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**A Research Note on the Linkage between Poverty and Child Labour in India**

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### **A Research Note on the Linkage between Poverty and Child Labour in India**

Throughout the world child labour has been an area of lively debate for about a decade with many different viewpoints on the issue. It is argued that in developing countries with poverty, inequality, social norms, credit-land-labour market imperfections, high fertility and unpredictable employment scenario, children are sent to work in most cases by their parents. Thus supply is the determining factor of the magnitude of child labour. Data derived from 61<sup>st</sup> Round Survey of NSSO indicates that in India 5.8 million (about 2.6 per cent) children of 5-14 age-group were working according to Usual Principal Status in 2004-05. More disturbing fact is that apart from these child workers, about 30 million children, 13 per cent of total, are neither working nor going to school and hence are included in the category of '*Nowhere Children*' or *Reserve Army of Child Labour*. The incidence of both *Child Labour* and *Nowhere Children* is higher in the rural areas compared to the urban areas. While incidence of Child Labour is more prominent among Boys compared to Girls, incidence of *Nowhere Children*, and *Engagement in Domestic Duties* are higher among girls. This incidence is quite dissimilar across the states with hierarchy of the states remaining fairly sticky over time. What are the inherent factors responsible for this? Do states with higher poverty levels also have higher incidence of Child Labour?

To examine this hypothesis a correlation analysis was undertaken with states as observations. While Poverty is found to have significantly negative correlation with incidence of *School Attendance* and significantly positive correlation with the incidence of *Nowhere Children* for all the three time periods chosen (1993, 1999, 2004), association between poverty and incidence of *Child Labour* is found to be insignificant. Thus, poverty seems to create the breeding ground for child labour, as the poor children are often not sent to school, but poverty by itself is not sufficient to push children into gainful economic activities. This depends on other complementary factors. Does absence of educational infrastructure play a crucial role in determining the incidence of child labour? Negative correlation between incidence of child labour and spatial spread of primary schools (measured by number of primary schools per thousand square km) seems to point to that direction. Thus only poverty alleviation programmes are not sufficient to ensure that the children are not sent to work. More investment in educational infrastructure with emphasis on primary education may become crucial in the fight against child labour.

Will economic expansion itself take care of the problem of child labour? Perhaps yes, since the impact of economic expansion on incidence of child labour is the result of two different forces. While growth often boosts up demand for child labour as an outcome of the growth process itself, it also leads to a reduction in the supply of child labour as per capita income rises. Indeed, this seems to be the experience of India. During the 1993-99 period growth was low, supply of child labour was high and quantum of child labour increased, more in states with relatively lower growth. Contrary to this, during the 1999-2004 period growth was faster, leading to a rise in demand for child labour. But supply of child labour declined much more due to improved economic conditions, and incidence of

child labour declined. Thus a concerted approach with economic growth, poverty eradication and expansion of elementary education going hand in hand is the need of the hour and perhaps Rural Development schemes, NREGS, and Sarva Shiksha Abhiyaan together will succeed in securing a better future for the children.

**Table 1**  
**Activity Status of Children in India – 1993 - 2004**

<i>Status</i>	<i>Numbers (Million)</i>					<i>Percentage of Children</i>		
	<i>1993</i>	<i>1999</i>	<i>2004</i>	<i>2004</i>	<i>2004</i>	<i>2004</i>	<i>2004</i>	
	<i>Total</i>	<i>Total</i>	<i>Total</i>	<i>Rural</i>	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>	<i>Total</i>
<b>Total Workers</b>	<b>9.1</b>	<b>9.7</b>	<b>5.8</b>	<b>4.8</b>	<b>0.9</b>	<b>2.7</b>	<b>1.8</b>	<b>2.6</b>
Engaged in OAE	5.2	5.6	3.5	3.1	0.4	1.8	0.8	1.5
Wage workers	3.9	4.1	2.3	1.7	0.5	1.0	1.0	1.0
Domestic duties	8.2	6.7	5.9	5.0	0.8	2.8	1.6	2.6
<b>Nowhere Children</b>	<b>40.2</b>	<b>46.2</b>	<b>29.5</b>	<b>25.5</b>	<b>4.1</b>	<b>14.5</b>	<b>8.2</b>	<b>13.0</b>
Attending Edu Institute	127.8	165.0	184.5	140.6	43.9	79.7	87.5	81.4
<b>Total</b>	<b>185.7</b>	<b>228.0</b>	<b>226.6</b>	<b>176.4</b>	<b>50.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Author's calculations based on NSSO (1995), NSSO (2001), and NSSO (2006).

**Table - 2**  
**Correlation of Children's Status with Causal Variables**

<i>Proportion of Children</i>	<i>Poverty<sup>a</sup></i>			<i>Primary Schools<sup>b</sup></i>		
	<i>1993</i>	<i>1999</i>	<i>2004</i>	<i>1993</i>	<i>1999</i>	<i>2004</i>
School Going	-0.62*	-0.64**	-0.68**	0.31	0.17	-
Child Labour	0.09	-	0.18	-0.30	-0.27	-0.36*
Nowhere Children	0.66**	0.66**	0.65**	-0.21	-0.10	0.10

Note: \*\* indicates significant at 1% level, \* indicates significant at 10% level, coefficients with significance level above 20% are not reported. a – Percentage of people below poverty line; b – Primary Schools per 1000 Square KM.

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#### **Data Sources**

- NSSO (2006) - *Unit Level Records on Seventh Quinquennial Survey on Employment and Unemployment in India 2004-05*, NSS 61<sup>st</sup> Round - July 2004-June 2005, National Sample Survey Organisation, Government Of India;
- NSSO (2001) - *Unit Level Records on Sixth Quinquennial Survey on Employment and Unemployment in India 1999-2000*, NSS 55<sup>th</sup> Round - July 1999-June 2000, National Sample Survey Organisation, Government Of India;
- NSSO (1996) - *Unit Level Records on Sixth Quinquennial Survey on Employment and Unemployment in India 1993-1994*, NSS Fiftieth Round - July 1993-June 1994, National Sample Survey Organisation, Government Of India;