

# CAPITAL CORRUPTION:

CHILD LABOUR IN INDIA



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**H**undreds of millions of children throughout the world are engaged in work that deprives them of adequate education, health, leisure and basic freedoms, violating their rights. Of these children, more than half are exposed to the worst forms of child labour such as work in hazardous environments, slavery, or other forms of forced labour, illicit activities such as drug trafficking and prostitution, as well as involvement in armed conflict.

*Child labour – 18 years is the dividing line between childhood and adulthood. A child labourer is a person below 18 years of age who is working in hazardous environment, slavery, or other forms of forced labour, illicit activities such as trafficking and prostitution, or armed conflict.*

The International Labour Organization (ILO) launched the first World Day Against Child Labour in 2002 to highlight the plight of these children. The day, which is observed on June 12th, is intended to serve as a catalyst for the growing worldwide movement against child labour, reflected in the huge number of ratifications of ILO Convention No. 182 on the worst forms of child labour and ILO Convention No. 138 on the minimum age for employment.

According to the ILO “Accelerating Action Against Child Labour” Report (2010), there are **215** million children employed as child labourers worldwide out of which 115 million are working in hazardous occupations. The condition is worse in the developing countries of Asian and Latin American continent. According to Census of India 2001, **12.7** million children are working in various sectors across the country, which is the largest number of child labourers in a country. According to National Commission for Enterprises in Unorganised Sector (2007), the potential child labour pool in the country remains high at 45.2 million children. The non-government organizations estimate the number of child labourers cumulate to **60** million, which is 6% of the total population of India. However, the NFHS-3 report (2005-06) claims 15% of children in India remain in employment.

The presence of large number of child labourers in the country indicates towards corruption and money illegally generated which is unaccountable income or more popularly called 'Black Money'. According to various media reports the illegal money in the country lies somewhere between Rs. 200 to 400 lakh crores. The huge amount of illicit money present in the country also includes the money which is earned by the employer (or chain of employers, traffickers and labour recruiters) by employing child labour. This indicates to a nexus between child labour and presence of black money in the country.

*Black Money – any income earned, surreptitiously or illegally, usually in cash, and not reported to the government so as to avoid paying taxes on it.*

All work that is done by child labourers and the income goes unaccounted in a country's economy. The income generated by the child labour as a proportion/share of black money in the economy can better be understood in the following way. The product of total number of child labourers, average cost per child and average number of working days per annum deducted from the product of number of adults to replace child labour, average national floor wages and average number of working days in a year gives a figure of monetary loss to the economy. Considering that the job is present, the child labourer has displaced the adult worker, leading to adult unemployment and creating a huge pool of black money in the country. The children perform unskilled activities that can be done by adults. This affects labour market dynamics and adult unemployment negatively.

## Cost of Child Labourer versus Cost of an Adult Worker

a) Cost of Child Labour

(Number of child labourers) x (average cost per child) x (average number of working days)

b) Cost of Adult workers

(Number of adults labourers) x (average national floor wage or minimum wage) x (average number of working days)

a) [(6 crores) x (Rs. 15) x 200 days]  
= Rs. 18,000 crores

b) [(6 crores) x (Rs. 115) x 200 days]  
= Rs. 1,38,000 crores

(b) - (a)

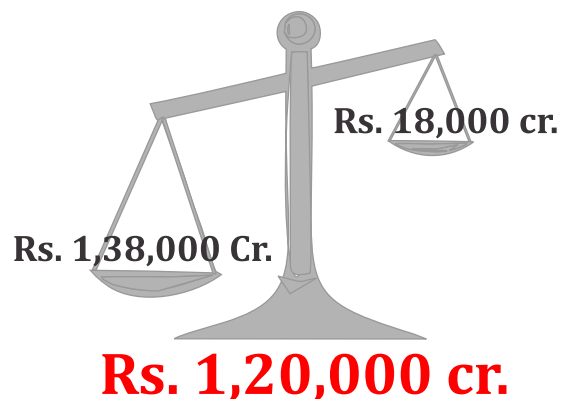
= **MONEY LOST**

= (Rs. 1,38,000 - Rs. 18,000) crores = Rs. 1,20,000 crores

The economics have been simplistically calculated using certain common work norms as assumptions- there are average 200 working days in a year and that all the labourers (whether child or adult) are employed for 8 hours a day. There are 6 crores child labourers in India who assumingly work for approximately 200 days in a year on an average cost of Rs. 15 per child per day. The amount so calculated, is Rs. 18,000 crores in one year. Now, these 6 crore child labourers can be substituted with the 6 crores adult labourers. So, these 6 crores adult labourers working for 200 days in a year on an average floor wage of Rs. 115 per day per labourer would generate a huge sum of Rs. 1,38,000 crores. The difference between these two amount amounts to Rs. 1,20,000 crores.

This is a straight profit of Rs. 1,20,000 crore (i.e. 12 followed by 11 zeros!), but a huge loss to the economy. **A black money pool of Rs. 1,20,000 crores.**

This sum should have been paid by the employer(s) to the worker(s) but the employer(s) instead employed underpaid and overworked child labourers. The employer also did not report any income to the government, evaded taxes, making Rs. 1,20,000 crores illegal money in the country.



Additionally, Rs. 1,20,000 crore did not come in the market for circulation. This is estimated at 30%-60% of the total black money in the country (as per current media estimates). This money did not reach the government nor the public, but is present in some form or the other in the market as illicit money.

This illicit money untaxed and not under the government lens, does not contribute to the development and creation of social infrastructure in the country for the welfare of children. The lack of adequate social infrastructure and protection mechanism, for example, the current shortfalls in the education budget means that 6 crore children are not in schools.

The greed for maximisation of profit fuels the demand for child labour, with children as cheapest form of labour. Child labour, corruption and flow of black money fuel and sustain each other in an illicit nexus that only profits the employers and the middlemen, at an enormous cost to the country and the economy, and robs children of a childhood and their fundamental rights.

## Lost in Labour – cost of child labour

**Raju**, 12 years, domestic-cum-farm worker, Punjab

Rs. 2000 advance to family and Rs. 20

(assumed expense by employer on Raju) x 365 days = Rs. 7,300

Adult farm labourer, Punjab

Rs. 138.29 x 365 days = Rs. 50,840.85

MONEY LOST = Rs. 43,540.85



**Aslam**, 13 years, garment-manufacturing (zari) unit, Delhi

Rs. 50 x 200 days = Rs. 10,000

Adult worker, garment-manufacturing unit, Delhi

Rs. 234 x 200 days = Rs. 46,800

MONEY LOST = Rs. 36,800



**Manju**, 10 years, bonded child labour, brick-kiln, Rajasthan

Rs. 0 x 300 = Rs. 0, the employer provides a measly meal to the workers

Adult brick-kiln worker

Rs. 135 x 300 = 49,275

MONEY LOST = Rs. 49,275



**Prakash**, 12 years, dhaba worker, Bihar

Rs. 20 x 300 = Rs. 10,300

Adult worker, dhaba, Bihar

Rs. 125 x 300 = Rs. 37,500

MONEY LOST = Rs. 27,200

**Debesh**, 10 years, mining, Meghalaya

Rs. 10 x 300 days = Rs. 3,000

Adult miner, mines, Meghalaya

Rs. 100 x 300 days = Rs. 30,000

MONEY LOST = Rs. 27,000



**Seema**, 13 years, open-mining, Jharkhand

Rs. 20 x 300 = Rs. 6,000

Adult miner, Jharkhand

Rs. 127 x 300 days = Rs. 38,100

MONEY LOST = Rs. 32,100



**Ganesh**, 14 years, cottonseed farms, Andhra Pradesh

Rs. 20 x 100 days = Rs. 2,000

Adult worker, cotton farms, Andhra Pradesh

Rs. 112 x 100 days = Rs. 11,200

MONEY LOST = Rs. 9,200



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