

Chapter 5: Decoding Child Labour in The Handicrafts Industry

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For most of us, child labour may seem to be a relic from a bygone era which is perhaps best relegated to history. However, nothing could be further from the truth. While there is no denying that we have come away from the days of the 1960s, when the firecracker industry (Sivakasi) as well as the carpet and rug industry were under intense scrutiny resulting in lockdowns for the use of child labour, however, we still have a long way to go in creating a positive impact. Over the years child labour has taken on more sinister forms making it further difficult to address and uproot. The narrative below, which is a culmination of a field trip involving interviews from different stakeholders, offers at best a glimpse into this sordid underbelly of child labour.

Let us consider the city of Jaipur, Rajasthan, barely 300 km from the National Capital, Delhi, a city that records the third highest number of child workers, i.e., children below the age of 14 (as per the 2011 Census). Most of the children are employed in the handicrafts industry, primarily: bangle making, apparel (stitching), stone cutting and polishing, and embroidery. It is estimated that on an average 50,000 children are trafficked^{iv} and brought to the city annually. These children come from different states, a substantial proportion however, comes from Bihar, Jharkhand, West Bengal, Uttar Pradesh, and Madhya Pradesh. For these children, some as young as six, the moment

they lay foot in the city, their nightmarish ordeal begins. Overworked (working from 8.30 am to beyond midnight, for almost 16-18 hrs with two short breaks), underfed (drugged to suppress hunger and sleep) and often beaten up. It is worth noting that these figures only account for children that are trafficked – there are innumerable uncounted numbers who stay with their family and work alongside to help earn a living (they may or may not go to school).

To understand child labour, one needs to understand how it manifests and thrives amidst us. This in-turn begs a closer look at the labyrinthine supply chains that characterise the handicrafts industry which employs a significant number of child workers. Amongst the aforementioned four sectors, bangle making employs the highest number of migrant child workers. Within the bangle making sector, there are primarily two segments, namely, the cold lac and hot lac. It is cold lac where child labour (trafficked) is most prevalent. The trafficked children are squeezed into tiny, dimly lit and poorly ventilated rooms (called workshops or *karkhanas*, located in residential and mostly unregistered localities) to make lac bangles. There also exist home-based work units, wherein the family, including children, work within their residences and sell the produce to an aggregator (small wholesaler) from the community.

Understanding Child Labour through the Supply Chain Lens: Cold Lac Bangle^v

Typically, the value chain constitutes of five to seven actors; links between some actors are well entrenched and stable making it difficult to break and/or govern, while links between other actors are weak implying the influence that each wields

over one another. Owing to the proliferation of child labour in cold lac bangle making, for the purpose of this article we will focus our attention on studying its supply chain.

The workshops are the hotbeds of child labour. They are generally owned by a community member, who may have more experience and is able to rent out a small room to serve as the sweatshop. The workshop owners have strong ties with wholesalers to whom they sell their output, based on the order placed. They generally buy the raw material and get people together to work. The small workshop owners may also sell their produce to small wholesalers (who are more like aggregators, and may also include designers). They in-turn sell the collected produce to a big wholesaler. Eventually all the material gets sold to the retailer. The retailer sells it to the final consumer and also informs the wholesaler about the trending bangle designs. Some of the bigger wholesalers may also own workshops where both children and adults work.

The dominant power and influence in the supply chain lies with the wholesaler, having both backward and forward linkages, as well as the retailer. Together the two entities account for and pocket 50-60 per cent of the profit margins (with zero to negligible value add to the product). Meanwhile, the manufacturer receives only about 15-20 per cent of the total transaction value. Accordingly, an adult artisan would get Rs 6000-8000. In case of children, they are paid, mostly in kind (food and clothes), besides an advance to their families. Everything put together would amount to roughly Rs 1,000 per month. The stark inequity along the supply chain tends to arrest each of the supply chain actors in a status quo, which is particularly bad for the artisans occupying the lowest rung. It makes them most susceptible to socio-economic exploitation and leaves them with slim-to-none chances of lifting themselves out of poverty by demanding better wages and livelihood.

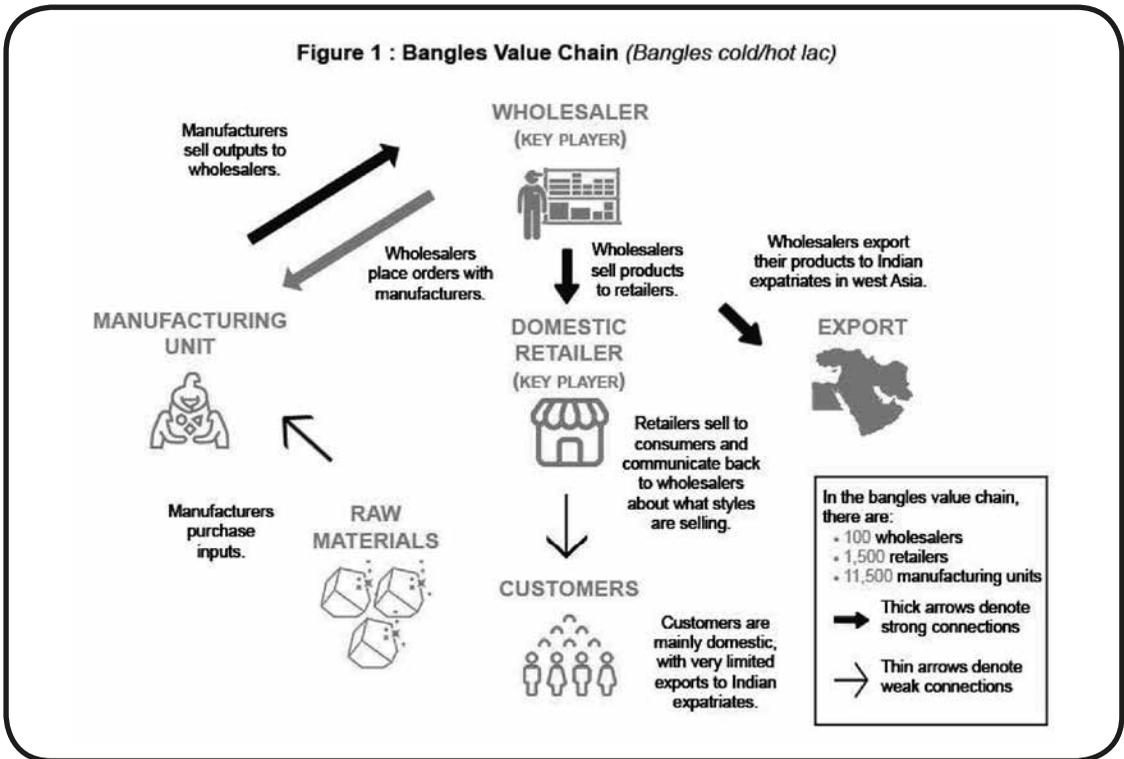


Image Source: Report: Business Strategies for a Child Labour-Free Jaipur

The Market Dynamics: Interplay of Demand & Supply Forces & its effect^{vi}

In addition to the intractable supply chain issues, the market dynamics governing the cold lac bangle making segment also make it difficult to address the issue of child workers. The market segment is fraught with competition (with the local communities burgeoning with dingy workshops) and adding to the woes is the fact that this segment has little to no variation in the product (bangles) and is classified as a low skill and low price product. Consequently, the margins to play with are very narrow. This makes child labour a 'lucrative' business strategy, where one plays on the already abysmally low wage-costs. What came through in the interviews and the literature was that competing on wage costs is neither a desirable nor a sustainable strategy, particularly in the present times when machines are edging out human labour. Instead of falling

into a downward cost spiral (wherein children are employed to keep costs low), there is perhaps a compelling case to improve productivity and efficiency through mechanisation and automation which will help balance out cost differentials of employing adult workers (which tantamount to higher wages). Also, dependency on a single (cold lac bangle) product requiring low skill and having a low value, exposes the artisan to demand and price fluctuations which pushes them further into a self-perpetuating cycle of exploitation. In such a scenario, focus on skill enhancement and product diversification become critical factors in hedging livelihood loss from saturation and competition. Additionally, mechanisms that can help link artisans to the market as an alternate may also give a higher bargaining power to artisans and help reduce exploitation.

Recommendations to Combat Child Labour

Most of the features delineated above are typical to the handicraft industry in the low skill and value segments. Charting a way forward would entail market-based solutions and approaches and tackling the issue on multiple fronts. Some good practice examples adopted by businesses include, setting up community centres/workshops for artisans to work, shifting to in-house production for greater transparency and better governance. There are a few multi-stakeholder initiatives underway which deal with the issue holistically through collaborative intervention with different organisations. Under these initiatives, affected communities are mobilised through sensitisation on the ills of child labour. Women from the community, in particular, are engaged and imparted soft and technical skills to improve the quality and efficiency of work and diversify their skill set and encouraged to organize themselves better to earn a living. Endeavours to forge direct linkages with the market (marketing portals, tie-ups with agencies) to eliminate the need for intermediaries are being made. Big businesses are assured of child labour-free products (as

part of regulatory compliance and commitments to UNSDGs) through branding/labelling/certification, which in-turn helps create a market that incentivises child labour-free products to leverage a better price. While the demand for such products maybe relatively low in the domestic markets, but with the new international laws such as the UK Modern Slavery Act, 2015 and Dutch Child Labour Due Diligence Law, 2019 the demand for such products is expected to be on the rise. From a compliance risk standpoint more and more businesses today (particularly the MNCs) see reporting and disclosures on the issue take priority. This may well serve as an unrealized opportunity for the smaller businesses to gain competitive advantage by ensuring child labour free products /supply chains. A lot of the onus therefore is on the big businesses to use these progressive legislations and policies to work together with small businesses in enabling them to address child labour across supply chain (through dialogue, capacity building, awareness generation, better and direct market access etc)

Additionally, as part of the multi-pronged approach, there are endeavours to work with the community to demand better schools in the locality thereby, ensuring a lower school dropout

rate and better future prospects for the children. Such multi-front approaches help address the social evil of child labour at its root.

Consumers hold the key

There is a growing consciousness among consumers about sustainability, particularly with regard to the social and environmental impact of production. Today consumers, particularly the millennials, no longer want to be bystanders and instead want to drive the responsible business agenda. In a recently conducted survey on the use of child labour in producing goods, most consumers were repulsed by the idea and were willing to pay a higher price against the

assurance of no child labour in the supply chain. It is therefore time for us, as consumers, to now put the money where the mouth is. Vijay Goel, an expert on child labour, believes that the day society decides to reject child labour in all forms (as domestic help, in supply chains, hotels and restaurants, construction labour) will be the day when child labour is stamped out. Let us do our bit in raising awareness on child labour and be relentless in asking businesses the right questions.

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- i. Centre for Responsible Business
 - ii. Praxis – Institute for Participatory Practices
 - iii. With inputs from Durba Biswas and Pritha Choudhury
 - iv. Report: Rescue Operations in Jaipur: http://childlabourfreejaipur.org/pdfs/Report-Rescue_in_Jaipur-Feb2018.pdf
 - v. Business Supply Chains Research Report: http://childlabourfreejaipur.org/pdfs/Business_Strategies_for_a_Child_Labour-Free_Jaipur%20v1-FINAL_REPORT.pdf
 - vi. Interviews & Report Business Strategies for Child Labour Free Jaipur