
SEEDS OF CHANGE

*Impact of Interventions by Bayer and Monsanto on the Elimination
of Child Labour on Farms Producing Hybrid Cottonseed in India*

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ACRONYMS AND ABBREVIATIONS

AP	Andhra Pradesh
ASI	Association of Seed Industry
BT	Bacillus Thuringiensis
CCP	Child Care Programme
CLEP	Child Labour Elimination Project
CLC	Creative Learning Centres
EG	Hindustan Lever Limited
HLL	Emergent Genetics
ICN	India Committee of the Netherlands
ILO-IPEC	International Labour Organisation – International Programme for Elimination of Child labour
ILRF	International Labour Rights Fund
MAHYCO	Maharashtra Hybrid Seed Company
MMB	Mahyco-Monsanto Biotech Limited
MNCs	Multinational Companies
MVF	Mamidipudi Venkatarangaiah Foundation
NCLP	National Child Labour Project
NGO	Non Governmental Organisation
NREGP	National Rural Employment Guarantee Programme
OECD	Organisation for Economic Cooperation and Development
RBC	Residential Bridge Course
UNICEF	United Nations Children’s Education Fund

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EXECUTIVE SUMMARY

The report '**SEEDS OF CHANGE**' shows that the multinational companies Bayer and Monsanto have started to address the issue of child labour in their cotton seed supply chain, though the problem is still far from solved. The companies began to tackle the problem after European and US-based NGOs started to raise the issue in the media in co-operation with local NGO's like the MV Foundation who mobilise communities to get children out of work and into school, including in cottonseed production.

In 2005-2006 around 20% of the workers on Bayer's and 10% of the workers on Monsanto's cotton seed supplier's in Andhra Pradesh were children under 15. This percentage dropped to roughly 11% on Bayer's farms and 5% on Monsanto's farms in 2006-2007. However the companies are yet unprepared to tackle the problem systematically in other states like Karnataka and Tamil Nadu where there is less local pressure. This is even more important now Bayer is going to increase its production areas nearly six times and Monsanto, already being the main market player, is doubling it. Also there are no efforts yet to implement a no-child labour policy through joint venture partners, suppliers and sub-licensees, including in the production of other seeds where child labour is involved. The issue of the low procurement price offered by the companies (see also the report: 'The price of Childhood') still is an obstacle to farmers, particularly producing non-BT hybrids, to whole-heartedly support a no child labour policy. According to the report the Creative Learning Centres supported by both Bayer and Monsanto have not been very effective in dealing with children who have worked in the cotton seed fields. This is due to lack of motivation and mobilization at the village level.

BACKGROUND

Both multinational and Indian seed companies have been criticised since 2001 for allowing and abetting child labour in cottonseed production. This critique has been led by the MV Foundation and other NGOs who are spearheading the anti child labour movement in the state of Andhra Pradesh, and has been supported by northern NGOs including India Committee of Netherlands (ICN), International Labor Rights Fund (ILRF), a number of German organisations, social investor groups and media, putting pressure on MNCs to address the problem of child labour in their supply chains. Due to this pressure from NGOs, media, and social investor groups, multinational companies (MNCs) like Bayer, Monsanto, Advanta, Syngenta and Emergent Genetics¹ who are producing and marketing hybrid cottonseeds in India came forward to have a dialogue with local NGOs and initiate steps to address the problem.

A joint action plan was agreed upon between ASI (Association of Seed Industry) and MV Foundation in 2003 but this was not implemented due to unwillingness and non-cooperation of some members of ASI. Though Bayer, Syngenta and Emergent Genetics showed some interest, other members like Advanta, Mahyco, Nuziveedu, Raasi and Ankur were not keen to implement the agreed action plan. In 2004 the NGOs and social investor groups in Europe decided to increase their pressure on the MNCs. German NGOs (Germanwatch, Global March Against Child Labour and Coalition against Bayer Dangers) lodged a complaint against Bayer in October 2004 with the German National Contact Point under the OECD Guidelines. In the Netherlands, ICN and social investor groups put pressure on Syngenta and on Unilever² which had a minor stake (26% share) in Emergent Genetics while several NGOs, including ILRF, approached Monsanto with regard its Indian partner Mahyco. Due to this increased pressure three MNCs, namely Bayer, Syngenta and Emergent Genetics, again initiated a dialogue in February 2005 with local NGOs for joint action to eliminate child labour in their suppliers' farms. After several rounds of discussions these companies agreed to implement a new joint action plan for the crop season 2005-06.

The present note is divided into two sections. Section one briefly summarizes the developments in 2005-06: the commitments made and initiatives undertaken by Bayer and Monsanto to address the problem of child labour in the farms producing cottonseed for their companies in India. Section two presents the promises and activities undertaken in 2006-07 for the elimination of child labour from cottonseed farms by these companies.

¹ In 2005 Emergent Genetics was acquired by Monsanto. Syngenta sold its cottonseed business to Delta and Pineland in 2005. In 2007 Monsanto acquired Delta and Pineland.

² Hindustan Lever Limited (HLL), an Indian subsidiary of Unilever, sold the major part of its seed business to Emergent Genetics in 2002. A joint venture company `Paras Extra Growth Seeds` was started by HLL and Emergent Genetics in 2002 where HLL hold 26% of share. In 2005 HLL sold remaining share also to Emergent Genetics. Emergent Genetics was completely taken over by Monsanto in 2005.

SECTION I - DEVELOPMENTS IN 2005-06

Joint Action Plan for 2005-06

Bayer, Syngenta and Emergent Genetics (Monsanto) in 2005 jointly agreed to implement the following action plan for 2005-06.

- **Information sharing:** Companies agreed to share all relevant information regarding production details, including production sites and lists of farmers producing seed for companies.
- **No child labour clause in contracts:** In the agreements with seed organisers and farmers, companies agreed to include a separate clause clearly prohibiting use of children below 15 years in production activities.
- **Formation of joint monitoring committees at various levels** (State, District and Mandal) with the representatives of companies and NGOs to review the progress of implementation of the action plan. Local level joint committees will do the field inspections and report violations to district and state committees.
- **Scheme of incentives and disincentives:** Companies agreed to implement a scheme of incentives and disincentives to the farmers. Under this scheme several disincentives have been announced for farmers who violate the no-child-labour norm in their agreements with the companies. In the proposed scheme of disincentives, the first-time violation by the farmers will result in issuing a show cause notice by the company. If the farmer continues to violate the no-child-labour norm after a second inspection, the company will cut 10% of procurement price which it agreed to pay to the farmer. For a third-time violation the company will completely reject the seed from the farmers and no future production will be given to them³.

If farmers completely avoid child labour in their farms, under the incentives scheme they will be given a 5% bonus on procurement price. If seed farmers in a particular village come forward to totally eliminate child labour on their farms these companies will reward the entire village by financially supporting educational infrastructural needs of the village like constructing a school building, supplying educational material etc.

³ With regard to implementation of different clauses in disincentives scheme the commitment of Bayer was clear. Though Monsanto clearly committed for blacklisting and cancellation of future contracts with farmers who found using children, with regard to imposing 10% price cut its commitment was vague. It stated first it would try to educate the farmers on this clause and depending upon the situation it will use its discretion whether or not to implement this.

- **Educational programme for rehabilitation of child labourers:** Bayer and Emergent Genetics agreed to financially support Naandi foundation to open motivation centers (creative learning centres) in 20 villages by Bayer and 10 villages by Monsanto for child labourers to mainstream them into formal schools.
- **Measures for safe use of pesticides and improving crop productivity:** Bayer agreed to provide special training programmes for the farmers for safe use of pesticides and improved crop productivity.

Syngenta withdrawal from cottonseed production

After the action plan was finalised, Syngenta communicated that, for business reasons, it would not have any cottonseed production in India for the 2005-06 crop season. However, they would continue their cooperation with other companies to address the problem. In December 2005 Syngenta sold its cottonseed business to Delta and Pineland, a US based company. In June 2007 Monsanto acquired Delta and Pineland Company.

Implementation of action plan 2005-06

During 2005-06 crop season Bayer produced cottonseed on 139 farms covering a total area of 275 acres in Kurnool and Mahaboobnagar districts, and Emergent Genetics on about 450 farms covering 760 acres in Kurnool, Mahaboobnagar, Cuddapah and Vijayanagaram districts in Andhra Pradesh. Implementation of the action plan began in July 2005. Joint committees were formed at different levels, i.e. state, district and mandal (sub-district). Bayer and Monsanto shared their cottonseed production details (list of farmers and production sites) with the NGOs. They also included a separate clause prohibiting use of children below 15 years in their contract agreements with seed farmers. A separate secretariat with one project director and five field staff (hereafter referred as Child Labour Elimination Project, or CLEP) was created to help the implementation of the programme. Awareness and motivation meetings were conducted for seed organisers and farmers.

Joint inspections of fields by representatives of seed companies and local NGOs, especially the MV Foundation, began in the last week of August 2005. Two rounds of inspections were made. During joint inspections several problems cropped up between the NGO and seed company representatives. The MV Foundation felt that local seed companies' staff who participated in joint inspections were not properly educated and not very cooperative in implementing the joint action plan. During joint inspections few children were found, and when NGOs visited farms independently they found a higher number of children in the same farms. They felt that the seed company staff informed seed farmers in advance about the joint inspections. Therefore in September 2005 the MV Foundation withdrew from joint inspection of fields. This withdrawal was a major set-back to the entire joint initiative.

Despite the withdrawal of the MV Foundation, Bayer and Monsanto decided to continue field inspection activity involving field staff of Child Labour Elimination Project (CLEP) and some local small NGOs. The CLEP field staff (specially recruited for this project) with the help of local NGOs and local youth members made joint field inspections and recorded the data.

With regard to educational programme, Bayer and Monsanto, with the help of Naandi Foundation an NGO working on improving school education programmes), opened Creative Learning Centers (CLCs) which aimed to motivate `out of school children` to stay away from the cottonseed fields and prepare them for regular schooling in 29 villages by end of October 2005.

No steps were initiated by Bayer to address the issue of safe use of pesticides and improving crop productivity during the 2005-06 crop season.

Implementation of an incentives and disincentives scheme was one of the major elements in the action plan announced by Bayer and Monsanto in 2005-06. This scheme was intended to convey a serious message to the organisers/farmers about the clear commitment of the companies regarding the child labour issue. Using the field inspection data, this scheme was supposed to be implemented by the companies at the end of the crop season in December/January. Both Bayer and Monsanto implemented this scheme partially.

In December 2005 Bayer shared the field inspection data collected by CLEP field staff with the members of the state level steering committee. Based on this data Bayer announced that it would pay a 5% bonus price to 55 farmers (out of a total of 139 farmers given contracts for 2005-06) who avoided using child labour, and it would impose penalties on 14 farmers (cancellation of present contracts with three farmers and blacklisting 11 for future production) for using child labour. As agreed in the beginning of the season Monsanto announced an incentive of Rs 15 per kg seed to farmers who avoided using child labour, but when it came to penalty clauses on farmers who violated the `no child labour norm` it did not implement any of them, stating that the company may face adverse reaction from farmers if they do so because it could not educate them properly on this clause.

Impact of action plan

In a series of press releases and communications to campaign groups and investors, both Bayer and Monsanto claimed that the action plan initiated and implemented by them during 2005-06 crop season was a big success. The magnitude of child labour, the companies said, substantially declined compared to the previous years. Bayer, in its communication to a leading NGO who is actively involved in campaigns against Bayer on the child labour issue, claims that the number of children employed in the farms

producing seed for them had been reduced from six children per acre in 2003-04 to approximately one child in 2005-06. The proportion of children to the total workforce was supposedly reduced from 50% to less than 5% during the same period. The Creative Learning Centres (CLCs) established in association with Naandi Foundation, the company stated, had been very successful in enrolling about 700 children by the end of February 2006.

Though both companies had some success in tackling child labour in the cotton seed fields and enrolling children in learning centres, this success has been exaggerated.

As already indicated, Bayer shared the field monitoring data collected by CLEP field staff with the NGOs (also with the author of the present note) in December 2005. According to the data shared by Bayer a total of 250 children in the peak season and 190 in the lean season were found working on the farms producing seed for its company. The claim of one child per acre made by the company was based on these figures. There are several methodological problems underlying the CLEP monitoring data and it is difficult to accept these figures as real figures. Bayer has asked the author of the present report in January 2006 (when the `Monitor TV` report and German NGOs press statement quoted the figure of around 500 child labourers in Proagro farms in 2005-06 based on the author's estimation) to comment on the CLEP monitoring data. In a letter dated 26 January 2006 to Mr Clive Pegg, Managing Director of the Proago seed company, the author of the present report made the following observations on the CLEP monitoring data:

`The total area under cottonseed production as reported by you (Proagro) is 275.5 acres (press release dated 4-1-06. Out of this the CLEP team monitored only 185 acres (67.1%). The data reported by the CLEP team indicates that the total number of children working on these farms is 250 (no double counting is done here to arrive at this figure. Of the three or four visits to each farm only one visit which reported highest number of children is taken into consideration), an average of 1.35 children per acre. Even if we assume that farms which are not monitored have the same magnitude of numbers the total number of children would go up to 372. (Assuming 1.35 average for left out farms is somewhat problematic and may underreport because the majority of left out farms are situated in areas (Kurnool) which reported high incidence child labour than the general average). I also found that the percentage of farms observed with very few labourers in all the visits is also significant. About 18% of the farms reported below four people (when other farms reported high numbers of 8 to 10) per acre in all the visits which is difficult to understand. Taking these things into consideration I made a rough estimation of the number as 450 to 500`⁴.

⁴ Extract from author's e-mail communication with Mr Clive Pegg, Managing Director of the Proago seed company on 26-1-06.

CLEP monitoring data also does not support another claim made by Bayer which said that `At the end of the cotton seed season 2005 less than 5 % of farm labourers were children under 15. This would be a significant reduction when compared with 50% from earlier investigations`. CLEP monitoring data clearly indicates that the proportion of children to the total workforce on Bayer farms was always above 20% at any time of the season during 2005-06.

Child labour rehabilitation programme

Bayer claimed that the Creative Learning Centres (CLCs) - established in association with Naandi Foundation - had been very successful in enrolling about 700 children by the end of February 2006. The field visits to eight of these education centres in Mahaboonagar reveal that there is little truth in the claim made by the company. The number of children enrolled in these centres has been exaggerated. Moreover these centers were unable to attract the real child labourers who need them most. Most of the children admitted in these centres are young children in the age group of 5 to 8 years who have not worked in cottonseed farms or in any other fields. One of the reasons these centres have not been able to attract the children working on cottonseed farms is the lack of community motivation and mobilisation activities at village level. It was also found that there is lack of coordination between the education programme and other interventions of the companies.

To sum up: the joint action plan for elimination of child labour in cottonseed farms implemented by Bayer and Monsanto in 2005-06 had a limited impact. Children continued to be employed on the farms producing seed for these companies though in reduced numbers. The action plan did not yield its objective of total elimination of child labour mainly due to lack of effective implementation of the plan at the field level, while the plan itself lacks a holistic approach. One important gap in the action plan was its failure to address the issue of procurement price. Low procurement price is an important contributing factor to the continuation of the extensive use of (cheap) child labour in cottonseed farms. This effect is documented in detail in the report 'The Price of Childhood'⁵, which seed companies are still not ready to accept.

⁵ Venkateswarlu, D. and Lucia da Corta (2006) 'The Price of Childhood: On the Link between Prices Paid to Farmers and the Use of Child Labour in Cottonseed Production in Andhra Pradesh, India' Report Commissioned by the India Committee of Netherlands, International Labour Rights Fund and Eine Welt Netz NRW.

SECTION II – DEVELOPMENTS IN 2006-07

ACTION PLAN FOR 2006-07

Both Bayer and Monsanto have decided to continue to work on the child labour issue within the framework of ASI CLEP (now CCP-Child Care Programme) which they initiated in 2005-06. With regard to the action plan for 2006-07 both companies have agreed on some common elements. In addition to the common programme they have also announced separate programmes specific to each company.

Bayer's action plan

With regard to cottonseed production and marketing in India, Bayer has both direct and indirect involvement. The direct involvement is through its daughter company `Proagro` which produces and markets cottonseeds. The indirect involvement is through its supplier `Raasi` a leading Indian seed company based in Tamilnadu. In 2005, Proagro entered into a marketing agreement with Raasi seeds. According to this agreement Raasi agreed to give Proagro exclusive marketing rights over two of its BT hybrid cottonseeds. Raasi produces these seeds and marketing is done by Proagro. Proagro indicates that in its agreement with Raasi a special clause was included banning the use of child labour in production of seeds and the right to monitor Raasi seed farms. During the 2006-07 crop season Raasi had an agreement with Proagro to produce cottonseed in 120 acres.

In the month of March 2006 Bayer announced its action plan for 2006-07. The action plan includes continuation of joint monitoring of fields, an incentive and disincentive scheme with a small modification (an incentive hike from 5% to 7% over the previous year) and a child labour rehabilitation programme with Naandi which it initiated in 2005-06. The new elements in the 2006-07 action plan are:

- a) Credit support to farmers with the help of Banks and
- b) 'Target 400' to enhance crop productivity.

In January 2006 Bayer signed a Memorandum of Understanding (MoU) with the State of India to provide credit support with 8% interest to its farmers. Under this scheme each farmer is eligible to get about Rs. 40,000 credit per acre. A bank guarantee is provided by the company. The programme of `target 400` is planned to improve the crop productivity. In April 2006 a detailed manual was published with guidelines to improve crop productivity from the current level of 250 packets per acre to 400 per acre. The company announced it will implement the `target 400 plan` in 2006-07 by conducting trainings and providing necessary inputs to its growers.

Bayer agreed to implement all the elements of its action plan in 100% of the farms in Andhra Pradesh and Karnataka where it is directly involved in cottonseed production. With regard to its seed supplier Raasi in Tamilnadu, Bayer indicated that it will ask Raasi

to take all the necessary steps to eliminate the child labour from the farms producing seed exclusively for Bayer.

Monsanto's action plan

Like Bayer, Monsanto also has both direct and indirect involvement in cottonseed production and marketing in India. The direct involvement of Monsanto in cottonseed production activity began in 2005-06 with the acquisition of Emergent Genetics in March 2005⁶. The indirect involvement of the company is through Mahyco (Monsanto holds a 26% share) and Mahyco-Monsanto Biotech Limited (MMB) which is a 50:50 joint venture company between Mahyco and Monsanto). While Mahyco is directly involved in cottonseed production, MMB is a "BT gene" licensing company which does not directly involve in seed production. MMB has sub-licensed BT cotton gene to several seed companies in India including leading Indian companies like Nuziveedu, Ankur, Raasi and Tulasi.

In April 2006 at the state level steering committee meeting of CCP, Monsanto announced its action plan for the elimination of child labour in the 2006-07 crop season. The action plan includes the continuation of efforts initiated by Monsanto in 2005-06: joint monitoring of fields, an incentive and disincentive scheme and child labour rehabilitation programme with Naandi. With regard to incentives and disincentives Monsanto clearly stated that its current year policy slightly deviates from its previous year policy. As an incentive to the farmers who completely avoid using child labour, it agreed to pay an extra Rs.15 per Kg (4.8%) on top of the procurement price. The company will not impose any financial penalties on those farmers who violate the norm of `no child labour` but simply blacklist them for next year's production.

With regard to the applicability of the company's `no child labour policy` to its subsidiaries, joint ventures and sub-licensees Monsanto stated that it will first try to implement the policy within the company where it has direct control over the production and evaluate the possibility of including its joint ventures and sub-licensees. It also stated that the company adopted a global policy on Human Rights only in April 2006 and it is now in the process of understanding the issues and looking for solutions.

Area under cottonseed production in 2006-07

In June 2006 Monsanto and Bayer shared information regarding their production sites where they have direct control. According to their information Monsanto produced cottonseed in 3003 acres, out which 2213 acres were in Andhra Pradesh and 790 acres were in Tamilnadu. Bayer produced cottonseed in 281 acres, out of which 61 acres were in AP and 220 acres (81.5 in Kharif and 138.5 in Rabi season) were in Karnataka. The total cotton seed production area in AP, Karnataka and Tamilnadu for 2006-07 crop

⁶ Monsanto also purchased Delta and Pineland company in June 2007 which has some presence in India (Delta and Pineland purchased Vikki Agro tech and Syngenta's cottonseed business in 2006).

season was roughly estimated at 30,000 (16,000 in AP, 9,000 in Tamilnadu and 5,000 in Karnataka). Out of these 30,000 acres, nearly 10% of area was under direct production control of Monsanto and Bayer⁷.

Table 1: Cottonseed production area (acres) 2006-07- (Bayer and Monsanto)

Company	Andhra Pradesh	Karnataka Kharif	Karnataka rabi	Tamilnadu	Total
Proagro (Bayer)	61	81.5	138.5	0	281
Monsanto	2213	0	0	790	3003

Note: the figures mentioned in the table indicate only the production area directly controlled by Monsanto and Bayer.

IMPLEMENTATION

Taking the lessons from last season's experience, Bayer began implementing its action plan in Andhra Pradesh in March 2006, well before the commencement of the current season⁸. Bayer has identified its growers in March and conducted awareness meetings with them. Written agreements were taken from farmers stating that they will not use child labour in their farms. Monsanto began this process very late in June, just before the start of the season.

Both companies did this exercise in Andhra Pradesh but not in other states. Monsanto stated that for the current season their main focus would be on Andhra Pradesh and in the coming season it will be extended to other states. Bayer has also outsourced production in Karnataka, and Monsanto in Tamilnadu. In 2006-07 Bayer out sourced production in Karnataka both in kharif and rabi seasons- kharif season in Gajendraghed area and Rabi season in Kolar area. In the beginning of kharif season in Gajendraghed area Bayer did not clearly specify its policy to the growers. In the written contracts with growers in Karnataka, Bayer included only a general clause of 'no child labour' and did not specify incentives and disincentives. In the August state level steering committee meeting of the CCP, when this dual policy of the company for AP and Karnataka was pointed out, Bayer company management stated that they will correct it and implement the same policy in Karnataka. In Kolar area also where company gave production in rabi season it could not clearly inform the farmers well in advance about its no child labour policy as it did in AP.

Since 2005 both companies have been talking about the 'preferred village concept' which means concentrating production in a few villages with the same group of farmers. This enables the companies to do better monitoring of the fields. However, both the

⁷ If we include the production area covered by Monsanto's sub licensees and Bayer's partner the total percentage of area directly and indirectly controlled by Monsanto and Bayer in 2006-07 in AP, Karnataka and Tamilnadu was around 65 % (20,000 out of 30,000 acres).

⁸ During 2005-06 season the company failed to clearly communicate its policy to the growers well in advance, before farmers entered seasonal agreements with labourers.

companies could not implement this due to increased production demands and non availability of suitable farmers. Most of the villages where production has been outsourced by these companies in 2006-07 are new villages. The growers are also new. In Andhra Pradesh during the 2006-07 season Bayer has given production to only one old farmer from 2005-06. All other farmers are new to the company and thus Bayer had to start the entire awareness campaign from zero again.

Both companies have organised a series of meetings with growers, organisers and sub organisers in AP to sensitise them on the issue of child labour. Pamphlets and leaflets in local languages were distributed to farmers requesting them not to use child labour.

As part of implementing the `target 400 plan` Bayer conducted two training programmes on best agricultural practices to enhance the productivity and safer handling of pesticides in August 2006 for its growers: one for farmers in AP and one for farmers in Karnataka. For safe handling of pesticides, Personal Protective Equipment (PPE) was distributed by the company to all the growers free of cost. The implementation of the credit support scheme was confined to Andhra Pradesh only. This season about 40% of the farmers received credit from banks with an 8% interest rate. The company had some difficulty in implementing this scheme due to non-cooperation from its seed organisers (most of the seed organisers are also money lenders and if farmers get credit from the banks they lose their business). Though initially it was not included as part of the action plan, Monsanto also implemented a credit support programme for its farmers in AP and Tamilnadu. In the state of AP Bharati Seeds, which organised the entire company's production, distributed credit to farmers at the rate of 12% per annum. In Tamilnadu the company provided bank linkages to the farmers to get the credit at the 8% per annum.

In order to recognize the effort of growers who did not use any child labour, it was decided to place boards with the message of `Child Labor Free Cotton Farm` in their plots. Monsanto placed 100 boards in different villages and Bayer six boards in one village in AP.

One positive development during the 2006-07 season is that both companies made serious efforts to motivate the farmers not to employ children. When children were found in CCP field visits there was a follow up action to persuade those farmers who employed children to replace them. Some farmers have responded positively to these requests by replacing the children immediately.

Process followed to resolve border line (age doubtful) cases

The CCP field level team along with company staff, representatives of organisers/sub-organisers, and local NGOs (representatives of local NGOs were included at some places) made frequent visits to farms and conducted joint field inspections. When children were found in the farms this information was recorded in field inspection data sheets and signed by all members of the joint team. For `doubtful cases` found during

monitoring visits, growers were requested to provide valid certificates in support of age proof and if this was not possible, to replace the children. Monitoring teams were told to advise farmers to provide age certificates or replace the doubtful cases of 14 and 15 years based on the interactions with labourers and growers in the field during monitoring visits. Growers with such problems were given one week for the production of valid certificates or replacement of the labourer. It was considered as child labour if a replacement was not made or certificate was not submitted for suggested doubtful cases before the next visit to that plot or before a certain time given. This information was reviewed on a weekly basis at a district level and monthly basis at the state level by CCP committees. Feedback was given to the field level teams to improve the situation.

Problems in sharing and review of joint field inspections data

Though there was a mutually agreed procedure and deadlines for sharing the field inspection data by the companies with other stakeholders in CCP, this was not adhered to by Bayer. In the beginning of the 2006-07 crop season, the CCP state level steering committee in a meeting with both Bayer and Monsanto, agreed to maintain complete transparency and timely sharing of field monitoring visits data with all the CCP members. The procedure agreed was as follows. After joint monitoring teams (CCP field staff, company person, seed organiser, local NGOs, village representative) completed the field inspection, the data would be reviewed by the district level committee on a weekly basis and this would be forwarded to the state level office of the company. The company would share this data with the CCP state level steering committee members for their inputs within a week after it received data from the district committee. It was also agreed that at the end of the season all the data would be compiled and analysed jointly by the company and other CCP members and agreed upon as common findings. While Monsanto followed this procedure in sharing and reviewing the data there was hesitation, delays, and lack of transparency on the part of Bayer.

Field inspections by joint teams began in the month of August. In September the CCP state level steering committee noted that Bayer had shared only selected visit data. When this was pointed out Bayer stated that at field level two types of visits were going on: one was monitoring and the second was follow up visits. Both were carried out by the same teams. Bayer was found to only share monitoring visits data and not follow up visits data. The issue was discussed and it was agreed that all the visits data, whether it was a monitoring visit or a follow up visit, would be shared with the CCP state committee members. The company stated that it needed some time to share follow up visits, as the data needed to be consolidated. At the field level joint teams continued their visits and the data were shared with the company on a weekly basis. But the company continued to share only selected visits data (monitoring visits and not follow up visits; this distinction between monitoring and follow up was never agreed by the state CCP committee). In October at the state level review meeting this issue was again discussed. Bayer agreed to share this information also but requested more time. In November and December at the state CCP committee meetings this issue was again discussed. The

company stated that that since the season had come to an end, they would consolidate the follow up visits data for the entire season and this would be shared with CCP members.

In the December meeting a sub-committee consisting of the CCP deputy director, representatives of Bayer and Monsanto, Naandi and this researcher was constituted. This sub-committee was asked to go through the CCP field visit data to finalise the findings and make recommendations for the 2007-08 season. In order to avoid individual interpretations of CCP data by different members, it was mutually agreed that only the sub-committee findings would be used by all the members if they wanted to state anything about CCP data findings. This sub-committee was asked to finalise the CCP report for 2006-07 by the end of February. In the third week of January 2007 Bayer shared all the follow up visits data for AP, but for Karnataka it again requested more time. After sharing the AP follow up visits data the researcher requested a meeting of the CCP sub-committee to finalise at least the AP data findings first. There was no response to this request. In the first week of February a regular state level CCP steering meeting was held. Bayer was absent from this meeting. A special meeting was called again in the second week of February from which again Bayer was absent. It stated that the concerned person was on leave till March 9th and it could only send its representative to the meeting after the 9th of March. Another regular monthly CCP meeting was called on 12th March. Bayer participated in this meeting. When asked about sharing the Karnataka follow up visits data, the company person requested one week's time. It was also decided that Bayer would convene a special meeting of the sub-committee to finalise the findings of the CCP field visits data. This did not take place. Meanwhile the sub-committee in the absence of Bayer met and analysed the CCP data for Monsanto and finalised the findings.

All these developments clearly indicate that there is great reluctance on the part of Bayer to share their complete data with the CCP state committee and finalise the mutually agreed findings.

The finalisation of CCP data findings by the state steering committee is very crucial because it is the basis for the implementation of the companies' incentives and disincentives schemes. The list of farmers eligible for incentives, the list of farmers on whom penalties have to be imposed, the identification of villages for incentives supporting school infrastructure, the list of farmers who will be black listed for future production, etc. have to be finalised based on CCP data findings. This was supposed to be finalised in the month of December or January immediately after the completion of field visits so that companies could implement their commitments (incentives and disincentives) and make advance plans for next season.

Despite this issue of sharing and reviewing the information with Bayer, the various activities undertaken both by Bayer and Monsanto during 2006-07 crop season have

produced some positive results regarding the reduction of the magnitude of child labour in the farms producing seed for their companies. The percentage of reduction varied from area to area depending upon the intensity of activities implemented. Below I present findings from two sets of data: the first is independent field visits to sample farms conducted by myself and the second is CCP field visits data (complete data for Monsanto and limited data for Bayer).

CHILD LABOUR NUMBERS FOR 2006-07

Important findings from sample survey by the author of this report

Field visits to selected sample farms were conducted in Andhra Pradesh, Karnataka and Tamilnadu during September 2006 and February 2007. A total of 70 farms covering 160 acres in AP and 56 farms covering 50 acres in Tamilnadu were studied in the Monsanto production area. With regard to Bayer 22 farms covering 24 acres in AP and 35 farms covering 23 acres in Karnataka were visited.

In the sample farms visited a total of 67 children in AP and 74 in Tamilnadu were found working in Monsanto subcontract farms (see table 2). This excludes the "doubtful age cases" numbering 6 in AP and 4 in Tamilnadu. Compared to AP the magnitude of child labour is higher in Tamilnadu. The proportion of child labour to the total workforce was 5.75% in AP and 14.17% in Tamilnadu. Among child labourers girls outnumber boys. Girls account for 73% % of total child labourers. Average number of children employed per acre was 0.42 children in AP and 1.48 children in Tamilnadu.

Table 3 presents the details of workforce composition on farms producing for Bayer. A total of 29 children (excluding 4 borderline age doubtful cases) were found working in 22 sample farms covering 24 acres visited in AP. In Karnataka in total 35 farms were visited, covering 23 acres. The number of children found working during the survey was 24. The proportion of child labour to total workforce was 13.1 % in AP and 10.8 % in Karnataka. Average number of children employed per acre was 1.21 children in AP and 1.04 children in Karnataka.

Table 2: Details of farms visited by the author and number of children found working in Monsanto farms

Village	Taluk/mandal	No of farms surveyed	Total area under production (acres)	Total labour	Total children (below 15 years)	age doubtful (borderline) cases
Andhra Pradesh						
Uyyalawada	Uyyalawada	19	34.2	245	3	0
R Pampalli	-do-	2	8.82	78	10	1
Suddamala	-do-	6	9.06	54	1	0
Puchhakayalapalli	-do-	8	23	161	23	1
Dornipadu	Dornipadu	10	30.86	263	11	1
S Lingamdinne	Allagadda	1	1.29	13	2	0
T lingamdinne	-do-	2	11.87	89	1	0
Yallur	-do-	2	4.87	30	0	0
Giddalur	Sanajamal	8	6.39	42	1	1
Alavakonda	-do-	4	4.92	38	0	0
Perusomula	-do-	2	3.8	31	5	1
Akkampalli	-do-	5	18.16	95	8	1
S.Uppalapadu	Uppalapadu	1	1	10	1	0
kondasunkesula	peddamodium		2.13	15	1	0
Subtotal		70	160.37	1164	67	6
Tamilnadu						
Puttur	Attur	6	4.25	48	12	1
NK colony	-do-	8	6.5	45	6	0
Bharinagar	-do-	4	3.4	27	4	0
Navakurch	-do-	8	7.5	106	13	0
Unattur	-do-	12	12.6	130	14	1
Perianagar	-do-	6	5.25	40	7	0
U kalyanotham	Kalkurchi	12	10.5	126	18	2
		56	50	522	74	4

Table 3: Details of farms visited by the author and number of children found working in Bayer farms

village	Taluk/mandal	No of farms surveyed	Total area under production (acres)	Total labour	Total children (below 15 years)	age doubtful (borderline) cases
Andhra Pradesh						
Maldakal	Maldakal	3	2.75	22	2	0
Vitalapuram	-do-	3	2.75	28	2	0
Dasaripalli	-do-	2	1.50	15	3	0
Uligeipalli	-do-	1	0.75	7	0	0
Nettampadu	Dharur	1	1	11	5	1
Yapadinne	Izaa	5	6.5	65	14	3
Jammichedu	Gadwall	1	1.25	9	1	0
Gudidoddi	Izaa	4	3.50	31	0	0
kallur	Kallur	1	2.75	24	0	0
Rajoli	Vaddapalli	1	1.25	10	2	0
Subtotal		22	24	222	29	4
Karnataka						
Gule	Yelburga	10	6.5	61	3	0
Balutaagi Thanda	-do-	5	3.5	33	3	0
Gogeri	-do-	4	3	28	4	0
Yerigiri	-kustigi-	1	1	11	8	2
Vanagiri	-do-	1	1	7	0	0
Hanumasagar	-do-	1	1	8	2	0
Chikkamannapur	Yelburga	3	2	18	2	0
Chodapur	-do-	2	1	7	0	0
Hosur	-do-	1	0.50	6	1	0
Abbejeri tanda	koppal	7	3.5	40	1	1
		35	23	219	24	3

Findings from CCP field inspections data

The CCP teams conducted multiple rounds of joint field inspections during the season in 100 % of the farms in the Bayer production area. With regard to Monsanto 100% of the farms in AP and 43% of the farms in Tamilnadu were covered. While multiple rounds of field monitoring took place during the season in AP, only one round of inspections was carried out in Tamilnadu. Table 4 presents CCP data findings for Monsanto farms. According to CCP data the total number of children found during field inspections in AP is 615 and in Tamilnadu it is 190. The proportion of child labour to the total workforce is

3.8 % in AP and 9.85% in Tamilnadu. With regard to Bayer complete CCP field visits data are available only for AP. The Karnataka CCP data are yet to be shared by the company. The CCP data for AP show 68 children working on farms. This is a net and not cumulative number. If children working are repeatedly found in several visits, only the visit with the highest number is taken into consideration. The proportion of children to the total work force is 11.2% and child per acre is 1.1 (table 5).

Table 4: CCP data for Monsanto

Andhra Pradesh	
No. of Villages	108
Total Cotton seed production area	2213.00 Acres
No. of farmers	1318.00
Total area monitored	2213.00 Acres
Net child labour found during the season	615
Net total labourers (adult + children) during the season	16115
Proportion of children to total workforce	3.8%
Child labour per acre	0.28
Tamilnadu	
No. of Villages	186
Total Cotton seed production area	790.00 Ac
No. of farmers	1339.00
Total area monitored	343.00 Acres (43 %)
Net child labour found During the season	190
Net total laborers during the season	2117
Proportion of children to total workforce	9%
Child labour per acre	0.55

Table 5: CCP data for Bayer (Andhra Pradesh)

No. of Villages	18
Total Cotton seed production area	61
No. of farmers	64
Total area monitored	61
Net child labour found during the season	68
Net total laborers during the season	606
Proportion of children to total workforce	11.2%
Child labour per acre	1.11

The CCP field visits data for Monsanto farms in Andhra Pradesh and Tamilnadu presented above were discussed by the state level CCP steering committee and the findings were mutually agreed to by all the steering committee members. A commonly agreed report with CCP data findings on Monsanto activities for 2006-07 was prepared by the CCP state level steering committee for public circulation. With regard to Bayer

this could not happen due to the company's reluctance to share all the field visits data with the CCP members in time and finalise mutually agreed findings on its activities.

The variation between CCP monitoring data and my sample survey data with regard to the proportion of children to the total workforce and per acre child ratio are not very significant. The minor variations can be attributed to the timing of field visits and inherent limitations in sample survey. Since CCP field visits data covered 100% of the farms in AP for both Monsanto and Bayer and CCP has done multiple rounds of data recording through joint inspections during the season, for the purpose of understanding the magnitude of child labour one can best rely on CCP data.

The CCP field inspections data for 2006-07 indicate that compared to previous years there has been a reduction in the total number of children found working both on Bayer and Monsanto farms. During 2005-06 the CCP found 251 children in 185 acres (67% of the farms) of Bayer farms in AP. Child labour per acre was 1.35 and the proportion of children to the total workforce was around 20%. For 2006-07 the net number of children found was 68 in 61 acres and child labour per acre was 1.1 and proportion of children to total workforce was 11.2%. Though this reduction is encouraging the numbers still indicate that the problem is significant and companies need to further intensify their efforts to achieve their goal of zero child labour.

Bayer's interpretation of CCP field visits data

As already explained, even after repeated requests Bayer did not come forward to share all the field visits data and discuss the findings with CCP state level steering committee to finalise a mutually agreed report. On the contrary Bayer decided to interpret the CCP field visits data on their own and draw their own conclusions.

In January 2007 Bayer prepared a progress report on their initiatives to eliminate child labour on cottonseed farms in which they presented their own analysis of the CCP field visits data. Without bothering to share this report with the CCP state level steering committee, the company chose to circulate this report to rating agencies and company investors.

In their report Bayer decided to present only selected visits (monitoring visits and not follow up visits) data of the CCP thus showing a substantial reduction in the number of child labourers. According to these partial data the cumulative total number of child labourers found during all CCP monitoring visits in Andhra Pradesh and Karnataka during 2006-07 was 53 (34 for AP and 19 for Karnataka). Based on this the proportion of children per acre was estimated as 0.08 cases per acre and the proportion of children to the total work force as 1.5%. According to this report, compared to 2005-06, child labour cases per acre monitored were reduced by seven times and child labour proportion to total workforce by 10 times in 2006-07.

The major problem with considering only monitoring visits data is that it did not capture the real magnitude of numbers and the complexity of the farmer's behaviour in employing children. In several farms children were not found in monitoring visits, whereas in follow up visits to the same farms by the same CCP team children were observed.

The complete CCP data (monitoring as well as follow up visits) which Bayer finally shared with CCP state committee members in January 2007 indicate that the total 'net' number of children found in AP is significantly higher if one looks at both monitoring and follow up visits in comparison to what Bayer has stated based on only monitoring visits. Comparison of monitoring and follow up visits data for AP indicates that in 16 out of 61 farms child labourers were found only in follow up visits. In all monitoring visits to these 16 farms zero child labour was consistently reported. Table 6 presents two example cases where variations occurred in child labour incidents reported in monitoring and follow up visits. If children are found in follow up visits and zero child labour is reported in monitoring visits, it is difficult to understand how Bayer can consider only monitoring visits for the purpose of understanding the numbers.

Table 6: Child labour reported in monitoring and follow up visits

Farmer	Area (acres)	Monitoring visits	Follow up visit 1	Follow up visit 2	Follow up visit 3	Follow up visit 4	Follow up visit 5
K Narashihulu (Jammichedu village)	1.25	No child labour found in all the 6 monitoring visits during 9 th august to 4 th November	25-8-06 One child	One child 7-10-06			
Sankar reddy (Nattampadu village)	1	No child labour found in all the 6 monitoring visits during 30 th august to 5 th November	23-8-06 five children	25-8-06 three children	8-10-06 six children	9-10-06 four children	10-10-06 three children

As already explained the monitoring and follow up visits data for Andhra Pradesh alone indicate the number of children found during all the visits are 68 (no double counting is done here; if children are repeatedly found during several visits only the visit recording the highest number is taken into consideration). The proportion of children to the total work force is 11.2% and children per acre is 1.1. Even if we consider only monitoring visits the net number of children is 32 and children per acre is 0.5. The data of 0.08 cases of children per acre and 1.5% of children to total workforce as reported by Bayer was based on cumulative numbers of children found and cumulative acreage monitored in all the monitoring visits. The cumulative figures are not helpful to understand the exact number of children employed on the farms and to prepare an action plan for the

rehabilitation of these children. For this purpose one has to count only net and not cumulative numbers.

Bayer also mentions in its report that no children were found during the last three monitoring visits in AP. This might be the case but this cannot totally be attributed to the successful efforts of the company. The timing of these visits is crucial to understand whether farmers really replaced the children after the company request, or voluntarily terminated them because there was no labour requirement for them. The last three visits were conducted at the dead end of the cross pollination work or harvesting stage. Children are mostly employed in cross-pollination work. The labour requirement for this work varies significantly during lean and peak seasons. It is a fact that the labour requirement will come down by 60 to 70% during the last two weeks of the season. The labour requirement for harvesting operations is very nominal and engagement of children for this work is negligible.

Productivity and safety training for farmers (Target 400 scheme)

As part of implementing the `target 400 plan` Bayer conducted two special training programmes on best agricultural practices to enhance the productivity and safe handling of pesticides in August 2006 for its growers: one for farmers in AP and one for farmers in Karnataka. The training on productivity improvement did not help many of the farmers to improve their yields. In AP out of 22 farmers interviewed only four farmers reported slightly higher yields compared to previous years. In some cases farmers incurred losses due to low yields and increased input costs.

In 2006-07 the wage rates increased by 15 to 20% while there was no increase in procurement price paid by the company. The increase in wage rates was due to the introduction of Rural Employment Guarantee Scheme by Government of India which ensures 100 days of employment for each person against official minimum wages. The company's reluctance to review the procurement price is therefore still a hurdle to achieve zero child labour.

The initiative of Bayer to supply Personal Protective Equipment (PPE) free of cost to its growers and providing training to them on the use of PPE and safe handling of pesticides is indeed a welcome step. Previously these farmers never had any access to PPE. However the use of PPE and other safety measures by the farmers is still low. The half day training given to farmers was insufficient. After the training there was little follow up by the company local field staff to find out whether farmers are actually using PPE or further education to those farmers not using PPE. Company field staff visit the farms very frequently and if they do follow up and further educate farmers there is a possibility that more and more farmers may start using PPE and follow other guidelines.

Credit support to farmers through bank linkages was a useful initiative undertaken by Bayer during 2006-07 season and has helped some farmers to minimise their interest payments. However, the implementation of a credit support scheme was only confined to

Andhra Pradesh. In 2006-07 about 40% of the 'Bayer farmers' in AP received credit from banks with an 8% interest rate. The company had some difficulties in implementing this scheme due to non-cooperation from its seed organisers. Most of the seed organisers are also money lenders and they are afraid that if farmers get cheap credit from banks they lose their business.

Creative Learning Centres

Though there is some improvement in the functioning of Creative Learning Centres they are, compared to 2005-06, still unable to attract many target group children. Most of the children admitted in these centres are young children in the age group of 5 to 8 years who do not work in cottonseed farms or other activities. It is welcome if Creative Learning Centres cater to the needs of all types of children, but these centres should also address the needs of the target group for which they were established. One of the reasons why these centres have not been able to attract the children working on cottonseed farms is the lack of community motivation and mobilisation activities at village level which is typical of the comprehensive approach of the MV Foundation. It was also found that there is a lack of coordination between the education programme and other interventions of the companies. Monsanto, which is also supporting some of these centres, has cancelled its contract with Naandi Foundation in May 2007 due to lack of progress.

SECTION III - CHALLENGES AHEAD

Bayer in particular seems not to be comfortable with the joint field monitoring system and sharing and review of farm inspections data with other stakeholders. This becomes evident from the half-hearted implementation of the joint agreement during the last two years. Bayer recently indicated that from next season onwards they are going to have a new system of field monitoring to be controlled by the company internally, which is different from what they have done since 2005-06. Monsanto indicated that it will follow the same system of joint field monitoring in collaboration with local NGOs and other stakeholders. Both Bayer and Monsanto have indicated that they are going to expand their total production area (including expansion to new areas and contracting new growers) significantly in the coming season. Bayer indicated that it is going to increase its cottonseed production area in 2007-08 crop season by nearly six times (from 281 acres in 2006-07 to about 1800 acres in 2007-08) over 2006-07⁹. Monsanto also indicated that it has plans to increase its production area by nearly 100% during 2007-08. Effectively implementing a no-child labour programme in new areas requires a lot of advance preparation on the part of companies before the beginning of the season. If last year's experience of Bayer in Karnataka is any indication the company is currently unprepared to face the challenges in implementing a similar programme in new areas.

If companies have a clear policy on child labour, they are obligated to implement that policy irrespective of production locations and types of operations. Currently this is not happening. Both companies are responding where-ever there is pressure and whenever problems are pointed out. A responsible company would need to have a similar policy regarding child labour (and other labour rights) for all its locations and operations as a matter of principle and as a matter of consistency with its own code of conduct or corporate responsibility policy.

Currently Bayer and Monsanto are addressing the child labour problem in cottonseed operations directly controlled by them. But the companies have not yet taken serious steps to implement the same in :

- a) cottonseed operations indirectly controlled by them through their joint venture companies, suppliers and sub licensees and
- b) other seeds operations directly owned by these companies.

Nunhems, a Dutch company, is a subsidiary company of Bayer and Seminis is a subsidiary of Monsanto exclusively involved in vegetable seed production. The problem

⁹ 281 acres in 2006-07 includes production area under Rabi season also. With regard to proposed area for 2007-08 the figure of 1800 acres was stated by the Bayer representative in CCP state level monthly meeting held on 18-5-07. However a different figure (1000 acres) was reported by Bayer to the press on 19-5-07.

`Bayer BioScience to increase hybrid cotton seed production`, The Financial Express, 19-5-07

(http://www.financialexpress.com/fe_full_story.php?content_id=161598)

of child labour was also reported in vegetable seed production. Neither Nunhems nor Seminis have yet begun to implement a no-child labour policy in their production farms. The big challenge before Monsanto and Bayer is to extend their no-child policy to their joint venture companies, subsidiaries, suppliers and sub-licenses involved in production and marketing of cotton and other seed operations.