

India's already low exports doubly hit by non-tariff barriers raised by WTO linking 'Social Clauses' to trade: A study of India's stand on social clause of labor standards with special focus on child labor practices."

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Abstract

India has chronic trade deficit and consequent Current Account Deficit mainly due to her primary composition of trade. India exports low value –high volume goods like ores, spices, coffee, cardamom, cotton and cotton waste, cereals, pulses, fruits, carpets manufactured by child labour and low paid adult prison labour. The list disgracefully includes the human skeletons.

Though India has made strides in software technology and space technology she is known all over the world as technologically backward country having feudal remnants and feudal harsh management practices. India's low exports never showed any sign of improvement in 65 years of her republicanism. And further it looks like it will go into doldrums because of the non-tariff barriers impacted by the social clauses put in place by World Trade Organization. No doubt the objective of World Trade Organization is to bring more happiness into the lives of people. But for India the matter looks very different. India has more than 50 million children working 12 hours a day just to earn food enough to keep them alive. Thus, the Indian Government has made employment of children a punishable offence. But the need is of improving the wages in informal sector so that there is no need of children becoming a helping hand in the family.

This paper is an attempt to find out the prevalence of child labour in various export oriented industries, to study the wide deficit in Balance of Payment and to recommend a reconsideration of the policies.

Key words – Child Labour, Non-tariff barrier, Balance of trade, Balance of payment.

Introduction:

India has chronic trade deficit mainly due to her technological backwardness and outdated, inhuman harsh management practices. India's low exports never showed any sign of improvement in 65 years of her republicanism. The main reason was closure of India's 150 composite cotton textile mills in 1970, eighty per cent 80% of which were located in Mumbai alone employing 1.5 million workers. Now the cotton and cotton fabrics are not major export items. These goods have been relegated to 7th place. First and second being processed petroleum like lubricants followed by diamonds precious and semi-precious gems and gold jewelry. India is still a primary producing country exporting prices, minerals and agricultural products. Proficiency of one per cent work force of India in rocket launching and software development does not add make India a developed first world country. India has wide trade deficit. The fiscal year ended with total exports of \$310 billion, missing the \$340 billion target by a huge margin, according to data released by the Ministry of Commerce and Industry. Imports, on the other hand, contracted by a modest 0.59 per cent during the year, leaving a trade deficit of \$137 billion, slightly higher than the previous year's \$135 billion

India's Trade Deficit Forecast 2050

India	Latest	Unit	Sep 2015	Dec 2015	2020	2050
Terms of Trade	60.2	Index Points	69.3815	70.5238	83.6463	81.7082
Imports	33120	Usd Million	33034.5417	33046.0198	33044.6607	33044.6607
Exports	22290	Usd Million	22314.1497	22313.3133	22313.3413	22313.3413
Balance of Trade	10830	Usd Million	10773.6713	10770.9625	10770.8338	10770.8338

Source: <http://www.tradingeconomics.com/india/forecast>

India's Balance of Trade deficit is forecasted to go up to -10792.3444 Million US\$ in coming time. In the long term, India's Balance of Trade is predicted to converge to -10770.8338 Usd Million. See forecast data tables and charts for India - balance of trade, balance of trade, balance of trade.

The low exports of labor intensive products viz. cotton and cotton fabrics, jute and jute fabrics (142Bn US \$) and high imports (235 bn US\$) Major items of exports are processed petroleum products, Gems and jewelry and pharmaceuticals. Labor intensive cotton and fabrics have been relegated to 7th place which during British colonization was top export item India badly needs to improve The export trade has been e vis-à-vis exports Non-Tariff Trade barriers (NTB's) have been on the rise since the 1960's and have become the most widely discussed topics at the recent rounds of international trade negotiations. Several advanced countries like the United States of America, Japan resorted to NTB's particularly against the developing nations.

Capital intensive goods pushed cotton textiles to 7th lower position therefore unemployment expanded and people offered their toil for lesser wage. This led to fall in total family income pushing children in to labor to fight hunger. The greedy money lenders in rural India even forced farm labor to pledge their children for money. In such a scenario India opposing labor standards is a painful research material for any research scholar.

Krantikumar Sharma (SRTM University Nanded) had presented the paper at 48th All India Commerce Conference at Warangal on 31st December 1994 exposing India's bad human rights record and worst labor standards and had highlighted that children are pledged and forced to work in fire cracker factories. Many children died and were maimed in several explosions in last four decades.

The export growth of many developing countries has been seriously affected by Non-Tariff Barriers. According to a World Bank Study, NTB's in major industrial countries affect more than one third of imports from developing countries as compared to more than one-fourth from all countries.

Non-Tariff Barriers may be defined as a new measure of protection normally adopted to replace tariffs, the traditional barriers. They are obstacles to imports other than tariffs. They are administrative

measures that are imposed by a domestic government to discriminate against foreign goods and in favor of home goods.

Due to falling exports and shrinking employment wages would fall below subsistence level pushing more children to work for daily bread.

The NTB's fall into two categories, the first category includes those tariffs which are generally used by developing countries to prevent foreign exchange outflows, or those which result from their chosen strategy of economic development.

The second category of NTB's is those which are mostly used by the developed economies to protect domestic industries which have lost international competitiveness and/or which are politically sensitive for government in these countries¹.

The most common NTB's include Voluntary Export Restraints, Customs Procedures, Safeguards, Health and Product Standards. This paper is an attempt to study Labour Standards as an NTB in detail.

Research Design and Methods:

The research methods used in this paper are purely qualitative in nature and the research design is exploratory in nature.

Purpose of the Study:

This paper is set up in the context of the Indian environment with the following objectives:

1. To understand the growing balance of payments crisis in India.
2. To understand the meaning of the concept of Non-Tariff Barriers.
3. To bring to light the prevailing child labor in existing export industries.
4. To understand the implications of the social clauses of the WTO with special reference to child labor in India.

World Trade Organization and Labor Standards:

The *raison de etre* of the linkage of social clauses to the international trade is that world's poverty must be attached from all sides and the world's poor must be redeemed from hunger, want and disease. The deprivation of the masses in the developing countries must end. The linkage of labour standards with the international trade is part of the strategy world trade organization has adopted in order to impress upon the governments in developing countries that a vigil must be kept on all the industries and all the employers that none exploits workers by yoking them to work for long hours beyond eight-hour bench mark and none exploits the employers by paying less than the minimum wage.

The definition of labour standards is amorphous and cannot be contained in a frame too small. According to the International Labour Organization (ILO) no country should have low wages and for the workers, the work should be tolerable to human body. The ILO defined what decent work is and insists that decent work must expand and the decent work deficit must reduce. The decent work deficit indicates the presence of at least four conditions in the work environment viz: - 1) Freedom 2) Equity 3) Security and 4) Human Dignity.

The International Labour Organization strictly prohibits child labour, which is very much rampant in all the developing countries especially India.

What is Child Labour?

India accounts for the second highest number of child labour. The term child labour means 'working child' or 'employed child'. 'Child labour' is any work done by child for profit. However, there is difference between 'child labour' and 'child work'. Child work means that the child has time for play and education besides work and child labour refers to children who are being forced to carry out the full time work of adults². Child labour harms children in some way, may be physically, mentally, morally or by blocking access to education or by all means.

Child labour is a universal problem it exists all over the world but it is concentrated in the developing countries (98%). At present the number of working children in the world ranges between 100 and 200

million according to the International Labour Organization, and the number is growing. The populations in the developing countries show sustained growth rates which only increases the magnitude of the problem of child labour. Since a few years, the aspect that children are used as economic assets in certain manufacturing, processing and mining industries is frequently and widely covered by the international media. Especially the reports on the toil and sweat and inhuman exploitation of children working in manufacturing (export) industries like the carpet and garment industry in India and garment industry in Bangladesh have shocked the international community deeply. The international community became aware of its own link with the bad working conditions and the child labour problem in export oriented industries catering to western consumers. This resulted in international pressure of various kinds like, for example, a proposal made by the US to ban all imported products which are made by children, called the Harkin's Bill ³.

Child Labour in India's Export Industries:

India ranks second in the world after Africa for having child labourers in the country. It is a very serious and desperate problem. The Indian government has tried to take some steps to alleviate the problem of child labour in recent years by invoking a law that makes the employment of children below 14 years illegal, but the problem still continues. There are millions of children working in the country, especially in the export industries. The exact number of child workers in India's export industry is not known. Major export industries which utilize child labour include hand-knotted carpets, gemstone polishing, brass and base metal articles, glass and glassware, footwear, textiles and silk, and fireworks. Children are also exploited as bonded labourers. Let us see the situation of child labour in few export industries in detail: -

Hand- Knotted Carpets: - Hand-knotted carpets are exported in large quantity from India to the United States and Germany. Weaving centers are scattered in Uttar Pradesh, Jammu- Kashmir region and Rajasthan. Children work in almost every stage of carpet making. In a comprehensive May 1994 report on Child labour in India, the International Labour Rights Education and Research Fund (ILRERF) asserts that children's tasks include sorting, knotting, and cutting, washing and dyeing ⁴. They also rear sheep, roll yarn into balls, string the looms and weave and bind carpets ⁵. Often children begin work at six or eight years old as unpaid apprentices ⁶.

Gemstone Polishing: -Gems and Jewellery forms a major part of Indian exports. The majority of these exports are diamonds, which are processed in Surat, and emeralds which are polished in Jaipur. The Operations Research Group in its 1993 report singled out the diamond cutting industry in Surat, of special concern for child labour ⁷. It found children mostly boys between 12 and 13 years old, polishing diamonds for an average of seven to nine hours a day in unhygienic conditions ⁸. In addition to diamonds, children also polish emeralds, sapphires, rubies, turquoise, corals, garnets, amethysts and topaz ⁹.

Brassware and Base Metal Articles: -Brass products such as vases, figurines, plates, dinner services and tea sets are made in Moradabad in Uttar Pradesh and exported all over the world. It is reported that more than 90 percent of the goods produced in Moradabad are intended for export ¹⁰. Children work in almost all aspects of brassware production for long hours and low wages, and are exposed to health hazards.

Glass and Glassware:-India exports huge quantity of glass and glassware to the other countries. Estimates of the number of children working in the glass industry range from 8,000 to 50,000. The glass and glassware industry in India is concentrated in Ferozabad. The glass factories of Ferozabad produce a number of glass items, such as bangles, wine glasses, beads, crockery, bulbs and cuts glass items. The factories also produce test tubes, beakers and laboratory glass products ¹¹.

Footwear: -Estimates say that as many as 40,000 children may be involved in shoemaking. Children between 10 and 14 years are assembling shoes. Some 80 percent of the children work for contractors at home. Children in cramped poorly lit rooms suffer from continuous skin contact with industrial adhesives and breathing vapors from glues. The International Labour Rights Education and Research Fund (ILRERF)

report found children working in shoe factories throughout Agra, including road stalls, and in small factories. It is reported that children also work in larger factories¹².

Recruitment of Female children:-Dr. Rukmini Rao an activist and researcher in the labour field has her paper on the internet on "Jeetham" practice of bonded female labour in Andhra Pradesh published in July 2007. The terms and conditions of employing female children in cottonseed fields indicates the emergence of a new system of bonded labour different from the traditional forms of bonded labour in the study area. The essential features of this new system of bondage include: employment of female children on long term contract basis by paying advances and loans to their parents, long hours of work, lower than the market wage, new technique of extracting more work from female children by offering various incentives like showing movies, giving chocolates, biscuits, ribbons, lunch boxes and conducting sports.

Apart from Jeetham bonded labour practice in Andhra Pradesh, there are bondage practices in almost all states of India. In Maharashtra sugar cane cutter gangs migrate to sugar cane farm areas of other irrigated districts. The labour contractors take huge money as advance from the sugar lords and give only part of it to the cane cutter labour family as short term loan. The entire family is tied bind. Wife, children and old parents of the workers all must toil on the sugar cane farm. The children cannot go to school.

Conclusions and Recommendations:

India has 50 million children working 12 hours a day just to get food enough to keep body and soul together and a couple of cents to take home to burn the stove in the shanty where his/her younger siblings might have suffered the pangs of hunger whole day and waiting for a few morsels of food.

Ex-Commerce Minister Kamal Nath had once accepted at an international forum that India has millions of child labour. According to NGO estimates the country has between 17 million and 44 million children who work to support their families. Many of them are pledged by their own parents. There is still on statute books a law called Pledging of Children (Prevention) Act 1937.

On the backdrop of such bondage existing how can Commerce Minister of India tell the World Trade Organization (WTO) that all is well in India and that linking labour standards with trade is injustice done to developing nations? WTO is simply another aggressive tool of the developed world to further extract resources from the developing for their own benefits, to further serve global capital within the current economic globalization paradigm. The situation is more disturbing than the eyes catch the question.

What steps have been taken by the Commerce Ministers of the country to reduce decent work deficit and to abolish child labour from India? Evidently none.

What moral and ethical right our Commerce Minister has to oppose labour standards linkage to our export trade? Instead of improving the wages in the informal sector the central government made employment of children punishable and offence of employing children non bail-able. The world must know the fact that in India bureaucrats decide policies and politicians carry it on. There is a need to look afresh at the practices and policies of the Government of India in matters relating to child labour.

India will have gaping trade deficit in the face of social clauses on labour standards, worsening her balance of payments position which is already precarious.

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