depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work. Child trafficking is prevalent across the globe, especially in situation of extreme poverty and poor families where children are used as cheap, forced or unpaid labour.²⁹ A particular form of work can be called 'child labour' depending upon the child's age, the type, hours of work and the conditions in which work is performed. Child labour is prevalent in various sectors like agriculture, industry and services in varied forms.

Child labour³⁰ is the practice of engaging children in economic activity, whether on a part-time or full-time basis. Various factors³¹ contribute to child labour, primary of which is poverty. Household poverty³² forces children into child labour for both survival and/or to supplement family income.³³ This deprives children of the opportunity to gain education and skills, in turn hampering their social development and further trapping them in a cycle of poverty. Inequality, lack of educational opportunities, slow demographic transition, traditions and cultural expectations all contribute to the persistence³⁴ of child labour in India.

Studies³⁵ across India suggest that child labour deprives children of their fundamental rights, thus hampering overall growth and development. Child labour is a big problem and a rural India study³⁶ shows poor working conditions and lack of education are both cause and consequences of child labour. Due to illiteracy, working conditions for these children worsen as they are not even aware of the occupational benefits that are due them. The ill effects of child labour are many: long hours of work, malnutrition, impaired vision, deformities caused from sitting long hours in cramped over crowded work places, and a host of diseases and injuries.

Child labour is primarily seen in the agriculture sector; hazardous industries/ occupations, small industrial workshops and service establishments; on the streets; and domestic work, which is largely invisible. Child labour is a massive socio-economic problem in India and constitutes 13 percent of the country's entire workforce. The same study of child labour in rural India³⁷ reported more than 70 percent children suffering from health problems (Figure 2).

Figure 2: Health Problems in Child Labour

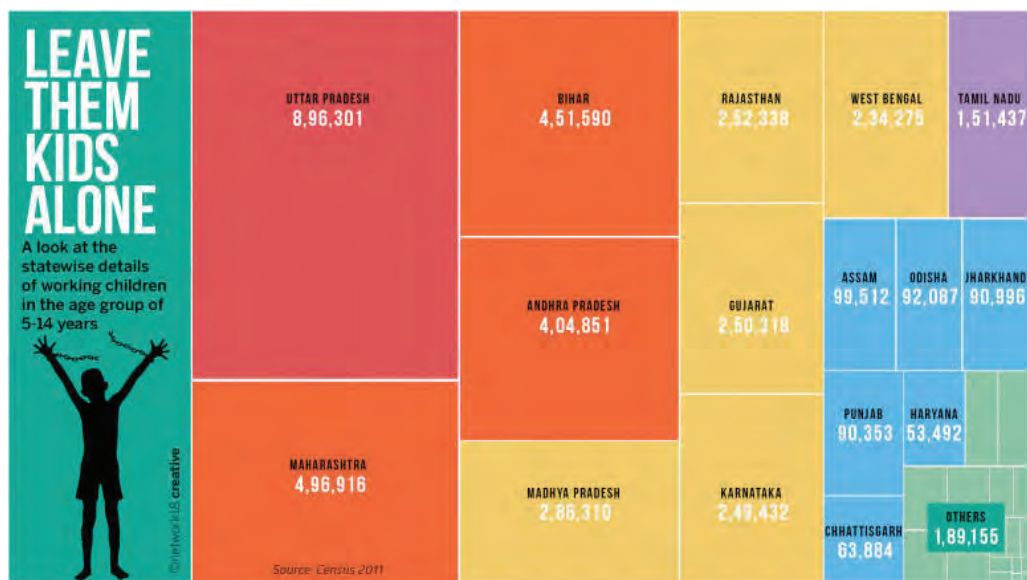


Source: Health 2016, 8:934 https://file.scirp.org/pdf/Health_2016071418110656.pdf

Over the decade since 2001 (12.26 million), there has been a decrease in child labour, and the 2011 census³⁸ reveals that 10.1 million children aged 5 to 14 years work in factories or homes of business owners. A fluctuating trend in the number of child workers has been observed between the census of 2001 and that of 2011. The number of working children in the age group of 5-14 years was 12.7 million in 2001, which has decreased to 10.1 million in 2011. There are more boys (5.6 million) than girls (4.5 million) employed. The 2011 Census revealed 56 percent female child labour participation, an increase from 44 percent in 2001. Rural areas have a greater proportion of child labour (8 million) than the urban areas. However, rural areas have seen a 53-percent decline in child labour, from 11 to eight million, and a 27-percent increase in urban areas, from 1.3 to 2 million since the 2001 census. Child labour is highest among backward classes, such as OBCs, Muslims, Scheduled Castes and Scheduled Tribes.

A sociological study³⁹ of Muslim child labourers in Karnataka's Bidar district has found an increasing incidence of Muslim child labourers in India due to reasons like lower educational and socio-economic status, and large family size. Child labour is most prevalent in Uttar Pradesh (2.1 million) followed by Bihar (1 million).⁴⁰ According to a study by Indian NGO, CRY, there are five states – Uttar Pradesh, Bihar, Rajasthan, Madhya Pradesh and Maharashtra, which are India's biggest child labour employers (See Figure 3).

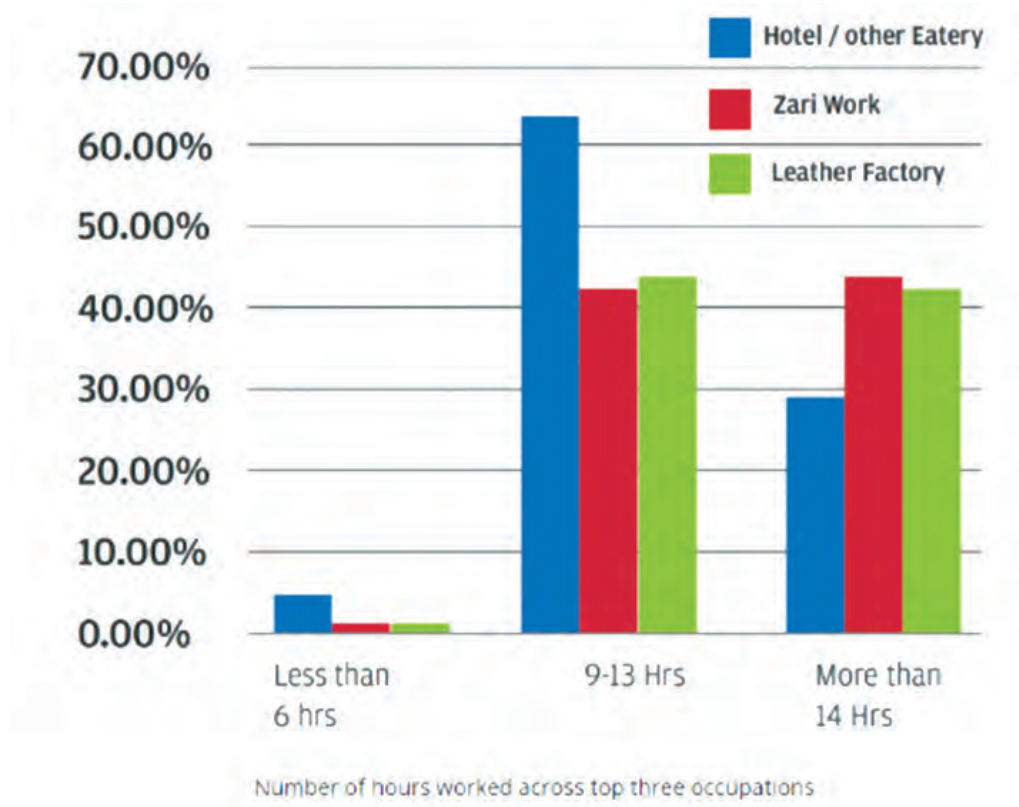
Figure 3: State-wise breakup of child labour in India



Source: CRY 2017

CRY's study also found that the top three occupations where child labour is employed are hotels/other eateries, zari work, and leather factories. The child labourers are made to work for as long as more than 14 hours. (See Figure 4).

Figure 4: Child labour employed across three major sectors



Source: CRY 2017

To be sure, India has made strides in its efforts to curb the incidence of child labour. It persists, however, and children continue to be engaged in the worst forms of labour that are hazardous even for adults: making bricks or quarrying stones. The Bureau of International Labour Affairs found that children⁴¹ aged 5-14 years are predominantly employed in the agriculture sector (56.4 percent) followed by Industry (33.1 percent) and Services (10.1 percent).

The use of child labour in agriculture and hazardous work is a reality in many countries across the world. Agriculture accounts for the majority of child labour, and is a significant employer of migrant child labour who are particularly vulnerable to exploitation.⁴² According to the 2018 list of goods produced by child labour' compiled by the US Department of Labour, in India, for example, child labour is employed in the manufacture of bidis (hand-rolled cigarettes), brassware, cotton, fireworks, footwear, gems, glass bangles, incense sticks, leather goods and accessories, locks, matches, mica, silk fabric, silk thread, soccer balls, sugarcane, thread/yarn, bricks, carpets, cottonseed (hybrid), embellished textiles, garments, rice, and stones.⁴³

Meanwhile, a study by the India Committee of the Netherlands⁴⁴ suggests that almost half a million children—majority of them girls from Dalit and Adivasi (tribal) families—work on cottonseed farms. A case study⁴⁵ from the Indian yarn and textile spinning mills in the state of Tamil Nadu indicates that young Dalit girls are being recruited from impoverished rural areas. It has been found that almost 18 percent of these girls are less than 15 years of age. Children under 14 account for almost 25 percent of the total workforce⁴⁶ in cottonseed farms in India. In Gujarat, which has the largest cottonseed production in India, children account for almost 55 percent of all children employed in the cotton sector. The majority are girls who belong to Dalit and Adivasi families.

According to the NFHS-3 (2005-06),⁴⁷ 12 percent of India's children are engaged in child labour. Nearly one in every eight (12 percent) of children 5-14 years work either for their own household or for somebody else. The work participation rate is the same for girls and boys at 12 percent, although girls are mostly employed for household chores as compared to boys, who work outside the family. More rural children (13 percent) were engaged in work than their urban (9 percent) counterparts. There was considerable decrease in children involvement in paid work or household chores with an increase in household wealth/financial situation and improved family education. Child labour was found to be varying from 5 to 32 percent across states. Gujarat recorded the highest percentage of child labour at 32 percent, and Kerala, Goa, Mizoram, HP and Chhattisgarh each report an incidence of five percent or less. The states with lower incidence of child labour showed higher school attendance. Every fifth child in Gujarat is engaged in unpaid work, whereas in Rajasthan and Arunachal Pradesh, children are engaged in family work.

According to 2001 Census figures, there are 12.6 million working children in the age group of 5-14, out of the total child population of 252 million. A survey by the National Sample Survey Organization (NSSO) in 2004-05 pegged the number of working children at 9.07 million. The 2011 Census reveals that the number of working children in the age group of 5-14 years has further reduced to 4.35 million. It shows that the efforts of the government have borne results. India⁴⁸ is committed to achieving the SDG Goal 8 on decent work and economic growth and targets to take measures to end child labour in all its forms by 2025.

The Government of India⁴⁹ has various legislations in place for the prevention and elimination of child labour (See Table 1.)

Table 1: Legislations for prevention and elimination of child labour in India

	Legislation	Key Provisions
1	The Child Labour (Prohibition and Regulation) Act, 1986	No child below the age of fourteen years shall be employed to work in any factory or mine or employed in any hazardous employment
2	The Child Labour (Prohibition and Regulation) Rules, 1988	No child below the age of fourteen years shall be employed to work in any factory or mine or employed in any hazardous employment
3	The Schedule	List of Occupations & Processes prohibited under the Act.
4	Comments sought on proposed amendments on Child Labour (Prohibition and Regulation) Act 1986	Comments and suggestions on proposed amendments of the Child Labour Act
5	Amendment in the Schedule to the Child and Adolescent Labour (Prohibition & Regulation) Act, 1986	Amendments in the schedule to the Child Labour Act 1986

6	The Child and Adolescent Labour (Prohibition & Regulation) Act, 1986	An Act to prohibit the engagement of children in all occupation and to prohibit the engagement of adolescent in hazardous occupations and processes and the matters connected therewith or incidental thereto.
7	Notification to amend the Schedule (hazardous list) to the Child and Adolescent Labour (Prohibition & Regulation) Act, 1986	Notification to amend the schedule to add hazardous work to the list
8	Standard Operating Procedure (SOP) for Enforcement of the Child and Adolescent Labour (Prohibition and Regulation) Act, 1986	Standard Operating Procedure for enforcement of the Child and Adolescent Labour Act 1986
9	The Child Labour (Prohibition and Regulation) Amendment Act, 2016	An Act to prohibit the engagement of children in all occupations and to prohibit the engagement of adolescents in hazardous occupations and processes and the matters connected therewith or incidental thereto
10	Notification for enforcement of the Child Labour (P&R) Amendment Act, 2016	Notification for enforcement of the Child Labour Amendment Act 2016
11	Notification of the Child Labour (Prohibition and Regulation) Amendment Rules, 2017	Notification on the rules of the Child Labour Amendment Act 2016

Source: Department of Labour, <https://labour.gov.in>

The enactment of the Child Labour Amendment⁵⁰ (Prohibition and Regulation) Act, 2016 and Right of Children to Free and Compulsory Education (RTE) Act, 2009⁵¹ has ratified the ILO convention Nos. 138⁵² and 182,⁵³ which stipulate the minimum age at which children can start work and prohibit hazardous work from hampering a child's health. India is signatory to the United Nations Convention on the Rights of the Child which sets out the civil, political, economic, social, health and cultural rights of children. In 2015, the Government of India amended the child labour law, allowing children below 14 to work in family businesses and the entertainment industry (excluding circuses) to create "a balance between the need for education for a child and reality of the socio-economic condition and social fabric in the country." These definitions are bound to undergo some major revisions. For one, the draft National Education Policy 2019 recommends expanding the scope of the RTE Act to include higher secondary school.⁵⁴

The elimination of child labour and the universalisation of elementary education are regarded as "inseparable processes", and a child-centred approach to child labour not only saves the child from severe exploitation, but ensures a better future.⁵⁵ For India, investing in children and making primary education compulsory can be vital in reducing the incidence of child labour and improving the economy.⁵⁶ Analysts have found an inverse relationship between child labour and the family's literacy levels.⁵⁷ Therefore, investing in the education of children can break the cycle of poverty and help end the practice of child labour.

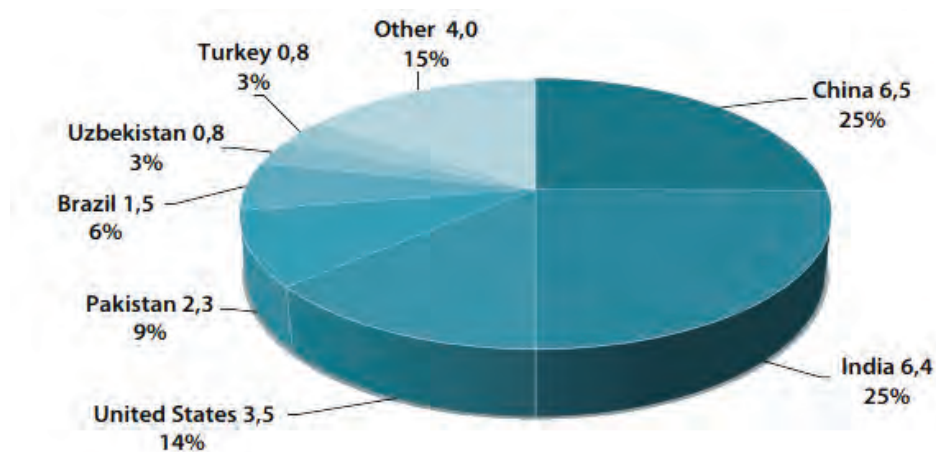
Indeed, child labour has immense economic implications as it leads to the under-accumulation of human capital, in turn influencing economic growth and social development.⁵⁸ Studies also suggest an inverse correlation between child labour and economic growth,^{59,60} and income dominates among all other determinants like family size and education.^{61,62} According to ILO,⁶³ “Short term, child labour increases households’ income; long term, it perpetuates household poverty through lower human capital.” An economic study⁶⁴ on the costs and benefits of eliminating child labour argues for replacing child labour with universal education and enhancing productive capacity for economic benefits.

Child Labour in India’s Textiles and Allied Industries

While the agriculture industry has the highest number of child labour, other industries such as the garments sector are attracting more child workers. India’s garments sector employs about 40 million workers directly and 60 million indirectly, and is the second largest provider of employment, after agriculture.⁶⁵ The vendor units of the garment exporters hire child labour in the garments industry in India. A number of garment exporters sub-contract orders to other smaller units, which have low standards of social responsibility. One of the industries that thrive on child labour across the subcontinent is sequin or zari work. Sweatshop owners prefer to employ children because their thin, nimble fingers can work quicker on intricate ethnic designs. As noted by an Asian Development Bank (2016) Report,⁶⁶ most of the garment production in India is in clusters, which consist of small and medium firms. Major clusters are located in Bengaluru, Delhi-NCR, Kolkata, Ludhiana, Mumbai, and Tirupur.

India is the second largest producer (See Figure 5) for cotton after China, with India and China producing 50 percent of the total volume, with a cotton produce of 6.53 and 6.4 million metre tonnes by China and India, respectively.⁶⁷ Children are vulnerable to being treated as cheap and compliant labour in the cotton industry. The “nimble fingers” myth is particularly relevant to cottonseed production, and for tasks such as weeding. Many studies^{68,69,70,71,72} across India report rise in child labour, especially from lower castes in cotton seed production, and preference for girl child labour for their perceived docility.

Figure 5: Cotton production by countries, 2014-15



Source: ILO 2016

In 2015, Save the Children⁷³ released its report on the prevalence of child labour in the garments industry in Delhi. It notes that child labour in the garments industry is mostly found in the last two tiers, four and five, which comprise the non-factory and unorganised sector of the garments industry. Tier 4 and 5 units are micro-enterprises and owner-operating units, usually unregistered and focusing on a particular outsourced activity such as printing, dyeing, embellishment, tailoring, machine embroidery, and button stitching and button hole-making. Child labour in the garments industry is found in two locales in the unorganised sector – households (87 percent) and in addas/ small units (13 percent).

An analysis of the household profile of children engaged in home-based labour indicates that they belonged to households where the head of the family worked as an unskilled labour or daily wage earner. Only a few (one percent) mentioned that their household head worked in a garment-manufacturing unit. Women in such households were usually restricted to household work and did not engage in any employment; some women reported being engaged in garment-related activities within their home to supplement the household income.

Geographical Spread

According to a report⁷⁴ on child labour in the fashion supply chain, India has rampant child labour in the textiles and garments industries (See Figure 6). As per Census 2011, Uttar Pradesh emerged as India's biggest hub of child labour in terms of magnitude, as it accounted for almost 22 percent of India's child labourers. As a proportion of the total workforce in the state, child labour in Nagaland accounted for 6.5 percent, Uttar Pradesh 3.3 percent, Bihar 3.1 percent, and Rajasthan 2.8 percent.

Figure 6: The spread of child labour across fashion industry



Source: Centre for Research on Multinational Corporations (SOMO)

An analysis of the increase in child workers vis-à-vis the growth in child population shows that Nagaland and Himachal Pradesh have an increasing incidence of child labour. This was despite the fact that child population in both these states declined by 1.1 percent and 0.7 percent per annum, respectively, between 2001 and 2011.

There are urban hotspots of child labour across India,⁷⁵ with Uttar Pradesh in the lead with an incidence higher than 6.2 percent. Such trends denote that child workers continue to be engaged in industries that are known to employ them in large numbers. These include the footwear industry of Agra, glass industry in Firozabad, the silk-weaving industry in Varanasi, zari industry in Bareilly, the handmade carpet industry in Mirzapur-Bhadoi, and the lock-making industry of Aligarh.⁷⁶ In Rajasthan, the hotspots of child labour are the tourism industry in Pratapgarh, Dhaulpur, and Banswara, and the trade industry in Jalor. Traditionally, the gem polishing industry is another primarily home-based industry that employs child labour. In Maharashtra, West Bengal and Gujarat, child workers are highly concentrated in the sectors of agriculture, forestry, and fishing. In the erstwhile state of Jammu and Kashmir, famous for carpet weaving, which is rooted in tradition, most children are employed in the handloom and handicraft industry.

At the district level, 32 districts had more than 8.9 percent of child workers. Among them, the majority of districts were located in the states of Himachal Pradesh (Chamba, Kullu, Mandi, Hamirpur, Sirmour and Kinnaur), Nagaland (Mon, Zunheboto, Tuensang, Longleng and Peren), Rajasthan (Dhaulpur, Jalor, Banswara and Pratapgarh), and Chhattisgarh (Jashpur, Janjgir-Champa, Bastar and Bijapur).

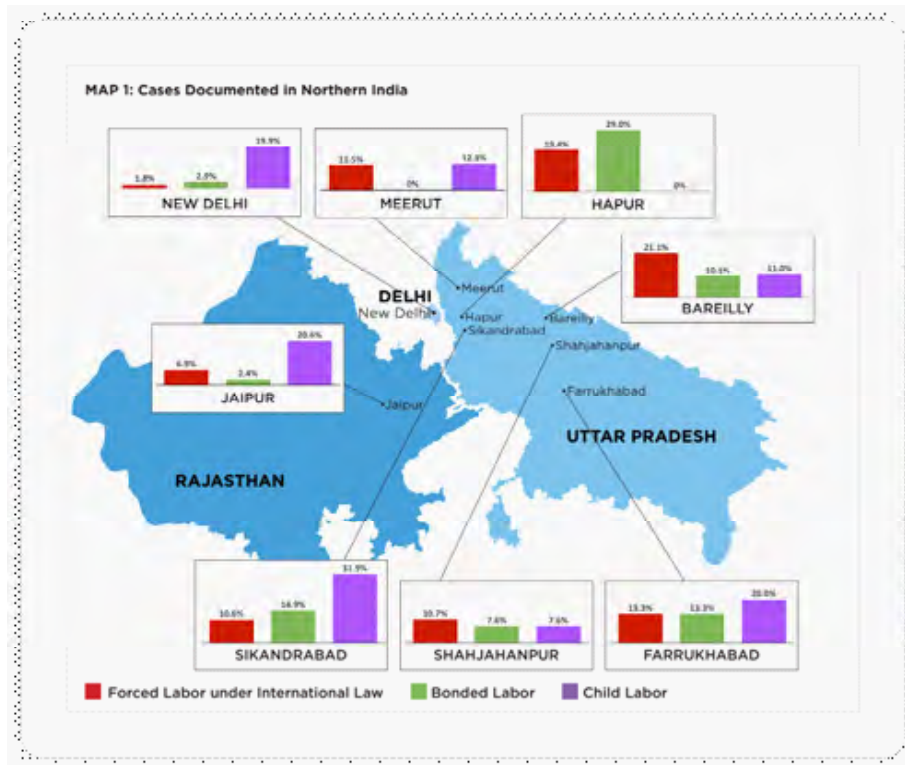
A study on child labour⁷⁷ showed that it exists almost entirely in the embroidery and embellishment tasks of garment production, either as part of home-work or in household-based enterprises. Another study⁷⁸ from Delhi-NCR region's garment sector showed that child labour from below-poverty income families are involved in the production process. Children are brought to work after school hours as helpers and end up dropping out of school to become full-time workers. According to a UNICEF working paper⁷⁹ on child labour in home-based garment work, about 71 percent children aged 11 to 14 years were either out of school or working part-time after school. Their working hours ranged from four to seven hours and 18 percent suffered from health ailments directly attributable to the home-based work.

A recent investigation⁸⁰ into the conditions of work for women and girls in India's home-based garment sector documented over 15 percent prevalence of child labour and many cases of bonded labour. A total of 17.3 percent child labour was found with higher (19.1 percent) in northern region and 11.2 percent in the Southern region. Crucially, only 33.6 percent child Labourers in the north attended school as compared to 91.9 percent in the south. It was found that almost 99 percent of child labour were Muslims and from the Scheduled Caste community. The wages were also found to be low in many of the cases documented.

Towards a Child Labour-Free India

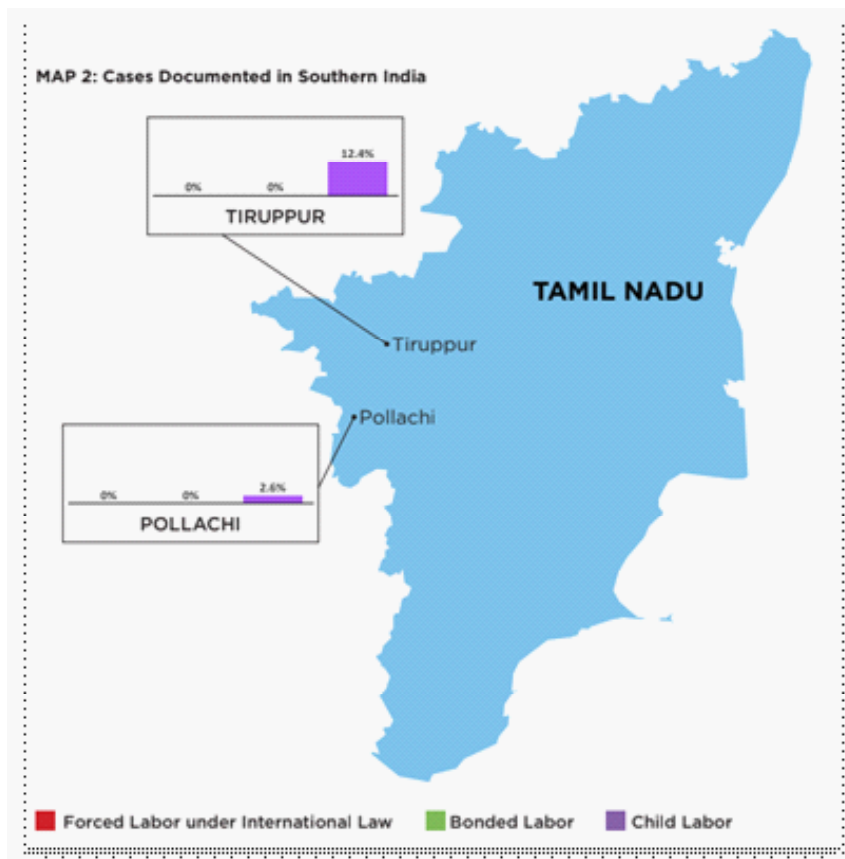
Cooperatives⁸¹ can address child labour through awareness generation of their members and the communities. They can work with local governments to eradicate all forms of child labour by incorporating the goal in their campaigns and educational initiatives. Many cooperatives in India have been successful in reducing child labour, such as MIGROS, Sewing Cooperative, Co-optex, Chanderi, and the Cooperative Bank.

Figure 7. Percentage of child labour in North India



Source: *Tainted Garments* 2019

Figure 8. Percentage of child labour in South India



Source: *Tainted Garments* 2019

The European fashion retailer MIGROS, in partnership with apparel exporters from Tirupur, the knitwear capital of India, provides all-day school meals to children so that they do not find it a necessity to engage in informal employment. The children are provided vocational training so that they are ready for gainful employment. Increased school participation, sensitisation and mobilisation of community on issues of child labour and awareness generation has helped reduce child labour in the sporting goods industry. A cooperative of traditional handloom weavers⁸² imposes a fine on contractors that use child labour and adding them to a three-year blacklist. RUGMARK,⁸³ an international initiative, works with loom owners and carpet exporters in India towards the commitment to not employ children under 14 years of age.

There is enough evidence that the main push for child labour is poverty. This means that the task of eradicating child labour calls for a holistic approach where governments and communities work together.⁸⁴ Case studies from India⁸⁵ have shown that in case of individual industries employing children, government interventions play an important role. The combined efforts of the labour and education departments, which calls for punishment for violating the law and incentive for children to study have proved successful in recent years.

An analysis on the impact of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGS) on child labour shows an adverse association: there is more likelihood of child labour in households participating in MGNREGS. However, there is seasonal and programme impact on the child labour use—there is higher incidence of child labour during peak agricultural seasons and, as mentioned earlier, among families in the guaranteed-employment programme.⁸⁶ A study on the access to employment programme and its impact on child outcomes shows decrease in the likelihood of households choosing child labour, and the reduction is 13.4 percent in case of boys as compared to 8.1 percent for girls.⁸⁷ According to another study,⁸⁸ a key contributor to forced labour in the Indian garment industry can be attributed to neoliberal trends of capitalism. A case of bonded and forced labour⁸⁹ in the textile and garment sector in Tamil Nadu is the Sumangali scheme, portrayed as an opportunity for young, single women to earn a living, and at the same time, save up for their marriage expenses, while living away from their families in company-controlled hostels.

A study on the Mid Day Meal Scheme and incidence of child labour suggests direct cash transfers to working families instead of mid-day meals as a more effective way to eradicate child labour.⁹⁰ However, another observation concludes that the provision of mid-day meals or food for education subsidy can reduce child labour.⁹¹ In 2017, the Government of India launched 'towards child labour free India',⁹² the standard operating procedure for enforcement of the child and adolescent labour Act for effective monitoring and enforcement. An initiative by the Rajasthan Government called 'Child Labour Free Jaipur'⁹³ is ensuring to have child labour free products (See Box 1). The Ethical Trading Initiative⁹⁴ follows the conventions of the ILO and labour practice, works on tackling child labour in India.

Box 1: Child Labour-Free Jaipur

Since July 2018, Child Labour Free Jaipur has been intervening at multiple points throughout the web of events that lead to child labour, including on-the-ground work in Bihar source districts and Jaipur destination neighbourhoods where the workshops operate. Alongside the business and neighbourhood interventions, a key component has been to strengthen the legal system so that employers using trafficked children can no longer operate with impunity.

Since 2018, with the backing of all the key government departments, CLFJ took multiple actions to strengthen prosecutions that led to fundamental change:

- Bringing children back from Bihar to testify
- Strengthening the resolve and capacity of Public Prosecutors and Judiciary
- Helping during case proceedings:
- Building vigilance among statutory oversight bodies
- Child labour cases are consolidated to 6 child-focused courts
- Protecting child witnesses giving testimony
- Strengthening evidence collection and testimony in future
- Increasing counselling for children

Source: <http://www.clfjaipur.org/>

An evaluation by World Bank on various conditional cash transfer programmes from Latin America, has found it to be an effective means for promoting human capital accumulation among poor households and reducing child labour. Child health and nutrition also improved as a result of the conditional cash transfer program.⁹⁵ A study on the effectiveness of alternative non-trade policies on the incidence of child labour calls for subsidies in education, in order to increase the school enrolment rate to control or restrict child labour. Another effective strategy is improving adult literacy rates.⁹⁶ Social protection measures or non-trade policies to support families with access to education and health care are useful in combating child labour.⁹⁷

A study from West Bengal on the magnitude of child labour among the Muslim shows significant decrease after the implementation of Sarva Shiksha Abhiyan and RTE Act 2009.⁹⁸ Child labour-free product labels can work to reduce child labour, but it is dependent on the credibility that labelling agencies have with consumers.⁹⁹ A study of the labelling initiative on child labour in the carpet industry has found a positive impact, with decrease in child labour for the looms registered under the labelling programme to that of the non-labelling, from 16-17 percent to 23.92 percent respectively.¹⁰⁰ Another study from India and Nepal on child Labour in carpet weaving labelling of tradable products like carpets which have been produced without child labour suggest a positive link between labelling of carpets produced without child Labour and the removal of child Labourers and an increase in welfare of children and their families.¹⁰¹

Key Recommendations

- ❖ Adopt a cooperative approach to engage with the textiles and allied industries to improve financing, and enhance techniques that boost productivity, profits and reduce poverty, a key determinant of child labour.
- ❖ Undertake a comprehensive study in regions with high burden of child labour to examine the decadal impact of the RTE Act 2009 on the national prevalence of child labour in textiles and allied industries, including the impact of mid-day meals and other incentives on school attendance and the incidence of child labour.
- ❖ Social determinants and infrastructural bottlenecks that complement a high incidence of child labour like health problems, food intake, immunisation, access to motorable roads, access to water, caste- and religion-based disadvantages, school enrolment, and access to electricity and fuel should be identified and addressed.
- ❖ Organise consultations with key stakeholders engaging with various 'ethical trade' and 'child labour-free India' efforts, as well as localised initiatives like 'Child Labour Free Jaipur' needs to be organised by the Ministry of Textiles.
- ❖ Evaluate the feasibility of Conditional Cash Transfers (CCTs) in regions with a high burden of child labour in the textiles and allied industries, to incentivise families to send their children regularly attend school. These CCTs can be partly financed by Human Capital Funds channelling CSR resources. Any child from eligible minority communities with a history of child labour should be automatically included in the recently announced scholarships.¹⁰²

Chapter II. Retired at Eighteen: What We Know about Child Labourers in India's Textiles Industry

Key Findings

- ❖ All the 88 sub-state National Sample Survey regions in India report incidence of child labour (5-17 age group) in the latest available employment data (2011-12). In the textiles and allied industries, only 42 out of these regions report child labour.
- ❖ A total of 12 million children (5-17) work across India, in agriculture, services and industry. This is more than the population of a country like Belgium. Almost nine million of these are boys, and three million are girls.
- ❖ Northern Chhattisgarh has the lowest estimated number (137), and Eastern Uttar Pradesh has the highest number (820,130) of child labourers in India. Assam, Chattisgarh, Goa, Kerala and Pondicherry have considerable presence of units of textiles and allied industries, employing more than 20,000 labourers, but have zero child labour.
- ❖ For every woman in India's workforce, there are 3.5 men. Among child labourers, for every girl, there are 2.7 boys. Among child labourers in the textiles and allied industries, for every girl, there are 1.9 boys.
- ❖ Within the overall Indian workforce, 10 percent are Adivasis (Scheduled Tribes), 19 percent are Dalits (Scheduled Castes), 43.4 percent belong to other backward castes (OBC), and 27.5 percent belong to the general category. 12.4 percent of child labourers in India are Adivasis (Scheduled Tribes), 24 percent are Dalits (Scheduled Castes), 41 percent belong to other backward castes (OBC), and 23 percent belong to the general category. Of all child labourers in the textiles and allied industries, only 1.5 percent of child labourers are Adivasi, 4 percent are Dalit, 37 percent are OBC and a very high 58 percent are of the general category.
- ❖ 83 percent of Indian workers are Hindu and 12 percent are Muslim. At the same time, of all child labourers, 71 percent are Hindu (8.3 million) and 25 percent are Muslim (2.9 million). Among the child labourers in the textiles and allied industries, 19 percent are Hindu (160 thousand) and 80 percent are Muslim (690 thousand). 23.4 percent of India's Muslim child labourers are working in textiles and allied industries alone, and this partly explains the 58 percent child labourers within the sector being in the general category.
- ❖ Five out of the 42 regions that report child labour within the textiles and allied industries have more than 50,000 working children. Together, these five regions account for 70 percent of child labourers in the textiles and allied industries. All these regions are within only two states: West Bengal and Uttar Pradesh.
- ❖ About 34 percent of child labourers in textiles and allied industries in India – one of every three child labourers—are from a single region: the Southern Plains of West Bengal consisting of three districts: North 24-Parganas, South 24-Parganas, and Kolkata. The Southern Plains consists of 8.5 percent of India's workforce in the sector, but 23.3 percent of these workers are children.

Introduction

The Government of India's National Plan of Action for Children, titled Safe Children- Happy Childhood, found using Census data that the country has some 33 million children under the age of 18 years active in the labour force. These working children comprise an astounding nine percent of India's total child population. Approximately 80 percent of them are in rural areas, mostly engaged in agricultural activities, according to the Census data.¹⁰³ The National Child Labour Project Scheme (NCLPS) was launched in 1988 to rehabilitate child labourers. A revamped National Child Labour Project Scheme (NCLPS) was launched in 2016, which aimed at eliminating all forms of child labour, not just in the hazardous occupations.¹⁰⁴ The Union Home Minister Shri Rajnath Singh launched the Platform for Effective Enforcement for No Child Labour (PENCIL) Portal at the National Conference on Child Labour organised by the Ministry of Labour and Employment, Government of India in 2017.¹⁰⁵

Successive governments following the country's independence have advocated for ending child labour and establishing compulsory education. Seventy years since, the country has been more successful in the education goal and less so in eradicating child labour. In the context of free and compulsory education for children, the Constitution defines the age of a child as 14 years. While the government of India has prohibited employment of children between 14 and 18 only in hazardous occupations, this study takes the broader definition of child labour to include adolescents (under 18). After all, the ability of India to realise its demographic dividend is hinged on its investments in children, including the adolescents.

The Right of Children to Free and Compulsory Education Act, 2009 (RTE Act) which came into force in April 2010, gave every child six to 14 years of age the right to free and compulsory education until the completion of elementary education. The new draft National Education Policy makes it more clear by stating that the availability of free and compulsory quality secondary education (Grades 9-12; typically ages 14-18) will soon be included as an integral part of the RTE Act to ensure that, by 2030, all students enrol and participate in quality school education through to Grade 12.¹⁰⁶ This will mean, by extension, that it is only a matter of time before the age of what is legally considered as a "child" is defined in India as 18 years, and definition of "child labour" will be changed accordingly.

The National Policy for Children 2013 and the United Nations Convention on the Rights of Child recognise that a child is any person below the age of 18.¹⁰⁷ With RTE and Child Labour laws becoming compatible to this broader definition, India will cover a major gap between policy and programmes.

Box 2: Definition of Child Labour

The definition of the term 'child' depends on the definition of 'age', which has a historical timeframe and socio-cultural context. The United Nations Convention on the Rights of the Child defines a 'child' as "any person who has not reached the age of eighteen unless a different age of maturity is specified in any country's law, applicable to the child". The subject 'minimum age for admission to employment' is discussed in different ILO Conventions. According to Article 2 of the ILO Convention No.182, the term 'child' shall apply to all persons under the age of 18. As per Article 24 of the Constitution of India, no child below the age of 14 years is to be employed in any factory, mine or hazardous work. In the context of free and compulsory education for children, the Constitution defines the age of a child as 14 years. The Child Labour (Prohibition and Regulation) Amendment Bill, passed by Parliament on 22 July 2016, prohibits employment of children below 14 years completely and prohibits employment of adolescents (14–18 years) in hazardous occupations/processes.

Source: Samantroy, E., H. R. Sekar, and S. Pradhan. "State of child workers in India: Mapping trends." Study jointly commissioned by VV Giri National Labour Institute and UNICEF (2016).

Methodology: Selection of ten NSS Regions

This study takes a broad definition of child labour including adolescents (aged under 18), whereby the number of persons in the labour force under the age of 18 were estimated at the NSS region level. Numbers and percentages were estimated using usual status (US)¹⁰⁸ by considering principal activity alone, and those children reporting subsidiary activity alone are not included in the analysis. As ILO (2014) observed, while interpreting the numbers, it needs to be kept in mind that the analysis does not fully capture the group of children combining school and work, resulting in a substantial underestimation of children's overall involvement in child labour and employment.¹⁰⁹

Ten regions were selected for further analysis, following an initial analysis of NSS data (2011-12 as well as 2015-16) on geographical distribution of industry and on child labour prevalence in India, and more specifically in the textile and wearing apparel, and cotton industries. Two each of these regions were from Uttar Pradesh and West Bengal. The remaining six regions were from Bihar, Gujarat, Jharkhand, Maharashtra, Rajasthan and Tamil Nadu.

Selection Criteria

Using NSSO unit-level data analysis, ten sub-state regions have been selected across India based on the following four criteria:

The absolute number of labourers in the age group between five years and less than 18 years in the textiles and allied industries (more than 5,000) is considered in selecting these sub-regions.

Also considered in the selection are the regions where the number of labourers in the age group five to 18 within the textiles and allied industries, as a proportion of the total workforce in these industries, is higher than national average.

Regions where the proportion of workers from textiles and allied industries within

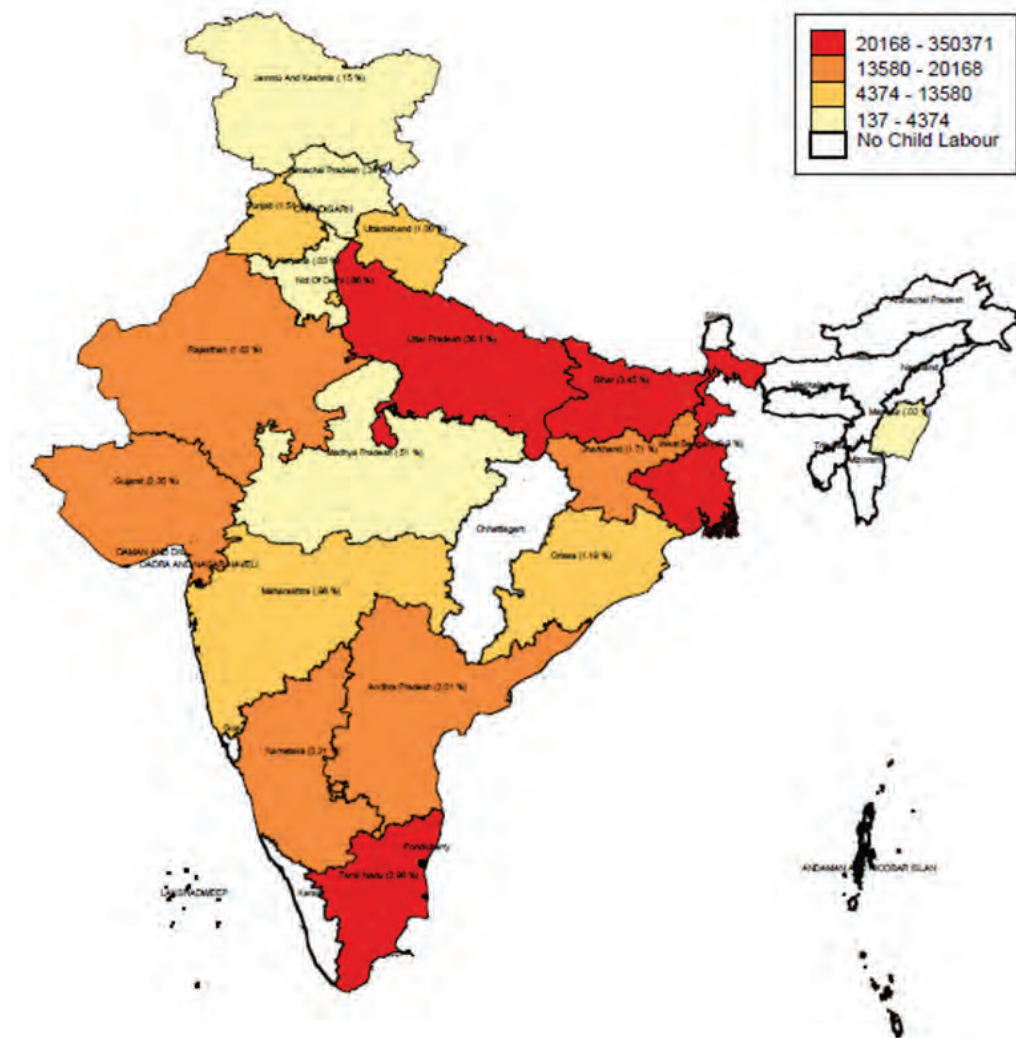
the total workforce is higher than national average, are also considered. This is to make sure that focus is given on areas that have a concentration of textiles and allied industries.

Selection is also done to ensure that all regions are represented as far as textiles and garments industries are concerned.

Prevalence of Child Labour Across India: An Overview

Of the 88 sub-state regions in India, all report child labour (5 -17 age group). However, when it comes to textiles and allied industries, only 42 out of these regions across 19 states and UTs report child labour (See Map 1). States and Union Territories like Andaman & Nicobar Islands, Assam, Arunachal Pradesh, Chandigarh, Chhattisgarh, Dadra & Nagar Haveli, Daman & Diu, Goa, Kerala, Lakshadweep, Meghalaya, Mizoram, Nagaland, Pondicherry, Sikkim and Tripura report zero incidence of child labour in the textiles and allied industries. Of these, Kerala, Assam, Chattisgarh, Goa and Pondicherry have considerable presence of units of textiles and allied industries- defined here as employing more than 20,000 labourers each.

Map 1

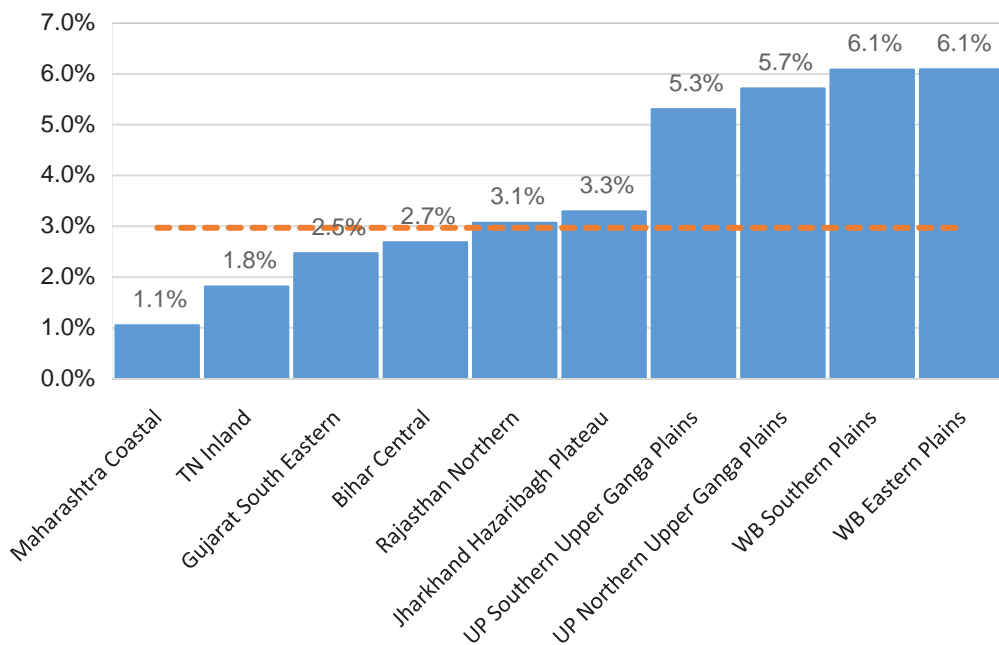


Source: NSSO (2011-12)

Overall Child Labour Situation in India

NSS data on employment show that close to 12 million children (5-17 years of age) work across India in the areas of agriculture, services and industry. Under nine million of these are boys, and three million are girls. Of all the regions, Northern Chhattisgarh has the lowest estimated number (137), and Eastern Uttar Pradesh has the highest number (820,130) of child labourers in India. The reason why seven percent of India's child labourers are from Eastern Uttar Pradesh is also because the region consists of 27 districts accounting for five percent of India's workforce. The presence of child labourers across the regions under study differed considerably as Figure 9 shows.

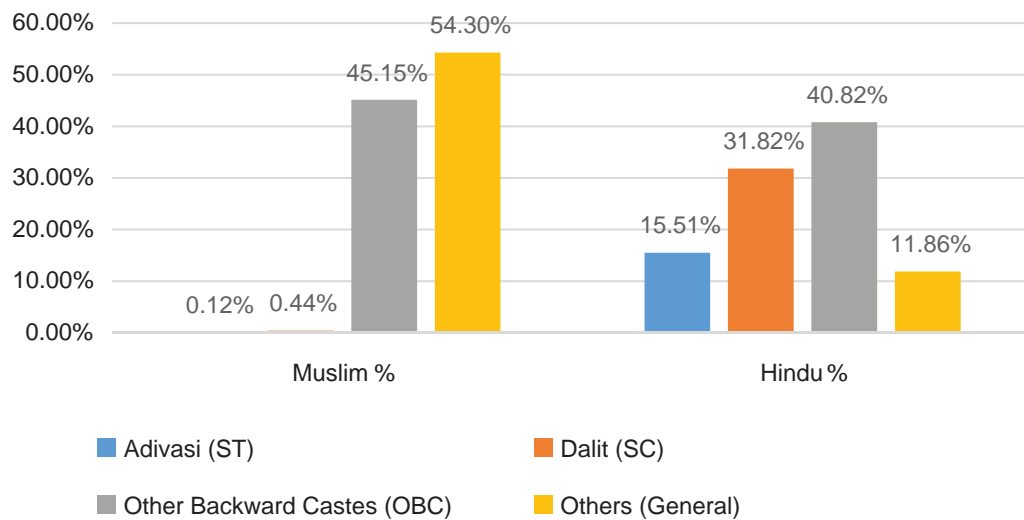
Figure 9. % of children in overall workforce



Source: NSSO (2011-12)

Data show that three percent of Indian workforce are children below 18; that proportion translates to 11.8 million. For every woman in the Indian workforce, there are 3.47 men, and among child labourers, for every girl, there are 2.74 boys. More than eight of every 10 (83 percent) of Indian workers are Hindu and 12 percent are Muslims. At the same time, among all child labourers, 71 percent are Hindu (8.3 million) and 25 percent are Muslims (2.9 million). There are half a million child labourers who are from all other religions put together. More than 12 percent (12.4 percent) of child labourers in India are Adivasis (Scheduled Tribes), 24 percent are Dalits (Scheduled Castes), 41 percent belong to other backward castes (OBC), and 23 percent, the general category. This is significant: for the overall workforce, only 10 percent are Adivasis, 19 percent are Dalits, 43.4 percent belong to OBCs, and 27.5 percent, the general category. It is noteworthy that the standard categorisations can be misleading when it comes to child labour, as a very high 59 percent of those who are grouped under the general category are Muslims. Out of a total of about 2.7 million child labourers under the general category, 1.6 million are Muslims (See Figure 10).

Figure 10: Caste-composition of child labourers within major religions



Source: NSSO (2011-12)

There are stark regional variations in the way child labour is distributed across the country: there are nine NSS regions that report a proportion of child labourers higher than five percent of their overall workforce. These regions comprise 14.6 percent of India's workforce, but also 28.6 percent of the country's child labourers. Three of these regions are in Uttar Pradesh, two each are in West Bengal and Gujarat, and one each are in Odisha and Rajasthan. More than seven of every 10 (77 percent) of these 3.4 million children are boys.

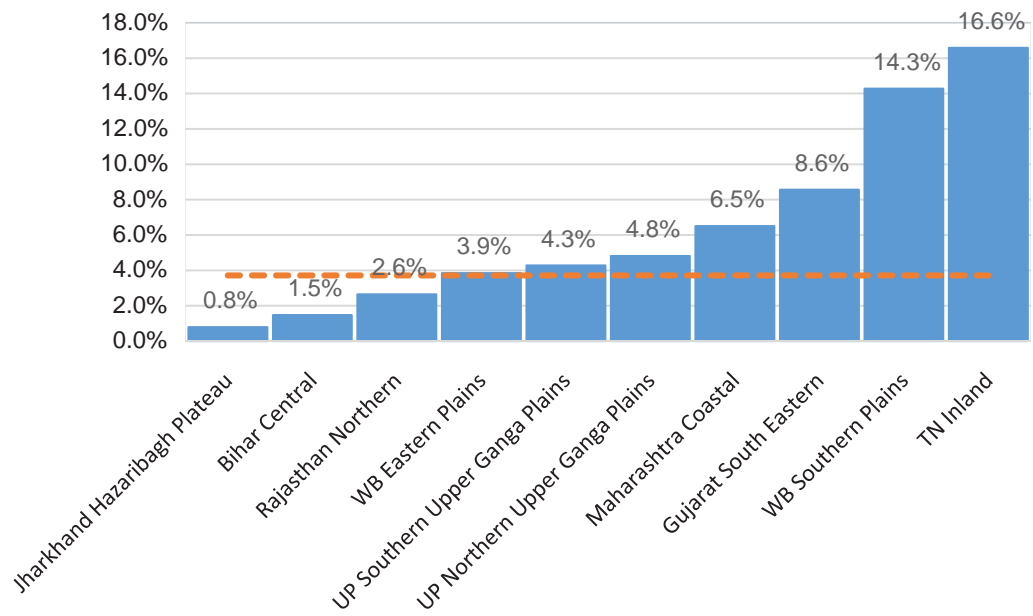
None of these nine regions report more girls than boys among child labourers. Indeed, out of all regions across India that have significant presence of child labour, only a handful—Andhra Pradesh, Gujarat, Odisha and Rajasthan—report more girls than boys among child labourers.

Child Labour in the Textiles and Allied Industries across India

A total of 14.7 million Indians of all ages work in the textiles and allied industries across India, comprising 3.7 percent of the total workforce. Seven out of 88 NSS regions report more than half million workers in this sector. These regions are spread across Uttar Pradesh (two regions), West Bengal (two regions), Maharashtra, Tamil Nadu and Gujarat. Between these regions, 41.8 percent of workforce of the Indian textiles and allied industries are covered. More than six of every 10 (67 percent) of the workforce in the textiles and allied industries are male and 33 percent are female. Figure 11 shows the proportion of workers within the textiles and allied industries across the ten study regions.

About a million (.86 million) of workers within the Textiles and allied industries across India are children, comprising of 7.3 percent of all child labourers across the country and 5.8 percent of overall workforce, almost double the proportion for the overall economy. 42 out of 88 NSS regions report child labour within this sector. Five out of these 42 regions report more than 50,000 child labourers. Together, these five regions account for 70 percent of child labourers in the Textiles and allied industries of the country. All these regions are within two states: West Bengal and Uttar Pradesh. About 34 percent of child labourers in this sector in India – one of every three child labourers—are from a single region: the Southern Plains of West Bengal consisting

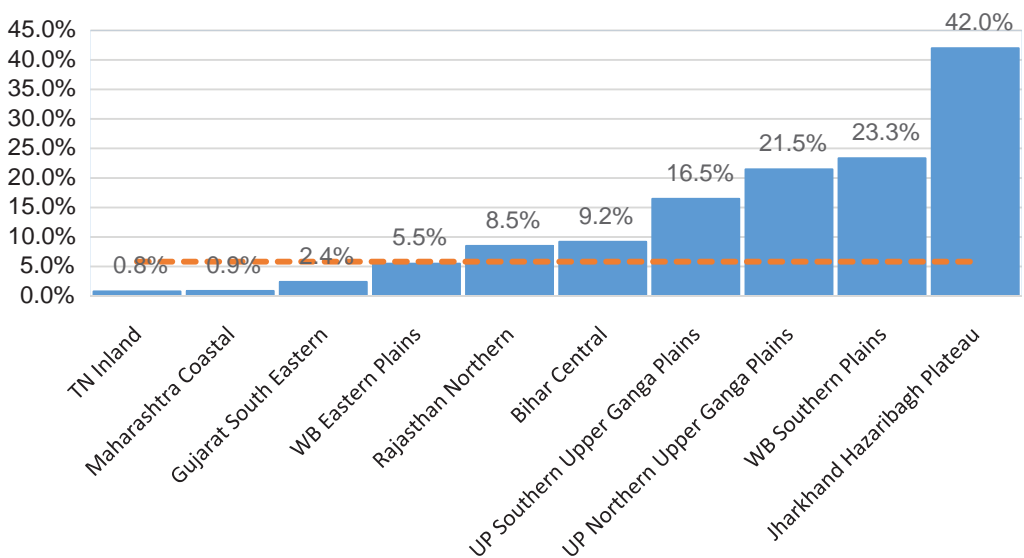
Figure 11: % of workers in textiles and allied industries



Source: NSSO (2011-12)

of three districts: North 24-Parganas, South 24-Parganas, and Kolkata. The Southern Plains consists of 8.5 percent of India's workforce in the sector, but 23.3 percent of these workers are children. Figure 12 shows how the proportion of child labourers in the ten regions under study varies. The proportion of children in the workforce is shockingly high at 42 percent in Hazaribag Plateau in Jharkhand, and under 1 percent in regions within Maharashtra and Tamil Nadu. However, the low prevalence regions happen to have a concentration of the textiles and allied industries, and hence, the absolute number of child labourers is still considerable.

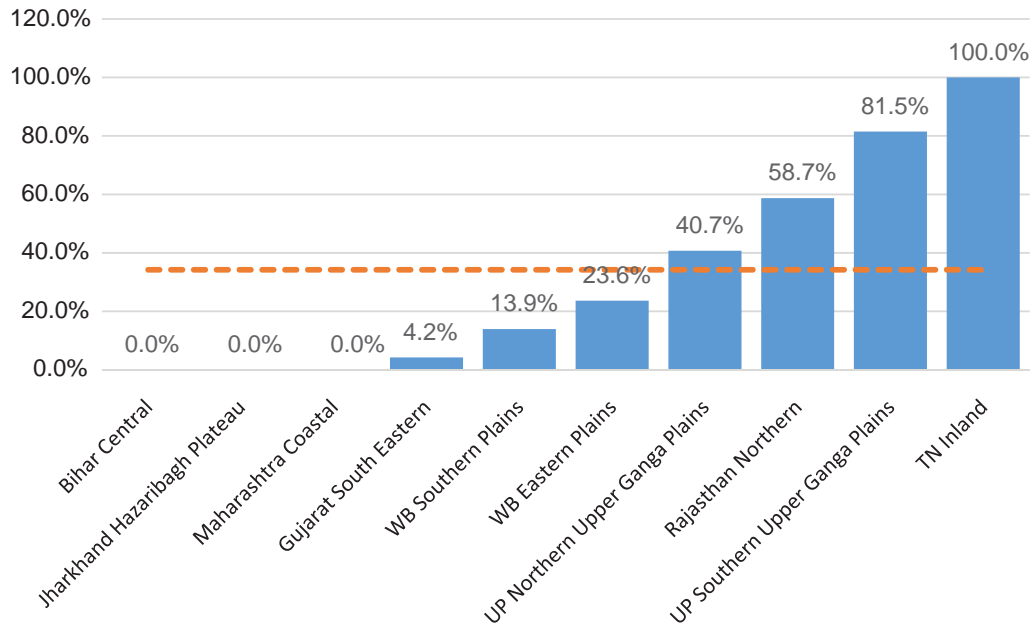
Figure 12: % of child labourers in textiles and allied industries



Source: NSSO (2011-12)

About one-third of these children are girls. Among the 42 regions across India that report child labour in the textiles and allied industries, there are 14 that report more than 10,000 child labourers, but only three—Southern Upper Ganga Plains in Uttar Pradesh, Inland Northern in Karnataka and Inland in Tamil Nadu—report more girls than boys (See Figure 13).

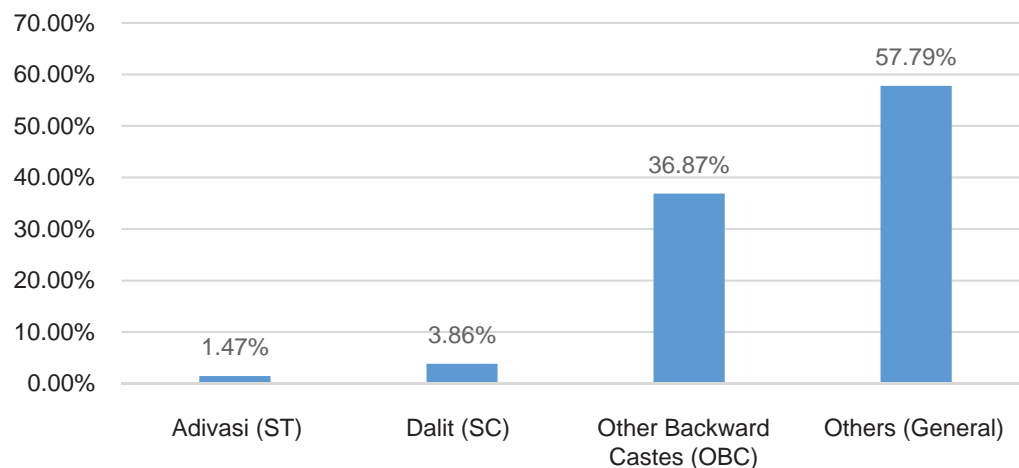
Figure 13: % Girls among child labourers in the textiles and allied sectors



Source: NSSO (2011-12)

The caste composition of child labourers in the textiles and allied industries (See Figure 14) points to certain numbers that may not be easily expected: very low dalit proportions, and a very high proportion of the general category. At the national level, only 1.5 percent of child labourers are Adivasi, four percent are Dalit, 37 percent are OBC and a very high 58 percent are of the general category. A cursory examination of such distribution reveals that it does not easily correspond to the socio-economic realities of the country.

Figure 14: Caste- composition of Child Labourers in the Textiles and Allied Industries



Source: NSSO (2011-12)

Here, too, religion proves to be a confounding factor. In contrast to the overall composition of child labourers in the country, only 19 percent of child labourers in the textiles and allied industries are Hindu (160 thousand lakhs) and a massive 80 percent are Muslim (690,000). In other words, 23.4 percent of India's Muslim child labourers are working in the textiles and allied industries alone.

Out of 690,000 child labourers who are Muslims, 240,000 are from other backward classes, and the rest are from the general category. Out of the 160,000 child labourers who are Hindus, 7.8 percent are Adivasis, 17 percent are Dalits, 43 percent are OBCs, and 32 percent belong to the general category. Figure 15 explains the regional spread of religions and caste composition of child labourers.

Figure 15: Caste and Religious composition of child labourers in India



Source: NSSO (2011-12)

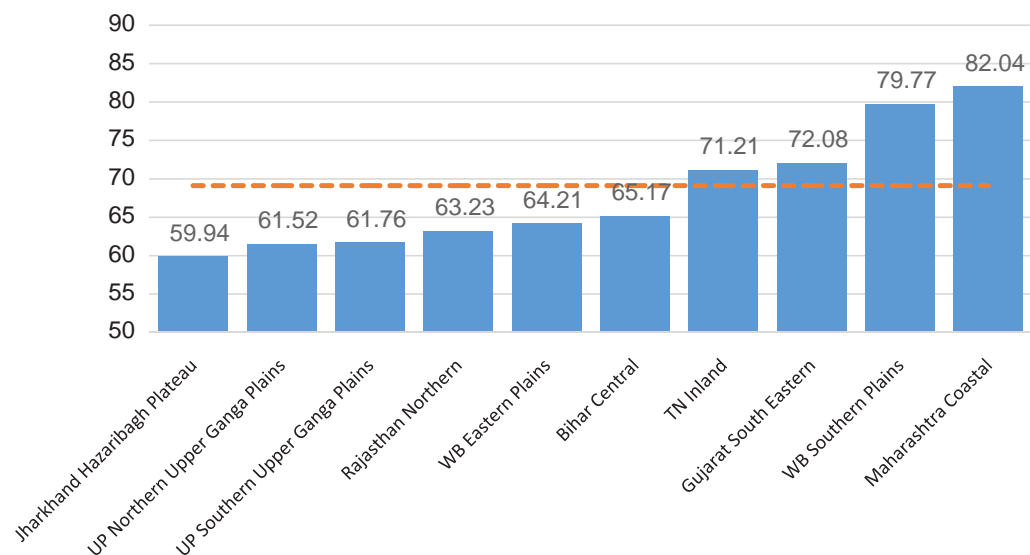
Human Capital Situation in the Study Regions

Mehrotra (2016) has found that the human capital levels of the youthful workforce in India remain worrisome: universal elementary education, despite the Right to Education Act 2009, is yet to be achieved in the country; health outcomes have improved only slowly over the years; and sanitation remains a serious problem in many parts of the country.¹¹⁰

Based on the results of NSS data analysis on geographical distribution of industry and on child labour prevalence in the industrial sector—and more specifically in the textiles and allied industries, 10 child labour hotspots were selected for further analysis. Two each of these regions were from Uttar Pradesh and West Bengal; the rest were from Bihar, Gujarat, Jharkhand, Maharashtra, Rajasthan and Tamil Nadu.

Snapshots of the state of human capital in each of these 10 regions were prepared across diverse themes including education, health, nutrition, socio-economic profile, housing, hygiene and connectivity, as well as economic status. A mix of data from different rounds of NSS as well as from the latest round of NFHS was used for analysis.

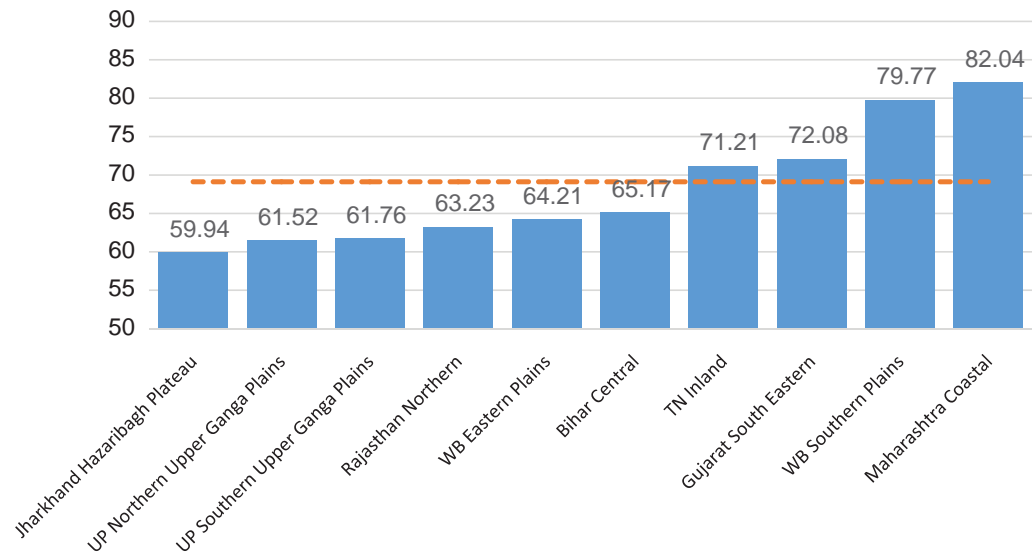
Figure 16: literacy rate among the study regions



Source: NSSO (2014)

A majority of the sample regions had a literacy rate lower than the national average. Eight out of the 10 regions selected were ranked 40 or below out of a total of 88 NNS regions, indicating the overall educational backwardness of these regions. However, the main exceptions, i.e., Coastal Maharashtra and Southern Plains of West Bengal—are also the regions with the highest literacy rates within their respective states. Incidentally, among the sample regions, Coastal Maharashtra reports the lowest number of child labourers and Southern Plains of West Bengal reports the highest. While the former has almost one percent of its workforce in the sector comprising children, in the latter region, about one in four workers (a much higher 25 percent) in the sector was a child.

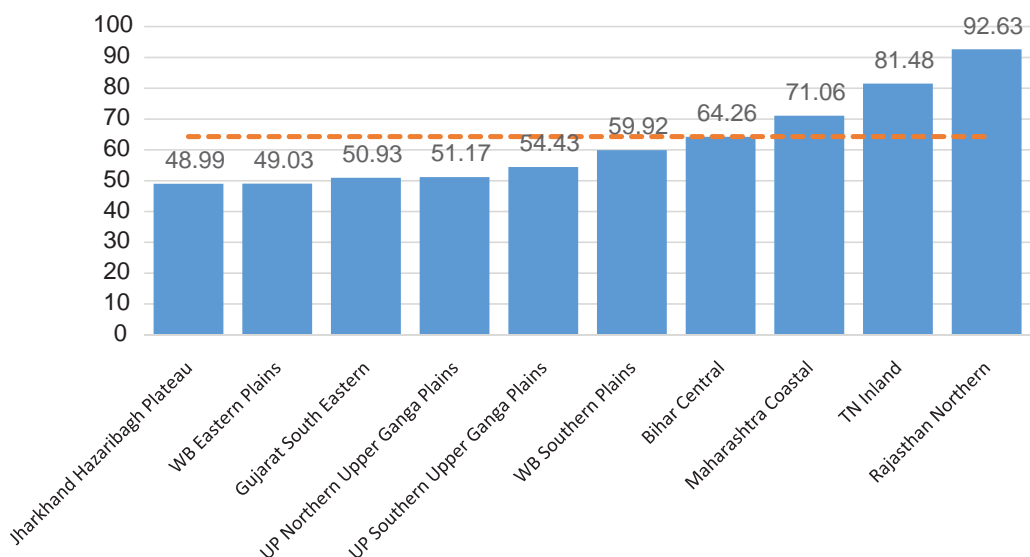
Figure 17: GAR (primary) among the study regions



Source: NSSO (2014)

The average gross attendance ratios (GAR)ⁱⁱⁱ for primary school-going children (6 to 10 years) for the regions remain low. The regions which had done considerably well in terms of higher literacy rates—Coastal Maharashtra and Southern Plains of West Bengal—have GARs less than the national average.

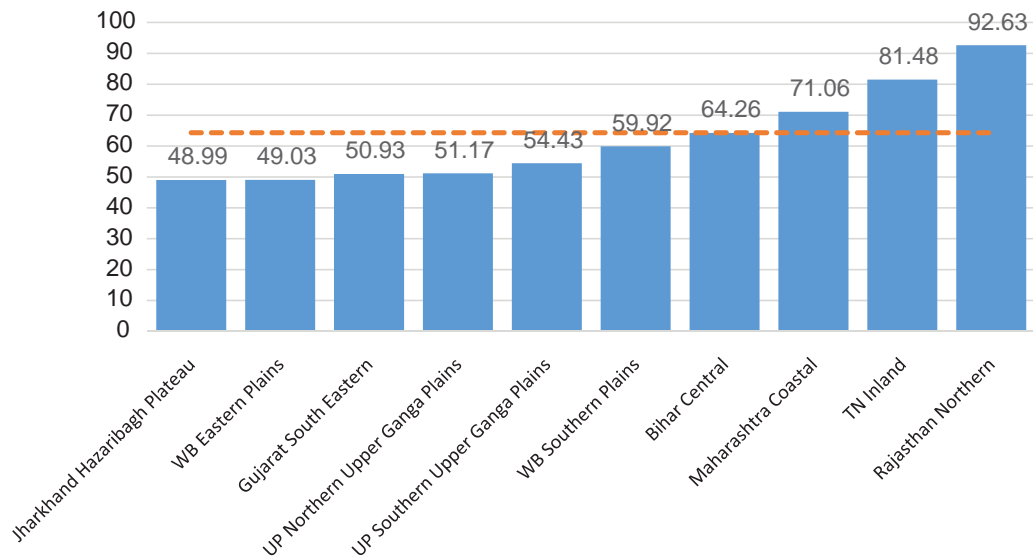
Figure 18: GAR (higher secondary) among the study regions



Source: NSSO (2014)

The GAR for the higher age group of children (16-17 years) drops more rapidly than that for the primary level. Between primary and higher secondary level, regions like Hazaribagh Plateau in Jharkhand show a decline of more than 50 percentage points. A majority of the sample regions have lower GAR at the higher secondary level than the national average. The percentage of population aged five to 29 years with at least secondary level education is lower than the national average in a majority of the sample regions.

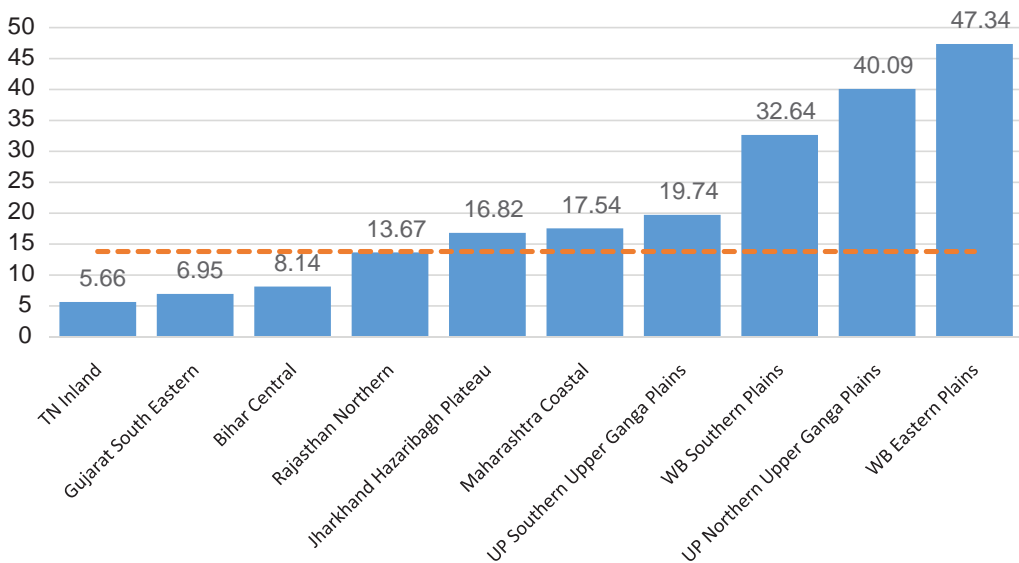
Figure 19: Household Monthly Expenditure (Rs) within the study regions



Source: NSSO (2014-15)

A majority of the regions have a per-capita household monthly expenditure that is higher than the national average. Among the regions under analysis, only Jharkhand's Hazaribagh Plateau, Central Bihar region, and West Bengal's Eastern Plains have a substantially lower per-capita household monthly expenditure than the India average. Regions from Maharashtra and Gujarat, on the other hand, had substantially higher monthly expenditure. A majority of the selected regions had a proportion of Muslim population higher than the national average, in line with the high work participation of Muslims in the sector.

Figure 20: Muslim population within the study regions

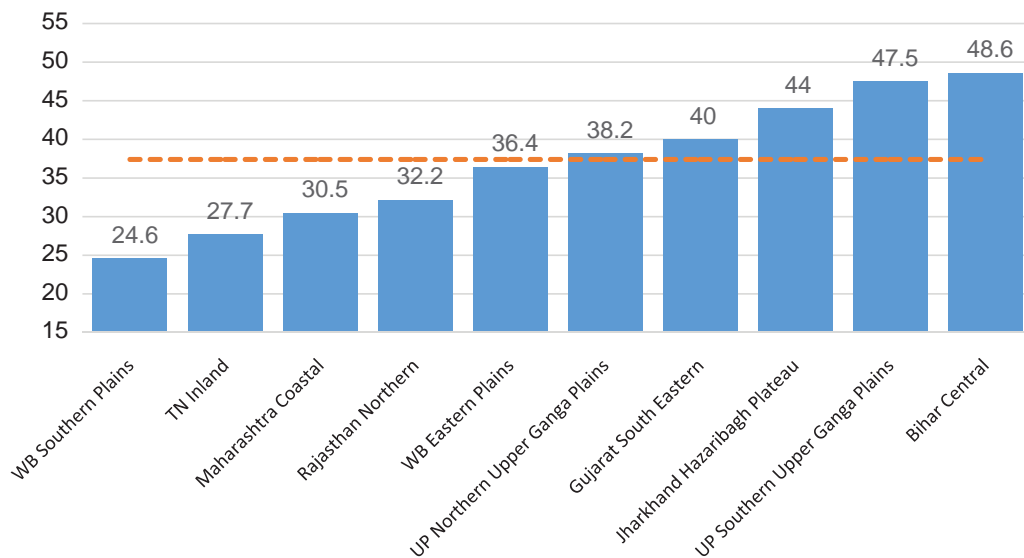


Source: NSSO (2014-15)

Moreover, barring inland Tamil Nadu and South Eastern Gujarat, even in those regions like Central Bihar and Northern Rajasthan whose proportion of Muslim population is less than the national average, the majority of child labourers in the textiles and allied industries are Muslims. Hazaribagh Plateau in Jharkhand, an area where Muslims

comprise a low 17 percent of the population, and with the highest proportion of child labourers in the country among the workers in the textiles and allied industries, the child labourers are all Muslim. An area with 19 percent dalit and 17 percent Adivasi population, Hazaribagh Plateau reported zero child labourers within these categories. It has Hindu child labourers in other categories, and overall, Muslims constituted only around 25 percent of child labourers in the overall workforce.

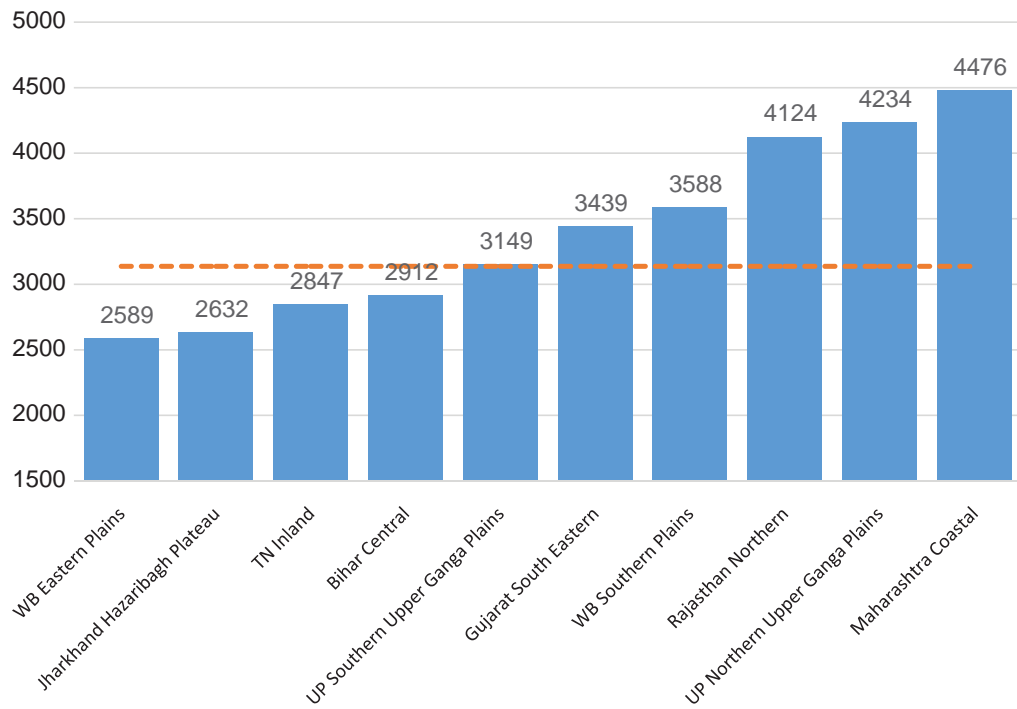
Figure 21: % of stunted children within the study regions



Source: NFHS (2015-16)

The level of stunting (height-for-age) was not consistently linked to economic backwardness across the study regions. Tamil Nadu and West Bengal, which both have much lower levels of average family monthly expenditure, fared way ahead in terms of malnutrition than the much better off regions from Maharashtra and Gujarat. Considerable differences emerged across food expenditure too, particularly between regions within the same states (Uttar Pradesh as well as West Bengal) as Figure 22 shows. The average food expenditure in Gujarat's South Eastern region, despite being part of a relatively better-off state, was lower than that of regions from Uttar Pradesh, Rajasthan and West Bengal. This could potentially be a result of relatively lower priced food products. Such speculation, however, is put into question when considering that the stunting rate in the region is higher than the national average. Rates of stunting (24.6 percent in the Southern Plains of West Bengal to 48.6 in Central Bihar) and anaemia¹¹² (39 percent in Northern Rajasthan to 70 percent in Hazaribagh Plateau in Jharkhand) show striking variance among the regions under study.

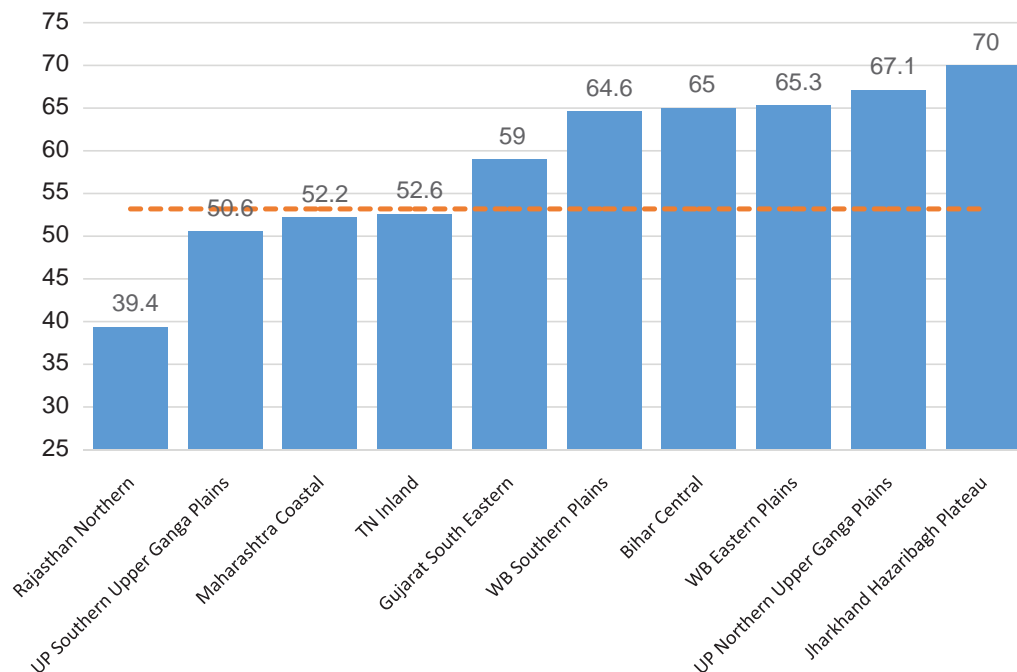
Figure 22: Average Food Expenditure (Rs) within the study regions



Source: NSSO (2011-12)

Fifty-three percent of women and 23 percent of men age 15-49 in India are anaemic (See Table 10.21.1 and Table 10.21.2). Four of every 10 women are mildly anaemic, 12 percent are moderately anaemic, and one percent are severely anaemic; the proportions for men are 12 percent, 10 percent, and one percent, respectively. According to the latest national estimates, anaemia prevalence has barely changed in the 10 years between NFHS-3 and NFHS-4, decreasing from 55 percent in 2005-06 to 53 percent in 2015-16 among women.¹¹³ Anaemia prevalence within the study regions were negatively correlated with the regions reporting high food expenditure. The Northern Upper Plains of Uttar Pradesh is the major exception.

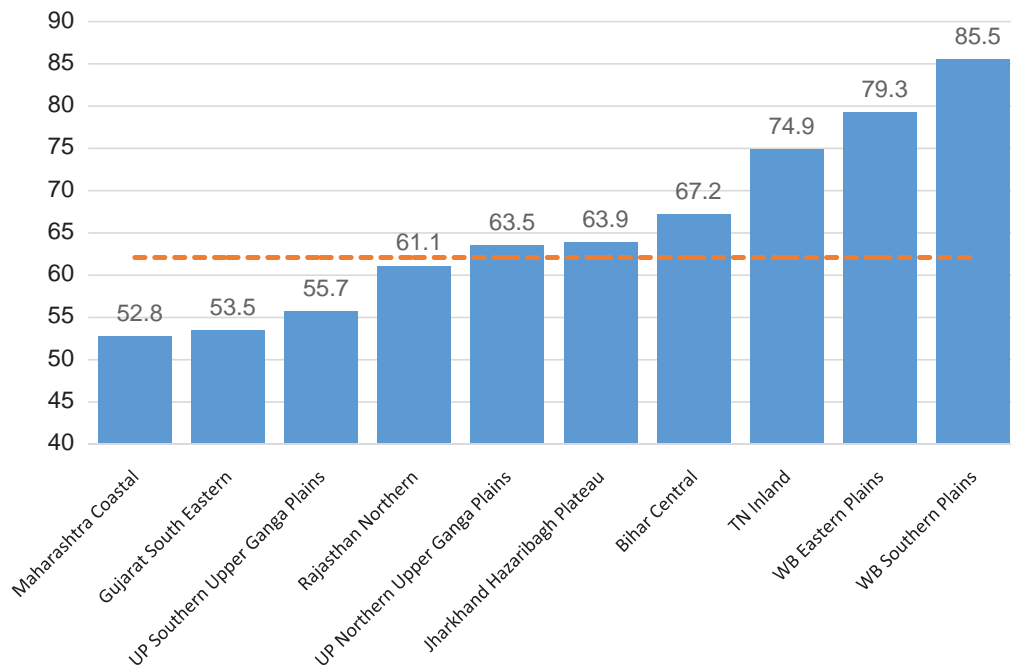
Figure 23: Women who are anaemic within the study regions



Source: NFHS (2015-16)

A majority of the regions under study had a better immunisation coverage than the national average. The two regions with the highest income levels— South Eastern Gujarat and Coastal Maharashtra—report the least proportion of fully immunised children. Regions from West Bengal, including the Southern Plains where almost one in every four workers within the textiles and allied industries was a child, had the best immunisation coverage, much higher than the national average. Further, regions with a high percentage of Muslims were found to have higher rates of immunisation coverage than most regions.

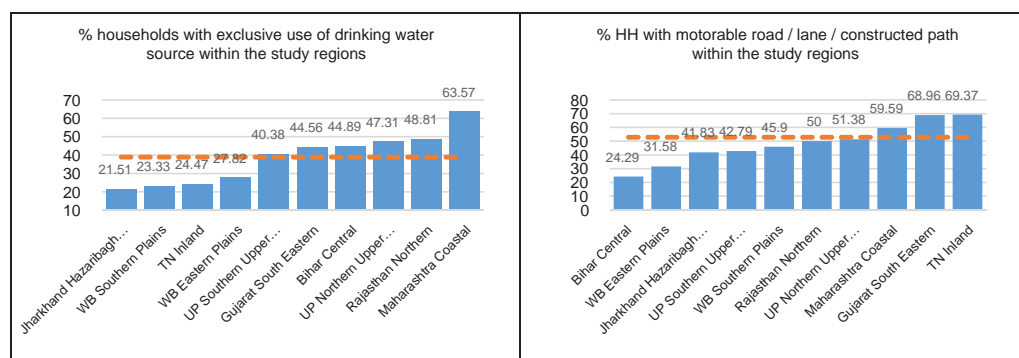
Figure 24: Children fully immunised within the study regions



Source: NFHS (2015-16)

Most of these regions, however, did not have a reasonable coverage of motorable roads. Apart from regions in Maharashtra, Gujarat, and Tamil Nadu, seven out of the ten regions reported a lower proportion of households than the national average with access to a motorable road. The situation was better regarding access to water, with a majority of the regions reporting a proportion of households with exclusive use of their drinking water source higher than the national average.

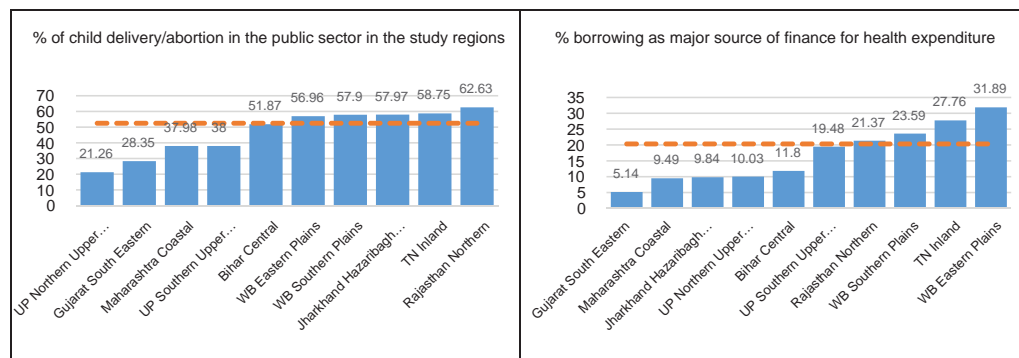
Figure 25: Access to Water and Roads



Source: NSSO (2012)

A discernible pattern is that while a considerable number of the regions under study reported the use of public-sector facilities for in-patient episodes like births, the regions reporting high use of public sector also reported a higher proportion of households reporting borrowings as a major source of finance for their in-patient health needs. Gujarat's South Eastern region reported among the lowest proportions of child birth in public facilities, which given the overall proportion of institutional births, means a high utilisation of the private sector. At the same time, the region also reported the lowest proportion of households reporting borrowing as the major source of financing in-patient health expenditure. The implication is that in the study regions, a high utilisation of public facilities is not a guarantee for financial protection.

Figure 26: Health Access and Financial Protection



Source: NSSO (2014)

Key Recommendations

- ❖ The latest available numbers on child labourers are based on data from 2011-12 (68th round of NSSO), and there is an urgent need to analyse unit-level data from the latest Periodic Labour Force Survey (PLFS 2017-18) and study the national prevalence of child labour in the textiles and allied industries.
- ❖ Comprehensive primary surveys are required in regions of Uttar Pradesh and West Bengal, together constituting 70 percent of child labourers in the textiles and allied industries of the country.
- ❖ In-depth examination is imperative for areas like Hazaribagh Plateau in Jharkhand and Southern Plains in West Bengal that report alarmingly high proportions of child labourers within the textiles and allied industries. This could indicate organised/syndicated operations.
- ❖ Community outreach and strict implementation of existing laws are needed focusing on specific areas, as 80 percent of child labourers within the textiles and allied industries are Muslims, even in areas with low Muslim populations.
- ❖ The government should commission studies to examine closely the experience of states and UTs like Kerala, Assam, Chattisgarh, Goa and Pondicherry. While these states and UTs have high presence of units of textiles and allied industries that employ more than 20,000 labourers, they have no labourers under 18 in the sector.

Chapter III. Cost of Production and Incidence of Child Labour in Indian Textiles and Allied Industries

Key Findings

- ❖ Available data does not corroborate the argument that high cost is the reason enterprises use child labour. On the contrary, some regions with lower child-labour incidence—Tamil Nadu, Maharashtra and Gujarat—are also those with above-average total costs.
- ❖ Even in regions where child labour is rampant, there is no tangible correlation between the number of child labourers employed and the average cost per worker. Regions with costs below the all-India average, report extensive use of child labour.
- ❖ These anomalous results could be explained partly by the fact that the respective states are relatively well-governed, with effective enforcement and regulatory mechanisms. Governance quality is pivotal in making child labour non-remunerative.
- ❖ There is a clear link between larger and more organised (or formal) factories, a high productivity cluster, higher wages for workers, and a low incidence of child labour.
- ❖ India has a disadvantage in fuel and energy costs, vis-à-vis its competitors Bangladesh, Indonesia and China, as well as a cost disadvantage in raw material and labour, compared to both China and Indonesia. According to the latest available data, India has some advantages in both these costs compared to Bangladesh, but the latter is catching up fast.

INTRODUCTION

Higher costs of production may compel textile manufacturers to employ more child labour to bring down overall costs. Whether this is a facile explanation or has concrete statistical basis, is an important subject of investigation. There is no significant study in this context in India.

This chapter aims to bridge this gap by analysing cost of production and incidence of child labour in selected regional hubs of the country's textiles and allied sectors. It seeks to identify supplementary push factors that contribute to the overall employment of child labour in these sectors. Buttressing weak components of the cost structures existing in these different regions would have been the next logical step. However, that support cannot and should not come as an implicit encouragement to the employment of child labour. This "moral hazard" element makes a cost analysis, with respect to the incidence of child labour, more nuanced than it may initially seem.

There is also the broader macroeconomic issue of competitiveness of the sector – compared to some of the competitors like China, Bangladesh and Indonesia. Labour cost is a core element, by which India intends to be internationally competitive in textiles and apparels.

In the light of this background, this chapter aims to approach the cost analysis related to incidence of child labour in Indian textiles and allied sector. This is done at two levels: one at the national level for some selected regions, and the other at the international level. The analysis is synchronised with the available data at these two different levels. As a result, the national cost comparison is done largely for the unorganised micro-enterprises, while the international comparison is undertaken utilising organised textile sector's data in the country.

PART 1: NATIONAL COST COMPARISON

Part 1 of the cost analysis is done using largely micro-enterprises data available in the NSSO database. In a layered approach, labour and non-labour costs are analysed for the selected regions. Non-labour costs are further segregated to observe their relationships with child labour incidence in these regions.

METHODOLOGY

Data Selection

First, the unit-level data from the NSSO 2011–12 was analysed, to identify 10 sub-state regions of textile clusters across India that are representative of the country's textile sector for this study.

The criteria used to identify these regions are listed below:

1. The highest number of labourers between ages five and 18 in the textiles sector and allied industries;
2. The proportion of labourers in this age group, as compared to total employment in the sector, being higher than the national average, indicating an acute problem;
3. Employment in textile production and allied industries, as a proportion of the total workforce, being higher than the national average, indicating the significance of

the sector for the local economy; and

4. Fair regional representation, to obtain widely applicable findings

Table 2 lists the 10 regions finalised for the study. Six of them have a higher proportion of child labour than the all-India average.

TABLE 2: Share of Child Labour in Selected Subregions

	Percentage of child labour in textile, apparel and cotton industry
Jharkhand Hazaribagh Plateau	42.0
West Bengal Southern Plains	23.3
UP Northern Upper Ganga Plains	21.5
UP Southern Upper Ganga Plains	16.5
Bihar Central	9.2
Rajasthan Northern	8.5
West Bengal Eastern Plains	5.5
Gujarat South Eastern	2.4
Maharashtra Coastal	0.9
Tamil Nadu Inland	0.8
ALL INDIA	5.8

Source: NSSO, 2011–12.

Categorisation of Costs

Next, the authors examined the data for each region, from the 73rd Round of NSSO Survey on Unincorporated Non-Agricultural Enterprises (2015–16). The principal operating expenses were extracted for each region, for textiles, apparel and related industries. These were then divided into the following broad categories:

1. Raw Material (RM)
2. Labour
3. Fuel and Energy (FE)
4. Rent paid
5. Transport/Logistics/Maintenance (TLM)
6. Cost of Borrowing (COB)
7. Financial and Service Charges (FSC)

Normalising Cost Head and Child-Labour Incidence Data

Since the objective of the cost analysis, vis-à-vis the incidence of child labour, is to compare cost heads across regions and at a national level, the parameters must be comparable with each other. However, Enterprise Survey does not provide values of output, revenue or sales – any of which is usually used as the denominator for such normalisation exercise. To make the variables comparable, they are normalised with the total number of workers for an enterprise, as given in the samples for the selected regions and all-India.

This normalisation formula is given below:

- Total cost, labour cost and all individual subheads of non-labour costs (in absolute values) are divided by the number of workers (N). This provides the average costs under all categories, per-unit labour.
- These average costs (expressed as a ratio to per-unit labour) are further divided by the national average, to aid in comparison. These are the ratios used subsequently.

For example, the new converted total cost will be represented as:

$$TC^{\wedge} = \frac{\text{Total cost in selected region} / \text{No. of workers in selected region}}{\text{Total cost at All India level} / \text{No. of workers at All India level}}$$

Or, equivalently:

$$TC^{\wedge} = \frac{\text{Total cost in selected region} / \text{Total cost at All India level}}{\text{No. of workers in selected region} / \text{No. of workers at All India level}}$$

The significance of this conversion is that when any of these ratios is above one, it means the cost per unit of labour in that area is above the national average. Therefore, the value of one becomes the de facto all-India average across all new variables.

Similarly, the percentage ratios of child labour in textile, apparel and cotton industries in selected regions (see Table 1) are also divided by the all-India percentage of child labour. Thus, compared to the national average, the individual figures above the value of one are comparatively higher, and those below are comparatively lower. Therefore, this new relative percentage of child labour in textile, apparel and cotton industries in selected regions will now be on a similar scale to the reworked cost heads and subheads.

These converted ratios of child labour incidence (CL[^]) can be expressed as:

$$CL^{\wedge} = \frac{\% \text{ ratio of child labour in selected region}}{\% \text{ ratio of child labour at all - India level}}$$

The values of CL[^] are given in Table 3.

TABLE 3: Share of Child Labour, As a Percentage of the All-India Average, in Selected Subregions

	CL ^A
Jharkhand Hazaribagh Plateau	7.2
West Bengal Southern Plains	4.0
UP Northern Upper Ganga Plains	3.7
UP Southern Upper Ganga Plains	2.8
Bihar Central	1.6
Rajasthan Northern	1.5
West Bengal Eastern Plains	0.9
Gujarat South Eastern	0.4
Maharashtra Coastal	0.2
Tamil Nadu Inland	0.1

Source: NSSO (2011–12)

ANALYSIS

Analysing Sector Costs

A common justification used by the textile sector (and allied industries) for the employment of child labour, or the lax enforcement of related laws, is that employing children is crucial to ensure sustained profits. To determine the accuracy of this statement, the authors have analysed the source of the sector's profits, by:

1. Identifying the main components of costs of production in the textile sector in the 10 regions; and
2. Comparing the cost structure with the national average.

The samples are fairly heterogeneous in terms of their size composition (see Table 4). Some places, such as Maharashtra Coastal, have several larger enterprises. Others, such as Jharkhand Hazaribagh, have very few.

TABLE 4: The Number of NSSO Sample Firms in Textile, Apparel and Cotton Industries

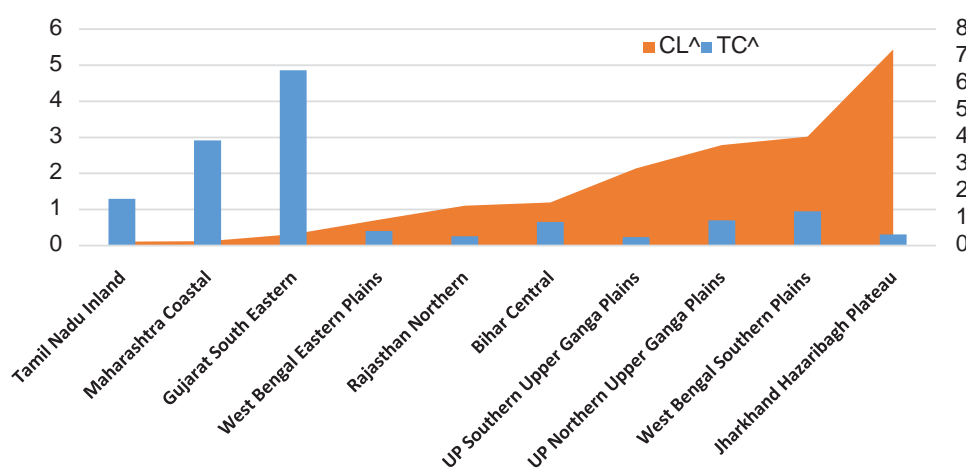
State Name	Regions	1–5 workers	6–10 workers	11–30 workers	31–50 workers	> 50 workers
Bihar	Central	527	2	0	0	0
Gujarat	South Eastern	573	26	6	0	0
Jharkhand	Hazaribagh Plateau	396	1	0	0	0

State Name	Regions	1-5 workers	6-10 workers	11-30 workers	31-50 workers	> 50 workers
Maharashtra	Coastal	532	52	13	1	2
Rajasthan	Northern	208	4	0	1	0
Tamil Nadu	Inland	858	117	89	3	0
Uttar Pradesh	Northern Upper Ganga Plains	690	30	5	0	0
Uttar Pradesh	Southern Upper Ganga Plains	724	22	5	0	0
West Bengal	Eastern Plains	389	20	3	1	0
West Bengal	Southern Plains	720	116	60	3	0
All India		30,419	1110	446	32	15

Source: NSSO Survey on Unincorporated Non-Agricultural Enterprises, 2015-16.

Figure 27 shows the trend in the converted ratios related to total costs (TC[^]) and child-labour incidence (CL[^]) across the selected regions. There is no definitive trend in these two variables. The data does not corroborate the argument that high cost is the reason enterprises use child labour. On the contrary, some regions with lower child-labour incidence—Tamil Nadu, Maharashtra and Gujarat—are also those with above-average total costs.

FIGURE 27: Trends in Converted Ratios of Total Cost and Child-Labour Incidence

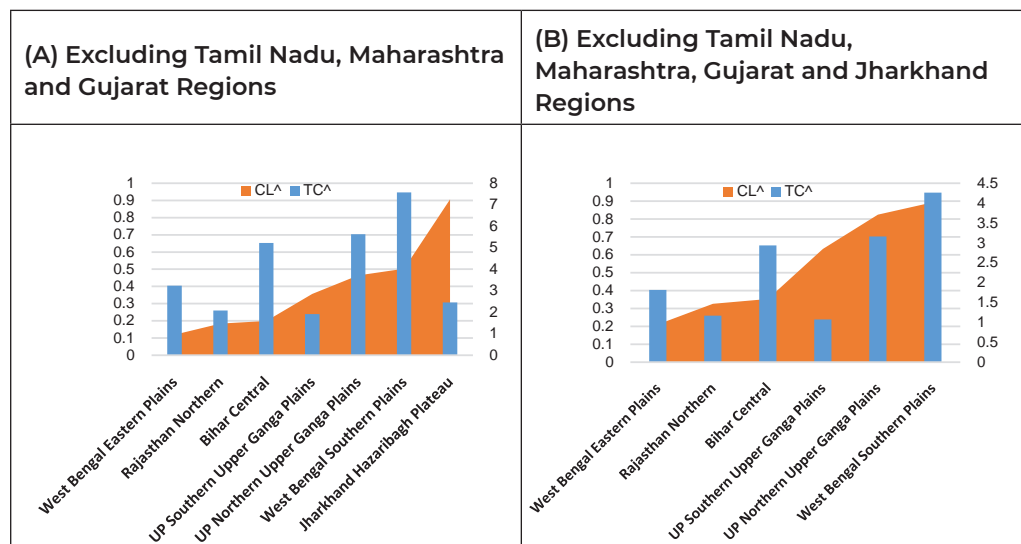


Source: NSSO Survey on Unincorporated Non-Agricultural Enterprises, 2015-16.

In the next step, exceptional values are dropped to see if any trend emerges from the figures. Panel (A) in Figure 28 shows the diagram after dropping these particular regions in Tamil Nadu, Maharashtra and Gujarat, and panel (B) further excludes the exceptional value of Jharkhand region on the other extreme. After the elimination of these four regions, a relationship between high costs and incidence of child labour seems possible. However, panel (B) of Figure 28 shows a lack of any definitive statistical trend between the two. Thus, even in regions where child labour is rampant, there is no tangible correlation between the number of child labourers employed and the average cost per worker. These regions have costs below the all-India average, yet they report extensive use of child labour.

What could explain these anomalous results for manufacturing in Tamil Nadu Inland, Maharashtra Coastal and Gujarat South Eastern? These states are relatively well-governed, with effective enforcement and regulatory mechanisms, as available state-level governance rankings indicate.¹¹⁴ Governance quality is pivotal in making child labour non-remunerative. Certainly, overall high average costs are only a supplementary factor when it comes to a textile manufacturer's decision to employ child labour. Lack of implementation of child labour laws is the principal factor.

FIGURE 28: Trends in Converted Total Cost and Child-Labour Incidence Ratios (excluding some exceptional values)



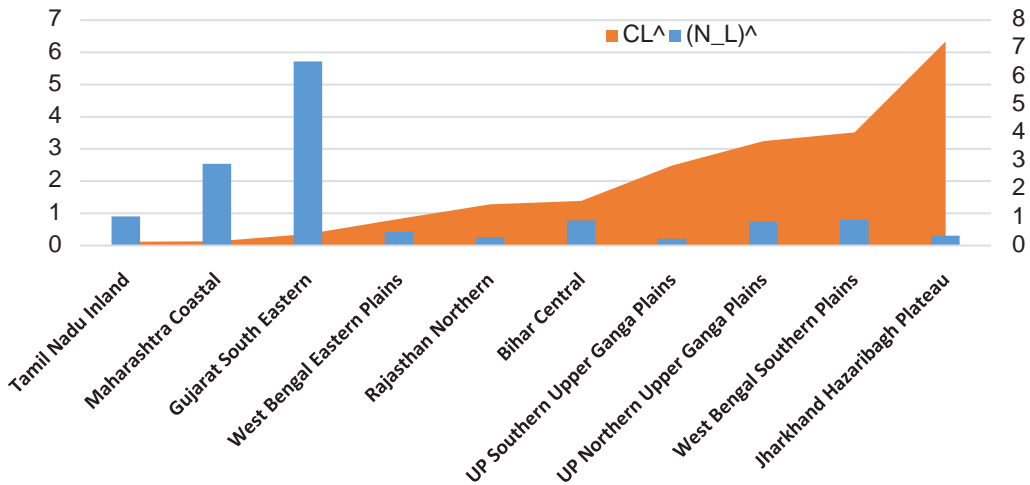
Source: NSSO Survey on Unincorporated Non-Agricultural Enterprises, 2015–16.

In the next step, the costs are broken up into two categories—non-labour cost and labour cost—and the above process is repeated for both.

Non-Labour Costs and Child-Labour Incidence

Figure 29 is similar to Figure 27, i.e. there appears to be no strong correlation between converted ratios of non-labour cost (N_L)[^] and child labour incidence (CL[^]).

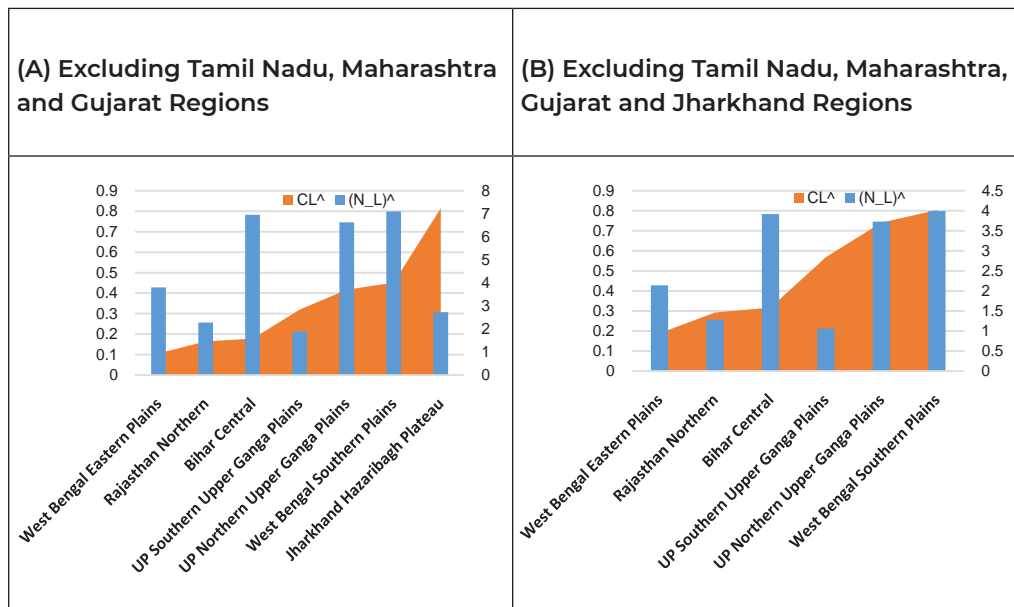
FIGURE 29: Trends in Converted Ratios of Non-Labour Cost and Child-Labour Incidence



Source: NSSO Survey on Unincorporated Non-Agricultural Enterprises, 2015-16.

Now, exceptional values are dropped to verify any correlation between non-labour costs and child-labour incidence. Once again, there is no strong relationship between these two variables (see Figure 30).

FIGURE 30: Trends in Converted Non-Labour Cost and Child Labour Incidence Ratios (excluding some exceptional values)

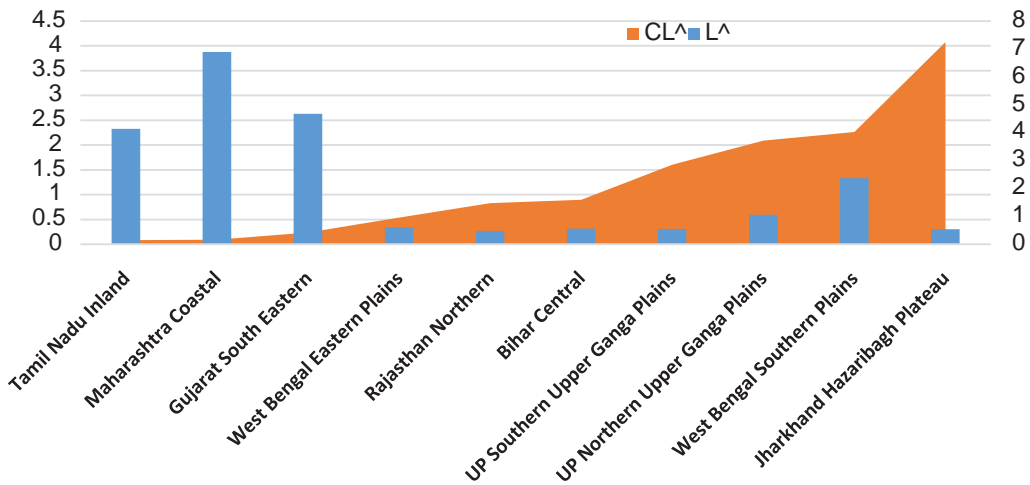


Source: NSSO Survey on Unincorporated Non-Agricultural Enterprises, 2015-16.

Labour Costs and Child-Labour Incidence

When the trends in the converted ratios of labour cost and child-labour incidence are plotted together for all the 10 selected regions, the absence of such a correlation is further highlighted (see Figure 31).

FIGURE 31: Trends in Converted Ratios of Labour Cost and Child-Labour Incidence

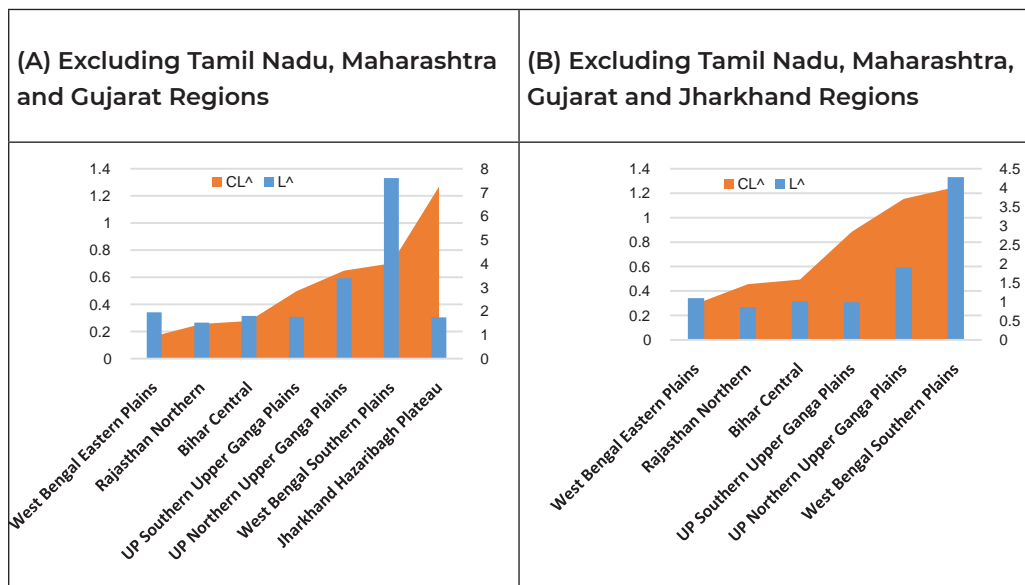


Source: NSSO Survey on Unincorporated Non-Agricultural Enterprises, 2015–16.

However, once the four exceptional governance-related outliers are dropped (i.e. Tamil Nadu, Maharashtra, Gujarat and Jharkhand), a trend emerges in Panel (B) of Figure 32, i.e. as labour costs increase, the incidence of child labour also increases.

Lower prevailing wages in a region are associated with a lower incidence of child labour in that region, once governance is taken out of the equation. This relationship trend (see Panel B, Figure 32) illustrates that when anti-child labour laws are not strictly implemented, there is a tendency among smaller textile units to bring down their increasing labour costs by employing child labour.

FIGURE 32: Trends in Converted Labour Cost and Child Labour Incidence Ratios (excluding some exceptional values)



Source: NSSO Survey on Unincorporated Non-Agricultural Enterprises, 2015–16.

If adult wages are relatively lower, industries have less incentive to use child labour to reduce their wage bill. Table 5 lists wage trends in the 10 selected regions. Regions with lower prevailing wages, such as the eastern plains of Bengal and central Bihar, employ relatively few children in the sector. This data reflects the lack of any intrinsic preference for employing children in these sectors and it is a product of profit maximisation.

TABLE 5: Trends in Female Labour Force Participation Rate (LFPR) and Wages Across Selected Regions

	Female LFPR (%)	Wages (Rs. per day)		Child Labour Wages (Rs. Per day)	
		Male	Female	Male	Female
Rajasthan Northern	32.18	239.67	142.33	177.1	72.00
UP Northern Upper Ganga Plains	8.53	344.90	257.19	125.28	80.87
UP Southern Upper Ganga Plains	11.42	192.78	204.44	120.07	77.63
Bihar Central	8.13	166.53	126.91	134.58	79.75
West Bengal Eastern Plains	23.39	159.21	170.91	113.96	78.20
West Bengal Southern Plains	20.40	274.05	194.75	76.78	70.53
Jharkhand Hazaribagh Plateau	15.89	248.36	226.35	133.17	58.55
Gujarat South Eastern	27.99	223.44	134.42	127.81	47.16
Maharashtra Coastal	22.65	454.65	322.70	135.44	104.53
Tamil Nadu Inland	34.69	269.56	156.13	143.28	91.34

Source: NSSO Consumption and Employment Rounds, 2011-12.

One way of cross-checking this conclusion is to examine whether employers are also seeking other ways to bring down their labour costs, for example by employing more women workers when the wage rate is lower than what men get paid. Table 6 shows that regions with a large gender wage gap, such as inland Tamil Nadu and northern Rajasthan, employ a larger proportion of women. This allows them to drive down their labour costs without having to employ more children.

TABLE 6: Child Labour Incidence and Wage Differences Across Regions

			Wage difference (in INR per day)		
			% of child labour	Female LFPR (%)	(Adult Male–Adult Female)
Jharkhand Hazaribagh Plateau	42.0	15.89	22.01	115.19	189.81
West Bengal Southern Plains	23.3	20.4	79.30	197.27	203.52
UP Northern Upper Ganga Plains	21.5	8.53	87.71	219.62	264.03
UP Southern Upper Ganga Plains	16.5	11.42	-11.66	72.71	115.15
Bihar Central	9.2	8.13	39.62	31.95	86.78
Rajasthan Northern	8.5	32.18	97.34	62.57	167.67
West Bengal Eastern Plains	5.5	23.39	-11.70	45.25	81.01
Gujarat South Eastern	2.4	27.99	89.02	95.63	176.28
Maharashtra Coastal	0.9	22.65	131.95	319.21	350.12
Tamil Nadu Inland	0.8	34.69	113.43	126.28	178.22

Source: NSSO Consumption and Employment Rounds, 2011–12.

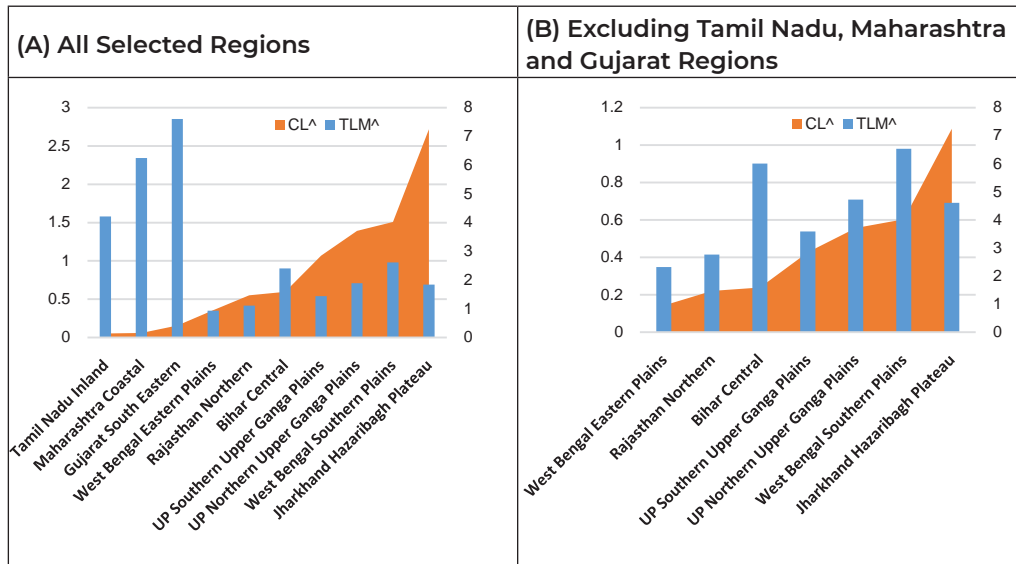
However, despite substantial wage differences between adult male workers and adult female and child workers in Gujarat, Maharashtra and Tamil Nadu regions, the manufacturers there largely refrain from using child labour. Here, the governance factor comes into play, as the states comply with the legal norms banning child labour. Moreover, in addition to having low child-labour incidence, these regions are among the top four in terms of industry size, out of the selected ten. Therefore, the production-cost model in these regions have characteristics worth emulating in other states.

Logistics Costs and Child Labour

The previous analysis did not show a correlation between non-labour costs on average and the incidence of child labour. This is true of many components of costs, even when disaggregated. In particular, fuel, raw material and rental costs—all recorded by the NSSO surveys—have no clear relationship with the incidence of child labour.

However, after dropping the governance-rich regions of Tamil Nadu, Maharashtra and Gujarat, a correlation emerges between the transport, logistics and maintenance cost (TLM^Λ) ratios of a region and the incidence of child labour. Panel (B) of Figure 33 suggests that above-average logistics costs are associated with a higher level of child labour.

FIGURE 33: Trends in Converted Transport, Logistics and Maintenance Cost and Child Labour Incidence Ratios (excluding some exceptional values)

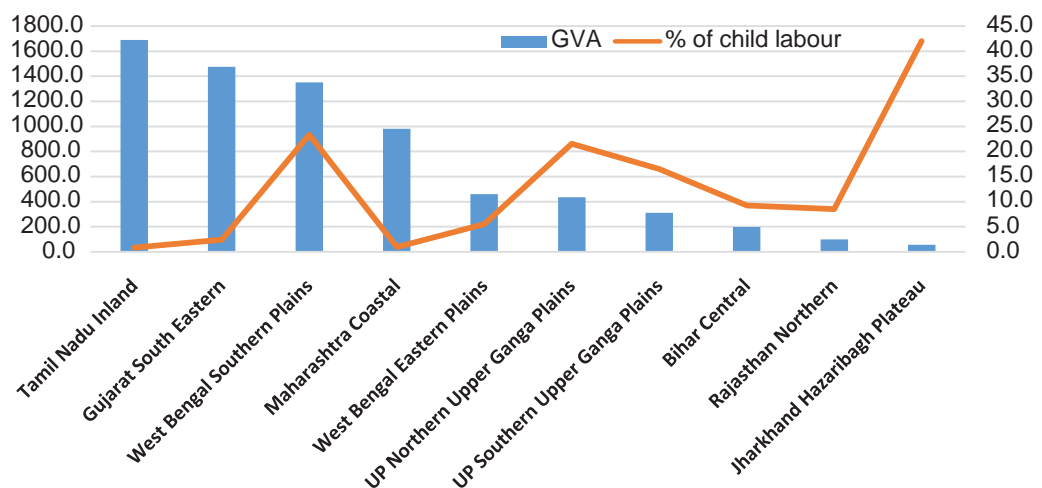


Source: NSSO Survey on Unincorporated Non-Agricultural Enterprises, 2015–16.

Enterprise Size and Child Labour

A disaggregation of the costs of the individual regions reveals another interesting and important trend. Areas with above-average costs (including above-average labour costs) add more value or have more productive factories; these are also the areas with lower incidences of child labour. There is, thus, a clear link between larger and

FIGURE 34: Trends in GVA of the Industry and Child Labour Incidence in Selected Regions



Note: Gross Value Added (GVA) measured in INR.

The child-labour incidence ratios are expressed as a percentage of child labour to total workers, not as a normalised ratio (divided by the all-India figure of 5.8 percent), as done in the first part of the analysis.

Source: NSSO Survey on Unincorporated Non-Agricultural Enterprises, 2015–16; NSSO Survey on Unincorporated Non-Agricultural Enterprises, 2011–12.

more organised (or formal) factories, a high productivity cluster, higher wages for workers, and a low incidence of child labour. Therefore, government action should focus on creating formal, high-productivity clusters of large textiles mills, to effectively implement child-labour laws. Moreover, larger companies and factories are also easier to regulate.

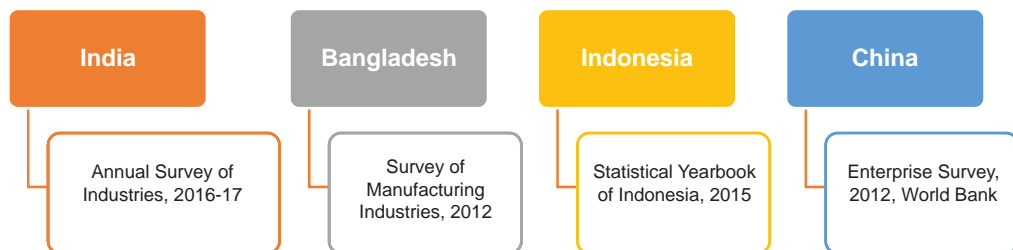
PART 2: INTERNATIONAL COST COMPARISON

The analysis in Part 1 suggests that India's larger textiles mills in well-governed states are important leaders in the fight against child labour. How do they compare internationally? Part 2 compares the sector costs of Indian textiles with those of China, Bangladesh and India.

METHODOLOGY

This section does not utilise the NSSO data, which covers both formal and informal enterprises. Instead, it obtains data from the Annual Survey of Industries (ASI), which focuses on the organised textiles sector in India, and compares it to similar data for the textiles and apparels sector in China, Bangladesh and Indonesia.

The databases used are given below:



International Comparison of Major Cost Heads of Textile and Garments Industry

The comparison is done (subject to availability of data) after dividing costs of production into four broad categories of expenditure: raw material, labour, fuel and rent paid. These cost heads are expressed as a percentage of sectoral output. (In China's case, total sales have been used, as sectoral output data could not be obtained.) India is a lower-margin producer, with costs taking up a higher proportion of output in almost all cases, compared to Indonesia and China. Fuel costs are a stark differentiator with Bangladesh (see Table 7).

TABLE 7: Comparison of Cost Heads

Cost-Heads (as % of Output)	India	Bangladesh	Indonesia	China*
Raw Material/Material Cost	57.35	66.11	39.11	33.09
Labour Cost	9.89	15.82	8.52	7.52
Fuel Cost	6.20	1.49	5.62	1.70
Rent Paid	0.36	NA	0.44	0.75

* For China, cost is expressed as a percentage of total sales.

Source: Authors' calculations.

ANALYSIS

To put the above in perspective, a measure of revealed comparative advantage (RCA) is utilised. RCA indicates how much potential a country appears to have for exporting a particular good.

The RCA index of country 'i' for product 'j' is often measured by the product's share in the country's exports, in relation to its share in world trade:

$$RCA_{ij} = (x_{ij}/X_{it}) / (x_{wj}/X_{wt})$$

Here, x_{ij} and x_{wj} are the values of country i's exports of product j and world exports of product j, respectively. X_{it} and X_{wt} refer to the country's total exports and world total exports, respectively. A value of less than unity (or, relatively lower value) implies that the country has a revealed comparative disadvantage in the product. Similarly, if the index exceeds unity (or, have relatively higher value), the country is said to have a revealed comparative advantage in the product.

Table 8 shows the trends in RCA for textiles and garments for the four selected countries. Bangladesh, despite having a similar cost structure as India, has a far better RCA in textiles and garments. Compared to China and Indonesia, India started the millennium with sizeable RCA in textiles. However, the gap has narrowed in recent years.

TABLE 8: Trends in RCAs of Textile and Garments Sectors

	2000	2010	2013	2015	2017
Bangladesh	14.38	22.69	24.22	21.85	NA
India	4.22	3.35	3.35	3.35	3.23
China	2.96	2.73	2.59	2.22	2.11
Indonesia	2.12	1.79	1.93	2.11	2.02

Source: World Integrated Trade Solutions (WITS), World Bank.

Cost advantage in labour, i.e. “labour arbitrage,” usually diminishes in effectiveness over time, with a growth in the overall production in a particular sector. As production increases, the demand for labour goes up, which in turn creates a hike in labour wages. This has been the case with China. To make Indian textiles and garments competitive vis-à-vis international competitors, raw material and fuel/energy costs must be brought down in future.

TABLE 9: Snapshot of international cost comparison

India Advantage	Bangladesh	Indonesia	China
Raw Material Cost	✓	×	×
Labour Cost	✓	×	×
Fuel Cost	×	×	×
Rent Paid	NA	✓	✓

Source: World Integrated Trade Solutions (WITS), World Bank.

CONCLUSION

- ❖ Governance: States with relatively better governance seem to be able to control the incidence of child labour, even if they have higher wages.
- ❖ Wages: States with poor governance are more likely to employ child labour if the wage gap between children and adults is high. These are also the areas where women would find employment, if they were allowed to. An increase in the number of working women can ease the pressure on small units to employ child labour to save on the wage bill.
- ❖ Logistical Costs: States with poor governance are more likely to utilise child labour in the textile and garment sectors if the costs of transportation, logistics and maintenance are higher. This appears to be the only subset of total costs, in addition to labour, that influences the decision to use child labour across regions. A likely reason is that logistical costs vary starkly across regions.
- ❖ Enterprise Size: Areas with larger enterprises that add more value are less likely to have a high incidence of child labour.
- ❖ International Cost Comparison: India has a disadvantage in fuel and energy costs, vis-à-vis its competitors Bangladesh, Indonesia and China, as well as a cost disadvantage in raw material and labour, compared to both China and Indonesia. According to the latest available data, India has some advantages in both these costs compared to Bangladesh, but the latter is catching up fast.

Way Forward and Recommendations

1. Legal Reforms to Tackle Child-Labour Incidences

The Child Labour (Prohibition and Regulation) Amendment Act, 2016, imposed a complete ban on child labour, where a “child” is defined as a person below the age of 14 years. However, the Act offers a caveat, i.e. a child is permitted to work in family enterprises. The amendments also introduced, for the first time, the concept of adolescent labour, where an “adolescent” is defined as a person aged 14–18 years. The amendments allow the employment of adolescent labour in all sectors, except in hazardous processes or occupations.¹¹⁵ However, the number of occupations and processes recognised as “hazardous” has been reduced from 83 to only three.¹¹⁶ These amendments, therefore, hinder the core objective of the Act, which is to eradicate child labour.

Recommendation: The government must ensure stricter implementation and removal of such clauses that are often used as loopholes by entities that employ child labour.

2. Formalisation of the Sector and Improved Access to Transport and Logistics

Getting the textile clusters out of their current informal structures will improve long-term profitability. Technology can play its part for these enterprises, for instance, mobile-phone-based aggregators to find more sales and revenue. While the formalisation of labour (through regular employment and related benefits) can create some short-term upward pressure on costs, improved access to finance and skill-building will cushion that effect. This will incentivise manufacturers to adhere to the anti-child labour norms.

Recommendation: Since logistical costs are directly correlated with child-labour incidence, providing enterprises with improved and fairly priced access to transport and logistics, in areas where the governance quotient is low, can bring down overall costs. Of the selection regions, all except the regions in Tamil Nadu, Maharashtra and Gujarat, require formalisation.

3. Using Untapped Potential of Cooperatives in Eradicating Child Labour

The reduction of costs in cooperatives can enable individual firms to eradicate child labour. Cooperatives can address the issue of child labour through awareness generation amongst their members and the communities where they operate. They can work with local governments to eradicate all forms of child labour, by incorporating child-labour elimination in their campaigns and educational initiatives.¹¹⁷ Further, they can lower costs of production by introducing economies of scale, which are otherwise absent in smaller enterprises.

A substantial number of the sample firms were family-oriented enterprises, employing one to five workers (see Table 3). Creating cooperatives with these firms will enable them to seek economies of scale, particularly in sales, marketing, branding and finding market prices. This can bring down their overall cost of production.

Developed cooperatives are also capable of reducing expenditures on cost heads, such as transport, maintenance and rents paid, by creating and using common facilities. By doing bulk procurements, cooperatives can also reduce raw-material costs as well as strike better deals in the process.

Recommendation: The introduction of cooperatives in textile clusters of small enterprises can help reduce production costs, which will, in turn, lower (and eventually eradicate) child-labour incidences. The government must act as a facilitator in this process of cooperating and help create awareness against the employment of child labour.

4. Financing Smaller Enterprises with MUDRA

For the small enterprises considered in the cost analysis, availing loans can be a huge hurdle while expanding operations. The cost of financing expansions can increase if lending agencies ask for collaterals. Thus, help in financing will facilitate the progress of small enterprises, and once these entities become sizeably big, child-labour incidences will diminish.

The Pradhan Mantri MUDRA Yojana (PMMY) can be hugely beneficial in this context. MUDRA loans are currently disbursed in three categories: Shishu, up to INR 50,000; Kishore, above INR 50,000 and up to INR 5 lakh; and Tarun, above INR 5 lakh and up to INR 10 lakh. Under the PMMY, micro-enterprises loans up to INR 10 lakh are collateral-free and are covered under the Credit Guarantee Fund for Micro Units (CGFMU) operated by National Credit Guarantee Trustee Company Limited (NCGTC).¹¹⁸

The cost analysis in this study shows that an overwhelming majority of the sample firms (30,419), employ only one to five workers. Most of these quintessential micro-enterprises will thus be eligible to avail loans under the PMMY.

Recommendation: A close alignment of the existing MUDRA scheme with the micro-enterprises in textiles clusters will be beneficial and allow entrepreneurs to collateral-free loans between INR 2 lakh and INR 10 lakh. Once these enterprises grow in scale, they are likely to avoid employing children. MUDRA can thus help in eradicating child labour in India.

5. Skilling of the Children Employed in the Sector by Using “Skill India” Initiative

The ‘child labour’ workforce can be directed back to school by creating awareness about enhancing human capital. However, a significant number of them—those between 14 to 18 years old—will be looking for immediate future employment opportunities. Thus, future workers will be looking to hone their skills in their preferred areas of work, but their preferred choice for skill development may not be textiles and handlooms. These aspirants can be redirected towards the existing “Skill India” initiatives.

The Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is the flagship scheme by the Ministry of Skill Development and Enterprises (MSDE), implemented by National Skill Development Corporation (NSDC). Currently, PMKVY is approved until the year 2020, with an allotted budget of INR 12,000 crore for a four-year period, starting from 2016. (This scheme is expected to be extended beyond this period.) The objective of the PMKVY is to enable the youth to take up industry-relevant skill training, which will help them secure better livelihoods. Training and assessment fees are completely paid by the government under this scheme. Currently, training and skilling are offered for 633 different job roles in 36 different sectors.¹¹⁹

Recommendation: The government must redirect child workers, the younger ones to schools and the adolescents to the PMKVY initiatives. Non-governmental agencies and industry bodies, with the help of the government, can increase awareness about developing human capital and future productivity of the economy to ensure the success of skilling exercises.

Conclusion: India's Path towards Sustained Human Capital Accumulation

In June 2019, the national media widely covered the rescue by government authorities of 26 children from a third-party plant of FMCG giant, Parle Products.¹²⁰ Indeed, there are signs that the government is actively locating child labourers and removing them from their places of work. In June 2019, the Ministry of Labour and Employment released new data on some 66,169 children who were rescued and rehabilitated under the National Child Labour Project during 2018-19 alone. Between 2016-17 and 2018-19, 144,783 children were rescued and rehabilitated.¹²¹ A 2019 study by the Kailash Satyarthi Children's Foundation (KSCF) found that since 2017, there has been a 509-percent increase in the number of cases registered under the Child Labour (Prohibition and Regulation) Act (CLPRA). This is an indication that the systems have become more alert.¹²²

This report has shown that India is not completely oblivious to the realities of child labour, and the government has devised a plethora of laws, schemes and policies to tackle the issue. Of these initiatives, the most ambitious and forward-looking may yet be the expansion of the Right to Education Act to include compulsory and quality secondary education, as suggested in the draft National Education Policy 2019. Yet, as highlighted by studies cited in this report, the number of child labourers across India is not decreasing rapidly enough, and may in fact be rising in certain pockets. There is a gap between formulation and implementation that must be filled in order to achieve the SDG 8 target of ending child labour in all its forms by 2025. The government must work with key stakeholders to ensure that no child is left behind.

This report offers three broad recommendations.

First, a running theme in this report is the lack of updated datasets that map not only the populations of child labour, but also their concentrations. As highlighted throughout the chapters, the estimates for child labour incidence in the textiles and allied industries are almost a decade old; given the dynamism of India's economy, these numbers are far from the realities of today. Without an accurate understanding of the landscape, it becomes virtually impossible to suggest sound policy measures, exacerbating the inefficiencies of efforts to eradicate child labour. Unit-level data from the Periodic Labour Force Survey (PLFS) 2017-18 released in 2019 should be analysed and new estimates should be used to inform policymaking.

It is pertinent to not only examine the areas where child labour is rampant but to produce equally comprehensive studies on the bright spots in states where there is virtually no incidence of child labour. Significant investment must be made by the government in data collection, dissemination and analysis on India's domestic child labour situation. Surveys, research and assessments are crucial in identifying the push and pull factors of child labour that differ across geography, demography and industry. Innovations in data gathering methods have changed dramatically within the last ten years, and must be incorporated for accurate data mapping.

Second, cooperatives have been given emphasis throughout this report, and are key in filling the implementation gap as well as serving as mediators between governments,

businesses and enterprises. Governments can utilise cooperatives to reach small and remote demographics that they may otherwise not have the resources to cover, thereby facilitating true grassroots transformation. At the same time, as highlighted in this report, the government must take a more proactive role in encouraging cooperatives to use consistent and rigorous monitoring and evaluating methods, to facilitate accurate and useful policy interventions.

As a corollary, engagement with key stakeholders who are involved in the many facets of child labour—such as those that promote education or ethical trade—is paramount to creating holistic policy solutions. The supply chain is interconnected and comprised of a wide gamut of actors – from the enterprises themselves, to non-governmental organisations (NGOs), self-help groups, textile associations and brands that are being catered to. Regular engagements with stakeholders will not only advance policy formulation, but will allow for the effective implementation of child labour frameworks by serving as a tool to assess impacts. This is an aspect which, as argued in this report, has been absent in India’s engagement with the issue of child labour.

Third, given the proximity to the deadline for achieving SDG 8, the discourse around child labour must be anchored in the wider development goals agenda and not be treated as isolated. After all, child labour falls within a wide nexus of rights, sustainable development, and equality. As underscored throughout this report, human capital development must remain consistent with measures to eliminate child labour. Significant attention and investment in health and education is paramount in breaking the cycle of poverty, which has been highlighted as the main cause for families to seek labour opportunities for their children. While skill development initiatives by the government such as the PMKVY are laudable, more work must be done to ensure that children and adolescents are indeed being directed towards these schemes.

As India aims to move towards becoming a US\$5-trillion economy by 2025 (and further to US\$10 trillion by 2032) it behoves the country to ensure that no child is entrapped in labour. Therefore, the garments industry, which is driving a significant part of India’s growth, must be examined more closely. Special attention must be given to all aspects of the supply chain, from harvesting raw materials to the assembly of the finished product. Eradicating child labour is the last mile in achieving truly inclusive and sustainable economic growth and the government must be a bridge in achieving this goal.

Annexure: Human Capital Profiles of Ten Regions Under Study

Bihar Central

It is known that Uttar Pradesh and Bihar together account for the largest number of child labourers between the age of 5 to 14 in India. Combined, these two states account for 30.8 percent of the child population in the country, and 32.2 percent of child labourers aged under 14 years.¹²³

An analysis of NSS data shows that while the proportion of children in the overall workforce and the proportion of workers in the textiles and allied industry in the Central Bihar region is below the national average, the proportion of children (5 to 17) within textiles and allied industries was considerably higher than the national average, and is exclusively male.

Government's own analysis of the Census numbers found that Bihar has the highest proportion of child population (46 percent) among all states of India, and is ranked 3rd in terms of the number of child labourers in the 5-14 age category. Of the 38 districts of Bihar, 13 account for 55 percent of child workers in the state: Gaya, Darbhanga, Bhojpur, Araria, Muzaffarpur, East Champaran, Madhubani, Nalanda, Nawada, West Champaran, Patna, Purnia and Sitamarhi. The hotspot of Bihar was the urban district of Gaya, which had 6.4 per cent of total incidence.¹²⁴ The Central region of Bihar consists of many of these districts including Gaya.

Bihar also had the highest proportion of child labourers who are illiterate, according to Census data.¹²⁵ As Table 1 shows, Bihar Central fares poorly vis-à-vis most human capital indicators, with immunisation coverage being a notable exception. Despite having a considerable Dalit/Adivasi population in the region, the textiles and allied industries had no child labourers from these communities. On the contrary, Muslims constituting just 8 percent of the population in the region contributed 70 percent of child labourers in the textiles and allied industries.

Bihar Central: Snapshot

	Bihar Central	India Average
% child labourers in textiles and allied industries	9.2%	5.8%
% workers in textiles and allied industries	1.5%	3.7%
% children in overall workforce	2.7%	3.0%
% girls among child labourers in textiles and allied industries	0.0%	34.2%
% Hindus among child labourers in textiles and allied industries	29.9%	18.9%
% Muslims among child labourers in textiles and allied industries	70.1%	80.2%
% Adivasis among child labourers in textiles and allied industries	0.0%	1.5%
% Dalits among child labourers in textiles and allied industries	0.0%	3.9%
% OBCs among child labourers in textiles and allied industries	100.0%	36.9%
% general category among child labourers in textiles and allied industries	0.0%	57.8%
Literacy Rate in the region	65.17	69.13
Gross attendance ratios (GAR) for primary age group (6-10)	98.04	101.4
GAR for higher secondary age group (16 to 17)	64.26	64.31
% Muslim population in the region	8.14	13.81
Average Household Monthly Expenditure (Rs)	6526.24	8158.09
% Children under 5 years who are stunted (height-for-age)	48.6	37.4
% women aged 15-49 years who are anaemic	65	53.2
% children age 12-23 months fully immunized	67.2	62.1
Average Food Expenditure (Rs)	2911.599	3136.47
% households with exclusive use of drinking water source	44.89	38.9
% households with motorable road / lane / constructed path	24.29	52.89
% borrowing as major source of finance for hospitalisation expenditure	11.8	20.33
% of child delivery/abortion in the public sector hospital/facility	51.87	52.43

Gujarat South Eastern

Gujarat's child labourers are known to be among the most literate, barring Tamil Nadu, Himachal Pradesh and Kerala.¹²⁶ As Table 2 shows, South Eastern region of Gujarat has a considerably higher presence of textiles and allied industries when compared to the national average. At the same time, the proportion of child labourers in the overall workforce as well as the textiles and allied industries is lower than the national average. The child labourers are almost all boys, and the proportion of Muslims among

child labourers is remarkably low, when compared to the national average. Household average expenditure levels, including food-related expenditure, are higher than the national average, indicating a relatively better-off population, and water and road infrastructure related averages are higher than national average. Yet, several human capital indicators are lower than the national average, including immunisation coverage. However, despite a very high preference for the private sector health care, borrowing as major source of finance for hospitalisation expenditure is much lower than the national average in this region.

Gujarat South Eastern: Snapshot.

	Gujarat South Eastern	India Average
% child labourers in textiles and allied industries	2.4%	5.8%
% workers in textiles and allied industries	8.6%	3.7%
% children in overall workforce	2.5%	3.0%
% girls among child labourers in textiles and allied industries	4.2%	34.2%
% Hindus among child labourers in textiles and allied industries	87.5%	18.9%
% Muslims among child labourers in textiles and allied industries	12.5%	80.2%
% Adivasis among child labourers in textiles and allied industries	0.8%	1.5%
% Dalits among child labourers in textiles and allied industries	0.0%	3.9%
% OBCs among child labourers in textiles and allied industries	30.4%	36.9%
% general category among child labourers in textiles and allied industries	68.8%	57.8%
Literacy Rate in the region	72.08	69.13
Gross attendance ratios (GAR) for primary age group (6-10)	97.26	101.4
GAR for higher secondary age group (16 to 17)	50.93	64.31
% Muslim population in the region	6.95	13.81
Average Household Monthly Expenditure (Rs)	12135.12	8158.09
% Children under 5 years who are stunted (height-for-age)	40	37.4
% women aged 15-49 years who are anaemic	59	53.2
% children age 12-23 months fully immunized	53.5	62.1
Average Food Expenditure (Rs)	3439.486	3136.47
% households with exclusive use of drinking water source	44.56	38.9
% households with motorable road / lane / constructed path	68.96	52.89
% borrowing as major source of finance for hospitalisation expenditure	5.14	20.33
% of child delivery/abortion in the public sector hospital/ facility	28.35	52.43

Jharkhand Hazaribagh Plateau

Official documents admit that a large section of the Jharkhand population live in poverty, and therefore, vulnerable to child labour and trafficking. Majority of child labour in Jharkhand are employed in hotels or dhabas, as domestic workers, in brick kilns, bidi making, coal picking, mining, begging, garage, automobile workshops, building construction, stone crushing, and rag picking.¹²⁷ Hazaribagh Plateau in Jharkhand has a low presence of the textiles and allied industries in terms of labour share. However, the proportion of child labourers within the industrial grouping is the highest in the country, at 42 percent. Interestingly, none of these children are from Adivasi or Dalit communities. All of them happen to be from the Muslim community, despite the Muslim population in the region being only 17 percent. The child labourers are also all boys. On average, human capital indicators are lower than the national average, the only exceptions being primary GAR and immunisation coverage. The region also reports a high usage rate of public hospitals, and a low level of borrowing as major source of finance for hospitalisation expenditure, when compared to the national average.

Jharkhand Hazaribagh Plateau: Snapshot

	Jharkhand Hazaribagh Plateau	India Average
% child labourers in textiles and allied industries	42.0%	5.8%
% workers in textiles and allied industries	0.8%	3.7%
% children in overall workforce	3.3%	3.0%
% girls among child labourers in textiles and allied industries	0.0%	34.2%
% Hindus among child labourers in textiles and allied industries	0.0%	18.9%
% Muslims among child labourers in textiles and allied industries	100.0%	80.2%
% Adivasis among child labourers in textiles and allied industries	0.0%	1.5%
% Dalits among child labourers in textiles and allied industries	0.0%	3.9%
% OBCs among child labourers in textiles and allied industries	82.2%	36.9%
% general category among child labourers in textiles and allied industries	17.8%	57.8%
Literacy Rate in the region	59.94	69.13
Gross attendance ratios (GAR) for primary age group (6-10)	102.57	101.4
GAR for higher secondary age group (16 to 17)	48.99	64.31
% Muslim population in the region	16.82	13.81
Average Household Monthly Expenditure (Rs)	6829.62	8158.09
% Children under 5 years who are stunted (height-for-age)	44	37.4
% women aged 15-49 years who are anaemic	70	53.2
% children age 12-23 months fully immunized	63.9	62.1

	Jharkhand Hazaribagh Plateau	India Average
Average Food Expenditure (Rs)	2632.185	3136.47
% households with exclusive use of drinking water source	21.51	38.9
% households with motorable road / lane / constructed path	41.83	52.89
% borrowing as major source of finance for hospitalisation expenditure	9.84	20.33
% of child delivery/abortion in the public sector hospital/facility	58.75	52.43

Maharashtra Coastal

Maharashtra has the highest number of child labourers in India, behind only Uttar Pradesh according to Census-based estimates.¹²⁸ However, despite a high concentration of textiles and allied industries in the region, Coastal Maharashtra has comparatively very low prevalence of child labour in the sector although the absolute numbers are still high given the size of the industry. Also, most of the child labourers are Hindus; the proportion of Dalits or Adivasis is null. What is peculiar about this region is that it is the Hindu OBC category which reports most of the child labourers, unlike in most other regions. Most human capital related indicators as well as income indicators in the region fare better than the national average; with GAR in primary age group and immunisation coverage being the only exceptions. Irrespective of a high private sector utilisation, borrowing as major source of finance for hospitalisation expenditure is less frequent than the national average.

Maharashtra Coastal: Snapshot

	Maharashtra Coastal	India Average
% child labourers in textiles and allied industries	0.9%	5.8%
% workers in textiles and allied industries	6.5%	3.7%
% children in overall workforce	1.1%	3.0%
% girls among child labourers in textiles and allied industries	0.0%	34.2%
% Hindus among child labourers in textiles and allied industries	96.6%	18.9%
% Muslims among child labourers in textiles and allied industries	3.4%	80.2%
% Adivasis among child labourers in textiles and allied industries	0.0%	1.5%
% Dalits among child labourers in textiles and allied industries	0.0%	3.9%
% OBCs among child labourers in textiles and allied industries	96.6%	36.9%

	Maharashtra Coastal	India Average
% general category among child labourers in textiles and allied industries	3.4%	57.8%
Literacy Rate in the region	82.04	69.13
Gross attendance ratios (GAR) for primary age group (6-10)	96.56	101.4
GAR for higher secondary age group (16 to 17)	71.06	64.31
% Muslim population in the region	17.54	13.81
Average Household Monthly Expenditure (Rs)	13155.18	8158.09
% Children under 5 years who are stunted (height-for-age)	30.5	37.4
% women aged 15-49 years who are anaemic	52.2	53.2
% children age 12-23 months fully immunized	52.8	62.1
Average Food Expenditure (Rs)	4476.377	3136.47
% households with exclusive use of drinking water source	63.57	38.9
% households with motorable road / lane / constructed path	59.59	52.89
% borrowing as major source of finance for hospitalisation expenditure	9.49	20.33
% of child delivery/abortion in the public sector hospital/facility	37.98	52.43

Rajasthan Northern

Earlier analysis using the Census 2011 data showed that four of the 32 hotspot districts in the country that reported more than 8.9 percent child workers belonged to Rajasthan. It was shown that families sent their children to work due to low rates of perceived returns to education, high perceived opportunity costs and the perception of the employment in the industry as a way for upward mobility by way of supplementary income.¹²⁹ The Annual Health Survey 2010-11 had reported that the district Jhunjhunu reported the highest proportion of children who work.¹³⁰ A majority of the child labourers in the region are girls, and almost all of them are Muslims. Despite the perceived low returns to education from earlier studies, this region reports higher GAR across age groups when compared to the national average. Almost all human capital indicators are comparable or better than the national average as well. Reportedly, industries such as bangles, embroidery and weaving of carpets prefer children as their “products need soft hands to give the finesse”.¹³¹ Irrespective of a high rate of public hospital usage, the region reports a high proportion of borrowing as major source of finance for hospitalisation expenditure.

Rajasthan Northern: Snapshot

	Rajasthan Northern	India Average
% child labourers in textiles and allied industries	8.5%	5.8%
% workers in textiles and allied industries	2.6%	3.7%
% children in overall workforce	3.1%	3.0%
% girls among child labourers in textiles and allied industries	58.7%	34.2%
% Hindus among child labourers in textiles and allied industries	3.4%	18.9%
% Muslims among child labourers in textiles and allied industries	96.6%	80.2%
% Adivasis among child labourers in textiles and allied industries	0.0%	1.5%
% Dalits among child labourers in textiles and allied industries	3.4%	3.9%
% OBCs among child labourers in textiles and allied industries	96.6%	36.9%
% general category among child labourers in textiles and allied industries	0.0%	57.8%
Literacy Rate in the region	63.23	69.13
Gross attendance ratios (GAR) for primary age group (6-10)	111.32	101.4
GAR for higher secondary age group (16 to 17)	92.63	64.31
% Muslim population in the region	13.67	13.81
Average Household Monthly Expenditure (Rs)	10100.68	8158.09
% Children under 5 years who are stunted (height-for-age)	32.2	37.4
% women aged 15-49 years who are anaemic	39.4	53.2
% children age 12-23 months fully immunized	61.1	62.1
Average Food Expenditure (Rs)	4123.655	3136.47
% households with exclusive use of drinking water source	48.81	38.9
% households with motorable road / lane / constructed path	50	52.89
% borrowing as major source of finance for hospitalisation expenditure	21.37	20.33
% of child delivery/abortion in the public sector hospital/facility	62.63	52.43

Tamil Nadu Inland

Tamil Nadu along with Kerala are known to have the highest proportion of literate child labourers in the country. The state has done well in bringing down the quantum of the problem over the years: census data reveals reduction in child labour from 975 thousand in 1981 to 151 thousand in 2011.¹³² The textile industry is a dominant one in Tamil Nadu, employing a very high 17 percent of its workforce. Tamil Nadu is the only state that reports 100 percent girls among child labourers in the textiles and allied industries,

who also belong to the OBC category and are Hindu. No adivasis or dalits are reported as child labourers in these industries. Despite the monthly household expenditure as well as food expenditure being lower than national average, the Inland region of Tamil Nadu report better human capital indicators in most categories. However, the region has the proportion of households with exclusive use of drinking water source lower than the India average. It also reports a high proportion of borrowing as major source of finance for hospitalisation expenditure, despite a high use of public facilities.

Tamil Nadu Inland: Snapshot

	TN Inland	India Average
% child labourers in textiles and allied industries	0.8%	5.8%
% workers in textiles and allied industries	16.6%	3.7%
% children in overall workforce	1.8%	3.0%
% girls among child labourers in textiles and allied industries	100.0%	34.2%
% Hindus among child labourers in textiles and allied industries	100.0%	18.9%
% Muslims among child labourers in textiles and allied industries	0.0%	80.2%
% Adivasis among child labourers in textiles and allied industries	0.0%	1.5%
% Dalits among child labourers in textiles and allied industries	0.0%	3.9%
% OBCs among child labourers in textiles and allied industries	100.0%	36.9%
% general category among child labourers in textiles and allied industries	0.0%	57.8%
Literacy Rate in the region	71.21	69.13
Gross attendance ratios (GAR) for primary age group (6-10)	105.49	101.4
GAR for higher secondary age group (16 to 17)	81.48	64.31
% Muslim population in the region	5.66	13.81
Average Household Monthly Expenditure (Rs)	7899.51	8158.09
% Children under 5 years who are stunted (height-for-age)	27.7	37.4
% women aged 15-49 years who are anaemic	52.6	53.2
% children age 12-23 months fully immunized	74.9	62.1
Average Food Expenditure (Rs)	2847.152	3136.47
% households with exclusive use of drinking water source	24.47	38.9
% households with motorable road / lane / constructed path	69.37	52.89
% borrowing as major source of finance for hospitalisation expenditure	27.76	20.33
% of child delivery/abortion in the public sector hospital/ facility	57.97	52.43

Uttar Pradesh Southern Upper Ganga Plains and Northern Upper Ganga Plains

According to Census data analysis by the government, Uttar Pradesh is home to two percent of the total working children in the world. More than 21 percent of working children in India are from the state – out of 10.1 million working children below the age of 14 in India, the share of UP is 2.17 million.¹³³ Earlier research has shown that although the overall poverty in the state declined over the years, high incidence of poverty remained an area of concern in the central and eastern regions of the state and that the maximum numbers of high-poverty districts were located in the central and eastern regions of the state. The footwear industry of Agra, glass industry in Firozabad, the silk-weaving industry in Varanasi, zari industry in Bareilly, the handmade carpet industry in Mirzapur-Bhadoi, and the lock-making industry of Aligarh are known to have high concentrations of child labour.¹³⁴ Both the regions under study—UP Southern Upper Ganga Plains and UP Northern Upper Ganga Plains—have very high proportions of child labourers in the textiles and allied industries. The latter has about double the proportion of Muslims. However, in both regions, child labourers are predominantly Muslims. The Southern Upper Ganga Plains have a high proportion of Muslim girls, but in the Northern Upper Ganga Plains, a majority of the child labourers are boys. Interestingly, the proportion of Dalits is null in the former and a low five percent in the latter. It is noteworthy that the former has expenditure levels comparable to the national average, but the latter region seems better off, and has a higher proportion of child labourers in textiles and allied industries.

Uttar Pradesh Southern Upper Ganga Plains and Northern Upper Ganga Plains: Snapshots

	UP Southern Upper Ganga Plains	UP Northern Upper Ganga Plains	India Average
% child labourers in textiles and allied industries	16.5%	21.5%	5.8%
% workers in textiles and allied industries	4.3%	4.8%	3.7%
% children in overall workforce	5.3%	5.7%	3.0%
% girls among child labourers in textiles and allied industries	81.5%	40.7%	34.2%
% Hindus among child labourers in textiles and allied industries	20.8%	7.0%	18.9%
% Muslims among child labourers in textiles and allied industries	79.2%	93.0%	80.2%
% Adivasis among child labourers in textiles and allied industries	0.0%	0.0%	1.5%
% Dalits among child labourers in textiles and allied industries	0.0%	7.0%	3.9%
% OBCs among child labourers in textiles and allied industries	73.8%	65.8%	36.9%
% general category among child labourers in textiles and allied industries	26.2%	27.2%	57.8%
Literacy Rate in the region	61.76	61.52	69.13
Gross attendance ratios (GAR) for primary age group (6-10)	102.92	97.69	101.4

	UP Southern Upper Ganga Plains	UP Northern Upper Ganga Plains	India Average
GAR for higher secondary age group (16 to 17)	54.43	51.17	64.31
% Muslim population in the region	19.74	40.09	13.81
Average Household Monthly Expenditure (Rs)	8198.61	9269.29	8158.09
% Children under 5 years who are stunted (height-for-age)	47.5	38.2	37.4
% women aged 15-49 years who are anaemic	50.6	67.1	53.2
% children age 12-23 months fully immunized	55.7	63.5	62.1
Average Food Expenditure (Rs)	3148.673	4234.392	3136.47
% households with exclusive use of drinking water source	40.38	47.31	38.9
% households with motorable road / lane / constructed path	42.79	51.38	52.89
% borrowing as major source of finance for hospitalisation expenditure	19.48	10.03	20.33
% of child delivery/abortion in the public sector hospital/facility	38	21.26	52.43

West Bengal Eastern Plains and Southern Plains

An earlier study of child labourers in Kolkata had found that almost 88 percent were Hindus and only 12.2 percent were Muslims. About 83 percent of the fathers of these child labourers, and 93.9 percent of the mothers were illiterate as well.¹³⁵ An analysis of more recent NSS data on the textiles and allied industries paints a contrasting picture. The Southern Plains region, which includes Kolkata, reported a very high 23.3 percent of workers as children, predominantly male, and almost exclusively Muslim. Interestingly, the incidence of Adivasi, Dalit and OBC child labourers was zero. The Eastern Plains, perhaps due to it being more rural, had relatively lower development outcomes when compared to Southern Plains and the India average. Remarkably, both regions had low access to clean water, low access to roads, and at the same time had high immunisation coverage and high utilisation of public health facilities. Both regions reported borrowing as major source of finance for hospitalisation expenditure, with the rate in the poorer region (Eastern Plains) a very high 32 percent.

West Bengal Eastern Plains and Southern Plains: Snapshots

	WB Eastern Plains	WB Southern Plains	India Average
% child labourers in textiles and allied industries	5.5%	23.3%	5.8%
% workers in textiles and allied industries	3.9%	14.3%	3.7%
% children in overall workforce	6.1%	6.1%	3.0%
% girls among child labourers in textiles and allied industries	23.6%	13.9%	34.2%
% Hindus among child labourers in textiles and allied industries	13.7%	3.5%	18.9%
% Muslims among child labourers in textiles and allied industries	86.3%	96.5%	80.2%
% Adivasis among child labourers in textiles and allied industries	0.0%	0.0%	1.5%
% Dalits among child labourers in textiles and allied industries	0.0%	0.4%	3.9%
% OBCs among child labourers in textiles and allied industries	0.0%	0.0%	36.9%
% general category among child labourers in textiles and allied industries	100.0%	99.6%	57.8%
Literacy Rate in the region	64.21	79.77	69.13
Gross attendance ratios (GAR) for primary age group (6-10)	96.17	100.81	101.4
GAR for higher secondary age group (16 to 17)	49.03	59.92	64.31
% Muslim population in the region	47.34	32.64	13.81
Average Household Monthly Expenditure (Rs)	5386.11	8638.85	8158.09
% Children under 5 years who are stunted (height-for-age)	36.4	24.6	37.4
% women aged 15-49 years who are anaemic	65.3	64.6	53.2
% children age 12-23 months fully immunized	79.3	85.5	62.1
Average Food Expenditure (Rs)	2588.761	3588.058	3136.47
% households with exclusive use of drinking water source	27.82	23.33	38.9
% households with motorable road / lane / constructed path	31.58	45.9	52.89
% borrowing as major source of finance for hospitalisation expenditure	31.89	23.59	20.33
% of child delivery/abortion in the public sector hospital/facility	56.96	57.9	52.43

Endnotes

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India's textiles and allied industries are the second largest employers in the country after agriculture, with 40 million direct and 60 million indirect employees. As a traditionally labour-intensive industry, textiles is enabled by the massive use of child labour. The continuing practice of child labour has the potential to jeopardise India's push for incentivising foreign investments into the sector and integrating into global supply chains. This report seeks to address key facets of the issue and provide holistic policy solutions.



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