



BUSINESS STRATEGIES FOR A CHILD LABOUR-FREE JAIPUR

**The Opportunity for Jaipur Handicrafts to Shift from
a Low-Productivity to a High-Productivity Production
System**

A Study for the Freedom Fund

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Executive Summary

INTRODUCTION

According to the 2011 Census of India, Rajasthan is the state with the third-largest number of child workers, that is, those below 14 years of age, and Jaipur has the largest population of child workers. The vast majority of child workers are involved in certain sectors of the handicraft industries for which the state and the city are famous.

The objective of this study is to formulate business strategies that can be carried out in order to create a 'child labour-free Jaipur'. The proposed business strategies are mainly actions that can be implemented by businesses in changing their production processes based on cheap child labour to one that is based only on higher wage adult labour, of both men and women. In order to arrive at possible strategies, we carried out a study of the value chains or production networks involved in the production and marketing of handicrafts. Based on a rough estimate of the number of child workers and the importance of the product for the economy, three handicraft products were chosen for this study – lac bangles, which in our estimate, has the largest number of working children; manufacturing or cut and polish gem stones, which is second in number in the use of child workers; and embroidered garments (known as *aritari* and *zardozi*), which comes third. Besides having a large number of children involved in production, gems and gem-based jewellery are also a major export for which Jaipur is well known around the world.

Within each of the products there are two market categories – high-value and low-value items. The latter has large, mass markets, whereas the former has smaller, niche markets. The low-value items are also subject to price competition from machine-made products, either domestically produced or imported, for example, from China. It is in the high-value items that there is a premium for handmade products, and Jaipur handicraft businesses are confident of holding their own against competition. For products at the low-end, there was a general feeling of crisis due to increased competition from machine-made products and a stagnant market. It is in this pervasive atmosphere of a crisis in the handicraft sector that this report needs to be considered.

The use of children in certain sectors is not just a crisis for those children; in the face of competition, even that option is not really a long-term survival strategy for those sectors. Child labour gets the sectors trapped in a low-productive, low-wage production system, one which is increasingly unable to compete on price with mechanized production. A strategic transition is needed whereby Jaipur puts itself in a strong position to enable its child labour-free products to better compete in the national and international markets.

The study utilized a combination of primary and secondary data. Primary data were collected through interviews with more than 150 persons in various parts of Jaipur and a few in Delhi. Wholesalers, retailers, and exporters were interviewed, a sample of five each from each of the three sectors. Designers, as well as artisans in these trades, and owners or managers of businesses that were known to have taken steps to eliminate child labour in their production networks were also interviewed. Discussions were held with officials of various different government offices and business associations. As many of the study team members have been involved, over many years, in actions to end child labour, the research team was able to utilize its connections around the city and collect and cumulate the dispersed knowledge of locally knowledgeable individuals. There were also discussions with ex-child workers in order to understand the extent of work that they do.

VALUE CHAIN ANALYSIS

The first step was to map the value chains of the selected products, estimate the distribution of income along the chains, and identify the lead firms or strategic actors.

Table 1: Income distribution along the Value Chain (%)

Bangles (Cold Lac)		Embroidered Garments (Low-end)		Gem Stones (Semi-precious)	
Task/Segment	Share	Task/Segment	Share	Task/Segment	Share
Raw Material	15	Raw Material	20	Import cost	50
Manufacture	20	Manufacture	20	Shipping	5
Wholesaler (local aggregator)	15	Wholesaler	25	Importer profit	5
Wholesaler	20	Retailer	35	Manufacture (cut-polish)	15
Retailer	30	Total	100	Profit on sale	25
Total	100			Total	100
				Tour Agencies	40
				Tourist Total	140

Source: Field discussions

The manufacturing segments, where child labour is concentrated, get a small share of the income, from 15 to 20 per cent. The artisan-cum-workshop owners are both women and men.

The wholesalers and retailers in the case of embroidery and bangles secure about 50 to 60 per cent of the price. Importers/exporters in the case of semi-precious stones get about 30 per cent of the price as profit, including both their 5 per cent profit as importers and the subsequent 25 per cent profit on the sale of cut stones. The unit price of semi-precious gem stones is much higher than for bangles or embroidery. The distribution of income in high-value products is even more skewed towards the wholesaler, retailers, and designers for embroidery and bangles and the importers/exporters for gem stones. More details of income distribution in the value chains are available in the full report below.

Those who earn the largest share are also the strategic actors or lead firms, meaning those who govern the value chain, setting its standards and marketing the finished goods. They provide the inputs (raw materials) or specify the inputs to be used and get the finished product with the manufacturers or artisans being paid on piece-rate basis for manufacturing costs. Some artisans may also design the products, buy inputs, and sell the output, in a sense as self-employed persons. But the volume of such non-contracted work is quite low, around 10 to 15 per cent of the total production volume.

For any intervention strategy, it is important to note that the contracting relationships are quite stable, with manufacturers working regularly for a few lead firms. The buyers perpetuate these stable relationships by holding back a portion of the manufacturers' dues, forcing them to come back for the next round of business or risk losing the amount held back. These stable contracting relationships would make it easier for 'child labour-free' interventions to be moved along the supply chain.

In addition, there are also international buyers, particularly in gem stones, but also in embroidered home furnishings. They contract the Indian jewellers and embroidered furnishings makers. Some large buyers of gem stones do have policies of adhering to the UK Modern Slavery Act and similar laws. But the main focus seems to be on eliminating forms of forced labour and not on child labour.

We take contracted or sub-contracted work as the norm in the manufacturing segments in these value chains. The elimination of child labour from these value chains must then be taken as a joint responsibility of those who govern the value chain (the international buyers, Indian wholesalers, retailers, designers, and jewellers) and the workshop owners, who are the direct employers of child labour.

CHILD LABOUR

Child labour is present in the manufacturing segments, carried out in largely unregistered workshops, often combined with the homes of the artisan-owners or located within the residences of designers and havelis of jewellers. However, there is a difference in the incidence of child labour in the high-value and low-value products. Low-value products are also low-skill products. In the case of bangles, the low-value products are the cold lac bangles, in which there are large numbers of largely trafficked children from Bihar, Uttar Pradesh, Jharkhand, Chhattisgarh, and West Bengal. In the low-value embroidery and cut-polish of semi-precious stones sectors, a number of children are involved, most of whom are trafficked, though some family children are also included. Some lump-sums are paid to the parents of these trafficked children. They are also supposed to be paid regular monthly salaries, and often even promised schooling, but neither is fulfilled by the employers. These trafficked children are usually passed off as being close relatives, since the child labour law allows children to work with their families. In the case of trafficked children in low-value products, the business strategy is quite clearly that of reducing costs, through using low-wage child labour rather than adult labour.

In high-end products, the skill requirements are also higher and there is a risk of substantial loss when using young children. In these high-end products, for example, hot lac bangles and complex embroidery, there is a tendency for artisans to employ their own children, partly in order to pass on the skills and partly in order to increase the family output. But at the highest skill level, for example, artisans making jewellery and master craftsmen (*ustads*), they do not employ their own children. They see their own children's education as essential to mobility or upgrading of their own businesses in future. However, in this scenario, there is a discrimination against girl children, whose education is not given as much importance as that of the boys.

BUSINESS STRATEGIES RECOMMENDED FOR THE CHILD LABOUR-FREE JAIPUR PROGRAMME

The employment of child labour is itself a business strategy, an attempt to reduce wage costs and overall production costs by using ultra-low-wage children. But as shown by the growing share of machine-made products, such low wage labour does not necessarily make the producer competitive. Nevertheless, substituting child with adult labour will increase wage rates. This will have to be compensated through increased productivity, or higher quality, so that unit costs do not increase.

For high-value products, the business strategy would need to be different. There is a need to preserve the hand-made character of the product. Reducing unit cost is not so much of a concern as the preservation of complexity and quality.

Furthermore, business strategies cannot work in isolation. They would need supporting actions from the communities of the artisans, civil society, and the government.

Keeping the above factors in mind, we propose the following strategies, which are different for scenarios involving children as wage employees and those involving children as part of family labour. Actions are grouped together depending on whether they are to be undertaken by businesses, the government, or the community.

BUSINESSES

A-1: International buyers, jewellers in particular, to be primarily accountable for the use of child labour in contracted production and other purchases along the supply chain

A-2: Establish joint responsibility of international buyers, Indian exporters, and other lead firms along with workshop owners, for employment of child labour in supply chains

A-3: Mechanization or semi-mechanization of low value products amenable to mass production

A-4: Develop a 'child labour-free' label

A-5: Encourage declaration of support for 'child labour-free' products by designers, jewellers, producers, and traders

A-6: Organize artisans in groups to secure loans for them to become self-employed, thereby increasing their incomes by direct sale to exporters, wholesalers and retailers

A-7: Involve tour agencies in promoting only stores with the label 'Child Labour-free Products'

GOVERNMENT

B-1: Classify artisanal work as high skilled and increase their minimum wage

B-2: Increase the cost of employing child labour by increasing the risks and likelihood of penalties for employing child labour

COMMUNITY

C-1: Start women workers' community centres and crèches in areas where there is a risk of child labour employed within the family

C-2: Mobilize women and other key community opinion makers to speak and act against child labour

C-3: Establish craft education in schools

C-4: Mobilize children and communities to check on absence from school

C-5: Involve multiple stakeholders in developing initiatives

The immediate employers of child labour are the workshop owners. However, as pointed out above, the lead firms are the wholesalers, retailers, designers, importers/ exporters, and, most importantly in some sectors, such as gem stones, the international buyers. The Indian legal system does not have well-developed instruments to deal with accountability in supply chains. But the 'child labour-free' label can be used to require the lead firms to carry out due diligence with regard to employment of child labour along the supply chain, as is required in the United Nations Business Guidelines on the responsibility of businesses, of whatever size, to respect human rights. Of course, there is also an expectation that all businesses will abide by the Indian laws, particularly that on the employment of child labour.

In formulating the manner in which responsibility can be developed, it is necessary to bring business associations of different levels into the discussion in setting up viable systems of responsibility and accountability. These actions do not exclude each other, rather they could be used in combination. In support of the above business interventions, it would be necessary to have some community, civil society, and government measures.

1. Introduction

The Freedom Fund is working closely with the governments in Rajasthan and Bihar, as well as civil society organizations, to make Jaipur child labour-free. As part of that project, the Freedom Fund has commissioned this study in order to understand the positive changes in business practices and the economic drivers that can prevent the employment of child labour in the key handicraft sectors of Jaipur that are most affected by employment of child labour. The main objective of the study is to identify business strategies that can lead to the elimination of child labour in the handicraft value chains.

The report begins with the methodology of the study and then goes on to set out the background of handicrafts in Jaipur and the products selected for the study. This is followed by a value chain analysis of the three products that are estimated to have the largest numbers of child workers in Jaipur – lac bangles, gem stones and embroidered garments. Child labour in the manufacture of these products is then identified in the production segments in which such labour is included. Section 5 seeks to set out the dimensions of power and distribution of income in the value chains, identifying the strategic actors in these value chains, the wholesalers and retailers, designers, and Jaipur jewellers, who are the gem stone importers and exporters, and international jewellers. After this, there is a brief report on consumer attitudes from a survey of consumers and tourist guides and agencies.

Section 7 sets out the business situation of these handicrafts, emphasizing, in particular, the competition that low-end products face from mechanized or semi-mechanized mass production, both from other parts of India and from China. This is followed by a look at how responsibility in supply chains needs to be, and can be, formulated in this particular context in India.

The various actions that can be undertaken by businesses in ending the employment of child labour are then set out. Business strategies, however, need to be implemented in conjunction with societal and governmental actions, such as community mobilizations to send girls to school, and include craft in the educational curriculum. These are also taken up in the actions recommended.

2. Methodology

The study is based on primary as well as secondary data. Primary data were collected through interviews in Jaipur city where child labour is involved in the three selected sectors, that is, bangle making, *aari tari* or embroidery work, and coloured gem stone cutting and polishing. As it was difficult to enter production units where child labour is employed, manufacturing units were selected on the basis of contacts of the study team, followed up with the snowball method of going from one contact to the next. In order to get a holistic view, key persons and stakeholders were approached in the various segments of the value chains. Both formal and semi-structured questionnaires were used for detailed coverage.

Initially, the areas of work were identified for all the three sectors. In certain areas, it came out that all the three sectors were functioning although in different mohallas (alleys). Strategically, we first built rapport with the unit owners and then interviewed them. At times, we interacted with the children.

Five interviews of each category of actors within the selected three sectors were conducted, that is, 15 workshop owners, 15 wholesalers and 15 retailers. Also interviewed were five tourist guides and tour operators, as well as five tour operators and travel agents in Delhi. A survey was conducted of 50 consumers, both domestic and international. Government officials from departments related to child labour – Labour Department, the Anti Human Trafficking Unit (AHTU) Superintendent of Police, officers from the Directorate of Child Rights, Sub-Divisional Magistrate (SDM) and Child Welfare Committee – were approached. In the business sector, those involved in fair trade outlets, association members, consultants for business strategy and marketing in the craft sector, craft brands and artisan groups were interviewed. Non-governmental organizations (NGOs) working on the issue of child rights, especially child labour, were also interviewed. Overall, the team interviewed more than 150 persons.

For the secondary data, Census of India 2011, Planning Commission Data from 2016 and the Department of Small Scale Industries were consulted, along with websites of craft units and industry associations and individual companies. Along with these reports, books and articles were also referred.

3. Background

Rajasthan is one of the major states of India in handicraft production. The state is a major manufacturer and exporter of traditional handicrafts. Based on the 2011 Census, there are 407,000 artisans in the state, with 174,000 artisans in the city of Jaipur (Planning Commission, n.d., paper on Handicrafts in Rajasthan). Rajasthan has a rich tradition of handicrafts. Each craft was practiced by a particular caste. Within a caste, the skill was imparted on a hereditary basis; some families were able to develop the skill to the level of art and become master craftsmen. In Rajasthan, the craftsmen were not only involved in production but also enjoyed a special place in society. Their craft endowed them a place in the rituals and ceremonies performed even in elite households. For instance, a Maniharan (bangle maker) was called to give blessings to the newly married bride in Rajput households.

Indian artisans have been considered to be independent commodity producers with the artisan's family acting as a unit of production. As a result, women and children also actively participated in the process of production. In Rajasthan, as elsewhere in India, an artisan family acts as the unit of production, unless the artisan is hired by some agency for a specified job. Within this broad framework, there were two categories of artisans. (1) The artisans living in a village supplied goods and services to the village clientele on a customary basis in lieu of which they received a share of the village produce. With the passage of time, these customary ties got crystallized as *fajmani* system of service provision. (2) Some craftsmen were engaged by the state and the elite to work in their *karkhanas* (workshops) setup to meet their luxury demand. They received a meagre daily allowance as wage.

Since demand for craft products was governed primarily by the local needs, each area had its special designs and patterns reflecting specific local requirements. Local customs, festivals and rituals governed these requirements. Several folk songs and proverbs portray the demand for the various goods produced by the artisans. Thus, it is clear that the demand for the various items was created primarily by the community patronage extended to the local artisans. Therefore, local demand was stable and regular while external demand was incidental and fluctuating.

Over time, exports and sales to tourists (domestic and foreign) have become an important part of the market for various handicrafts. Jaipur is known as a destination for authentic and relatively cheap handmade products, including embroidered or tie-dye, block-printed textiles and expensive jewels and jewellery products. India's exports of handicrafts were Rs. 24,500 crores or about US\$3.7 billion in 2016 to 2017.¹ The main handicraft exports are house ware, home textiles, and gems and jewellery. The main export destinations are the United States and Europe, which account for 60 per cent of the exports. China, however, is a growing destination, which is also buying high-end embroidery and tie-dye work.²

India's total export of embroidered garments was US\$481 million in the year 2017–2018.³ There was a fall of 3.5 per cent over the previous year, a fall attributed to the disruption caused by the new Goods and Services Tax (GST) system.⁴ Export of coloured gems was US\$420 million in 2016–2017, which is a sharp decline from US\$729 million in 2012–2013.⁵ There is competition from Thailand, China and other centres in the manufacture of jewels and jewellery. Indian embroidered and other traditional garments, on the contrary, have an established reputation for design and colour, and the market for these hand-embroidered garments, particularly high-value garments, seems to be increasing.

Rajasthan is a major contributor to India's exports of handicrafts, accounting for 12.64 per cent (moving average 2010-2015) of India's handicraft exports. This is the highest contribution of any product from Rajasthan to Indian exports. Both handicrafts and gems and jewellery are in the top 5 Rajasthan contributors to India's exports. The Export Promotion Council for Handicrafts takes 60 per cent of handicraft production to be exported. But Rajasthan handicrafts have a large domestic market. In the case of embroidered garments and lac bangles the domestic market would be at least 60 per cent of production. This would make Rajasthan's handicraft production Rs. 5,571 crores in 2015, which is about 3 per cent of the state's GDP.⁶

Women's occupational involvement in handicraft manufacture is not a recent development. Historically, they have participated in production for domestic consumption. Within the caste-based specialization of functions, they also carried out gender-specific tasks. Although women mostly remain invisible in the market, they form a significant element in the production process. In recent years, the development of a national and export market has highlighted their role in commodity production.

Interestingly, the handicrafts industry has been the best example of coexistence and communal harmony. Ever since the Muslim artisans came to Jaipur, there has been a strong bonding between the artisans and their clients, who were Hindu.

Although, initially, handicraft work was home-based traditional work, with time, it shifted to the commercial market. This, in turn, has led to employment of labour in order to cater to the demands of the market. In Jaipur, three sectors of handicrafts, namely, bangle making, embroidery, and gem cutting and polishing, employ a large number of artisans. Bangle making and embroidery cater to a predominantly domestic market. But coloured gem stones are mainly exported. The domestic consumption of gem stones is much less than exports. Discussions with jewellers gave us a figure of not more than 20 per cent of total gem stones being sold in the domestic market. In fact, the gem stones industry is an interesting example of an industry that developed as an export industry. Other examples of industries that developed mainly for export are the diamond cutting industry and IT services.

Each industry is concentrated in specific areas of the city. At times, all three sectors overlap in an area of the city. Some of them are old traditional areas and some areas are new.

Due to the fear of being caught by rescue operations, some units have either moved to the peripheral villages, approximately 5 to 15 km from the city, such as Bagrana, Kanota, and so on, or to nearby cities and towns. Despite the fact that the Labour Department clearly requires a board outside factories stating that no child labour is employed, we still found that, in the industrial estates of the city, some of the garment factories had been employing child labour, some of whom had been rescued in well-publicized raids.

The shift from traditional work to commercialization and the increase in demand for these products, in both domestic and export markets, have played an important role in the continued existence of these sectors. Competition in these sectors has clearly led to the employment of children as the unit owners try to get maximum output at very low wages.

4. Value Chain Analysis

We now set out the value chains in the three products: bangles, gem stones and embroidery.

4.1. Bangles Value Chain in Jaipur

Jaipur is famous for its lac bangles. It could be that the dry climate reduces the risk of mould or fungus on lac. Lac itself is mainly produced by Adivasi farmers in Jharkhand and other forested areas across Central India. The production of lac grew in the second half of the 19th century. At that time, its major use was in postal and other seals. More recently, lac has been used to make lubricants. There is also a food grade lac that is used to coat fruits and vegetables, making them shiny and protecting them from insect attacks. Another major use of lac is for bangles.

There are two types of bangles – hot lac bangles, which require working with molten lac with a furnace, and cold lac bangles. In cold lac bangles, there is a metal or plastic base, on which lac and then stone embellishments (nag) are put. The stone/plastic/wire embellishments are mainly imported from China. Hot lac bangles are generally more expensive than cold lac bangles.

The main demand for bangles is from the marriage market and many are for one-time use. The broad bridal (*dulhan*) pair, in particular, is not meant to be re-worn. Thus, low price, along with design, is a major consideration in the cold lac bangle market. The price for cold lac bangles can start as low as Rs. 100 for a pack of eight bangles up to Rs. 1,200. But the largest market is in the price range of Rs. 260 to Rs. 420 per pack.

A higher price range is also meant for the marriage market, but it is not for one-time use. In this segment, design is important and price can go up to Rs. 5,000 for a gold-plated pair. Hand painted bangles are also of high value. Shops selling bangles also sell bangle boxes for storing bangles.

The quality difference in the hot and cold lac bangles is epitomized by the different modes of transport used to send them to other markets in India. Hot lac bangles are sent by courier, while cold lac bangles are sent through the railways.

4.1.1. Workshops (*Karkhanas*)

These are the production units where bangles are made. Owners are largely artisans from the local Muslim Manihar community in the case of hot lac bangles and migrants from Bihar, who are also largely Muslim, in the case of cold lac bangles.

The main production areas of hot lac bangles are Maniharon ka Rasta (Manihar street) and Jhotwara (Madina Colony and Raghunathpuri). These are home-based units, with the whole family being involved. Women and girls carry out the production, while men and boys do the outside work of marketing or delivering to the wholesalers.

Cold lac bangles are mainly made in small workshops in residential localities. Most of them are owned by Muslims from Bihar in the Bhatta Basti area and local Muslims in the Jotdwara area. The usual route to becoming a karkhana owner seems to be that of experienced artisans acquiring the capital to set up a workshop. They rent a house, in a part of which they stay, while one or two rooms are allotted as the production area. Entering into the business does not require a large amount of capital – Rs. 2,50,000 seems sufficient for the hand tools and working capital. Consequently, there is a proliferation of workshops, which would have the effect of keeping margins low.

The cold lac bangle production units employ large numbers of migrant child workers, mostly boys from Bihar. In fact, the ability to secure these young boys seems an important part of the capabilities (along with skill and the mobilization of capital) required to set up cold lac manufacturing unit.

4.1.2. Workers

Among the traditional Manihar, women make the bangles, while men do the trading. This is a home-based activity and usually involves girls working with their mothers. Generational passing on of the knowledge of hot lac bangle making is important for Manihar families, as bangle making is their main livelihood. In this segment, it is basically family work, with mothers and daughters working together. There are no big workshops in the hot lac segment.

Cold lac is manufactured in home-based workshops and also in larger workshops, sometimes owned by wholesalers. In cold lac workshops, the owner or a skilled worker functions as the supervisor and is responsible for quality control. There are some large workshops, with up to 50 to 60 workers or boys. Such large workshops are owned by wholesalers. But most have around 10 child workers, with a minimum of 5 and a maximum of 60 children. The workshops are owned by artisans. Boys work in all quality segments of the cold lac market.

4.1.3. Relations between Wholesalers and Workshops

In the cold lac segment, the workshop owners themselves buy all inputs and then sell the output to the wholesalers. In buying the bangles, the wholesalers usually hold back some of the sale value in order to keep the workshop owners tied to particular wholesalers.

The wholesalers often give specific style orders to the workshops, based on customer feedback from retailers. Along with this, workshops also produce their own designs and sell their products to small wholesalers (aggregators) in the localities. These local aggregators buy from the workshops and take them to the main wholesalers.

In the hot lac segment, the wholesalers used to supply the workshop owners with all inputs and take back the output, with a margin for manufacturing costs. But as workshop owners have accumulated more capital, they themselves now purchase inputs and sell the output to the wholesalers at contracted prices. This reflects a relative strengthening of the position of workshop owners vis-à-vis wholesalers.

4.1.4. Retailers

Retailers are the last link of the chain, selling to consumers. They also communicate back to wholesalers the sales trends, what styles are doing well and so on.

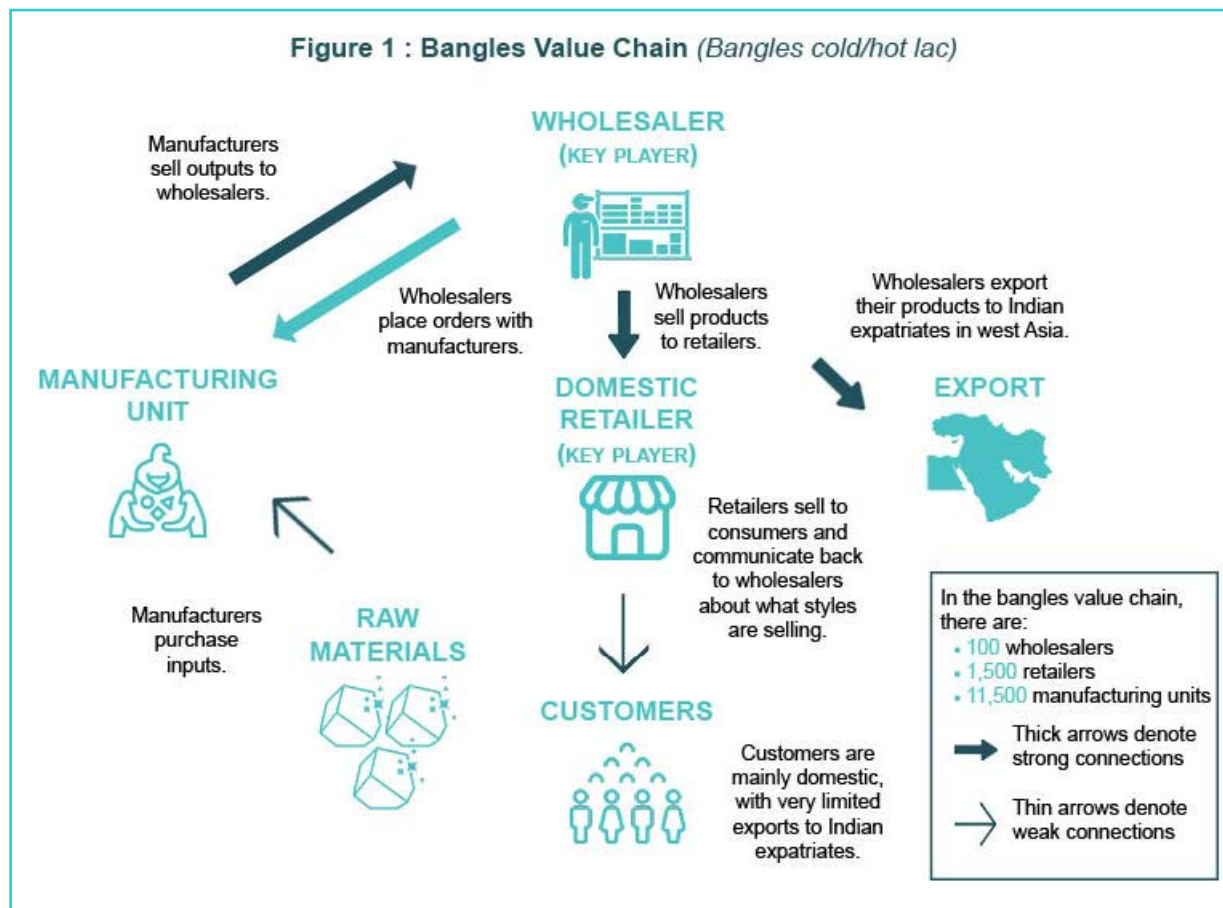
4.1.5. Strategic Actors

The key players in the bangle value chain are the wholesalers. They receive feedback on designs from the retailers. They place orders with the manufacturers. The wholesalers supply to both the local (Jaipur) market, markets in other parts of the country and exports, mainly to West Asia. There are market-based associations of wholesalers, but no overall association.

4.1.6 Child Labour Issues

There are two types of child labour issues in the bangle value chain. The first issue is that of the children working with their parents. Within that category, there are girls who work with their mothers in hot lac bangle manufacture. In the case of cold lac bangle manufacture, both boys and girls work with their parents. For children who work with their parents, most work is done during after-school hours. But other studies have shown that such working children are unable to keep up with their studies and tend to drop out.⁷ (Bhaskaran et al., 2010). Older girls, in particular, are withdrawn from school in order to care for younger siblings.

The second issue of child labour is that of migrant/trafficked boys from Bihar and Uttar Pradesh in cold lac bangle manufacture. These boys work along with their families for the workshop owners. They are introduced as relatives. Their parents are paid a small advance and promised that the boys would be sent to school. But the boys are not sent to school. They are paid only a small amount of approximately Rs. 50 per week for expenses. Often their parents are not paid the promised monthly wage. The boys have to work very long hours, right after breakfast till 11p.m. or 12a.m., with short bathroom breaks and breaks for food. They usually stay for a year with one employer, later returning back to their parents. But they end up coming back to Jaipur again. Boys may be as young as 6 years of age, but are mostly around 10 years.



4.2. Gems Value Chain

The gems and jewellery are distinct, although related, value chains. The output of the gems value chain becomes an input to the jewellery value chain. Jaipur is a centre for the manufacture of both coloured gems (precious and semi-precious stones, other than diamonds) and jewellery. In this report, we have dealt with the gems value chain and we did not look into the possibility of child labour in jewellery manufacture. Some jewellers and traders pointed out that children are not suitable for the skilled work of jewellery manufacture. Since the skill of jewellery production is passed on from father to son, it is likely that boys work with their fathers. However, in the neighbouring state of Gujarat, Rajkot is a centre for the manufacture of imitation jewellery. There are reported to be more than 100 units manufacturing imitation jewellery, and a few months ago, more than 70 children were rescued 'working in inhuman conditions'.⁸

Gems are purchased as roughs by the importers, who are also usually the manufacturers and exporters. For high-value gems, such as rubies and emeralds, the importers have the stones processed or manufactured in their own workshops by master craftsmen (ustads). These high-value stones do not go out of the traders' workshops, since there is a danger that they may be substituted by low-value stones.

In low-value semi-precious stones, the processing is largely outsourced to master craftsmen and artisans. Some of the master craftsmen are employed on a monthly basis. But large numbers of artisans work on a piece-rate basis, paid for the number of carats they process.

Some artisans have their own workshops, owning the relatively inexpensive machines required and working from home. They process stones provided by the traders. When they save enough capital to buy the required equipment and working capital requirements, they tend to work as self-employed. Women are also part of this work system. The artisans buy cut roughs from traders and process them. The finished gems are then sold to brokers (dalals), who then sell them to exporters or jewellers.

The number of self-employed artisans has increased. As artisans acquire the required capital, they tend to move from being employee to becoming self-employed.

4.2.1. Strategic Actors

The key actors in the gems value chain are the traders, importers or exporters. They are generally called jewellers. They import the roughs, have them processed and then sell them to domestic jewellers or export them. Whether they have their own workshops and employ workers, or pay home workers on piece rates, it is the traders who control this value chain. In the case where stones are bought by self-employed artisans and sold through after processing, it is the jewellers who count as the strategic actors.

The traders and jewellers are both registered. But a lot of their transactions are carried out in cash and may not be declared. Their transactions with the workshops have been entirely in cash. It is not yet clear how much of this trade would now be recorded under the new Goods and Services Tax (GST).



4.2.2. Jewellers

Jewellers⁹ mainly produce on order for the export market. In India, there is not much of a market for coloured stones; the Indian jewellery market is for gold and silver or diamond ornaments. Jaipur is well established as a centre for gem stone jewellery made in artisanal manner and thus in small batches. Newer centres, such as Bangkok, cater to the export market for large volumes, as required by large retailers in standardized jewellery.

4.2.3. International Buyers

Cut and polished gem stones are mainly exported, but they are also sold in India. Indian exports of gem stones was about US\$420 million for the financial year 2017–2018.¹⁰ According to the same source, about 200,000 workers are employed in this industry in and around Jaipur. Rajasthan accounts for virtually all the gem stones exported from India, since there are no other centres for faceting gem stones in India. Surat in Gujarat is a centre for faceting diamonds, just as Jaipur and Rajasthan are for gem stones.

For export, there are contracted purchases by some of the major international jewellery brands. There are wholesalers who sell to smaller brands and jewellery makers; they tend to concentrate on the lower price points.¹¹ Smaller jewellery brands sell in their own stores and on-line, and to retailers. Some international buyers purchase at the annual Coloured Gem Stones and Jewellery Fairs in Jaipur. They also buy directly from the Jaipur jewellers contracting through using the Internet and WhatsApp.

The Jaipur jewellery industry is currently facing a crisis. Export markets shrank in the wake of the onset of the Great Recession in 2008 and have not recovered since. Competition from new centres such as Bangkok, for large volumes at the middle-to high-end, and China, for the low-end jewellery have reduced work in Jaipur. Besides education, the industry requires many years of experience for advancing in it. As a result, many of the younger generation are shifting to other professions. The existing jewellers are attuned to working in individual, family-based enterprises. Low levels of trust among the jewellers (as mentioned by one jeweller) make it difficult to combine in order to aggregate the capital required for large volume, mechanized or semi-mechanized production.

In jewellery manufacture, the jewellers, who export the products, are the strategic actors. They, however, work on orders from the foreign wholesale or retail, chain stores, which, together, can be considered as the lead firms. These lead firms, however, are not large retailers with many shops. The large retailers, who order in thousands of pieces, are supplied by the factories that have come up in Jaipur and elsewhere. These factories, including those of the Tata brand, Tanishq, buy stones (as also precious metals and diamonds) and manufacture within the factory premises.

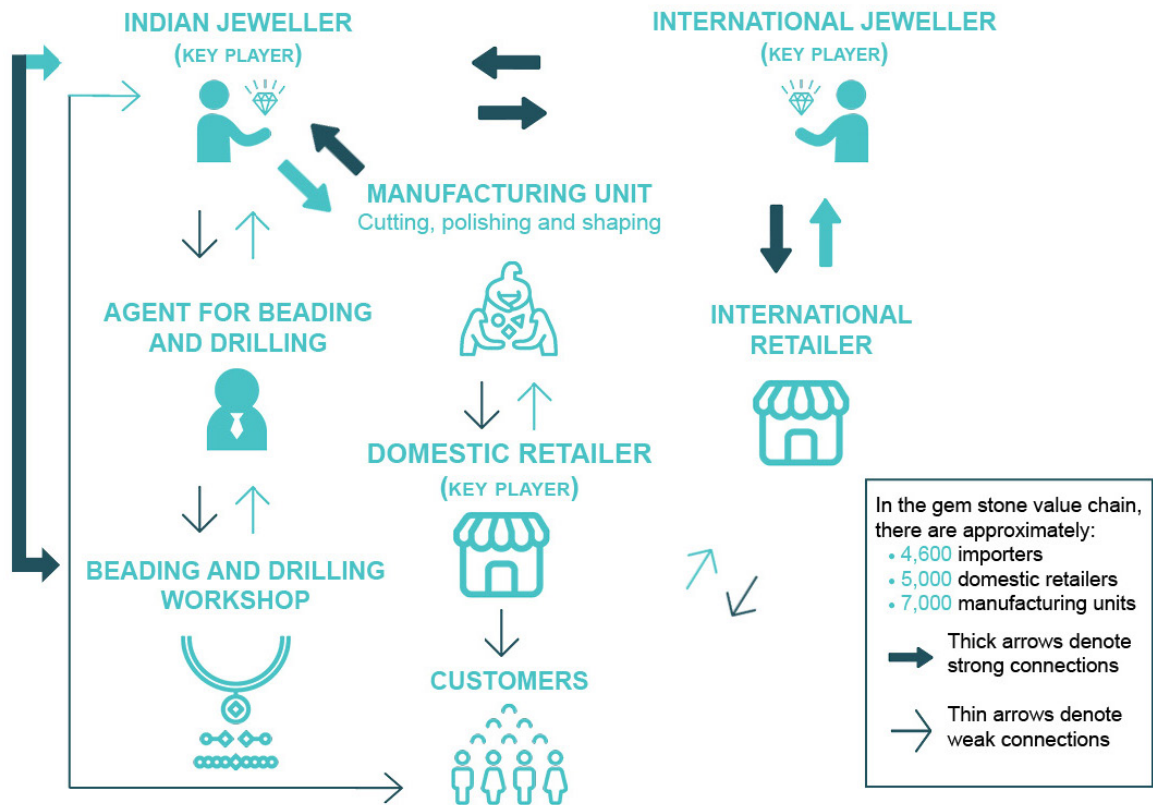
The international buyers also purchase cut and polished gem stones. This is carried out on the basis of orders by the buyers and thus can be considered out-sourced manufacture to order.

4.2.4. Child Labour Issues

The ILO Work in Freedom has a figure of 13,000 children working in the gem polishing industry in India.¹² Artisans who polish the stones may employ a couple of workers – and some children, at times up to 10 children, and juveniles (between the age of 15 and 17). Children stick stones to the sticks for cut-polish. As they get to know the craft, they also polish low value stones. In higher value stones they would be confined to just sticking stones on the stones and to cleaning. They also handle various chemicals used in the processes.

The jewellery artisans, almost all from Bengal, work in rooms around the courtyard of the haveli. Their own children, if the artisans have brought their families with them, go to school. Jewellery making is a highly skilled work, and they do not risk children damaging the work. Children, however, may work on ancillary tasks, such as cleaning, after school. The artisans do not employ non-family children, as there is a concern about preserving the monopoly of the knowledge and skill of jewellery making. In addition, there is a risk of others coming to know the designs that have been given to them by the jewellery exporters.

Figure 2 : Gem Stone Value Chain



4.3. Embroidered Garments Value Chain

Embroidery is of three types – computerized, as in export factories; mechanized, with sewing machines; and handmade, as aari tari and zardozi. The computerized embroidery has to be done in large batches, as around 30 pieces can be done at one time and it takes time to set the computers for a particular design. This is mainly used for small pieces of embroidery, such as logos on polo shirts.

There is not much difference between machine and hand embroidery, except that tasks like stitching sequins or pearls cannot (currently) be handled with machines. Hand embroidery can be of both relatively simple and complex types. In the former, hand embroidery competes with machine embroidery. Surat is said to produce machine-embroidered garments, which compete with Jaipur products.

Production is concentrated in the areas of Galta Gate, Amer, Bhatta Basti, Sitapura Industrial Area, RICCO Kanta and Sanganer, behind New Sanganer Railway Station. The main actors in the value chain are given below.

4.3.1. Wholesalers

The wholesalers buy the saris or fabric mainly from Surat. They give the cloth to the owners of the workshops (karkhanas) along with the design, which is sent through WhatsApp. The payment is around Rs. 500 for a sari, out of which approximately Rs. 200 would be spent on materials, such as threads, sequins and so on, purchased by the artisans.

Wholesalers often have their own workshops, where they employ adult artisans. But some work, particularly when there are orders larger than they can handle in-house, is outsourced to other workshops.

Sale is largely within Jaipur, including to people buying a marriage trousseau. They also sell to other markets in North India, such as Agra, Bareilly and Delhi.

4.3.2. Designers

There are a number of designers, who sell to the retail market on their own. They have a range of their own designs and produce in large numbers. Some have on-line sales and also supply to foreign brands. Supply to brands is sold under the brands' own labels.

4.3.3. International Buyers

The data show that exports of hand-embroidered garments are increasing. Indian embroidery methods, skills and designs are quite internationally well known. International buyers often choose embroidery systems and provide designs, which are then manufactured by Indian exporters. The market may be mainly domestic but there is substantial export to international buyers. It has not been possible to get names of brands that buy these embroidered products from Jaipur. They are mainly those in home furnishings. What we can confirm is that there are international buyers for these embroidered products. We have seen examples of these products, which we were informed, were for export contracts on designs provided by the brands. The products did not have labels on them.

4.3.4. Owners of Workshops (*Karkhanedars*)

The karkhanedars own or rent small houses, where they live and also allot space for their workshops to produce handmade embroidered garments. Mostly this space is located by the porch on the ground floor. These ground floor workshops do not employ child labour. Child labour is employed in workshops functioning in upper floors. Such houses can be identified by their bright lighting set-up, which is easily noticeable from the streets.

Some of the workshop owners are from Jaipur and others are from parts of Uttar Pradesh, such as Bareilly, Rampur and Agra, which also have a tradition of hand embroidery, including zardozi. The owners (and artisans) who move into Jaipur from elsewhere are the ones who usually bring trafficked children from their hometowns to work. Owners are usually artisans who have acquired enough capital to buy raw materials and pay wages to workers/artisans. Besides workshop owners, child labour is also supplied by agents.

The workshop owners are usually bound to a particular wholesaler as the wholesalers retain a part of the payment for an order so that the workshop owner has to come back to them for the next order. Some workshop owners complained that they have to spend 2 days in getting material and delivering finished goods to the wholesalers, for which they do not get any additional payment.

4.3.5. Artisans

Workshops usually have from 5 to 20 artisans. They are mainly Muslims from Jaipur and Uttar Pradesh–Bihar area. They learn the craft either from their parents or from working as helpers in workshops. They earn between Rs. 300 and Rs. 500 per day.

Most artisans are men, but there are also women. And there are children who work along with adults.

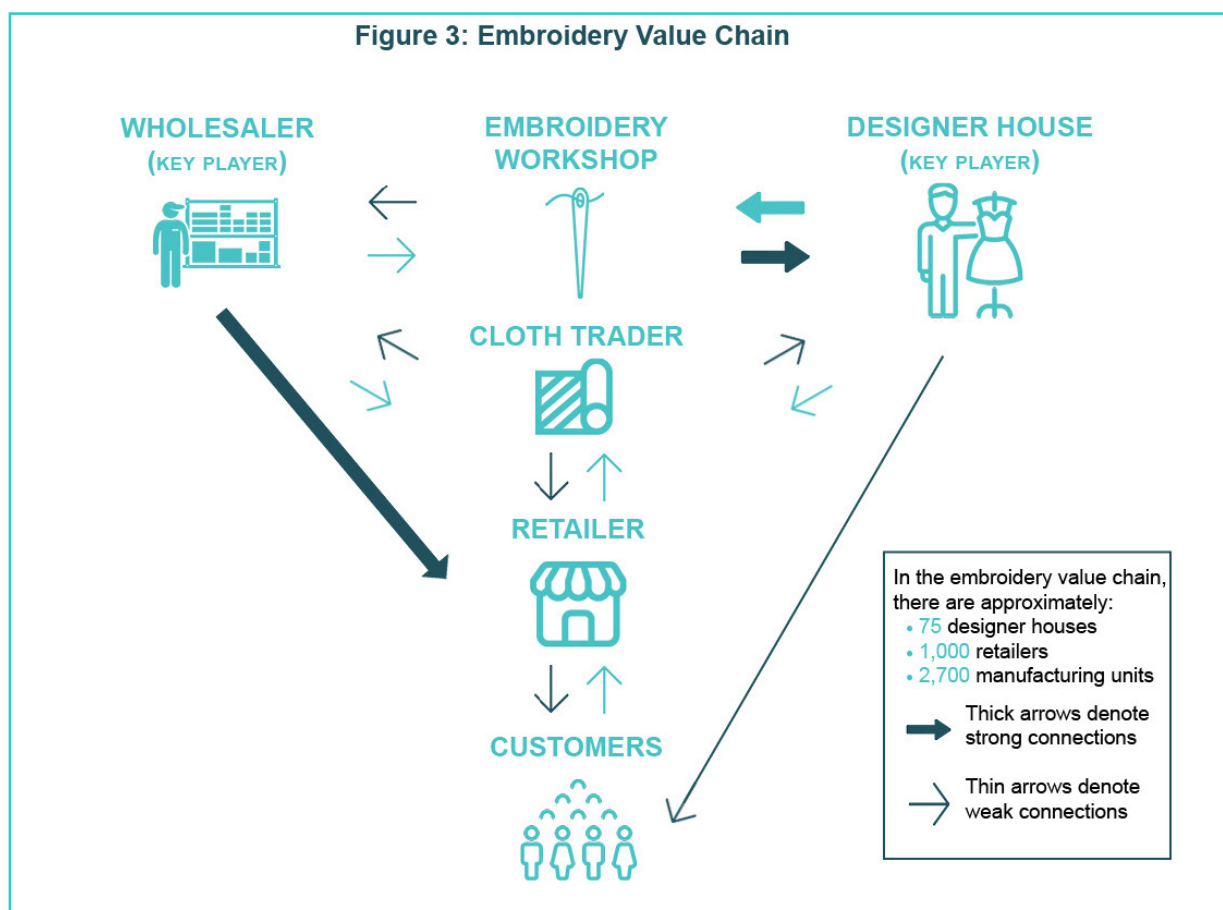
4.3.6. Strategic Actors

The wholesalers, designers and international buyers are the key actors in the embroidered garments value chain. They give the orders and provide the fabric to the workshop owners. Can they make ‘child labour–free’ a condition for providing orders to workshop owners and artisans? Since production with child labour is likely to cost less than that with adult labour, would wholesalers, who insist on ‘child labour–free’ products, have to pay a higher price for production? We will return to these questions later in the report.

4.3.7. Child Labour Issues

As in other cases, there are two types of child workers: one is those who work along with their families and the other includes those who have been brought or trafficked, mainly from Uttar Pradesh and Bihar and some from West Bengal. Such children are often portrayed to be family members.

It is reported that raids and actions to rescue child workers have led to a reduction in the incidence of child labour in this value chain.





4.4. Some Common Structural Features

In all the three value chains, there is a division in the market between high-value and low-value products. High-value products are tightly controlled by the strategic actors, who provide the inputs and obtain the output and pay a fee to the artisans. Since high-value products require more skill than a child can have, and since the risks of loss are higher in high-value products than in low-value products, child labour is not employed much in the high-value product value chains.

In low-value products, the skill levels required are not very high and tasks can be performed even by children. With low margins, there is a push to minimize costs by employing child labour.

In low-value products produced in all three value chains, there are often artisan-entrepreneurs, those who have the skills and have acquired sufficient capital to buy the relatively inexpensive equipment and inputs. Consequently, there is a strong tendency for skilled artisans to become petty entrepreneurs.

The strategic actors in all three sectors are wholesalers and retailers, along with designers in bangles and embroidery, and also international buyers for embroidered textiles, and gem traders and jewellers, including international jewellers and retail chains, in the gem stones value chains. They provide most of the orders and not much is sold in the market by the manufacturers directly.

The gem stone importers (gaddiwalas) are registered with the relevant department of the government. The wholesalers and retailers are usually registered under the Shops and Establishments Act. There are business associations for each of the trades. There are also locality/market-based associations, which are for all the shops and traders in a given locality.

These business associations usually function to lobby for various concessions from the government, as in the case of GST rates. They do not undertake development activities. There is some prestige attached with being an office-bearer of these business associations. The major associations are the Kapada Vyapar Sangh (Clothing Traders Association), Bangle Makers' Associations in different markets, and the Jewellery Association of Jaipur.

5. Child Labour in the Value Chains: Location and Tasks

In the embroidery value chain, child labour can be involved in both simple and complex hand embroidery. In the case of the latter, children work along with adults, both men and women. Finishing of the product is done by adults. Child labour is also involved in embroidery with sewing machines. Juveniles (15–18 years of age) often work independently in embroidery.

In higher quality embroidery done in houses, young children, girls and boys, work along with their parents, supposedly to learn the craft. But they also increase family output.

In the lac bangle chain, there are a large number of boys trafficked from Bihar, Jharkhand, Uttar Pradesh and West Bengal working in the manufacture of cold lac bangles. Some advance is given to the parents of these boys. The parents are also promised a monthly payment, which is often not paid to them. Raids to rescue trafficked boys mainly happen in this sector.

In the high-value hot lac bangle manufacturing, artisans employ their own children; it is predominantly, but not exclusively, mothers with daughters. Trafficked young boys are not employed for hot lac bangle manufacturing as a higher level of skills than that in the case of cold lac bangles is required. Daughters are employed in order for them to acquire the skills.

In gem stones manufacture, cutting and polishing high-value stones are skilled tasks, skills that child workers would not have acquired. With high-value stones, mistakes can be costly. But there can be children in two relatively simpler processes – sticking stones on sticks for them to be processed and polishing of cut stones. In processing semi-precious stones, however, there are many children employed in all the manufacturing processes.

Master craftsmen/ustads usually do not employ their own children. They prefer that they get education, as that is essential for any possibility of upward mobility. They may take them into work after they graduate from school, or even college.

Table 2: Income Distribution along the Value Chain

Bangles (Cold lac)		Embroidered garments (Low end)		Gem stones (Semi-precious)	
Task/segment	Percentage Share of final price	Task/segment	Percentage Share of final price	Task/segment	Percentage Share of final price
Raw material	15	Raw material	20	Import cost	50
Manufacture	20	Manufacture	20	Shipping	5
Local aggregator	15	Wholesaler	25	Importer profit	5
Wholesaler	20	Retailer	35	Manufacturing	15
Retailer	30	Total	100	Importer/Exporter Profit on sale	25
Total	100			Total	100
				Tour agencies	40
				Tourist total	140

Source: Field discussions

6. Power and Profits in the Value Chains

On the basis of discussions with various actors in the three value chains (5 - 7 persons in each value chain), we were able to estimate incomes of actors in different segments of the value chain, given in Table 2 (on p. 20).

The manufacturing segments, where child labour is concentrated, get a small share of the income, from 15 to 20 per cent. Adult workers in the manufacturing segments tend to get paid a wage close to or just above the minimum wage, earning between Rs.6, 000 to Rs.8, 000 per month. Children are paid, mainly in kind as through food and clothes, besides the lump-sum advanced to their families. All this together would come to around Rs.1, 000 per month. This is the roughly the same in all the three products covered in this report.

The wholesalers and retailers in the case of embroidery and bangles secure about 50 to 60 per cent of the price. Importers/exporters in the case of semi-precious stones get about 30 per cent of the price as profit, including both their 5 per cent profit as importers and the subsequent 25 per cent profit on the sale of cut stones. The unit price of semi-precious gem stones is much higher than that for bangles or embroidery. The distribution of income in high-value products is even more skewed towards the wholesaler, retailers and designers for embroidery and bangles and the importers/exporters for gem stones.

Those who earn the largest share are also the strategic actors or lead firms, meaning those who govern the value chain, setting its standards and marketing the finished goods. They provide the inputs (raw materials) or specify the inputs to be used and obtain the finished product with the manufacturers or artisans being paid on piece-rate basis for manufacturing costs. Some artisans, who are self-employed, may also design the products, buy inputs and sell the output. But the volume of such non-contracted work is quite low, around 10 to 15 per cent of the total production volume.

Importantly, the contracting relationships are quite stable, with manufacturers working regularly for a few lead firms. The buyers perpetuate these stable relationships by holding back a portion of the manufacturers' dues, forcing them to come back for the next round of business or risk losing the amount held back. Working together over years, even decades, there is substantial loyalty and trust between jewellers and workshop owners. The resulting stable contracting relationships would make it easier for 'child labour-free' interventions to be moved along the supply chain.

We take contracted or sub-contracted work as the norm in the manufacturing segments in these value chains. The elimination of child labour from these value chains must then be taken as a joint responsibility by those who govern the value chain (the wholesalers, retailers, designers and jewellers) and the workshop owners, who are the direct employers of child labour.

In the bangles value chain, the wholesalers have greater market power than the retailers. They dominate their business associations and are less than 1,500 in number.

Even in the case of embroidered garments, the wholesalers have greater market power than the retailers. There are about a 100 of them. But the designers are more important in setting trends and are the public face of the industry. The biggest designers do have to worry about their public face, although a search of some of their websites did not show any statements about child labour policy. The number of local designers has been increasing and now there would be a designer in each of the middle- and upper-class localities of the city.

7. Consumer Attitudes

6.1. International Jewellery Buyers and Child Labour

A major jewellery brand states that it audits all supplies and conforms to the California Transparency in Supply Chains Act and the UK Modern Slavery Act 2015. Audits are done by company employees and using third parties. Another major jewellery brand also states that it conducts audits and carries out responsible sourcing and conforms to both the California Transparency in Supply Chains Act and the UK Modern Slavery Act 2015. It works in partnership with NGOs, such as Save the Children. Some smaller jewellers, also state that they conform to ethical sourcing standards, even advertising an 'ethical engagement ring'.

There are industry associations concerned with ethical sourcing, for example, Fair trade Jewellery, Jewellers Ethics Committee of Britain and Ireland, Responsible Jewellery Council.¹³ However, in ethical sourcing, there seems to be more concern with conditions of labour in mining and little mention of child labour issues, although one jeweller does mention working with Save the Children and the GIA (Gemological Institute of America) Supplier and Service Provider Code of Conduct mentions 'an absolute prohibition against child labour'.¹⁴

There is no clear concern about child labour in the manufacture of gem stones, in cutting and polishing. But the jewellery associations and even the big brands could be brought together to support 'child labour-free' certification schemes.

In 2015, a number of retailers, designers, jewellers and casting houses declared their support for Fairtrade's 'I do' campaign to support sale of Fairtrade-certified jewellery in the United Kingdom.¹⁵

These major international jewellery brands seem to purchase gem stones through orders given to the Jaipur jewellers. It is unlikely that they have any audit mechanism to check on the use of child labour in the products they buy.

A combination of major international brands that can face reputational risks through sourcing gem stones manufactured with child labour, international industry associations and fair trade organizations could be brought together to support 'child labour-free' certification.

A substitution of adult labour in place of child labour is likely to result in an increase in costs, which may be passed on to consumers through higher prices. To get an idea of how consumers might react to higher priced 'child labour-free' labels, a survey of 50 Indian and foreign consumers was carried out. Discussions were also held with tour guides and tour agencies in Jaipur and Delhi to probe ways in which they understand consumers' likely reactions to 'child labour-free' labels and prices.

7.1. Consumer Survey

The consumer survey was conducted focusing on the awareness about child labour. Both foreign and domestic consumers were interviewed. They were contacted at hotels, restaurants, market areas and tour agencies. Some of the Indian respondents were bank employees and employees of garment shops. Of those surveyed, 25 were Indian and 25 were foreign tourists or visitors. The questionnaire used is given in Annexure 3.

From the survey, it could be inferred that a large number of consumers (32 out of 50) were unaware of the fact that child labourers had been employed in the making of products that they had been purchasing. Obviously, the retailers had not kept the consumers informed about employment of child labour in the manufacturing of the products.

The consumers (49 out of 50) mentioned that they would certainly want child labour-free products in the market. In discussion, many consumers (38 out of 50) said that they would be willing to pay a higher price (10 per cent higher) if they were assured that the product is child-labour-free.

The survey indicates that blue pottery, home furnishing, textile, bangles, jewellery, foot wear, carpets and durries were the most commonly purchased products.

Less than one-third (15 out of 50) the interviewees were aware about child rights and called it a shameful act to involve children for low-wage employment and to keep children away from education and school, especially in the context of the Right to Education Act. According to some (3 out of 50), they got to know about child labour issues through the media, mainly TV.

8. Business Challenges in the Value Chains

About one-third (18 out of 50) of the interviewees suggested that effective and strong policies by the government should be implemented strictly. The workshop owners should be penalized and the landlords who rent their premises should also be punished. A few (5 out of 50) even suggested that parents should also be punished.

7.2. Tour Agencies

Discussions with five tour agencies (two dealing with foreign tourists and three with Indian tourists) revealed some features of tourists, foreign and Indian, as consumers. Jaipur is seen as a place to shop for handicrafts and there is greater trust on getting good quality handicrafts when compared to Delhi or Mumbai. Apart from high-end shopping for carpets or jewellery, there is a lot of scope for tourist souvenirs, such as characteristic handmade fabrics (laheriya or bandej). A 2011 survey of 63 foreign tourists showed that 70 per cent bought textiles (which would include embroidered and tie-dye garments), 35 per cent handicrafts, 33 per cent jewellery and 8 per cent carpets.¹⁶

Indian tourists look for (1) value for money, (2) good design and (3) quality. Young Indians are reported to be more conscious of issues such as child labour being a violation of human rights. But there is little knowledge of the widespread prevalence of child labour, other than in carpet weaving.

According to the tour agencies, high-end foreign tourists who shop for expensive items, such as carpets and jewellery, do not show any concern about child labour. It is middle-level foreign tourists who show some concern. There are some national particularities in this. Brazilians, probably because they use a lot of fireworks in their carnivals, enquire about child labour, as they may have heard about child labour in fireworks production in Sivakasi. The categories of tourists who prefer organic food are also the ones who show concern about child labour. But again, there is little knowledge about the work areas that use child labour, other than in carpets and jewellery production.

The tour operators who were interviewed agreed that there would be willingness to accept a higher price (of around 10 per cent) for a 'child labour-free' label. However, they emphasized the necessity of creating awareness about the issue, not in a manner of shaming Jaipur but as a necessary step in building a modern and child-friendly Jaipur.

8.1. Competition

The low-value ends of the three sectors are all facing the challenge of competition from mechanized production. In the case of embroidery, sewing machines can be used as a substitute for hand embroidery of low-end products with relatively simple embroidery. As yet, only the task of stitching beads has not been mechanized, but it is only a matter of time before that is also mechanized.

In cold lac bangles, we are informed that the task of sticking stones on the lac base is carried out by mechanized methods in some other centres, such as Hyderabad. In the case of low-value gem stones, in Jaipur, machines that are made in India and those imported from China are being used in the export factories for cutting and polishing. In addition, locally cut and polished stones are facing competition from cheaper Chinese imports. Chinese imports are said to be seriously affecting local suppliers, bringing down the margin for manufacture.

In the high-value products of the three sectors, however, mechanization is not, at present, a challenge. In the case of gem cutting, there is a lot of tacit knowledge in the shaping and cutting of high-value gems that are many carats in size. In the case of embroidery and hot lac bangles, the designs are complex, and cannot be easily rendered with machines; however, sewing machines are being used in medium-value embroidery. Furthermore, in high-value embroidered garments, there is a premium on being handmade.

Thus, high-value products do not face a mechanization challenge. Low-value products, however, do face a mechanization challenge to which the industry will have to respond. This is the context in which business strategies to make production child-labour-free will have to be fashioned. Mechanization will reduce cost per unit output, and often this cannot be managed with low-cost labour. For example, an Indian company produced a low-value product, radiator caps, for General Motors. But its low-cost labour advantage was lost to an Austrian company that automated the process to reduce both unit cost and the proportion of product rejections. The competitive advantage of low-cost labour can easily be lost to mechanization with more expensive labour.¹⁷

For gem stone cutting and polishing, a number of India-made machines are available. Kalpana Machine Tools makes an 'Automatic Gemstones Faceting and Polishing Machine' at a cost of Rs. 19,600. There is a range of machines that are not so automated, ranging in price from Rs. 1,50,000 to Rs. 1,500.¹⁸

There is also a range of bangle-making machines.¹⁹ Even in the case of embroidery, there are machines. Besides Chinese multi-head machines which are meant for large-scale production, there are also machines for bead embroidery.²⁰ There are single-head machines that are suitable for small batch production.²¹

8.2. Responsibility in Value Chains

The immediate employers of child labour are mainly the artisans who function at home or in their workshops. However, as the value chain analysis reveals, they are working for the strategic actors, or lead firms, namely, the wholesalers, big retailers and designers in the case of lac bangles and embroidered garments, and the major importers—exporters and jewellers in the case of gem stones.

High-end store owners/managers say that they do not have any information regarding child labour in the industry. As one person said, 'We do not go inside the workshops. A man from the store takes the material and design and hands it over to the workshop owners. Our dealing is with the workshop owner' (Team fieldwork). But it is not as though the store owners or managers do not know that child labour is involved in the workshops. This is common knowledge but is denied in order to evade any responsibility for the illegal actions.

As Neera Burra points out, 'The big-time exporters do not pay or have direct dealing with the lower category of workers, but engage manufacturing supervisors to do the "dirty job". The man who recruits the labour is given an incentive to recruit cheap labour for his employers to boost their profits and the cheapest labour is child labour' (1988:79).²²

What this shows is that the employment of child labour is a business strategy of those governing the respective value chains to keep costs down by utilizing illegal and unethical methods of employing child labour.

In a value chain, the notion of accountability goes beyond the ambit of the immediate operations of an enterprise. In the case of lead firms, those who assemble or market a final product, the notion of accountability has been extended to all segments of production. Since all segments and the tasks conducted contribute to the final value of the product, from which the lead enterprise makes its profit, the lead enterprise can be held responsible for labour standards in all segments of the value chain.

At an economic level, we have seen that these strategic actors govern the value chains and also earn much of the profits. The Organisation for Economic Co-operation and Development (OECD) guidelines on business and human rights have set standards of responsibility of lead firms in carrying out due diligence in checking on labour standards along the value chain. The California Transparency in Supply Chains Act requires businesses to conduct and report on due diligence with regard to the employment of child labour and forced labour. The UK Modern Slavery Act 2015 requires businesses to prepare a slavery and human trafficking report and on steps taken 'in any part of its value chains'.

There is no similar supply chain responsibility law in India. The National Voluntary Guidelines on Social, Economic and Environmental Responsibilities of Business (Ministry of Corporate Affairs, 2011)²³ do contain some suggested guidelines. Principle 3, which states that 'businesses should promote the wellbeing of all employees', contains the explicit injunction not to use 'child labour, forced labour or any form of involuntary labour, paid or unpaid' (Ministry of Corporate Affairs, 2011).²⁴ Principle 5, which states that 'businesses should respect and promote human rights', takes into account the UN principle of businesses having to respect human rights.

In addition, there is the Contract Labour Act that places the onus of compliance with legal labour requirements on the principal employer, who utilizes the contractor to engage or employ labour on his behalf. Can the same principle or even law be utilized to establish the legal responsibility of the strategic actors for labour conditions along the value chain?

According to definitions in the Contract Labour Act, a contractor is one who 'undertakes to produce a given result for the establishment, other than a mere supply of goods ...' (Government of India, 1971).²⁵ The artisans who manufacture the products, whether bangles, embroidered garment or cut and polished gem stones, are then contractors of the traders.

Again, a worker 'shall be deemed to be employed as contract labour in or in connection with the work of an establishment when he is hired in or in connection with such work by or through a contractor, with or without the knowledge of the principal employer' (Government of India, 1971, emphasis added.)

As per this definition, the workers, including children, employed by the artisan/contractor are contract labour. What is important is that this holds true whether the child is employed 'with or without the knowledge of the principal employer'.

Although there is a provision in the Contract Labour Act that it does not apply in the case of work that is carried on off-site or outside the premises of the principal employer, there are judgments that have extended the reach of the Act beyond the immediate premises. This needs to be explored in order to see how accountability can be extended from the immediate workshop owners and artisans to those contracting off-site work.

The contract labour approach can be utilized in the condition where artisans work on material provided by the principal employer and are paid for the tasks performed. If the artisans buy the inputs and sell the outputs to the traders, then we might need a different position in the supply chains approach. These self-employed activities, however, are a small part of the overall production. In the case of semi-precious gem stones artisans, buying roughs and selling faceted stones would account for 10 to 15 per cent of the market. Consequently, concentrating on the contracted work would be adequate for dealing with child labour in faceting of gem stones.

In the coloured gem stones value chain, the lead firms are both Indian and international. Since a major portion of coloured gem stones are exported, the international firms play a major role in running the trade in gem stones. The manner of trading is through contracting and not through open market sales. This increases the potential influence of the international buyers on the supply chain operations. There is a lot of secrecy involved in these operations, which would make it difficult to identify the Indian supply chain actors supplying to particular international brands. But the international buyers should be brought into measures to deal with child labour. Introducing transparency in supply chains would be one requirement for an effective campaign on child labour issues.

The Government of India's move to invite leading jewellers, like Tiffany and Cartier, to manufacture in India²⁶ could help to establish more transparent value chains. These agencies need to be sensitized on the fact that the goal of attracting major international brands to invest in India is not just a matter of providing concessions but also require setting up child labour-free value chains. Protecting their reputations will push the brands to be more transparent. Of course, such transparency will not occur by itself; it will require a push from moral consumers, particularly those in the high-income countries.

The Gems and Jewellery Export Promotion Council (GJEPC) seems to be concerned about the presence of child labour in the gems cut-polish segment. It is organizing 'A Dinner Dedicated to Make A Difference' called 'Jewellers for Hope' with Nobel Prize-winning child labour activist Kailash Satyarthi as the guest of honour (www.gjepc.org).

Certification will require brands and other lead firms to reveal their suppliers and value chains. For those for whom certification becomes a necessary or desirable business strategy, their value chains in turn will become more transparent.

8.3. Role of Government Agencies

There are handicraft departments of both state and central governments. The major part of their work is business and export promotion through exhibitions and other ways of putting buyers and sellers in touch with each other but they could be contacted for discussions on how to promote child labour free commitments through their initiatives.

Recently, there has been an initiative of the Textile Ministry of the Government of India for e-commerce firms to provide direct marketing platforms for handicraft clusters.²⁷ This will help small firms reach a larger market.

The Rural Non Farm Development Agency (RUDA) supports handicraft development, through organizing artisans and carrying out training and supporting technological development. It has implemented projects in these areas by United Nations Population Fund (UNFPA), United Nations Development Programme (UNDP), United Nations Industrial Development Organization (UNIDO), the World Bank and the Indian Khadi and Village Industries Commission (KVIC).

The Department of Small Scale Industries of the Government of India also promotes exports of gem stones and jewellery. There are Hallmark certification centres and gem testing laboratories. Funding for small units can be provided through the Small Industries Development Bank of India (SIDBI) and the agricultural rural development bank (National Bank for Agriculture and Rural Development, NABARD), the latter only for activities in non-urban areas.

The most important government agency is the Handicrafts Export Promotion Council (HEPC) under the central government's Ministry of Textiles. It organizes the major exhibitions and facilitates contacts between buyers and sellers. At the state level, the Department of Industries has a 'Handmade in Rajasthan' initiative to promote handicrafts. The Rajasthan Department of Industries also organizes some exhibitions, but the major ones are those organized by the Central Government.

These government agencies, both central and state, do not deal with child labour issues, which is the responsibility of the Women and Child Welfare Department and the police. They could be invited to identify ways that their initiatives could support prevention of child labour. But actually drawing them into such initiatives will require decisions from higher government levels. Coordination across government departments can only come about when the cabinet takes a decision to require departments under various ministries to work together.

9. Business Strategies

9.1. Some Earlier Attempts

The focus of this study is to design business strategies that would reduce or eliminate the employment of child labour. Before discussing business strategies for Jaipur handicrafts, it will be useful to look at some business strategies to eliminate or at least substantially reduce child labour in India (IPEC, 2014; Nathan and George, 2012).²⁸

In the manufacturing segment (garments, fireworks and handicrafts), firms, particularly larger enterprises, have tried to reduce the length of their manufacturing chain and carry out various tasks in-house. Besides shifting the location of performance of tasks, firms are also looking at mechanization, as in the match industry in Sivakasi. In Dileep Industries, Jaipur, in-house production was carried out in an assembly line manner, rather than in artisanal production. These changes in production processes have increased productivity and compensated for the increased wage costs resulting from paying adult wages after the shift from household to factory-based manufacture.

Another method was to set up community embroidery centres, as in Mewat.²⁹ This was accompanied by a substantial increase in the share of the embroidery rates paid by the factories to the embroidery workers, an increase made possible by the elimination or shortening of the sub-contracting chain.

In all these cases, there were multi-stakeholder initiatives – enterprises, government agencies (departments of labour and education) NGOs, communities and buyers –involved in mounting pressure to conform to child labour laws. Media exposures created political pressure to take action on child labour. Business associations were involved in spearheading a number of the initiatives in Jalandhar, Jaipur and Tiruppur.

9.2. Case Studies of Good Practices

We identified a number of good practices with regard to child labour. Brief accounts of these good practices are given in Annexure 1. The main features of their business strategies are given in Table 3.

Table 3 : Good Practices

S No.	Name of enterprise	Change in business strategy
1.	Dileep Industries	Moved from outsourcing from the market to in-house production with some mechanization
2.	Neerja Blue Potteries	Set up community centre in the village where the potters worked, increased adult wages and provided for formal instruction in craftwork during school vacations
3.	Gem-cutting Coop	Moved from being employees to becoming small entrepreneurs in gem manufacture Formal loans were given by NABARD and SIDBI to facilitate mechanization to increase productivity and end child labour
4.	Designer – Sitara	Carried out all embroidery work in-house
5.	Jeweller – Code Silver	When she was a child, she had seen child labour employed in this industry. When she became a jeweller, she decided that she would not employ any children. So all work is done in-house under supervision.
6.	Designer – Apash	Checks on use of child labour in outsourced work and denies contracts to workshop owners involved in employing child labour

10. Suggested Actions

9.3. Changing Business Strategies

The employment of child labour is a business strategy, one driven by the attempt to reduce wage cost by using illegal means. By substituting adult labour for child labour, there will inevitably be an increase in wage rates. In a competitive market, where the product sellers are price takers, there will have to be some way in which the higher wage rates are absorbed in the production process. One way is to bring a change in the production process that will compensate for higher wage rates. Mechanization with adult labour could reduce per unit production costs.

In high-end high-value products, there can be a different kind of business strategy. In high-value products, there can be a premium for products being hand produced. Higher wage rates may be compensated by an improvement in quality. Brands and retailers who are committed to the principles of ethical sourcing can look at developing new branding and labelling mechanisms that state upfront their commitment to decent work.

The change in production processes can be of two types. First, there can be a change in the production method, such as introduction of mechanization. Second, there can be a change in the organization of production, such as from out-sourced to in-house production. Some changes may combine both of these elements, a change in production method and a change in the organization of production.

The business strategies would need to be different for different value products, high-value and low-value products. The strategies will also have to be different for the two types of child labour: one for those who are employed as wage earners and are often trafficked to work in Jaipur and the other for children working with their families.

A final point is that these strategies need to be supplemented by actions by other actors on the scene. Improved implementation of child labour laws by government agencies, questioning morally conscious consumers, campaigns by government and civil society on the need to create a 'child labour-free Jaipur', just as there is a campaign to create a 'Swachh (clean) Jaipur' – all need to supplement actions by business entities.

In what follows, rather than prescribing one single strategy, we put forward some possible options. Multi-stakeholder discussions would need to be held to decide on strategies to be adopted. These suggested actions have been clustered as to be undertaken by businesses, government, and the community.

A. Business Organizations

A-1: Action with International Jewellery Brands as Accountable for the Use of Child Labour in their Value Chains

International buyers, jewellers in particular, benefit from Jaipur's low cost cut-polish of gem stones, with large margins for their brand values. Some of these international jewellers have announced policies of maintaining labour standards, mainly with regard to the elimination of forced labour. They should be approached to extend such policies with regard to the use of child labour and work with Indian suppliers to implement the same.

As mentioned earlier, there is a lot of secrecy about the supply chains through which gems are sourced by the international brands from Jaipur. It would be difficult to independently link particular exporters with particular brands; and again exporters with particular workshops. But there is every likelihood of child labour having been involved in supply to any brand. In this situation, the Freedom Fund, or some such organization should approach the brands, point out that there is substantial child labour in the cut and polish of gems in Jaipur; and that they are liable to reputational risks.

Besides this report itself, evidence can be provided from the ILO Work in Freedom document. The most important and contemporary evidence would be that of the instances of children who were rescued from gem stone workshops. There are police records and Childline has records of these cases. The brands can be requested to both support 'child labour free' labels in their sourcing and even make this part of their contracts with suppliers. This will also require due diligence carried out by the international jewellers to verify the existence or otherwise of child labour in the production process of finished gems. They should also be required to make their supply chains transparent. Associations of these jewellery brands should also be approached to be part of and support these child labour free initiatives.

A-2 : Establish Joint Responsibility in Supply Chains

The immediate employers of child labour are the workshop owners. But, as pointed out above, the lead firms are the wholesalers, retailers, designers and importers/exporters. The Indian legal system does not have well-developed instruments to deal with accountability in supply chains. However, the 'child labour-free' label can be used to require the lead firms to carry out due diligence with regard to employment of child labour along the supply chain, as is required in the UN Business Guidelines on the responsibility of businesses, of whatever size, to respect human rights. Of course, there is also an expectation that all businesses will abide by Indian laws, particularly those on the employment of child labour. In the Indian Voluntary Guidelines, Principle 3 sets out the responsibility of enterprises to be concerned about the well-being of employees 'engaged within a business or in its value chain'.³⁰ Principle 5 requires respect for human rights, which includes the rights of children.

In formulating the manner in which responsibility can be developed, it is necessary to bring business associations of different levels into the discussion in setting up viable systems of responsibility and accountability. As recognized in the Voluntary Guidelines, of the Government of India's Ministry of Micro, Small and Medium Enterprises (MSME) small and micro enterprises would need special support, referred to as 'handholding', in implementing the guidelines. The handholding could include steps to identify production segments where child labour is utilized, formulating cost-effective alternatives, securing the necessary finance and then implementing the alternative production methods.

Each of the three sectors has their own wholesalers' and retailers' associations. An effort needs to be made to make them responsible for encouraging free child labour productions. This can be achieved through putting forward the business case for child labour free production, outlined in the next paragraph, and placing the onus on them if they continue to support child labour in their individual sectors.

Rajasthan has an ambitious target of doubling handicraft exports by 2022. However, as the Export Import Bank study points out this requires a movement to higher value exports which, in turn, requires upskilling of labour. Such upskilling itself requires a move from child labour to adult labour. Thus, child labour free production will enable upskilling of handicraft manufacture and provide higher returns through exports.

How can one bring about a change in responsibility systems? In setting up joint responsibility systems, it would be useful to bring in many actors – business associations and prominent businesspersons who have taken major steps against child labour (e.g. Dileep Baid, Arun Palawat, Alok Chordia, Shikha Durlabhji, Leela Bordia) and are opinion makers in the business community in Jaipur. Various government departments, such as those promoting 'Make in India' and the Departments of Industry and Commerce and that of Handicrafts, can all be brought into the process. Designers using Jaipur's craft products can all be approached. All of these groups and individuals together can create social pressure for a change in business responsibility. Finally, there is need for a change in legal responsibilities; but social pressure, including that through media and campaigns, can draw attention to the need for a change in business responsibility. As the Nobel Prize-winning economist, Nat Thayer, puts it one can add a nudge to bring about a change in business attitudes.

A-3: Mechanization or Semi-mechanization to Increase Productivity

Where artisans are the direct employers of child labour, the elimination of child labour in the production process would mean the use of higher cost adult labour. Such a substitution could be encouraged where this is accompanied by either a mechanization of the production process, which would cover the cost of higher wage labour. Where it is desirable to preserve the handmade character of the product, semi-mechanization could be carried out. Semi-mechanization in the case of embroidery would be the use of sewing machines along with hand stitching of sequins and coloured wire. This was already being done in one of the workshops that we visited.

As pointed out above, mechanization is a threat to suppliers of low-value products that are amenable to mass production. Machine-embroidered garments are brought from Surat in Gujarat. Machine-cut and polished stones are being imported from China. Large-scale production for these low-value products that can be mass produced needs to be set up with the support of mechanization in order to beat such competition. Of course, the number of units, and even employment, would decrease, but this is not an undesirable development given that it is child labour that would be replaced. In fact, this is what we aim to bring about.

However, field observation shows that mechanization of embroidery has not completely eliminated child labour; rather, there has been a change – instead of younger children below the age of 14, juveniles between the ages of 15 and 18 are working on these sewing machines for up to 10 or 11 hours a day. This is a limited progress. Eliminating all child labour, that is, those up to the age of 18 would be difficult since Indian law permits the employment of juveniles in non-hazardous occupations for limited hours per day. But complete elimination of adolescent labour has largely happened in export factories (garments and household products in Jaipur) as foreign buyers insist on the 18 years age limit.

For mechanization or semi-mechanization to take place, it would be necessary to develop a programme for the same, formulated by the UNIDO or a relevant Indian organization, with subsidized funding from the Small Industries Development Bank of India (SIDBI). Since the scale of production would be higher than that with single artisan functioning, mechanization would require the combination of artisans into a producer company or a co-operative, whichever is more suitable.

A-4 : Certification of 'Child Labour-Free' Products

Along with government action on the above lines, there is also need for third-party certification, such as Good Weave's certification of carpets. Being part of such a certification system is also a change in business practices, which has so far been turning a blind eye or hiding the employment of child labour. Certification would be more attractive if sellers see that there is a price premium for certified products.

Certification of 'child labour-free products' could be combined with existing government programmes to promote 'Hand-made in Rajasthan' of the Government of Rajasthan or the 'Make in India' approach to major international jewellery brands of the Government of India.

A-5: Declaration of 'Child Labour-Free' Products by Producers and Traders

Before third-party certification, which can take some time to be set up, important actors in the products can be approached to make declarations of their support for child labour-free products. If they do make such a declaration, it would also amount to an intention to set this up in their own value chains.

A-6: Organize Artisans in Groups to Secure Loans and Become Self-employed

In the case of low-value products, whether gems, embroidered garments or bangles, there are some artisans who are self-employed – they buy the inputs and sell the output directly. This gives them more profit than when working as an employee under someone. The lack of capital to buy the equipment and materials needed restricts this change for many artisans.

As in the village of Malpura, a cooperative or producer company could be formed to provide low-cost loans secured from, say, the Small Industries Development Bank of India (SIDBI). Supported by an NGO, the non-employment of child labour could also be encouraged and monitored. A rough estimate in a gem cutting cooperative (see the case study in Annexure 2) showed that the income of artisans in gem stones increased by at least 50 per cent, which would move it from Rs. 7,000–Rs. 8,000 to Rs. 14,000–Rs. 16,000 per month.

A-7: Involve Tour Agencies in Promoting Only Shops with 'Child Labour-free Products'

Tour agencies, national and international, play a major role in directing tourists to shops, from which they get quite high commissions on purchases by these tourists. These tour agencies should be approached to restrict their support to just those shops that are certified to sell only child labour free products. This could, as they say, be a game changer in the important tourist market for 'Handmade in Rajasthan' products.

B. Government

B-1: Increase Adult Wages: Classify Artisanal Work as High Skilled and Increase Minimum Wages

The low earnings of artisans are the proximate cause for them to employ child labour. The approach will have to be different for those working for high-value products and those working for low-value products. In the former, there is value in products being handmade, and this specific character needs to be maintained. In the latter, there is competition from machine-made products.

The strategic actors (wholesalers, retailers and designers) pay artisans at the prevailing market wage, which tends to be around the existing minimum wage. Minimum wages vary with skill levels. If artisans could be classified as 'high-skill' workers, then there could be administrative pressure for their wages to be increased. Given that the job of artisan, whether in bangle, embroidery or gem cutting, is not easy to enter, taking years of experience, an increase in minimum wage, through governmental re-classification of the jobs, could be brought about. This approach could be of use in the production of high-value products. An increase in adult wages, of men and women, would, in turn, reduce the incentive to employ family members as child labour. Minimum wages are often not paid, but, over time, wage payments do go up with increases in minimum wages.

B-2: Increase the Cost of Employing Child Labour

The Childline and other such initiatives have been active in rescuing and rehabilitating child workers. Discussions across value chains and different types of actors invariably point to the reduction of child labour in Jaipur because of these rescue efforts. In effect, administrative and police action increases the cost of employing child labour.

One effect of such increasing cost of employing child labour in Jaipur is to shift the location of employing workshops and enterprises to more remote locations. Hence, it is more important for businesses to change their business models.

In implementing legal provisions with respect to child labour, it would be necessary for the government, its labour department and the associations of employers to be part of a multi-stakeholder initiative. Shops and wholesalers or exporters should be required to certify that their establishments, including home-based workshops, are child-labour-free. In the cases filed

on rescue of child workers, not only the immediate employers, that is, the artisans, but also the principal employers, the wholesalers and so on should also be made accountable for employing child labour. Action by government departments should be taken against not only the workshop but also the shop or establishments of the principal employers. This would only be possible if the rules pertaining to the rescue of child workers were changed to require workshop owners to reveal from whom they secured the contracts.

C. Community Interventions

C-1: Community Centres for Women Workers and Crèches in locations where Child Labour Is Employed within the Family

In the case of children employed in their own homes, a multi-pronged approach is needed to deal with the issue of child labour.

Due to the difficulty of access into homes and the challenges of monitoring a child who is working at home, it is important to consider mechanisms that can work in the community to reduce child labour.

From earlier examples of community-based attempts, the following features seem necessary: (1) an increase in artisans' income, both women and men –this would be possible by, at least initially, shortening the sub-contracting chain between the wholesaler, retailer, shop and the artisan; (2) introduction of community centres, within or close to the residential areas, where women can go and work with flexible timings; and (3) elimination of the tendency for older girls to be withdrawn from school in order to care for younger siblings while the parents go to work. This can be done with extended crèche facilities, linked to the local school or anganwadi.

C-2: Mobilize Women and Other Key Community Opinion Makers

Very often key elders in the community can play a critical role influencing parents to send their children back to schools. Creating awareness regarding the importance of education for the children among the Panchayat Heads, the local administration and so on can have a positive impact on putting peer pressure on the parents to pay attention to their children's education.

The business strategies that are proposed here have to be implemented not by a handful of large businesses, but by myriad small units. There are many thousands of workshops, concentrated in some parts of the city and its suburbs. Implementation by these thousands of small units requires the support of the artisan communities involved. Among these artisan communities, there is a growing understanding that education is necessary for any upliftment of their families.

Women are important not just as artisans in these workshops but also as mothers. They can play an important role in building the opinion in favour of children, particularly girls, completing school.

C-3: Establish Craft Education in Schools

In support of the above business interventions, it would be necessary to have some community, civil society and government measures. For instance, introduction of craft training as part of or along with schools, as has been done in some schools in Jaipur, for example, the Poddar school. This is a private school, but the business community can support the extension of this concept to government schools and work in-depth with the Education Ministry. For setting up craft training in schools one can also approach the Government of India's 'Skilling India' national programme.

Establishing craft training in schools would be helpful in persuading low income families to allow their children to stay at school as it would reduce the power of their argument that children are benefiting from being in labour because they are learning a trade. School would not be something that occupies children's time without any obvious benefit.

While this does not involve a change in business practices in the products we are dealing with, it is an action that needs the support of the business community, including those not involved in the production of these products. The booming tourist industry in Jaipur could use part of its mandated Corporate Social Responsibility (CSR) expenditures to support this move and the action item that follows in Section 10.1.11.

C-4: Mobilize Children

This action item comprises checking on absence from school and promotion of after-school study, as with the Good Weave Child Friendly Community Project or the Bal Panchayat Model. All of this needs to be supplemented by a broad-based campaign to create a 'Child Labour-Free Jaipur'. In such a campaign, school children could play a significant role.

C-5: Multi-stakeholder Initiatives

In order to have an integrated approach for combating child labour, there is a need to involve both government and business organizations. The government, apart from rescuing, needs to ensure that production units are registered. This would help in curbing the employment of children. It is also imperative to sensitize officers by providing training on child labour issues. The government should take the initiative by propagating advertisements and hoardings that discourage child labour. The Education and Health Departments should also be involved.

Business organizations need to play a major role. The associations of these three sectors should pass resolutions for not buying products or contracting where children are employed. The designers should not place orders to those who employ children. They should take an undertaking from the unit holders for not employing children for the orders. A child labour-free tag should also be attached to the products, once a certification system is in place. Designers and others who operate in high-value markets can take the lead in increasing the prices paid to workshop owners to compensate for the higher wages paid to adult workers. The business organizations and designers should work with the workshop owners to establish child labour-free supply chains.

A 'child labour-free Jaipur' would be of benefit not just to the children concerned, but it could also have substantial external benefits. It would be a nudge for producers and traders in these products to move away from the current low productivity model and move towards increasing productivity in order to meet growing competition from both within and outside the country. Most of all, it would be an important measure in increasing the attractiveness of Jaipur as a tourist destination and positioning it as a modern city.

Annexure 1: Case Studies of Good Practices Against Child Labour in Jaipur

Developing positive case studies and ethical champions as role models from each sectoral space would continue to demonstrate that change is not only possible but profitable and sustainable.

Dileep Industries – Bringing production in-house

Dileep Baid started as a trader of handicrafts in the early 1980s. He used to purchase products from the artisans and export them. During one of his visits to Saharanpur with a buyer from Europe, he found that children in the age group between 10 and 16 were also involved in making the products. It struck him that a large number of children, instead of attending school, were handling tools for engraving the wooden pieces. In Saharanpur, he worked with these crafts people to ensure that their children, instead of hammering on the wood, attended school. He built linkages with local schools and got a large number of these students enrolled in school. In 1989, when he started his own factory to produce handicrafts, he ensured that no work would be outsourced, and therefore in-house manufacturing was ensured. For articles of mass production, the assembly line method of production is used in the factory.

Dileep Baid encourages other industries also not to outsource manufacturing as it might involve child labour. He is ever ready to take up the cause of child labour in the city. According to him, semi-mechanization could lead to elimination of child labour from some of the sectors. In addition, he thinks that schools can be one of the powerful organizations for children from different classes to support the cause of 'no child labour'.

Sitara (Boutique) – Bringing production

Kalpana Peelwa initially was working in an export company in New Delhi where she got acquainted with the fact that some of the international buyers are strict about not purchasing child labour products. In 2000, when she moved to Jaipur, she decided to open her own boutique. As of now, she exports dresses to European countries. She started with the in-house production of embroidered garments and is against child labour. She proudly expresses that she is against child labour and that all the embroidery work at Sitara is done by adults. She says she has made a niche for herself, although garments made by Sitara are at the high end; they have a small clientele but that does not bother her.

Code Silver – Bringing production in-house and mechanization

Shikha Durlabhji belongs to a jeweller family of Jaipur. Since her childhood, she had heard about child labour being used for cutting and polishing of stones. In 2010, she decided to foray into the manufacture of silver gift items. Shikha established her workshop for making silver products. She had a fear that in case she outsourced work there could be involvement of children in production at home. Therefore, she decided to go for only in-house manufacture and mechanization of production.

Apash (Boutique) – Vigilance in checking on suppliers' use of child labour

Shruti Mishra, along with her partner, runs a boutique, Apash, in Jaipur. They outsource work for embroidery. According to her, it is the unit head or workshop owner who earns the most in such outsourcing. She confidently mentions that unit heads refuse to acknowledge the fact that child labour is involved in their production work. She was very clear that 'until and unless we youngsters take the responsibility of working in the social sector child labour would continue'. She is of the opinion that some drastic steps need to be taken by those who outsource embroidery work. She has been going to the workshops to check on the use of child labour and stopped giving orders where she found child labour.

Neerja Blue Pottery – Centralizing production in a community workshop

The founder and proprietor of Neerja Blue Pottery, Leela Bordia, used to give work to men and women to be carried out in their homes. With this, there was the involvement of child labour in the work. She decided to centralize the work in a workshop. Payments to adults were increased as an incentive to ensure they did not make their children work. Along with this, a middle school was set up in the village. With the adult income going up, centralization of production and training of adolescents during school vacations have all contributed to the elimination of child labour. What continues now is basically an apprentice-type involvement of children and adolescent children during school holidays. Nonetheless, there is a slight amount of work that still continues to be taken home by women.

Gem-Cutting Co-operative – Aggregating individual producers and mechanizing

In Lava village of Malpura Panchayat Samiti of Tonk district, gem stone cutting and polishing work was done on large scale. As the families were not able to cater to the orders on time, children were also involved in this work. In order to remove child labour and yet be a continuous source of income, the Centre for Community Economics and Development Consultants Society (CECOEDECON) decided to find a solution to this problem. Therefore, they collected all these families who also happened to be a part of micro-credit Self Help Groups and convinced them to shift to machines as the work will be faster and would leave children to attend school. CECOEDECON then approached the Government of India's agricultural and rural development bank, NABARD, for loans to the SHG for purchasing machines for cutting and polishing of stones. The cost of each machine was Rs. 40,000. Under this project, 200 families benefited and 600 women and men have been working on these machines. During the peak years of work, families earned nearly Rs. 25,000. During normal times, it was 15,000 and now they earn Rs. 8,000 to Rs. 9,000 per month. The decrease in earnings is because of decrease in orders from Jaipur, attributed to both a slowdown and competition from Thailand and other countries. Some even mentioned that the GST factor also disrupted and brought down the market.

Annexure 2: Some Existing Models of Community-based Support for Child Labour Interventions

The Good Weave Child Friendly Community Project

Acting as a key preventive approach to address disguised child labour, the project relies intensively on mobilizing whole communities and sending all vulnerable children to schools.

The Child Friendly Community (CFC) project aims to leverage India's 2009 Right to Education (RTE) Act, bringing the benefit of schooling in locations where this law is not being enforced. This is especially important in the context of carpet weaving and handmade garment-worker communities where a lot of outsourcing takes place. The CFC involves identifying vulnerable children in artisan communities, such as those who are not enrolled, not learning, dropouts from schools or working. Good Weave works with schools, local authorities and Madras as to overcome any limitation related to community access and education for these children. The programme emphasizes improved learning outcomes and not merely a passive enrolment on paper. It is a highly challenging task and once achieved, it works as a silent public movement and puts a lot of pressure on the school administration and teachers to improve performance. The work in the villages is supported by the business stakeholders to ensure an ongoing commitment to the educational development of children in weaving communities.

<http://www.goodweave.in/creating-educational-opportunities.php>

Community Policing and Leadership: The Bal Panchayat Model

Sakshi's Story

Meet Sakshi. She's a 13-year-old girl from a rural village in India, and she is helping to change the world around her. A year ago, the children in her village formed a Bal Panchayat, a village council made of children. This council is not a game or a group of children pretending to be leaders – they really are doing things. The main focus of the Bal Panchayat is to improve the lives of children, making sure they are well treated and they have the basic opportunities to be educated and live in a safe, clean village. In the past year, Sakshi's Bal Panchayat has increased school attendance, decreased child labour and decreased child marriages in her village.

Seeing the effectiveness of the Panchayati Raj system, especially the way the Gram Panchayats got people involved and made real improvements in the villages, the Center for Integrated Development and UNICEF set up the first Bal Panchayats. The purpose of the children's council was to involve the youth in asserting their rights, building their sense of community involvement and training them to hold leadership positions in Gram Panchayats and higher tiers of that system when they reach adulthood.

Bal Panchayats have at least one adult advisor to help them learn how the processes of the system work, guide them on difficult issues and help facilitate their projects. Members are elected by the children of the village from those who want to participate. Each council has at least five members called panchs, named after the elders who formed village councils. If a village has a large number of children, there may be more than five panchs on the council. While some circumstances allow for younger members, councils are usually made of children between the ages of 9 and 16.

<https://study.com/academy/lesson/what-is-a-bal-panchayat.html>

by Sunday Moulto

Annexure 3: Consumer Survey Guide Questions

Name:

Age:

Education:

Occupation:

Address:

1. What attracted you to come to Jaipur ?
2. Are you aware about the handicrafts of Rajasthan?
3. During your visit are you planning to do some shopping?
4. Are you aware that certain products that you use are made by children?
Yes () No ()
5. Does the shopkeeper inform you who makes the products?
Yes () No ()
6. If yes what does he tell you?
7. Does your conscience allow you to buy products made by children?
Yes () No ()
8. What product have you brought from the shop?
9. Would you like a child labour free market
Yes () No ()
10. Would you be willing purchase products at a higher price if made child labour free?
Yes () No ()
[Discussion on how much more]
11. Views regarding child labour.
12. Suggestions to end child labour.

Endnotes

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