

# Can Conditional-Cash Transfers Help Combat Child Labour?



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| Neha Maria Benny



Commentary

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## DEFINING CHILD LABOUR

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Child labour involves the engagement of individuals aged five to fourteen in work, a range ostensibly banned by Indian law, and remains a pervasive issue. India has the highest number of child labourers globally, with an estimated 11.7 million children engaged in hazardous occupations and processes, constituting 4.5% of the children in the 5-14 age group (National Census Survey, 2011). Increases in child labour post the COVID-19 pandemic underscore the insidious side of domestic and global supply networks. This issue brief explores the persistent challenge of child labour in India and scrutinises the legislative framework, particularly for adolescents engaged in non-hazardous work. The latter part of the brief explores Conditional Cash Transfer (CCT) programs as potential solutions through a brief review of CCT schemes in India and their impact on incentivizing education to reduce child labour.

## CURRENT LEGAL FRAMEWORK IN INDIA AND ITS CHALLENGES

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Despite several prohibiting laws, India's legislative framework on child labour has considerable gaps. The 2016 amendment to the Child and Adolescent Labour Act prohibits employment for children under 14 and restricts adolescents (14-18 years) from hazardous occupations and processes. However, it allows those above 14 to work in non-hazardous roles in family businesses and the entertainment industry (excluding circuses) to "strike a balance between education and the socio-economic reality of the country" (Nanda, 2016). While introducing the concept of adolescent labour, the amendment overlooks the significant population of children in India involved in family or household-based industries where compensation is on a piece-rate basis. Additionally, it disregards the evident connections to caste and social groups, with a substantial number of children engaged in home or farm-based labour belonging to educationally disadvantaged groups, including Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Castes (OBC), and Muslims (Jha, 2021). In this manner, it provides weaker protection than international instruments (Nanda, 2016; ILPI, 2016).

The garment industry, where a significant portion of child labour occurs in home-based enterprises, faces implementation challenges due to the legislation's ambiguous nature, revealing legal inefficiencies (Mukhopadhyay et al., 2020). The amendment perpetuates a cycle where those aged 14 to 18 may end up in low-paying jobs instead of school, relying on fragmented welfare schemes for support throughout their lives (Save the Children, 2015). Vulnerable communities facing exploitation in various industries are most susceptible to this crisis (KSCF & Games 24x7, 2023).

Under the Ministry of Labour & Employment's National Child Labour Project (NCLP) Scheme for rescuing and rehabilitating child labourers aged 9-14, in 2021-22 and 2022-23,

18,137 and 13,761 children were respectively rescued, rehabilitated, and integrated into mainstream education. Poverty alleviation and employment programs by various ministries have supported parents of child labourers, enhancing family income and enabling working children to attend school (PIB Delhi, 2023). Despite these efforts, gaps in implementation persist, with child labourers often falling through the cracks.

## THE RECENT RISE OF CHILD LABOUR

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According to the latest ILO estimates, over 160 million children engaged in labour in 2020, with household economic vulnerability being a significant factor post-pandemic. Poor households lacking resources and access to credit markets often make inefficiently low investments in children's education, resorting to child labour due to income losses (ILO, 2020).

The prevalence of child labour extends beyond traditional sectors like agriculture and includes industries such as bidi production, brassware, fireworks, and the garment industry. Children in the garment industry, often engaged in non-factory and unorganised sectors, face economic pressure and a lack of interest in education, driving them into employment (Save the Children, 2015). Households facing economic hardship often compel children to work for survival or to contribute to family income. Parental illiteracy, prevailing social norms, and a lack of accessible schools often exacerbate the economic conditions that drive children into labour. Child labour might temporarily boost household income, but it sustains poverty by hindering the accumulation of human capital (Mukhopadhyay et al., 2020). Conflicts, droughts, and natural disasters further contribute to these challenges.

Notably, out-of-school and irregularly attending children face increased vulnerability, and girls from socially disadvantaged groups are particularly at risk of being compelled into work (Jha & Jhingran, 2005). Children from underprivileged families in the production process often join as helpers after school hours, ultimately abandoning their education to work full-time.

Child labour results in severe physical and psychological health issues, contributing to a cycle of poverty. Rural-to-urban migration further exacerbates the problem, with vulnerable children being exploited due to economic hardship and the lack of essential identification, such as Aadhaar numbers and bank accounts, hindering compensation and rehabilitation efforts (Singh, 2023). Hence, there is a crucial need for a new census on child labourers in the city to aid rehabilitation programs.

Measures such as raising awareness in high child labour incidence areas, establishing women and youth groups for advocacy and support, and conducting large-scale awareness campaigns are essential in reducing child labour incidence. Setting up contact points or nodal centres in high-incidence areas provides immediate assistance for affected children and families. Tracking and encouraging non-school-attending children within these zones ensures their education continuity. The active involvement of organisations like the National

Commission for Protection of Child Rights contributes significantly to this effort (Baruah, 2022).

Every child deserves a proper childhood with the right to learn, play, and grow, which is denied when they are engaged in work. Effective action against child labour necessitates efforts to rehabilitate children and ensure their continuous education. Children work for lower pay without absenteeism, union representation, or overtime payments (Dash, 2013). Addressing the multitude of factors that drive children into labour, like societal norms, exclusion, poor education, and gender inequality, is crucial for lasting change. Policies, strategies, and programs need to be implemented at both grassroots and governmental levels to combat child labour effectively (GCLC, 2017).

## CAN CONDITIONAL CASH TRANSFERS HELP?

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The complex nature of child labour necessitates the careful design of public policy responses. Simply enforcing a ban on child labour through legislation is unlikely to result in unequivocally positive outcomes for the well-being of children, as many poor households depend significantly on the additional income. An encouraging complement to such measures is the implementation of conditional cash transfers (CCT), aiming to disrupt the intergenerational cycle of poverty. These grant low-income families monthly stipends on the condition that children attend school and meet other programmatic obligations.

Cash transfers serve dual purposes: immediate alleviation of poverty and long-term reduction through enhanced access to healthcare and education (ODI, 2016). A growing body of research supports the effectiveness of cash transfer programs in poverty reduction, yielding broader advantages for children within recipient households (Palermo, 2019). Scholars have asserted that CCT programs may reduce child labour by either replacing children's wages (the income effect), or by replacing children's time spent at work with time spent at school (the substitution effect) (Ferro et al., 2010). However, there is limited research evaluating the direct impact of CCTs on child labour, solely because reducing child labour has typically not been among the main aims of these programmes.

To address the challenges posed by economic constraints hindering children's access to education, in India, both the union and state governments have implemented various CCT schemes. These initiatives aim to reduce direct and indirect costs of schooling, incentivizing households to send children to school. Over the past decade, comprehensive measures have been introduced, including monetary and non-monetary transfers, both conditional and unconditional, in cash and non-cash forms (e.g. scholarships linked with the continuation of schooling and academic performance) (Jha et al., 2019).

Universal non-cash or in-kind transfer schemes, such as midday meals, free uniforms and textbooks benefit all children, irrespective of social groups. These initiatives reduce the overall cost of schooling. Some schemes specifically target socially disadvantaged groups



like Scheduled Castes (SC), Scheduled Tribes (ST), and girls, aiming to address their educational disadvantages. Several Indian states have embraced conditional cash transfer (CCT) schemes for girls, where cash transfers are linked to the continuation of education and delaying marriage until turning 18. These schemes vary in design and institutional arrangements, aiming to reduce gender gaps in secondary education, improve adverse child sex ratios, and prevent child marriage and labour. The Dhanalakshmi scheme, fully funded by the union government and launched in 2008, is perhaps the only CCT scheme. It links cash transfers to immunisation at different stages, enrollment, and completion of various classes until the end of grade VIII (Jha, 2021).

Additionally, states have introduced innovative schemes with varying eligibility criteria, such as bicycle distribution at the secondary level, to overcome mobility challenges and high transport costs. While Tamil Nadu universally provides this scheme for all students, including boys and girls, Bihar restricts it to girls. In Bihar, the Mukhyamantri Balika Cycle Yojana scheme provides bicycles to all girls entering secondary school. In contrast, in Gujarat's Saraswati Sadhana Scheme, they are exclusively for girls from below poverty line (BPL) households. An experimental evaluation revealed benefits, including impacting safety and mobility norms enabling girls' participation in secondary school in Bihar (Muralidharan & Prakash, 2013). Another study affirmed changes in girls' aspirations and decisions related to work and marriage under the same scheme (Mitra & Moene, 2019).

The importance of scheme design and context is seen in the comparison between the universal Bihar scheme and the more restricted Gujarat scheme. The Bihar scheme's universality, applicable to all girls in grade IX, created a critical mass influencing social norms, emphasizing the potential of such initiatives to challenge practices like child marriage or child labour. The model was also replicated in seven African countries and endorsed by the UN (Singh, 2023). A similar effect was not observed in Gujarat (Jha et al., 2016). Similarly, an evaluation of the Bhagyalakshmi scheme in Karnataka concluded that while cash in the hands of young girls is useful in resource-poor contexts, CCTs may not be the most suitable tool for creating empowering outcomes without mechanisms ensuring girls' autonomy over the funds (Jha et al., 2019).

A review by the International Cocoa Initiative (2020) analysing evidence from 21 studies covering 13 cash transfer programs in rural areas across Latin America, Africa, and Asia found diverse outcomes. A third of the studies observed clear decreases in children's work, another third found reductions only for specific groups, and the remaining third indicated adverse effects, such as increased participation in household or family farm work. The impact of cash transfers on children varied based on factors like age, gender, household poverty, and the type of work they perform. This implies that such transfers have the potential to impact child labour-related practices and decisions, although the results may not be consistent across all regions.

The impact on child labour depends on whether the cash transfer exceeds the cost of attending school. If the transfer falls short, the change in child labour is ambiguous, as both consumption and leisure decrease. Conversely, if the transfer exceeds the cost, consumption can increase, and child labour should decrease. However, the outcome also depends on how the household utilises the cash transfer, whether for consumption, education, or investment in productive assets instrumental to farming or small business activities. Such

investments can directly or indirectly increase the returns to child labour, introducing more complexities in the expected impact (Ferro et al., 2010; Rosati, n.d.). Variables such as access to quality education, returns on education, and post-graduation job opportunities also influence household decisions regarding children's work.

If not properly designed, cash transfers to promote children's education can increase their economic activities to pay the additional costs of schooling. Cash transfer benefits need to be coupled with incentives for behavioural change. These results emphasise the need to study existing cash transfer programs, meticulously design them to minimise the adverse effects and comprehensively assess both harms and benefits.

## CONCLUSION

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Conditional Cash Transfer (CCT) programs have been implemented in India, designed to address poverty-related decisions leading to child labour. These programs aim to reduce the direct and indirect costs of schooling, incentivising families to send children to school. However, the effectiveness of such programs depends on careful design, considering factors like age, gender, household poverty, and the type of work children perform. Evaluation studies highlight the varied impact of cash transfers on child labour, emphasising the importance of scheme design and context.

To reduce the post-pandemic-induced rise in child labour comprehensive strategies involving awareness campaigns, education incentives, and support for vulnerable communities must take place. Additionally, more thorough research must be conducted to evaluate the direct impact of CCTs on child labour in the Indian context. Incorporating these findings into future policies would not only enhance our understanding of the outcomes for children but also contribute to fortifying the evidence supporting the efficacy of cash transfers as a policy instrument for tackling child labour.



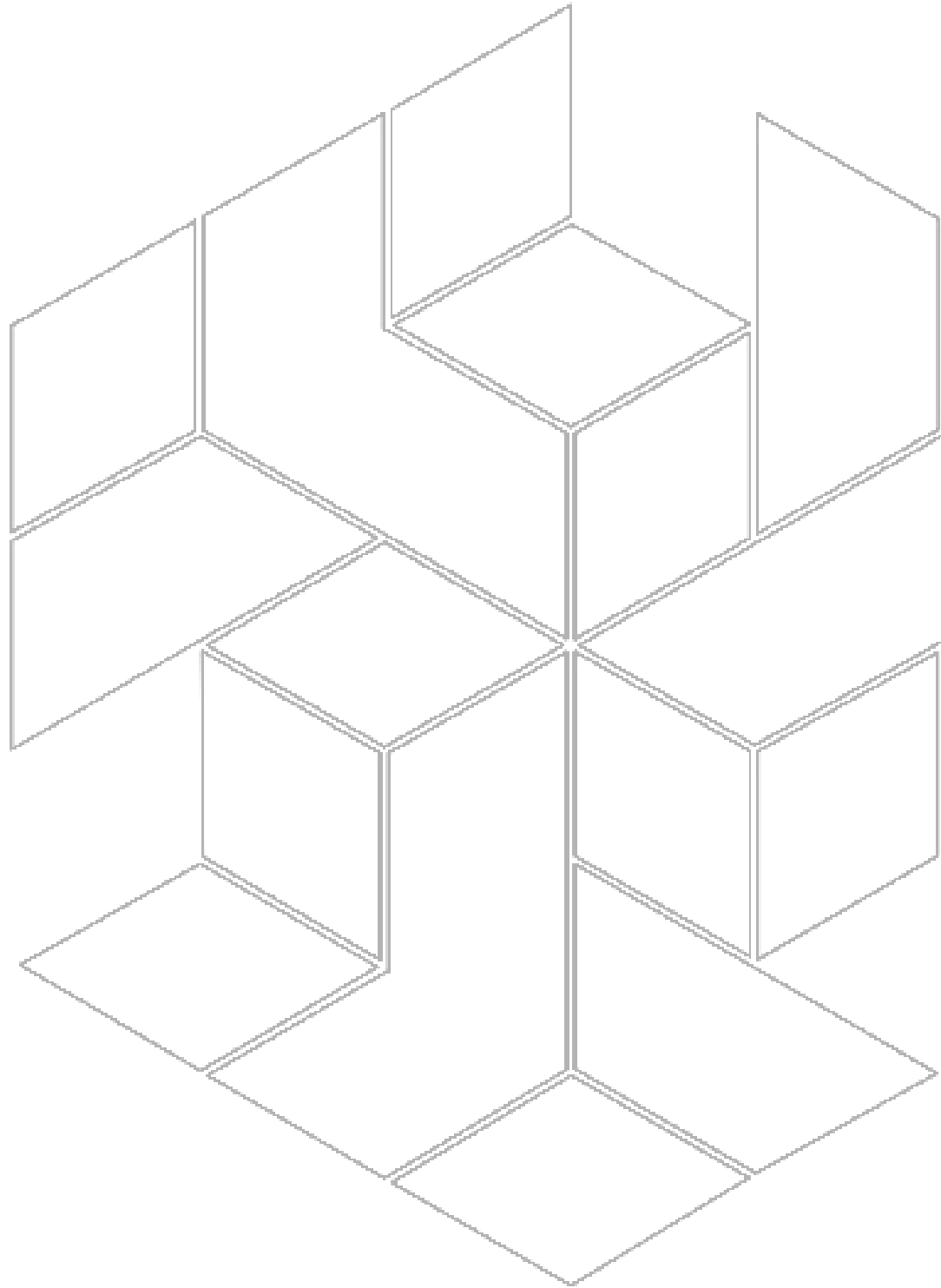
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