

Companies and Child Labour in India

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Multinational and Indian seed companies pay Indian farmers who produce their cotton seed almost 40% too little to enable them to hire adults for the local minimum wage of Rs 52 (1 Euro). Farmers working for these companies mainly hire children and young people under 18. At least 100,000 of them work 13 hours a day in cottonseed production in Andhra Pradesh state for less than half a Euro per day. They are often bonded by loans given to their parents.

These are findings from the report *The Price of Childhood* published by the India Committee of the Netherlands (ICN), the US International Labor Rights Fund and Eine Welt Netz (Germany). The report authors, Indian researcher Dr Davuluri Venkateswarlu and British agricultural economist Lucia da Corta of Oxford University, see the seed companies as responsible for large-scale illegal child labour and for evading India's minimum wage laws.

Parents of the working children are often unemployed. If they have work in the sector, it is usually for a wage little more than half the official minimum.

Companies, not farmers, responsible

The research clearly shows that farmers would have a net loss if they hired adults at the local minimum wage instead of children and teenagers. But that is not the case for the companies the farmers work for. The market price of one kilo of cottonseed is from 3.6 to 12.1 times higher than the procurement price paid to the farmer. If companies were to pay for the substitution of child labour by adult labour at minimum wages, it would cost them between 4.2% and 21.3% of their profit. If the cost were paid by the consumer, the seed would cost 3.2-10.9% more.

Companies like Bayer, Monsanto and Syngenta acknowledge substantial child labour in their supply chain and that they are at least partly responsible. However, they deny this is due to the price they pay to farmers. According to the companies, farmers are to blame for the high incidence of child labour. They claim farmers need to improve productivity to make the shift from child to adult labour.

Limited action

Companies have taken some action, but the effects are limited. *The Price of Childhood* reports a decrease in the number of working children between 6 and 14 years to roughly half of all labourers. However, 70% of the rest now comprise young people aged between 15 and 18. They have generally worked as a child before, are kept on to work about 13 hours a day and earn little more than the younger children.

According to a recent report of the MV Foundation - an anti-child-labour NGO - 11 children in Andhra Pradesh have died and 3 have been severely injured as a result of accidents caused while travelling to work or inhalation of pesticides while working in the fields. Many children have health problems such as chronic headaches, vomiting and depression. Often they lack access to medical aid.

Multinational and Indian companies have been criticised by the MV Foundation for allowing and abetting child labour in cottonseed production. Some Northern NGOs have tried to pressure multinational companies to eliminate child labour in their supply chain.

While previously little was done by the companies except issuing statements against child labour, in 2005 a policy of monitoring, incentives and sanctions was agreed by Bayer and Monsanto, supported by Syngenta. Monitoring started in co-operation with the MV Foundation,

but this has not yet proved satisfactory. The Foundation has offered to continue with independent monitoring and provide the results to the companies and/or to the local authorities and the public.

Other sectors

Children in India are employed illegally as labourers in other sectors too. There are reports of children working long hours in iron mines - digging, breaking stones, sieving, loading, dumping, transporting and processing ore – without prescribed working hours or wages, and the activities are hazardous. Similarly, children work in granite mines, collecting kerosene from tailings and in the washeries, handling toxic waste with their bare hands.

The shift to privatisation and an open market economy in India has led to children being pushed into the informal labour force for greater profit, especially in sectors where deregulation to attract foreign direct investment has diluted legal protections for labourers.

Daphne Norden is an ECCR Board member. 'The Price of Childhood' report was published in Utrecht, Netherlands, by ICN in October 2005.

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