

CHILD LABOUR IN CARPET INDUSTRY IN INDIA: RECENT DEVELOPMENTS

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Study commissioned by

INTERNATIONAL LABOUR RIGHTS FUND
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TABLE OF CONTENTS

| | |
|---|-----------|
| LIST OF ACRONYMS AND ABBREVIATIONS | 3 |
| LIST OF TABLES..... | 3 |
| SECTION I: INTRODUCTION | 4 |
| Background | 4 |
| Objectives of the study | 5 |
| Methodology..... | 6 |
| Structure of the report | 7 |
| SECTION II: RECENT DEVELOPMENTS IN THE CARPET INDUSTRY | 8 |
| SECTION III: NATURE AND MAGNITUDE OF CHILD LABOUR: FIELD SURVEY FINDINGS | 14 |
| Workforce composition..... | 14 |
| Working Conditions and Wages | 18 |
| Comparison of the present study findings with earlier studies..... | 21 |
| Reasons for decline of child labour | 23 |
| SECTION IV: FROM WEAVERS TO IMPORTERS- PRODUCTION AND SUPPLY CHAIN LINKAGES..... | 27 |
| Production and supply chain | 27 |
| U.S. market for India’s hand made carpets | 28 |
| SECTION V: SUMMARY AND CONCLUDING REMARKS | 31 |
| Annex 1: List of sample villages surveyed | 34 |
| Selected bibliography..... | 35 |

LIST OF ACRONYMS AND ABBREVIATIONS

| | |
|----------|---|
| AICMA | All India Carpet Manufacturers Association |
| BBA | Bachpan Bachavo Andolan |
| CEPC | Carpet Export Promotion Council of India |
| CREDA | Centre for Rural Education and Development Action |
| DPEP | District Primary Education Programme |
| ILO-IPEC | International Labour Organisation – International Programme for Elimination of Child labour International |
| ILRF | Labour Rights Fund |
| NCLP | National Child Labour Project |
| NCAER | National Council for Agriculture Extension Research |
| NGO | Non Governmental Organisation |
| ORIS | The Oriental Rug Importers Association Inc |
| ORRA | The Oriental Rug Retailers of America Inc |
| SAACS | South Asian Coalition Against Child Servitude |
| UNDP | United Nations Development Programme |
| UNICEF | United Nations Children’s Education Fund |
| UP | Utter Pradesh |

LIST OF TABLES

Table 1: Export value of Handmade Carpets and Other Floor Coverings from India for selected years

Table 2: Share of USA and Germany in Indian carpet exports

Table 3: Carpet Exports for the period of April-March, 2004-05 in comparison with the same period of 2003-04.

Table 4: Number of Looms Functioning and disbanded/lying vacant

Table 5: Employment of children by area

Table 6: Profile of Child Labour by area

Table 7: Enterprises and child labour by size

Table 8: Profile of child labour by size

Table 9: Incidence of child labour in different types of carpet making

Table 10: Profile of child labour by carpet variety

Table 11: Worksite facilities

Table 12: Estimates of child labour by different studies

Table 13: Trends in child labour employment between 1993 and 2005 (comparison of present study with ILO-CORT study in 1993)

Table 14: Imports of Handmade Oriental and Tufted Carpets 1997-1998 from China, India, Nepal, Pakistan and Turkey

SECTION I: INTRODUCTION

Background

Though the use of child labour is prevalent in many industries in India no other industry has received such widespread attention as the carpet industry. The use of child labour in the production of hand knotted carpets in India has been widely reported and documented. The reported large scale violations of child rights have caught the attention of many around the world. Being an export oriented industry the process of production has been subjected to close scrutiny. Throughout the 1990s numerous reports have described large numbers of children working illegally in the carpet industry of India¹. Despite variations in the estimates as to the extent of child labour, it is generally agreed that engagement of children in the carpet industry is high.

For the last fifteen years there has been a growing concern about this problem within and outside the country. A number of initiatives have been undertaken by the Indian government, NGOs, carpet industry, and International agencies like the ILO, UNICEF, and UNDP to address this problem. Under the Child Labour Act of 1986 (prohibition and regulation) the Indian government has prohibited employment of children in the carpet industry. The act has recognized the industry as a hazardous process for employing children under the age of 14 years. In addition to enacting this law the government of India, following a Supreme Court directive in 1996, launched a special scheme (National Child Labour Project) to wean children away from such hazardous occupations and processes and to rehabilitate them in special schools meant for child labour. International agencies like the ILO, UNICEF, and UNDP launched special projects to assist the local NGOs in addressing the problem of child labour in carpet producing areas. Extensive media coverage of the use of child labour in the hand-knotted carpet industry along with ensuing consumer campaigns have led to a number of carpet labelling initiatives in the 1990s². 'Social labelling' consists of labelling carpets or companies by either embodying a guarantee to consumers that carpet has been made without using child labour or a commitment towards the elimination of the problem of child labour. The four social labelling initiatives introduced in the 1990s were a) Rugmark, b) Kaleen c) STEP and d) Care and Fair.

¹See Burra Neera (1995), ILO-CORT (1998), NCEAR (1993), Juyal, B.N. (1993), Alakh N. Sharma, Rajeev Sharma and Nikhil Raj (2000), Harvey, Pharis and Lauren Riggan (1994),

² In the late 1980's several NGOs in India and Europe and North America launched information campaigns showing consumers the conditions under which children could be found weaving carpets. Media publicity and consumer concern stemming from these campaigns gained the attention of the carpet industry. Carpet producers, exporters, importers, and retailers feared the adverse publicity would lead to decreased sales. Their concerns provided an impetus for new efforts — including consumer labelling programs — to address child labour and stem disruption of the market. Actors in these efforts include carpet manufacturers, exporters, importers, and governmental, non-governmental and international organizations

Following these four initiatives from various organisations (including that of the government) there have been claims in recent years, especially from the government and carpet industry, that the problem of illegal child labour in the industry has almost disappeared and it is no longer an issue of any relevance³. In contrast to this, NGOs working on this issue, as well as the media, report that while acknowledging a small reduction in numbers, figures continue to report large scale employment of children in this industry. They argue that the growing international media attention and interventions by government, NGOs and other international agencies in recent years have made child labour go underground in several places.

An important development which has a bearing on the incidence of child labour in the carpet industry in India is that in recent years there has been an overall decline in the production and exports of hand knotted carpets in India, particularly in core carpet belt. Since the early 2000s, the carpet industry has entered into a new phase characterized by an overall decline in the production and exports of hand knotted carpets. The production of hand knotted carpets is very labour intensive and time consuming. The incidence of child labour has been found to be more prevalent in the production of hand knotted carpets versus other varieties of carpets. The demand for hand knotted carpets in the international market has declined due to change in consumer tastes in favour of cheaper, less durable and modern design carpets rather than more costly, long lasting and traditional design carpets. As a result, the demand for Tufted and Tibetan carpets and durries, which are less labour intensive, is steadily growing.

It is in this context that International Labour Rights Fund has commissioned this study to assess the current situation of child labour in India's carpet industry.

Objectives of the study

The principal aim of the present study is to understand the current situation of the child labour problem in India's carpet industry, specifically located in the `core carpet belt` in and around the Mirzapur-Bhodohi region in the state of Uttar Pradesh. In the context of recent developments which have significant bearing on the nature and magnitude of child labour in the industry, the study also aims at mapping out supply chain linkages between Indian carpet producers who use child labour and US importers who import carpets from these producers.

³ A study published by CEPC in 1998 claims child labour account for only less than one present to the total workforce in carpet industry (0.93%).

Methodology

This study was mainly based on primary data collected from the field interviews and discussions with carpet weavers, child labourers, contractors, exporters, NGO activists, and government officials in three different areas where carpet production is concentrated. The tools used for primary data collection were semi-structured interviews, focus group discussions, and on-field observations and case studies.

Though carpet weaving is spread over different parts of the country, the title 'carpet industry' has become synonymous with the Mirzapur-Bhadohi belt. Nearly 70% of carpets exported from India originate from this region. The so-called 'carpet belt' of Uttar Pradesh (UP) is primarily comprised of three core districts (Bhadohi, Mirzapur and Varanasi) and four adjacent districts (Allahabad, Koshambi, Jaunpur and Sonbhadra) at the periphery. In recent years there has been a shift of carpet production to some new areas in the neighbouring states of Bihar and Jharkhand.

The study was conducted in four districts, out of which two districts were selected from the core carpet belt region (Bhadohi and Mirzapur), one district each from an extension area (Allahabad), and one from a new area (Garwha in Jharkhand State).

| Carpet weaving areas | District (state) | No of villages studied |
|----------------------|--------------------------------------|------------------------|
| Core carpet belt | Bhadohi and Mirzapur (Uttar Pradesh) | 18 |
| Extension areas | Allahabad (Uttar Pradesh) | 6 |
| New areas | Garwha (Jharkhand) | 6 |

A total of thirty villages were studied, 18 (60%) of which were selected from the core belt and another 6 (20%) each from extension and new areas. Fifty percent of the villages were chosen randomly and remaining 50% chosen purposely. In each of these villages 8 loom enterprises of different sizes (4 single loom enterprises, 2 double loom and 2 three and above looms) were randomly studied. Thus a total of 240 loom enterprises with 548 active looms were studied. A three member core research team assisted by 8 trained field investigators carried the field work from January to February 2005. All the field investigators were from the local area and are quite familiar with the survey area and the problem. As the issue of child labour is one of a very sensitive nature, the investigators had to cope with several obstacles during the fieldwork in the areas covered by the study.

At a few places they even faced hostile reaction⁴. There was extreme nervousness, defensiveness and reluctance to admit the existence of child labour in the study looms. Therefore the investigators were discouraged from asking loom owners direct questions about child labour in their looms. The investigators who went to these villages concealed their real identity and the motive of their queries. They were introduced as researchers conducting a study on problems and needs of the weaving community.

In order to determine which workers were children, researchers somewhat followed the method of observation adopted by ILO- CORT study in 1998. The field investigators were trained to distinguish the children from adults through observation. Field investigators were asked to record their observations into three categories- 1) definitely children, 2) definitely adults and 3) probably children. The category of 'probably children' was used when an investigator could not decide whether a worker was a child or not. While estimating total number of child labourers it was decided to treat 50% of numbers in the 'probably children' labour category as child labourers.

Structure of the report

This report has been divided into three sections. Section one examines recent developments that have taken place in the carpet industry in India which have a bearing on the nature and magnitude of child labour in this industry. Section two presents the findings of field survey of 30 loom enterprises regarding the current situation of child labour and working conditions in the industry. This section also attempts to compare the findings of the present study with previous studies conducted in 1990s and, in turn, explains the reasons for recent decline of child labour in the industry. The structure of the carpet industry and supply chain linkages between Indian carpet producers who make use of child labour and US importers who import carpets from these producers are discussed in section three. A summary of the findings is presented in the final section.

⁴ We went to Bheeti Village in the Allahabad district (Extension zone). We found a youth who belonged to a neighbouring village. This young man himself is a weaver working in Bheeti village for some one else. By the time we went to Bheeti on the first day it was 4'o clock in the afternoon. He took us to a loom enterprise and introduced us as researchers working on the decline of demand and its impact on the weavers. By then itself light started failing, so we just engaged in a casual talk and left the place saying that we will talk to them next day. Next day we went there. We were surprised to notice that all the loom houses were locked up and all the people were out of their work. When our local friend (youth) tried to find out what had happened, a group 6 women started abusing him and tried to manhandle him. They thought this guy brought some inspectors to book cases against the employers. We assured them repeatedly that we were not inspectors. We tried to convince them for about an hour which proved to be a futile attempt.

SECTION II: RECENT DEVELOPMENTS IN THE CARPET INDUSTRY

This section examines the recent developments that have taken place in the carpet industry in India, particularly in the core carpet area of Eastern Uttar Pradesh, which has significant bearing on the nature and magnitude of child labour in this industry.

Though the carpet industry has a long history in India, it has received widespread attention only since the mid 1970s⁵. This industry experienced an unprecedented growth during the decades of the 80's and 90's. During this period, the international market was in favour of Indian hand knotted carpets which resulted in substantial export orders. The government's support and encouragement also contributed to the boom in the industry. The value of carpet exports increased from Rs. 37 millions in 1965 to Rs. 81.8 millions in 1970, Rs. 359 millions in 1975, Rs. 1712 millions in 1980, Rs. 2446 millions in 1985, Rs. 5699 millions in 1990-91, Rs. 1365 millions in 1995 and Rs. 2325 in 2000 (see table1). This period was thus characterized with continuous orders and high profits. Because of high orders, the industry was constantly expanding. New entrepreneurs entered the industry and more looms were installed. The industry expanded to the surrounding areas of the core carpet belt. Historically, children in India have worked in the carpet looms with their own families as a way of learning the family apprenticeship. However, since the mid 1970s under the increased export pressure, child labour in the industry increased tremendously. The increase in production and the growing industry led to recruitment of poor children from neighbouring areas and often led to abusive forms of bondage and slave labour.

This phase of `export boom` continued until the early 2000s and has since entered into a new phase which is characterized by an overall decline in the production and exports of hand knotted carpets. The production of hand knotted carpets is very labour intensive and time consuming. The incidence of child labour has been seen more in the production of hand knotted styles versus other varieties of carpets. The demand for hand knotted carpets in the international market has declined due to changes in consumer tastes in favour of cheaper, less durable, and modern design carpets rather than more costly, longer lasting, and traditional design carpets. As a result the demands for Tufted and Tibetan carpets and Durries, which are less labour intensive, have increased. These

⁵ History of carpet making in India dates back to 16th century when the Mughal emperor Akbar was ruling this country. During his regime carpet making received royal patronage. As a result carpet weaving became a major economic activity of the people of this region. It caught international attention in 1851 when the Great London exhibition was held in Britain. After independence, when the Government of India had set up the All India Handicrafts Board, the Carpet Industry had received the official attention.

developments have had an impact on all the major aspects of the carpet industry in the core carpet belt including workforce composition and incidence of child labour.

Table 1: Value of Exports of Handmade Carpets and Other Floor Coverings from India for selected years

| Year | Export Value (Rs. Millions) | Export value (millions in US \$) |
|---------|-----------------------------|----------------------------------|
| 1970-71 | 81.8 | 10.9 |
| 1975-76 | 359.0 | 41.5 |
| 1980-81 | 1712.9 | 217.1 |
| 1985-86 | 2446.8 | 336.9 |
| 1990-91 | 5699.1 | 317.5 |
| 1995-96 | 13649.2 | 408.07 |
| 2000-01 | 23151.5 | 512.03 |

(Source: The data for 1995-96 and 2000-01 is taken from the figures published by Carpet Export Promotion Council of India and data for other years taken from UN Foreign trade data Bank GATT DP section S3)

The major importers of India's hand knotted carpets are the US, Germany, the UK, Switzerland, and Italy. Germany used to be the largest importer of Indian carpets but in recent years US has surpassed Germany. While Germany's share declined from 38.2% to 22.1%, the share of the US increased from 30.4% to 53% during 1995-96 to 2004-05. The new preferences of the US markets were in favour of tufted carpets and durries which are cheaper whereas the German market used to absorb mostly hand knotted carpets of Persian variety. In recent years there has also been a shift in consumer preference in the German market towards hand tufted carpets. The German market has remained relatively stable whereas the US market has grown more rapidly in the same period.

Table 2: US and German share in Indian carpet exports (Value in Rupee Crores)

| Year | Share of Germany (%) | Share of USA (%) | Share of other countries | Country total |
|---------|----------------------|------------------|--------------------------|--------------------|
| 1995-96 | 522.90 (38.2) | 414.66 (30.4) | 427.36 (31.4) | 1364.92 (100.0) |
| 1996-97 | 558.96 (35.3) | 498.89 (31.5) | 527.64 (33.2) | 1584.79 (100.0) |

| | | | | |
|-----------|------------------|-------------------|------------------|--------------------|
| 1997-98 | 568.26 (34.2) | 561.55 (33.8) | 531.87 (32.0) | 1661.68 (100.0) |
| 1998-99 | 558.48 (27.7) | 824.93 (41.0) | 630.53 (31.3) | 2013.94 (100.0) |
| 1999-2000 | 619.45 (29.0) | 847.79 (39.7) | 668.79 (31.3) | 2136.03 (100.0) |
| 2000-01 | 568.01 (24.5) | 1008.47 (43.6) | 738.67 (31.9) | 2315.15 (100.0) |
| 2001-02 | 602.32 (24.7) | 1157.43 (47.5) | 676.38 (27.8) | 2436.13 (100.0) |
| 2002-03 | 642.79 (24.8) | 1203.11 (46.5) | 744.36 (28.7) | 2590.26 (100.0) |
| 2003-04 | 614.61 (23.1) | 1472.17 (53.0) | 693.01 (24.9) | 2779.79 (100.0) |
| 2004-05 | 571.24 (22.1) | 1368.28 (53.0) | 644.1 (24.9) | 2583.62 (100.0) |

(Source: Carpet Export Promotion Council of India)

The change in consumer tastes in the US and German markets have had an impact on the carpet industry in India. In these countries the consumer base expanded to the lower income groups from that of the upper middle income group and the demand for cheaper carpets has increased. Secondly, the traditional classic design of hand knotted Persian carpets was becoming unpopular, which were relatively more costly though more durable. Its place was taken by cheaper and less durable, modern design carpets. Consequently, demand for tufted carpets increased along with durries and Tibetan varieties. Change in consumer taste also accompanied the slump in the market. There has been a general decline in carpet exports despite the growth in the tufted variety. This slump is associated with hand knotted Persian carpets since it is high value and bought by the high income segment.

According to the data provided by Carpet Export Promotion Council (CEPC) of India the total export value of Indian carpets declined from Rs. 27797.9 million in 2003-04 to Rs. 25836.2 million in 2004-05 (7.06% decline). The CEPC data, however, does not provide regional details of production and exports. The variety export details published by CEPC also does not provide figures for hand knotted woollen carpets separately. Hand knotted woollen carpets are clubbed with other varieties like rugs, druggets and durries. While the value of handmade woollen carpets, rugs, druggets, and durries has declined by 13.75% (from Rs. 22879.9 million to Rs. 19733.6) the value of hand tufted varieties has increased by 26.49% (from Rs. 3298.6 million to Rs. 4164.6 million) during this period.

Our survey respondents, from weavers to key informants (NGOs, Industry and Government), all informed that there was a significant decline in the production and exports of hand knotted carpets particularly in the core carpet belt of Mirzapur-Bhodohi. The present slump has affected all the sections involved in this business. Lack of

demand has affected the traditional belt more than other areas. The labour force was affected because their real wages declined and stagnated. On the other hand, the profit margins of the entrepreneurs also declined severely. Our researchers found that wages did not increase in proportion to the inflation rate; rather many weavers reported that they were working on lesser wages and businessmen were doing business by constantly reducing margins. Lack of orders was widely reported by all respondents as the major reason for decline in the industry and various problems facing the carpet weavers.

Table 3: Carpet Exports for the period April-March, 2004-05 in comparison with the same period of 2003-04. (Value in Rupees millions (Value in US \$ Million))

| Products | Value of Exports | | Percentage (+) Increased (-) Decreased |
|---|--------------------------------|--------------------------------|--|
| | April-March 2003-04 { @45.24 } | April-March 2004-05 { @43.69 } | |
| Handmade Woollen Carpets, Rugs, Druggets, Durries, etc. including Cotton Carpets excluding Handmade Woollen Tufted Carpets. | 22879.9 (505.74) | 19733.6 (451.67) | (-)13.75% (-) 10.69% |
| Handmade woollen tufted carpets. | 3298.6 (72.91) | 4164.6 (95.32) | (+) 26.49% (+) 30.74% |
| Handmade Silk Carpets. | 1204.8 (26.63) | 1501.1 (34.36) | (+) 24.59% (+) 29.03% |
| Handmade Staple/ Synthetic Carpets. | 414.6 (9.16) | 436.9 (10.00) | (+) 5.38% (+) 9.17% |
| Total | 27797.9 (614.44) | 25836.2 (591.35) | (-) 7.06% (-) 3.76% |

(Source: compiled by CEPC based on HS Code-wise data of NIC, Ministry of Commerce)

The result of the change in consumer preferences and slump was clearly observed during the field study. A significant number of hand knotting looms - 37.6% - in the villages were either disbanded or lying vacant. Mithilesh Kumar, Senior-Vice President of Obeetee Limited, noted, *“With the decline in demand for hand knotted carpets, merchant exporters who constitute 70% of the total 2000 exporters went into producing cheap carpets and selling them in the open markets. Sixty percent of the knotted looms are closed in this (Badhohi and Mirzapur) area and tufted looms are on the rise.”* Furthermore, Mohd Hadi Ansari, Secretary of the All India Carpet Manufacturers Association, added that, *“Knotted carpets lost their demand because lack of buying power and change in the consumer needs.”*

Table 4: Number of Looms Functioning and disbanded/lying vacant

| Area | No. of enterprises studied | Total No. of looms | Active | Defunct/lying idle |
|----------------|----------------------------|--------------------|--------|--------------------|
| Core area | 144 | 478 | 381 | 97 (20.3%) |
| Extension area | 48 | 124 | 112 | 12 (9.6%) |
| New area | 48 | 63 | 55 | 8 (12.7%) |
| Total | 240 | 665 | 548 | 117 (17.6%) |

Table 4 shows that the highest numbers of looms defunct or lying idle are in the core area (20.3%) when compared with the extension area (9.6%) and the new area (12.7%). This data pertains to the functioning enterprises. Data, in respect of closed enterprises, has been considered as a possible explanation for such high figures. It is important to note that out of a total of 117 defunct looms, 44 (37.6%) were of the Persian variety. Accordingly, the numbers for Tibetan, tufted, durry and handloom varieties were: 26 (22.2%), 25 (21.4%), 19 (16.2%), and 3 (2.6%). Closure of more looms for the Persian variety means closure of units which are labour intensive. While collecting data it was observed that a large number of knotting looms were replaced by tufted, Tibetan and durry looms in many places of the Badohi-Mirzapur area.

An important development in recent years is that new production sites are developing in the cities of Panipat, Jaipur and Agra. It is reported that overall production from these towns is increasing in relation to the Mirzapur-Badohi belt, which is still the dominant production site. It is also being predicted that this position of dominance of this belt is not going to last. The important reason cited for the emergence of the three latter cities as new production centres is: their proximity to the national capital, their convenient accessibility, their better infrastructure and their proximity to important tourist sites. The workers who have knowledge of these places say that there is a supportive environment in these cities and the wages are slightly higher. Though segregated, data of production from various regions is not available, however, as per the qualitative information received from CEPC, important exporters like OBEETEE and other important stakeholders, a significant amount of production is taking place in the new areas like Panipat in Haryana state and Jaipur in Rajasthan state .

There are no specific estimates made in respect of declining employment opportunities and shifting of occupations by weavers in the core carpet belt. Despite the lack of data and disbandment of looms, particularly hand knotted Persian design looms, the present study provides a clue that employment opportunities are on decline. The qualitative information collected by the researchers of this study shows that significant numbers of people earlier dependent on weaving are shifting to other occupations in the core area. As Sarfaraz Khan, a villager in the Bami Mirzapur district, told us, *“During the boom period weavers were found weaving day and night, every house had a loom or two, with*

every loom having orders. In the entire village there were 500 people dependent on weaving. Once the slump entered the market, gradually the number of people depending on weaving has come down. Now, there are hardly 150 people in the village still depending on the weaving.” Similarly, in the Ugapur, Badhoi District, which has been active in the weaving since early 1950s, villagers told us *that out of some 200 looms in 1994 there are only 25-30% functional looms today.*

The effect of this can be seen in the change in work force composition. This is reflected in declining incidence of child labour and migrant labour in the workforce. In the next section the findings of the survey are presented regarding the current situation of the workforce composition and incidence child labour and compared with the situation in the 1990s.

SECTION III: NATURE AND MAGNITUDE OF CHILD LABOUR: FIELD SURVEY FINDINGS

Workforce composition

Of the total sample of 240 loom enterprises studied, there were 548 active looms. A total of 1584 weavers were currently working on these looms. These weavers were recorded into three categories. a) Definitely children who are below 14 years age b) definitely adults who are above 14 years age and c) probably children whose age cannot be gauged by appearance. It was assessed that the likelihood of children being used is 50%⁶. While estimating the total number of child labourers, the researchers decided to treat 50% of the numbers in the 'probably children' labour category as child labourers.

Out of the total 1584 weavers working on 240 loom enterprises studied there are 45 'definitely children' of whom 37 (82.3%) are boys and 8 (17.7%) are girls. The figures for 'probably children' working on the looms is 136 of whom 123 (90.4%) are boys and 13 (9.6%) are girls. If 50% of probably child labour is included to the 'definitely child' labour category then the total number of child labourers in the surveyed units is 113. Of the total of 113 children, 82% are boys and 18% are girls. Thus, **children account for 7.13% of the total workforce.**

In the three areas (core area- Mirzapur and Badohi districts in UP, extension area- Allhabad district in UP and new area- Garhwa district in Jharkhand state) where the study was carried out, the incidence of child labour is reported to be less than earlier. Both the qualitative information and the quantitative data collected indicate this. Though there is a decline in the incidence of child labour, it is not uniform in all the three regions. The extension area is reported to have had more children working on the looms. The proportion of child labour to the total workforce in extension area is 12.5% followed by the new area with 9.5% and core area with 5.9%. Out of a total of 144 loom enterprises in the core area, there are 48 looms with 76 children working on the looms. Out of the 48 loom enterprises in the extension area, 33 enterprises have 49 children engaged on looms. In the new area, out of the 48 loom enterprises in 10 enterprises, 11 children were found working.

⁶ As per the investigators' opinion and as per our observations in the field calculating 50% of probably children as definitely children is the best guess.

Table 5: Employment of children by area

| Area | Definitely child labour (DCL) | | | Probably child labour (PCL) | | | Total child labour* | Total Workforce** | % of child labour to the total workforce |
|----------------|-------------------------------|----------|-----------|-----------------------------|-----------|------------|---------------------|-------------------|--|
| | M | F | T | M | F | T | | | |
| Core area | 25 | 4 | 29 | 63 | 13 | 76 | 67 | 1137 | 5.89 |
| Extension area | 9 | 3 | 12 | 42 | 7 | 49 | 36.5 | 291 | 12.54 |
| New area | 3 | 1 | 4 | 8 | 3 | 11 | 9.5 | 156 | 6.09 |
| Total | 37 | 8 | 45 | 113 | 23 | 136 | 113 | 1584 | 7.13 |

Note: Core area = Mirzapur and Badohi districts in UP, Extension area= Allahabad district in UP, New area = Garhwa in Jharkhand

* Total child labour =100% DCL+50% PCL. Assuming that the chances of a probably child being a child are 50%, 50% of probably children are calculated as children.

** Total workforce = 100% adults + 100% definitely children + 100% probably children

Badohi and Mirzapur districts in eastern UP have become synonymous with carpet production and employment of children. Therefore, various organisations working against child labour in the carpet industry concentrated their efforts in this area. Even law enforcing agencies particularly targeted this area. The qualitative information from the 16 villages in the core area where the survey was carried out, and the interaction with NGOs, Labour department and

“During the boom period there used to be lot of migration to the core area from the neighbouring states. Weavers, along with their families including their children were coming here in search of livelihood. Therefore migrant children were more. Because of the slump situation faced by the industry for the last several years, migration of adults as well as children has drastically come down”.
-- Musthafakhan, Ex-President, All India Carpet Manufacturers Association

education department, indicate that there has been a significant decline in the number of child labourers. Though there are variations between the claims of the government, Industry, NGOs and trade unions, there is a common acceptance in respect to the overall decline in the incidence of child labour. Most of the loom owners said they are more worried about the legal course of action if children are engaged on their looms. In certain pockets where the local NGOs and the rehabilitation schemes of the government are effective a positive change is evolving in the attitudes of the communities and parents about their children.⁷

⁷ In some villages like Bami, where there is strong NGO presence, change in the attitude of the parents and communities about their children is visible. Parents have been found to prefer education for their children rather than engaging them in work.

In the extension area the situation is a bit different. The law enforcing agencies seem to be of little help here. The researchers came across many people in the core area who reported facing the wrath of these agencies. In the extension area, however, few people spoke about this. The presence of NGOs is also very limited here. In the new area, the situation is similar to that of the core area. Recently, the education department in Jharkhand conducted raids on the loom enterprises. The department threatened that severe penalties would be imposed on the loom owners if they were to be found employing children.

Table 6: Profile of Child Labour by area (in percentages)

| Area | Family labour | Hired Labour | |
|----------------|---------------|--------------|---------|
| | | Local | Migrant |
| Core area | 56.72 | 32.09 | 11.19 |
| Extension area | 56.16 | 36.99 | 6.85 |
| New area | 73.68 | 26.32 | 0.00 |
| Total | 57.96 | 33.19 | 8.85 |

Children working in carpet looms tend to fall into 1 of 3 main forms of labour: family labour, local hired labour or migrant hired labour. Among the children working on the looms the majority (58%) of them belong to the family labour category. Hired labour, both local and migrant, account for 42% (33.19% are local and 8.85% are migrants). The proportion of family labour is higher in the new area (73.7%). It is 56.7% in core and 56.2% in extension area. In the hired labour category, local labour is more than the migrant labour. Local hired labour accounts for 79% of the total hired labour. Migrant labour is more prevalent in the core area. Migration takes place from Bihar and Jharkhand areas only. As a result, no migrant labourers are reported as originating from the new area.

Analysis of the distribution of child labour in different sized enterprises shows that the employment of children tends to increase as the size of the enterprise increases. Of the total 240 enterprises studied, 128 (53.3%) are single loom enterprises, 58 (24.2%) enterprises have two looms and 54 (22.5%) enterprises have three or more looms. Of the total enterprises 38% of them have one or more children working on the looms. Eighteen percent fall into the single loom category while 47% fall into the two looms category. In the category of three or more looms, 76% employ children. With regard to the proportion of child labour to the total workforce, it is observed that larger enterprises have a higher proportion of children in their workforce versus smaller enterprises. While enterprises with three or more looms have 7.57% of their workforce employed as children, the single loom and two loom enterprises have 6.21% and 6.92% respectively.

Table 7: Enterprises and child labour by size

| Size | % looms having one or more child labour | % of Children to the total workforce |
|-----------|---|--------------------------------------|
| L1 | 18 | 6.21 |
| L2 | 47 | 6.92 |
| L3 | 76 | 7.57 |

L1= enterprises with one loom, L2= enterprises with two looms,
L3= enterprises with three or more than three looms

Table 8: Profile of child labour by size (in percentages)

| Size | Family Labour | Local hired Labour | Migrant labour |
|-------|---------------|--------------------|----------------|
| L1 | 83.33 | 16.67 | 0.00 |
| L2 | 57.14 | 32.65 | 10.20 |
| L3 | 50.37 | 38.52 | 11.11 |
| Total | 57.96 | 33.19 | 8.85 |

L1= enterprises with one loom, L2= enterprises with two looms,
L3= enterprises with three or more than three looms

It has been observed that there is a higher rate of hired child labour in larger enterprises. While in the category of three or more loom enterprises hired child labour constituted 50%, in single and double loom enterprises their proportion is 16.67% and 42.86% respectively. Migrant labour constituted 10.2% in the double looms category and 11% in enterprises with three or more looms. In single loom enterprises no migrant labour was found.

The techniques used to make the carpets in this region can be broadly categorised into two types: hand knotted Persian and non Persian varieties. Non-Persian varieties include a) hand tufted Carpets (b) Tibetan/Nepalese varieties and (c) durries. Traditionally, hand knotted Persian varieties are produced on a large scale. Demand for this variety is higher as well. Therefore, there are more looms that weave the hand-knotted Persian design. Out of 543 looms studied, 316 (58.2%) of them produce Persian styles of carpets. Production of the hand knotted Persian carpets is very labour intensive and time consuming. There is also a higher incidence of child labour in the production of these carpets. As discussed in section two the demand for hand knotted Persian carpets is steadily declining while the demand for other varieties is growing.

Table 9: Incidence of child labour in different types of carpet making

| Type of carpet | Total Child Labour | Total Workforce | % of Child Labour |
|----------------|--------------------|-----------------|-------------------|
| Persian | 89 | 982 | 9.05 |
| Non-Persian | 24 | 602 | 3.99 |
| Total | 113 | 1584 | 7.13 |

Table 9 presents the distribution of child labour according to the types of carpets. The proportion of child labour to the total workforce is higher for the Persian variety than in the other varieties. While the proportion of child labour in the Persian variety accounts for 9.05%, the non-Persian varieties accounts for 3.99%. Hired child labour has a higher rate in Persian than in non-Persian varieties.

Table 10: Profile of child labour by carpet variety

| Type of carpet | Proportion of Family Labour | Proportion of Local Labour | Proportion of Migrant Labour |
|----------------|-----------------------------|----------------------------|------------------------------|
| Persian | 67.09 | 27.22 | 5.70 |
| Non Persian | 40.0 | 45.7 | 14.29 |
| Total | 57.96 | 33.19 | 8.85 |

Working Conditions and Wages

Weaving is performed by sitting on a wooden plank in a cramped position. The work is repetitive in nature, demanding intense hand-eye coordination. Children working in the carpet industry, especially engaged in the weaving, are vulnerable to many health problems. Working on the looms for long hours is likely to affect their eye sight. The inhalation of wool causes respiratory problems and other ailments such as swelling of the lower limbs and pain in the joints and spine. These ailments are all common to these children.

The looms are predominantly located in the owner's house. Should an enterprise have one or two looms, they are typically located in the owner's house (thatched huts). The children not only live in these congested houses, they also carry out their weaving activities. Looms are installed in the small, cramped rooms or in the veranda, without proper ventilation. Weavers sit on a plank in a pit behind the loom about a foot deep. In larger enterprises with more looms, the premises are a bit larger with better ventilation.

In the 240 enterprises studied in the core area, extension area and new area, conditions in the establishments (such as the sitting arrangement, lighting and ventilation) were recorded.

Table 11: Facilities at worksite

| Size | No of enterprises | Ventilation | | | Lighting | | | Seat arrangement | | | Structure | | |
|-------|-------------------|-------------|--------|------------|----------|--------|------------|------------------|--------|------------|-----------|--------|-------|
| | | Bad | Medium | Sufficient | Bad | Medium | Sufficient | Bad | Medium | Sufficient | Thatched | Katcha | Pucca |
| L1 | 128 | 95 | 21 | 12 | 100 | 18 | 10 | 105 | 21 | 2 | 77 | 35 | 16 |
| L2 | 58 | 34 | 13 | 11 | 42 | 6 | 10 | 38 | 15 | 5 | 26 | 16 | 16 |
| L3 >3 | 54 | 14 | 16 | 24 | 17 | 17 | 20 | 24 | 15 | 15 | 7 | 15 | 32 |
| Total | 240 | 143 | 50 | 47 | 159 | 41 | 40 | 167 | 51 | 22 | 110 | 66 | 64 |

Table 11 shows that out of 240 enterprises surveyed 143 enterprises (60%) did not have sufficient ventilation, 159 (66.25%) did not have sufficient lighting and 167 (70%) were lacking proper seating arrangements. Enterprises with sufficient lighting, ventilation and proper seating arrangement were less than 20. The majority of the structures were thatched houses (46%), 27% each of the enterprises were katchas and pucca structures. For obvious reasons both the conditions and structures of the single and double loom enterprises are haphazard.

The growing world wide media attention along with interventions by government, NGOs and other international agencies in recent years has caused many to attempt to hide the truth about child labour. In an attempt to hide child labour weavers, many places are shifting their looms to inside the house. As most of the looms are situated in small, thatched houses with little or no ventilation, the current attention has led many employers to shift production from outside of the house to the inside. In effect, working conditions become even more harmful to the workers.

Payment in advance is a common tactic used in recruiting labour, whether it is children or adults. Children found working in the carpet looms fall into 3 types of labour: family labour, local hired labour or migrant hired labour. Local children are often recruited from individuals they know. Until the 1990s, there was a significant amount of migrant children working on the looms. Most of these children were recruited from the neighbouring states of Madhya Pradesh, Bihar and Jharkand. The recruitment of these children used to take place through these agents. Children recruited through agents are usually paid an advance sum of Rs. 600 – 2000 and they are required to work until the advanced amount was repaid. The amount of time it takes to repay the loan can take anywhere from one to five years based on the amount paid in advance. In order to make up for the sum taken in advance, the amount is deducted from their wages.

Accurate calculation of per day wage earnings is difficult in the case of home-based loom workers. With some exceptions wages are generally based on a piece rate basis, and this also depends upon the quality of the carpet woven. Normally a loom owner is given some advance and full payment is made when the carpet weaving is complete.

The period for weaving a carpet varies from one to six months, depending upon the size and quality of the carpets. In the case of any defect in carpet weaving (as per the given design), there is invariably a deduction from the wages. In such a system it is difficult to arrive at a precise figure for a worker's earnings per day, particularly in the case of home-based loom workers. For some workers weaving is not their only occupation; they are engaged in other activities such as agricultural operations. During the peak agricultural season they work only part of the day on looms while the rest is spent working on their farms.

Advances are a common feature in the carpet industry. While the company lends advance to the contractor/master weaver, it passes down to the weaver. No interest is paid on the advance lent. Every weaver, however, is told that if he doesn't take the advances they get more wages. This difference would be around 5% or Rs. 50 to 100 per yard. The amounts taken in advanced also depend upon the size and design of the carpet to be woven which can range between Rs. 500 to 10,000. Once a weaver takes the advance he would be bound to work for/under the same master/contractor until the loan is repaid. Wages are paid after a week to 15 days from the date of executing the order. A penalty is imposed on the weaver and cut from his/her wages in case there are any defects in the weaving or delay in executing the order.

The decline in the industry has had adverse effects on workers' wages. Even though there has been a marginal increase in the wages there has been no change in their real wages. Because of acute competition and fall in profits, companies are putting more controls on quality aspects. As a result, they are imposing cuts in the wages for minor defects to increase their profit margin.

Many weavers feel that they are being under paid. Their chief complaint is that, even for minor defects, they are being fined huge sums. Lalbahadur, a 75 year old weaver in Purjaghir asked how one can expect perfection in the manmade carpet industry when it is not possible for the machine produced varieties also. Most of the weavers are comparing the present situation with the earlier one during the boom.

In the past there were no fines or wage cuts for minor defects in the weaving. Now, it has become a regular practice. Interestingly enough, during the boom there were no cuts. Since there used to be high demand and supply was less, whatever carpet was made, even if faulty, used to be taken and sold. Now, however, during the slump as a result of the severe competition existing among the companies, meticulous quality is required for the carpets to be deemed acceptable. Many ask how one can produce a perfect carpet when even the machine made ones contain flaws. It is inevitable that some mistakes will occur even when the utmost care is taken while weaving. The owners refuse to accept any carpet with a minor flaw and as punishment to the worker, they are fined. This is another factor that contributes to the low wages. Lalbahadur (70), weaver, Purjaghir, Kone Block, Mirzapur

Researchers asked an exporter about the wages cuts of the workers. He explained that , *“In the absence of sufficient orders and acute competition, quality has become prime concern for everyone which has resulted in a cut in wages. Whereas weavers and trade union leaders whom we met complained that contractors are trying to maximise their benefits within the existing business and as a result they are resorting to this kind of practices.”*

Comparison of the present study findings with earlier studies

Table 12 presents a comparison of findings of the present study with earlier studies done in 1990s with regard to the magnitude of child labour and workforce composition in the carpet industry. Barring the NCAER study (1992) and the CEPC study (1998) all of the other studies carried out in the 1990s pointed out that there were more children working on the looms than believed. While Juyal’s study in the early 1990s estimated the total number of children to be 350,000, the ILO-CORT study conducted in 1993 estimated this number as 130,000.

Due to variations in conceptual and methodological approaches adopted by different studies, comparisons between them are difficult. The methodology adopted by the present study is somewhat similar to the study conducted by ILO-CORT in 1993. The ILO-CORT study reflects the situation of child labour in the industry in the early 1990s. A comparison of workforce composition and magnitude of child labour between these two studies indicates that since the early 1990s there has been a decline in the incidence of child labour in the carpet industry. The ILO-CORT study estimates that the proportion of child labour to the total workforce as 22% and the present study estimates it at 7.13%. The proportion of hired labour among child workers has also declined during this period. The ILO-CORT study estimated the proportion of hired labour at 68% while the present study estimates it at 42%.

The present study falls in line with ILO–CORT study in respect to other findings. It was found that the incidence of child and hired child labour was higher in larger loom enterprises compared to the smaller ones in which children did not possess any special skills that adults did not have as well in making carpets. Table 13 presents a comparison of incidence of child labour between ILO-CORT and the present study in different sizes of loom enterprises. The ILO-CORT study estimated the proportion of child labour in the single loom category as 17.2% whereas this percentage is 27.1% in the three or more loom category. The present study also makes a similar observation that incidence of child labour is higher in larger enterprises (6.2% in the single loom category versus 7.1% in three or more loom category).

Table 12: Estimates of child labour by different studies

| Source | Year of study | Estimates total number / proportion of child labour | Other findings |
|---|---------------|---|--|
| Juyal ⁸ | 1993 | 350,000 | <ul style="list-style-type: none"> • 2.92 children per loom • Ratio of adult worker to child worker is 1:2.3 |
| Harvey and Riffin ⁹ | 1994 | 130,000 | |
| NCAER ¹⁰ | 1992 | 8% of the total workforce | <ul style="list-style-type: none"> • Of the total children employed 55% are family labour and 45% are hired labour |
| Neera Burra ¹¹ | 1995 | 150,000 | |
| ILO- CORT ¹² | 1993 | 130,000 (22% of total workforce) | <ul style="list-style-type: none"> • Employment of child labour is more in the larger enterprises • 68% hired labour and 32% are family labour |
| CEPC-AICMA ¹³ | 1998 | 0.93% of the total workforce | |
| Institute for Human Development ¹⁴ | 2000 | 19.2% | <ul style="list-style-type: none"> • Girls account for 7.5% of total child labour • Incidence of child labour is low in core carpet belt compared to other areas of carpet production • Family labour 77.3% and hired labour 22.7% • Among hired labour majority of them are local children • Incidence of hired labour is on decline |
| Present study | 2005 | 7.13% | <ul style="list-style-type: none"> • Incidence of child labour is low in core carpet belt compared to other areas of carpet production |

⁸ Juyal, B.N. (1993), Child Labour in the Carpet Industry in Mirzapur-Bhadohi, International Labour Organisation, New Delhi

⁹ Harvey, Pharis and Lauren Riffin (1994): Trading away the Future: Child Labour in India's Export Industries, International Labour Rights and Education Research Fund, Washington DC.

¹⁰ The study did not work out an estimate of child labour in absolute numbers but in percentage terms, i.e. percentage of child labour to total labour force employed in the carpet belt.

¹¹ Burra Neera (1995): Born To Work: Child Labour in India, OUP, New Delhi

¹² Anker, Richard, Sandhya Barge, S. Rajagopal & M.P. Joseph (Eds.) (1998), Economics of Child Labour in Hazardous Industries of India, Centre for Operation Research and Training, Baroda. Though this study was published in 1998, the field work was based on estimates of child labour in 1993.

¹³ CEPC stands for Carpet Export Promotion Council, Government of India and AICMA stands for All India Carpet Manufacturers Association. These estimates were published in an article in the Economic Times, July 21, 1998

¹⁴ Institute for Human Development (2000): Impact of Social Labelling on India's Carpet Industry, ILO-IPEC Working Paper

| | | | |
|--|--|--|--|
| | | | <ul style="list-style-type: none"> • 18% are girls. • 58% family labour , 42% hired labour • Incidence of hired labour is on decline • Incidence of child labour is more in looms making Persian type carpets • Decline in the production and exports of hand knotted carpets • Employment of child labour is more in the larger enterprises |
|--|--|--|--|

Table 13: Trends in employment child labour between 1993 and 2005 (comparison of present study with ILO-CORT study in 1993)

| Loom Size | ILO-CORT study (1993) | Present study (2005) |
|-----------|-----------------------|----------------------|
| L1 | 17.2 | 6.21 |
| L2 | 25.2 | 6.92 |
| L3/>3 | 27.1 | 7.57 |
| Total | 21.7 | 7.13 |

Note: ILO-CORT study conducted in 1993 categorized the enterprises as single loom, double loom, 3-4 looms, and 5 or more looms. We clubbed the last two categories and presented them after recalculating the values.

Reasons for decline of child labour

Findings of the present study clearly indicate that compared to the 1990s there was a decline in the magnitude of child labour in the carpet industry. There are a few reasons for the decline of child labour. The cumulative impact of various positive interventions by the government, NGOs, International agencies, social labelling initiatives and the carpet industry have all contributed to the decrease in child labour. In addition to these positive interventions, the recent developments in the carpet industry which led to a decline in the overall production and export of hand knotted carpets have also contributed to the reduction in the numbers.

As explained in section two, in recent years the carpet industry, particularly in traditional core carpet belt of eastern Uttar Pradesh, has witnessed new developments which have had significant bearing on the nature and magnitude of child labour in the industry. In recent years there has been an overall decline in the production and export of hand

knotted carpets in India, particularly in the core carpet belt. The production of hand knotted carpets is very labour intensive and requires a large amount of time. The incidence of child labour has been seen more in the production of hand knotted carpets than any other variety. The international demand for hand knotted carpets has declined due to changes in consumer tastes which now look to favour cheaper, less durable and more modern design carpets. As a result, the demand for tufted and Tibetan carpets and durries, which are less labour intensive, are on the rise. This development has partly contributed to the reduction of child labour in the carpet industry.

During the 1990s the issue of child labour in the carpet industry received widespread attention from the government, local and international NGOs, and International bodies like ILO, UNICEF and UNDP. A number of initiatives have been undertaken by them to address the problem. Most of the interventions undertaken by different agencies to address the problem of child labour in carpet industry have been largely confined to the core carpet belt of eastern UP, particularly in the Mirzapur and Badohi districts.

The interventions of local NGOs and the government have had some positive impact in addressing the problem of child labour, especially in core carpet region. The Child Labour Act of 1986 (prohibition and regulation) introduced by the government prohibits the employment of children in the carpet industry. In addition to enacting this law the government of India, following a Supreme Court directive in 1996, has launched a scheme (National Child Labour Project) to wean children away from hazardous occupations and processes and to rehabilitate them in special schools meant for child labourers. In the late 1990s the labour department conducted raids at several places and imposed heavy penalties on loom owners who employed children. In all the villages where the survey was conducted there was a remarkable awareness about the Child Labour Act of 1986 (prohibition and regulation) among loom owners and weavers, including children. It was also found that all the regions involved in the carpet industry were well aware of the law and the legal risks they could face if found in violation of the law.

In addition to the measures taken above, there was also an introduction of a mid-day meal scheme in elementary schools and a launching of a programme by the National Child Labour Programme (NCLP) aimed at improving school conditions by providing more schools and teachers under the District Primary Education Programme (DPEP). This helped create an environment that encouraged several parents in the area to send their children to school. In addition to government intervention, efforts initiated by several NGOs also helped to reduce the incidence of child labour in the carpet industry. Even today there is a strong presence of NGOs working on the child labour issue in the carpet-producing regions. Their approaches usually focus on education and welfare measures. Among the NGOs, Project Mala and the Centre for Rural Education and Development Action (CREDA) deserve special mention. The 'Bal Adhikar Pariyojana' (Child Rights Project), launched in 1997 and which operates in the two districts of

Bhadohi and Mirzapur in the core carpet belt, adopted a different strategy based on networking, economic empowerment of women, advocacy and capacity building.

Responses from the participants show that 20-30% of the children engaged in the looms prior to the study. We asked the respondents what prompted them to stop engaging children. Seventy percent of the respondents stated that government pressure and NGO motivation stopped them from engaging children. At the same time, approximately 30% of the people stated it was because of the pressure from the industry.

In order to address the issue of child labour in carpet industry, the concept of 'social labelling' was introduced in the 1990s. The concept was mainly an outcome of heightened awareness about child labour and international pressures to curb its use. Labeling initiatives aimed at improving the living and working conditions of the weaving community by exerting pressure on the exporters/suppliers to enforce better working conditions including prohibiting child labour in the production of carpets. 'Social labelling' consists of labelling carpets or companies, either by embodying a guarantee to consumers that carpet has been made without child labour or a commitment towards the elimination of the problem. The four existing social labelling initiatives are a) Rugmark b) Kaleen c) STEP and d) Care and Fair. These labeling programmes show that 70% of respondents differ not only in their mechanisms and the approaches adopted but also in their stated objectives. Rugmark and Kaleen labels are affixed to individual carpets, while STEP and Care & Fair are company certification programmes. Except for Care & Fair, the other three labeling initiatives operate with inspection and monitoring mechanisms of one kind or another¹⁵.

There are divergent views about the impact of these social labelling initiatives in addressing the problem of child labour in the carpet industry. A detailed study on the impact of social labelling initiatives in the carpet industry commissioned by ILO-IPEC in 2000 found that the social labelling initiatives, though they helped to create a favourable environment for reduction of child labour to some extent in the industry, had some shortcomings in their monitoring systems in fulfilling their promise to provide child labour-

¹⁵ The Rugmark label is a widely publicized, private initiative, and was the first social labelling programme introduced in the carpet industry in India in 1994. It consists of manufacturers, exporters, NGOs and other organizations. Unlike Rugmark, the Kaleen labelling programme is a government initiative, promoted by the Carpet Export Promotion Council (CEPC), under the Ministry of Textiles. CEPC is the apex body of exporters in the Indian carpet industry. It introduced the Kaleen label in 1995 as a hallmark of commitment towards the eradication of child labour and the welfare of weavers in the carpet industry. STEP is a labelling initiative started by members of the carpet trade in Switzerland in October 1995. To provide a better link between Indian exporters and Swiss importers and consumers of carpets, a STEP office was established in India in May 1996. Unlike Rugmark and Kaleen, STEP operates like a company certification programme. Like the STEP initiative, Care & Fair it is a company certification programme and not a product labelling initiative. However, unlike the other three labelling initiatives, Care & Fair does not engage in inspection and monitoring of the carpet production but relies solely on the moral commitment of its members.

free carpets¹⁶. Our field observations also indicate the same. In the survey villages it was found that very few people aware about the labelling initiatives launched by Rugmark, CEPC and others. When we spoke to exporters they said that they did not have any preference between the labels. Whichever label the importers preferred they subscribed to.

The present study noted that the situation, in respect to child employment, is not significantly different between the social labelling units and non-labelling units. Many loom owners seemed to be well aware of the monitoring systems of the OBEETEE Company in respect to prohibiting employment of children on the looms¹⁷. In the extension and periphery areas people have little knowledge about these initiatives.

¹⁶Alakh N. Sharma, Rajeev Sharma, Nikhil Raj (2000) ` The Impact of Social Labelling on Child Labour in India's Carpet Industry` ILO-IPEC working paper.

¹⁷ OBEETEE is one of the oldest companies in Indian carpet industry. OBEETEE Company is one which doesn't subscribe to any of the labelling initiatives. Instead, the company has its own monitoring systems to ensure child labour-free carpets. Every detail of the loom that produces carpets for the company is recorded with the company. Before placing an order, the weavers are told about the rules and regulations of the company which forbid the loom owners from employing children. Violation of this law results in the rejection of the carpet. The company's representative takes note of the family members of the loom owner along with their age. All these details are logged into the computers. Supervisors working in the depot frequently visit the looms to monitor the progress and to check whether any child labourer has been employed. Apart from these supervisors the company has formed a child labour cell with the senior level staff. Members of this cell pay surprise visits to these looms. Initially there was resistance and weavers were inconvenienced. Before imposing these rules on the weavers the company gave them a month's time to stop employing children. Later on, senior Vice President, Mr. Mithileshkumar stated "we started implementing the rules, we withdrew an order in some cases. Initially it has been a difficult task for weavers to get used to weaving carpets without children. Slowly but steadily they got used to the new system and now there is hardly any child labour in our looms."

SECTION IV: FROM WEAVERS TO IMPORTERS- PRODUCTION AND SUPPLY CHAIN LINKAGES

Production and supply chain

The carpet Industry in India is predominantly export oriented; more than 90% of carpets produced in India are being sold to other countries. The major importers of India's hand knotted carpets are the US, Germany, UK, Switzerland and Italy. Germany used to be the largest importer of Indian carpets but in recent years the US has surpassed Germany.

There are about 2,500 small and large exporters who export carpets to different countries. The production and supply chain linkages are very complex in the carpet industry. A number of actors are involved in producing, exporting, importing and selling hand knotted carpets. These actors include exporters, contractors, loom owners, weavers (located in India), importers and retailers (located in foreign countries).

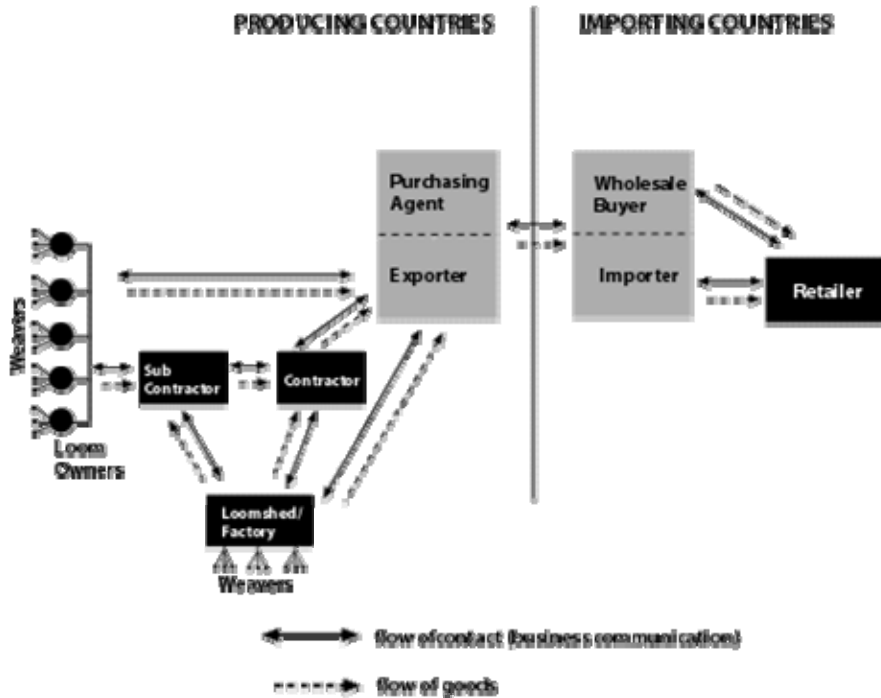
The process of production of Indian carpets is a four-tiered system. It begins with the exporters and extends to contractors and the loom owners. The final step ends at the weavers. Most of the production in this industry is carried out on a contractual basis through intermediaries.

In India, the exporter is the prime figure around whom the overall organizational structure of the carpet industry revolves. Carpet exporters can be divided into two groups: merchant exporters and manufacturing exporters. The merchant exporter (Banaras Beads, Banaras House, Ideal Carpets, etc.) buys from the market and exports. The manufacturing exporters (OBEETEE, E.Hill & Co, HAG, Oriental Arts and Crafts, Khan Carpets, etc.) produce their carpets through contractors, subcontractors and exporters. Exporters receive carpet orders from importers. While some exporters produce carpets themselves, some use a contractor. Contractors receive orders from exporters to make carpets. Contractors either make the carpets they sell or subcontract all or part of the production. Subcontractors play a number of roles. In some cases, the subcontractor weaves the carpet. In other cases, he or she acts as a middleman between the contractors and weavers. In these cases, the subcontractor procures weavers, distributes materials, oversees the production process, and pays the weavers.

Importers procure carpets for sale to specific retailers and sometimes operate their own retail outlets. Some importers produce their own carpets, some use purchasing agents and others import directly from foreign producers. Retailers purchase carpets from importers or traders and sell them to consumers. In US, the retailers of hand made

carpets include department stores, national chains, do-it-yourself home centers, mass merchants, furniture stores, small specialty shops, and catalogue operations.

Hand-Knotted Carpet Chain of Production and Distribution



Source: U.S. Department of Labor (1997), *The Sweat & Toil of Children – Consumer Labels and Child*, Vol. IV, Bureau of International Labor Affairs, Washington, D.C.

U.S. market for India’s hand made carpets

In recent years the US has emerged as one of the largest importers of India’s hand knotted carpets. During 2004-05 the US accounted for 53% of carpet exports from India. The export value of imports of carpets from India to the US market increased from \$123.96 million in 1995-96 to \$ 313.18 million in 2004-05. The US market share in Indian carpets exports increased from 30.4% to 53% during this period. The U.S. market is, for this reason, influential in determining how many and which carpets are produced in India.

The United States, which doesn’t produce any hand knotted carpets of its own, imports them from different countries. The US consumes roughly 28% of the world’s import of carpets & floor coverings. The major portion of carpet imports and floor coverings into the US, of which are knotted carpets, account for 38% whereas other woven carpets account for 29.8% and tufted accounts for 27%.

Table 14 lists the top five suppliers of hand knotted carpets to the United States. As Table 14 indicates India ranks as the number one source of U S imports of hand knotted carpets, followed by China, Pakistan, Turkey and Nepal in 1998. India's share in US imports of hand made oriental carpets accounted for 38.8% in 1998 (US imported \$422.55 million worth of hand made carpets in 1998 from all the countries out of which India accounted for \$164.04)¹⁸. In recent years the share of Indian carpets in the US market is slowly declining due to competition from China, Pakistan and Iran. The US lifted its ban on imports of carpets from Iran in 2000. Despite stiff competition from other countries India still holds the largest share in US carpet market¹⁹.

Table 14: Imports of Handmade Oriental and Tufted Carpets 1997-1998 (US \$ millions) from China, India, Nepal, Pakistan and Turkey

| | Tufted carpets | | | Hand made oriental carpets | | |
|----------|----------------|-------|--------------------|----------------------------|--------|--------------------|
| | 1998 | 1997 | % Change over 1997 | 1998 | 1997 | % Change over 1997 |
| India | 39.46 | 37.81 | 4.4% | 164.04 | 116.75 | 40.5% |
| China | 83.77 | 64.71 | 28.5% | 96.63 | 56.50 | 71.0% |
| Nepal | 0.20 | 0.13 | 51.5% | 24.07 | 15.10 | 59.4% |
| Pakistan | 0.42 | 0.04 | 895.2% | 81.53 | 68.68 | 18.7% |
| Turkey | 0.12 | 0.21 | - 42.2% | 39.91 | 33.78 | 8.1% |

Source: U.S. Department of Commerce, Bureau of the Census, IM 146. Dollar value reported F.A.S country of origin - not included freight or duty cost

The structure of the importing industry of hand knotted carpets into the United States appears to be done by two different types of actors: large importers and smaller firms. The large importers are relatively few in number and are mainly based in the New York City and California areas. In addition to importing, they act as wholesalers. Small firms are usually retailers and may also do some importing. Most of the leading handmade carpet importing firms in the US are run by immigrants from carpet producing countries.

All the major carpet importers and wholesalers in the US are members of The Oriental Rug Importers Association Inc (ORIS). The Oriental Rug Importers Association, a

¹⁸ From all sources of handmade oriental rugs, the U.S. imported a total of 106,929,000 square feet and in 1998 there was a sharp increase from the 1997 total of 87,300,000 square feet. The increase in dollar value of imports was similarly dramatic, climbing to \$422,549,000 in 1998 from \$335,505,000 in 1997 (source: U.S. Department of Commerce, Bureau of the Census, IM 146. Dollar value reported F.A.S country of origin - not included freight or duty cost)

¹⁹ As per US trade data released by the US Department of Commerce, India ranks number one with a 25% share in exports of hand made carpets to US.

national association of carpet importers and wholesalers in the US, has membership in over 80 important carpet importing and selling firms. For carpet retailers there is a separate organization called The Oriental Rug Retailers of America. All the leading carpet importing firms in the US have their business ties with Indian exporters. Most of the carpet producing firms in the US supply hand knotted carpets from a number of different carpet producing countries.

Of the total 240 loom enterprises studied as part of the present study, 91 of them have been found as having one or more children engaged in carpet production. Out of 91 enterprises engaging child labour, we could able to acquire the supply chain details of names of sub contractors, contractors, exporters for whom the carpets are made for 68 enterprises. These enterprises are producing carpets for 30 small and big export companies in India. Most of these Indian exporters have their own share of exports to US market and all the leading US importers procure carpets from these exporters.

SECTION V: SUMMARY AND CONCLUDING REMARKS

In the preceding sections an attempt was made to examine the current situation of the child labour problem in India's carpet industry, specifically located in the `core carpet belt` in and around Mirzapur-Bhodohi region in the state of Uttar Pradesh in the context of recent developments which have a bearing on the nature and magnitude of child labour in the industry. An attempt was also made to examine the supply chain linkages between Indian carpet producers who make use of child labour and US importers who import carpets from these producers.

During the 1990s numerous reports described large numbers of children working illegally in the carpet industry of India. The reported large scale violations of child rights have caught the attention of many around the world. Being an export oriented industry the process of production has been subjected to close scrutiny. A number of initiatives have been undertaken by the Indian government, NGOs, carpet industry, and International agencies like ILO, UNICEF, and UNDP to address this problem. Following all these initiatives by various organisations, including that of the government, there have been claims in recent years especially from the government and the carpet industry that the problem of illegal child labour in the industry has almost disappeared and is no longer an issue of any relevance. In contrast to this, NGOs working on this issue and media reports, while acknowledging small reduction in numbers, continue to report large scale employment of children in this industry. They argue that the growing media attention world wide and interventions by government, NGOs and other international agencies in recent years have made child labour go underground in several places.

Since the early 2000s the carpet industry has entered into a new phase which was characterized by overall decline in the production and exports of hand knotted carpets. The production of hand knotted carpets is very labour intensive and time consuming. The incidence of child labour can be seen more in the production of hand knotted carpets than any other variety. The demand for hand knotted carpets in the international market has declined due to changes in consumer tastes in favour of cheaper, less durable and modern design carpets, rather than more costly, longer lasting and traditional design carpets. It is in this context that International Labour Rights Fund has commissioned the present study to assess the current situation of child labour in India's carpet industry.

The analysis of the workforce composition and working conditions of weavers in 240 sample loom enterprises selected for this study in four districts (two in the core carpet area, one each in the extension and the new areas) found that children continue to be involved in significant numbers in the production of hand made carpets. **Children account for 7.13% of the total workforce.** The proportion of children to the total

workforce is found to be higher in the extension area (Allahabad district), than in the core and new areas. In the extension area the proportion of child labour to the total workforce is 12.5% whereas in the core area this is 5.9% and 6.1% in the new area. Most of the children working on looms are boys (82%).

Among the children working on the looms, the majority (58%) of them belong to the family labour category. Hired labour, both local and migrant, account for 42% (33.19% are local and 8.85% are migrants). The proportion of family labour is higher in the new area (73.7%) and 56.7% in the core area. Meanwhile, the rate is 56.2% in the extension area. In the hired labour category local labour is more than the migrant labour. Local hired labour accounts for 79% of the total hired labour.

The proportion of child labour to the total workforce is higher in the Persian variety of carpets than in the other varieties. While the proportion of child labour in Persian variety accounts for 9.05%, the non-Persian varieties account for 3.99%. Hired child labour is greater in non-Persian varieties. Analysis of distribution of child labour in different sizes of enterprises shows that employment of child labour is greater in the larger enterprises. Of the total enterprises, 38% of them have one or more children working on the looms. In the single loom category there are 18%, in the two looms category 47% and in the category of three or more looms 76% have employed children.

Findings of the present study clearly indicate that compared to the 1990s there has been a decline in the magnitude of child labour in the carpet industry; however, this decline is not to the extent of claims made by the government and industry sources. A study published by CEPC in 1998 claims that child labour accounts for only less than one percent of the total workforce in the carpet industry (0.93%).

The methodology adopted by the present study is somewhat similar to that of the study conducted by the ILO-CORT in 1993. The ILO-CORT study reflects the situation of child labour in the industry in the early 1990s. A comparison of workforce composition and magnitude of child labour between these two studies indicates that since the early 1990s, there has been a decline in the incidence of child labour in the carpet industry. The ILO-CORT study estimates that the proportion of child labour to the total workforce is 22% and the present study estimates it as 7.13%. The proportion of hired labour among child labourers has also declined during this period. The ILO-CORT study estimated the proportion of hired labour as 68% while the present study estimates it as 42%.

There are multiple reasons for the decline in child labour. The cumulative impact of various positive interventions by the government, NGOs, International agencies, Social labelling initiatives and the carpet industry have all contributed to the reduction of child labour in this industry. In addition to these positive interventions, the recent

developments in the carpet industry which have led to decline in the overall production and exports of hand knotted carpets have also contributed to the drop in figures.

In recent years the US has emerged as the largest importer of India's hand knotted carpets. During 2004-05, the US accounted for 53% of carpet exports from India. The export value of imports of carpets from India to the US market increased by 152.6% during 1995-96 and 2004-05 (\$123.96 in 1995-96 to \$ 313.18 million in 2004-05). The share of the US market in Indian carpets exports increased from 30.4% to 53% during this period. The U.S. market is, for this reason, influential in determining how many and which carpets are produced in India. India's share in the US imports of handmade oriental carpets accounted for 38.8% in 1998.

The production and supply chain linkage is very complex in the carpet industry. A number of actors are involved in producing, exporting, importing and selling hand-knotted carpets. These actors include the exporters, contractors, loom owners, weavers (located in India), importers and retailers (located in foreign countries).

The production process of Indian carpets is a four-tiered system. It begins at the level of exporters and extends to contractors then to the loom owners and ends at the level of weavers. Most of the production in this industry is carried out on a contractual basis through intermediaries. Importers procure carpets for sale to specific retailers and sometimes operate their own retail outlets. Some importers produce their own carpets, some use purchasing agents and others import directly from foreign producers. Retailers purchase carpets from importers or traders and sell to consumers

Of the total 240 loom enterprises studied as part of the present study, 91 of them have been found as having one or more children engaged in carpet production. Out of 91 enterprises engaging child labour, we could able to acquire the supply chain details of names of sub contractors, contractors, exporters for whom the carpets are made for 68 enterprises. These enterprises are producing carpets for 30 small and big export companies in India. Most of these Indian exporters have their own share of exports to US market and all the leading US importers procure carpets from these exporters.

Annex 1: List of sample villages surveyed

| Core area (Utter Pradesh) | | |
|---------------------------------------|----------------|---------------------|
| Village | Block | District |
| Chakkotta | Hallia | Mirzapur |
| Gurji | Hallia | Mirzapur |
| Pipra | Hallia | Mirzapur |
| Huusainpur | Kone | Mirzapur |
| Movaiya | Kone | Mirzapur |
| Purjaghir | Kone | Mirzapur |
| Bami | Lalganj | Mirzapur |
| Dhasra | Lalganj | Mirzapur |
| Rampur | Lalganj | Mirzapur |
| Bodakhurd | Marrihan | Mirzapur |
| Piuri | Marrihan | Mirzapur |
| Rampuratri | Marrihan | Mirzapur |
| Lalanagar | Aurai | Bhadohi |
| Ugapur | Aurai | Bhadohi |
| Devanathpur | Bhadohi | Bhadohi |
| Naibasti | Bhadohi | Bhadohi |
| Pipris | Bhadohi | Bhadohi |
| <i>Sarroi</i> | <i>Bhadohi</i> | <i>Bhadohi</i> |
| Extension area (Utter Pradesh) | | |
| Bhui | Handia | Allahabad |
| Chakmada | Handia | Allahabad |
| Cheedi | Handia | Allahabad |
| Gosainpur | Handia | Allahabad |
| Jaguasodha | Handia | Allahabad |
| Upardaha | Handia | Allahabad |
| New area (Jharkhand state) | | |
| Dhoorki | Dhoorki | Garwah (JKD) |
| Birbal | | |
| Ghaghari | Dhoorki | Garwah (JKD) |
| Raksi | Dhoorki | Garwah (JKD) |
| sauondhiya(S) | Dhoorki | Garwah (JKD) |
| Sondhiya(N) | Dhoorki | Garwah (JKD) |

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