



## **CAPTURING THE GAINS**



*economic and social upgrading  
in global production networks*

### **Vulnerable workers and labour standards (non-)compliance in global production networks: home-based child labour in Delhi's garment sector**

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## **Abstract**

*Child* labour in apparel value chains is not as central a focus of civil society and organized labour movements as it was a decade ago, a tendency that reflects the successes of public and private initiatives in this regard. However while the incidence of child labour has certainly gone down, it still persists in some segments of the industry and in production for international markets. This working paper assesses the nature of child labour in segments of global garment production in and around the National Capital Region (NCR) of Delhi, including Gurgaon and the New Industrial Development Authority (NOIDA). The authors show child labour exists almost entirely in the embroidery and embellishment tasks of garment production, either as part of home work or in household-based enterprises. After presenting the findings of this study, the authors consider various aspects of the child labour debate. Can it be considered a form of apprenticeship? What is the role of poverty and aspiration; does a lack of capacity to aspire lead to child labour? The Working Paper considers possible options to eliminate child labour, including the role of the new constitutional amendment for universal and compulsory education and a possible conditional cash transfer (CCT) scheme.

**Keywords:** Child labour, value chains, apparel, garments, home work, India

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## **Abbreviations**

BPL	Below Poverty Line
CCT	Conditional Cash Transfer
CPRC	Chronic Poverty Research Centre
DFID	UK Department for International Development
ESRC	Economic and Social Research Council
EU	European Union
GDP	Gross Domestic Product
GPN	Global Production Network
IFAD	International Fund for Agricultural Development
IHD	Institute for Human Development
ILO	International Labour Organization
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
NCR	National Capital Region
NGO	Non-governmental Organization
NOIDA	New Industrial Development Authority
NSS	National Sample Survey
SHG	Self-help Group
UK	United Kingdom
UNCRC	UN Convention on the Rights of the Child
US	United States

## Introduction

The South Asia region retains the highest incidence worldwide of child labour. In India, figures from the 2001 national census indicate that working children aged between five and 14 years account for around 5 percent of the total population, which ostensibly contrasts favourably with much higher figures of 42 percent for Nepal or 19 percent for Bangladesh (Chakrabarty and Grote 2009). However, in terms of absolute numbers of working children, India accounts for the highest concentration in the world, with estimates indicating a total of some 12.6 million. In some states, incidence of child labour exceeds 6 percent (Rajasthan, Gujarat, Orissa, Chhattisgarh and Andhra Pradesh), and it is higher in rural areas than urban areas (5.45 percent compared with 3.39 percent). Child labour persists across many sectors of the Indian economy, including the garment industry, all of which are tightly integrated into global production networks (GPNs) (Posthuma and Nathan 2010).<sup>1</sup>

This paper explores the nature of child labour in segments of global garment production in the National Capital Region (NCR) – that is, in and around Delhi, including Gurgaon and the New Industrial Development Authority (NOIDA). In the late 1990s, it was estimated that Delhi accounted for around a third of national garment production (registered and unregistered production combined) and some 18 percent of garment enterprises in India (see Barrientos et al. 2010). In this sector context, we show that the apparent decline in the incidence of child labour since the early 2000s in fact merely reflects its reconfiguration during this time. There have been concerted and successful efforts to remove child labour from the factory setting in reaction to growing public and political pressure within India and beyond. Yet the problem has been displaced in the process to the arena of household activity, as the restructuring of garment production to reduce costs and evade regulation has dramatically increased both the importance of home-based work and the numbers of (particularly women) workers in the burgeoning household sector. Our study also reveals that child labour exists almost entirely in the embroidery and embellishment tasks of garment production that have become heavily concentrated in the household sector.

The first two parts of this paper briefly set out the methodology of the study and the profile of child labour in the Delhi garment sector on the basis of its key findings. The third part discusses issues of governance and social compliance in the sector, identifying the manner in which the organization of production processes and the shortcomings of regulation systems have actively enabled the persistence of child labour. In the final part of the paper, we consider associated policy issues and possible avenues towards the elimination of child labour, drawing particular attention to issues of governance and regulation of production networks, the significance of the Right to Free and Compulsory Education Act (2009) and the role of conditional cash transfer (CCT) schemes.

## Methodology of the study

This study was based on field research conducted from late 2009 to mid-2010 in New Delhi and the NCR of India. Supplementing basic secondary data from the National Sample Survey (NSS), a household survey in five key locations – Nangloi, Gandhinagar, Seemapuri, Jehangirpuri and Shahpur Jat – collected information on the incidence, profile and patterns of child labour and the socioeconomic characteristics and conditions of the households in which it occurred. The locations selected for the survey are poor ‘semi-slum’ areas with a high concentration of garment workers and household-based garment industry enterprises, situated near major garment-producing centres or wholesale garment markets. A sample of 220 households was identified across five

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<sup>1</sup>A GPN is defined as ‘the nexus of interconnected functions and operations through which goods and services are produced, distributed and consumed’ (Henderson et al. 2002).

locations. Of the 220 households, 19 were found to be household enterprises, workplaces-cum-hostels where employees work and live alongside employers. These are separated in our analysis from home-based households, where the workers are family members. In the 201 home-based households, there were a total of 552 children, 370 of whom were in the age group 5-14 years. The sample is thus indicative rather than representative, but nevertheless sufficiently sizeable to generate revealing insight into the incidence and nature of child labour in the Delhi garment sector.

The second element of the field research consisted of 30 firm-level case studies based on interviews. The aim was not to trace direct connections from sample households to specific firms, rather to obtain a broad understanding of production operations, firms' engagement with global brands and the domestic market, outsourcing and subcontracting practices and labour management strategies. The firms and enterprises were selected for their locations in the major garment-producing centres of Gurgaon and NOIDA, located on the borders of Delhi in the states of Haryana and Uttar Pradesh and served by activity from locations included in the household survey. The firms were diverse, including main producers/factories, subcontracting firms, intermediary firms, wholesale dealers and designers. The informants were owners, managers and merchandisers. The interviews were supplemented by more informal conversations with representatives from civil society organizations and auditors involved with social compliance issues.

Undertaking research on child labour has always been demanding and challenging (Mehta and Sherry 2009; Sharma et al. 2004), but has become more so given the spread of awareness of the laws regarding child labour and the stigma attached to the practice. In the areas selected for the household surveys, especially Shahpur Jat (which featured in a major exposé of child labour in global production in 2007) and Gandhinagar, the presence of strangers, especially those who appear educated and middle-class, is frequently met with hostility and obstruction. Equally, it is difficult to speak to the children, as they are always under strict supervision and tutored in how to respond to questions about their age or connections with a household. Such difficulties were addressed in our study by using local facilitators (some of whom were also enumerators who conducted the survey) and personal connections in the areas. The identity of households and firms was kept confidential, and all conversations were conducted on the condition of anonymity.

Child labour is defined in our study as involving workers between the ages of five and 14 years, a range in which child labour is ostensibly prohibited under Indian law. We also define child labour as children's involvement as workers in productive activity within the garment sector, which may or may not be conducted in tandem with schooling and for which the child may or may not receive direct payment. Distinctions between (paid) child labour and (unpaid) child work have been the source of much debate in recent years (Burra 2005; Leiten 2002). Both terms are problematic in general and inapplicable in the more specific context of work within GPNs. The children used for this study were mostly unpaid workers within the context of a family or home-based unit, and their financial compensation was subsumed into a payment made to the family or to the adult workers. This does not, however, negate their participation as workers in productive activity, or the value that accrues within the production network from their labour. The key point being, the commercial dynamics of GPNs function to favour and reinforce the use of this kind of labour, both directly (by fostering the integration of children as workers, whether paid or unpaid, in productive activity) and indirectly (by favouring the use of children in the reproductive household economy so that adult workers are made available for minimum wage labour).

## **Profile of child labour**

The household survey revealed a number of key characteristics of child workers and their households:

- There were child workers in 69 percent of households surveyed; 74 percent of all children in surveyed households worked.
- Children in the age group 5-11 years worked an average of three hours a day; children in the age group 12-14 years worked four-and-a-half hours a day.
- School attendance was 84 percent for the 5- 11 age group but fell to 60 percent for those in the 12-14 age group.
- A high proportion of child workers, 45 percent, did not receive any specific payment for their labour. For those that did receive payment, the average monthly earnings were approximately Rs 400 for children aged 5-11 and Rs 550 for children aged 12-14 years.
- For almost all child workers (92 percent), the work place was the home; a few children worked in other houses or workshops in the neighbourhood.
- Children were largely helpers or workers in embroidery and embellishment work; older children also engaged in activities such as thread cutting. Ornamentation was the focus of work in households with child labour.
- The main reason given for children working was to supplement family income (61 percent of households gave this reason and almost 85 percent of children fell into this category), even though child workers' average contribution to household income was just 10 percent.
- 26 percent of child workers were not engaged in garment production but had dropped out of school in order to look after younger siblings.
- The average per capita monthly income of households with child labour was less than half that of households without child labour, amounting to roughly Rs 60 per day for households with child labour, clearly below the per capita poverty level of \$2 per day (approximately Rs 85 per day). For households without child labour, the average per capita daily income was about Rs 120 per day.
- There is a clear gender dimension to the incidence of child labour, with female-headed households seeing higher incidence of child labour than male-headed households. Similarly, the per capita daily income of all female-headed households was just above Rs 60 per day, whereas that of male-headed households was Rs 133 per day, showing female-headed households are both poorer and, consequently, more prone to having working children.

## **Governance, social compliance and child labour**

The research revealed that embroidery and embellishment were the main tasks using child labour in the Delhi garment sector, reflecting a complex system of outsourcing and subcontracting from the major exporting units down to the household level. Embroidery and embellishment are the primary functions outsourced by major exporting firms, through subcontracts to the household sector. Some other tasks, such as thread cutting, are also regularly outsourced to the non-factory sector, including the household sector. Significantly, while the value of outsourced work may be just 5-10 percent of the total value of the garments, embroidery and embellishment work is crucial to Delhi's unique position in the garment export industry.

The use of child labour is so widespread in the household segment of garment production precisely because this environment is favourable for avoiding regulation. Child labour is permitted under Indian law at the household level: Clause 3 of the Child Labour (Prohibition and Regulation) Act of

1986 prohibits the employment of children in certain occupations and processes with the proviso that 'nothing in this section shall apply to any workshop wherein any process is carried out by the occupier with the aid of his family'. This exclusion has been pivotal in displacing child labour from the factory to the household sector, as a result reconfiguring outsourcing strategies. Even in household units where child workers tend to be young migrant boys from rural areas, it is falsely claimed they are relatives of the employer in order to comply with this legislation.

Thus, in terms of the typology put forward by Ravi Kanbur (2009), the displacement from the factory to the household sector means child labour law either becomes non-applicable or is difficult to enforce.<sup>2</sup> Yet the difficulties of regulation are related not only to legislative shortcomings but also to a broader set of issues concerning governance and compliance in the garment industry. The key complexity relates to the structures and strategies of outsourcing that create extremely high levels of market segmentation and fragmentation. Put simply, the longer the outsourcing or sub-contracting chain, the more difficult the governance of the industry becomes, whether in relation to technical quality or in terms of compliance with social norms.

Quality norms are usually enforced through rejections, which can vary from 15 to 30 percent and occur throughout the outsourcing or sub-contracting chain. For export garments, there are clear specifications for dyeing and printing, including for the use of chemicals. For exporting firms, the incentives for compliance with quality standards are extremely high. Conversely, little attention tends to be paid to compliance with labour norms, other than the child labour norm. Audits are performed, but the timing of these is usually known well in advance, so it is possible to hide many violations. As Barrientos et al. (2010) point out, factory audits are reasonably effective in matters that can be verified in a straightforward visual sense, such as provision of toilets, first aid, absence of child labour on the factory floor and so on. But compliance on payment of overtime and other labour conditions is more difficult to establish, and the mechanisms of auditing are much less effective. In addition, insiders from the industry told us in interview, under the condition of anonymity, that it was not difficult to purchase required audit clearances. If factory inspectors can be bought off, there is no reason to presume other auditors cannot be too. According to insiders, this does not happen regularly, but does occur on a fairly noticeable scale, at a price of around \$2,000 per audit.

The major social compliance issue however, is that of child labour. Any scandal surrounding the use of child labour has a substantial impact on brand image, in turn affecting market share and shareholder value. As a consequence of much greater recognition of the business case for eliminating child labour, action has been taken to the extent that key factory areas can now legitimately claim to be 'child labour-free' zones. This represents a clear advance from the situation in the 1990s, when there was no such concern about the use of child labour.

However, the picture changes when we move to the non-factory sector. In the numerous unregistered small units in housing colonies in urban village<sup>3</sup> localities, where production largely serves both the low-end domestic market and the export market, there is a visible presence of child workers. The many layers of outsourcing that characterise garment production enable employers and producers to disclaim obligations to workers and, specifically, to evade responsibility for child

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<sup>2</sup>Kanbur's four conceptual categories are (a) regulation applicable and compliant; (b) regulation applicable and non-compliant; (c) regulation non-applicable after adjustment of activity; and (d) regulation non-applicable to the activity.

<sup>3</sup>The urban villages of Delhi have more than five to six times the population density of the non-village areas. They cater to mixed land use with residential, commercial and industrial (small or household industries) within the same area, based on the demands of the surrounding localities.

labour. As one small-scale producer put it very simply in interview, 'when we give work, we do not bother to check who does what'. As Singh and Sherry (2009) also point out in their study of *zardosi* (a form of embroidery) child labour in and around Lucknow, 'In these situations, heads of households are paid on behalf of the entire family, thus allowing employers to disclaim knowledge regarding who is actually working for them, children or adults.'

The type of contract between the exporter and the outsourced unit is also critical. These range from a full written contract containing conditions referring to quality norms or the non-involvement of child labour, to purely verbal agreements, which are prevalent when working with unregistered units, including household and home-based workers. Such arrangements further enable employers to manipulate working conditions (including pay), evade responsibility to workers and escape forms of regulation such as auditing and labour inspections. Labour inspection systems are in any case often partial and sometimes actively hindered by state authorities (Deshingkar, 2009; ILO 2006). Inspections within the household sector are also particularly difficult, given the inaccessibility of the semi-slum areas in question. Attempts made tend to be immediately obstructed by residents and employers in the area.

What the above shows is that the proliferation of levels and layers of intermediary involvement in the completion of work and, in particular, the involvement of household-based work promote the negation of quality norms and weaken the technical and social quality checking process. Services that are priced at very low levels are seemingly more prone to high incidence of violation of socio-ethical norms, especially the involvement of child labour. Activities that require specified skill sets, on the other hand, lead to a reduction in the number of children in the workforce. However, the garment sector value chain relies on a wide range of unskilled activities and also features a prevalence of small units offering apprenticeship, normally without any payment.

Alongside the role of intermediaries in the organization of production, the other key mechanism by which regulatory structures are undermined relates to labour recruitment. The use of labour contractors is recognized as increasingly prevalent in GPNs in general (Barrientos 2011) and in the Indian garment sector as a whole, where it is estimated that some 40-50 percent of the total workforce is recruited by labour contractors (*thekedaars*). The consequences for labour standards, including in terms of the forms of child labour being discussed here, are various. Workers recruited by contractors are usually tied to a particular employer and brought in for a specific job. For migrant workers particularly, possibilities of opting out of the circulation loop by changing employers or settling in the destination are thereby severely constrained (Breman 2010). Workers are sometimes employed directly by the labour contractor rather than by the firm for which they work, as such firms are able to evade not only obligations to the workers but also the requirements of social compliance imposed by transnational lead firms or first- and second-tier suppliers. The contractor thus functions both as an intermediary and as a point of rupture in the employment relationship, furthering distancing the lead outsourcing firms from the workers involved in the production process. All of these wider problems take on particular force given the additional vulnerabilities of migrant child workers, who are most often brought from rural villages on the basis of advances on their wages paid by contractors to their parents, and for whom the workplace also functions as their living quarters.

It is clear that production networks have purposefully been organized and reorganized in order to move a large part of economic activity beyond the reach of governance and regulation. Government policy and legal frameworks have been tailored in ways that support those processes, particularly in the deregulation of the private sector and mechanisms to impose greater discipline

on labour in that context. The conjunction of the limitations of private and public regulation has thus put in place a system characterized by what Posthuma (2010) calls 'regulatory enclaves', which exclude the vast majority of workers in the Delhi garment sector, and essentially all child workers. Public authorities are also poorly equipped, or perhaps, moreover, politically unwilling to deal with the 'mobile poor' (Bremner 2010; Mosse 2010) and the increasingly complex and ubiquitous system of labour contractors that organizes and controls them.

The key point is that child labour needs to be understood not simply (as it often is) as a kind of cultural remnant or the consequence of poverty, but rather also as a direct result of the ways in which contemporary production networks are organized and governed. Arguments that see economic development as the means to ending child labour are therefore entirely misplaced. It is, of course, true that child labour has deep roots in poverty and deprivation, as our research clearly revealed, but it does not then follow that the solutions lie in economic growth. Indeed, it has been widely acknowledged child labour does not correlate in any straightforward or predictable sense to patterns of growth, levels of gross domestic product (GDP) or the effectiveness or otherwise of anti-poverty programmes based on income measures.<sup>4</sup> The reasons for this are multiple, the first being the fact that there is no necessary correspondence between the pace of growth and the pace of poverty reduction. The second is that child labour is strongly associated with particular kinds of social norms that sanction specific kinds of inequality and exploitation, especially relating to gender, caste, ethnicity, race and so on.<sup>5</sup> The third is that the persistence of child labour is deeply rooted in the organization and functioning of contemporary economies and production networks, including those involving global lead firms. For this reason the issue of policy strategies is far from straightforward, and it is here that this paper now focuses.

### **Policy, regulation and governance strategies**

Arguments are frequently put forward that not all forms of child labour are unacceptable, and that a strategy of eradication is therefore misplaced. The key idea in these arguments is that child labour functions as a form of apprenticeship, implying the work is valuable and of benefit to both the child worker and the household. It is also claimed that child labour does not necessarily jeopardize the future earning potential of the child (Ghose 2004). These claims can be rejected on two grounds. First, the persistence of child labour in India is clearly at odds with both global and International Labour Organization (ILO) norms, as well as new norms established by Indian law. Second, this research revealed a very clear function for child labour in the intergenerational transmission of poverty.

At a basic level, this survey revealed that patterns of child labour in Delhi garment production are substantially at odds with ILO guidelines. The extent of work performed by children in the sampled households, and therefore its economic and social significance, is considerable, equivalent on average to some three hours per day for 5-11-year-old children, and four-and-a-half hours per day for those in the 12-14 age group. These figures nevertheless conceal variation. In the 5-11 age group, the survey indicated that more than half worked only for one to two hours a day, 26 percent for three to four hours and nearly 16 percent for more than seven hours. This latter group thus classifies as full-time workers, even though they may also go to school. In the 12-14 age group, the majority of children worked for more than three hours a day, and over 17 percent worked for more than eight hours. These patterns are in clear violation of norms stipulated by the ILO: no work at all for children aged 5-11 and a maximum of two hours a day for children aged 12-14 years.

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<sup>4</sup> A full discussion is beyond the scope of this paper, but see Bachman (2000), Chakrabarty and Grote (2009) and Degraff and Levison (2009).

<sup>5</sup> Again, space prevents a full discussion, but see Mosse (2010), Phillips et al. (2011) and Tilly (1998).

India is also a signatory to the UN Convention on the Rights of the Child (UNCRC), which stipulates that 'children's work should not jeopardize any of their other rights, including the right to education, or the right to relaxation and play' (Article 32), and in 2009 passed a Right to Free and Compulsory Education Act, making access to education a fundamental right for children. Yet this research revealed that patterns of child labour are at variance with both of those provisions, inasmuch as child labour corresponds unambiguously with the absence or premature suspension of education.

Since the 1980s, school attendance in India has improved significantly, along with literacy rates, despite overall levels of education remaining low (especially among the poor and among women), and real expenditure on education as a proportion of GDP having declined steadily (Drèze and Sen 2002). Child labour, while still prevalent, more often than not occurs in combination with some schooling, at least for younger children, who are less valuable in labour markets. However, in this survey, 20 percent of children aged 12-14 were 'dropouts' from school; the proportion rose to 42 percent in the 15-17 age group, suggesting that child labour at an early age is linked strongly to premature abandonment of education. The illiteracy rate among working children was also nearly double the level for all of the children in the sample. This finding disputes the common argument noted previously that child labour during off-school time does not jeopardize the future earning capacity of the child worker.

This picture has an important gender dimension. On the one hand, in the 5-11 age group, a greater percentage of girls than boys dropped out (post-enrolment), and girls attended school less regularly. In the 12-14 age group, more boys were reported never to have enrolled in school, which is likely to owe to the large numbers of migrant male child workers. On the other hand, as discussed earlier, gender differences emerge in the reasons given for non-attendance at school; girls are more likely to leave school to attend to younger siblings and support the family by working, and older girls are additionally likely to leave school for safety reasons. This restriction on the mobility of girls and women is an important mechanism by which forms of poverty and vulnerability to exploitation are entrenched and socially sanctioned. At the same time, older boys are expected to shoulder economic responsibility and hence are likely to opt for work rather than school, such that a low level of educational attainment is characteristic across the population of child workers.

Neither the apprenticeship justification nor the part-time after-school-hours nature of child work can be used to justify the continuance of child labour. There is a clear and deleterious effect on the capabilities of children as a result of their dropping out of school to engage in such activities. The apprenticeship argument also falls down in the sense that the skills needed for embroidery and embellishment work are easily acquired, making the return to these forms of labour low. Also, in the modern world, acquiring a general education through high school is of greater value than the 'learning-by-doing' skill of embroidery and embellishment. Child labour in the garment industry, by increasing the rate of school dropouts, locks children's future into the lowest-earning rungs of garment work or any other similar activities. The very clear correspondence in this survey between low overall levels of household education and incidence of child labour further reveals the intergenerational transmission of poverty on this basis.

As Indian law itself now calls for the elimination of child labour that affects the educational attainment of children, the need for further action to address the problem is clear. Yet the appropriate strategies for doing so are complex. Past attempts at eliminating child labour in Bangladesh or Pakistan, for example, involved merely banning children from work – and ran into

severe problems (Hussain-Khaliq 2004; Khanam 2006; Nasir Uddin et al. 2009; Siegmann 2008). In Bangladesh, it resulted in children, particularly girls, being pushed into even more risky occupations, such as sex work (Nasir Uddin et al. 2009). A subsequent ILO project combined the elimination of child labour with access to education and income support for the family, and was significantly more successful. A similar approach combining regulation with income and education support is necessary to eliminate household-based child labour in India, but it should also be clear that a large part of the root problem lies in the organization of production networks and the functioning of value chains. The challenge is thus not only to develop public policy interventions to deal with the problems in poverty and education, but also to develop public and private forms of regulation to govern local and global production networks. A further challenge lies in how to make these forms of regulation compatible, in a situation where incentives for the evasion of public regulation have thus far ensured the persistence of child labour.

### **Production network initiatives**

At the garment production level, the elimination of the various sub-contracting layers of intermediaries could increase income earned at the level of the household producer. Even without an increase in rates paid, the elimination or reduction of these numerous layers could increase women's income from embroidery and embellishment work. For instance, at the Women's Embroidery Centre in Mewat,<sup>6</sup> where buyers give work to women directly and the organizing non-governmental organization (NGO) takes 20 percent, the women still earn Rs 15 per hour,<sup>7</sup> which even over a six-hour working day would give a daily income of Rs 90 per day. This is just above the \$2 per day poverty line income and is about 30 percent higher than the per capita income in households with child labour used in this study. Of course, to lift a household out of poverty, adult earnings would have to be somewhat greater, in order to provide an above poverty per capita consumption level for the household as a whole, including children who would not now earn an income.

Regardless, eliminating or reducing the various layers of intermediaries would be the first step in increasing earnings from embroidery and embellishments and bringing them up to the prevailing minimum wage level. The next step would be to bargain with buyers to increase piece rates not

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<sup>6</sup>Mewat is a particularly dry and poor district of Haryana on the border with Rajasthan. The population belongs largely to the Meo community, who are also Muslims, although there are also some of the usual caste groups. In the late 1990s, an International Fund for Agricultural Development (IFAD) project in the area organized microfinance groups of women's self-help groups (SHGs). The NGO in the project has continued to work in the area, and now organizes the embroidery and embellishment project. This pilot project is supported by the government of India's Ministry of Rural Development, along with major international buyers, Gap and Impulse (an Indian firm supplying to numerous international brands). The objective is now to develop this pilot project into an operation covering up to 20,000 women. With training in embroidery and embellishment work, and women working in community centres within their areas of residence, it is hoped to develop Mewat as a brand for 'child-free' embroidery and embellishment. Given the ubiquity of home-based work by women,, it is interesting to note that, among all its suppliers worldwide, Gap makes an exception allowing home-based production only in north India. While enabling women to retain the advantage of flexible working hours in home-based production, it is certainly necessary to move to eliminate child labour in the process – something that could possibly be done by setting up community-based work and crèche centres within, or near, residential areas.

<sup>7</sup> The piece rate is calculated on the basis of work that would provide a daily income of Rs 160, which is the minimum wage in Haryana, of which Mewat district is a part. Of this wage, 20 percent goes to the NGO that organizes the community space for working and supervises and facilitates the process. The buyers have detailed calculations of the time required for each type of embroidery or embellishment work. There would, of course, be struggles over the correctness of these time calculations. But the principle is that piece rates should be in line with the daily minimum wage for an eight-hour working day.

just to cover minimum wages but also to provide a 'decent wage', which would largely cover family expenses.

Since we are dealing with global production, given the need to be competitive in the global economy, what would happen if wages for embroidery and embellishments increased? Full discussion of this issue would take us somewhat beyond the scope of this study. But it should be noted that the pressure of competition is frequently put forward as the reason for resisting any kind of improvement in working conditions, including the elimination of child labour. Keeping wages low, however, is not the only way to increase competitiveness. It is in fact what is called the 'low road', a strategy easily bested by another producing country with even lower wages. Indian capital and trade unions, too, have often portrayed anti-child labour campaigns as a way to undercut the competitiveness of developing countries. There were certainly protectionist intentions on the part of some of the anti-child labour campaigners, but does that rule out the desirability of the action itself?

In brief, it can be pointed out that an increase in wages would increase pressure to raise productivity and also to move into higher value-added areas of production, as is in fact happening in China. These are not undesirable developments and, in any case, an increase in wages is a necessary condition for moving out of the Dickensian world in which these garment home workers and their children now live. Eliminating child labour would increase the pressures for a movement from the low road of competitiveness based on sub-human living and working conditions, to the high road of competitiveness based on higher productivity and higher value-added products.

This analysis has shown that child labour in garment production tasks is commonly found at the household level, either in home-based production or in household-based enterprises. The case of home-based production is considered first. When work is taken into the home, is there an almost inevitable tendency for children to be involved in the work? Initially, it may be just to meet deadlines in peak seasons, but over time the involvement increases and could result in school dropouts. Home-based work has the advantage of providing flexibility to women. They can work for brief periods of time, say, after children have gone to school, then after lunch and so on. This advantage of flexibility, however, goes along with the very serious disadvantage of promoting or providing a situation conducive to child labour. Further, it is difficult for any agency to monitor home-based work.

Is it possible to fashion workplaces that are near the residence? These would have the advantage of giving women flexibility and eliminating travel costs. If the work place could be combined with a crèche, then the withdrawal of children from education, particularly girls to look after younger siblings, could also be eliminated, or at least reduced. The Mewat project, referred to above, tries to do this. A community space within the village/town is provided for women to come and work in a flexible manner. They usually work in groups for about two hours each before and after lunch. As a rule, they are not allowed to take work home, although in discussions some of the women did say they occasionally did this. Child labour has nevertheless been kept out of the process by moving the work place to a community location that is easy to monitor.

A further key problem for the regulation of home-based production concerns various legislation issues. First, most forms of home work in India are excluded from coverage by national labour laws (Deshingkar 2009); second, child labour is currently permitted in this setting under Indian law. Attention is clearly needed in both of these areas in order to offer greater protection to home workers in general and to close the loopholes in the Child Labour Act, which have in fact acted to favour its persistence. Again, the complexities have to be recognized; simply banning children from

work in the home will be ineffective and counterproductive. The key is in legislation, which takes as its basis the Right to Free and Compulsory Education Act and seeks to address child labour within that framework, but clearly omits the home and work done within it from definitions of what does and does not constitute child labour.

Household-based enterprises, however, are quite different from home-based production, although it is clear that the above amendment to the Child Labour Act would go a long way towards making it more difficult for employers and recruiters to retain children as workers in these settings. Deprived of the possibility of claiming children are relatives and the unit is therefore in compliance with the legislation, it seems likely that it would become much more difficult to conceal child labour. Yet this would clearly depend on effective systems of regulation in order to monitor the household sector. Labour inspection systems of some kind clearly need to be extended to cover informal units and workers, but, as Deshingkar (2009) points out, putting effective systems in place would depend entirely on much greater political commitment from both national governments and the private sector than has hitherto prevailed. Deshingkar also proposes that the ineffectiveness of conventional labour inspections calls for a different approach, with 'multi-party' inspections that would involve the media, researchers, NGOs, advocacy groups and human rights organizations. There are clearly questions of feasibility and organization involved in such a proposal, as well as questions of authority and legitimacy, but this is nevertheless a valuable contribution in that it highlights the need to think very differently about public and private regulation of labour standards.

This returns us to the question of responsibility for compliance. The principal employer, as the notion exists in Indian contract labour law, is the final buyer of the service, that is, the global or Indian companies that pay for child labour. This contract labour law puts the onus of checking on child labour on the principal employer. This is also in line with notions of corporate responsibility, which is now generally accepted as extending down the value chain, a responsibility that cannot be side-stepped by contracting out work. The imperative here is therefore towards the development of systems of regulation capable of dealing with the outsourcing systems that characterize production networks, along with greater regulation of recruitment and labour contracting mechanisms.

### **Social policy: employment guarantee or conditional cash transfers?**

An increase in household income for below poverty line (BPL) households could be brought about through government intervention. An urban counterpart to the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been under discussion. Assured employment at prevailing minimum wages for 100 days would not only supplement household income, but also raise the floor of urban wage rates. Of course, such a move would need to consider budgetary implications. In an open economy, as the examples of Greece and other European Union (EU) countries show, substantial budget deficits can affect the country's overall economic situation. But in some combinations of private sector and government initiative, measures are clearly needed to increase household income at the bottom of the urban working class.

Yet one must caution against simplistic assumptions of the roots of child labour being in poverty: this survey shows there are households with child labour that are above the poverty line. This is in line with findings in research associated with a similar project, in the agriculture sector in Brazil. There, a key finding was that it was not the poorest of the poor who were most vulnerable to forced labour; consequently, government programmes aimed at addressing extreme income poverty were likely to miss the target sections of the population, further increasing their vulnerability to highly exploitative work (Phillips and Sakamoto 2011). Increasing household income, therefore, is only

one part of an appropriate response, and not applicable across the board as a diagnosis of the problem of child labour.

Could cash transfers to women conditional on children attending school and not working be more effective in reducing the incidence of child labour? CCTs targeted at eliminating child labour have been tried in a number of Latin American countries, notably Mexico and Brazil. They have not been uniformly successful in reducing the incidence or working hours of child labour, but some lessons have been drawn from these experiences (Gee 2010). The first is that the amount transferred should be sufficient to provide a real incentive to withdraw the child from labour and send the child to school. If the amount transferred does not make much of a difference to household income, then the CCT may not work. Second, the amount may need to vary with both gender and age for example larger sums paid for girls to go to school and for older-age children to continue in school. Third, as in most such cases, the money would need be paid to the mother, whether or not she is the so-called head of household. As many studies have shown, women tend to spend more of the money they control on their children's education and health than men (Murray 2008). Finally, as in Brazil, the household receiving the money should sign a contract with the state to send the children to school.

However will the children go to school and then work at home, neglecting their studies? This study has shown that combining school with after-hours work is likely to lead to early drop outs as student's school performance suffers. It is therefore important to eliminate such after-hours work. In Brazil this seems to have been tackled by increasing the hours of school-based after-school activity (Gee 2010). Forms of tutoring and recreational activities organized at the community or school level could help substantially reduce if not eliminate students' after-hours work.

In contrast, we should note the lack of opportunities for play and entertainment, particularly for girls, in the semi-slums in which they live and work. Lack of space for recreation and physical activity and a prevailing concern for girls' safety makes parents restrict their mobility. Occasional visits to markets and relatives are the limits of outings. Even if they do attend school, children cannot spend all their after-school hours in study. They may therefore end up accepting garment work as an alternative to idling. Organized after-school activities, whether in the neighbourhood or at school, would make a difference and keep children occupied as opposed to them taking on after-school hours garment work.

Eliminating child labour is also a matter of changing social norms, which a CCT could support by. An IHD study of Bihar (Datta and Rustagi 2010) shows there is no social stigma attached to withdrawing a boy from school and sending him off to contribute to the family income as a migrant in a distant city. This is even seen as a form of desirable transition to modernity, an escape from the village to the city. Thus, changes in the social norms of parents and the communities within which they live are also needed to eliminate child labour. In a sense, economic capacity and norm changes are both required to eliminate child labour.

The point here is not to punish household-based violations, but to facilitate ways of complying with the requirements of sending children to school and eliminating child labour. This is the application of the general 'compliance' approach to regulation, whereby obligations cannot be discharged by paying a penalty and regulators work with all involved to find solutions (Piore and Schrank 2006)

## Conclusion

Both global production and Indian domestic market production extend beyond a number of firms and middlemen (contractors), going right down to the household level. Home-based production, whether in women's piece-rate work or in household enterprises in the tasks of embroidery and embellishment, is the lowest rung of the production network for the characteristic north Indian garment. In this home-based production, our study showed, children are clearly and substantially involved in the production process. With below-poverty incomes and home-based production, children are drawn into working, first only after school hours, as helpers to meet deadlines in peak seasons, and then full time, after dropping out of school. Monitoring by global buyers and their agents rarely reaches down to the household level. Child labour consequently needs to be understood not only in terms of having its roots in poverty, but also as the direct result of how contemporary production is organized and how value chains function in both local and global markets.

Addressing child labour therefore involves coordinated action across a range of areas and by an array of different actors. This relates to the governance of production processes, in terms of both regulating social compliance and restructuring production networks such that home-based work is no longer entirely unregulated and unprotected, as it is at present. Enabling and empowering women to receive higher incomes for their work and moving such work out of the home into community centres near residences, under supervision, are further ways that could work to eliminate household-based child labour in garment production for global markets. A more general, state-based approach is that of a well-designed CCT combined with the already existing universal and compulsory education provision of the recent Constitution amendment. All this needs to be combined with a law that prohibits child labour in any establishment, whether or not run by 'family'. A change in the Indian child labour law and a shift in the regulatory mechanism away from penalizing towards finding solutions, along with a CCT and compulsory education, could be an effective combination for ending child labour in India.

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