CHAPTER - II

REVIEW OF LITERATURE

A number of studies, related to child labour in the informal sector have been conducted by social scientists at micro as well as macro level. They have used different yardsticks to examine socio-economic aspects of child labour in the informal sector. An attempt has been made in this chapter to review the various studies, which have been carried out on complicated issues of child labour such as those related to defining and estimation of child labour, consequences of child labour and economic, social and educational factors responsible for the problem of child labour in the informal sector.

DEFINITIONS AND ESTIMATION OF CHILD LABOUR

Sehgal (1996) observed that child labour is present even in developed countries. According to a report in the United Kingdom between 15 to 26 percent of the children who are 11 years of age are working also between 36 to 66 percent of children of the age of 15 years are employed.

Chaudhri (1997) has introduced the concept of the 'no where' children, i.e. children neither in school nor in the economically accountable activities. According to him, this concept should have marked the start of empirical research as to what these children are really doing, or whether they are just 'deprived children'. Child labour in Indian states has been divided into three distinct subsets: those in schools, those who are economically active on a full time basis, and those who participate in household activities not classified as gainful employment which can be termed as nowhere children. It is reported
that the male child population almost doubled over 30 years with a decline in percentage of male child workers from 14.6 in 1961 to 9.9 in 1971, further declining to 8.7 in 1981 and 5.7 in 1991. Expansion of schooling of male children is also reported which is rather impressive but falling short of the need, thus swelling the ranks of nowhere children from 2.68 crores in 1961 to 6.17 crores in 1991. As far as female children are concerned the study reported an increase in the population of girls in age group of 5-14 years from 5.5 crores in 1961 to 10.06 crores in 1991. In 1961, a large majority of them (69.4%) are nowhere girls, 10.6 percent in full-time labour force and 26.1 percent in schools. In 1991, more than half of these (50.7 percent) are nowhere, 5.1 percent in labour force and 44.2 percent in schools.

International Conventions define 'child' as aged 18 years and under. Individual governments may define 'child' differently, according to ages or other criteria. For instance, International Conventions adopted by the United Nations and the International Labour Organization define 'child' as anyone below the age of 18 years and child labour as some type of work performed by children below the age of 18 years and yet ILO Conventions variously define the appropriate minimum age of work as 15 years or under in developing nations; while in another Convention, the definition of the 'worst' form of work applies to all children aged 18 years.

Antony and Gayathri (2002) while differentiating between child work and child labour argue that child work is more generic and implies children who are engaged in work—whether paid, or unpaid, economic or non-economic, at home or outside the home. This rests on the basic premise that the engagement of children in work affects their growth. On the other hand child labour tends to be more
specific, indicating labour market involvement of children, which is detrimental to their development.

IPEC (2002) shows that presently the child labourers in the world have been calculated to be around 210 million. The methodology used in the data collection for the year 2000 has a number of interesting departures. The categorization of the various categories of children at work itself provides transparency. The figure of 210 million has the components such as all the children below the age of 12 years have been counted as child labourers (if they worked). This result is based on ILO resolution 138 which, in developing countries with a weak economy and insufficiently developed educational infrastructure, allow children only from the age of 12 years onwards to be involved in light work (less than 14 hours a week only). The number of such children below the age of 12 years was calculated to be 109.7 million. In addition to the "Economically Active Children" in the 12-14 years age category, 76.6 million were considered as working in activities, which did not qualify as light work.

Burra (2004) defined a working child as a child in the age range of 5 to 15 years who is doing labour, either paid or unpaid and is working within or outside the family.

ILO (2004) estimates that there are 250 million children aged 5 to 14 years working worldwide. Among these children, at least 120 million are working full time and all most 20 million are engaged in hazardous work. Out of these, the ILO predicted that 61 percent are in Asia alone out of which India's share is quite high. The World Bank Report published in 2000 revealed that there were sixty million working children in India, which was the largest number in terms of any country in the world. Earlier estimates based on very limited
statistical information obtained from about 100 countries indicated that in 1995 there were 73 million working children between 10 and 14 years of age in these countries (ILO: Child Labour Surveys: 1996). NGO's and International Organization in 2001 find that the number of working children ranges between 44 million to 55 million.

Verma and Kumar (2004) put forward the NSS data on child labour as the age specific work participation rates in India from 1983 to 2000 as under:

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<td>Rural Girls</td>
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|               | Age 5-9 | Age 10-14 |
REASONS OF CHILD LABOUR

Poverty

Basu and Van (1998) in their seminal paper pointed that children only work when the adult wages (or more generally, adult income) are too low to support the household’s subsistence requirements (the authors call this the luxury axiom). This assumption generates a discontinuous labour supply curve for a region: above a critical level of the adult wages, only adult’s work and below the level adults and children work. The labour demand curve is a standard smooth downward sloping curve as long as we admit some degree of substitutability between adult and child labour in production. It is straightforward to see that, in this model, the labour market can exhibit multiple equilibriums. If the labour demand curve intersects both sections of the labour supply curve then there is a ‘good’ equilibrium in which only adults work and a ‘bad’ one in which children also work. The remarkable result of this paper is that, in this case, a ban on child labour can swing the economy from a bad to a good equilibrium. The idea is this: if the ban can be enforced for a brief period in which all children are withdrawn from the labour force then employers will start chasing adults to fill the jobs that children had, as a result of which the adult wage rate will be bid up. If the new level of the adult wage exceeds the critical subsistence level then, by the luxury axiom, families will cease to supply child labour.

Rao and Rao (1998) conducted a survey for asserting the views of employees regarding child labour. The respondents perceived poverty, illiteracy and adult unemployment or under employment as the main causes of child labour.
Basu (2000) observed that, whether imposing an adult minimum wage might be a good alternative to a ban. If the assumption of parent altruism embodied in the "luxury axiom" is correct and the level of the minimum wages can be chosen to ensure above-subsistence incomes to households, this might eliminate the need for children to work? He is of the opinion that the children of employed adults will indeed be less likely to work but, on account of the minimum wages, unemployment may increase and the children of the newly unemployed adults will be less likely to work, other things being equal. Whether or not an adult minimum wages will reduce the incidence of child labour in the economy depends upon (a) where the level is set and, in particular, whether it is between the subsistence level and the good-equilibrium wages or above the good-equilibrium wages, and (b) whether the level of labour demand is such that child labour alone could satisfy it. The latter, in turn, depends upon fertility rates (number of children in the economy) and skill levels (or on how productive child labour is relative to adult labour). The fact that high fertility rates and low skill levels characterize developing countries raises the odds that a minimum wage policy will be counter-productive.

Richard (2000) tried to find out the answer to the question that many children work willingly and with their parents. If child labour is bad for them, why do so many children willingly engage in it? He finds poverty to be the main reason for that. At micro family level, the economic concern is with the difficulties which poor families and poor children would face in the short run if child labour were eliminated. It suggests, for example, the usefulness of targeted income transfers and for subsidies for poor families with children in school. At macro level there is a general belief that child labour displaces adult labour and macro economic effects associated with
the elimination of both hazardous and other worst forms of child labour and believes in long-term economic growth. It is very easy to say, but in reality too many obstacles are there.

Aggarwal (2004) brought out that, among other things, poverty and illiteracy have a bearing on child labour. A policy is needed to make education more meaningful and rewarding so that households are motivated to send their children to school and keep them there. Measures aimed at poverty reduction and physical and social infrastructure developments are required to reduce child labour.

Kumar (2004) observed that poverty pulls the children and lack of proper educational opportunities push them—once they enter the quagmire of childhood labour. There are no alternatives and no avenues out of the swamp.

Bourdillon, M. (2006) Discusses discourse and terminology surrounding children's work; children's rights and their relationship with fundamental human rights; the relationship between children work and poverty. This study questions whether discourse on 'abolishing child labour' works in the children's interests or not?

**Income Inequality**

Swinnerton and Rogers (2003) show that the impact of inequalities on child labour. This is because, while redistributing income will tend to reduce child labour participation amongst labouring households it can, at the same time, increase child labour amongst the households paying taxes. The paper shows that policy measures designed to reduce inequality in the economy will have favourable impact upon child labour in high-productivity economies. The reason why productivity matters in this context is that high productivity implies high wage rates that is sufficiently higher level of
parental income where they can afford not to send their children to work. As a result, the supply of child labour falls. High productivity also goes hand in hand with high skill, and as skill levels in an economy improve, children become less substitutable for adults and, in this way, the demand for child labour falls. The authors investigate the predictions of the theoretical model using aggregate cross-country data derived from a variety of publications produced by International Organizations. The predictions are broadly confirmed.

**Demand and Supply Side Issues On Child Labour**

Canagarajah and Coulombe (1997) highlights that there can be two conditions regarding child labour, such as:

1. Benefits of child labour may or may not exceed the marginal cost of child labour, and

2. Benefits of child labour are higher than the marginal cost of child labour in terms of the forgone return to human capital investments.

The first set of conditions is fulfilled for households living at the subsistence level, and sheds lights on why child labour may exist with a good education system and a high demand for skilled labour. This set of conditions explains why poor households make use of child labour. The second set of conditions would be fulfilled if school costs are high, or if the return to schooling is low. The return to schooling is low if for instance, the quality of schooling is low or if the expected future demand for educated labour is low. Also a situation of high demand for unskilled labour, and consequently child labour, would satisfy this condition.
Baland and Robinson (2000) in a two period model framework show that parents weight the present discounted value of future income of an educated child against the forgone income of attending the school to decide whether the child should work or not. If the marginal return to education in terms of income is less than the opportunity cost in terms of income from child labour, parents send children to work. This situation may arise in equilibrium if parents are poor enough to have to use child’s income as a substitute for negative bequests (to transfer income from children to parents) or as a substitute for borrowing because of capital market imperfections (to transfer income from future to the present) since parents cannot borrow to regulate their consumption over time.

Bholtora (2001) investigates why children work, by studying the wage elasticity of supply of child labour. It is argued that negative wage elasticity favours the hypothesis of poverty. Her hypothesis finds that income effect of the wage change dominates the substitution effect, producing a forward falling labour supply curve or one that is negatively sloped at low wages. Ban on child labour may be undesirable in the short run unless households are compensated for the loss in income. So far child labour has been accepted in India because it fits into demand-supply framework. The demand comes largely in the form of wage employment in the industry or in domestic and commercial establishments, and in the agriculture sector. On the other hand, supply mainly comes from households who are living below the subsistence level.

Edmonds (2003) observes that child labour is the outcome of difficult household decisions. Parents weigh the cost of child labour against its return. The return to child labour is the additional income that child brings into its household. The cost of child labour include any direct health or weakening cost of child labour as well as the opportunity cost of
child labour depends on what the child would do in the absence of work. Children may attend the school or have more time to play, both of which may have immediate and long-term consequences for the welfare of children. Thus the model point out that child labour is a rational household decision. Child labour occurs because the return to work is relatively high or return to not working is relatively low.

**Social Norms**

Social norms have also been observed to affect socio-economic decisions such as adoption of new technology, fertility levels, mortality rate which, in turn, affect the decision of child labour.

Becker and Lewis (1973) confirm that an exogenous increase in fertility decreases child quality. Motivated by substantial empirical evidence on the negative correlation between fertility and income they formulated the idea that parents obtain utility from both quality and quantity of their children, depending upon the elasticity of substitution between quantity and quality of their children in parents utility function. This framework yields the important theoretical implication that individual may spend more on the quality improvement rather than on the increase of the quantity of their children as their income rises.

Chaudhri (1997) analyzed the incidence of child labour in India for the period 1961 to 1994. He concluded that there were four major reinforcing factors, which generated a vicious spiral resulting in pervasive and high incidence of child labour, such as:

(i) High fertility and infant mortality rates.
(ii) High rates of illiteracy and nonparticipation in school education.

(iii) Static and inferior technology attempting to survive in the face of technical progress and

(iv) Unequal trade partnership with weak background and forward linkages.

Bhalotra and Attfield (1998) in their study allow for the possibility that child workers are independent bargainers who influence the allocation of resources within the household. They used the data from contemporary rural Pakistan. Ignoring work status, there is no apparent gender differential in the allocation of resources. However, once work status is introduced into the model, they find that working boys acquire a larger share of household resources such as food and child-specific goods than do non-working (or dependent) boys. In contrast, working does not bestow any benefit upon girls. This may reflect differential preferences.

Andvig (2000) argues that if it were possible to change norms about what girls and boys should do, economic efficiency would improve. Social norms do seem responsive to economic change. For example, in Zimbabwe, as also in some other African countries, domestic servants were predominantly boys during the colonial era but now they are predominantly girls.

Deb P and Rosati (2002) used an econometric model of fertility and children's activities to examine the causal effects of fertility on child labour and schooling, taking into accounts the possible endogenous fertility. The sample of households for the study was drawn from the Human Development of India Survey (HDIS) conducted in India in 1994, carried out by the National Council of
Applied Economic Research, which is multi-purpose, nationally representative sample survey of rural India. It was found that households in which the oldest child was male had fewer children supporting the claim of gender bias in India. Households with more educated mothers had fewer children. Contrary to this, it was observed that household with educated fathers had more children probably the education of the father acted as proxy for income, being consistent with the findings that relatively richer households and those owning livestock had more children.

Lopez-Calva (2002), by using a modified form of the multiple-equilibrium model of Basu and Van (1998), explores the role of social norms relating to acceptability of child labour. Policy intervention in a model of this sort has the potential to solve coordination problems between households and switch the economy from equilibrium with child labour to an equilibrium in which children do not work.

**Labour, Land and Credit Market Imperfections**

Using insights from the literature related to educational investments, some authors have modeled child labour as arising from credit market constraints. Credit market failure means that not everyone can borrow as much as they like. Baland and Robinson (2000) in the context of an economy with poor households, describe child labour as arising as a result of the impossibility of inter-generational contracting. They show that a socially inefficient level of child labour can arise when bequests (transfers at death) from parents to children are zero or when credit markets are imperfect, even if parents are altruistic and child labour is socially inefficient. The conditions under which child labour tends
to arise are more likely to characterize poor rather than rich households. In the zero bequests case, child labour is a substitute for negative bequests, that is, a mechanism for transferring income from children to parents. In the imperfect credit market case, it is a substitute for borrowing, a mechanism for transferring income from the future to the present. Given this, it would appear that there is a case for banning child labour. The authors analyze the welfare implications of a ban. They show that while a ban may have the potential to raise welfare, it may be difficult to generate political support for it from richer sections of society.

Bhalotra and Heady (2003) explored that productive assets (like land) owned by the household play a dual role in being a source of wealth and, at the same time, offering the opportunity for productive employment. This generates opposing effects on child labour. It is important to recognize this in pursuing the results of available studies. It is also important for policy purposes, as it makes clear that the effects on child labour of land redistribution may be very different from the effects of income redistribution. Rural land redistribution holds the potential to be counter-productive and result in an increase in child labour, at least in the short run. Indeed, a remarkable fact that emerges from analysis of micro data for several developing countries is that, on average, the children of land-rich households are more likely to work and also less likely to be in school than the children of land-poor households. Since land is the most important source of wealth in agrarian societies and a substantial fraction of households do not own land, this challenges the commonly held presumption that child labour emerges from the poorest households.
Preference Heterogeneity in the Household

Moehling (1999) used nineteenth century data from the US and investigated the impact of child labour on the expenditure patterns of households. Dependent girls are in fact as heavily engaged in domestic chores as working girls are in more explicit forms of work, whereas working boys are in fact more active than dependent boys. Her results are mixed, depending upon the category of expenditure in question but there is overall support for the hypothesis that children’s share of family consumption is increasing with increasing child labour.

Basu (2001) shows that the relation of women’s power and child labour is, in general, non-linear. He argues that (a) men and women have different preferences within households and (b) the relative power of women in deciding how to spend household resources (including deciding on the level of investment in child quality) is increasing with increase in their earning power.

Parental Altruism

Basu and Van (1998) typically assume parental altruism in popular economic models of child labour. This assumption has far-reaching implications for policy. For instance, the effectiveness of income transfer programs targeted at child labour is conditional to the degree of parent altruism. Also, if parents are altruistic, it may be difficult to argue that the state is more so and, consequently, it may be difficult to justify legal interventions such as bans on child labour.

Baland and Robinson (2000) built a model of child labour to study its implications for welfare, assuming a trade-off between child labour and the accumulation of human capital. The study showed that even if parents were fully altruistic towards their children, child
labours would be Pareto inefficient. This implies that child labour is inefficient when the family is so poor that parents do not leave bequests to their children. Also, even if such bequests are made, child labour may be inefficiently high because parents face capital market imperfections, which stop their transferring the future reduction in bequest into the present. These results also extend to a situation of two-sided altruism, i.e. when children are simultaneously altruistic towards their parents. Analyzing child labour and fertility decisions, the study showed that a reduction in child labour had three effects: a negative income effect on the parents, an increase in the current period net cost of a child and an increase in the future value of the child. So the net effect of reduction in child labour is because of reduction in fertility an actual Pareto improvement.

Bhalotra (2001) in his research paper proposes a method of testing for altruism and presents results for rural Pakistan. The estimates decisively reject the null hypothesis of parent selfishness. The paper finds, however, that, parents spend less on children, other things equal, if they smoke. This is consistent with the addictive properties of tobacco. It is also consistent with fathers having different preferences than mothers, tobacco being a predominantly male good.

Bhalotra and Tzannatos (2003) found that micro-data from several developing countries reveal a surprisingly small effect of parental income on child labour and find a considerable prevalence of child labour amongst households that cannot be classified as subsistence-poor. These findings potentially challenge parent altruism because altruism predicts a negative effect of parental income on child labour, that is, larger the parental income, larger is the degree of altruism.
Rogers and Swinnerton (2003) extend Baland and Robinson model and show that in the presence of two sided altruism some households with higher income will send their children to school for fewer hours and work for more hours than households with lower income. In this framework the decision about transfers and bequests depends on the economic status of parents relative to their children. As the child has a strong preference for his own consumption, he makes transfers until his level of income is less than the income at which parents begin to make bequest, therefore there is a range where parents and children do not exchange transfer or bequest. As a result, household with low parental income receives positive transfers, middle parental income household has both transfers and bequests zero, and high parental income household has positive bequests. One of the main predictions of this model is that child labour could be zero for some low-income households that anticipate these transfers in the future and decide to educate their children more than some middle-income parents who do not anticipate such support.

**CHILD LABOUR AND CHILD SCHOOLING**

On child schooling, there is mainly two approaches to education. First is 'Colonial-Positivistic Approach' and second is 'Rationalist-Liberal Approach'. First approach believes that reality is material and governed by laws, which can be known by the human mind. The other epistemological premise asserts the inherent creative principal of human mind. The Colonial-Positivistic Approach is most vividly illustrated through a government primary school and the Rationalist-Liberal episteme is more evident in innovative schooling initiatives, mostly outside the government and so it being referred to as alternative. Instead of sending them to school, poor household views that household may enjoy two different types of
utilities. First of all, there may be utility from the additional income earning by sending children to work. Second they save the cost of schooling. At low level of income of the household, the utility of the household from earning income through child labour is positive; while that for attaining education for its children is negative. If the income of poor household increases, it will also gradually increase economic capacity to bear the cost of education of the children.

Jacoby and Skoufias (1997) by using the data for South Indian and Pakistani villages respectively find that children are taken out of school in response to household income shocks. Whether this is to join the labour market of unaffordability of school cost is inconclusive.

Moura (1997) has repeatedly defended basic education, estimated rates of return and criticized vocational and technical education. The classical criticism of vocational school is that they produce graduates with very narrow specialization. There is lack of responsiveness to market needs and vocational schools are said to be expensive also.

Patrinos and Psacharopoulos (1997) in their research using Peruvian data, revealed that child labour was not detrimental to schooling and also cited an interesting point that working actually makes it possible for the children to go to school. Presumably they were referring to the part-time work with which children had time to go to school. Hence, a restricted amount of child labour and schooling could be complementary as suggested by this study. This was especially true in rural areas and the urban informal sector where work hours were not rigid.
Psacharopoulos (1997) in his study, using household survey data from Bolivia and Venezuela, showed that, though working children contributed substantially to household incomes, the educational attainment of children who worked was significantly lower than that of non-working children.

International Programme on the Elimination of Child Labour (IPEC), Sri Lanka (1999), cited that Sri Lanka was an example of a poor region with lower levels of child labour where even in the 15-17 years age group only 9.9 per cent of the children were not attending school and only 25 per cent were working usually while attending school. In terms of the age category between 5 and 17 years, Sri Lanka had only 5.4 per cent and 3.3 per cent children who were respectively economically active and working in the household without attending school.

Dessy and Pallage (2001) show that child labour may also find origin in the lack of a coordination mechanism between firm's decisions to invest in skill based technologies and parent's decision to send their children to school.

Rao (2001) concludes that government should emphasis on quality rather than quantity. Most government initiatives towards education have focused primarily on the need to raise literacy rate, ignoring the vital quality aspect. The gap between policy statements and their actual implementation is too much. That holistic education, integrating different aspects and stages of education from early childhood to youth and adulthood has been reconciled as important-achieving not only the goal of education for all, but also, rather more importantly as an education that is meaningful, contributes to social development and lead to an improvement in quality of life of people and communities.
Padmanbhan (2002) throws light on the question of optimum allocation of resources to education and also makes explicit the inter-relationship within the educational system. There are three approaches, which need to be studied in detail, such as Social Demand Approach, Man Power Approach, and Rate of Return Approach. In first approach attempts are being made to improve the forecast for demand for education on the basis of growth in income and urbanization resulting from economic growth. In second approach, efforts are being made to investigate the manpower required on the basis of productivity changes in different sectors of the economy. According to rate of return approach, investment in education should take place to such an extent that the return from that investment is equal to the return from other kinds of investment in physical capital.

Raja (2003) found that poverty and economic activity were the important reasons for dropout/non-enrolment among children, though male children dropout rates were more dependent on these reasons in three districts of Andhra Pradesh. The economic activities included wage labour besides unpaid labour such as work on own farms, supporting the parents in their activities. The study concluded that while poverty appeared to have greater influence in the backward regions, economic activity seemed to play a vital role in the developed regions. This might have been due to the pull factors consequent to greater labour, especially during the peak seasons in the developed region.

Singh (2003) has reported that non-formal education can be one of the main planks of strategy for improving the lot of the street and working children. Flexible solutions have to be worked out so that this problem can be tackled without subjecting the families to further economic stress.
Tilak (2004) concludes that elementary education in India is neither free nor compulsory, free education is defined to refer to only tuition fee-free education. Free education may include provision of test book, stationary etc. But all these facilities are available only to a few students. So fully free and compulsory education is needed.

Emerson and Knabb (2006) presents a model in which opportunity differences within society result in child labour, where 'opportunity' is broadly defined but can include school quality, access to higher playing jobs, access to information about the returns to education and actual discrimination. If opportunity differences exist, child labour and poverty are shown to be symptomatic of this underlying socio economic condition. It has been further shown that policies that ban child labour and introduce compulsory education laws can actually reduce dynastic welfare; increase poverty and future exacerbate income inequality within society, because they treat the symptom rather than the disease, i.e. the lack of opportunity.

Chaudhri and Dwibedi (2007) investigate the efficiency of an education subsidy policy and a lump-sum tax on the richer people in controlling the problem of child labour. They suggest that incidence of child labour taken as whole has declined in the developing countries with economic growth due to foreign capital. They find that the on the whole a policy of subsidy on education is more effective in comparison with the policy of economic growth with foreign capital in prevalence of the evil in the system.

Das, S and Mukherjee (2007) uses household data level from National Sample Survey Organization (NSSO) of India, the 55th round (1999-2000), to show that for urban male children there exists significant wage incentive for schooling, though school drop out rate and child labour
incidence are not so small. The parent’s level of education plays an important role in reducing this tendency; thus establishing the linkages between social and human capital outcomes in the family.

**CASE STUDY OF CHILD LABOUR**

This section surveys case study on child labour. There are a large number of case studies of working children observed at their place of work, detached from their family background. While these studies have served the useful purpose of highlighting the working conditions of children, they are unable to address the question of why children work since this requires information on both working and non-working children and their household circumstances? With the recent growth in availability of large nationally representative household surveys for low income countries a new generation of work on child labour has emerged which has contributed to an increased understanding of the determination of child labour.

Cain (1977) based upon observation in a village in Bangladesh, estimates that boys are net producers by the age of 12 years. Looking at 10-14 year old ones in rural Pakistan, it has been observed that working boys contribute about one third of household wage income and girls about 15%.

Myers (1989) finds that the contribution of 5-14 year old children in Brazil is less than 10% for one third of household but lies between 10-30% for almost 50% of the sample.

Sharma and Mittar (1990), with the help of survey of 1LO households in the urban informal sector of Patiala in Northern India, find that children’s contribution is more than 20% in two thirds of households and one fifth of households get a contribution more than 40%. They also find that the proportion of households with per capita
income below the poverty line increases once children's earnings are excluded from household income.

Patrinos and Psacharpoulos (1997) observe that children in Paraguay contribute as much as one third of household income at certain times of the year. In Asuncion in Paraguay, 6% of households depended entirely on children earnings and 50% reported that child work contributed at least half of household income.

Kambhampti (1998) conducted a study to find out whether economic growth will lead to a decline in child labour. The analysis brings together household data from the National Sample of India and state level macro data from various sources to estimate a bivariate profit model analyzing the impact of growth and development on the probability of child employment across 15 states in India. His results lead to conclude that contrary to popular wisdom, growth actually increases rather than decreases child labour. Pro-poor growth however does help to reduce child labour significantly among both boys and girls. It is found that macroeconomic prosperity has a greater impact on girls than on boys and he concludes that this is because in India’s socio-cultural environment, girls are sent outside the home to work only in extreme circumstances. In this context, only improvement in these circumstances is likely to impact firstly the girls and later on the boys.

Swaminathan (1998) conducted a sample survey in the Northern Indian city of Bhavnagar and reveals that close to 60% of boys and girls contribute between 10% and 30% of household income.
Cigno, Rosati and Tzannatos (2001), on the basis of data pertaining to 35000 households provided by the National Council of Applied Economic Research (NCAER), concludes that child work is negatively correlated with household income, and that school enrolment was positively correlated with income. The children in the households with the highest income levels were less likely to work and be out of school, but Cigno et al (2001) did not conclude that poverty is at the root cause of child labour. Indeed, elsewhere in the Handbook on Child Labour, produced for the World Bank, argued that the NCAER survey established that the negative effect of household income on child labour supply tended to be small?

Devi and Meenakshi (2003) conducted a study on working children in Coimbatore city. They found that apart from poverty, there are other factors also playing a role in contributing to the increase in child labour. We need a multi-pronged strategy based on extensive research to fight this problem.

Dhillon and Malhotra (2003) conducted a study in Ludhiana district of Punjab. Three villages and three urban localities of Ludhiana district were selected and sample comprised 120 female domestic labourers. Majority of the female children were in the age group of 9-11 years and were illiterate. These children were engaged in domestic work like household cleaning, cooking, dishwashing, washing of clothes, childcare etc. The factors that forced female child labourers to join labour force were price hike, economically unsound, irregular income, large family size, drinking habit of the head of the family, chronic illness and forcefulness of parents.

Mitra (2003) said that legislations have failed to eliminate child labour in India. The child labour force is huge in India due to wrong
policies adopted by successive union governments. Poverty has been identified as a major factor compelling parents to send their children to work, lack of awareness and educational opportunity and ineffective enforcement of child labour related laws contribute to the existence and acceptance of this social evil. The improvement in the living and working conditions of parents and improvement in their economic conditions is considered crucial for the elimination of child labour.

Suguna (2003) pointed out that in poverty, the most vulnerable are the most exploited. Especially the group of girl child labour. She is treated as a commodity or a source of unpaid services in situation across the country. The ugliest form of her exploitation is sex labour in the metropolitans.

Dammert (2005) aimed at empirically testing the latest theories in which child labour has a non-linear relationship with household income. He is using data from the Peruvian living standard measurement and study adopting a multivariate nonparametric approach, with continuous and discrete covariates and cross-validation method for optimal bandwidths. The result reveals some interesting patterns not detected by parametric models. In particular, employment and school participation have a non-linear and constant relation with household income for low-income household. Once the household passes an income threshold, this relation is flat and near zero.

Jennings (2006) observed that there is an important dissonance in recent studies of children’s work between the global efforts to eradicate abusive form of child labour, on the one hand and, on the other hand, local settings where children’s work plays in social reproduction an important work, socialization and skill
acquisition. This research explores the reason for this dissonance by eliding both the global perspectives of children’s rights and local realities of children’s daily geographies. They also collect the data of child workers in Tijyana, Mexico to demonstrate the complex role that children’s work often plays in the daily geographies of young people.

Wabha (2006) examines the influence of adult market wages and having parents who are child labourers on child labour, when this decision is jointly determined with child schooling, using data from low adult market wages are key determinants of child labour; a 10% increase in the illiterate child labour by 22% for boys and 13% for girls. The findings also indicate the importance of social norms in the intergenerational persistence of child labour; parents who are child labourers themselves are on average 10% more likely to send their children to work. In addition, higher local regional income inequality increases the livelihood of child labour.

Choudhri and Dwibedi (2007) investigate the efficacy of an education subsidy policy and a lump-sum tax on the richer people in controlling the problem of child labour. They suggest that the incidence of child labour taken as whole has declined in the developing countries with economic growth due to foreign capital. They find that on the whole a policy of subsidy on education is more effective in comparison with the policy of economic growth with foreign capital in prevalence of the evil in the system.

**EFFECTS OF CHILD LABOUR**

Dessy and Pallage (2001) studied the economic effects of the existence of child trafficking. In this study, a simple theory of child trafficking based upon a two period model of rational agents was
developed. Parents, in the model, were altruistic; expected-utility maximizers, who decided on their children’s time use. A child’s time had two competing claims: leisure and work. This study pointed out that in an environment characterized by imperfect information over the outcome of children’s labour market participation; an imperfectly enforceable ban on child trafficking had two major effects. First it caused more parents to send their children to work (the law makes it safer for children to venture into the labour market). Second, depending upon the degree of imperfection of the enforcement mechanism, it could cause the incidence of child trafficking to rise. This analysis showed that the risk of child’s trafficking on the labour market acted as a deterrent to supply child labour, unless household survival was at stake. An imperfectly enforceable legislation aiming at fighting child trafficking, by raising the expected gains parents derived from sending their children to work, would lead to a rise in the number of child labourers.

Shelburne (2001) analyzed the stakes of the factor owners and identified the gainers and losers from child labour. Making use of a standard Heckscher-Ohlin Model with two goods and two factors (Capital and labour, but did not differentiate between skilled and unskilled labour), he showed that in a closed economy the originally employed factors gained collectively from instituting child labour, whereas in a small open economy none of the original factors experienced a change in welfare effects. Shelburne hypothesized that economics open to international trade were less likely to suffer from child labour. He further showed that this hypothesis could not be rejected by a cross-country regression including 103 countries. In this model capital gained unambiguously and labour lost from a closed economy, the reason being that child labour increased the relative labour endowment thereby decreasing the wage rate and
increasing the capital rental. In a small open economy, on the other hand, the factor price equalization mechanism worked implying that child labour incidence had no effect on factor remuneration. Even though the endowment effect might be sizable, it was mentioned that estimates of over 10 per cent of the labour force in some developing countries, a static analysis could not capture the consequences of the arguably much more significant long run losses associated with the fact that child labour always implied a loss in human capital investment.

Braun, S. (2006), tested that often-cited hypothesis that high levels of child labour attract foreign investors. He found strong evidence for the theoretical prediction that child labour deters FDI by slowing down economic development. Weaker evidence is provided to theoretical prediction that child labour can discourage FDI via its impact on the availability of skilled labour force in an economy. The data do not indicate that high levels of child labour drive down the factor share of labour, thereby increasing the attractiveness of an economy for foreign investors.

Mansoor (2006) observe that in spite of the superfluity of international laws prohibiting child labor there is irrefutable evidence of an increase in the problem, especially in the informal sector, which is easier to conceal. The extensive use of children as domestic labourers is one of the most hidden forms of child labour, which leaves vulnerable children at risk of psychological and sexual abuse and economic exploitation. He tries to explore the legal framework for the protection of child domestic labourers and analyses shortcomings in child labour legislation. He also highlights crucial issues relating to the impact of legislation on the situation of child domestic labourers who are working in the homes of their employers. It also examines the policy and response of the
International Labour Organization (ILO) in combating child domestic labour. It argues for the necessity of extending the scope of existing laws and advocates a comprehensive legal framework for their proper enforcement. These policies would strengthen the legal safeguards for the protection of the rights of child domestic labourers.

The above mentioned research studies have made the focus on child labour in various occupations and processes like carpet weaving, beedi making, agriculture sector, garages, slaughterhouses, street hawking etc. But no study has been conducted in Haryana for child labour in informal sector. Therefore, the present investigation will fill those gaps and would provide a holistic literature on child labour.