

RUGMARK AFTER ONE YEAR

October 1996

Preface

This report is based on an investigation in India in April and May 1996 regarding the *Rugmark Initiative* -- a bold and controversial effort to develop a consumer label for hand-knotted carpets which were not made by child labor. Carpet makers in India, Nepal and Pakistan, three of the major exporters of hand-knotted traditional carpets, have recently been singled out by the western press for very deserving criticism for the large-scale abuses of children involved in their production. As many as one million children are said to be "employed," which in too many cases means held in bonded servitude, making carpets for sale in western markets at the cost of their health, their education, their childhood and their future. Criticism from the west is, however, but the most recent voice. Indian human rights and children's advocates have long challenged the carpet industry for its abusive treatment of child laborers, and Indian law has in fact banned children from working in the carpet industry since 1938, when the Employment of Children Act was passed.

Despite the law, abuses have persisted for decades, and even grown worse in recent years under increased export pressure. In the face of the failure of the Indian government to enforce its law, visionary Indian child labor activists created the Rugmark concept as a means by which positive international consumer actions could reward producers who employed adults and at the same time raise funds for the rehabilitation of former carpet children. Several years in gestation, with the on-again, off-again cooperation of the Indian Textile Ministry and the leadership of the carpet industry, and relying solidly on the support and encouragement of UNICEF-India and the Indo-German Export Promotion program (IGEP), the Rugmark program is now in its second year of full operation. As of June 30, 1996 some 250,000 carpets had been shipped to Germany by 92 Indian exporters who were licensed to use the Rugmark label. Another 139 Indian exporters were applying for a license. In Nepal, an independent Rugmark Foundation has just been organized, but has already signed up factory owners responsible for producing 70 percent of the country's carpet exports.

This record of success, however, has been accompanied from the start by an unrelenting chorus of complaints from several quarters, which, if they persist, could undermine the effectiveness and credibility of the program. India's Rugmark Foundation, headquartered in New Delhi, is a new organization with no prototypes or precedents on which to base its operations. It is in every way a "work in progress," learning as it evolves and experimenting on a very large scale with complex economic, social and political forces. Many of these forces, sustained by deeply entrenched social attitudes and political alignments, are very resistant to change or challenge. It would be too much to expect this

newborn institution to achieve complete acceptance from this complex industry within a short period of time. Indeed, it has not. Some of the most influential carpet producers and exporters have been its staunchest critics. They have been joined by some child welfare advocates. It was to explore these complaints, to discover what reality, if any, was giving rise to them and to find out what, if anything, was being done to correct any real problems, that the International Labor Rights Fund undertook this investigation on behalf of the Child Labor Coalition in the United States. Our task was to separate out legitimate criticisms from those which were simply based on self-interest or misunderstanding and to assess what corrective steps were being taken and what are still needed, if any.

A grant from the Reebok Human Rights Foundation made the investigation possible. We are grateful for their support but wish to absolve them from any responsibility for our findings. We are also grateful to the many persons in India -- government officials, UNICEF and UN Development Program officers, child welfare and human rights activists, Rugmark inspectors, carpet exporters and loom owners who assisted us with our mission, and we likewise excuse them from any responsibility for our conclusions. Furthermore, we were greatly aided by meeting in Germany with the Indo-German Export Promotion Council, the German Rugmark Bureau, the German Government's Development Agency (GTZ), and the German Protestant agency Bread for the World, which have all been instrumental in the establishment of the Rugmark program.

ILRF director Pharis Harvey was joined on this visit by Robert F. Kennedy Memorial Center for Human Rights staff Abigail Abrash. We are grateful for this collaboration with the RFK Memorial, which in 1995 awarded its human rights award to Kailash Satyarthi, President of the South Asian Coalition on Child Servitude and a key promoter of the Rugmark concept.

A brief note on spelling: In quotations, the spelling of Indian names and places has been kept faithful to the sources. Common words, such as "labour", have been uniformly changed to reflect American rather than British, or Indian, usage.

Initials and acronyms used in the report

AAFLI Asian American Free Labor Institute
AICMA All India Carpet Manufacturers Association
BBA Bachapan Bachao Andolan ("Save the Childhood Movement")
CEPC Carpet Export Promotion Council (Indian Textile Ministry)
CLC Child Labor Coalition (US)
CMAWCL Carpet Manufacturers Association Without Child Labor
CREDA Committee for Rural Education and Development Action
GTZ German Development Agency
IGEP Indo-German Export Promotion Program
ILO International Labor Organization
ILRF International Labor Rights Fund
IPEC The ILO's International Program for the Elimination of Child Labor

NGO Non-governmental organization
SACCS South Asian Coalition on Child Servitude
SGS Securite Generale Surveillance, Inc.
UNICEF United Nations Children's Fund
UP Uttar Pradesh State

I. Introduction

India's export of hand-knotted carpets grew significantly in recent years, from \$65 million in 1979 to \$229 million in 1983, and then, following exposure of abusive child labor involved in their production, declined to \$152 million in 1993, the latest year for which complete statistics are available. Today, floor coverings constitute India's third largest earner of foreign exchange and hand-knotted carpets constitute an important share of that market. The primary buyers are in the United States, Germany, Switzerland, Canada, Netherlands, Austria, England, Italy and other European countries. (See Table 1)

Australia-New Zealand	\$2,402,000
Austria	\$2,283,000
Belgium-Luxembourg	\$2,329,000
Canada	\$3,858,000
Germany	\$57,458,000
Italy	\$1,369,000
Netherlands	\$3,581,000
Switzerland	\$5,731,000
United Kingdom	\$1,085,000
U.S.A.	\$66,378,000
World Total	\$152,080,000

Source: United Nations, 1995

However, this trade continues to depend unduly on massive and abusive use of children as weavers and knotters. The number of children in this industry also grew from an estimated 75,000 child workers in 1980 to 300,000 in 1994.¹

While children have historically worked the carpet looms of Kashmir and other regions of India, the majority until fairly recently were reportedly working for their own families as part of a traditional craft, their work a means of learning the family skills. Even today, much of the prevalent myth about child labor being a positive force in the education of children is rooted in this history of apprenticeship.

In modern times, however, carpet weaving came to be considered an unwholesome occupation for children. From the 1930s, restrictions were placed on the conditions in which children could legally work. As long as carpets were a small cottage industry producing for the domestic market, the numbers of children employed outside their own families was small. However, from about 1975, in response to the decision by the Shah of Iran to ban child labor from that country's carpet looms, Indian Prime Minister Indira Gandhi determined greatly expand production and "replace" the Iranians from their preeminence in the export market. "Schools" were established in the carpet-producing areas, particularly eastern Uttar Pradesh State, under government auspices, which soon degenerated into government-run carpet factories, and the growing demand for export soon brought a need for increasing numbers of workers to produce the carpets. Recruitment of poor, lower caste and Harijan children from the neighboring areas of Bihar State and elsewhere began to fill the quotas of a growing industry. But this recruitment was often conducted under false pretense or coercion and led to abusive forms of bondage and slave labor in which small children were subjected to inhuman conditions and forced under threat of serious harm or starvation to work hundreds of miles away from their families. (Iran, incidentally, recovered its market share shortly after 1976 using adult labor, and continues to lead global hand-knotted carpet exports.)

Beginning in the mid 1980s, European media exposure of these abuses led to calls for consumer boycotts, which, if carried out, would have devastated an important sector of India's economy. Sensing the potential for disaster if a boycott were successful, and the even worse disaster for children if child labor continued to grow as a factor of production, far-sighted children's advocates teamed up with some carpet industry leaders to try to stem the use of child labor by a positive marketing scheme whereby consumers could be assured they were not investing in the blood and toil of children.

The initiative faced two problems. The first was how to use positive market incentives to bring about change in the carpet industry of India by eliminating child labor from the workforce, without at the same time causing the carpet industry to collapse or to lose significant market share or international competitiveness. The second was how to use the initiative to provide better options than slaving at carpet looms for the tens of thousands of child laborers who would be affected by a successful program. A scheme that eliminated child labor from this industry without bettering the conditions for the children themselves could hardly be declared a success.

Balancing these two imperatives was the goal of the Rugmark initiative. This report examines its level of success to date, after eleven years of pregnancy and one year of infancy.

RUGMARK INDIA: FACTS AND FIGURES

1. Carpet Industry in India

Status January 1996

All figures approximate

Number of looms registered by the CEPC	90,000
Number of carpet exporters	2,700
Number of weavers	1,500,000
Number of children in carpet production	
Official estimate	100,000 - 150,000
Estimate of NGOs	300,000

2. RUGMARK INDIA's Development and Progress

Source: Rugmark Newsletter

As of June 30, 1996

Looms under RUGMARK	13,579
Looms inspected by RUGMARK	7,535
Carpet exporters with RUGMARK	231
Licensees	92
Applicants for a license	139
Looms with illegal child labor, detected by RUGMARK	408
Total child labor found by RUGMARK, including permitted family based child labor	703
Looms with licenses withdrawn	164
Number of carpets exported with RUGMARK label	250,486

II. History of the Rugmark Initiative

The Rugmark initiative took a long time to move from dream to reality. In 1980, Kailash Satyarthi and other leaders of the Bonded Labor Liberation Front in New Delhi launched a crusade against bonded labor and child servitude in the carpet industry. The eastern end of Uttar Pradesh state, in a triangle from Varanasi to Mirzapur and Bhadohi, is the center of the carpet belt, where it was estimated that several hundred thousand children were at work, mostly under conditions of dismal servitude and bondage. (See map below)

Despite the denials of government and industry about bonded child labor in the carpet belt, Satyarthi's crusade, aided by the Indian Supreme Court, caused the liberation of thousands of children who were discovered in raids by these activists. The activity also generated media attention in Europe, where conditions in the carpet industry of India and Nepal were exposed by independent TV producers for Granada Television in 1985.

Since conditions in India's carpet belt were similar to those found in a number of South Asian countries, Satyarthi worked to form a coalition of like-minded non-governmental organizations (NGOs) in Bangladesh, Nepal, Pakistan, Sri Lanka and India. This coalition, the South Asian Coalition on Child Servitude (SACCS) came into being in 1989, and today numbers more than 250 organizations in the five countries. (See Appendix for list of affiliates in Uttar Pradesh and Bihar states of India.)

When the 1985 Granada film on child labor in India was broadcast in London, Mr. Robin Garland, the newly elected chairman of E. Hill and Co., the largest British carpet importer at the time, was moved to come to India to investigate conditions. Through the Anti-Slavery Society Mr. Garland approached Kailash Satyarthi, and together they traveled throughout the carpet belt seeking ways for E. Hill to become pro-active for carpet children. A trust was established in London to run schools for carpet children in India, which became the "Project Mala." ("Mala" is Hindi for "garland.") A small project was set up, an architecturally advanced building, built with British design, was opened as a showpiece of educational excellence for about 50 children. In Indian terms it was hugely expensive and, according to Satyarthi, who declined the offer to become one of the leaders/trustees because of competing claims on his time, it resulted in producing children who were alienated from their own culture. In the name of "quality" it inadvertently created a small island of prosperity amidst a very large "sea" of need. Further, the perception gradually grew among activists that the "Mala" project was more useful for public relations than rehabilitation purposes. As a result, most of the original non-governmental sponsors of the "Mala" project pulled out, leaving only E. Hill and Obeetee, two large carpet exporters as the project's backers.

Satyarthi's own efforts focused on liberating children from bonded servitude in carpet loom sheds by taking police on raids of loomsites. Over the course of ten years, 8,000 children were liberated from the carpet industry out of over 30,000 children liberated altogether by SACCS. A number of these liberated children were brought to New Delhi for three month rehabilitation and training at the Mukti Ashram, a residential school north of New Delhi. There the most active children were prepared for becoming activists in their own communities, the villages and towns in the poverty-stricken districts of southern and western Bihar state, which is considered the "catchment area" for recruiting carpet children.

However, Satyarthi recognized that, no matter how many children were liberated one by one, others would take their place at the looms unless something could be done to create a disincentive to employ children in the industry as a whole. In 1990 a consumer awareness campaign was initiated in Germany with the help of trade unions, religious and human rights organizations and consumer groups. The campaign quickly spread to other European countries and the U.S. The impact was significant, causing carpet exports to drop considerably and creating panic among the producers and exporters. It also led to the formation of an important network of development and human rights organizations focused on child labor. These included: Bread for the World, Terre des Hommes and Misericordia, in Germany; the Child Labor Coalition, the Asian American Free Labor Institute, the National Consumers League and the International Labor Rights Fund in the

U.S.; Christian Aid and Anti-Slavery International in the U.K.; the India Committees of the Netherlands and Belgium; Radda Barnen and BLLF-Sweden; Asia Pacific Workers Solidarity Links, New Zealand, and the ICFTU and various international trade secretariats and labor centrals.

Averting a Boycott. It was recognized by these organizations, however, that public exposés in the marketing countries could perhaps end or seriously lower the level of child servitude in the making of Indian carpets, but possibly at the cost of generating a consumer boycott that would seriously erode an important export industry and destroy the adult jobs needed to replace the children.

The decline in exports brought about by the European publicity compelled some of the major producer groups, including the All India Carpet Manufacturers Association (AICMA) and the Carpet Export Promotion Council (CEPC), an instrument of the Indian Textile Ministry, to seek a dialogue with SACCS to settle the problem. A series of meetings followed in 1991, leading to a declaration AICMA in December 1991 that by March 1992 all children would be sent home and in their place adults would be employed with decent wages and facilities.

This goal, impossible of realization on such a short time line, was recognized by a splinter group of manufacturers as a public relations gimmick to remove the spotlight of attention. In early 1992, about 50 manufacturers broke with the AICMA to form a separate association called the Carpet Manufacturers Association Without Child Labor (CMAWCL), pledging not to use child labor in their units. Most were smaller companies with only a tiny fraction of India's export markets. All were registered members of the CEPC, although not all were actively producing carpets at the time. And some were primarily making dhurries, woven scatter rugs, where child labor is less an issue than among hand-knotted carpets. Nevertheless, thanks to the devoted efforts of several of their representatives, including Mr. Gangadhar Dubey, they persisted in their crusade to bring change to the industry. Against hard lobbying and threats from larger producers, the CMAWCL argued that the "nimble fingers" of children were not essential to carpet production, and that adult wages would not significantly increase the cost of production. Little by little their numbers were augmented by larger producers. Today the CMAWCL has about 60 members.

Crafting a Labeling System. SACCS' discussions with Bread for the World in Germany and other development agencies gave rise to the idea of creating a voluntary certification system to label carpets that had been made without child labor. In 1991 Satyarthi appeared before the United Nations Human Rights Commission subgroup on Contemporary forms of Slavery, to request a resolution calling for such a labeling system. That resolution, No. 1991/119 declared:

(The UNHRC) recommends that products such as carpets whose manufacture is liable to involve child labor should bear a special mark guaranteeing that they have not been produced by children. In this context consumers should be alerted so that they will demand products bearing such a mark.

This recommendation was one of the most important encouraging signs for SACCS to strengthen its efforts to formulate an independent international agency comprising representatives of NGOs, carpet manufacturers, importers, exporters, international agencies such as UNICEF and consumer organizations, with the authority to certify the carpets made free of child labor and affix a label to that effect.

The Harkin Incentive. This idea was given further stimulus by the introduction of legislation in the United States to ban the import of goods made by child labor. The Pease-Harkin bill, first introduced in 1990, by 1992 had generated enough concern in South Asia that the governments of India, Bangladesh and Pakistan began to take notice and develop strategies to protect their market share. It also caught the attention of Satyarthi, who criticized the Harkin bill as having an inadequate mechanism for determining when products from child-labor prone industries were not made with child labor. After Satyarthi met with Harkin in Washington, the senator amended his bill to allow for a genuinely independent labeling system to replace the self-monitoring by importers that had been the bill's device.

Working Committee on Rugmark Initiative. Under these several stimuli, Indian governmental and industry groups gradually grew willing to form a working group with SACCS, UNICEF and others to explore the formation of a professional system for inspection and labeling consistent with international standards and requirements. Mr. Edward Oakley of OBEETEE Ltd. approached SACCS for a dialogue, admittedly out of fear of a market collapse if the Harkin bill succeeded. Jim Ehrmann, labor attache of the U.S. Embassy in New Delhi, was helpful in generating understanding about the Harkin bill and encouraging a positive response.

The embassy also turned out to play a significant role at a pivotal moment, almost by accident. At about the time these conversations were just getting underway, the U.S. Embassy conducted its annual trade fair. Obeetee was a designated provider of carpets. However, when the embassy insisted on a pledge that no child labor had been involved in the production of the carpets, Obeetee balked. As a result, it was barred from the fair. Shocked, Obeetee's Oakley turned again to Satyarthi to organize a meeting.

The Indo-German Chamber of Commerce was approached, as were the German Development Agency (GTZ) and Friedrich Ebert Stiftung, a German foundation. One of the programs of the GTZ, the Indo-German Export Promotion Program (IGEP), expressed great interest in pushing the program forward, impelled by the desire of the German Commerce Minister to avoid a compulsory "social clause" in favor of voluntarism. The first joint meeting of representatives of union, ILO, industry, CEPC, embassies, NGOs, etc. was convened by SACCS near the beginning of 1992. At that meeting a working group was formed and IGEP took on the leadership of the program.

The working group met frequently until late February 1994. Its membership included IGEP, several exporters including Obeetee, E. Hill & Co., and representatives from CMAWCL, plus NGOs represented by SACCS affiliates. By May, 1993, basic objectives and criteria for certification were established. The name RUGMARK had been chosen

for the initiative.ⁱⁱ A goal was set of establishing the Rugmark Foundation in time to announce it at the January 1994 Domotex Trade Fair in Hamburg, Germany, the most influential carpet fair in the global rug market.

In the May, 1993 statement of objectives, the foundation would be established as a non-profit corporation to own the trade mark, consisting of representatives of:

1. NGOs associated within the South Asian Coalition on Child Servitude;
2. carpet manufacturers and exporters plus one representative of the CEPC;
3. neutral international organizations (such as IGEP, ILO, UNICEF, etc.)

The neutral international organizations were to name a chairperson who would be able to balance any conflicts of interests between the NGOs and the carpet industry representatives. The proposed non-profit corporation would carry out inspections and certification by its own corps of professional inspectors. Inspection results would be entered into a computerized database, with documentation "detailed enough that every eligible carpet can be traced back to the actual loom on which it has been produced."ⁱⁱⁱ Additionally, it was determined that the NGOs of SACCS would be able to carry out their own inspections to examine independently loom owners' compliance with the certification criteria.

During the summer and fall of 1993 the working group, under the leadership of IGEP, continued to formulate plans. By October, it appeared possible to complete the formation of the foundation in time for the next Hamburg carpet fair the following January 1994, and to use that occasion for a formal launching of a marketing campaign in Germany and elsewhere in Europe.

However, the pace and fate of the Rugmark initiative, particularly the support and participation of industry representatives, were intrinsically intertwined with the fate of the Harkin bill in the U.S. Congress. During the fall of 1993, it became clear that Congress would not take up the Harkin bill for passage soon, due to relevant committee preoccupation with the debate over the North American Free Trade Agreement. As the Child Labor Deterrence Act's powers of persuasion began to fade, enthusiasm for Rugmark by the Indian government and important segments of the carpet industry began to lag. By early 1994, U.S. carpet importers were encouraging their suppliers to resist Rugmark, since they had become convinced that Harkin would not gain passage during the 103rd Congress.

In India, resistance among producers and exporters grew, focusing on three themes, universality, professionalism, and diversity of NGO participation, which, since they have persisted as elements of criticism, need to be discussed at some length.

Universality vs. Voluntarism. The first controversy was whether a labeling program should begin with those exporters and producers who were able and prepared to accept the conditions, even if they constituted a minority of the industry, or whether the program should be delayed until most of the 2,700 CEPC member exporting firms could be

included. The CEPC adopted the line that Rugmark should not be inaugurated until virtually all producers could participate. Since, as Obeetee's V.R. Sharma, Vice Chairperson of CEPC, pointed out to the working group, most companies lacked the "infrastructure" necessary to comply with the terms of the program, it should be delayed or redesigned. This argument was buttressed by descriptions of the industry which highlighted its diversity of production systems and widely scattered distribution of production units, mostly in small-scale loomsheds dispersed across some 100,000 square miles of rural landscape.

This argument was most forcefully expressed in a position paper authored by Sharma and issued by the CEPC in July 1994. This paper described the four types of production in the carpet industry as follows:

- i) The manufacturer/exporter deals directly with the loom owners through his own employees spread out all over the carpet weaving areas anywhere in the country. He issues the raw material to the loom owners and receives the carpet from him. In this system there is direct contact between the loom owner and the manufacturer. His staff can make periodical visits to the loom owner's establishment but again because of the huge area of weaving these visits, for practical reasons, cannot be more than once or twice a month. This system is applicable only to a small section of the total carpet production.
- ii) The second system is where the manufacturer/exporter gives his raw material, design and order specifications to a completely independent entrepreneur who finds loom owners (in number normally ranging from 5 to 100) and receives the woven unfinished carpets which he thereafter gives to the manufacturer/exporter either in finished or unfinished condition. For this he receives a monetary (sic) consideration. In this system the manufacturer/exporter does not have any idea as to where carpets against his orders are being woven. His only contact is the small entrepreneur who has arranged the weaving of his carpets.
- iii) In a third system the manufacturer/exporter gives to the small entrepreneur only the design and colors for the carpets to be made against his order specifications. The entrepreneur then purchases the raw material, arranges its dyeing and gets the carpet woven as in (ii) above. These carpets are then sold to the manufacturer/exporter either finished or unfinished. Here again there is no contact between the exporter and the loom owner nor is the exporter aware as to where these carpets are being made.
- iv) In yet another system individual loom owners themselves, or small entrepreneurs manufacture their own carpets and sell them to the manufacturer/exporter. In none of these systems is there any contact between the exporter and the real manufacturer, the loom owner.^{iv}

The CEPC noted that child labor is employed "mainly in the weaving of carpets and here too different age groups, doing different work, further compound the problem of quantifying the use of children. Moreover, the issues of age, status of child worker,

whether family based or hired complicate the records and surveys or census." Their conclusion:

Honest and credible certification of carpets made without child labor must include a system where the origin of the carpet being exported can be traced back to day one when the weaving of the carpet began and the monitoring of that loom should have been done during the entire weaving process.^v

CEPC concluded that such monitoring of the entire industry was not possible because of the variations in the level of engagement in production by exporters and because of the size of the geographical area which would have to be monitored. On this basis, they came to reject a child-free production label.

Countering this perception and orientation was the belief, shared by others in the working group, that a voluntary program begun by those producers and exporters ready and able to meet the demands of the certification system was possible and preferable. Recognizing that a large segment of the industry would be unlikely to qualify due to the lack of controls that exporters had over the terms under which their carpets were made, they nevertheless argued that a voluntary program begun only by those exporters who were able to oversee the terms of their loomowners' labor practices was preferable to no program at all, and was probably also the only way in which a labeling program could ever get off the ground. They saw the demand for near universal participation as a subterfuge for delay.

Internal vs. External Monitoring. Another element of controversy was introduced by the demand from CEPC for Rugmark to contract out the inspection system to an international quality control firm rather than undertake to train and oversee inspectors internally.

The May 27, 1993 declaration of principles had called for a plan of inspection and compliance monitoring that was self-contained. The Rugmark Foundation would carry out inspections and certification by its own corps of professional inspectors, trained and supervised by itself. However, during the fall of 1993, the idea was planted to turn to existing quality control inspection firms, such as Securite Generale Surveillance (SGS), a Swiss company with offices in India, for advice, and perhaps for inspection services. The idea was never formally discussed or accepted by the working group due to the suspension of its work in March 1994 and the subsequent resignation from the working group of CEPC and Obeetee officials. However, shortly after the March, 1994 suspension of the committee, contact was made with SGS by Mr. V. R. Sharma of Obeetee and an official of IGEP. Sharma accompanied two SGS staff around the carpet belt, demonstrating the hardships of carrying out inspections. According to one report, Sharma described vividly to the two SGS men how violent and dangerous the region was toward inspectors, how his own carpet people were being beaten up for asking about child labor. As a result of their examination of field conditions in the industry, they determined that the "modus operandi" of the carpet industry made such inspections inappropriate for a

company like SGS, whose expertise lay in factory inspections for quality of merchandise.

It appeared to the NGOs on the committee that the introduction of SGS and its reported recalcitrance to take up an inspection regime were being to be used as an excuse to stall, on the part of some of the corporate participants. Both Shamshad Khan and Kailash Satyarthi complained to the committee that no NGOs on the committee had been involved in any discussion with SGS, or in any orientation or exploratory visits to the carpet belt.

SGS's refusal to consider contracting to inspect for child labor has, in fact, been seized by the critics of Rugmark as proof of the impossibility of any inspection system. Dan Hodges, president of the Oriental Rug Importers Association of the U.S. testified in June, 1995 as follows:

"When the Rugmark Foundation last year approached the Indian office of Societe Generale de Surveillance, or SGS, the renowned Swiss-based quality assurance company, to conduct loom inspections on its behalf, the SGS response was unequivocal: monitoring of carpet looms was "not feasible." Rugmark officials now claim to be training a limited number of their own inspectors, but it is most unclear how these non-professional recruits can adequately monitor so many looms over such a vast territory when the top inspection company in the world deems it impossible."^{vi}

What this interpretation fails to note is that SGS only indicated that, for itself as a profit-making quality control corporation, the modus operandi of the carpet industry was such that establishing a monitoring system was "not feasible." The SGS decision was not a generic indication of the impossibility of monitoring through some other structure.

NGO Representation. The third challenge raised by CEPC and some industry representatives to the working group was whether the NGOs on the committee were sufficiently representative. Claiming that SACCS was but one NGO, these representatives sought to have other groups join the working committee.

SACCS, however, was not a single NGO, but an association of children's rights organizations throughout South Asia, with at least 123 affiliated organizations in the Indian carpet belt itself. (See Appendix I for a list of SACCS affiliates in the carpet belt) The desire for a "broader" representation appeared designed more to limit the influence of SACCS' president, Kailash Satyarthi, whose widely publicized raids on carpet loomsheds to liberate children from conditions of horrible bondage had created the awareness in Europe of the problem of child labor in the first place. NGOs in India are sharply divided on questions of trade policy, i.e. whether trade sanctions or pressures should be used to exert influence on government policy regarding child labor. Many NGOs relying on government funding to conduct programs for working children have been hesitant to challenge government policies sharply. Others believe genuinely that such economic pressures are simply stratagems designed in foreign countries to put India at a competitive disadvantage. Whatever the reasons, the divisions within the NGO world are

real, and CEPC certainly desired to take advantage of these divisions by diluting the strong voice of the SACCS representatives in the working group.

In February, 1994, as the pressure lessened due to the Harkin bill's declining prospects for passage, publicity in Europe about the Rugmark initiative began to generate expectations of a carpet label imminently available for consumers. The tensions engendered by these contradictory developments flared to the surface in an ultimatum issued to the committee by Mr. Sharma of Obeetee:

1. Obeetee would remain in Rugmark if it remains a voluntary certification and labeling scheme with "unquestionable standards of integrity and credibility."
2. Rugmark should not be propagated in the media until it is complete.
3. Rugmark should not be incorporated until every detail of its operation has been finalized.
4. The NGO representation should be broadened to include non-SACCS-affiliated groups.
5. Since few exporters have the "infrastructure" necessary to comply with certification standards, the work of the Foundation should be initiated only after the great majority of firms can comply.
6. If these demands were not met, Obeetee, E. Hill and Bholanath Carpets would disassociate from Rugmark.^{vii}

Concurrent with these demands was a carpet industry campaign of criticism against the Indo-German Export Promotion Program for exercising what some considered undue foreign influence. IGEP responded by suddenly withdrawing from leadership of the Rugmark working group. On March 4, 1994, Dr. Dietrich Keschull sent a sharply worded memo to the working committee members suspending IGEP's services for the Rugmark initiative, "unless we receive concrete and practicable proposals, particularly by the representatives of the carpet industry in the Rugmark Working Committee, for the further concretization and implementation of the proposed inspection / monitoring system..."

Rugmark was in danger of collapse. The ultimatum of Obeetee and the response by IGEP threatened to result in a stalemate. However, other exporters and the NGO representatives insisted that the working group continue to develop the program. Without the participation of CEPC or Obeetee, E. Hill and Bholanath Carpets, but with the ongoing efforts of the NGOs, CMAWCL and UNICEF, and the renewed involvement of IGEP, the work went on. By mid-summer, 1994, the design of the Rugmark monitoring system had been completed and an application for foundation status filed with the Indian government. It followed closely the guidelines established in May, 1993.

That application was granted on September 5, 1994. The initial members of the board of directors were Dr. Dietrich Keschull of IGEP, Chairman; Dr. Richard Young, Director of Community Development Programs of UNICEF-India, Vice-Chairman; G. D. Dubey and Ram Chandra Maurya, carpet exporters related to CMAWCL; Kailash Satyarthi of the Bachapan Bachao Andolan (BBA - "Save the Childhood Movement"), and Shamshad

Khan of CREDA, both members of SACCS. A few months later, these members chose Mrs. Maneka Gandhi, widow of former Prime Minister Indira Gandhi's son Sanjay and a former Minister of the Environment (and, since May, 1996, a Member of Parliament,) as the new chairperson.

The staff hired initially was inexperienced and, although they made strong efforts to establish a comprehensive program of monitoring and inspection, the obstacles faced by the Foundation were formidable. This allowed for a campaign of criticism to be generated without adequate response. However, with the hiring of a new director of the inspectorate in July, 1995, and a senior executive director, Maj. General Satish Sondhi (Retd.), in late 1995, these problems began to be overcome. A retired infantry commander with a no-nonsense reputation and strong organizational skills, Gen. Sondhi has overseen the employment and training of a body of field inspectors and other staff that now include 21 persons, eight in the New Delhi office handling applications, contracts, labels and finances, and 13 members of the inspectorate based in the carpet belt in Varanasi. The inspectorate staff is headed by Matthew John, a university researcher from Kerala long resident in Varanasi.

The Rugmark label was not formally registered as a trademark until December 20, 1995 when its registration was received in the German Patent Office. In April, 1996, registration was completed in the U.S. Patent and Trademark Office. These steps formalized the international use of the logo and name Rugmark in Switzerland, India, Germany, Nepal, the U.S., and other major marketing countries, and render it illegal for anyone to use the name Rugmark to label a product that has not been produced under the supervision of the Rugmark Foundation. In India and Nepal, Rugmark has adopted a tri-fold process for determining whether carpets were made without illegal child labor -- license approval, random follow-up inspections, and carpet tracking. In addition, the program has begun a parallel track for helping children found in the course of the inspections to be working at carpet looms.

The first applications for licenses by exporters were accepted in December, 1994, and the first carpets received their labels in March, 1995. By July, 1996, more than 260,000 carpets had been individually labeled and exported, primarily to Germany. The Rugmark program, despite its rough and rocky birthing, has gotten underway.

For the first year of operation, GTZ provided an advance, which together with license fees and other subscription fees enabled the foundation to begin its work. However, from April 1, 1996, Rugmark India became self-sufficient, its operations financed entirely by a charge of 0.25% of the F.O.B. value of carpets bearing the Rugmark label. Rehabilitation programs for children were to be financed by a voluntary contribution of 1% of the importers costs in Germany. As the program has grown, these fees may become contractual and obligatory in Germany. A third aspect of the program, not foreseen in the original design, is promotion and trademark protection in the marketing countries. In Germany, these functions were established in 1996 by a grant from the German government. In the United States, the Rugmark Foundation U.S.A. was formed in July 1996 for similar purposes.

In December 1995, Rugmark Nepal was also formally established as a non-profit organization with a board made up of carpet manufacturers and Nepalese non-governmental organizations. Since Nepalese law forbids non Nepalese citizens from being board members of locally chartered organizations, the international organizations that aid and support the program, UNICEF-Nepal, AAFLI, and GTZ, formed an advisory committee to work closely with the board of directors in monitoring the compliance system. From the outset, close to 70% of the carpet production in Nepal was represented by licensee applicants. Because of the geographical concentration of carpet factories in the Kathmandu valley, inspection and monitoring are considerably easier than in India. Also, because of the structure of the industry, comprised mostly of large factories with hundreds or thousands of workers, checking for child labor is made considerably easier than in India. Nepal Rugmark planners also were able to learn from the early problems of Rugmark India in planning for rehabilitation and schooling for children as a central element of the plan from the beginning. Schools for former carpet children were started long before the Rugmark program was in place, so that the dislocation of children from the factories was kept to a minimum. The program is very young but promising, due to the leadership being exerted by a number of socially progressive factory owners and their foreign partners.

The expansion of the Rugmark program from its Indian base to include several producing and marketing counties has necessitated the formation of an international structure to provide coordination and set standards for practices in each of the several national bodies. As this report goes to press, the international structure is under discussion among the various national Rugmark foundations.

III. Processes and Procedures

In India and Nepal, Rugmark has adopted a tri-fold process for determining whether carpets were made without illegal child labor -- licence approval, random follow-up inspections, and carpet tracking. In addition, the program in India has begun recently a parallel track for helping children found in the course of the inspections to be working at carpet looms. This program is described in Chapter IV.

In terms of the CEPC's description of the Indian carpet industry cited above (p. 9-10), it is clear that the Rugmark program was designed only for those firms in the first and fourth categories, i.e. exporters who contract directly with loomowners and maintain contact and control throughout the production process, and loomowners who independently make and sell their own carpets to exporter or foreign importers. The Rugmark system cannot work for those exporters who simply farm out production of carpets through brokers.

The Rugmark Criteria. Immediately upon formal establishment of the Rugmark Foundation in India, two documents were distributed widely to prospective licensees -- the "Rugmark Criteria" and "Inspection Modalities." These two documents, which were incorporated into each license agreement, stipulated the mandatory criteria for

participating and the elements of inspection that licensees were required to facilitate at all loom sites.

The criteria included five elements that must be demonstrated to the Foundation's satisfaction.

1. Applicants must be bona fide dealers, manufacturers or exporters of carpets.
2. Applicants must demonstrate commitment to the complete removal of child labor in their entire carpet production effective from date of application.
3. A full list of sources must be submitted to Rugmark and updated every six months.
4. All looms/loom units on which the applicant's carpets are being made must be duly registered with the CEPC.
5. All carpets submitted for inspection must have been manufactured without the involvement of children under 14 years of age. (Note: this restriction does "not affect the loom owner's facility to make use of family child labor provided the applicant obtains an undertaking from the source that all such family children under 14 years of age attend school regularly."

In addition, prospective licensees must sign a declaration "unequivocally committing (themselves) to the payment of at least the official minimum wages to the loom-owners" and to secure from the loom-owners a sworn affidavit that no child labor is employed and that weavers are paid at least the official minimum wages.

Modalities of Inspection. The modalities of inspection laid down the information and access which the exporter agrees to provide at every loom site.

At the loom sites:

1. Inspections are to be carried out by professional inspectors of Rugmark Foundation, augmented by random checks by NGOs associated in SACCs.
2. Inspections will gather the name of the loomowner, location of loom unit, evidence of registration of the loom unit with the CEPC, the number of looms, the names, age and sex of the person(s) working in the loom unit. In the case of working children, the number, name(s), places of origin and category of work. In the case of family child labor, evidence of school attendance. Names of the agents or enterprises to whom the carpets are supplied, and the weaving charges per square meter/yard received by the loom owner for his carpets.
3. Every loom is to be individually marked by a number plate (with the RUGMARK code number for the respective unit and loom.

During inspection of the exporters, the following details are to be assessed;

1. The sources of the carpet(s) with the RUGMARK code number for each carpet;
2. the packing lists with the RUGMARK serial number for each individual carpet;
3. weaving charges paid per square meter/yard of carpet by the exporter;

4. the importer of the shipment, if identifiable;
5. Assurance that there is no mixing of carpets from certified and other sources; and
6. That there is no multiple use of serial numbers or unauthorized labeling.

The findings of inspections at the loom sites and the exporters' facilities are entered into a computerized database, which is constantly updated and checked for duplications or other anomalies.

Finally, the modalities document specifies that "The documentation of the inspection findings must be elaborate enough to facilitate every eligible carpet to be traced back to the actual loom unit in which it has been produced."

License Approval. Exporters willing and able to meet the terms of the Rugmark Criteria and the Inspection Modalities are required to take the following steps and file affidavits with confirming information together with their license application:

1. Register all looms making carpets for the company with the Carpet Export Promotion Council.
2. Provide a complete list of looms, including owners, description and location and loom registration numbers, to the Rugmark Foundation.
3. Provide complete export data for the past two years to the Rugmark Foundation.

If the loom list is complete and sufficient to account for the export quantities for the past two years, Rugmark inspectors make random surprise visits to 35 percent of the exporter's loom sites. If no child labor is discovered to be in infringement of these criteria, the exporter is approved to become a licensee. If child labor is found, the loom owner is given a short period to replace them with adults. A second surprise inspection is then made within a few weeks. If children are found again, the license application is rejected. During inspections it is assumed that an empty seat at an active loom is vacated by a child, unless it can be demonstrated otherwise.

The License Agreement. The License Agreement legally binds both parties to the following terms:

1. "The licensor (Rugmark Foundation) grants to the Licensee the non-assignable right to use the Rugmark Logo upon and/or in relation to the Contract Products manufactured by or for the Licensee for sale in India and in other countries"
2. "The Rugmark Logo shall be used by the Licensee only upon and /or in relation to the contract Products manufactured by or for the Licensee in accordance with and after due fulfilment of the mandatory RUGMARK CRITERIA, INSPECTION MODALITIES and specifications laid down in this behalf by the Licensor and shall not be used upon or in relation to any goods other than the Contract Products so manufactured."
3. "The manner in which the Rugmark Logo may be used by the Licensee upon and / or in relation to the Contract Products and on labels, packaging, printed or other

- material or wheresoever, for sale in India and the other territories ... shall be approved in writing by the Licensor prior to any such use. . "
4. The Licensee shall at all times, during the continuance of this Agreement, permit the Licensor or any representative/s duly authorized by the licensor to enter any part or parts of any factory or premises where manufacture of the Contract Products is carried or where the Contract Products are stored by or for the Licensee for the purpose of Inspecting the Contract Products and/or the manufacturing thereof and/or of checking upon compliance by the licensee of the terms of this agreement and/or due fulfilment of the mandatory Certification Criteria, Inspection Modalities and specifications laid down in this behalf by the Licensor.
 5. "The Licensee shall be non-exclusive user of the Rugmark Logo in India and the other territories . . ."
 6. ". . .the Licensee agrees to pay to the Licensor a fee . . . equivalent to 0.25% of F.O.B. value of the exported Contract Products. The licence fee ... shall cover, besides other expenses, cost-free issue of Rugmark labels."
 7. "The Licensee recognizes and acknowledges the title of the Licensor to the Rugmark Logo ... and shall not use the Rugmark Logo as a part of its corporate name or trading style or register or seek to register . . . the Rugmark Logo or any trade mark similar thereto, in respect of any class of goods, whether in India or in any other country."
 8. "The Licensee undertakes to bring to the notice of the Licensor all cases of infringement and/or passing off of the Rugmark Logo or registration or attempted registration of the Rugmark Logo or any trade mark similar thereto. . . . If the Licensee or any of its customers is sued for alleged infringement of the Rugmark Logo, the Licensee, on service upon it of any notice of any such claim, shall forthwith give the Licensor written notice thereof and of all particulars thereof and the Licensor shall have the right to participate in the defense of such suit by its own counsel and at its own expense."
 9. "This Agreement shall come into force from the date of execution and shall continue to remain in force unless terminated by either of the partners in terms of Clause 10 hereof.
 10. "a).This Agreement shall stand terminated forthwith if the Licensee goes into liquidation/dissolution . . . has receiver of its assets appointed, makes composition with creditors, ceases to carry on business or ceases to use the Rugmark Logo commercially for a consecutive period of twelve months or merges or amalgamates with another company/firm or there shall occur, in the opinion of the Licensor, a substantial change in the management of control of the Licensee."
"b). This agreement may be terminated by the Licensor forthwith if the Licensee shall happen to be in breach of any of the terms hereof and/or the mandatory Certification Criteria, Inspection modalities and specifications laid down in this behalf by the Licensor and shall have failed to rectify such breach within thirty days of a notice in this behalf having been served on the Licensee.
"c) This agreement may be terminated by the Licensee if the Licensor shall happen to be unable to fulfill the criteria and modalities of this Agreement.

(d) . . . this agreement may be terminated by either party upon giving ninety days' notice in writing to the other, without assigning any reason whatsoever.

In addition, the License agreement specifies that it shall be governed by Indian law and that any dispute between the parties shall be settled by arbitration under the auspices of the Indo-German Chamber of Commerce.

Random Inspections. Once an exporter/producer has been licensed, labels are not automatically available for all his carpets. Rather, a second process ensues to get labels for carpets individually when they are ready for export. This includes the following steps.

1. When the exporter receives a purchase order for carpets, a copy of the purchase order is submitted to the Rugmark Foundation together with the information about the carpet's production, including size, basic design, quality, color and, most important, the location and CEPC registration number of the loom where the carpet will be produced.
2. This information is entered in the Rugmark computer in New Delhi and sent to the inspectorate office nearest the looms where the carpets will be made. Each carpet is given an identification number at this stage.
3. During the production of the carpet, which can take from one month to nine months, depending on various factors, the Rugmark inspectors have the opportunity to make surprise visits, to see not only if there are children working but to check the specifications of the carpet on the purchase order with the carpet actually being made.
4. If child labor is found working on the carpet, or elsewhere in the same loom shed, the loom owner is warned and a second surprise visit is made within a few weeks. If children are found again, the loom owner is decertified as a Rugmark producer. No further carpets for this or any other exporter can be accepted for a Rugmark label.

As of the end of June 1996, 164 looms had been decertified, 703 children, including family members, had been found at 408 looms, most of which subsequently passed inspection. More than half these children were discovered in the early months of the program.

A second set of checks and balances guards against false or inadequate inspections:

- A. Inspectors work in pairs, which change daily.
- B. Inspectors are unaware of the locations of their inspection sites until the morning of the inspection, when they receive their orders from New Delhi.
- C. Inspectors are paid significantly more than they might make at other jobs in the region, which creates a disincentive to risk a good job for some side payments.

D. The supervisor of the inspectorate is from a distant region of India and has no religious, caste, personal or familial ties in the area that might upset his objectivity.

In the only instance so far of misbehavior by inspectors, one inspector was let go early on in the program because it had been his belief that the goal was to identify as many children as possible, and he had falsified records to show more underaged workers than they had actually discovered.

Carpet Tracking. Finally, if no child labor has been found during production, when the carpet is ready for shipment overseas the exporter informs the Rugmark Foundation, which provides the numbered label to the exporter. Each label bears a unique number, assigned by the Rugmark Foundation and printed by computer on the label, which identifies the maker, location and exporter.

The value of this additional effort is to make it considerably more risky, if not impossible, for an exporter to register some looms but to contract out to other loomowners for the actual manufacture of carpets in a bid to save costs through using loomowners with child labor. The actual savings that might be obtained, estimated by Rugmark to be within 3 percent of the exporters' costs, are hardly worth the effort at subterfuge when weighed against the risk of discovery and loss of license. This extra level of control also lowers any incentive for independent loom owners to try to sell finished carpets to Rugmark exporters in the hope of cashing in on the Rugmark name without involvement in the program.

This process also makes it possible to track carpets in the importing countries for possible counterfeits. The Rugmark Foundations in the U.S., Germany and other marketing countries will also have the computerized data on each carpet, making it possible for dealers or consumers to check on the authenticity of a carpet with the Rugmark label.

Rehabilitation of Child Workers. What about the children located during this inspection process? The formal process adopted by the Rugmark Foundation was for the inspectors to notify only the New Delhi office of Rugmark when children were found, giving the names and family data for each child. Then the New Delhi office would notify NGOs, also headquartered in New Delhi, who would inform their field offices or affiliates in the locality where the children were found. These NGOs would then attend to the needs of the children.

An important concern early in the program was whether loomowners would claim all the children at their looms were family members. To be sure, such claims were made, and even in some villages school officials were bribed to issue fake school certificates for these children. But Rugmark inspectors soon developed other means to confirm or challenge these claims. Children interviewed who were not in school could not read or write, did not know a teacher's name, or had no books or supplies to show the inspectors. Also non-related children seldom were dressed or fed as well as the owner's real children. So, by the time we visited, the Rugmark inspectors expressed complete confidence in their ability to unmask false claims of family ties to loomowners.

The number of children identified in this way was relatively small, and primarily in the first few months of the program, before many loomowners came to recognize the need to actually comply. (See table for numbers, p. 5) Further, the numbers of children found who were not local residents but hired or acquired from outside the local village, i.e. bonded child labor, was even smaller among those loomowners who were part of the program.

However, this process proved to be too slow to identify and assist the small number of children who were found to be in actual need, for by the time the information had made full circle from the carpet belt to Delhi and back, in most cases the children had been dismissed and could not be located.

Learning from this experience, the planners of the Rugmark program in Nepal began with a demand for carpet manufacturers to phase out children from their production facilities only at the pace it was possible to place the children in schools or other facilities for their care, or to return them to their families. While the industry in Nepal is highly concentrated in the valley of Kathmandu, which makes monitoring of such steps easier, it provided an important refinement of the Rugmark process that can be adapted in other countries.

During the period of our investigation, Rugmark officials in India were designing a new procedure, which would include a second wing of the Foundation's work in the carpet belt, with personnel trained in care for children, education, rehabilitation, etc. When children in trouble are located, the inspectors now turn this information over directly to the Foundation's field staff responsible for child welfare, who take up the matter of locating families, contacting police or other officials and bringing the children out of their bondage. One school has now been opened in Varanasi for these children. A residential facility, patterned after the Mukti Ashram run by SACCS in New Delhi, is being built as the first line care facility for children located at Rugmark licensees' (or applicants') looms. In addition, SACCS-related NGOs provide their own independent monitoring and surveillance of carpet looms throughout the carpet belt, and conduct a wide variety of services and programs for carpet children. A fuller description of these rehabilitation programs is found in Chapter V.

If the numbers of children found directly by Rugmark inspectors continues to decline, the immediate care facilities may be needed only for a transitional time. In that case, the Rugmark Foundation can turn its rehabilitation work into social investment in the poor communities that have served as the catchment areas for the carpet industry.

IV. Challenges and Responses

The conflict between CEPC and the other members of the working group in 1994 would hardly have been worth describing in this report, apart from the fact that the criticisms and charges levied then have continued to echo from some industry and Indian government sources as well as some non-related Indian NGOs, and that some firms have subsequently used their political leverage to get the CEPC to inaugurate its own official

labeling scheme called KALEEN. (As far as could be determined during our visit and since, Kaleen has not yet begun functioning.) The fact that these criticisms were still circulating in 1996 prompted our investigation.

To summarize, the substantive criticisms that have been leveled at Rugmark can be classified under five headings:

1. Difficulties related to the structure and widely scattered rural location of the carpet industry. The geographical nature of India's carpet industry, with loomsheds with from one to 20 looms scattered in villages across a 100,000 square mile area, involving a total of perhaps 90,000 looms, makes monitoring of the industry extremely difficult if not impossible, it is claimed. Furthermore, the loose relationship between most exporters and loomowners makes control or even knowledge of conditions in their loomsheds impossible to know. From this premise has come the criticism that monitoring cannot, by definition, be successful and that the Rugmark program is, ergo, a "sham." The decision of SGS, alluded to earlier, not to undertake monitoring, "owing to the modus operandi of the industry," is cited as further evidence for this claim.

2. Problems in the Participation and Role of NGOs. Only one "unregistered" NGO is represented on Rugmark's board, it has been claimed, and "none of the major Indian carpet exporters nor their trade association are represented in Rugmark." Alternatively, NGOs are criticized for allegedly playing too important or controlling a role in the training of inspectors, or in inspections themselves.

3. Internal Rugmark Foundation Practices. There have been (unspecified) charges of corruption or nepotism involved in the Rugmark process, perhaps involving the improper use of Rugmark funds for SACCS activities, it is averred. A variant on this criticism is that there is a "greater need for transparency" of the Rugmark Foundation's operations and finances.

4. Rugmark implies an inaccurate "Guarantee" of "No Child Labor." Since it is impossible to be 100 percent certain no child labor has been involved anywhere in the production of a carpet, it is asserted, a label which claims the carpet is made "without child labor" is by definition a false label. This criticism, primarily made by non-participating carpet producers or importers, is related to a preference for a label which only says, as the Kaleen label reportedly will, "A portion of the proceeds of this sale is going to the rehabilitation of children."

5. Rugmark lacks a rehabilitation program. While, according to this criticism, Rugmark may be an effective marketing scheme for Indian carpets to socially-conscious consumers, it has not in fact helped children find any alternative to employment in the loomsheds.

Any of these criticisms, if true, reflect serious problems in the program. Our findings in relation to each of these were as follows:

1. Geographical limitations. This criticism was premised on the concept of universal monitoring of the entire industry from the beginning, in a semi-compulsory or compulsory program. However, the planners of Rugmark early on gave up this goal as unrealizable in the initial phase due to the diversity of the modes of production. Instead, a voluntary program was established, involving only the number of firms, loomsheds, and exporters who could be inspected and monitored by the Rugmark staff. Gradually the number of exporters has risen to 92 (as of June 30 1996), out of the 2,700 members of the CEPC, and the number of inspectors has reached 13. This is still a small program in India. However, by building it gradually on the basis of actual inspections and in line with growing capacity for monitoring, the Rugmark inspectorate have been able to maintain a high level of oversight of the program's actual participants and applicants. When questioned about their capacity to manage the number of looms in or seeking to be in the program, all the Rugmark officials interviewed expressed satisfaction with their current capacity and believed they could grow fast enough in personnel to absorb new licensees. It is planned to increase the inspectorate to 20 by the end of 1996.

A statistical review of inspections supports this confidence. With approximately 13,000 looms under inspection, either as licensee or applicant, Rugmark's 13 inspectors must each keep track of 1,000 looms. The director of the inspectorate indicates that each team of two inspectors visits 8 - 12 loomsites per day. With a five-day week, that totals 40-60 loomsites per week, and between 2,000 and 3,000 looms per year. At present capacity, this allows for more than 5 visits to each loom each year!

In addition, some of the exporters in the Rugmark program are providing their own checks on child labor. Ram International of Mirzapur, for example, has inspectors that check each one of its contractors' looms weekly for design, material quality, supplies and progress. These inspectors are now required to report names and ages of workers on each of their carpets.

Finally, in most of the communities in the carpet belt, there are SACCS activists working with children in education or development projects. They provide another independent eye on the loomsheds and report the presence of child labor.

This voluntary approach with overlapping oversight has rendered invalid the criticism that a large number of exporters couldn't participate because they had insufficient contact with their own carpets' production because they were working through brokers or buying finished carpets from independent loomowners. To be sure, such a voluntary program necessarily excludes these exporters. However, nothing in the program bars these entrepreneurs from shifting their mode of production in order to participate, should the benefits of being Rugmark licensee become apparent to them. In fact, it was the assumption of the founders of the Rugmark Foundation that its presence in the industry might itself help to generate a more responsible structure.^{viii}

2. The Role of NGOs. We found criticism of the role of NGOs on the board of Rugmark to be largely based on ignorance of the functioning of the board itself, or on rivalry among NGOs. It was assumed by some, including both industry representatives and non-

participating NGOs, that the SACCS members were unduly involved in the selection and training of inspectors, or had undue control over finances. What we found was that while the SACCS representatives, both from BBA and CREDA, played a key role in the formative months of the new foundation, helping to locate candidates for various positions or briefing new staff members about the carpet industry based on their 15-year experience in liberating children from servitude at the looms and educating poor children in the carpet belt, SACCS representatives now are engaged only in the oversight and general policy making of the foundation. With a strong and capable staff in place, Executive Director Gen. Sondhi is now exclusively charged with this responsibility and hires and trains the staff inspectors. Board members are not required to have a hands-on involvement in day-to-day operations. Our experience with NGOs in the carpet belt related to SACCS indicated clearly that they don't have and don't want such a role. There appeared to be, in fact, very little contact at that level between the local SACCS affiliates and the Rugmark inspectorate. SACCS related groups, however, provide backup monitoring and are able to inform the Rugmark inspectors of the presence of children in loomsheds that they encounter in the process of their social, educational or development work, or as a result of activity liberating children found in bondage.

The complaint that SACCS representation was too narrow, and that a broader array of NGOs should be involved, was based on a lack of knowledge of the extent of the SACCS network, already mentioned above. However, steps are underway now to form an advisory group of academics and NGOs from outside the SACCS membership.

3. Improper Rugmark practices. We had heard echoes of charges of nepotism, favoritism, corruption and mishandling of finances before leaving for the investigation. Efforts to get concrete details of these charges, however, had been unsuccessful. Once in India, we tried again to get specifics from those making such claims, and were again unsuccessful. However, we were able to trace each of the charges back to one of two individuals. Neither of them was available for a meeting during our visit. One of them, a politician with a background in the bonded labor liberation movement, later in an interview distanced himself from this type of charge and limited his criticism to point one above. The other, a member of the Rugmark board, turned out to have made critical comments to the press that he had not brought to the board itself. His motivation for making these charges remains unclear, but their provenance suggests an internal political motivation rather than one based on actual problems.

Examining the financial statements of the Rugmark Foundation, which were, in fact transparently available to anyone wishing to see them, demonstrated to us that a careful accounting system is in place with rigid requirements for the disbursement of any funds. Parenthetically, on the frugal budget on which the Foundation is currently operating, there is clearly no margin for the wasting of funds on junkets or extraneous payoffs. The Board, which consists of highly prestigious Indian and international organizational representatives, will, we are confident, be vigilant in making certain that no room for extra-legal or unethical practices is allowed.

4. Improper Guarantee of "No Child Labor." This concern by non-participating exporters, plus some non-governmental groups, challenged whether Rugmark could "guarantee" its carpets to be free of child labor in light of the nature of the industry, and criticized the label for implying, if not stating such a guarantee. However, this criticism assumes that it is fair to expect Rugmark to make this ironclad guarantee, or to fail. No system of inspection or certification in the world can truthfully guarantee 100% success. The IRS, the SEC, and OSHA would all be lying if they claimed that their monitoring and enforcement mechanisms even approached that impossible standard. So, to accept as a criticism from importers and others that Rugmark can't guarantee 100% compliance is to impose a standard that ensures Rugmark (or any other system) will come up short.

A balanced approach should discuss what a reasonable standard for compliance is and how adequate are countermeasures for non-compliance. Rugmark, as we experienced it, creates a high probability that violations will be discovered and penalties will be imposed. In fact, a significant number of violations have been found and violators excluded from the program. A serious if not large number of illegal child laborers have been found, and their masters censured and, in some cases, removed from the program. However, in the course of 18 months of operation in a climate in which the non-participating exporters have demonstrated keen interest in showing Rugmark up to be a fraud, *not a single case of fraudulently or falsely labeled carpets has been discovered.* One of the unstated, but critically important informal elements of compliance monitoring is the mutual watching of each other by licensees, so that their competitors are not able to use the label without compliance. Even this informal, but effective, mechanism has failed to find a single instance of non-compliance.

We concluded, therefore, that the implied "guarantee" of "no child labor" is well earned, inasmuch as a tight and effective system to prevent and punish non-compliance is in place, and, after the labeling of more than 260,000 carpets, no case of mis-labeling has been discovered, or even charged.

5. Lack of Rehabilitation Programs. This was a matter of concern both to foes and friends of Rugmark. However, when we discussed the matter in detail with various persons related to the program, we understood why there had been a lag in developing these programs. Further, we discovered that plans were well underway to make up for lost time. Subsequently, we have learned, rehabilitation programs have been begun by Rugmark Foundation in Varanasi, and in Bihar state by both the state government and by SACCS affiliates. Since the question of what happens to the children is of such importance, the final section of this report will turn to this in detail.

V. Rehabilitation, Prevention and Social Investment

Given the large numbers of children "employed" in making carpets, it was assumed that Rugmark inspectors would find many children in the course of their rounds. The initial design called for a program of rehabilitation and education to accompany the inspections, so that children discovered could immediately be placed in a positive program. During the first 18 months of Rugmark's existence, that did not happen. About 700 children were

located, 80 percent of them local children. But for the others, who are considered bonded child laborers by the Rugmark inspectors, nothing systematic was done by Rugmark itself during the initial year except to report their names, etc. to the NGOs.

Criticism from a number of sources, including the organizations in Europe that had supported the Rugmark initiative, began to mount. A number of proposals were made for corrective action, which are in the process of realization now.

While the failure to address this problem adequately from the beginning is unfortunate, in retrospect, it is possible to understand why there was such a slow start. In the first place, the Rugmark inspectors went, by design, only to the loomshed of those exporters who were prepared to become licensees on the basis of *not* employing child labor. Therefore the incidence of children found at these loomsites was considerably less than the average in the industry, and the great majority of children found could simply be dismissed and sent home within the same village.

Second, Rugmark inspectors were tasked with assessing facts, not raiding loomsheds or liberating children. Taking children out of the workplace by groups such as SACCS is, in fact, a process that requires considerable planning and coordination -- with parents, with police, and with agencies that can help the children make the transition. Rugmark inspectors, on the other hand, had neither the expertise nor the mandate, nor for that matter the legal right to uproot children from a workplace. This was a weakness in the initial design, inasmuch as the Rugmark Foundation did not have at first a contingency plan for handling found children, nor the facilities or staff to carry out rescues and rehabilitation.

Third, as mentioned above, in order to prevent the misuse of information by rivals or detractors, Rugmark inspectors were mandated to provide information only to their headquarters in New Delhi, which then provided the data about children to SACCS and its member NGOs for their follow up. While this control of information flow was important to generating reliability and confidence in the program within the industry, it led to unfortunate delays and misses in handling the most needy children found.

The fourth aspect of this initial program weakness was the slow acquisition of the funds to start rehabilitation. Rugmark had been designed so that rehabilitation programs were to be funded from the voluntary contributions of importers in Germany and other marketing countries. The German government had provided only the start-up funds for the inspectorate and management of the program. Thus, until importers sent contributions back to India, there were no earmarked monies available to set up rehab programs. This aspect of Rugmark, however, was delayed considerably in Germany, not India. German importers were hesitant to turn over these funds without a contract to establish the terms. For this, it was necessary to establish a Rugmark Foundation in Germany to coordinate the signing of contracts. Otherwise, the importers would not be able to claim these costs as business deductions. This legal system took months to develop, further postponing the flow of help.

However, since April 1996, the first funds from German importers have been collected, transmitted to UNICEF Germany, thence to UNICEF India, and been made available to Rugmark Foundation to establish facilities in Varanasi for rehabilitation and training of children found by the inspectors. Presumably the delays experienced in starting the flow will not persist.

A school was established by Rugmark in July 1996 in Varanasi, and as this report goes to press, land is being purchased for an ashram, a residential rehabilitation and training center, in the carpet belt, to be run by the Rugmark Foundation as part of its rehabilitation program.

After consideration, it was decided not to turn the rehabilitation funds over to the NGOs, lest this degenerate into Rugmark acting as a sort of "slush fund" for the NGOs on its board, rather than targeting the specific needs of children directly impacted by Rugmark's licensing scheme. Instead, it was determined that Rugmark could most effectively take up this aspect of its work through the formation of a second, independent operation in Varanasi, whose mandate and expertise would be focused on child rehabilitation. In this way the inspectors would be able to turn over information about children discovered in their rounds directly and immediately to their colleagues in the child care wing, avoiding both the delay of going through New Delhi and the uncertainty of providing sensitive information to groups outside the discipline of the Rugmark program. This second wing of the program is underway at last, with the school and the ashram as its primary oversight responsibility.

What about the Others? However, the question of children released from the carpet looms is much larger than just the numbers found directly by Rugmark inspectors. There are reportedly hundreds of thousands of children making carpets, according to the most reliable estimate. What, we wanted to know, has been the impact of the Rugmark program on this greater population of carpet children?

Perhaps the most encouraging aspect of all our findings was to learn that during the past year, thousands of children have begun an exodus from the carpet belt in such numbers that the Bihar government has been led to establish forty new schools in one of the four districts in that state most responsible for sending children to U.P. to work the looms. The publicity given to child labor, plus the pressure of the Rugmark program, have clearly had an impact. How large is impossible for us to estimate, but by all accounts from activists working in the region, it is significant.

It is this fact that leads SACCS activists to argue that rehabilitation is essentially a government responsibility, rather than one that lies with either the Rugmark Foundation or child welfare NGOs. Their role, they insist, is in pressuring the government to enforce its laws and to carry out its responsibilities, and where useful, to assist local governments in carrying out rehab and educational projects. They also play a key role in educating parents in the "catchment areas" not to send their children off to work in the carpet industry.

In January 1996, SACCS organized a "Reha" committee of its organizers in U.P. and Bihar, to identify children in bondage from the catchment areas and free them with government help, to oversee and plan for rehabilitation of carpet children, to work with state and local governments to pressure for more effective and free education programs, to work with local communities prone to send children into the carpet industry, and to mobilize communities to discourage the recruitment or kidnaping of children. That committee's mid-year report illustrates the dramatic progress being made.

Bihar Projects. SACCS groups have opened nine reporting centers in Bihar. These are located in Pulha, Saharsa, Araria, Garhwa, Jamua, Bhavnathpur, Nagar Uttari, Salkhua and Mahshi. Each of these centers has carried out "awareness camps" involving hundreds of villagers, marches, demonstrations, training programs, surveys and, in some cases, raids/rescue operations. These activities have had several discernible impacts. In Saharsa alone, "due to the continued pressure from SACCS (BBA) activists" the government has opened and provided funding for 50 schools for 2,000 former bonded carpet children. In each of these schools children receive Rs.100 (app. \$3.00U.S) per month plus free stationery, books and other equipment. The BBA has been appointed as a member of the body to run these schools. "In all the 50 schools that SACCS(BBA) was actively involved in the process of the identification of freed children from carpet industry, to develop curriculum for the affected children admitted in the schools and the recruitment of the staff."^{ix}

Perhaps the most important aspect of these projects has been the educating of parents in isolated local villages about the dangers of sending their children to work in the carpet industry, as well as the need to pressurize their governments to provide adequate schools. Most of these parents are scheduled caste members, illiterate, and have never been outside their own village area. In the past they have been easily persuaded by middlemen/recruiters for the carpet makers that in return for a loan they could send their children away where they would get an education and training in a craft. This cruel deception is at the heart of the tragedy of bonded child labor in making carpets. With education, and in particular, with the activism of former bonded child laborers who have returned home to talk of their experiences, villagers in the areas of SACCS activities have become much more cautious about parting with their children and active in demanding government educational services at home.

As a result of all these activities, a team of senior Bihar state officials visited the UP carpet belt to learn first hand the plight of children, mostly from Bihar, working at the carpet looms. Further, according to SACCS, "The pressure built by activists ... in the area has frightened agents of loom owners and carpet manufacturers / exporters so much that the incidents of kidnap and employment of children in carpet belt is on the decline." SACCS evaluates the attitude of government officials in Bihar as "quite encouraging."

Uttar Pradesh Projects. SACCS-BBA has set up local offices in Mirzapur, Bhadohi, and Varanasi, upgrading their activities and staff, and has opened a new office in Ghazipur, an area into which the carpet industry appears to be spreading. As in Bihar, the activities of these centers include awareness camps, demonstrations, training programs,

and raid/rescue operations. These activities have strengthened local awareness, encouraged local officials to take action and tightened the network of information about particularly egregious situations so that SACCS activists can bring them to the attention of police and rescue the children.

The Varanasi office coordinates activities for a large number of NGOs related to SACCS throughout the carpet belt, including Mirzapur, Sondbhadra, Bhadohi, Allahabad, Garhwal, Nagaruttarum, Ghazipur, Robertsganj, Palamau, Saharsa, Khagaria and Madhubabni and elsewhere.

These pressures have been partially responsible for state officials taking up the issue of bonded child labor. The District Collectors of Mirzapur, Varanasi, Bhadohi and Ghazipur have each ordered surveys of children engaged at carpet looms. The Labor Commissioner of Varanasi, in fact, during a meeting we attended on May 1, announced that he had just been authorized to open 20 schools in the district for carpet children, and that the district would develop a "large scale" project to encourage "women and children artisans."

According to SACCS' report, due to these activities the Mirzapur administration has also taken several steps to eliminate child servitude, including improving teaching methods in local schools, providing funds for repairs, getting financial assistance to families of bonded children to improve their economic conditions, increased pressure on employers to pay the minimum statutory wages, and set up new schools. In Mirzapur, "the government of India has sanctioned 50 schools of which 10 are set up under IPEC project and 40 under the NCLP (National Child Labor Project)"^x, a program of the Prime Minister.

Also because of these increased pressures, SACCS activists elsewhere in UP note the extension into more remote areas of carpet production. In June, activists from Bandha informed SACCS that "rattled by the raids and rescue operations initiated by SACCS - BBA activists, the carpet manufacturers are opening units in Bandha district on a large scale migrating from Mirzapur - Bhadohi belts. They found this area safer and children are available for work in plenty."^{xi} They had identified some 250 looms in 28 villages of the district, and were working in those villages to prevent abuses.

SACCS also notes that, because of the expansion of carpet manufacturing in neighboring Rajasthan state, they have also opened a reporting center in Alwar and are beginning to plan rehabilitation activities there.

These developments illustrate the importance of a strong program, not just of rehabilitation but of prevention and public awareness throughout the region. SACCS, with its 123 allied groups in UP and Bihar, is well situated to expand as needed if this trend continues.

In brief, we found that while specific rehabilitation programs had been delayed as a component of Rugmark's own work, the SACCS network has strengthened its already existing work in the carpet belt and the catchment areas sufficiently to meet the

challenges of the new situation. We were most encouraged to learn the extent of this work, and increasingly, to see the fruits of it in changed attitudes and opportunities for villagers and their children in this poverty-stricken corner of India. Resources made available to this work through the Rugmark importer contributions will strengthen it immensely.

VI. Conclusions and Recommendations

1. The gradual, voluntary approach of Rugmark is successful in generating compliance from a growing number of licensees. Now, more than 15% of all registered carpet looms in India are under Rugmark licensees or applicants.
2. The inspection system is effective. No falsely labeled carpets have been discovered to date. The reputation of Rugmark's inspectors in the carpet belt as being "incorruptible" appears to be well earned.
3. The NGO community remains divided, but the charges of SACCS representing too small a sampling of NGOs seems unwarranted. There is, however, some need for expanding NGO ownership of the program.
4. Rugmark's rehabilitation programs were slow in starting, but by mid-1996, when considered within the context of ongoing and expanding SACCS-related programs, the scope and effectiveness of this effort was commendable.
5. Charges of corruption, nepotism, or financial mismanagement turned out to be without any basis.
6. Pressure on government and industry has been effective, especially in Bihar. Even in U.P., government promises have been made to commit funds to rehabilitation and education.
7. Most promising is the recent exodus out of U.P. back to Bihar of former bonded child carpet weavers. While the overall scope of this exodus has not yet been measured, all we spoke with commented on its significance. One carpet exporter even indicated that as far as he could ascertain, child labor was already "down by 80%."
8. However, the push by some carpet makers into new areas of Rajasthan and U.P. is worrisome. This will require redoubling of efforts in the marketing countries to make non-labeled carpets commercially non-viable, as well as heightened vigilance on the part of Indian NGOs.
9. The success of the Rugmark initiative now depends as much on market actions in the U.S. and the extension to other producer countries as it does on actions in India and Nepal.

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Appendix

South Asian Coalition on Child Servitude Associates in Uttar Pradesh and Bihar States

June 1996

Organization Name Place State

1. Yuva Vikas Sansthan Ghazipur U.P.
2. Service for Help and Rural Education Mussorie U.P.

3. Shri Bhuvaneshvari Mahila Ashram Tehri Garwal U.P.
4. Khidmadgar Samiti Gole Market U.P.
5. Kosi Lok Manch Saharsa Batraha Bihar
6. People's Science Institute Dehradun U.P.
7. Parivartan Bastar U.P.
8. People's Action for National Integration Faizabad U.P.
9. Yuva Kalyan Samiti Fatehpur U.P.
10. Vikas Bharati Unnav U.P.
11. Badlao Foundation Dumka Bihar
12. Inst. Of Social Health Welfare Rural Dev. & Edu. Socy Faizabad U.P.
13. Mithila Samajik Evam Arthik Vikas Sansthan Laheriasarai Bihar
14. Yuva Vikas Evam Prasikshan Sansthan Banda U.P.
15. Diocese of Bijnor Panen Dist. U.P.
16. Nalanda Sewa Sansthan Nalanda Bihar
17. Tagore Bal Niketan Evam Balwadi Kendra Mirzapur U.P.
18. Aligarh for Life and Harmony Aligarh U.P.
19. Jharkhandis Organisation for Human Rights Singhbhum West Bihar
20. Manish Gramodhyog Sewa Sanstahn Faizabad U.P.
21. Poorvanchal Sewa Sansthan Deoria U.P.
22. Servants of India Society Sonebhadra U.P.
23. Day Centre for Elderly International Dehradun U.P.
24. Himalayan Inland Mission Massorie U.P.
25. Jan Sikshan Kendra Jamui Bihar
26. Lok Jagruti Kendra Deogarh Bihar
27. Awadh Vikas Sewa Mandal Faizabad U.P.
28. Gram Vikas Sewa Sansthan Sultanpur U.P.
29. Shoratarh Environmental Society Sidhartnagar U.P.
30. Prayaas Jhansi U.P.
31. Jaanprayas Mao U.P.
32. B. R. D. Kushta Sevashram Nainital U.P.
33. Jan Jagran Kendra Hazaribagh Bihar
34. Jan Sewa Sansthan Almora U.P.
35. Purvanchal Pravate Samiti Ghazipur U.P.
36. Jan Jati Vikas Samiti Sonebhadra U.P.
37. Uthkarsh Sanstan Tatha Karyasamuha Kisn Sang Banda U.P.
38. Gramonnati Sanstan Mahoba U.P.
39. Nagrik Bharti Prathisthan Azamgarh U.P.
40. Institute for Extention of Rural Technology Allahabad U.P.
41. Lok Prerna B. Deoghar Bihar
42. Gomati Prayog Jan Kalyan Parishad Chamoli U.P.
43. Samagra Gram Vikas Samiti Azamgarh U.P.
44. Maharishi Dayanand Bal Vidhyalaya Varanasi U.P.
45. Dr. Bhimarad Ambedkar Shiksha Sansthan Deoria U.P.
46. Shama Vikas Samiti Nalanda Bihar
47. Kosi Punervash Vikas Parishad Saharsa Bihar
48. Manav Samadhan Evam Mahila Vikas Sansthan Varanasi Bihar
49. Social Welfare Institute Varanasi U.P.
50. Mahila Ekta Samiti Varanasi U.P.
51. Fanishwarnath Research and Training Centre Bokaro Bihar
52. Akhil Bharatiya Yuva Kalyan Swapa Knished Parishad Varanasi U.P.
53. Swani Vivekanand Shiksha Samiti Mirzapur U.P.
54. A. C. C. Society Varanasi U.P.
55. Vishwa Nari Kalyan Parishad Varanasi U.P.
56. Akhil Bharatiya Sadbhavna Sanghatan Varanasi U.P.
57. Dastkar Hat Samiti Varanasi U.P.
58. Samagra Vikas Khadi Gramodyog Sansthan Varanasi U.P.

59. Shanti Samiti Varanasi U.P.
60. Gudiya Varanasi U.P.
61. Manv Sewa Kendra Varanasi U.P.
62. Resham Khadi Gramodyog Vikas Sansthan Varanasi U.P.
63. Dr. Shambhunath Research Foudation Varanasi U.P.
64. Yuva Gram Vikas Samiti Varanasi U.P.
65. Ashok Mission Educational Society Varanasi U.P.
66. Sukshupa Samiti Varanasi U.P.
67. Akhil Bharatiya Kalyan Swapak Nished Parishad Varanasi U.P.
68. Vanvasi Shramjivi Sewashram Varanasi U.P.
69. Panchnad Varanasi U.P.
70. Varanasi Taikvando Society Varanasi U.P.
71. Maharishi Daayanand Shikshan Sansthan Varanasi U.P.
72. Ramshandra Shukla Sahitya Shodh Sansthan Varanasi U.P.
73. ABC Akademi Varanasi U.P.
74. Navbharat Sanskritik Va Samajik Sewa Sansthan Varanasi U.P.
75. Jhunjhunwala Charity Trust Varanasi U.P.
76. Human Rights Foundation of India Varanasi U.P.
77. Samajik Nyay Morcha Varanasi U.P.
78. Association for People Varanasi U.P.
79. Pravasi Nepali Sangh Varanasi U.P.
80. Damudayik Seva Kendra Varanasi U.P.
81. Nawal Educational And Research Institute Ballia U.P.
82. Yuvak Vikas Samiti Bhadhohi U.P.
83. Bharatiya Vrisha Laghu Udyog Balvikas & Mahila Samit Mirzapur U.P.
84. Chuharmal Seva Sansthan Saharsa Bihar
85. Kosi Consortium Saharsa Bihar
86. Lok Bharti Seva Ashram Supaul Bihar
87. Satlok Seva Ashram Madhubani Bihar
88. Gharib Ghar Saharsa Bihar
89. Sabri Seva Ashram Saharsa Bihar
90. Lalit Kosi Seva Ashram Kakadia Bihar
91. Sonbharsa Prakhand Swaraj Sabha Saharsa Bihar
92. Bachpan Vikas Kendra Madhipura Bihar
93. Seva Niketan Samastipur Bihar
94. Glasswork Mazdoor Sangh Aligarh U.P.
95. Dalit Sena Aligarh U.P.
96. Ankur Foudation Allahabad U.P.
97. Musibat Baranpur U.P.
98. Badausa Khetriya Vikas Samiti Badausa U.P.
99. Utkarsh Sansthan Banda U.P.
100. Sameeksha Ghaziabad U.P.
101. Unyo Vill. Murtajabad U.P.
102. V.V.S.S. Mauranipur U.P.
103. U.P. Voluntary Association Network Lucknow U.P.
104. Creda Mirzapur U.P.
105. Child Labor Welfare Society Mohgalpura U.P.
106. Uttaranchal Vikas Sansthan Banvasa U.P.
107. Nikhil Bharat Banwasi Panchayat Sonebhadra U.P.
108. Samta Mahila Vikas Sansthan Sonebhadra U.P.
109. Nav. Yuvak Mangal Dal Varanasi U.P.
110. Manavi Patna Bihar
111. Sakhi Kendra Kanpur U.P.
112. Bharatiya Vrisha Lagu Udyog Balvikas Samiti & Mahila Samiti Mirzapur U.P.
113. Mahila Arthik Sanskritik Evam Shikshak Vikkas Sanghatan Varanasi U.P.
114. Bharatiya Lok Tantrik Kranti Dal Babura Bihar

115. Upvha Lucknow U.P.
116. Manav Vikas Prakala Parbhani Dist. Bihar
117. Sri Ram Mohan Sewa Ashram Chandausi Bihar
118. Hindkhet Mazdoor Panchayat Supoul Bihar
119. Prakrutikyog Kusht Arogyadam Saharsa Bihar
120. Sahitya Kala Manch Khagaria Dist. Bihar
121. Arpan Gramin Vikas Samiti Patna Bihar
122. Gram Vikas Samiti Faridabad U.P.
123. Nav Bharat Jagruti Kendra Hazaribagh Dist. Bihar

ⁱ Cf Harvey & Riggin, *Trading Away the Future: Child Labor in India's Export Industries*, International Labor Rights Education and Research Fund, 1994, p. 72. A detailed sample survey of the industry in 1993 by the ILO and the University of Minnesota computes the level of child labor as 22 percent of a work force of 600,000 weavers, or 130,000 children. (Levinson, Anker, Ashraf and Barge, ILO, 1996)

ⁱⁱ This relatively neutral name was selected primarily to comply with German law, which bars labeling initiatives from adopting names that imply that non-licensees of a trade mark are in violation of its standards.

ⁱⁱⁱ Art. 3, "Basic Criteria and Requirements for the Certification and Monitoring of Carpet Production Without Child Labor", adopted May 27, 1993.

^{iv} Carpet Export Promotion Council, "A Position Paper on the Problem of Child Labor in the Indian Carpet Industry," 4 July, 1994, p. 5.

^v Ibid. P. 6.

^{vi} Testimony of Dan Hodges, U.S. Dept. Of Labor hearing on child labor, June 29, 1995(*check date), p. 2.

^{vii} Letter from V. R. Sharma to Dietrich Kebschull, IGEP, Feb. 28, 1994.

^{viii} As an example and by contrast, the exposure of similar problems in Pakistan's soccer ball industry, where thousands of stitching sheds are employing child labor in villages within a 50 mile radius of the city of Sialkot as subcontractors for manufacturers, is leading to changes in the way soccer balls are made. A need to gain control of the conditions of production has caused several major retailers of soccer balls in the U.S., including Reebok and Nike, to bring all their production in to factories being built in the city of Sialkot, where conditions can be monitored more successfully.

^{ix} SACCS, *Activity Report on the Project SACCS Regional (Carpet Region) Along with Monitoring and Campaigning*, (Sept. '95 - June '96), July, 1996, p. 3.

^x SACCS, "Progress Report of the REHA action plan SACCS regional (carpet region) campaign along with central monitoring and campaigning," July 1996, p. 3.

^{xi} SACCS, "Reha Project Partners' Workshop, June 3-5, 1996", p. 4.