

*Research Study on*  
**ASSESSING  
BUDGETARY PRIORITIES  
FOR THE REHABILITATION  
OF BONDED LABOUR**

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## ABBREVIATIONS

AHTUs	Anti-Human Trafficking Units
BLSA	Bonded Labour System (Abolition) Act
BE	Budget Estimates
CSS	Centrally Sponsored Scheme
DDGs	Detailed Demands for Grants
Dms	District Magistrates
FIR	First Information Report
FY	Financial Year
ICPS	Integrated Child Protection Scheme
ILO	International Labour Organization
MHA	Ministry of Home Affairs
NCLP	National Child Labour Project
MoLE	Ministry of Labour and Employment
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
NHRC	National Human Rights Commission
NRLM	National Rural Livelihood Mission
PMAY	Pradhan Mantri Awas Yojana
RE	Revised Estimates
SCs	Scheduled Castes
SDGs	Sustainable Development Goals
STs	Scheduled Tribes
TOTs	Training of Trainers

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## EXECUTIVE SUMMARY

The study 'Assessing Budgetary Priorities for the Rehabilitation of Bonded Labour' is a detailed assessment of the government's scheme for rehabilitation of bonded labour in seven states, namely Bihar, Uttar Pradesh, Rajasthan, Madhya Pradesh, Telangana, Karnataka and Tamil Nadu. The study uses both primary and secondary sources of data at the level of Union and select state governments. Among the seven states, Bihar, Rajasthan and Tamil Nadu were selected for field visits and to interact with government officials, in order to understand the challenges in implementing the scheme for bonded labour.

Existence of bonded labour is a major issue in the informal sector of the Indian economy. A sizeable chunk of bonded labour used to work in agriculture and allied sectors. Now, bonded labour is also found in several non-agricultural sectors, due to changes in the nature of industries and occupations over time. They face a number of problems including long working hours, coercion, irregular or no wages, loans or social obligations and restrictions of movement from one employer to the other. About 10 percent of India's workforce falls under the category of bonded labour. Of the total rehabilitated bonded labour, 83 percent belong to Scheduled Castes (SCs) or Scheduled Tribes (STs). In 2016, the Ministry of Labour and Employment (MoLE) made a commitment to rehabilitate 1.84 crore bonded labourers by 2030.

Despite provisions in the Constitution related to prohibition of trafficking in human beings and beggar (forced or slave labor), and India's ratification of the International Labour Organization's (ILO) Conventions, the Government of India took close to three decades to frame laws on abolition of the bonded labour system (Bonded Labour System (Abolition) Act, 1976). Despite more than 40 years of its existence, an assessment of the implementation of the Bonded Labour Act and Rules revealed that there had been little impact on the ground in terms of eradicating bonded labour. Further, the conviction of offenders hardly took place due to operational difficulties and delays in judicial processes carried out by District Magistrates (DMs). The rehabilitation process is slowed down, due to lack of offenders being convicted and other factors like weak implementation and monitoring.

The study found that the Bonded Labour Act and Rules do not provide clear directions to the government for initiating new schemes or towards ensuring allocation of budgets for rehabilitation of bonded labour. It largely focuses on convergence of ongoing programmes for providing benefits in the form of land, inputs for agriculture, training in handicrafts and allied occupations, loans at differential rates of interest, or employment in urban or non-urban areas. There is no comprehensive national level policy for effective rehabilitation of bonded labour. During the Plan era, the Planning Commission was an important institution to help the MoLE in designing programmes and resource allocation through Five Year Plan processes. More recently, however, NITI Aayog's Action Agenda and its Strategy Document have not made any reference to eradication of bonded labour in the context of Sustainable Development Goals (SDGs). However, the MoLE has developed a 15-year plan called Vision 2030, a seven-year strategy and a three-year action agenda for rehabilitation of bonded labour, which was presented in Parliament.

The new Central Sector (CS) scheme for Rehabilitation of Bonded Labour, 2016 is the only programmatic intervention at the national level to replace the Centrally Sponsored Scheme (CSS) for rehabilitation of bonded labour initiated in 1978. At the state level, only the Karnataka government initiated a state-specific scheme for rehabilitation in 2006. Under the older scheme, financial assistance for rehabilitation of bonded labour was fixed at INR 20,000 per beneficiary. Under the new scheme, this increased to INR 1 lakh per adult male beneficiary, to INR 2 lakh for children, orphans, forced child labourers and INR 3 lakh for women or children rescued from sexual exploitation. However, linking clauses of conviction of offenders with the actual provision of cash assistance is a serious design and procedural problem in the new scheme guidelines. Moreover, the Vigilance Committees meant for identification and rehabilitation for bonded labour were not provided financial support for their day-to-day functioning, nor for infrastructure and surveys.

So far, the MoLE has not made available any documents on the National Action Plan for Convergence in the public domain. No evidence emerged from our field study findings on the convergence of the new Central scheme for rehabilitating bonded labour with the state rural development departments in Rajasthan, Bihar and Tamil Nadu. However, in 2018, the MoLE reported to Parliament that it would collaborate with the Ministry of Skill Development and Entrepreneurship for initiating a pilot project of skill training for bonded labourers in five districts of Bihar, namely Katihar, Samastipur, East Champaran, Nawada and Supaul. Also, the revised guidelines of the Pradhan Mantri Awas Yojana (PMAY) and National Rural Livelihood Mission (NRLM) include the category of bonded labour for convergence, but there is lack of clarity regarding the mechanism through which bonded labourers will receive benefits. In fact, hardly any convergence had taken place, either due to the absence of national and state level convergence plans, or because of non-formation of high-level steering committees at state or national levels. However, convergence had taken place between the Integrated Child Protection Scheme (ICPS) and Anti-Human Trafficking Units (AHTUs) with the state labour departments, for rescuing women and children labourers in the states under study.

Both the Union government and state governments have not adequately prioritised Centrally Sponsored Scheme for bonded labour, whether in terms of the amount of funds allocated or the pace of fund utilisation. Between 1978 and 2016, INR 164 crore was provided by Union and state governments for rehabilitation of 2.8 lakh labourers. The budget allocation amounted to INR 4.3 crore per annum for rehabilitating bonded labourers at the national level. Based on an analysis of the detailed demand for grants by the states under study (except Telangana) and the Union government, the study found that the pace of allocation of budget had not increased over the years, and until 2016, the percentage of fund utilisation was poor under the bonded labour scheme. Post-2016, an increase was seen in the allocation of funds by states, because of the creation of corpus funds for rehabilitation of bonded labour at the district level.

Following the introduction of the new CS scheme, INR 5 crore was allocated in the financial year (FY) 2016-17 while INR 10 crore was allocated in FY 2017-18 and FY 2018-19 each. However, as per data provided by MoLE to the Parliament, no expenditure was reported on cash assistance and other components of the scheme in 2016-17. In 2017-18, a total amount of INR 46.4 lakh was released for cash assistance components to Bihar, Chhattisgarh, Madhya Pradesh and Uttar Pradesh, while INR 54.4 lakh was reimbursed to Assam, Bihar and Puducherry in 2018-19. With regard to physical



achievement (benefits provided) of the bonded labour scheme, it was found that in 2015-16 and 2016-17, the achievement was 55 percent and 65 percent respectively. As the budget documents do not report the breakup of expenditure in terms of components such as survey, evaluation and awareness, the study could not capture the status of funds allocation and utilisation for these components. While studying the annual reports, it was found that prior to 2015-16, funds had been allocated only twice, for conducting surveys in Uttar Pradesh and Karnataka. As per data made available to the Parliament, funds were provided to Rajasthan (INR 81.75 lakh), Madhya Pradesh (INR 25.50 lakh) and Sikkim (INR 16 lakh) for surveys, evaluation and awareness in 2017-18. Only Chhattisgarh received INR 65.75 lakh in 2018-19. None of the three components – survey, evaluation and awareness – were adequately prioritised in terms of funds allocation.

The mechanism of distribution of available funds among different components of the scheme was not reported clearly by the Union Government. With regard to the fund flow mechanism, the bonded labour scheme has always worked in the mode of reimbursement, and not through advance payment of funds to the districts. Findings of the study revealed that in Karnataka and Bihar, there were delays in fund flows for the cash assistance component of the scheme. Existence of vacant positions under the scheme adversely affected a number of tasks of the labour department such as identification, rescue, legal and rehabilitation processes. These factors led to poor utilisation of funds. Another important factor that constrains effective fund utilisation is inadequate monitoring of programmes and lack of convergence due to poor functioning of Vigilance Committees. Our analysis also found that there was a lack of demand for funds from the states because of inadequate and late submission of proposals related to surveys, evaluation studies and awareness generation.

The study suggests that the issues of bonded labour should be included in the new policy documents of the Union and state governments such as the vision and strategy documents and action agendas. The clause linking conviction of offenders with full payment of cash assistance to released bonded labourers should be done away with from the Central scheme guidelines. Full cash payment and other rehabilitation support must be provided to bonded labourers, following the preparation of release certificate and registration of First Information Report (FIR) against offenders. There is a lack of transparency of data, the budget allocation and utilisation under the bonded labour scheme has not been presented separately from National Child Labour Project (NCLP) in the Union budget. The Union government should create a management information system, along the lines of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and Swachh Bharat Mission (SBM) for recording the physical and financial progress of the bonded labour scheme. Corpus funds should be increased from the existing INR 10 lakh to INR 20 lakh, per district. Further, the amount of corpus funds should not be uniform across all districts. Rather, districts more prone to occurrence of bonded labour should be allocated more funds. Unit costs for evaluation studies and awareness generation should be enhanced and Vigilance Committees should be provided with adequate financial support. For effective convergence, there is a need for national, state and district level action plans. Further, a steering committee should be formed under the chairpersonship of the Cabinet Secretary for convening monitoring meetings, at least once every six months at the national level. The MoLE could work as the convener of the steering committee. Staff vacancies in the state labour departments of Bihar, Rajasthan and Tamil Nadu should be immediately filled for strengthening the implementation and monitoring of the bonded labour scheme.

Large sections of India's labour force are employed in the informal sector of the economy where they are paid low wages, lack job security and not covered by labour protection laws. A major issue in the informal sector of the economy is the problem of bonded labour. Bonded labourers are exploited through long working hours, coercion, irregular or no wages, through loans or social obligations, and restrictions for movement from one employer to another. Large numbers of bonded labourers normally worked in agriculture and allied sectors. However, with a change in the nature of industries and occupations over time, bonded labourers now work in non-agricultural sectors, including a wide range of sub-sectors such as fisheries, forests, bidi factories, stone quarries, brick kilns, weaving, and as head loaders. Children also constitute bonded labour in matchbox and firework factories, carpet making, small hotels and in other occupations.

Breman (2010) found that about 10 percent of India's workforce falls under the category of bonded labour i.e. close to 50 million people.<sup>1</sup> In India, the issue of bonded labour is not just an economic problem but is also a reflection of its social system, which is characterised by grading of occupations due to the historically continuing practice of caste based stratification. Among the total number of rehabilitated bonded labourers, 83 percent are from Scheduled Castes (SCs) or Scheduled Tribes (STs).<sup>2</sup> Further, women and children constitute a large chunk of bonded labourers. A 2013 survey by Walk Free Foundation revealed that there were an estimated 1.47 crore people in India facing modern slavery.<sup>3</sup> In 2016, the figure was 1.83 crore, which reduced to 0.8 crore in 2018, owing to a change in survey methodology.

In 2016, the Ministry of Labour and Employment (MoLE) committed to rehabilitate 1.84 crore bonded labourers by 2030. Accordingly, the ministry developed a 15-year plan called Vision 2030, a seven-year strategy and a three-year action agenda.<sup>4</sup> Data compiled by the Union government shows a high incidence of bonded labour from states such as Karnataka, Tamil Nadu, Odisha, Uttar Pradesh, and Andhra Pradesh. These five states account for around 84 percent of released bonded labourers in the country. States such as Bihar, Madhya Pradesh and Rajasthan also have a sizeable number, which together account for 12 percent of bonded labourers. Historically, there has been a lack of recognition of the existence of bonded labour by the Union and state governments. Many governments have also not conducted identification surveys on a regular basis. The prevalence of bonded labour is not only because of inadequate legislative and provisions, but it is also due to the poor implementation of laws.

Studies have shown that laws and statutes have not been able to eradicate bonded labour completely (Sethia, 2014). The major push factor for a worker to get into bondage is the skewed distribution of public resources, landlessness, lack of housing facilities, illiteracy and lack of access to the credit market. Many other factors lead to the bondage of labourers — such as unlicensed and exploitative

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<sup>1</sup> Jan Breman (2010), *Outcast Labour in Asia: Circulation and Informalization of the Workforce at the Bottom of the Economy*, Oxford University Press. New Delhi.

<sup>2</sup> Socio-Economic and Educational Development Society (2009), *Report on Bonded Labour Rehabilitation Scheme under Centrally Sponsored Bonded Labour System (Abolition) Act, 1976 in the States of Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu and Uttar Pradesh*. Planning Commission of India, p.17. New Delhi

<sup>3</sup> Walk Free Foundation (2013), *Global Slavery Index 2013*, Walk Free Foundation, <http://www.globalslaveryindex.Org/report>, p. 7

<sup>4</sup> <https://timesofindia.indiatimes.com/city/delhi/Govt-looks-to-rehabilitate-1-84-cr-bonded-labourers-till-2030/articleshow/53302398.cms>

recruitment practices relating to migrant workers, role of intermediaries, use of coercion, lack of collective action by employees, caste-based occupational practices and indifference of the state machinery in taking action.<sup>5</sup>

The Union government initiated the Centrally Sponsored Scheme (CSS) for rehabilitation of bonded labour in 1978 and revised it in May 2000. Between 1978-79 and 2015-16, INR 164 crore was provided by the Union government to states for rehabilitation of 2.8 lakh bonded labourers. The budget allocation amounted to INR 4.8 crore per annum for rehabilitating bonded labourers at the national level.<sup>6</sup> However, it was observed that in the absence of adequate or timely proposals from the states, it became a regular feature to surrender money allocated under the scheme. The implementation of the scheme remained restricted to only 18 states.<sup>7</sup> Further, funds were also not released to states on time by the Union government. The budget allocation for rehabilitation has also been inadequate. Research and evaluation studies as well as field level inputs, point to a number of shortcomings in the scheme for rehabilitation of bonded labour,<sup>8</sup> such as lack of regular monitoring of the scheme and insufficient follow-up of court case proceedings and the process of convictions. The old scheme guidelines did not offer flexibility to address the needs of special category beneficiaries such as children, orphans, differently-abled, transgender individuals, people rescued from organised and forced begging rings, or women and children rescued from trafficking and sexual exploitation, including prostitution. The new Central Sector (CS) scheme for bonded labour addresses all these categories.

At the time of conducting the study, the implementing bodies (Departments of Labour, Rural Development and Revenue) of the scheme did not have records of benefits availed by bonded labourers from schemes related to agricultural land, dwelling units, skill training, education, etc. The awareness generation camps initiated by the administration seemed to have been largely ineffective. This experience suggests the problem of sustainability in rehabilitation programmes due to insufficient financial and human resources and a lack of alternative livelihood plans in the long term. Under such conditions, there have been instances where released individuals have relapsed into bondage. There are constraints in the process of fund flows and utilisation in the bonded labour scheme due to shortage of staff, poor convergence, weak planning, ineffective implementation and monitoring mechanisms. In this context, this report tries to examine the laws, policies and budgetary priorities towards bonded labourers and identifies issues in funds utilisation both at the Union and state level. More specifically, the study focused on the following objectives.

## Objectives

- To assess relevant laws, policies, programmes and schemes by the Union government and selected states which cater to the needs of bonded labourers
- To map programmes/schemes and institutions (Departments/Ministries) responsible for implementing rehabilitation of bonded labour

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<sup>5</sup> Shikha Sethia (2014): Bonded Labourers in India Exclusion Report 2013-14, Books for Change, New Delhi

<sup>6</sup> Annual Report MoLE, 2016-17

<sup>7</sup> [http://www.labour.gov.in/mol/WhatsNew/us\(aks\)draft.pdf](http://www.labour.gov.in/mol/WhatsNew/us(aks)draft.pdf)

<sup>8</sup> Office Memorandum, Central Sector Scheme for Rehabilitation of Bonded Labourers 2016, Government of India

- To analyse budget allocation and extent of funds utilisation in selected programmes/ schemes
- To examine possible bottlenecks in the process of funds flow and utilisation in programmes and schemes from the perspective of bonded labour
- To assess issues related to planning, implementation, convergence and monitoring of relevant schemes of select departments meant for bonded labour

### **Key Research Questions**

1. Do national laws on bonded/forced labour/trafficking provide a framework to the government to design policies and allocate budgets for bonded labour?
2. What are the relevant programmes and schemes of the Union government and select state governments which address bonded labour concerns?
3. What portion of budgets were allocated by the Union government and states under the bonded labour rehabilitation scheme over the last four years? Which parameters were considered while deciding allocations to states for the scheme on bonded labour?
4. What has been the extent of utilisation of funds in the bonded labour rehabilitation scheme and Integrated Child Protection Scheme (ICPS) including Childline services?
5. Have any budgets been allocated for training of Anti-Human Trafficking Units (AHTUs) by the Union government and/or state governments and what are the trends in funds utilisation?
6. What is the extent of convergence across ministries and their schemes at Union and state level, with reference to programmes such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), National Rural Livelihood Mission (NRLM) and Pradhan Mantri Awas Yojana (PMAY)?

### **Research Methodology**

The report is primarily based on secondary sources. It analyses the documents at the levels of Union and select state governments. To begin with, the study carries out a review of the existing body of literature to assess the condition of bonded labour and their challenges. It examines the guidelines of relevant policies and programmes for understanding the scale of planned development interventions for the prevention, protection and rehabilitation of bonded labour. As assessing the scale of development interventions for prevention of bonded labour is not enough, the study also assesses the adequacy of financial resources and extent of funds utilisation.

The study analysed budget documents pertaining to the Union government and select states for assessing financial resources and funds utilisation. It also mapped bonded labour schemes implemented by both types of governments. The types of schemes include Central Sector Schemes, Centrally Sponsored Schemes and State Sponsored Schemes. For the budget analysis, detailed demand for grants by select ministries and departments were analysed for four financial years — 2015-16,

2016-17, 2017-18 and 2018-19. For 2015-16 and 2016-17, the figures of Budget Estimates (BE) and Actual Estimates (AE) were used, while for the years 2017-18 and 2018-19, Revised Estimates (RE) and Budget Estimates (BE) were referred to.

In terms of scope of the study, seven states, namely Rajasthan, Madhya Pradesh, Bihar, Uttar Pradesh, Tamil Nadu, Telangana and Karnataka were selected. Along with the bonded labour scheme, an analysis of ICPS/ Childline services, AHTUs, NRLM, MGNREGA and PMAY was done to understand their convergence with the bonded labour scheme. For collection of budget data and perceptions of government officials with regard to bottlenecks in funds utilisation, the study benefitted from a few rounds of field visits to Rajasthan, Bihar and Tamil Nadu. The states for field visits were selected on the basis of insights generated from a secondary level analysis of state budgets among the seven states.

### **Limitations of the study**

The present study is largely based on desk research and focuses on evaluating process, and not on impact assessment. However, a rapid assessment of implementation processes of the bonded labour scheme was carried out only in Tamil Nadu, Bihar and Rajasthan. In this process, no beneficiary assessment or process assessment was carried out at the district level. Officials were reluctant to discuss the issue of bonded labour, and called it a human rights issue. According to them, only the National Human Rights Commission (NHRC) can access official data, and not a non-governmental organisation such as CBGA. There was also a lack of adequate budget and physical outcome data and information transparency on the bonded labour scheme at all levels of governance.

## **LAWS FOR REHABILITATION OF BONDED LABOUR: AN ASSESSMENT FROM THE BUDGETARY AND IMPLEMENTATION LENS**

Formulating a comprehensive law is the first step towards addressing the problems of any marginalised constituency, including bonded labour. There are international and national laws in place to address issues of bonded labour. Laws on bonded labour mainly focus on eradicating coercive practices prevalent in the labour market. However, defining the term 'bonded labour' is quite complex and its definition varies across countries.

### **International Labour Organisation Convention on Forced Labour**

The International Labour Organisation (ILO) Convention on Forced Labour covers a wide range of definitions of forced labour, which have been adopted globally and by national governments. For instance, according to the Convention, bonded labour in India may be termed as forced labour. Similarly, in Brazil, coercive recruitment and employment practices in isolated areas are called slave labour.

#### **Box 1: Laws and Statutes to Check Bonded Labour**

The Constitution of India under Article 23, enshrines a specific provision declaring trafficking in human beings, beggar and similar forms of forced labour as a punishable offence. The Government of India ratified the ILO Convention C029 on 30 November 1954, which inter alia defines forced labour as "all work or service which is exacted from any person under the menace of penalty and for which the said person has not offered himself/herself voluntarily". India's Bonded Labour System (Abolition) Act has been in operation since 1976.

The ILO Convention states that the practice of forced labour must be treated as a serious crime. The illegal exaction of forced labour shall be punishable as a penal offence, and it shall be an obligation on any member ratifying the Convention, to ensure that the penalties imposed by law are adequate and strictly enforced (Article 25). Forced labour has also been globally recognised as a serious crime. The Government of India ratified the ILO Convention C029 on 30 November 1954. In India, the Constitution's Article 23 emphasises on civil liberties enshrined in the Magna Carta of human rights. It has a specific provision declaring "trafficking in human beings, beggar and similar forms of forced labour to be punishable and unconstitutional offences". Despite ratifying the ILO Convention in 1954, the Government of India enacted laws on abolition of bonded labour only in 1976.

### **Bonded Labour System (Abolition) Act, 1976**

After the enactment of Bonded Labour System (Abolition) Act, 1976, bonded labour was made illegal and it was intended to be abolished throughout the country with effect from October 10, 1975. The Act aimed to free all bonded labourers from bondage, unilaterally, along with all their debts. Through this Act, the practice of bonded labour was made a cognisable offence, punishable by law. Any custom, agreement or instrument by virtue of which a person is required to render any service as bonded



labour was rendered void. The Act ended the liability of bonded labourers to repay debts. The property of bonded labourers was to be freed from mortgage by law. According to the Act, freed bonded labourers cannot be dispossessed from homesteads or other residential premises in which they were living, at the time of bondage.

The Act is supposed to be implemented by state governments. District Magistrates (DMs) and Sub-Divisional Magistrates (SDMs) are to undertake the implementation and assigned duties and responsibilities. Vigilance Committees are to be formed at district and sub-divisional levels and are responsible for the implementation of the Act. The powers of judicial magistrates are given to DMs for trial of offences under the Act. Offences committed under the Act can be immediately tried. Every offence under the Act is considered cognisable and bailable. Violating the provisions of the Act is punishable with imprisonment for up to three years, along with a fine of about INR 2000 for compelling a person to render forced, or partly forced labour under a bonded debt.

In the context of implementation of laws, a 2005 ILO report found that in India, the total prosecution of offences under the BLSA, 1976 exceeded that of any other country. However, the rate of convictions was less than prosecutions. The number of people who received rehabilitation assistance was very low and many who had not been rehabilitated, had died or could not be traced.<sup>9</sup>

The identification of bonded labour is a major problem. The bonded labour schemes have not provided a precise method of identifying bonded labourers. A clear and simple methodology has not yet been formulated and agreed upon by the concerned stakeholders. The Vigilance Committees in the districts and sub-districts are supposed to monitor the identification and rehabilitation of bonded labour on the ground. However, the ILO report points out that confusion still arises over the definition of bonded labour on the part of Vigilance Committees at the time of identification.<sup>10</sup> For instance, short-term advances taken from employers in cases of non-availability of formal credit are considered as cases where workers are working of their own volition, and not under coercion.

The Bonded Labour Act and Rules in India have been in place for more than 40 years. An assessment of its implementation revealed that there was little impact on ground in terms of eradication. Further, the conviction of offenders hardly took place due to difficulties and delays in pronouncing various offences which are part of national laws and rules on bonded labour. Due to a lack of convictions, the process of rehabilitation has slowed down since 2016. The collection of penalties from offenders was not being enforced owing to the lack of convictions.<sup>11</sup> The amounts gathered through collection of penalties could have been used for rehabilitating bonded labour. The clause for imprisonment up to three years and fines up to INR 2,000 for offenders is also weak and inadequate. However, the law has not been revised since 1976. Further, for better implementation and monitoring of the law, there is a need for allocating adequate budgets for Vigilance Committees and financial support for providing legal aid to victims.

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<sup>9</sup> A Global Alliance Against Forced Labour, International Labour Conference 93rd Session 2005, Report I (B), International Labour Office, Geneva

<sup>10</sup> A Global Alliance Against Forced Labour, International Labour Conference 93rd Session 2005, Report I (B), International Labour Office, Geneva

<sup>11</sup> Thirty-Fourth Report on Standing Committee on Labour, 2017-18, Ministry of Labour and Employment, Demands for Grants 2018-19, Lok Sabha Secretariat, New Delhi (p.22)

## Box 2: Provisions of the Acts and Rules that have Budgetary Implications

- Providing benefits in the form of inputs for agriculture, training in handicrafts and allied occupations, loans at differential rates of interest or employment in urban or non-urban areas.
- Providing land to bonded labour which can be purchased from the market, though the Act and Rule have not asked for land to be purchased from the market.
- There is no provision for cash assistance under the Act and Rule.

With regard to policy provisions, the BLSA 1976 does not provide clear directions to the government for initiating new schemes or allocating budgets for bonded labour. It focuses on providing benefits in the form of land, inputs for agriculture, training in handicrafts and allied occupations, loans at differential rates of interest or employment in urban or non-urban areas. While assessing the bonded labour Rules from a budgetary lens, we observed that it also has a provision for direct financing for rehabilitation of bonded labour. For providing support in kind, bonded labourers need to be given land, inputs for agriculture, training in handicrafts and allied occupations. Government departments such as those of revenue, agriculture, and rural development are responsible for designing schemes backed by adequate budgetary allocations and effective implementation mechanisms. Regarding provisions such as loans to be provided to bonded labour at differential rates of interest by banks, neither the Ministry of Finance nor the Reserve Bank of India have issued guidelines for concessional loans to bonded labour. According to the Act, employment has to be provided to bonded labour through convergence of different ongoing development programmes such as MGNREGA, NRLM and NULM. However, neither the Act nor the Rules mention any provisions with regard to cash assistance for rehabilitation of bonded labour. Further, there is no clarity in the Act with regard to financial support for the day-to-day functioning of Vigilance Committees at the district and sub-district levels.



## PUBLIC POLICIES FOR REHABILITATION OF BONDED LABOUR

Comprehensive policies and well-designed programmes and schemes are crucial for effective rehabilitation of bonded labour. In the previous section, it clearly emerged that national laws and rules have provided adequate scope to the executive for framing sound policies for rehabilitation of bonded labour through convergence with ongoing development programmes. While assessing public provisioning for bonded labour in the context of national level policy and institutional mechanisms in India, the study found that there is no dedicated national level policy for eradication of bonded labour. The erstwhile Planning Commission was an important institution to assist the Ministry of Labour and Employment (MoLE) in designing programmes and resource allocation through Five Year Plan processes. In 2014, the Planning Commission and its Five-Year Plans were abolished and replaced with a new institution called National Institution for Transforming India or NITI Aayog.

The NITI Aayog was given the mandate for preparing long term strategy, policy direction, designing programmes and undertaking monitoring and evaluation. Towards these objectives, NITI Aayog formulated a National Development Agenda and initiated the process of developing the Vision (2016-2030), Strategy (2017-2023) and Action Agenda (2017-2021) documents based on the SDGs framework. Currently, however, only the Three-Year Action Agenda and Seven Year Strategy documents are in the public domain. It is incomprehensible as to how an action agenda and strategy could be developed without having the vision in place. Moreover, both the national level action agenda and strategy document have no focus on any policy initiative related to eradication of bonded labour as per the Sustainable Development Goals (SDGs) framework.<sup>12</sup> However, the MoLE developed a 15-year plan called Vision 2030, a seven-year strategy and a three-year action agenda for rehabilitating bonded labour, which was presented in Parliament.

Further, there is no reference in the national level action agenda and strategy document of NITI Aayog to the provisions of Goal 8 and target 8.7 of the SDGs. Goal 8 of the SDGs aims to take immediate and effective measures to eradicate forced labour, end modern day slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour in all its forms. It also promotes labour rights and safe and secure working environments, while Goal 16 of the SDGs focuses on ending abuse, exploitation, trafficking and all forms of violence against and torture of children. It shows that the issue of bonded labour was not given priority in developing the new policy documents of the Indian government. Therefore, it is necessary that issues of bonded labour be included in recent policy documents like the new national development agenda, vision, strategy and action agenda of the Union and state governments.

With regard to schemes and programmes, there is only one direct scheme known as the Central Sector (CS) scheme for rehabilitation of bonded labour at the Union level. Among state governments, only the Karnataka government had initiated a state sponsored Scheme for rehabilitating bonded labour in 2006. Successful rehabilitation and integration of bonded labour largely depends on general development programmes in which the Ministry of Labour and the Labour Department have to work

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<sup>12</sup> Action Agenda-2018 and Strategy-2019, National Institute for Transforming India (NITI Aayog), Government of India

with in tandem with other ministries and departments (Rural Development, Agriculture, Revenue, Education, Women and Child, and Home) through convergence planning.

### **3.1: Old Centrally Sponsored Scheme versus New Central Sector Scheme for Rehabilitation of Bonded Labour**

In 2016, the Union government restructured and revamped the Centrally Sponsored Scheme (CSS) and replaced it the Central Sector (CS) Scheme for rehabilitation of bonded labourers. In the new CS scheme, state governments are not obliged to pay a matching contribution in terms of cash assistance for rehabilitating bonded labourers. There have been no changes in the nature and number of interventions with the transition from CSS to CS scheme. All major components of the CSS like cash assistance, survey, awareness and evaluation studies have been retained in the guidelines of new CS scheme. However, two major changes have been made in the new CS scheme; this includes fund flow processes and an increase in the unit cost of services in components like cash assistance and surveys. Following is a comparison of CSS and the new CS scheme in terms of design of interventions and fund flows.

- Financial assistance for bonded labourers has increased from INR 20,000 to INR 1 lakh per adult male beneficiary, to INR 2 lakh for children, orphans, forced child labour, and INR 3 lakh for women or children rescued from sexual exploitation.
- The cost for survey of bonded labour has increased from INR 2 lakh to INR 4.5 lakh per district.
- The full cash rehabilitation assistance to be released after conviction of the accused — a feature of the new CS scheme — is absent from the older CSS.
- In terms of funds flow, states cannot receive the grant related to cash assistance from the Centre until they have first disbursed the same to bonded labourers, from the corpus of bonded labour rehabilitation funds created in the districts.
- The bonded labour rehabilitation fund can be created as a corpus, at the district level by each state as a permanent corpus of at least INR 10 lakh. Earlier, the National Child Labour Project (NCLP) account was used for receiving funds.
- Under the CSS, INR 1,000 was paid as subsistence allowance, whereas through the CS scheme, INR 20,000 is transferred as assistance to bonded labourers.
- States can get an advance of 50 percent from the Centre, on submission of proposals for conducting awareness generation programmes, surveys of bonded labour in sensitive districts and evaluation studies under the CS scheme.

Table 3.1: Provisions in the Old Scheme Vs those in the New Scheme for Bonded Labour<sup>13</sup>

S.No.	Activities/Institutions	Old Centrally Sponsored Scheme, 1978 (Unit Cost)	New Central Sector Scheme, 2016 (Unit Cost)
1	Rehabilitation Grants/ Cash payments (District Bonded Labourers Rehabilitation Fund)	-Assistance to bonded labour without conviction of offenders (50 per cent share of total funds granted by Centre) as given below. -INR 4,000 (1978), INR 6,250 (1986), INR 10,000 (1995), INR 20,000 (1999) -Subsistence Allowance: INR 1,000 - NCLP account was used for implementation of bonded labour scheme	-Assistance to bonded labour after conviction of offenders (100 per cent of funds granted by Centre) -Adult male: INR 1lakh -Children, orphans, forced child labour: INR 2 Lakh -Women or children rescued from sexual exploitation: INR 3 Lakh -Immediate Assistance: INR 5,000 (2016) -Immediate Assistance/ Subsistence Allowance: INR 20,000 (2017) -New account for bonded labour scheme with INR 10 lakh corpus fund in each district
2	Survey of Bonded Labour (State)	Rs. 2 lakh per district	Rs. 4.50 lakh per district
3	Awareness generation activities (State)	Rs. 10 lakh per annum to each State Government and Union	Rs. 10 lakh per annum to each State Government and Union
4	Evaluation Studies (State)	Five evaluation studies every year and Rs. 1 lakh for each study	Five evaluation studies every year and Rs. 1 lakh for each evaluation study

Source: Ministry of Labour and Employment, Government of India

In the CS scheme, the provision for functioning of Vigilance Committees is the same as it was under the CSS. However, no financial provision has been made for the day-to-day functioning of Vigilance Committees. In most of the states under study, Vigilance Committees were non-functional due to several reasons. A major reason has been the non-availability of budgetary resources. Due to the lack of finances, training and capacity building programmes were not being conducted for Vigilance Committee members in the states. Vigilance Committees have been assigned many responsibilities but they lack office infrastructure, staff or even expense budgets for convening meetings. No sitting fees and travel allowances had been paid to members of Vigilance Committees in the bonded labour scheme, whereas schemes like Integrated Child Protection Services (ICPS) provide grants for the

<sup>13</sup> Office Memorandum on Central Sector Scheme for Rehabilitation of Bonded Labourer – 2016, Ministry of Labour & Employment, Government of India

functioning of Child Welfare Committees (CWCs). Two types of grants are provided for setting up CWCs: i) Construction and maintenance Grant ii) Maintenance Grant. The construction and maintenance grant shall provide financial support for state governments and Union Territories for constructing new accommodation for CWCs, while the maintenance grant provides support for day-to-day functioning of CWCs. An annual maintenance grant of nearly INR 5 lakh is provided to CWCs.<sup>14</sup> Similarly, there should be a provision of financial support towards training and capacity building programmes, office, infrastructure and staff, sitting fees and travel allowances for Vigilance Committee members as well. Both the Vigilance Committees and CWCs have been given the responsibilities for rehabilitation and monitoring of bonded labourers and vulnerable children.

Assessment of the guidelines of the CSS as well as the CS scheme reveals that the scale of interventions (components of the scheme) to address the problems of bonded labour has not increased. Without the expansion of scale of interventions, it is highly unlikely that overall budgetary allocation would increase for the scheme. However, one major component of the scheme related to cash assistance has seen an increase in unit cost, in the new CS scheme. But the conditionality of linking conviction of offenders with payment of full cash assistance to bonded labourers, has prevented the expanding of allocations in the CS scheme. Available data shows that convictions are hardly pronounced.<sup>15</sup> This is a serious design problem in the existing scheme guidelines, which is a major impediment in rehabilitation. Cash assistance should be immediately provided to bonded labourers after the release certificate is prepared by the office of the Sub-Divisional Magistrate without waiting for the conviction of offenders. The release certificate is adequate proof of bondage. Under the new scheme, the unit costs for awareness and evaluation studies too, have not been increased.

### **3.2. State Government Sponsored Schemes for Rehabilitation of Bonded Labour**

In terms of designing interventions for rehabilitation, State governments can also play an important role by initiating state sponsored schemes. While assessing the budgets for seven select states, the study found that Karnataka was the only state which had a state sponsored scheme for rehabilitation. It largely reflects those other states have not prioritised issues of bonded labour.

In Karnataka, the scheme for rehabilitation of bonded labour was institutionalised in 2006. It provides financial assistance of INR 300 per month for two years for each released bonded labourer. The state government collects information on released bonded labourers from the District Collectors concerned, through Zila Panchayats. It then transfers the money to Zila Panchayats, which is subsequently credited every month to the local savings bank accounts of released bonded labourers.<sup>16</sup>

The example of the state sponsored scheme in Karnataka can be emulated by other states. After the recommendation of the Fourteenth Finance Commission, states were provided additional resources for prioritizing their own expenditure policies, as per their needs. An analysis by CBGA shows that the overall resources of states have increased during the last four years. Hence, the states which are more prone to bonded labour, should initiate their own state sponsored schemes for rehabilitating bonded labour.

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<sup>14</sup> Guideline of ICPS, Ministry of Women of Child development, Government of India

<sup>15</sup> Departmentally related Standing Committee on Ministry of Labour and Employment (December, 2017)

<sup>16</sup> Annual Report 2017-18, Department of Rural Development, Government of Karnataka

The unit cost of cash assistance needs to be revised as per the inflation index, since the current financial assistance of INR 300 per month is very less. Further, the state sponsored scheme can also provide financial support for conducting surveys, awareness programmes, evaluation studies and for functioning of Vigilance Committees.

### **3.3. Convergence with Other Schemes - Adhoc Policy Guidelines**

An assessment of Central sector and state sponsored schemes shows that the scale of interventions for the bonded labour scheme is very small. To a large extent, the process of rehabilitating bonded labour depends on strong convergence with other development programmes at all levels of governance. As per the provisions of the Bonded Labour Act and Rules, the District Magistrate and Sub-Divisional Magistrate in consultation with the Vigilance Committee must work towards the economic and social rehabilitation of freed bonded labourers. There is a clear provision to undertake convergence with other programmes for rehabilitation at the district level.

The guidelines for the old CSS for bonded labour state that additional assistance shall be provided along with cash assistance. This includes allotment of land, inputs and credit facilities, seeds, draught animals, fertilisers, dairy, animal husbandry, institutional linkages with marketing, skill and crafts-based occupations and linkage with markets through cooperative or other state-aided institutions. The new scheme for bonded labour provides additional benefits. This comprises (i) allotment of house-site and agricultural land (ii) land development (iii) provision of low-cost dwelling units (iv) animal husbandry, dairy, poultry, piggery, etc. (v) wage employment, enforcement of minimum wages (vi) collection and processing of minor forest products (vii) supply of essential commodities under the targeted public distribution system; and (viii) education for children.

#### **A) Assessing convergence with rural development programmes**

In order to assess the provisions with regard to convergence with select development interventions, the study reviewed the guidelines of select Centrally Sponsored Schemes such as MGNREGA,<sup>17</sup> PMAY<sup>18</sup> and NRLM<sup>19</sup> to understand the benefits that accrue to bonded labourers from these schemes. However, the assessment showed that although the revised guidelines of PMAY and NRLM include the category of bonded labour for convergence, there is no clarity regarding the mechanism through which bonded labourers would receive benefits. Further, in the reporting formats of schemes, the category of bonded labour had not been added. Hence, there is no reporting on financial and physical allocation for bonded labourers. The guidelines for MGNREGA and its reporting format do not have any column for inclusion of bonded labour in the scheme. The guidelines of MGNREGA, PMAY and NRLM have special provisions for inclusion of SCs and STs and reporting is done with regard to the physical and financial progress related to these communities. However, in 2018, the MoLE reported to Parliament that it will collaborate with the Ministry of Skill Development and Entrepreneurship for initiating a pilot project of skill training for bonded labourers in five districts of Bihar, namely Katihar, Samastipur, East Champaran, Nawada and Supaul.

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<sup>17</sup> Guideline of MGNREGA, Ministry of Rural Development, Government of India

<sup>18</sup> Guideline of NRLM, Ministry of Rural Development, Government of India

<sup>19</sup> Guideline of PMAY-G, Ministry of Rural Development, Government of India

Further, INR 81,750 crore was earmarked for MGNREGA, NRLM and PMAY-G in 2018-19. The three programmes have huge potential for rehabilitating bonded labour in terms of providing housing and gainful employment.

**Table 3.2: Union Budget Allocations for Schemes and Scope for Convergence with the Bonded Labour Scheme (in Crore)**

	2014-15 (AE)	2015-16 (AE)	2016-17 (AE)	2017-18 (RE)	2018-19 (BE)
MGNREGA	32969	37341	48215	55000	55000
NRLM	1413	2514	3158	4350	5750
PMAY-G	11105	10116	16071	23000	21000

Source: Of Hits and Misses: An Analysis of Union Budget 2018-19, CBGA, New Delhi

The MoLE has not demonstrated serious intent or efforts to ensure convergence with the Central ministries and departments. There is, thus, an urgent need for initiating a comprehensive national plan for convergence by the Union government and appropriate monitoring and implementation mechanisms need to be in place. It is also imperative that the Union government prepares a national convergence plan, which would include the ministries of rural development, agriculture, finance and education. A steering committee needs to be formed under the chairpersonship of the Cabinet Secretary for convening monitoring meetings at least once every six months. The MoLE could work as the convener of the steering committee.

In order to assess the role of state Rural Development Departments, in terms of providing employment opportunities and housing facilities to bonded labourers, discussions were held with officials of MGNREGA, NRLM and PMAY in Rajasthan, Bihar and Tamil Nadu. The discussions were in the context of convergence processes of the bonded labour scheme with rural development programmes, through which additional benefits are provided to bonded labourers.

From the field study findings, no evidence was found with respect to convergence of the CS scheme for rehabilitation of bonded labour with the Rural Development Departments in the three states. Ideally, for effective convergence, there is a need for national, state and district level action plans. At the time of conducting this study, the MoLE had not made any documents available in the public domain, on the national action plan for convergence. It is only under the recently revised NRLM guidelines issued by Ministry of Rural Development (2017) that a framework has been provided for convergence with the bonded labour scheme.

An analysis of the states under study showed that three states, namely Karnataka, Tamil Nadu and Madhya Pradesh had prepared their respective state action plan for convergence, while Bihar and Rajasthan were in the process of preparing their convergence plans. States such as Uttar Pradesh and Telangana were yet to make their state action plans available. In Tamil Nadu, the state level core/steering committee was yet to be formed to implement the state action plan prepared in 2017. As



stated by officials, it was only from 2017 onwards that the Department of Labour and Employment, Tamil Nadu took up the responsibility of implementing the scheme for rescue and rehabilitation of bonded labour. The high-level core committee on convergence was functional earlier, when the scheme of bonded labour rehabilitation was handled by the Department of Adi Dravidar Welfare.

Further, the ministries and departments dealing with the welfare of SCs and STs should be a part of convergence plans at the Union and state levels, because most bonded labour belong to these communities. The employment of SCs as bonded labour is a human rights violation. The Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act is applicable to employers, while some benefits can be given to bonded labour from the SC Welfare Department. As per data made available by SC welfare departments in states such as Bihar and Rajasthan, so far, the SC/ST Atrocities Act has not been enforced on the employer.

## **B) Assessing Convergence of AHTUs and ICPS**

### ***Anti-Human Trafficking Units (AHTUs)***

Anti-Human Trafficking Units (AHTUs)<sup>20</sup> and the Integrated Child Protection Scheme (ICPS)<sup>21</sup> have to play a critical role in the case of child and women bonded labourers. The guidelines for AHTUs have explicitly mentioned bonded labour as one the targets under the scheme. However, ICPS guidelines only focus on protection of child labour. AHTUs are engaged in rescue operations, lodging FIRs and repatriation in cases related to trafficked persons such as women, children and bonded labourers. There is evidence that non-monetary convergence is happening on the ground. The officers-in-charge of AHTUs in the states under study stated that Child Welfare Committees, AHTUs, Labour Departments and NGOs jointly carry out activities related to the rescue and protection of children and women. ICPS provides shelter homes to child bonded labourers following their rescue.

The Ministry of Home Affairs (MHA) initiated a scheme called 'Strengthening Law Enforcement Response in India against Trafficking in Persons through Training and Capacity Building'. The scheme targeted establishing 335 AHTUs in 50 percent of districts and training of 10,000 police officers through training of trainers (TOTs). The MHA gives financial assistance to states for setting up infrastructure for AHTUs and provides trainings to AHTUs through the scheme for modernisation of police and Bureau of Police Research and Development.

Field assessment from Bihar, Rajasthan and Tamil Nadu shows that AHTUs had been formed in all districts. Infrastructure for AHTUs was in place and trainings for police and prosecutors were conducted by state police academies using the Centre's funds. Further, NGOs were also involved in organising training workshops. The nodal officials of AHTUs in Bihar and Tamil Nadu said that there were no challenges in providing training to staff or with regard to infrastructure for AHTUs. Most trafficking cases were from places such as Nepal, West Bengal and Jharkhand. The nodal officials of AHTUs in all the states under study felt that there is a lack of inter-state and inter-country coordination on trafficked persons. Except Bihar, no state provided data on trafficking cases. Data from Bihar showed that 2,539 victims were Indian and 106 victims were Nepalese. Number of

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<sup>20</sup> Strengthening law enforcement response in India against Trafficking in Persons through Training and Capacity Building, Ministry of Home Affairs, Government of India, 2012

<sup>21</sup> Guideline of ICPS, Ministry of Women of Child development, Government of India

traffickers arrested were 1,867, comprising 1,352 males and 515 females. Of 2,539 victims, there were 1,842 child labourers and 21 forced labourers (July 2011-September 2018). Three days of ToTs had been conducted and funds released in 2010-11 and 2011-12 had been utilised.

AHTU officials stated that there were no major financial constraints for conducting trainings in Bihar and Tamil Nadu, though AHTUs faced shortage of funds for their day-to-day functioning. AHTUs had to spend from their own pockets to repatriate rescued children and women to other states. Nodal officials in Rajasthan said that there is a requirement of adequate financial and human resources, as well as infrastructure support to improve the functioning of AHTUs. Due to weak coordination among stakeholders, tasks related to pre-rescue, post-rescue and rehabilitation of victims is a big challenge. There were no proper mechanisms to track victims who leave shelter homes. There was lack of sufficient data on human trafficking at district and state levels. Further, regular monitoring of trafficking at source, transit and destination points was not being conducted. The taskforces constituted in districts were not actively working due to DMs being preoccupied with other work. Finally, the partnership between the government and civil society organisations has not been very effective in rehabilitating victims.

### ***Childline Services under ICPS***

ICPS guidelines provide support to bonded child labour in terms of shelter, legal aid and protection (Childline services). The Ministry of Women and Child Development allocates financial resources for Childline services under the ICPS scheme. Childline is an important component of the ICPS scheme which provides emergency telephone helpline services for children in need of care and protection. Since 1996, Childline has been working in 412 cities across the nation, responding to the needs of children, ranging from medical assistance, to shelter, rescue, repatriation/restoration, sponsorship, guidance and support in death related cases (as of March 2017). Childline services are managed by Childline India Foundation. The budgetary allocations for Childline services have increased over the years and subsequently, both coverage of cities and number of partners have gone up.

**Table 3.3: Coverage of Childline Services and Number of Partner Organisation at National Level**

S. No.	Financial Year	No. of Cities/Districts Covered	No. of Partner Organisations
1	2009-10	83	188
2	2010-11	125	298
3	2011-12	205	499
4	2012-13	269	547
5	2013-14	283	543
6	2014-15	366	607
7	2015-16	412	674
8	2016-17	412	660

Source: Annual Report, 2017-18, Ministry of Women and Child Development, Government of India



Looking at the number of Childline services started in the states under study, we found that even after a fairly long period of initiation, the coverage of cities/districts in these states was still low. The table shows that Uttar Pradesh, Madhya Pradesh, Telangana and Bihar have a huge shortage of Childline services.

Table 3.4: Availability of Childline Services in Select States in 2006-17

S.No.	States	No. of Childline Services Started	No. of Districts
1	Bihar	21	38
2	Rajasthan	23	33
3	Tamil Nadu	31	32
4	Uttar Pradesh	37	75
5	Telangana	10	31
6	Karnataka	22	30
7	Madhya Pradesh	27	51

Source: Annual Report, 2017-18, Ministry of Women and Child Development, Government of India

### Concluding Observations

- Despite the existence of Acts and Rules for bonded labour, NITI Aayog's Action Agenda and its Strategy document have not made any reference to eradication of bonded labour in the context of the SDGs. Therefore, it is necessary that issues of bonded labour be included in the new policy documents like the vision, strategy and action agenda of Union and state governments.
- The new CS scheme for rehabilitation of bonded labour is the only scheme at the national level. At the state level, only the Karnataka government had initiated a state specific scheme for rehabilitation of bonded labour (2006). However, linking the clause of conviction of offenders with the actual provision of cash assistance to the victim is a serious design problem in the new CS scheme guidelines. This is a major impediment in the rehabilitation of bonded labour. Further, no increase had been made in the unit cost for awareness generation and conducting evaluation studies. Vigilance Committees were not being provided any financial support for their day-to-day functioning, or for infrastructure and surveys.
- Largely, the availability of financial resources for rehabilitation of bonded labour depends on general development programmes through the convergence mode. Findings from the states under study showed that in the process of rehabilitation, convergence with programmes such as MGNREGA, NRLM and PMAY had not taken place.
- Convergence had not taken place either due to the absence of national and state level convergence plans, or because of the non-formation of high-level steering committees at the state or national level. However, convergence between ICPS and AHTUs with Labour Departments was taking place, for rescuing children and women labourers, in the states under study.

## BUDGETARY PRIORITIES FOR ADDRESSING BONDED LABOUR ISSUES

The central scheme for bonded labour has been the only direct government intervention to deal with issues of bonded labour since 1978. This section assesses the budgetary priorities of government intervention for rehabilitation in terms of funds allocation and utilisation over four financial years, i.e., 2015-16, 2016-17, 2017-18 and 2018-19. Budget allocations and actual expenditures are analysed for the schemes of rehabilitation for bonded labour, Integrated Child Protection Scheme (ICPS)/Childline services and Anti-Human Trafficking Units (AHTUs). Further, we analyse issues related to appropriateness of fund distribution, the low demands for funds from states and inadequacies of available budgets.

### 4.1 Centre-state Sharing of Resources: Amount of Allocation and Pace of Increase

The Central scheme for bonded labour has been divided into the old Centrally Sponsored Scheme (CSS) (1978 to 2016) and the new Central Sector (CS) scheme (since May 2016). A look at the financial and physical achievements of the old CSS shows that from 1978 to 2015, INR 164 crore was provided from the Union to state governments for rehabilitation of 4.8 lakh bonded labourers. The contribution of Union and state governments was 50 percent each.<sup>22</sup> There have been four components in the scheme since 1978, namely cash assistance to bonded labour, survey of bonded labour, evaluation studies and awareness generation programmes.

#### Budgetary Priorities of the Union Government

Table 4.1 details the analysis of budget allocations and funds utilisation under the bonded labour scheme since 2008-09. The data was compiled from 'Note on demand and detailed demand for grants' (DDGs) of the Ministry of Labour and Employment (MoLE). In 2008-09, INR 1.8 crore was allocated, but was reduced to INR 1 crore at the time of the revised budget. In 2009-10, INR 0.8 crore was allocated but utilisation went upto INR 0.9 crore. In 2010-11, INR 0.9 crore was earmarked and the entire amount was spent. In 2011-12 too, 0.9 crore was allocated, but expenditure of INR 5 crore was incurred — a major improvement over the previous year's expenditure. In 2012-13, INR 5 crore was allocated but expenditure was only INR 3.19 crore; with the percentage share of utilisation amounting to 64 percent only.

In 2013-14 and 2014-15, the scheme was merged with the scheme of social security for unorganised sector workers by the Planning Commission, and was merged yet again with the National Child Labour Project, including grants-in-aid to voluntary agencies in 2017-18 and 2018-19. Note on Demand reported an allocation of INR 5 crore in 2013-14 and INR 3 crore in 2016-17. Table 4.1 shows that two key budget documents of the Union government, the Note on Demand and DDGs did not report the amount of allocation and utilisation for the scheme in 2013-14 and 2014-15.

<sup>22</sup> Annual Report of Ministry of Labour and Employment, 2017-18

### Allocation and Utilisation of Funds Provided for Cash Assistance

In the period of new CS scheme, INR 5 crore was allocated in 2016-17, and INR 10 crore each in 2017-18 and 2018-19. However, the MoLE in its reply to a parliamentary question stated that in 2016-17, no expenditure was reported under the head of cash assistance or any other components of the scheme. In 2017-18, a total amount of INR 46.4 lakh was released under the cash assistance component to Bihar, Chhattisgarh, Madhya Pradesh and Uttar Pradesh and INR 54.4 lakh was reimbursed to Assam, Bihar and Puducherry in 2018-19. The analysis shows that reporting on funds allocation and utilisation in the bonded labour scheme by MoLE was inconsistent and non-transparent, due the lack of availability of budget data with component-wise break up in the DDGs.

**Table 4.1: Budgetary Allocation and Utilisation of Funds under Rehabilitation of Bonded Labour Scheme (Rs. Crore)**

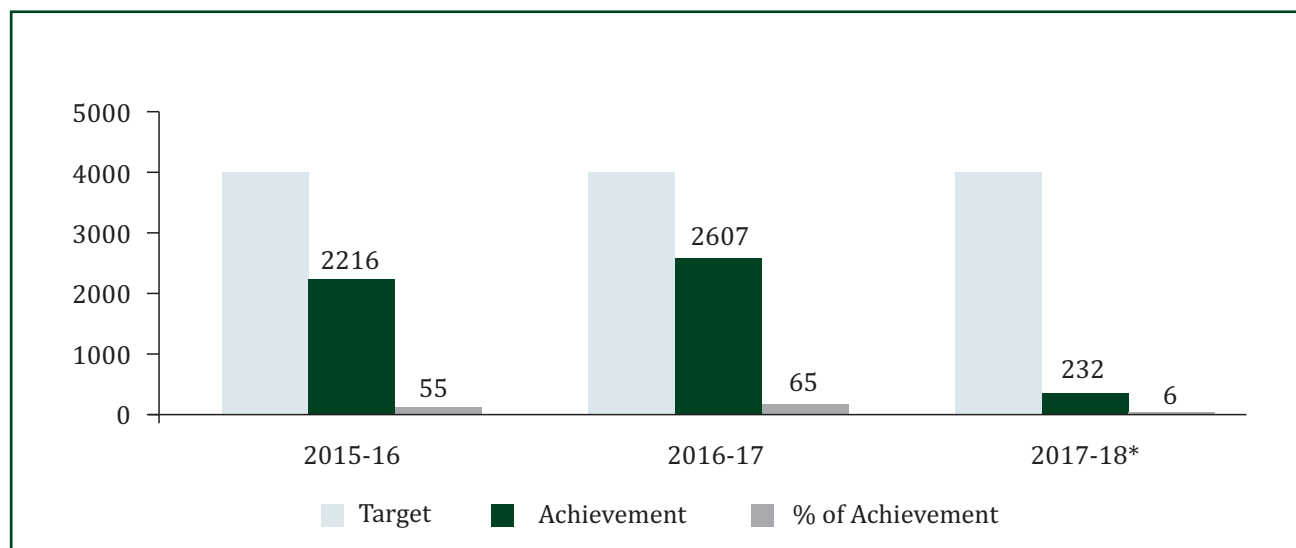
	BE	RE	AE	% of Utilisation as BE
2008-09	1.8	1	NA	
2009-10	0.8	0.8	0.9	113
2010-11	0.9	0.9	0.9	100
2011-12	0.9	5.9	5.9	656
2012-13	5.0	5.0	3.2	64
2013-14*	5.0	5.0	NA	
2014-15*	NA	NA	NA	
2015-16	NA	NA	NA	
2016-17	5.0	3.0	2.61	52
2017-18#	10.0	8.0		
2018-19#	10.0			

Source: Note on Demand and Detailed Demand for Grants of Ministry of Labour and Employment

\*The scheme has already been merged in scheme Social Security for Unorganised Sector Workers by Planning Commission, #National Child Labour Project including grants in aid to voluntary agencies and reimbursement of assistance to bonded labour. There is a no separate reporting in DDGs for bonded labour for few years after merger. (BE: Budget Estimate, RE: Revised Estimate,

Table 4.2 shows that the MoLE had set a target of annually rehabilitating 4,000 released bonded labourers, during 2015-16, 2016-17 and 2017-18 under the CS scheme for bonded labour. Looking at the physical achievements (Benefits provided) of the bonded labour scheme, we found that in 2015-16 and 2016-17, the achievement was 55 percent and 65 percent respectively. In 2017-18, only 0.1 percent of the total target was achieved till December. The poor physical achievement was directly linked to poor funds utilisation in the scheme.

Table 4.2: Physical Outcomes under the Bonded Labour Scheme (No. of Persons)



Source: Departmentally related Standing Committee on Ministry of Labour and Employment (December, 2017)

## Budgetary Priorities of State Governments

### *Uttar Pradesh*

In 2013-14 and 2014-15, the percentage of utilisation under cash assistance was 67 percent and 25 percent respectively in Uttar Pradesh. In 2015-16, the percentage of utilisation was more than 100 percent because at the time of the budget estimate, the allocation of INR 3.6 crore was increased to INR 5.8 crore in the supplementary budget and utilisation was reported to be INR 5.6 crore. As per the data available on physical achievements for the same period, 1800 bonded labourers were given cash assistance and INR 25 lakh was spent on survey, awareness and evaluation studies. In 2017-18 and 2018-19, there was a substantial increase in allocations because the state created a corpus fund of INR 10 lakh for 75 districts. The state government released INR 7.34 crore to the districts under this corpus fund. In 2017-18, 378 bonded labourers were rehabilitated and an amount of INR 54.6 lakh was disbursed to bonded labourers. After the introduction of the CS scheme in 2016, the pace of rehabilitation slowed down, only 378 bonded labourers were rehabilitated against a target of rehabilitating 3,813 bonded labourers by 2018 (MIS, Labour Department).

### *Madhya Pradesh*

Table 4.3 shows that in Madhya Pradesh, the amount allocated under the bonded labour scheme was meager and the percentage of fund utilisation was also very low. In 2015-16 and 2016-17, 31 percent and 19.6 percent respectively of the total allocation could be utilised. In 2017-18 and 2018-19, INR 1.5 crore and INR 2.3 crore respectively were allocated for the creation of corpus of bonded labour rehabilitation funds for 51 districts in Madhya Pradesh, against an actual requirement of INR 5.2 crore. It seems that the corpus fund for rehabilitation of bonded labour was not created in all districts of the state.

## Karnataka

In Karnataka, the CS scheme for bonded labour is being implemented by the Department of Rural Development and Panchayati Raj. However, the DDGs of the department and Panchayati Raj did not provide budget allocation details of the bonded labour scheme. Even the Department of Labour has not reported budget data under the scheme for 2015-16 and 2016-17. The Department of Labour reported an allocation of INR 3 crore each in 2017-18 and 2018-19. The amount allocated by department was meant to create a corpus of bonded labour rehabilitation funds in 30 districts of the state.

The state did not receive its Central share despite having been allocated a budget of INR 4.2 crore in 2015-16 and 2016-17. The Centre's share was finally received in 2017-18. The annual report showed that because of non-release of the Centre's share, the state share too was not released and consequently, the rehabilitation process was delayed. Further, there was also a delay in funds transfer to bonded labourers from the state sponsored scheme. Since 2015, 228 bonded labourers have been released but only 16 labourers were provided immediate assistance. The process of reimbursement to bonded labourers has been very slow in Karnataka.

Table 4.3: Budget Allocations for the Bonded Labour Scheme in Select States (in Crore)

S.No.	States	2015-16		2016-17		2017-18		2018-19
		BE	RE	BE	RE	BE	RE	BE
1	Uttar Pradesh	3.60	5.6	2.96	5.37	10.72	10.8	10
2	Madhya Pradesh	0.04	0.03	0.05		0.15	-	2.26
3	Karnataka	4.2	-	4.2	-	4.2	3	3
4	Bihar	0.87	0.87	3.25	5.75	1.23	1.23	2.18
5	Tamil Nadu	1.28		1.25		1.25		1.25
6	Rajasthan	0.15	0.10	0.15	0.15	0.20	3.10	0.44
7	Telangana	-	-	-	-	-	-	-

Source: Detailed Demands for Grants from select States for the period of 2015-16 to 2018-19

Table 4.4: Fund Utilisation in Bonded Labour Scheme in Select States  
(% in bracket /amount in crore)

S. No.	States	2013-14	2014-15	2015-16	2016-17
1	Uttar Pradesh	2.48 (67)	0.90(25)	5.86 (162.7)	5.24 (177)
2	Madhya Pradesh	-	-	0.024 (31)	0.098 (19.6)
3	Karnataka	0.46 (14.8)	0	0.17 (4)	0 (0)
4	Bihar	-	-	0.69 (79)	5.75 (176.9)
5	Tamil Nadu	-	-	0.47 (37)	0.43 (34)
6	Rajasthan	-	0	0.18 (1.2)	0 (0)
7	Telangana	-	-	-	-

Source: Detailed Demands for Grants from select States for the period of 2015-16 to 2018-19

#### *Bihar*

In Bihar in 2015-16, funds utilisation under the bonded labour scheme, which was 78 percent, increased to 221 percent in 2016-17. The budget estimate of 2016-17 reported an allocation of INR 3.25 crore, while an additional amount of INR 1.5 crore was allocated in the revised budget for the same year. The exact reason for higher amount of funds utilisation could not be known, but it appears that the Department of Labour Resources had spent the money on disbursement of cash assistance to labourers and for creating the bonded labour rehabilitation fund. Bihar has created a bonded labour rehabilitation fund for 40 districts. In 2017-18 and 2018-19, INR 1.23 crore and INR 2.18 crore were respectively allocated for creating the bonded labour rehabilitation fund. Since 2016, around 326 bonded labourers have been rescued and released. Immediate assistance was provided to around 249 workers. Department of Labour Sources stated that the cash assistance for remaining workers would be distributed after completing the work of identification and confirmation. Further, state government officials informed us that around 115 labourers were rescued in Bihar and the rest were rescued from Rajasthan, Andhra Pradesh and elsewhere in India.

#### *Tamil Nadu*

In Tamil Nadu, the percentage of utilisation under the bonded labour scheme was 37 percent and 34 percent respectively (Tables 4.3 and 4.4). INR 1.25 crore was allocated for each of the financial years 2017-18 and 2018-19 for creating the bonded labour fund. In 2017-18, INR 49 lakh was reimbursed to 276 bonded labourers, while INR 23 lakh was reimbursed to 193 bonded labourers in 2018-19. In both years, immediate cash assistance was not paid in full to the released bonded labourers, and nearly INR 6 lakh and INR 15 lakh was pending from the state (Office of Assistant Labour Commissioner, Tamil Nadu).

#### *Rajasthan*

In Rajasthan, there was no utilisation in 2014-15, 2015-16 and 2016-17 under the bonded labour scheme (Table 4.3 and 4.4). Amounts of INR 3.1 crore and INR 4 lakh was allocated in 2017-18 and

2018-19 respectively. The highest allocation of INR 3.3 crore was reported in 2018-19 for creating the corpus fund for rehabilitation for 31 districts.

### *Telangana*

In Telangana, the departments of Labour, Revenue, Social Welfare, Rural Development and Finance have not reported any allocation for the bonded labour scheme in the DDGs document. Another budget document on scheme expenditure for 2018-19 indicates that the allocation for bonded labour scheme might have been merged with the CSS for social security for unorganised workers. This scheme had a budget allocation of INR 58 crore and INR 66 crore for 2017-18 and 2018-19 respectively. As per discussions with officials in the Labour Department, bonded labour rehabilitation funds had been created for all districts. Since 2016, 43 bonded labourers were released but immediate assistance had not been paid to anyone. Thus, the overall assessment of the state budget shows poor budgetary priorities in allocation and utilisation for the bonded labour scheme.

### **Budget Allocation and Utilisation for Survey, Evaluation Studies and Awareness Generation**

The DDGs have not reported the breakup of expenditure in terms of components like survey, evaluation and awareness. Therefore, the study could not capture the status of funds allocation and utilisation for these specific components. However, a scrutiny of the DDGs of the Union government (2014-19) showed that INR 56 lakh and INR 6 lakh was allocated under media and publicity in 2017-18 and 2018-19 respectively. However, the Minister of Labour and Employment in his reply to a parliamentary question stated that funds were provided to Rajasthan (INR 81.75 lakh), Madhya Pradesh (INR 25.50 lakh), and Sikkim (INR 16 lakh) for survey, evaluation and awareness in 2017-18. Only Chhattisgarh received INR 65.75 lakh in 2018-19. According to our discussions with officials in the Labour Departments in Bihar and Tamil Nadu, no funds were made available for survey, evaluation and awareness programmes until September 2018.

Based on reviews of annual reports of the Department of Rural Development in Karnataka and Department of Labour in Uttar Pradesh, only two instances of funds allocation for conducting surveys were reported. The last survey in Karnataka was conducted during 2000-02 in all districts of the state. In Karnataka, INR 60 lakh was released in 2011-12 for surveying bonded labourers, but the government could only spend an amount of INR 24.3 lakh till December 2014, and the remaining amount of INR 35.7 lakh was returned to the MoLE. The Karnataka government could utilise just 40 percent of the total allocation. Since then, no survey was carried out in the state. The reason for low utilisation could not be known. In 2015-16, the Government of Uttar Pradesh received INR 25 lakh for survey and evaluation. Our assessment revealed that none of the three components - survey, evaluation and awareness - were given adequate priority in terms of funds allocation.

### **Appropriateness of Funds Distribution and Low Demand for Budgets from States**

With regard to appropriateness of distribution, it emerged that no proper method had been devised in the new CS scheme guidelines for earmarking and distribution of funds among different components (cash assistance, survey, awareness and evaluation study) of the scheme. The priority of funds



distribution was tilted more towards cash assistance. In contrast, most Central/Centrally sponsored schemes like Swachh Bharat Abhiyan, NRLM, Sarv Shiksha Abhiyan and MGNREGA have a fixed share of resource allocation among different components.

Further, there was a mismatch in the distribution of amounts allocated between the Centre and states. In Uttar Pradesh alone, the total funds allocated by the State government was more than the total allocation of the Centre for the financial years 2017-18 and 2018-19. Reporting on budget allocations across states was uneven over the last few years. Budget information on the bonded labour scheme across states is hardly made available in the public domain by the Union government. Even parliamentarians are not provided complete information on allocation and utilisation of budgets. Despite requests by Members of Parliament to provide state level expenditure, the MoLE provided data on funds released for eight states only. Data was provided for the last four years, only for Uttar Pradesh. There was also inconsistency in reporting on the amount of funds released.<sup>23</sup>

An important issue has been the low demand for budgets by state governments from the Union government. There are a number of reasons for this. Firstly, the clause related to conviction of offenders for releasing cash assistance to bonded labourers is one of the most important reasons for low demands of budget from the Centre. The conviction of offenders seemed to be the biggest challenge, due to which cash assistance for rehabilitation did not reach rescued bonded labour. Discussions with officials in Bihar, Rajasthan, Tamil Nadu and in many other states revealed that there were hardly any instances of convictions in any of the states. Therefore, introducing the CS scheme with increased cash assistance but with a clause of linking disbursement of cash assistance to labourers with conviction of offenders does not serve the purpose. Challenges in convicting offenders arose due to poor documentation and poor framing of charges at the time of filing FIRs, and witnesses or victims turning hostile, due to pressure from offenders. Victims are disinterested in following up cases due to long judicial processes and lack of proper legal support for victims and witnesses. Many officials suggested that there should be a separate trial court for victims of bonded labour.

Secondly, bonded labour surveys, evaluation studies and awareness generation programmes are not conducted regularly. Consequently, lesser numbers of bonded labourers are identified.

Thirdly, cash assistance was not paid on time and the full amount was not given to labourers due to delay in the release of the Centre's share through the old CSS. Finally, cash assistance could not be paid to bonded labourers because their names in release certificates and bank accounts did not match. Additional requirements for documents such as Aadhaar and linking Aadhaar numbers with bank accounts creates further delays in cash transfer to bonded labourers. There were many instances in the states under study, where payment of immediate assistance was delayed due to incorrect names and addresses on release certificates. Due to a lack of awareness about the importance of release certificates for availing cash assistance, bonded labourers did not carry the release certificate to their states at the time of repatriation, which caused delays in transfer of assistance. There is a lack of awareness among victims about schemes and benefits for bonded labourers.

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<sup>23</sup> <http://pib.nic.in/newsite/PrintRelease.aspx?relid=180853>



## 4.2 Adequacy of Funds Allocation for Different Components

### *Cash Assistance for Rehabilitation of Bonded Labour*

Introduction of the new Central Sector scheme in 2016 has been important with regard to increase in cash assistance from INR 20,000 to INR 1 lakh, INR 2 lakh and INR 3 lakh for males; females and children; and for orphans and forced child labour respectively. However, the full amount of assistance was not paid to bonded labourers, due to a design problem in the scheme, related to the clause on conviction of offenders. The issue of adequacy of funds would not arise, if Union government removes the clause of conviction from the guidelines and the full cash amount is paid to bonded labourers at the earliest.

### *Conducting Surveys of Bonded Labour*

As per the new CS guidelines, states can spend INR 4.5 lakh per district for surveys and identification of bonded labour. Expenditure is reimbursed by the Central government upon satisfactory performance in each identification project and 50 percent of the total cost is to be paid in advance. Preparing the design and methodology of the survey is the responsibility of the state government, along with conducting the survey. Discussions with officials in Bihar, Rajasthan and Tamil Nadu revealed that surveys of bonded labour had not been conducted since 2016. Rajasthan had not sent a proposal to the Union government for conducting a survey and was still in the process of preparing proposals. Tamil Nadu had sent the proposal in January 2018 but funds had not been released by the Union government. The official has argued that as they had not conducted the survey, it was difficult to comment on the adequacy of funds.

### *Evaluation Studies*

As per the new scheme guidelines, state governments and Union Territories have to conduct studies annually in five districts. For conducting these studies, the Centre would provide a total of INR 5 lakh for each state while INR 1 lakh has been fixed for each evaluation study to be conducted annually, per district. Since 2016, no evaluation studies had been conducted in Rajasthan, Bihar and Tamil Nadu. Tamil Nadu had requested funds from the Union government but had not received them. Officials in Tamil Nadu stated that current unit costs were insufficient for conducting evaluation studies with the help of a reputed research organisation. Guidelines of Bonded Labour Scheme say that a Research Assistant for data analysis and Research Officer for writing the research report would be paid INR 9,000 and INR 18,000 per month respectively, which is insufficient. Further, the duration for these posts had been fixed at two months, which is insufficient to complete the evaluation studies.

### *Awareness Generation Programmes*

The Union Government needs to provide a maximum of INR 10 lakh per annum to each state government. Of this amount, INR 7 lakh is meant for campaigning and telecast of various audio-visual inputs (All India Radio, Doordarshan, Song and Drama Division), INR 1 lakh for campaigns through local newspapers and INR 2 lakh for the cost of performance by folk/ cultural troupes, including travel costs. Since 2016, Tamil Nadu and Rajasthan had not received any assistance for conducting awareness generation programmes. Tamil Nadu had sent the project proposal in the beginning of

financial year 2018-19, as stated by the Labour and Employment Department. The officials working with the labour resources department, Bihar said that they had conducted awareness generation programmes, but did not receive funds from the Union Government. During conversations with officials in Tamil Nadu's labour and employment department, it was found that the provision of INR 1 lakh for campaigns through local newspapers and INR 2 lakh as costs for performance by folk/ cultural troupes, including costs of travel, was very low.

### 4.3 Availability of Budget for Rehabilitation of Bonded Labour through Convergence with other Schemes

#### Union Government Budgets for AHTUs

There is convergence with AHTUs in terms of rescue of bonded labour. Table 4.5 presents budget allocation and utilisation for administration and infrastructure, as well Training of Trainers (ToT) components related to AHTUs by the Union government. The budget allocation for administration and infrastructure shows a declining trend. There was a drastic decline in allocation from INR 3.78 crore in 2016-17 to INR 0.77 crore in 2017-18, and further to INR 0.30 crore in 2018-19. The percentage of utilisation against allocation too, was very poor. It amounted to around 8 percent in both 2014-15 and 2015-16; however, it improved in 2016-17 and went up to 81 percent. The Ministry of Home Affairs (MHA) annual report for 2017-18 showed that the targets for establishing AHTUs were being achieved slowly.

While assessing the budget allocation for ToTs from 2014-15 to 2018-19, only 2016-17 showed any reporting, with allocation and utilisation at INR 2.8 crore and INR 1.96 crore respectively. The percentage of utilisation amounted to 70 percent for the year. It clearly reflected those budgetary priorities for AHTUs were inadequate. The study could not gather the budget data on AHTUs from the states, because the DDGs of the State Home Department did not provide any information. During field studies in Rajasthan, Bihar and Tamil Nadu, AHTUs officials refused to provide budget data unless they received a letter from the MHA. Therefore, it is difficult to comment on budgetary priorities in the states with regard to AHTUs.

Table 4.5: Union Government Budgets for AHTUs (Crore)

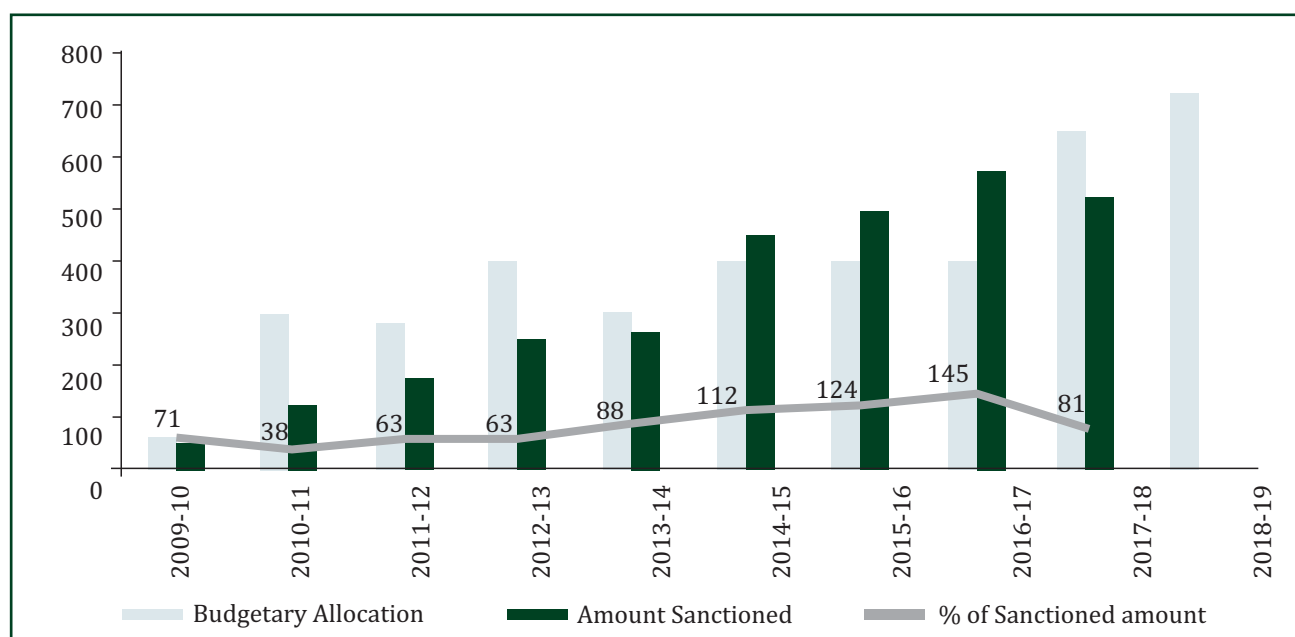
	Support for Infrastructure			Support for Training of Trainers		
	BE	Actual	%	BE	Actual	%
2014-15	5.78	0.50	8.7			
2015-16	3.78	0.31	8.1			
2016-17	3.78	3.05	81	2.8	1.96	70
2017-18	0.77					
2018-19	0.30					

Source: Detailed Demand for Grants, Ministry of Home Affairs, Government of India

## Budget for Integrated Child Protection Services/Childline Services

The budget for Childline services flows from the ICPS scheme and is directly affected by the increase or decrease in budget allocation for the ICPS. Table 4.6 shows the status of budgetary allocation and amounts sanctioned under ICPS. It can be seen that until 2014-15, the rate of release of funds from the Union government was very slow. After 2015-16, both allocation and sanctioned amounts increased due to creation of institutions related to child protection in a number of states.

Table 4.6: Status of Budgetary Allocation and Amount Sanctioned under ICPS by the Central Government (Amount in Rs. crore)



Source: Annual Report, Ministry of Women and Child Development, Government of India

Table 4.7 shows the availability of budgetary resources and utilisation under Childline services. It can be seen that around INR 70 crore was made available from 2014-15 to 2016-17. This increased to INR 118.87 crore in 2017-18. It clearly reflects that the pace of increase in availability of funds was stagnant over this period. Table 4.7 also shows that the percentage share of utilisation increased over the years. The percentage share of utilisation was 84 percent in 2014-15, which increased to 99 percent in 2017-18.

Table 4.7: Fund Allocation and Utilisation under Childline Services (in Crore)

	Closing Balance	Fund received	Total Fund Available	Total Fund Utilisation	% share of Utilisation
2014-15	17.8	53.62	71.42	59.89	83.85
2015-16	11.53	58.85	70.38	64.68	91.91
2016-17	5.68	64.81	70.49	65.74	93.26
2017-18	4.75	114.12	118.87	118.34	99.56

Source: Annual Report of Childline Services for several years

The study could not capture the funds availability for Childline services because it does not reflect in the DDGs. The funds for the services are transferred from ICPS to Childline Foundation, and then redistributed among NGOs working at the state level.

### **Concluding Observations:**

- The above analysis shows that both the Union government and state governments did not adequately prioritise the bonded labour scheme, whether in terms of funds allocation or pace of utilisation. The distribution of available funds among different components of the scheme (cash assistance, survey, and awareness and evaluation studies) were not clearly reported in the detailed budget documents of state and Union governments. It seems that the priority of funds distribution is tilted more towards providing cash assistance.
- The fund flow takes place in reimbursement mode. The demand for budgets by state governments from the Central government has been low due to (i) the clause related to conviction of offenders for releasing cash assistance to bonded labourers (ii) less numbers of labourers being identified due to lack of regular surveys (iii) cash assistance not being paid because the correct names of bonded labourers did not appear in release certificates and bank accounts. Procedural gaps have led to low budgets being demanded by states.
- No appropriate method had been formulated by the Union government for distribution of budget resources for the scheme among different components, or across states.
- State wise data on budget allocation and utilisation, and component wise data on the bonded labour scheme is not available in public domain. The budget information for AHTUs and Childline services is also not available at the state level.

## ISSUES IN FUND FLOW AND FUND UTILIZATION FOR BONDED LABOUR

An analysis of budget allocation for the bonded labour scheme, AHTUs and ICPS, clearly reflected that these schemes face a problem of utilisation of available funds, even though allocations are low and inadequate. The problem of poor utilisation of funds in the flagship programmes are usually attributed to institutional and procedural bottlenecks, delay in the process of planning and weak implementation apparatus (i.e. staff shortages). The delay in release of funds is also linked to deficiencies in decentralised planning, late submission of project implementation plans or annual work plans, and budgets leads to delayed approval and release of funds. Problems of low utilisation also arose due to insufficient availability of staff for undertaking planning and implementation activities, inadequate attention to their capacity building and minimal role for community participation in planning and implementation processes and a lack of needs-based budgeting for the programme. Proper analysis of unit costs for services is also lacking.<sup>24</sup>

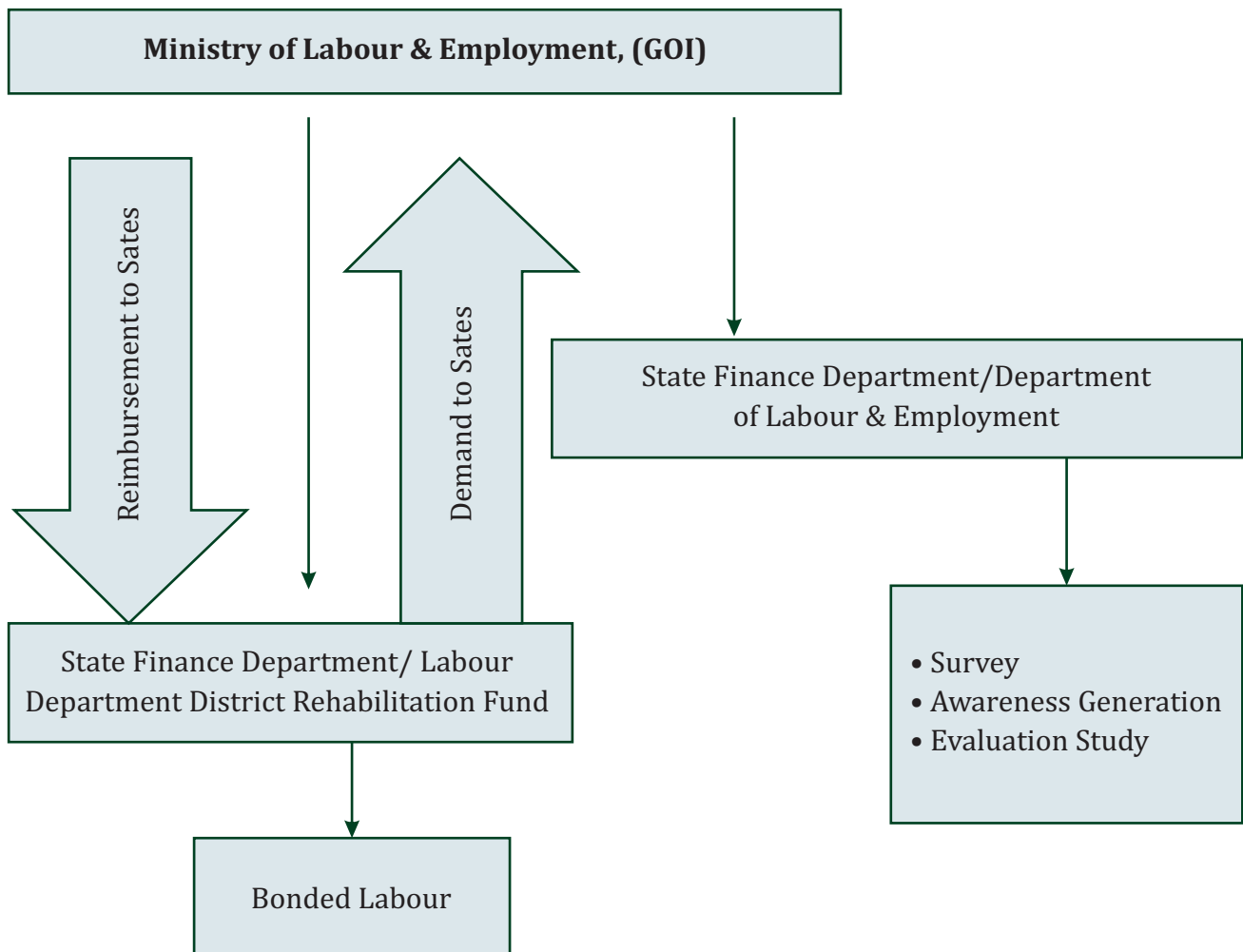
In terms of the funds flow mechanism, the bonded labour scheme has always worked in the mode of reimbursement, not as an advance payment of funds to districts. The Union government used to release its share of cash assistance to districts or states, based on the number of released bonded labourers. Currently, in the new scheme, cash assistance is paid to bonded labourers from district bonded labour rehabilitation funds, following which states submit the demand for funds to the MoLE for reimbursement to the bonded labour fund. States have to create a corpus fund at the district level, with an amount of at least INR 10 lakh at the disposal of District Magistrates. The current funds flow system provides an opportunity to the district administration for releasing the cash assistance to bonded labour swiftly. In the old scheme, states had to wait for a longer period to receive the Central share of funds.

However, there are concerns in the new system with regard to the corpus of INR 10 lakh for a district and linking the conviction clause of offenders with payment of cash assistance. The NGOs in the states under study observed that INR 10 lakh for the corpus fund is insufficient. The estimate made was that the INR 10 lakh corpus for the district would be exhausted in paying merely 10 males, 5 females and 3 special categories of released bonded labourers. The government needs to delink the conviction clause of offenders with regard to payment of full cash assistance. It was also pointed out that it might not be entirely reasonable to create a corpus fund of INR 10 lakh, uniformly across all districts, since not all districts were equally prone to the problem of bonded labour. Whereas for districts where the concentration of bonded labour is higher, the corpus fund should be more than INR 10 lakh. No information was available on number of districts that created the district bonded labour rehabilitation fund as reported by MoLE in 2018.

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<sup>24</sup> JA Khan (2015), Analysis of Public spending for Children in Madhya Pradesh, Centre for Budget and Governance Accountability, New Delhi and Samarthan – Centre for Development Support, Bhopal

Diagram 1: Fund Flow Mechanism under Scheme for the Rehabilitation of Bonded Labour



### 5.1 Late Submission of Demands, Lack of Surveys and Poor Awareness

- Union government reports revealed that utilisation of fund was poor due to the absence of adequate proposals from states. The coverage of scheme implementation was limited to 18 states (Central Sector Guidelines, 2016 and Departmentally Related Standing Committee Reports for several years). The Standing Committee reports also noted that states did not provide targets for cash payments to the Union government, regarding numbers of released bonded labourers, on time.
- State level officials shared that due to delay in release of funds from the Centre and poor capacity of administration, surveys were not conducted for identification of bonded labour. Hence, there was a low demand of funds from states. Observations from the states under study showed that the surveys were not being conducted, either due to delays in submission of survey proposals to the Centre (Rajasthan), or delay in release of funds from the Centre even after submission of proposals (Tamil Nadu and Bihar).

- Moreover, poor awareness about the scheme, policies and laws for labourers among common people, NGOs and bonded labourers, may cause less demand and hence, poor utilisation of funds. Awareness generation and publicity programmes for the bonded labour scheme were not being conducted despite financial provisions. Budget data and other relevant information was not available in the public domain across a number of states. The study findings showed that although the Bonded Labour Act and Rules are on the website of the State Labour Department, states had not provided details of budget allocation and utilisation on the website. Uttar Pradesh was better than other states in providing information related to the bonded labour scheme.

## 5.2 Delay in Funds Release from the Centre

- Based on discussions with officials, it was found that there were a number of instances of delays in the release of cash assistance, surveys and awareness generation programmes during the implementation of Central Sector scheme of bonded labour in Tamil Nadu and Bihar.
- The report of the Department of Rural Development, Karnataka shows that the Government of India took many years to release pending dues to Karnataka under the bonded labour scheme.<sup>25</sup> This is a classic example of delay in the release of funds from the Centre to states. In 2017-18, the MoLE cleared pending dues from 2011-2013 for 505 bonded labourers, amounting to INR 101 lakh.
- Further, INR 50.60 lakh due to 253 bonded labourers was pending since 2012-13. Likewise, 923 bonded labourers who were released during 2011-15, received INR 184.60 lakh from the Centre and state government share in 2017-18. Rehabilitation was done according to the old CSS guidelines, despite availability of new guidelines for bonded labour in 2017-18.
- Delay in release of funds was also seen in the case of Karnataka's state sponsored scheme. In 2017-18, around 923 bonded labourers were paid INR 66.46 lakh in cash assistance. This amount was due for the period of 2011-15. Table 5.1 shows the status of release of the Centre's share in the old CSS for bonded labourers, in Bihar's Patna district.
- Only the state share of cash assistance was released to bonded labourers in Patna from 2012-13 to 2015-16, whereas the Centre's share was not paid for the same period because of non-release of funds (Table 5.1).

Table 5.1: Status of Rehabilitation of Bonded Labourers in Patna District in Bihar (Number of beneficiaries)

	Number of Bonded Labour Released	State Share Paid	Central Share Paid
2012-13	7	7	0
2013-14	2	2	0
2014-15	3	3	0
2015-16	11	11	0

Source: Department of Labour Resources, Bihar, 2018

<sup>25</sup> Annual Report of Department of Rural Development, Government of Karnataka, 2013-18



### 5.3 Shortage of Staff

- Procedural and design related problems of the scheme have affected funds utilisation and implementation. A major factor in this regard, as shared by officials across the states under study, has been the vacant positions in the state Department of Labour.
- Due to vacancies in various positions, a number of tasks under the scheme for bonded labourers, such as identification, rescue, legal and rehabilitation processes had been adversely affected. Total number of vacancies in Rajasthan's labour department were 38 percent against the sanctioned strength. Positions with more vacancies were found at the level of Additional Labour Commissioner (33 per cent), Deputy Labour Commissioner (73 percent), Assistant Labour Commissioner (83 percent), Labourer Inspector (35 percent), Additional Administrative Officer (83 percent), Assistant Administrative Officer (55 percent) and Private Assistant (50 percent).
- Total vacancies in Bihar's labour department were 44 percent, whereas in Patna district, the percentage of vacancies against sanctioned posts was 42 percent. The key positions in the state office such as Joint Commissioner (33 percent), Deputy Commissioner (43 percent), Assistant Commissioner (15 percent) and Labour Superintendent (49 percent) remained unfilled. A similar situation was observed with regard to vacant posts in Patna's labour resources department.
- As seen in Table 5.2, vacancies at the district and state level together amounted to around 33 percent in Tamil Nadu. Further, there were vacancies for the post of Deputy Commissioner for Labour (50 percent), District Inspector of Labour (41 percent) Junior Accountant (58 percent) and Account Officer (60 percent). The level of vacancies in Tamil Nadu was slightly less than in Bihar and Rajasthan.

Table 5.2: Staff Position (Sanctioned ad Filled Posts) in the Labour Department, Rajasthan, Bihar and Tamil Nadu

S.No.	States	No. of Sanctioned Posts	No. of Filled Posts	No. of Vacant Posts	% of Vacancy against Sanctioned Posts
1	Rajasthan	633	393	240	38
2	Bihar	94	53	41	44
3	Tamil Nadu	1375	919	456	33

Source: Labour Department, Rajasthan, Bihar and Tamil Nadu

Table 5.3 shows the number of staff vacancies at various positions in the Social Welfare Department, including the Integrated Child Protection Services (ICPS) in Bihar. Various positions like Social Welfare Directorate contractual posts, Social Welfare Directorate regular posts, State Child Protection Unit and the District Child Protection Unit have vacancies at 50 percent, 76 percent, 100 percent and 78 percent respectively.



Table 5.3: Staff Position in Social Welfare Department and ICPS in Bihar

Positions	No. of Sanctioned Posts	No. of Filled Posts	No. of Vacant Posts	% of Vacancy against Sanctioned Posts
Social Welfare Directorate Regular Posts	10	5	5	50
Social Welfare Directorate - Contractual Posts	33	8	25	76
State Child Protection Unit	4	0	4	100
District Child Protection Unit (38 District)	532	117	415	78

Source: Social Welfare Department, Government of Bihar

The number of staff positions in Rajasthan's ICPS unit (Table 5.4) show that almost 50 percent of staff positions were vacant. In Rajasthan and Bihar, officials said that a major reason for the high number of vacant posts is the contractual nature of the job and low number of salaries under ICPS.

Table 5.4: Staff Position in Department of Child Rights and ICPS in Rajasthan

Positions	No. of Sanctioned Posts	No. of Filled Posts	No. of Vacant Posts	% of Vacancy against Sanctioned Posts
Levels Positions at District (ICPS)	165	84	81	49
Levels Positions at District (Child Rights)	66	28	38	57
Levels Positions at District ( Juvenile Justice Act)	383	175	208	54

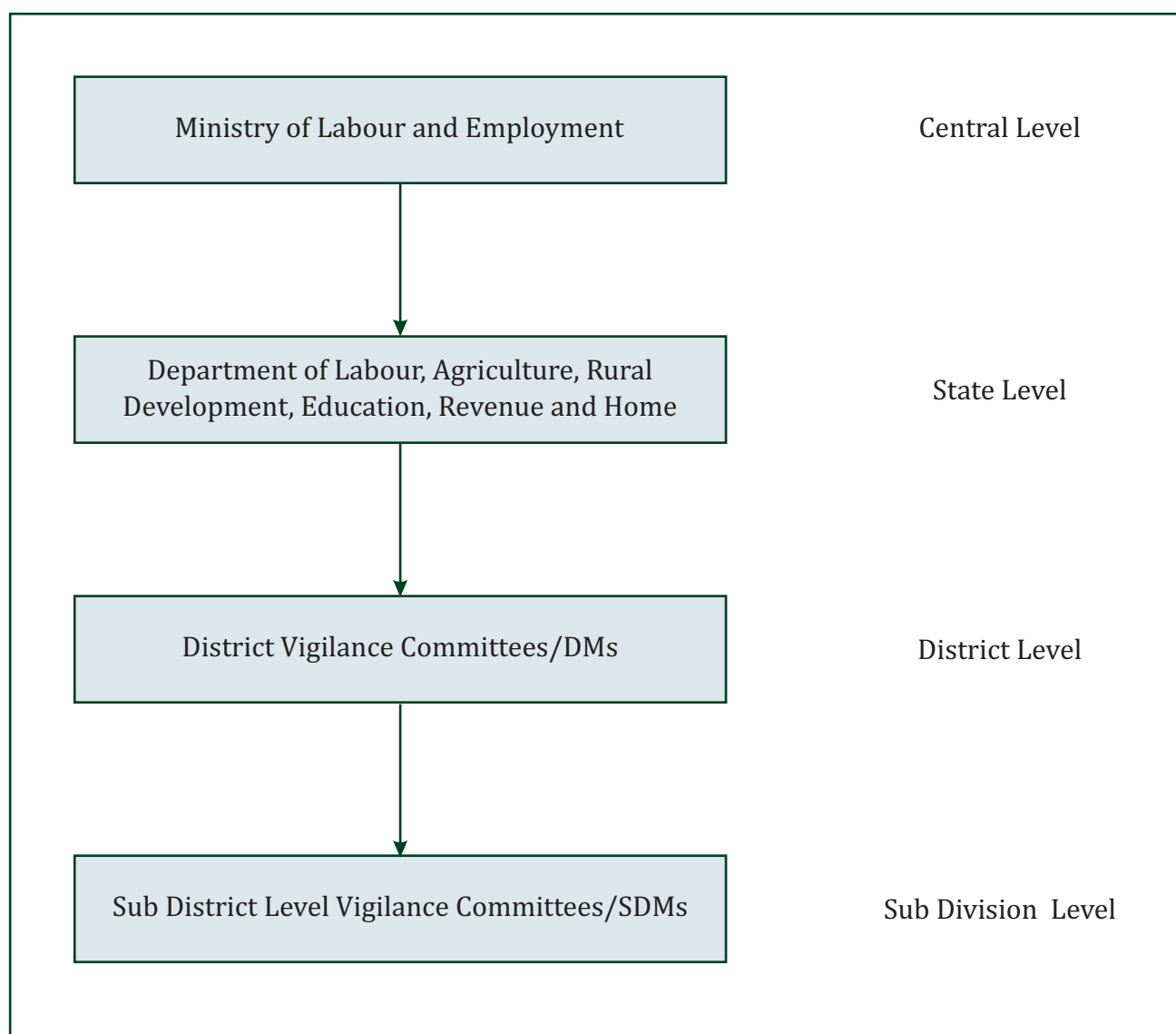
Source: Department of Child Rights, Government of Rajasthan

## 5.4 Poor Monitoring and Convergence

A major factor that constrains effective fund utilisation is the inadequate monitoring of programmes and ineffective convergence. As per the provision of the Bonded Labour Act, District Magistrates have to ensure the release of identified bonded labourers on the basis of reports submitted by Vigilance Committees, or by any individual and organisation after conducting surveys at the district and sub-divisional levels. They also need to formulate suitable schemes for rehabilitating freed bonded

labourers, related to land, non-land, skills or crafts-based occupations, in the context of preferences, needs and interests of beneficiaries. Vigilance Committees in all districts and sub-divisions have to monitor the progress of rehabilitation of bonded labourers. In most of the states under study, Vigilance Committees were non-functional due to several reasons. The state action plan on convergence had not been prepared in Bihar and Rajasthan and lacked effective implementation in Tamil Nadu. The District Magistrate and Sub-Divisional Magistrate were occupied with other works and not able to convene Vigilance Committee meetings. In some cases, members of the Vigilance Committee were themselves not aware about their membership.

Diagram 2: Implementation Mechanism under the Scheme for Rehabilitation of Bonded Labour



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### **Concluding Remarks**

- With regard to the mechanism of fund flows, the bonded labour scheme has always worked in the mode of reimbursement, and not as advance payment of funds to districts.
- There is inadequate demand from states because of late submission of proposals related to surveys, evaluation studies and awareness generation programmes to the Union Government. This in turn, is because of factors such as lack of identification of bonded labour, owing to irregular surveys.
- As per the findings of the study, there have been instances of delays in fund flows for cash assistance to states such as Karnataka and Bihar.
- Due to vacancies at various positions in the states under study, many tasks of the labour department such as identification, rescue, legal and rehabilitation process have been affected under the scheme for bonded labourers. These factors also led to poor utilisation of funds.
- A major factor that constrains effective funds utilisation is the inadequate monitoring of the programme and lack of convergence due to poor functioning of Vigilance Committees.

## CONCLUSION AND POLICY IMPLICATIONS

In terms of policy provisions for rehabilitation of bonded labour, the Bonded Labour Act and Rules do not provide clear directions to the government for initiating new schemes or allocation of budgets. The Act largely focuses on providing benefits through ongoing programmes in the form of land, inputs for agriculture, training in handicrafts and allied occupations, loans at differential rates of interest or employment in urban or non-urban areas. Further, national policy documents such as the action agenda and strategy document of the NITI Aayog have not made any reference related to eradication of bonded labour as per the SDGs framework. The new CS scheme for rehabilitation of bonded labour is the only scheme at the national level — and among states — only the Karnataka government has a state scheme for cash assistance to bonded labour. The clause linking the conviction of offenders with cash assistance to victims is a serious design problem in the new CS scheme guidelines, which is a major impediment in the rehabilitation of bonded labour. Further, no increase had been made in unit costs for conducting awareness generation programmes and undertaking evaluation studies. The Vigilance Committees too did not receive adequate financial assistance. The rehabilitation of bonded labourers is largely dependent on general development programmes through convergence planning. However, the process of rehabilitation through convergence with programmes like MGNREGA, NRLM and PMAY was not in place. Convergence had not taken place owing to the lack of national and state convergence plans and non-formation of high-level steering committees at the state or national level. Convergence with ICPS and AHTUs for the rescue of children and women labourers is taking place with the help of state labour departments, through the establishing of Childline services and setting up AHTUs in the states under study. Neither the Union government, nor the state governments, have adequately prioritised the bonded labour scheme in terms of enhancing funds allocation or increasing the extent of funds utilisation. The distribution of funds among different components of the scheme (cash assistance, survey, and awareness and evaluation studies) was not clearly reported in the detailed budget documents. It appeared that the priority of funds distribution is tilted more towards providing cash assistance. No appropriate method had been formulated by the Union government for the distribution of budgetary resources among different components and across states for bonded labour rehabilitation.

The method of funds flow under the bonded labour scheme works in disbursement mode. The demand for budgets by the state governments from the Central government is low because of several reasons. These include the clause linking the release of cash assistance to bonded labourers with conviction of offenders, a smaller number of labourers being identified due to lack of regular surveys, and non-payment of cash assistance because of mismatch in the names of bonded labourers in release certificates and bank accounts. Also, the state-wise and component-wise information on budget allocation and utilisation for the scheme is not fully available in public domain. The budget information for AHTUs and Childline services too was not available at the state level.

The analysis shows that the bonded labour scheme, AHTUs and ICPS, face the problem of low funds utilisation against available funds. The reasons for poor utilisation of funds in flagship programmes

are attributed to institutional and procedural bottlenecks, lack of planning and weak implementation of programmes. Several instances of delay in release of funds from the Centre were observed. Low utilisation is also due to poor demand of budgets from the states, because of design problems in the scheme and lack of regular surveys, poor functioning of Vigilance Committees, insufficient availability of staff and inadequate attention to their capacity building for undertaking planning and implementation activities.

### **Policy Suggestions**

1. Issues related to bonded labour should be included in new policy documents such as vision, strategy and action agendas of the Union and state governments.
2. For more transparency, the budget allocation and utilisation under the bonded labour scheme should be presented separately from the National Child Labour Project in upcoming Union budgets. The Union government should create a management information system along the lines of MGNREGA and SBM for providing information on physical and financial progress under the bonded labour scheme.
3. The clause related to conviction of offenders linked with payment of cash assistance to released bonded labourers should be done away with from the CS scheme guidelines. Full cash payment including other rehabilitation support must be provided to bonded labourers after preparing the release certificate and FIRs against offenders.
4. Corpus funds should be increased from INR 10 lakh to INR 20 lakh per district. The amount of corpus fund should not be uniform for all districts; districts more prone to bonded labour should receive more funds.
5. To expedite funds flow, the Union government could release 50 percent of cash assistance as an advance of the total amount of funds for the district corpus. Usually, in many flagship programmes (ICPS, ICDS, MGNREGA, NRLM and PMAY), the first installment is provided to states in advance, at the beginning of the financial year.
6. The existing budget provided for the evaluation study is insufficient for hiring Research Assistants and Research Officers. The available budgets of INR 1 lakh for campaigns through local newspapers and INR 2 lakh for cost of performance by folk cultural troupes, including the cost of travel, is not sufficient for awareness generation. The unit cost for conducting evaluation studies and awareness generation programmes should be appropriately enhanced.
7. Surveys, awareness generation programmes and evaluation studies should be carried out on time, as per guidelines, while their budgets should be released 100 percent in advance, instead of 50 percent. Existing allocations should be adequately increased. The gap between identification and rehabilitation of bonded labourers should not be more than a month.
8. For effective convergence of the bonded labour scheme with other Central and state sponsored schemes, a comprehensive action plan should be prepared at central, state and district levels in

consultation with each level of government. Also, a high-level committee under the Cabinet Secretary, Chief Secretary and District Magistrate must be formed to monitor the implementation of convergence. Further, the guidelines of Centrally Sponsored Schemes like PMAY, NRLM, and MGNREGA should have more clarity on convergence with the bonded labour scheme. There must be some reporting mechanism in these schemes for benefits provided to bonded labourers.

9. It is suggested that other states should initiate their own schemes on the lines of the Karnataka model, with enhanced unit costs for cash assistance.
10. Financial support must be ensured for day-to-day functioning of Vigilance Committees at the district and sub-district level. Training and capacity building programmes should be conducted for Vigilance Committees regularly in all states. The committees should be empowered and strengthened by giving them more authority, training and travel allowances. The meeting of Vigilance Committees should be held regularly even if the District Magistrate and Sub-Divisional Magistrate are not available.
11. Staff vacancies in the labour departments of Bihar, Rajasthan and Tamil Nadu should be immediately filled up for strengthening the implementation of the bonded labourers scheme. If vacancies are filled at various positions, many tasks such as identification, rescue, legal process and rehabilitation will be carried out smoothly.
12. AHTUs require financial support for day-to-day expenses. Hence, the functioning of Childline services and AHTUs needs to be strengthened in terms of adequate financial and human resources.

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