

# कालीन निर्यात संवर्धन परिषद्

# **CARPET EXPORT PROMOTION COUNCIL**

(Set up by Ministry of Textiles, Govt. of India)

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December 10, 2009

U.S. Department of Labor Office of Child Labor, Forced Labor and Human Trafficking Bureau of International Labor Affairs 200 Constitution Avenue, NW Washington, D.C. 20210

Re: Docket No. DOL-2009-0002: Initial Determination Updating the List of Products

Requiring Federal Contractor Certification Pursuant to Executive Order 13126, 74

Fed. Reg. 46794 (September 11, 2009)

Attn: Honorable Deputy Undersecretary Sandra Polaski

Dear Ms. Polaski:

The Carpet Export Promotion Council of India (CEPC or Council) hereby responds to the September 11, 2009, Federal Register notice by the U.S. Department of Labor (DOL) announcing an Initial Determination that DOL "preliminarily believes" carpets produced in India "might have been mined, produced, or manufactured by forced or indentured child labor." The Initial Determination is unjustified and the Council strongly urges DOL, and the Departments of Homeland Security and State, to exclude Indian carpets from any final determination.

Given its extensive record of collaboration with the DOL and the Council's ready availability as an information resource, as well as a successful review conducted by the U.S. Generalized System of Preferences (GSP) Subcommittee in 2008 of child labor in the carpet industry, including bonded labor (See 73 Fed. Reg. 38253 (July 3, 2008)<sup>1</sup>), in which both the DOL and State Department participated, the sudden announcement that the Indian carpet

<sup>&</sup>lt;sup>1</sup> The Office of the USTR stated at that time:

<sup>&</sup>quot;Concurrent with the 2007 Annual Review, the Administration completed a review of the steps taken by GSP countries to eliminate the worst forms of child labor, including bonded labor, in the production of seven categories of handmade carpet imported under the U.S. GSP program. Since becoming eligible for GSP in 2005, U.S. imports of these carpets from 23 GSP beneficiaries have grown from \$11 million in 2004 to \$119 million in 2007. As a result of the review, the Administration made no changes to the GSP eligibility of the carpets under review, but will continue to monitor these countries."

industry is under consideration for inclusion under Executive Order 13126 was highly unexpected. No attempt was made by the DOL to reach out to the Council, or to the Government of India, for updated information on ongoing successful initiatives to address child labor, including forced or indentured child labor, in advance of the issuance of the Initial Determination. This is all the more inexplicable since both the Council and Government of India have been engaged in an active dialogue with the Department on child labour, a common concern.

#### I. About the CEPC

The Council is well positioned to provide reliable and informed data and insights on the issue of child labor in the carpet industry in India. The CEPC was established in 1982 by the Government of India to promote the export of hand-knotted carpets and other floor coverings. The Council has been a success story, recognized for its aggressive promotional efforts as well as its support for and promotion of ethical business practices. In response to concerns about the incidence of child labor in the carpet-weaving industry, the Council has made it a primary goal to seek the eradication of child labor in India and has made steady and significant progress toward full achievement of that important goal. All 2,000 Council members adhere to a strict code of ethics and submit to an independent monitoring process, with every loom subject to registration and a random unannounced inspection process as a condition of export from India.

Since the 1990's, the Council has routinely represented the interests of its members before U.S. Government agencies, participating in proceedings under the U.S. GSP program and reviews conducted by the DOL, and voluntarily making its good offices available to the U.S. Government as part of various fact finding programs and initiatives to address needs in the carpet weaving regions of India, including efforts to address poverty and provide access to basic education.

#### II. The Initial List Does Not Conform With DOL's Own Criteria

The original list of products for which federal contractor certification is required, pursuant to EO 13126, was published on January 18, 2001 (66 Fed. Reg. 5353), following a preliminary list published on September 6, 2000 (65 Fed. Reg. 54108). Carpets from India were not included on either the preliminary or final lists issued by the Clinton Administration in 2000 and 2001.

The proposed updating of the List first issued by the Clinton Administration in 2001 to include Indian carpets appears to be on DOL's own initiative, not in response to any submission by any individuals or groups. Yet the Initial Determination does not conform with DOL's own guidelines, as set forth in the January 18, 2001, notice and in the current Initial Determination. The guidelines require the agency to:

Consider and weigh several factors including: 1) the nature of the information describing the use of forced or indentured child labor 2) the source of the information; 3) the date of the information; 4) the extent of corroboration of the information by appropriate sources; 5) whether the information involved more than an isolated incident; and 6) whether recent and credible efforts are

being made to address forced or indentured child labor in a particular country and industry.

A review of eight of the nine source documents listed in DOL's bibliography for Indian carpets<sup>2</sup> indicates that the nature of the information is largely general and does not consistently distinguish between family labor and forced or indentured labor. Further, in most instances, the information is dated and redundant rather than corroborative. Thus, the sources often cite one another (such as the 2001 Report on the Worst Forms of Child Labor that cites "Human Rights Watch estimates that there are 300,000 children working in the carpet industry, 270,000 of whom are bonded laborers" and the 2003 Anti-Slavery Society post that cites an undated assertion that "in India the South Asian Coalition on Child Servitude estimates that between 200,000 and 300,000 children are involved, most of them in the carpet belt of Uttar Pradesh in central India," allegations that are then repeated in some of the other articles relied upon by the DOL, such as the State Department Report for 2004, at page 45 "in the carpet industry alone, human rights organizations estimated that there were as many as 300,000 children working, many of them under conditions that amount to bonded labor."

In addition, it comes as a surprise that dated material has been selected for citation when more recent information is available, such as the reference to the State Department's 2004 Human Rights report, when the 2008 report is available and provides a current and more favorable assessment. The materials also include nebulous, non-specific statements such as "reportedly" and "widely believed." A more expansive discussion of these materials is provided as Annex 1 to these comments.

Most significantly, the DOL did not abide by its own guideline that it determine whether recent and credible efforts are being made to address forced or indentured child labor in the Indian carpet industry. Thus, in addition to disregard for the 2008 State Department Human Rights report, there is no indication that the DOL considered the written and meeting record developed just 18 months ago, as part of the GSP Subcommittee process in which the DOL participated. Nor is there any evidence that the DOL sought out any additional or even more recent and highly relevant information on the recent and credible efforts being made to address forced or indentured child labor in India's carpet industry. Had DOL reached out to the Council or to the Indian Government, the agency would have been able to develop a rich, solid and record that would not justify including the Indian carpet weaving industry on even its Initial Determination list, much less its final list. The Council provides that information now.

# II. Effective Measures Are Being Taken by the Council to Address Child Labor in India's Carpet Industry

Eradication of child labor and promotion of child welfare have been and remain priorities for India, and for the Indian hand-made carpet industry. This is reflected in the Indian constitution. Further, the Council has taken the lead in addressing and removing children from

<sup>&</sup>lt;sup>2</sup> The CEPC was unable to purchase the book by Kevin Bales, published in 2007, which is listed as the second reference work.

both illegal and legal labor.<sup>3</sup> Toward that end, the Council has a Code of Conduct with which all exporters must comply in order to maintain their right to export. A copy of the Code is attached as Annex 2. Under that Code,

- All looms must be registered with the Council.
- Only members in good standing may export and only carpets woven on registered looms may be exported.
- Members must commit that no child labor prohibited by India's Child Labor Prohibition & Regulation Act of 1986 will be employed.
- Council members may buy or sell carpets only to or from other Council members. It is the responsibility of the members to ensure that no order of manufacturing carpets is given to, nor raw material issued for, the weaving of carpets on a loom that has not been registered or has been subsequently de-registered.

#### A. Loom Inspection

Looms are subject to an inspection program, with the inspections conducted by an independent entity. The Academy of Management Studies, Lucknow (U.P.) which is a research based professional organization carrying out similar responsibilities for UNICEF, The World Bank, USAID – WIDTECH Project, UNDP – SAWERA Project, and STEP Foundation, Switzerland, conducts the inspections.

The current inspection program has been in place since April 2007. On an annual basis, 15 percent of the 200,000 looms are inspected. This necessitates the inspection of 30,000 looms annually. However, based on the Council's extensive experience with loom inspection, nearly half of the looms are generally found to be inoperative at the time of inspection. Thus, to achieve an inspection rate of 15 percent of the total registered looms, at least 30 percent of the registered looms, i.e., 60,000 looms, are to be inspected annually. Accordingly, the number of looms inspected every two weeks -- per fortnight – is actually about 2,500. Assuming that a village has around 20 looms, 250 villages are being inspected every month.

To assist the AMS, the Council has prepared a computerized list of the registered looms located in the six districts of the eastern Uttar Pradesh, which alone account for around 70-75 percent of the carpet manufacturing in the country. (However, the Council is soon going to start the registration of looms running in other districts / states and thereafter, their monitoring.) This list contains the names of the loom-owners, their fathers' names and the names of villages, tehsils and districts where these looms are located. For the purpose of selection of villages, the system of random sampling is used. Once a village is selected, all the looms situated in that village are covered by the inspectors.

<sup>&</sup>lt;sup>3</sup> Bonded and indentured labor and work by children under the age of 15 years outside the family setting is illegal.

For the inspection purpose, a structured questionnaire has been developed in Hindi. Registration details, job-order details and details about the workers present at the loom are collected through this questionnaire. Two well-trained inspectors work together as a team, and AMS is deploying six teams to carry out the loom inspection work. Due care has been taken to select such individuals for the job who are well versed with the local language and the customs of the area.

A unique method is adopted by the loom inspectors to detect the cases of hired child labour. First, they make a visual verification of the workers engaged in weaving at the time of inspection, in order to identify those who may be below 14 years of age. In all such cases, they further probe about the religion and caste of such a worker by asking his/her full name. If the religion and/or caste of the worker do not match with the religion and/or caste of the loom-owner, then, obviously there can not be any filial (family) relationship between them. Such cases are reported as those of hired child-labour. The inspectors adopt this indirect method because if they directly ask about the child's relationship with the loom-owner, there is a concern that they would be told that the child is a family member.

The loom inspectors are required to put an identification mark ("AMS") using marker pens on all the looms inspected by them. Further, the loom inspectors have distributed an 'Inspection Passbook' (supplied by the Council) to the loom owners after inspecting the loom. (These passbooks were first distributed in 2000.) The loom inspectors, after filling the inspection pass-book, put their initials on it and then, give it to the loom-owners. This passbook remains with the loom-owner and whenever this loom is inspected again, an entry is made into it. Thus, this passbook shows when was the particular loom last inspected and by whom.

Moreover, there is a system of back-checking wherein the AMS Field Officer revisits five percent of the inspection sites to cross-check and verify the inspection of looms. Such cross-checks built into the inspection mechanism adopted by AMS ensure the quality of their data/reports.

On the basis of the inspection work carried out, AMS is providing fortnightly, quarterly and annual consolidated reports to the Council. These reports provide detailed information on various aspects as given below:

- Which looms are working and which are non-working
- Whether loom registration certificates are being displayed on the looms
- Whether proper work-order is being given to the loom-owners
- Age-wise distribution of the workers observed to be engaged in weaving time of inspection
- The number of child workers in two categories, namely, family members and hired workers<sup>4</sup>

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<sup>&</sup>lt;sup>4</sup> The AMS survey distinguishes between family and hired labor. This is done by asking the full name of any child found to be working on the loom and thus, trying to ascertain his caste and religion. If his caste/religion is different from that of the loom owner, then he can not be a family member. Such cases are deduced to be hired workers. There is no alternative but to adopt this 'indirect' approach, because if the inspectors ask a direct question about the relationship, in all

Incidence of child labour [defined as non-family labor], his/her name and name of the
exporter whose carpet was being woven (based on the information provided by the loom
owners)

It is based upon the data collected most recently, for the period July 2009 through November 2009, that the Council has concluded that the incidence of illegal – hired -- child labor in the carpet weaving industry is currently approximately 1.1 percent.

While even that is not a number that satisfies the Council, it does represent a steady and substantial progression of reducing the incidence of child labor in the carpet weaving industry. Notably, in 1992, a survey conducted for the Government of India by the National Council of Applied Economic Research (NCAER) estimated that eight percent of the total workforce in the hand-knotted carpet industry was child labor. For the one year period April 2008 through March 2009, the incidence of hired child labor was determined to be 1.54 percent, while the inspections for the preceding one year period, April 2007 through March 2008, yielded a rate of 2.18 percent illegal child labor. Thus, while it cannot yet be stated that the problem is entirely eliminated, the inspection process is clearly indentifying a positive and very hopeful trend.

Inspection Program	2007-08	2008-09	2009-10 (July- Nov)
Total No. of Looms Inspected	50276	60000	25123
No. of Looms Found Working at the Time of Inspection	23443	24486	10936
No. of Persons Found Weaving at the Time of Inspection	41170	36699	19469
No. of Family Children Found Weaving at the Time of Inspection	876 (2.12%)	928 (2.52%)	450 (2.31%)
No. of Hired Children Found Weaving at the Time of Inspection	900 (2.18%)	566 (1.54%)	211 (1.08%)

	2007-08	2008-09	2009-10
Incidence of Family Child Workers	2.12%	2.52%	2.31%
Incidence of Hired Child Workers	2.18%	1.54%	1.08%
Total	4.30%	4.06%	3.39%

probability, they will be told that the child is a family member. The issue of forced or indentured child labor would be limited to those instances in which the child is hired, and is more difficult to detect, but hired child labor cannot be automatically equated with forced or indentured labor.

Notably, the most recent data reflects an expansion of the inspection program beyond the Indian state most recognized as the center of carpet weaving. Recognizing concerns that illegal labor may be migrating out of areas in which inspections are occurring, and in response to a directive from the National Level Steering Committee on Child Labour, discussed in greater detail below, the inspection program now encompasses not only the main Eastern Uttar Pradesh carpet belt, but also all the important carpet weaving centers in the country, such as, Srinagar and Baramulla in Jammu and Kashmir; Jaipur, Tonk and Sawai Madhopur in Rajasthan; Agra and Shahjahanpur in Uttar Pradesh; Panipat in Haryana and the like. A brief report on the outcome of the random surveillance of the carpet looms from July – Oct, 2009 is provided below:

Period	Name of the State	Total Looms Inspected	Looms Found Working	Total No. of Persons Seen Weaving	Hired Workers Below 14 Years	( It IIIAmai
July, 2009 to November,	Uttar Pradesh	14147	6043	9238	124	1.34%
2009	Rajasthan	10976	4893	10231	87	0.85%
То	tal	25123	10936	19469	211	1.08%

Moreover, the surveillance of looms in other states shall be started very soon to have an effective check on use of illegal child labor in the entire Indian Carpet Industry.

### B. <u>Council Enforcement Initiatives</u>

The next step in the inspection process is taking action against those loom owners who have failed to abide by the commitment not to use child labor. In this, the Council collaborates with the National Level Steering Committee on Child Labour (NLSC). This is a national level steering committee formed by the Government of India in 1995 to monitor the system of self-regulation for elimination of child labor (and it includes within its mandate all industries, not just the carpet industry). (The committee also supervises the utilization of a weaver welfare fund to which Council members have contributed, as discussed later.) The members of the NLSC are:

- **CHAIRMAN**: Development Commissioner (Handicrafts), Ministry of Textiles, Govt. of India.
- **Representatives of Indian NGOs**: Swami Agnivesh, Chairman, Bonded Labour Liberation Front; and Ms. Ela Bhatt, SEWA, Ahmedabad.
- Representatives of Central/State Govts: Representing Union Ministries of Labour & Commerce; Commissioner, Labour, Govt. of Uttar Pradesh and Commissioner, Varanasi Division, U.P.
- Representatives of International Organizations : Representing ILO UNICEF and UNDP:
- Trade Representatives: Chairman, Carpet Export Promotion Council (CEPC); Ist & 2nd Vice Chairman of CEPC; President, All India Carpet Manufacturers Association (AICMA); and President, Carpet Weavers & Loom Holders Front, Bhadohi
- **Member Secretary**: Executive Director-Cum-Secretary, CEPC.

The Council forwards the list of those loom owners who have defaulted on their commitment not to hire children to the specially created Child Labour Cell in the Government. Disciplinary action against the defaulters has followed. Thus, incidents of illegal child labor were duly reported to District Authorities for legal action, while those looms also were deregistered and the exporters permanently blacklisted, preventing them from exporting. (An unregistered loom would be blacklisted, precluding it from registering and being used to produce carpets for export; an exporter that is blacklisted or de-registered is not permitted to export.) AMS has compiled the following statistics of actions taken by the Council and NLSC as a direct result of the inspection reports prepared by AMS for the period April 2007 through September 2009:

Action	Quantity
No. of Looms inspected	1,24,572
No. of Looms found working	54,147
No. of hired child labour	1,607
No. of family child labour	2,082
No. of looms blacklisted	1,275
No. of Warning Letters issued to Loom Owners	62
No. of Warning Letters issued to Member-Exporters	36
No. of Member-Exporters de-registered	6

(Information on the prosecutions by the Indian Government is discussed separately, below.)

### C. <u>Educational and Family Welfare Initiatives</u>

The focus of efforts of the Council over the last five years has been on assisting families to achieve educations for their children, thereby freeing children from legal family labor as well. Through these efforts it is now far more likely the case that child labor in the family setting takes place after the child completes the school day, and not in place of schooling. Ultimately, the important tradition of learning to weave carpets should be part of vocational training, not just family settings so that children are assured the opportunity to be children.

Since the absence of educational opportunities in early childhood is a leading cause of child's entry into the labor market, the Indian Government has launched a massive program (known as Sarva Shiksha Abhiyan) for ensuring universal access to elementary education. This program was launched in the year 2001 and expects to attain universal elementary education in India by 2012. Besides creating a vast educational infrastructure to ensure a free primary school education within one kilometer of every habitation, the Government is also providing free midday meals to the students in these schools. There has been a continuous growth in the number of schools. The number of schools in the carpet producing districts has been steadily increasing:<sup>5</sup>

<sup>&</sup>lt;sup>5</sup> The data shown in the chart is from <a href="www.upefa.com">www.upefa.com</a>. See also <a href="http://www.upefa.com/upefa/detail.php?chk=menu&vlmid=92">http://www.upefa.com/upefa/detail.php?chk=menu&vlmid=92</a>.

<b>Sensitive Districts</b>	Total No. of	Total No. of	Total No. of Schools
	Villages	Schools (2005)	(2008)
Bhadohi	1224	1227	1394
Allahabad	2267	2915	4871
Jaunpur	3728	3019	3454
Varanasi	1594	1525	2239
Sonbhadra	1052	1520	2053

Thanks to the contributions of Council members, the Council is able to supplement the efforts of the Indian Government through its Weavers Welfare Fund (WWF). This fund is used for welfare activities for children in carpet weaving villages. These activities include a provision of free education including a mid-day meal, free text books, school bag, school dress, shoes and socks, vocational training for children and an assured stipend of Rs. 100/- per month to encourage children to attend school and medical care for weaver families. These activities are being properly implemented through carefully selected reputed non-governmental organizations. At present, a sum of approximately 54 million Indian Rupees is available in this fund. There are currently 22 schools in operation through the WWF. (The Council has run a total of 67 Schools, benefiting 3,216 children since 1996.) These schools are in the craft concentration areas of Eastern Uttar Pradesh i.e. Sonbhadra, Mirzapur and Allahabad. For such a school with 48 students, the cost funded by the WWF is 1,99,080.00 Rs each per year. A new budget agreed upon by the National Level Steering Committee will increase the per school budget to 2,25,456.00 Rs for 2010.

These welfare initiatives, particularly financial support for schooling, are providing a basis for families to permit their children to attend school rather than weave (or to both attend school and weave).

Further, since April 2007, the Government has started a health care insurance scheme for the Carpet Weavers and other Handicraft artisans, christened as Rajiv Gandhi Shilpi Swasthya Bima Yojana. Besides covering the health care costs up to Rs. 15,000/- per family per year, the scheme also provides an insurance cover of Rs. 1,00,000/- to cover accidental death/ disability of the insured artisan. The premium cost of the insurance scheme is being heavily subsidized by the Government so that the artisans belonging to weaker section of the society, have to pay a nominal premium of only Rs. 75/- per annum. The Government of India advises the Council that for an initial period of one week there will be no premium cost for the health scheme. The Council Members are extending full support to the Government in implementing this scheme and ensuring its benefits to the maximum number of carpet weavers in the country.

#### D. Council Promotions Against Child Labor

The Council recognizes that there must be support for eradication of child labor throughout the supply chain. Toward that end, the Council conducted two seminars on the "Crusade against child labor," on June 12, 2008, at Bhadohl, and on July 21, 2008, at Agra. At each program, attended by major exporters, manufacturers, government officials, and NGOs, the Council highlighted plans to expand loom registrations beyond UP, the SDI program to include weaving as vocational training to create skilled craftsmen, and a plan to achieve 100 percent eradication of child labor in 100 villages, to be followed by another 100 villages, etc.

The Council also has a labeling scheme, to recognize that its members abide by a code of conduct that prohibits child labor and to promote recognition of the value of eradicating child labor. Specifically, the Council established the Kaleen label in 1995, under which exporters who agreed to adopt the Council's Code of Conduct against illegal child labor were entitled to include the "Kaleen, Hallmark of Commitment" label on the rugs they exported. The Kaleen label is still used today to identify carpets woven on registered looms, providing evidence of the exporters' commitment to the Council's code of conduct.

#### **III.** Indian Government Initiatives

The Council is also well aware of numerous initiatives by the Government of India to both address the underlying causes of child labor and to take enforcement actions against those who violate Indian law and do not abide by the prohibition against child labor. Many of these initiatives have previously been presented to the U.S. Government, including during the course of the review conducted by the GSP Subcommittee last year.

For example, India's National Child Labor Projects (NLCP) Scheme, established in 1988 has expanded from its initial 13 districts to 250 districts. There has been a continuous growth in the number of government schools. Under this program, children are withdrawn from work and placed in special schools that provide "bridging education," including vocational training, midday meal, a stipend, healthcare facilities, and ultimately mainstreamed to the formal education system. As of mid-2009, there are approximately 9,000 NCLP schools in operation, with an enrollment of 450,000 children; 48,000 children have been mainstreamed to regular education.

A Central Monitoring Committee has been set up to supervise, monitor and evaluate the NLCP projects, with state, and district level committee to be set up as well, to track and monitor the strategy, develop a protocol of rescue, repatriation and rehabilitation of migrant and trafficked child labor, create awareness generation programs, and converge the various welfare schemes at the state level.

During 2008-9, under a "Grants-in aid" scheme, more than 100 voluntary organizations/NGOs were provided financial assistance of up to 75 percent of the project cost for implementing action-oriented projects for rehabilitation.

More than 1.21 lakh adult members of families with child labor have been provided employment by the State governments.

A Skills Development Initiative (SDI) has been launched to train 1 million persons on demand driven vocational skills over the next five years, and 1 million each year thereafter. Child labor and their families are target beneficiaries. With the International Labor Organization (ILO) as a partner, pilot projects have begun in selected "clusters," including the carpet sector in the Mirzapur-Bhadohi belt.

Notwithstanding reports by advocacy groups, some of which unfortunately may pursue an agenda guided in part by a determination to obtain publicity and funding, the Indian government is vigorously pursuing prosecutions of individuals and entities for violations of the child labor and forced and bonded labor prohibitions, and acting to compensate and rehabilitate

the victims. The most recent prosecution data available also demonstrates that convictions are being achieved in the carpet sector provides as follows:

Uttar Pradesh	2005-06	2006-07	2007-08	2008-09
No. of Prosecutions Launched	19	117	548	604
Amount Recovered (Rs in Lakhs)	4.98	5.57	15.83	32.82
No. of Convictions	25	28	79	164

Additional data, not limited to U.P. or to the carpet sector, covering the period through 2008, is provided in Annex 3. It must be noted, though, that under India's well-established judicial system, any person charged with an offense is assured the opportunity to defend him or herself. Thus, while the process may not be as swift as would be preferred, it certainly cannot be said that there have not been prosecutions and convictions.

#### IV. Conclusions

The Initial Determination against Indian carpets disregards entirely all that India and the Council have brought forward to the U.S. Government in just the last two years, and all that has been done in India to eradicate all child labor since 2001. Importantly, it takes no account of what DOL itself expressly noted in its publication, 2008 Findings of the Worst Forms of Child Labor, issued on September 10, 2009, at page xxxiv:

Despite increasing challenges, the Government[] of . . . India . . . demonstrated notable efforts [to address the worst forms of child labor] during the reporting period [2008].

No one will say that there is no child labor just as one could not say that in the United States. But India and the Council can and will say the incidents are the exception, that it believes firmly that it has achieved great success in ensuring that there is no forced or indentured child labor, and that there is a clear determination by the Council and by the Indian Government, including through poverty eradication programs and education programs, to achieve a zero rate of child labor.

The inclusion of Indian carpets in the Initial Determination creates an impression or suggestion that the situation has deteriorated in India since 2001 when the Clinton Administration issued the first list, which did not include any Indian product, and did not include Indian carpets. In fact, there has been and continues to be significant progress and commitment on the part of India and the carpet industry to eradicate child labor altogether. Indian carpets were properly excluded from the 2001 list and there is no basis to add them to this list now.

The Council does not anticipate that hand-made carpets will be the subject of any U.S. Government procurement plans. The Council has not come forward out of any concern that it will lose sales to a U.S. Government office as a result of the Executive Order. The concerns of the Council are much greater than that. The Initial Determination list, by broadly painting an entire industry as involved in illegal and abhorrent practices, effectively blacklists Indian carpets. No doubt U.S. buyers for the commercial market will take note of the Executive Order; indeed, some customers already have raised questions with the Council and Council members about the

Initial Determination and the implications for their businesses. That threatens to harm good law abiding companies and the artisans dependent upon the U.S. export market, a market that is already declining significantly because of the global economic crisis.

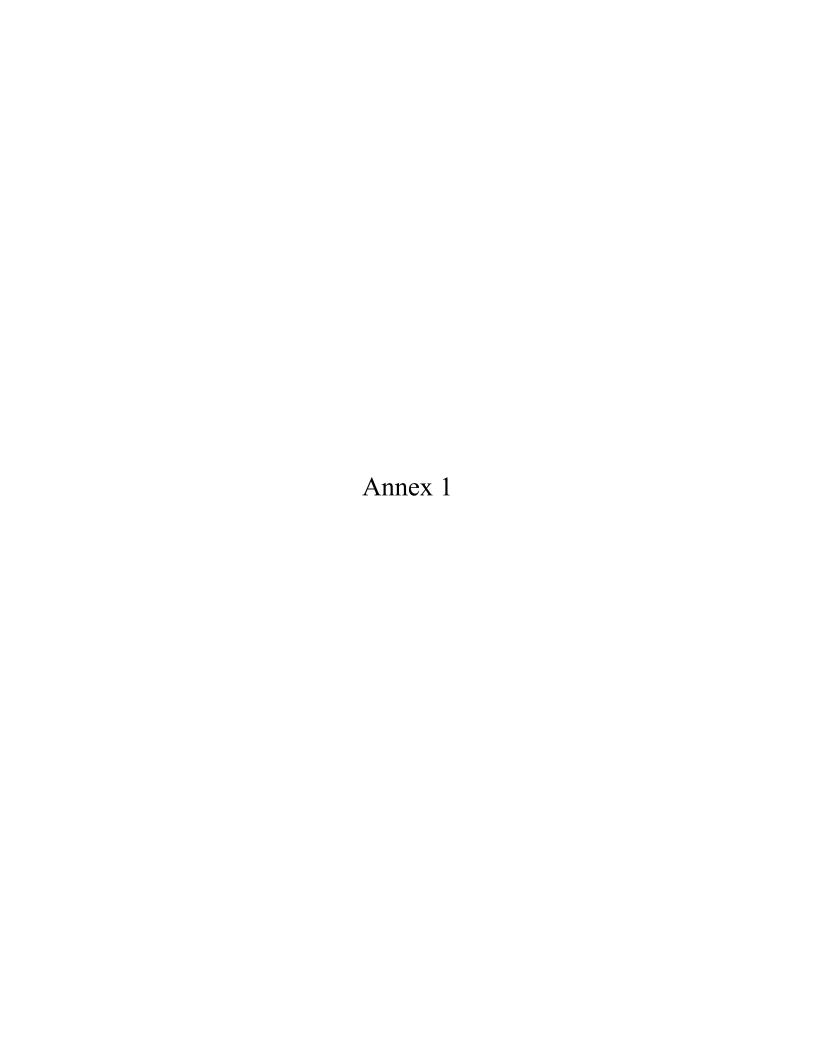
The Council respectfully urges the Department to recognize that under its own guidelines and in light of a record based on current data there is no justification for including carpets made in India on any list of products identified as produced by forced or indentured child labor. A final determination list excluding Indian-made carpets should be promptly issued.

Respectfully submitted,

Shiv Kumar Gupta Executive Director-cum-Secretary

Ashok Jain Chairman

Annexes attached



#### 1) AntiSlavery Society. *Bonded Child Labor*. Bradenton, 2003

A single page "article," from 2003, is presumably based upon pre-2003 information. A photo credit indicates the page is based on a Mission to South Asia by the Society's Secretary-General. It includes only the general statement: "Bonded labor and, in particular, bonded child labor, exists in Pakistan, India and Nepal. These children, known in India as peyjolis and kuthias, are, in effect, the slaves of feudal landowners or carpet loom masters."

There does not appear to be a link to any in-depth report.

2) Bales, Kevin. Ending Slavery: How We Free Today's Slaves. University of Berkeley, 2007.

Academy of Management Studies Lucknow advises that this book covers slavery in a variety of countries. Child labour in Indian carpet industry is not highlighted anywhere in the book. It is unclear why this book serves as support for proposing to include Indian carpets on the Executive Order list.

Even when it refers to the problem of slavery in India, reference has mostly been made to the problem of bonded labour in general. The book is critical of enforcement of India's laws against bonded labor, asserting "To my knowledge, of the hundreds of cases prosecuted, no convicted slaveholder has ever served prison time."

3) Free the Slaves. Recovering Childhoods. Combating Child Trafficking in Northern India.

This is a report from Free the Slaves, October 2005, based on September-November 2004 research. The summary says the worst forms of child labor have become normalized, and communities seem unable to withdraw their consent to give up children to become slaves. The report says researchers found slave labor in the carpet industry. The also notes, at page 36, "there is some progress in eliminating bonded labor in industries such as carpet making and brick kilns. This is partly the result of the National Child Labour Eradication Programme (NCLP)." But it contends that the problem is moving to other districts. [The CEPC notes that it has expanded its registration and monitoring programs beyond the traditional carpet weaving areas as well.]

4) Global March Against Child Labour, Report on the Worst Forms of Child Labour. New Delhi, 2001.

This report was compiled by Global March Against Child Labour in the year 2001. This organisation was founded in 1998 and Mr. Kailash Satyarthi is its chairperson. [CEPC notes that Mr. Kailash Satyarthi, through one of his organisations, filed a lawsuit before Allahabad High Court, wherein they submitted that they formed a Child Labour Vigilance Committee which visited 106 villages of the districts of Allahabad, Mirzapur, Sonebhadra and Bhadohi and found that as many as 5,118 child laborers had been employed in the carpet industry and looms. However, upon enquiry of the matter, the allegations were found to be altogether baseless. The facts and data quoted in the suit were also found to be untrue and the petition was rejected by the High Court in May 2008.]

No independent research study has been undertaken for arriving at the facts mentioned therein. It is just a compilation of information from various sources. Moreover, figures relating

to bonded child labour in the carpet industry have been cited from reports that were relevant at the time the report was compiled, but are dated in the present context.

5) Hyde, J. & Bales, K. Physical and Mental Health Aspects of Rehabilitating Children Freed from Slavery, 2006

Going well beyond India, although citing children working carpet looms, it is largely anecdotal examples. With respect to India, the article states, at page 22, "The majority of children at Mukti Ashram had been engaged in, **and were presumed to have been enslaved** in, domestic servitude, the carpet industry, brick making, and agriculture." [Emphasis added.]

6) Global Alliance Against Forced Labour, Geneva, Switzerland, 2005

Although the report portrays a high incidence of bonded labour in the carpet weaving industry of India, it fails to state the veracity or potency of these sources. The report relies heavily on third-party researches, NGO data and likewise small scale surveys but no such indepth investigation is available for the same. For example, at page 33, paragraph 146, it states "India's carpet-weaving industry reportedly has a high proportion of children working in conditions of severe bondage," and acknowledges that "Recent studies thus contain widely varying estimates of bonded labour." It does not provide specific evidence. At several places, the report quotes complaints about inadequacy of data on forced labour and lacks a detailed sector specific analysis on the issue of bonded labour.

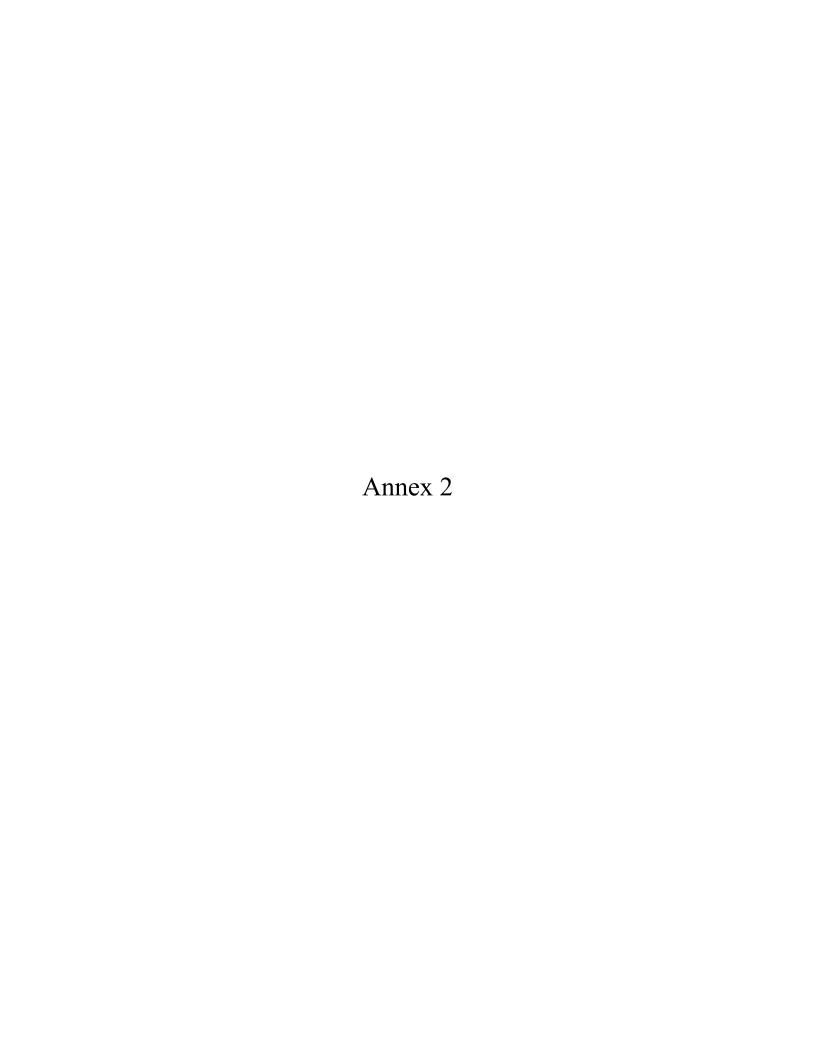
The report applauds the Indian Government's efforts in the allocation of grants upon the identification of bonded labourers. It also highlights that the Government's policy sought convergence with other rehabilitation schemes in order to abate the levels of bonded labour.

7) National Human Rights Commission, Report of Shri Chaman Lai, Special Rapporteur, Visit of September 2-7, 2005, New Delhi 2006.

This report reviews the Child Labour and Bonded Labour situation in UP for the period 1.4.2004 to 30.6.2005, with focus on the districts of the carpet-weaving belt. The report clearly acknowledges a number of positive measures taken by the state government for addressing the issues of child and bonded labour.

8) Srivastava, R., Bonded Labor in India: Its Incidence and Pattern. ILO, Geneva, 2005

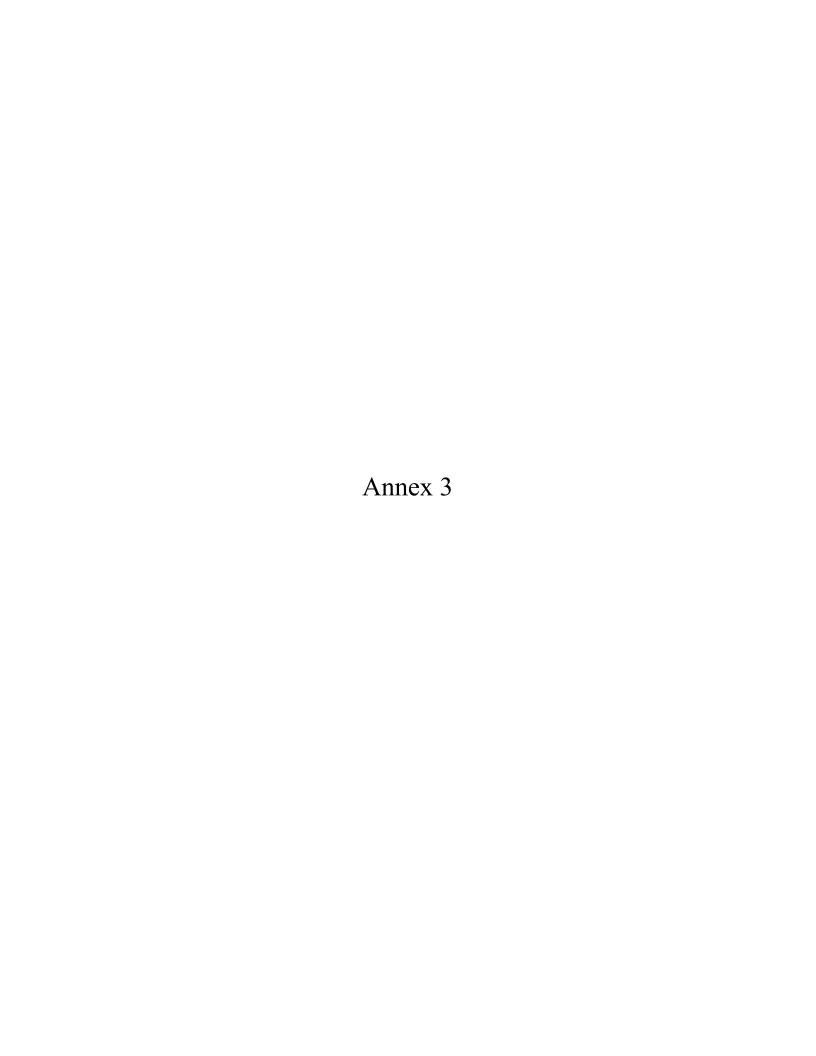
The authors admit that this paper is based on "search of the recent literature on bonded labour, compiling evidence from academic sources, the Government of India, the National Human Rights Commission, other human rights organisations, non-governmental organisations and press reports." They have stated that "not all sources of information are necessarily covered....the researchers were not able to travel to individual states." With respect to corroboration of the authenticity of the sources cited, footnote 4 of the paper states that "this has been largely through the personal judgement of the researchers, as it was not possible to seek to independently verify each and every report." Perusal of the paper indicates that in a number of instances the sources cited are dated; some are more than a decade old.



### CARPET EXPORT PROMOTION COUNCIL

# CODE OF CONDUCT FOR THE MEMBERS OF THE CARPET EXPORT PROMOTION COUNCIL

- 1. It will be responsibility of the Members to ensure that in their premises no child labour prohibited by the Child Labour (Prohibition & Regulation) Act,1986 is employed. It will also be their responsibility to ensure that no order for manufacturing carpets/dhurries is given to nor raw material issued for weaving of carpets/dhurries on the loom which has not been registered or has been subsequently de-registered.
- 2. In case it is found that any member of the Council is getting carpet/dhurry woven on a loom which has not been registered or has been de-registered then this will be a violation of the Code of Conduct and action will be taken against the defaulting member.
- 3. A Council Member or Associate Member of the Carpet Export Promotion Council can buy or sell, for the purpose of trading, carpet/dhurries only from/to other Council Member or Associate Member of the Carpet Export Promotion Council.
- 4. In case of violation of the Code of Conduct, a Show-Cause Notice will be issued to the members by giving him/her an opportunity to explain the circumstances under which the violation has been made.
- 5. The explanation so received will be placed before the Committee of Administration to enable it to decide action to be taken in respect of that violation.
- 6. In case a member is found guilty of violating any of the terms of the Code of Conduct of more than two occasions, the Secretary, Carpet Export Promotion Council will put the case before the Committee of Administration for a decision regarding de-registration of such members.
- 7. It will be the responsibility of each member to ensure strict compliance of the Code of Conduct.
- 8. The Code of Conduct shall apply to all members of the Council including Associate Members.



# CHILD LABOUR IDENTIFICATION/REHABILITATION (EDUCATIONAL/EMPLOYMENT) & LEGAL ACTION DURING 1997-98 up to January 2009

So. No.	Subject	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Progressive after 10-12-1996 to January 2008
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Identified Child Labourers (i) Hazardous	32498 15137	[8939 9452	2879 2021	2053 763	3865 1047	1606 448	3900 860	4 0	1622 254	3963 2513	7911 5421	5527 4223	84766 42138
	(ii) Non-Hazardous	17361	9487	858	1290	2818	1158	3040	4	1368	1450	2490	1304	42628
2	No. of Employers	4461	3519	311	180	[200	326	738		109	688	1890	642	14064
3	No. of R.C Issued		3921	1536	582	478	265	330	61	61	192	592	614	8632
4	No. of Prosecution launched	3683	563	1217	587	955	196	399	31	19	117	548	531	8846
5	Amount Recovered (In Lakh)	_	17.17	25.94	20.42	19.08	6.91	7.78	5.41	4.98	5.57	15.83	24.47	153.56
6	No. of Child Labourers enrolled	10547	20899	3965	8307	7163	2260	2369	1232	708	1251	5323	5275	69299
	(i) Hazardous (ii) Non-Hazardous	7123 3424	7393 13506	2199 1766	3556 4751	2862 4301	737 1523	435 1934	316 916	48 660	245 1006	3425 1898	4080 1195	32419 36880
7	No. of Families	11938	6997	1005	325	1780	1304	880	_	159	1344	3841	3293	32866
8	Employment given to Families	501	1598	167	1335	951	42	78	290	75	128	388	384	5937

# INSPECTIONS CONDUCTED

Name of State /UT	97-98	98-99	99-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	TOTAL
1 Andmn & Nico I.U.T.	0	2	5	9	9	11	14	23	330	191	261	855
2 Andhra Pradesh	41159	13018	18176	36351	37819	16218	29355	14736	11220	53843	17380	289275
3 Arunachal Pradesh	0	0	0	0	0	0	36	199	199			434
4 Assam	4110	2950	1699	356	1768	1633	1888	497	3506	1410	6283	26100
5 Bihar	11899	9560	14313	11684	48415	48276	36835	22800	19984	20542		244308
6 Chandigarh U.T.	0	0	0	0	624	458	711	1123	994	1454	908	6272
7 Chhattisgarh	3480	2880	580	335	608	896	966	1427	1217	3648		16037
8 Dadra & Nagar H. U.T.	51	58	62	65	65	67	69	70	71	69		647
9 Daman & Diu U.T.	180	500	450	470	490	215	310	405	365	150	378	3913
10 Delhi U.T.	16424	1500	1671	1304	1609	1482	1017	1400	1020	1446	2587	31460
11 Goa	1990	168	6	43	20	0	218	147	387			2979
12 Gujarat	2985	2657	2210	3438	600	1002	323	47	1624	3636		18522
13 Haryana	49	150	126	36	1985	2817	2830	1200	1136	3302	4630	18261
14 Himachal Pradesh	0	0	0	0	1558	1843	1749	1096	2072	2287	2986	13591
15 Jammu & Kashmir	0	3	119	657	530	842	2393	600	1481	4378	4686	15689
16 Jharkhand	0	0	0	0	3005	3096	4086	3355	2635	1704		17881
17 Karnataka	5213	9926	12009	19189	20240	18616	17427	16253	27601	39658	15441	201573
18 Kerala	1112	2343	136	0	1307	3400	1140	4414	5874	6073	6570	32369
19 Lakshadweep U.T.	0	0	0	0	0	0	0	0	1	0	0	1
20 Madhya Pradesh	8641	8106	963	1073	3392	3381	1101	5319	5360	5317	5817	48470
21 Maharashtra	10095	15621	14194	5550	66276	15979	18214	27228	24965	27351	3171	228644
22 Manipur	0	0	0	0	88	92	134	244	241	195	77	1071
23 Meghalaya	328	193	216	185	228	242	205	229	299	425	211	2761
24 Mizoram	0	0	0	0	0	0	0	0	0	0		0
25 Nagaland	0	0	0	0	5948	6115	6681	5750	0	5871		30365
26 Orissa	373	314	192	174	231	167	163	239	153	2071	973	5050
27 Pondicherry U.T.	9355	8604	8910	12941	12745		12497	17494	15291	16590	22170	136597
28 Punjab	2290	1934	2466	1810	3729	3128	4725	4946	5737	9432	12664	52861
29 Rajasthan	832	1524	2946	829	13430	6019	3603	2832	3350	6090	7735	49190
30 Sikkim	0	0	0	0	10	14	18	21	32	40	70	205
31 Tamil Nadu	117875	122769	140465	247156	215227	184948	132619	120265	121166	220667	204374	1827531
32 Tripura	270	35	77	10	153	334	336	844	898	157		3114

33 Uttar Pradesh	0	0	0	0	1677	2058	8496	3	1926	3807	6432	24399
34 Uttarakhand	25654	3608	4581	956	1099	525	2589	847	2178	2101	493	44631
35 West Bengal	23785	14433	15697	535	8067	5851	6517	5000	3722	3821	2020	89448
Total	288150	222856	242269	345156	452952	329725	299265	261053	267035	447726	328317	3156187

# VIOLATIONS DETECTED

Name of State /UT	97-98	98-99	99-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	TOTAL
1 Andmn & Nico I.U.T.	0	6	19	17	9	11	14	23	0	0	0	99
2 Andhra Pradesh	15025	3011	2948	8317	7617	8398	16395	9211	8099	53843	17380	150244
3 Arunachal Pradesh	0	0	0	0	0	0	0	13	13			26
4 Assam	159	35	13	18	116	119	38	48	1	0	3	550
5 Bihar	987	504	581	548	3719	6065	5431	4332	3488	2514		28169
6 Chandigarh U.T.	0	0	0	0	0	0	0	0	0	0	2	2
7 Chhattisgarh	386	91	6	44	24	104	0	4	10	19		688
8 Dadra & Nagar H. U.T.	0	0	0	0	0	0	0	0	0	0		0
9 Daman & Diu U.T.	0	0	0	0	0	0	0	0	0	0	0	0
10 Delhi U.T.	552	26	20	0	207	98	209	243	273	313	338	2279
11 Goa	35	0	0	0	0	0	0	0	0			35
12 Gujarat	207	157	29	95	36	7	177	320	1217	149		2394
13 Haryana	0	0	0	1	52	15	42	40	0	201	105	456
14 Himachal Pradesh	0	0	0	0	4	0	0	0	0	0	0	4
15 Jammu & Kashmir	0	0	6	25	16	5	9	2	1	64	61	189
16 Jharkhand	0	0	0	0	101	103	444	528	82	67		1325
17 Karnataka	127	4849	694	773	1079	350	1508	1434	2405	3962	2207	19388
18 Kerala	45	267	247	0	0	1	29	22	20	23	5	659
19 Lakshadweep U.T.	0	0	0	0	0	0	0	0	0	0	0	0
20 Madhya Pradesh	800	146	10	97	51	35	28	54	37	150	58	1466
21 Maharashtra	316	133	123	5	1390	291	124	70	117	399	67	3035
22 Manipur	0	0	0	0	0	0	0	0	0	0	0	0
23 Meghalaya	0	0	0	5	0	0	0	0	0	0	0	5
24 Mizoram	0	0	0	0	0	0	0	0	0	0		0
25 Nagaland	0	0	0	0	0	0	0	0	0	0		0
26 Orissa	352	128	19	62	135	110	162	177	120	449	492	2206
27 Pondicherry U.T.	0	0	0	0	0	10	0	0	0	0	0	10
28 Punjab	22	8	3	3	16	0	29	9	24	172	206	491
29 Rajasthan	0	0	0	0	521	26	8	12	0	19	26	612
30 Sikkim	0	0	0	0	0	0	0	0	0	0		0
31 Tamil Nadu	1908	496	343	68	887	791	575	553	1434	636	445	8136

32 Tripura	11	0	0	0	0	0	0	0	0	0		11
33 Uttar Pradesh	4069	170	1261	323	947	493	860	0	246	2513	5421	16303
34 Uttarakhand	49	0	37	4	19	8	0	0	0	2	302	421
35 West Bengal	859	1236	1239	53	149	94	96	78	36	112	48	4000
Total	25909	11263	7598	10458	17095	17134	26178	17173	17622	65607	27166	216037

# PROSECUTIONS LAUNCHED

Name of State /UT	97-98	98-99	99-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	TOTAL
1 Andmn & Nico I.U.T.	0	0	0	0	0	0	0	0	0	0	0	0
2 Andhra Pradesh	11770	3011	1576	756	7617	3568	4870	1212	6124	9228	3104	52836
3 Arunachal Pradesh	0	0	0	0	0	0	24	11	11			46
4 Assam	0	0	0	0	0	0	12	0	1	0	0	13
5 Bihar	72	334	234	49	315	398	385	259	147	284		2477
6 Chandigarh U.T.	0	0	0	0	0	0	0	0	0	0	8	8
7 Chhattisgarh	357	91	6	44	24	104	0	4	10	19		659
8 Dadra & Nagar H. U.T.	0	0	0	0	0	0	0	0	0	0		0
9 Daman & Diu U.T.	0	0	0	0	0	0	0	0	0	0	0	0
10 Delhi U.T.	552	26	20	0	101	36	66	74	253	187	274	1589
11 Goa	35	0	0	0	0	0	0	0	0			35
12 Gujarat	166	76	20	62	11	7	29	106	23	270		770
13 Haryana	0	0	0	1	50	11	38	13	0	0	2510	2623
14 Himachal Pradesh	0	0	0	0	0	3	1	0	0	0	3	7
15 Jammu & Kashmir	0	0	6	8	16	5	9	2	17	60	61	184
16 Jharkhand	0	0	0	1	19	42	76	153	27	4		322
17 Karnataka	37	109	297	730	992	300	2781	612	1078	3235	473	10644
18 Kerala	4	18	0	0	0	1	0	1	1	1	1	27
19 Lakshadweep U.T.	0	0	0	0	0	0	0	0	0	0	0	0
20 Madhya Pradesh	800	146	10	97	51	35	28	54	37	150	58	1466
21 Maharashtra	9	30	27	6	16	291	83	32	84	54	23	655
22 Manipur	0	0	0	0	0	0	0	0	0	0	0	0
23 Meghalaya	0	0	0	5	0	0	0	0	0	0	0	5
24 Mizoram	0	0	0	0	0	0	0	0	0	0	0	0
25 Nagaland	0	0	0	0	0	0	0	0	0	0	0	0
26 Orissa	8	129	27	134	1	1	1	5	1	73	145	525
27 Pondicherry U.T.	0	0	0	0	0	10	0	0	0	0	0	10
28 Punjab	39	5	2	0	6	0	38	9	20	129	176	424
29 Rajasthan	891	601	29	50	20	55	0	7	13	22	26	1714
30 Sikkim	0	0	0	0	0	0	0	0	0	0	0	0
31 Tamil Nadu	627	1718	367	202	134	317	282	185	415	603	218	5068

32 Tripura	5	0	0	0	0	0	0	0	0	0		5
33 Uttar Pradesh	4069	170	1261	323	311	321	399	31	19	117	548	7569
34 Uttarakhand	49	0	28	6	1	3	0	0	0	0	6	93
35 West Bengal	6	5	62	0	5	0	0	0	0	7	2	87
Total	19496	6469	3972	2474	9690	5508	9122	2770	8281	14443	7636	89861

# CONVICTIONS

Name of State /UT	97-98	98-99	99-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	TOTAL
1 Andmn & Nico I.U.T.	0	0	0	0	0	0	0	0	0	0	0	0
2 Andhra Pradesh	5619	3594	857	592	1365	1365	2158	1109	620	0	0	17279
3 Arunachal Pradesh	0	0	0	0	0	0	0	0	0			0
4 Assam	0	0	0	0	0	0	0	0	0	0	1	1
5 Bihar	0	2	1	0	0	0	0	0	0	0		3
6 Chandigarh U.T.	0	0	0	0	0	0	0	0	0	0	2	2
7 Chhattisgarh	2	2	0	0	0	0	0	0	0	0		4
8 Dadra & Nagar H. U.T.	0	0	0	0	0	0	0	0	0	0		0
9 Daman & Diu U.T.	0	0	0	0	0	0	0	0	0	0		0
10 Delhi U.T.	236	11	10	0	0	0	0	0	10	29	8	304
11 Goa	0	0	0	1	2	4	0	0	0			7
12 Gujarat	3	0	12	0	0	5	0	0	2	270		292
13 Haryana	0	0	1	0	46	23	18	3	2	3	308	404
14 Himachal Pradesh	0	0	0	0	0	3	1	0	0	0		4
15 Jammu & Kashmir	0	0	0	0	0	1	0	0	3	1	11	16
16 Jharkhand	0	0	0	0	29	7	1	11	0	0		48
17 Karnataka	2	2	36	122	95	78	79	80	139	170	0	803
18 Kerala	2	2	2	0	0	1	0	0	0	0	3	10
19 Lakshadweep U.T.	0	0	0	0	0	0	0	0	0	0	0	0
20 Madhya Pradesh	0	106	19	19	0	17	66	16	5	5	14	267
21 Maharashtra	6	0	4	5	6	0	8	4	12	7	0	52
22 Manipur	0	0	0	0	0	0	0	0	0	0	0	0
23 Meghalaya	0	0	0	0	0	0	0	0	0	0	0	0
24 Mizoram	0	0	0	0	0	0	0	0	0	0	0	0
25 Nagaland	0	0	0	0	0	0	0	0	0	0		0
26 Orissa	0	0	1	1	5	0	0	0	1	0	2	10
27 Pondicherry U.T.	0	0	0	0	0	0	0	0	0	0	0	0
28 Punjab	0	12	20	1	2	0	30	16	17	23	46	121
29 Rajasthan	125	168	102	67	106	57	1501	15	6	26	15	2188
30 Sikkim	0	0	0	0	0	0	0	0	0	0		0
31 Tamil Nadu	63	120	224	91	75	108	68	137	80	434	295	1695
32 Tripura	0	0	0	0	0	0	0	0	0	0		0

33 Uttar Pradesh	15	106	38	51	57	23	0	10	40	19	46	405
34 Uttarakhand	0	0	3	1	2	4	0	0	0	0	0	10
35 West Bengal	0	0	3	0	0	0	0	0	0	0	0	3
Total	6073	4125	1333	951	1790	1696	3930	1401	937	987	751	23223