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CHILD LABOUR AND SUPPLY CHAIN ACCOUNTABILITY: A CRITICAL LEGAL ANALYSIS OF CORPORATE RESPONSIBILITY IN INDIA

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Abstract

Child labour in India has increasingly shifted from visible, organized sectors to hidden, informal supply chains linked with domestic industries and global markets. While legislative frameworks focus primarily on prohibition and rehabilitation, the role of corporate entities in perpetuating or preventing child labour remains underexplored. This research paper critically examines the concept of supply chain accountability and corporate responsibility in the context of child labour in India. It analyses domestic legal provisions, international standards, and emerging corporate governance practices. The study argues that without imposing binding obligations on corporations to monitor and regulate their supply chains, the eradication of child labour will remain incomplete. The paper concludes by recommending stronger due diligence laws, transparency mechanisms, and integration of corporate accountability within the existing legal framework.

Keywords

Child Labour, Supply Chain, Corporate Liability, Due Diligence, CSR, Labour Law, Human Rights, India, Corporate Governance

1. Introduction

The nature of child labour in India has undergone a significant transformation over the past few decades. While earlier it was concentrated in factories and hazardous industries, today it is largely embedded within complex supply chains involving subcontractors, home-based work, and informal sector activities. This shift has made detection and regulation increasingly difficult. Large corporations often distance themselves from labour violations by outsourcing production to smaller units, thereby avoiding direct legal liability.

The growing integration of Indian industries into global supply chains further complicates the issue, as international demand for low-cost goods indirectly fuels exploitative labour practices. In this context, the role of corporate accountability becomes crucial in addressing child labour. This research explores whether existing legal frameworks adequately impose responsibility on corporations and whether additional mechanisms are required to ensure ethical supply chain practices.

2. Conceptual Framework of Supply Chain Accountability

Supply chain accountability refers to the responsibility of companies to ensure that their entire production process, including suppliers and subcontractors, complies with legal and ethical standards. In the context of child labour, this implies that corporations must actively monitor and prevent the employment of children at any stage of production.

Traditionally, labour laws in India have focused on direct employer-employee relationships, leaving gaps when labour is outsourced. This creates a legal vacuum where corporations benefit from cheap labour without being held accountable for violations occurring within their supply chains. The concept of due diligence, widely recognized in international law, seeks to address this gap by requiring companies to identify, prevent, and mitigate human rights risks in their operations.

3. Legal Framework in India

Indian labour laws, including the Child and Adolescent Labour (Prohibition and Regulation) Act, 1986, primarily impose liability on immediate employers rather than principal corporations. While the Act prohibits child labour and prescribes penalties, its enforcement is limited when production is outsourced to informal sectors.

The Companies Act, 2013 introduces Corporate Social Responsibility obligations, requiring certain companies to engage in activities related to social welfare, including child protection. However, CSR provisions are largely voluntary in nature and lack enforceable accountability mechanisms specifically targeting child labour in supply chains.

Additionally, laws such as the Factories Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970 provide some level of regulation but fail to comprehensively address the complexities of modern supply chains. This fragmented legal approach highlights the need for a more integrated framework that directly links corporate responsibility with labour practices across supply chains.

4. International Legal Standards

International frameworks have increasingly emphasized corporate responsibility in addressing child labour. The International Labour Organization has established conventions such as Convention No. 138 on Minimum Age and Convention No. 182 on the Worst Forms of Child Labour, which require member states to take effective measures for elimination.

The United Nations Guiding Principles on Business and Human Rights introduce the concept of corporate responsibility to respect human rights, including the obligation to conduct human rights due diligence. These principles encourage companies to assess risks within their supply chains and take preventive measures.

Global initiatives such as ethical sourcing standards and sustainability certifications have also emerged as tools to promote responsible business practices. However, their voluntary nature often limits their effectiveness, particularly in developing economies where enforcement remains weak.

5. Corporate Practices and Challenges

Many corporations in India have adopted codes of conduct and supplier guidelines that prohibit child labour. However, the implementation of these policies often remains superficial. Auditing mechanisms are frequently inadequate, and suppliers may conceal violations to maintain business relationships.

The informal nature of many supply chains further complicates monitoring efforts. Home-based industries, small workshops, and subcontracting networks operate outside formal regulatory systems, making it difficult to detect child labour. Additionally, economic pressures and competition encourage cost-cutting measures, which may indirectly promote the use of child labour.

These challenges highlight the limitations of relying solely on voluntary corporate initiatives and underscore the need for stronger legal enforcement.

6. Critical Analysis

A critical examination reveals that the absence of binding legal obligations on corporations is a major barrier to effective eradication of child labour. While laws impose penalties on direct employers, they fail to address the role of principal corporations that benefit from exploitative labour practices.

The reliance on CSR and voluntary compliance mechanisms is insufficient in ensuring accountability. Without mandatory due diligence requirements, corporations lack the incentive to rigorously monitor their supply chains. Furthermore, weak enforcement and lack of coordination among regulatory authorities exacerbate the problem.

The current legal framework does not adequately reflect the realities of modern production systems, where responsibility is diffused across multiple actors. This necessitates a shift from a narrow employer-centric approach to a broader framework of shared accountability.

7. Recommendations

The introduction of mandatory human rights due diligence laws can significantly enhance corporate accountability. Such laws should require companies to identify and address child labour risks within their supply chains and impose penalties for non-compliance. Strengthening transparency through mandatory reporting requirements can also improve accountability and public scrutiny.

Government agencies should enhance inspection mechanisms and utilize technology for monitoring supply chains. Collaboration with civil society organizations can further strengthen enforcement efforts. Additionally, integrating child labour concerns into trade policies and procurement standards can create economic incentives for ethical practices.

8. Conclusion

The eradication of child labour in India cannot be achieved solely through traditional legal frameworks that focus on direct employment relationships. The evolving nature of production systems requires a rethinking of legal responsibility, with greater emphasis on corporate accountability within supply chains. While existing policies provide a foundation, they must be supplemented with stronger legal obligations, effective enforcement mechanisms, and international cooperation.

A comprehensive approach that combines legal reform, corporate responsibility, and social awareness is essential to address the hidden dimensions of child labour and ensure the protection of children's rights in a globalized economy.

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