

THE MODERN SLAVERY TRAP: BONDED LABOUR

International enterprises, sex work, organised crime groups, and exploitative recruitment agencies have dominated the discussion on modern slavery in recent years. However, while this work is important, it is just the tip of the iceberg. It misses the diversity of relationships and perpetrators colluding to make modern slavery, and particularly bonded labour, a public secret in the twenty-first century. Across the world bonded labour is taking place in formal and informal industries, such as brick kilns or quarries and in restaurants, tea shops, nail salons, or carpet-making. In areas of South Asia, some families marginalised by customs and traditions are living in poverty and turning to illegal moneylenders to cover emergency costs, such as a sudden illness. This leads some to become trapped in a cycle of bonded labour. Financially illiterate, they are forced to pay off the debt by working for the moneylenders directly or for third parties linked to the moneylenders, who may be local landlords or businesses in local activities such as brickmaking, farming, stone breaking and garment making, and in some cases trafficking.

What is bonded labour?

The definition of modern slavery and the types of modern slavery (covering forced labour (including bonded labour), trafficking, and forced marriage) can be contentious and there is no single definition that is universally agreed. However, the International Labour Organization (ILO) says that modern slavery combines three elements: people are paid less than subsistence wages; they have no choice in what work they do; and they are held in this condition through coercion or violence.

Bonded labour is generally described as a type of forced labour and is also known as debt bondage or debt labour. It occurs when a person is forced to use their physical labour to pay off a debt. They are forced into working for little or no pay, with no control over their debt and the value of their work invariably becomes greater than the original sum of money borrowed.

(Anti-Slavery International)

The law on bondage in India recognises that the bonded labour system is also rooted in social customs and that a person may be a bonded labourer by reason of birth in any particular caste or community because of an inherited debt passed on to them when the original debtor – such as an immediate relative – has died.

Key points

- Bondage and modern slavery have many different forms which change over time but disproportionately affect communities that have historically been socially and economically marginalised.
- India and Nepal have some of the highest concentrations of people in modern slavery in the world, including bonded labourers on farms, or making bricks or garments, usually not far from the village they live in. (Global Slavery Index) .
- Common factors leading to bonded labour include high-risk loans for health, marriage, or migration costs. A lack of access to capital leads people to illegal moneylenders – often the existing employers of the borrower – and with no other means of paying back the loans, they have to repay the moneylenders with their labour.
- Bonded labour continues not necessarily because of a lack of policy but a lack of policy implementation.
- Collective community action can be important in making claims for state support. In some communities people have managed to get out of slavery themselves and it is important to recognise their own emancipatory abilities and potential strengths.

Bonded labour in India and Nepal

In India there are an estimated 18.3 million adults and children living in modern slavery - more than anywhere else in the world. In Nepal, it is estimated that there are 235,000 people living in modern slavery. Common to both countries is that the children and adults forced into slavery are disproportionately from lower castes, concentrated in rural areas suffering from extreme poverty and where the industries are low-skilled and labour-intensive.

Families in bonded labour in India and Nepal can find themselves trapped in a cycle where bonded labour re-enforces bonded labour.

For example, they are forced to take loans in response to a crisis, such as to cover health expenses, from their employer, and with no means to pay them back. As they are already in bonded labour themselves, they now have to give their child's labour in return – trapping the next generation into bonded labour. And so it can go on.

The mahadalit woman's husband was sick and the Mahajan [moneylender] wanted him to reap the potatoes in his fields. The mahajan forcefully went to their house and took him out of the house and tried dragging him for work. The woman was crying hysterically and said he should let him go now because her husband was sick. She assured him that once he was well he would definitely go to work. But the mahajan's son refused to hear anything. The mahadalit lady said that they have given their ten-year-old son instead of the loan they have taken so what more they want? To which the mahajan abused and said that her son only eats and doesn't do any work.

(Woman ward member (local government elected member) narrates a story of a bonded adult male labourer and child male labourer in the village, Muzzaffarpur, India)

Causes of bonded labour

Some of the factors that lead people and families into debt bondage, as cited by the UN's Special Rapporteur on contemporary forms of slavery, Urmila Bhoola, include 'structural and systemic inequality, poverty, discrimination, and precarious labour migration.' There are also factors preventing people from being liberated from debt bondage, which include a lack of effective law enforcement or access to rights or justice.

“ Even though it takes place worldwide across many sectors of the economy, and is a form of enslavement with deep historical roots, debt bondage – also known as bonded labour – is still not universally understood. ”
(Urmila Bhoola, the United Nations Special Rapporteur on contemporary forms of slavery, 2016)

Siddharth Kara, author of *Bonded Labor* (2014), highlights that bonded labour has been illegal in India since 1976. In Nepal, the government banned a form of bonded labour known as *Kamaiya* in 2002, and a group of bonded agricultural labourers known as *Haliya* were officially declared 'free' in 2008. However, the problem of bonded labour in both countries continues to persist. It is difficult to challenge because of the historic use of bonded labourers, embedded in caste and complicated by corruption and social apathy. There are also varied and sometimes personal relationships between bonded labourers and slaveholders, where the latter can range from friends to neighbours, or even teachers, as well as visiting gangs.

IDS research in three districts in the Terai region of Nepal worked with adults and children, using a combination of participatory data gathering and life stories. The districts chosen for the study were in an area where bonded labour is known to be rooted in local customs and which feature a system of agricultural bonded labour known as *Harwa-Charwa*. *Charwa* denotes a landless person who grazes cattle. *Harwa* denotes a landless person who works on other people's land. The term *Harwa-Charwa* is associated with landlessness and a feudal system of bondage in which high-caste landlords employ lower-caste bonded labourers.

16 Million 
People worldwide were estimated to be in forced labour in 2016, being forced to work in areas such as domestic work, construction, or agriculture; 18 per cent of which were children.

Over 50% 
Of the people in forced labour are bonded labourers – forced to work to pay off debt.

64% 
Of victims of forced labour are in the Asia and Pacific region.

ILO (2017) *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*, Geneva: International Labour Office

Fifty-two villages in the Terai region were included in the research. Within those villages, 29 per cent of all households had someone from their family in bonded labour. Of those households, 17 per cent had all working family members in bonded labour and 12 per cent had at least one family member in bonded labour. Overall, those in bonded labour were more likely to live in more remote areas away from roads and were less likely to have a bank account.

Key factors associated with households in bonded labour, also included:

Landlessness: A strong link was identified between landlessness and bonded labour, with less than a third of households who had all working family members in bonded labour owning the land they lived on. Having no property or possessions of their own to sell when money is needed can result in families relying on landlords to help them cover medical costs or rent, and ‘serving’ them in return as bonded labourers. However, as bondage also occurs among families who own their land, it highlights what a complex and multifaceted issue bonded labour is.

I was landless. I had only Rs 4,000/- at that time. I gave Rs 4,000 to landlord and took a small piece of land from the landlord so that I could build a house. Since then I have been serving same landlord as a bonded labourer.
(A man from a remote village of Dhanusha District, Nepal)

Taking risky loans: Borrowing money from moneylenders, employers, or landlords was common among households in bonded labour. While most people taking part in the research had taken out a loan or loans, borrowing money from an employer was more common among households in bonded labour. The most common reasons cited for taking out a loan were for health expenses, followed by migration costs, marriage costs, and house repair expenses. The households were not borrowing money to pay for luxury items.

“ When my daughter-in-law became sick I took a loan of Rs 5,000 with an interest rate of Rs 5 from one landlord and a loan of Rs 80,000 from another landlord at the same interest rate. So far I haven’t paid back either of the loans and the moneylenders are asking for their money. My daughter-in-law has been working in a brick factory to pay them back. ”
(An older woman in bonded labour with three daughters and a son from Siraha District)

While health care was generally available, there were often additional costs associated with it which meant households had to resort to borrowing money if a member of the household was ill. There were also costs associated with travel to access health care and as poverty leads to poor nutrition and heavy and hazardous workloads, health care costs weighed heavier on the poorest.

Migration: Migration both within Nepal and beyond is another factor in relation to loans and bonded labour. Almost one in five households (19 per cent) with all working family members in bonded labour cited migration as a reason for taking out a loan.

Working as a bonded labourer in return for the means to travel also exists, and migration in this way remains prevalent despite the poor conditions the bonded labourers face as some people are able to gain some small income from it to send back to their families. The Terai region of Nepal offers few work opportunities due to structural economic and political inequalities. Out-migration from the Terai is consequently high.

I took a loan of Rs 120,000 with an interest rate of Rs 3 per month to send my son to the Gulf. My son did not send money home for six months. I later took the same amount from the same landlord to send my second son to the Gulf. My second son also did not send any money home. Both sons say the agent deceived them.
(A bonded labourer with two sons from Saptari District, Nepal)

Child marriage: Despite the minimum legal age for marriage in Nepal being 20 years old, the country still has one of the highest rates of child marriage in the world and it can be a cause of debt due to the dowry system. The study of 52 villages, however, found that the difference between the number of households in bonded labour in relation to early marriage, compared to households with cases of early marriage and not in bonded labour, was not statistically significant. The experiences described by individuals who had married early illustrated the impact it had on their lives:

I started to work for a landlord when I was ten years old. After some time my father started to talk about my marriage and then arranged my marriage when I was 14 years old. I stayed in my parent’s house for four years after the marriage. Then I went to my husband’s house but I did not know how to behave with different members of my husband’s family.
(A woman from Saptari, District, Nepal)

Child labour: Some of the participants in the research had experience of working as a bonded labourer when they were children. Some stories of child labour were seen positively by those describing them as it brought extra income into the household.

My father died when I was ten years old and my mother married again. Responsibility for my two small sisters came to me. Then I started to work for a landlord in order to survive.
(A man with four daughters and one son, who experienced child labour in Siraha District, Nepal)

House repair expenses: Expenses for house repairs in the area were not exceptional nor due to the major earthquake that occurred in Nepal in 2015, but were the fourth most common reason for why households with at least one bonded labourer took out a loan. Houses in the villages studied were made of perishable materials such as mud and thatch and were in need of almost annual repair.

Trajectories out of slavery

Discussions in communities on the pathways out of slavery showed the key roles of communities, families, and self-organisation. In contrast, when people were asked who was capable of providing help, participants prioritised NGOs and leaders. This suggests a lack of confidence in the community's own capacities to take action against bonded labour. There are wider political and economic structural limitations to development which communities cannot address by themselves. However, communities have also been able to take action to get people out of bondage themselves, which should be acknowledged. This may also help to prevent the (re)creation of dependencies, for example on NGOs.

Implications for research and policy

- Improving access to capital with low or no interest for the poor is a priority. Credit and saving groups can create a buffer for daily expenses, but are not set up for sudden and large expenses, such as health care or dowry.
- Take a participatory approach to prevalence of bondage and identify the causes of and solutions to bonded labour, with bonded labourers, the slave owners, and middle-men. IDS research using participatory methods to gather life stories and prevalence data involving multiple stakeholders at local levels has been shown to be effective.
- Health is a critical driver of loans, and investments in disease prevention and improvements to the quality and access to locally available health services are likely to have a significant impact.
- Supporting local officials to enforce the laws on bonded labour – in the face of local corruption and collusion with slaveholders – is a priority.
- Bonded labour derives from the dynamics of whole families and socially and economically marginalised communities. A focus on individuals will have limited impact.

Further reading

Oosterhoff, P.; Sharma, B.P. and Burns, D. (2017) *Participatory Statistics to Measure Prevalence in Bonded Labour Hotspots in Nepal*, Report on Findings of the Baseline Study, Brighton: IDS

Burns, D.; Sharma, B.P. and Oosterhoff, P. (2017) *Patterns and Dynamics of Bonded Labour, Child Labour and Child Marriage in the Nepali Eastern Terai*, Findings from Life Story Analysis, Brighton: IDS

Oosterhoff, P.; Burns, D.; Bharadwaj, S. and Nanda, R.B. (2017) *Participatory Statistics to Measure Prevalence in Bonded Labour Hotspots in Uttar Pradesh and Bihar, Report of Preliminary Findings of the Baseline Study*, Brighton: IDS

Burns, D.; Oosterhoff, P.; Mohan Raj, A. and Nanda, R.B. (2015) *Patterns and Dynamics of Slavery and Bonded Labour in Bihar and Uttar Pradesh: Findings from Life Story Analysis*, Brighton: IDS

Credits

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