

**SURVEY OF BONDED LABOUR IN TWO SECTORS IN  
PAKISTAN:  
Brick Kiln Workers (Punjab) and Sharecroppers (Sindh),  
2002**

**Federal Bureau of Statistics  
Government of Pakistan**

**International Labour Organization**

## **TABLE OF CONTENTS**

	Page No.
<b>LIST OF TABLES AND FIGURES</b>	v
<b>EXECUTIVE SUMMARY</b>	viii
<b>OUTLINE</b>	1
<b>PART I: INTRODUCTION</b>	2
<b>CHAPTER 1: MOTIVATION AND BACKGROUND</b>	3
1.1 Motivation	3
1.2 Objectives	4
1.3 Limitations of the Study	4
<b>CHAPTER 2: SURVEY METHODOLOGY</b>	5
2.1 Scope and coverage	5
2.2 Questionnaire and Target Respondents	5
2.3 Training of Field Staff	6
2.4 Pre-testing of the Questionnaire	7
2.5 Sample Design	7
2.6 Survey Implementation	10
2.7 Data Processing and Editing	10
<b>CHAPTER 3: CONCEPTS AND DEFINITIONS</b>	11
3.1 Household	11
3.2 Household Members	11
3.3 Head of Household	11
3.4 The Economically Active Population	11
3.5 The Usually Active Population	12
3.6 Employment	12
3.7 Unemployment	12
3.8 The Population Not Usually Active	12
3.9 Bonded Labour	13
3.10 Migration	13
<b>PART II: SURVEY RESULTS</b>	14
<b>CHAPTER 4: DESCRIPTIVE SUMMARY OF SURVEY DATA</b>	15
4.1 Demographic Characteristics	15
4.2 Economic Activity	19
4.3 Education	21
4.4 Gender and Intra-Household Decision-Making	23
4.5 Poverty and Wealth Rankings	24
4.6 Overview of Indebtedness and Coercion	30
<b>CHAPTER 5: LABOUR-CREDIT LINKAGE BRICK KILN - WORKERS IN PUNJAB</b>	35

5.1	Prior View of the Labour System	35
5.2	Survey Findings	36
5.3	Extreme Forms of Coercion	39
5.4	Insights from Qualitative Data	45
<b>CHAPTER 6: LABOUR-CREDIT LINKAGE SRECROPPERS IN SINDH</b>		
6.1	Prior View of the Labour System	47
6.2	Survey Findings	47
6.3	Extreme Forms of Coercion	49
6.4	Insights from Qualitative Data	52
		57
<b>CHAPTER 7: VULNERABILITY TO DEBT BONDAGE</b>		
7.1	Who are the Poorest?	60
7.2	Who are the Most Vulnerable to Debt Bondage?	60
7.3	Correlates of Vulnerability	64
		68
<b>PART III: CONCLUSIONS AND RECOMMENDATIONS</b>		
		75
<b>CHAPTER 8: CONCLUSIONS</b>		
8.1	Vulnerability and Bondage in the Two Sectors	76
8.2	Brick Kiln Workers in Punjab	76
8.3	Sharecroppers in Sindh	77
		78
<b>CHAPTER 9: RECOMMENDATIONS</b>		
9.1	Policy Framework	79
9.2	Future Data and Research	79
		80
<b>ANNEX 1</b>		
		81

## **LIST OF TABLES AND FIGURES**

- Table 2.1: Sample Sizes in Punjab and Sindh  
Table 2.2: Allocation Plan for Brick Kiln Worker Households in Punjab  
Table 2.3: Allocation Plan for Sharecropper Households in Sindh  
Table 4.1: Demographic Characteristics of Survey Sample and Census  
Figure 1: Age Structure in Survey and Census (Punjab)  
Figure 2: Age Structure in Survey and Census (Sindh)  
Table 4.2: Migrant Status of Population – Survey and Census  
Table 4.3: Distribution of Population by Religion – Survey and Census  
Table 4.4: Distribution of households by Caste/Group Identity Brick Kiln Workers Punjab  
Table 4.5: Distribution of households by Caste/Group Identity Sharecroppers Sindh  
Table 4.6: Distribution of Population (Aged 5 plus) by Principal Activity  
Table 4.7: Brick Kiln Sample Population by Principal Activity By Age and Sex  
Table 4.8: Sharecropper Sample Population by Principal Activity By Age and Sex  
Table 4.9: School Participation Ratio by Age and Sex – Survey and Census  
Table 4.10: Literacy and Education Profile by Sex – Survey and Census (per cent of population aged 15+ with level of education)  
Table 4.11: Decision-making within Households Punjab Brick Kiln Workers  
Table 4.12: Decision-making within Households – Sindh Sharecroppers  
Table 4.13: Number of Meals Served in Two Days Preceding Survey  
Table 4.14: Distribution of Households by Number of Meals Consumed During Two Days Preceding Survey  
Table 4.15: Distribution of Sample Households by Number of Days in Month Without Enough to Eat  
Table 4.16: Distribution of Households by Number of Months in a Year with at least One Day without Food  
Table 4.17: Distribution of Households by Number of Days in Preceding Seven Days When Meal Consisted of Inferior Food Only  
Table 4.18: Distribution of Households by Number of Days in Preceding Seven Days When Luxury or High Value Food Consumed (per cent of households)  
Table 4.19: Distribution of Sample Households by Housing Conditions  
Table 4.20: Per Capita Expenditure on Clothes and Footwear  
Table 4.21: Distribution of Households By Land/Property Owned  
Table 4.22: Distribution of Households by Value of Moveable Assets Owned  
Table 4.23: Mean Value of Assets Owned by Sample Households (Rupees)  
Table 4.24: Distribution of Sample Households by (Subjective) Wealth Ranking  
Table 4.25: Relative Value of Household Debt Outstanding  
Table 4.26: Distribution of Household by Size of Debt Outstanding  
Table 4.27: Incidence and Severity of Indebtedness  
Table 4.28: Total Debt Outstanding by Source  
Table 4.29: Distribution of Households by Mode of Repayment  
Table 4.30: Distribution of households by type of vulnerability or coercive practice  
Table 5.1: Origin of outstanding debt whether inherited  
Table 5.2: Period of loan (months) negotiated with employer  
Table 5.3: Labour arrangement households indebted to employers  
Table 5.4: Mode of credit repayment households indebted to employers

Table 5.5: Other interactions with employer (per cent of households indebted to employers)

Table 5.6: Knowledge of minimum wage By household indebtedness status

Table 5.7: Understanding of creditor's calculations households indebted to employers

Table 5.8: Keeping record of credit transaction Households indebted to employers

Table 5.9: Household's influence in determining employment contract By household indebtedness status

Table 5.10: Prohibition to look for other job unless debt repaid By household indebtedness status

Table 5.11: Total prohibition to look for other jobs by household indebtedness status

Table 5.12: Need employer's permission to go anywhere By household indebtedness status

Table 5.13: Number of employers worked with in past 6 months By household indebtedness status

Table 5.14: Whether employer has other social engagement By household indebtedness status

Table 5.15: Reduced payment compared to market conditions by household indebtedness status

Table 5.16: Adverse working conditions due to employer pressure by household indebtedness status

Table 5.17: Work contractually unlimited hours By household indebtedness status

Table 5.18: Need to undertake unlimited tasks By household indebtedness status

Table 5.19: Daily working hours supplied by household type

Table 5.20: Threats of various types against leaving job without repaying debt – By household indebtedness status

Table 5.21: Incidence of verbal abuse by employer by household indebtedness status

Table 5.22: Incidence of physical violence by employer by household indebtedness status

Table 6.1: Origin of outstanding debt – whether inherited

Table 6.2: Period of loan (months) negotiated with employer

Table 6.3: Mode of credit repayment – households indebted to employers

Table 6.4: Other interactions with employer (per cent of households indebted to employers)

Table 6.5: Knowledge of minimum wage By household indebtedness status

Table 6.6: Understanding of creditor's calculations households indebted to employers

Table 6.7: Keeping record of credit transaction Households indebted to employers

Table 6.8: Household's influence in determining employment contract By household indebtedness status

Table 6.9: Prohibition to look for other job unless debt repaid By household indebtedness status

Table 6.10: Total prohibition to look for other jobs by household indebtedness status

Table 6.11: Need employer's permission to go anywhere By household indebtedness status

Table 6.12: Number of employers worked with in past 6 months By household indebtedness status

Table 6.13: Whether employer has other social engagement By household indebtedness status

Table 6.14: Reduced payment compared to market conditions by household indebtedness status

Table 6.15: Adverse working conditions due to employer pressure by household indebtedness status

Table 6.16: Work contractually unlimited hours By household indebtedness status

Table 6.17: Need to undertake unlimited tasks By household indebtedness status

Table 6.18: Daily working hours supplied by household type

Table 6.19: Threats of various types against leaving job without repaying debt By household indebtedness status

Table 6.20: Incidence of verbal abuse by employer by household indebtedness status

Table 6.21: Incidence of physical violence by employer by household indebtedness status

Table 7.1: Distribution of brick kiln households by poverty status and dependency ratio (per cent)

Table 7.2: Distribution of sharecropper households by poverty status and dependency ratio (per cent)

Table 7.3: Distribution of brick kiln households by poverty status and literacy (per cent)

Table 7.4: Distribution of sharecropper households by poverty status and literacy (per cent)

Table 7.5: Distribution of brick kiln households by poverty status and caste (per cent)

Table 7.6: Distribution of sharecropper households by poverty status and caste (per cent)

Table 7.7: Distribution of brick kiln households by bondage and dependency ratio (per cent)

Table 7.8: Distribution of sharecropper households by bondage and dependency ratio (per cent)

Table 7.9: Distribution of brick kiln households by bondage and literacy (per cent)

Table 7.10: Distribution of sharecropper households by bondage and literacy (per cent)

Table 7.11: Distribution of brick kiln households by bondage and caste (per cent)

Table 7.12: Distribution of sharecropper households by bondage and caste (per cent)

Table 7.13: Distribution of bonded brick kiln households by severity of bondage

Table 7.14: Distribution of vulnerable brick kiln households by vulnerability status

Table 7.15: Distribution of bonded sharecropper households by severity of bondage

Table 7.16: Distribution of vulnerable sharecropper households by vulnerability status

## **EXECUTIVE SUMMARY**

### **1. MOTIVATION AND BACKGROUND**

#### **1.2 Motivation**

Pakistan has ratified ILO Convention 29 against forced labour and the UN 1956 Supplementary Convention on Abolition of Slavery that both prohibit bonded labour. The Constitution prohibits all forms of forced labour and trafficking in human beings. In 1992, the Bonded Labour System (Abolition) Act was passed. In addition, the Sindh Tenancy Act of 1950 guarantees the rights of agricultural sharecroppers. While it is widely suspected that bonded labour and severe forms of exploitation exist in some sectors and regions – particularly among brick kiln workers of Punjab, and agricultural sharecroppers (*haris*) of Sindh – there is real shortage of survey data. The Government of Pakistan therefore decided to carry out a sample survey of sharecropper households in Sindh and brick kiln worker households in Punjab. The survey was conducted by the FBS with the financial support of ILO's Social Finance Programme Project in South Asia.

#### **1.2 Objectives**

The main objectives can be listed as the following: Determine the incidence of bonded labour in the study area; Construct a ranking of households in the study sector/area according to the severity of coercion associated with bonded labour; Identify underlying social and economic factors associated with labour bondage; Construct indicators of vulnerability to bonded labour; Provide recommendations for directions of future policy and research.

### **2. SURVEY METHODOLOGY**

The universe for the survey consisted of all sharecropper (*hari*) households of Sindh, and all brick kiln worker households of Punjab. The survey covered a sample of the sharecropper and brick kiln worker households. The sample size was 300 households each for the Sindh sharecroppers and the Punjab brick kiln workers respectively.

A well-structured questionnaire was designed to collect information on households and individuals through face-to-face interviews. The questionnaire consisted of nine sections. While much of the information was solicited at the household level, the questionnaire did include a roster for individual level data on household members. The survey also included a qualitative component implemented in selected survey sites.

### **3. CONCEPTS AND DEFINITIONS**

The terms used in the questionnaire and also, consequently, in the rest of this report are defined in Chapter 3 of the report. For the purpose of the present research, the definition of bonded labour will be the one of the Bonded Labour System (Abolition) Act of 1992 that can be summarized as follows:

“A bonded labourer will be a labourer (and/ or possibly his/her family), being exploited by his employer (nominal pay, denial of access to outside resources, abuses) for repayment of *peshgi* [advance], and/or for socio-cultural reasons”.

### **4. DESCRIPTIVE SUMMARY OF SURVEY DATA**

#### **4.1 Demographic Characteristics**

The sample of 300 households each, for brick kiln workers and sharecroppers respectively, yields a total sample population of 1,628 in rural Punjab and 1,901 in rural Sindh. In rural Punjab the brick kiln worker households appear to be considerably smaller than the general rural population. In Sindh the sharecropper households appear to be larger than the rural population taken as a whole. In both sub-samples, the sample populations appear to be younger than their respective reference populations in the Population Census 1998. In both sub-samples the incidence of migration is around four times as high as the reference population at large.

In both sub-samples there is a higher presence of minority religions – Christians in Punjab and Hindus in Sindh – compared with the reference population at large. The survey is one of the first such exercises in Pakistan in which data on caste and group identity were collected. Around 55 per cent of the Punjab sample, and a quarter of the Sindh sample consisted of groups traditionally considered to be “low” caste.

#### **4.2 Economic Activity**

As a proportion of the workforce (i.e. excluding those in education and those not working) 93 per cent of the survey population in Punjab were brick kiln workers. Sharecroppers made up 80 per cent of the workforce in the Sindh sub-sample. In the 5-9 year cohort around a sixth of the children were working in brick kilns, while in the 10-14 year cohort the ratio was over two-fifths. Among sharecroppers over a tenth of the males are engaged in other activities, while fifty-five per cent of the females are reported as “not working”. Over a quarter of the children aged 10 to 14 years are reported to be working as sharecroppers while for the 5-9 age group 3 per cent were working.

#### **4.3 Education**

In the Punjab sub-sample, only a tenth of the children belonging to the 5-9 age group, and only a quarter of the children in the 10-14 age group were in school. In the Sindh sub-sample the school participation rates were around two-fifths of the 5-9 group and over half the 10-14 group being in school. In Punjab the sample population had much lower school participation rates than the population at large for boys and girls of all age cohorts. In Sindh while the boys of both age cohorts – 5-9 as well as 10-14 – were more likely to be in school in comparison with the population at large, the school participation rates for girls were much lower than the reference population. The literacy rate among the Punjab brick kiln households was 10.79 per cent, compared to 34.88 per cent for the population at large. The Sindh sharecroppers’ literacy rate was 19.31 per cent compared to 24 per cent for the population at large.

#### **4.4 Gender and Intra-Household Decision-Making**

Individuals were asked questions about their role in six areas of household decision-making: daily income management, purchase of assets, children’s education, expenditure on ceremonies, the choice of a spouse for the next generation, and the payment of dowry in the marriage of a household member. In all of the six areas of household decision-making, the main decision-makers within the household were predominantly adult males aged 25 years or above. While children and women do take part in economic activities on behalf of the household, they are rarely involved as main decision-makers in important matters to do with the welfare of the household.

#### **4.5 Poverty and Wealth Rankings**

##### **Food Consumption and Security**

On average, the sample households consumed 4.8 meals in the two days preceding the survey. The frequency of meals was greater among the brick kiln worker households compared to the sharecroppers. Over half the brick kiln worker households and over three-quarters of the sharecropper households reported that they never went hungry during the month. Around a third of the brick kiln households and a sixth of the sharecropper households, however, suffered from medium food insecurity. More than one out of every nine (11.3 per cent) of the brick kiln worker households suffered from high levels of food insecurity. Even though the brick kiln workers consumed meals more frequently than sharecropper households, they suffered greater food insecurity in terms of the adequacy of their meals.

Over half of all brick worker households and over 8 per cent of the sharecropper households suffered extreme from hunger at some time during at least two months in the year. Less than half of all brick kiln households reported never going without food, while over four-fifths of the sharecropper households enjoyed that level of security.



In terms of the quality of the structure, over half of the brick kiln households' dwellings needed major repairs or were seriously dilapidated. Among sharecroppers, over four-fifths of the houses were in this condition. All of the brick kiln households had a secure source of drinking water while among sharecroppers the proportion was 87 per cent. There were similar low rates of electrification (under 50 per cent) in the two sectors.

The mean per capita annual expenditure on clothes and footwear by brick kiln worker households was 485 rupees, while for sharecropper households it was 859 rupees. The median was, respectively, 400 rupees and 750 rupees.

The overwhelming majority of the sample households did not own any landed property. The ratio of property ownership was relatively higher among the brick kiln workers, of whom 90 (30 per cent) owned some landed property. These households mostly owned non-agricultural land, presumably residential or commercial premises. Among the sharecroppers, however, the ratio of land ownership was very low. Only 13 households (4.3 per cent) reported owning any landed property at all. The average value of the assets owned by brick kiln worker households was over thirty thousand rupees, while for sharecroppers it was over seventeen thousand rupees.

#### 4.6 Overview of Indebtedness and Coercion

On average a brick kiln worker household was indebted to the tune of 8,433 rupees. Per capita debt – or the total household debt divided by the number of household members – was 1,681 rupees. For sharecropper households the mean value of the debt for these households was over twenty-four thousand rupees, and debt per capita was 4,377 rupees. The overall debt-asset ratio of the brick kiln worker households was 27.5 per cent, while for sharecroppers this ratio was 141.2 per cent. It is worth considering the relative debt-asset ratios using only the value of moveable assets. For the brick kiln workers taken as a whole, the debt-asset ratio (defined in terms of the value of moveable assets only) was 126.5 per cent. For sharecroppers the corresponding ratio was 159.9 per cent.

While a large proportion (27 per cent) of the brick kiln worker households did not have any debt at all, only 5 out of 300 sharecropper households (1.67 per cent) were in that position. In both sectors the majority of the indebted households had outstanding debts of less than 5,000 rupees. The incidence of indebtedness, therefore, was wide but not necessarily deep. Employers were the main source of credit for both brick kiln workers and sharecroppers. Besides employers, the other major sources of credit were shopkeepers. The sample households engaged in very little borrowing from relatives and friends, or formal lending institutions.

While most brick kiln workers reported that they were repaying their loans by cash, among the sharecroppers the most prevalent form of reported repayment was through kind. This result appears confusing because it appears to imply, *prima facie*, the absence of a work-credit inter-linkage. In fact, the reported responses actually mean that for brick kiln workers the credit account was settled through cash deductions from their piece-rate remuneration, while for sharecroppers the credit account was settled through kind deductions from their principal share of the harvest.

A majority of the brick kiln workers (57 per cent) did not have knowledge of the official minimum wage. The corresponding proportion among the sharecroppers was much smaller (4 per cent). A large proportion of both brick kiln workers (40 per cent), and sharecroppers (45 per cent) did not properly understand their creditor's calculations concerning their debts. A majority among workers of both sectors claimed that they had no influence over the terms of their contract.

Over two-fifths of the brick kiln workers, and over two-thirds of the sharecroppers reported that their contracts forbade them from seeking alternative employment while their debts from their employers/landlords remained unpaid. Moreover, 30 per cent of the brick kiln workers and 35 per cent of the sharecroppers reported that they were prohibited to look for alternative employment regardless of the repayment of the debt. Over half of the brick kiln workers and over a quarter of the sharecroppers reported that they required their employers' permission before going anywhere.

Over two-fifths of worker households in both sectors had suffered threats of various types against leaving their jobs before clearing their debts. Most alarmingly, over a third of the brick kiln workers,

and over a fifth of the sharecroppers reported actual experience of verbal abuse and physical violence at the hands of their employers.

## **5. LABOUR-CREDIT LINKAGE – BRICK KILN WORKERS IN PUNJAB**

### **5.1 Prior View of the Labour System**

The technology of brick kilns in Punjab is intensive in the use of manual labour and traditional skills, and remains largely un-mechanized. Much of the work organization at a brick kiln is structured around the counting of bricks undergoing successive processes. The practice of cash advances to workers (*peshgi*) is widespread. Workers are supposed to repay their debts through deductions in the cash amount due to them for their piece-rate work. Employers restrict workers from seeking other employment. It is possible for a worker to move from one employer to another during the off season, as long as his new employer repays any outstanding debt to the original employer. The worker, then, is immediately indebted to the new employer.

### **5.2 Survey Findings**

219 out of the 300 brick kiln households in the survey were indebted. Out of these 219 households, 182 or 83 per cent reported that none of their outstanding debt had been inherited from the previous generation. There were 35 households (16 per cent) who reported that their entire debt was inherited.

Out of the 192 households indebted to their employers, 154 households, or 80 per cent, had loans for which no repayment period had been specified. These were perpetual loans by their very design, as no prior limit was placed for their amortization.

Nearly four-fifths of the households indebted to their employers (153 out of 192) worked on a piece-rate basis.

Out of the 192 households indebted to their employers 124 or nearly two-thirds, reported repaying debts in cash. Only 22 households (11 per cent) said that they repaid their loans through work alone, while others made their repayments through a combination of work, cash and kind. Repayment by “cash” actually means an employer’s deduction from the worker’s cash earnings – since the only source of cash for these workers are their earnings from brick kiln work.

Not a single brick kiln household reported being charged a positive rate of interest or mark-up on credit.

### **5.3 Extreme Forms of Coercion**

Out of the 192 households who were indebted to their employers, 112 households, or 58 did not properly understand the employer/creditor’s calculations concerning their debt. Fewer than half (43 per cent) of the households indebted to employers reported keeping a written record of their debt.

While only a third of those indebted to employers felt that they had some influence in determining the terms of the employment contract, the corresponding ratio of those not indebted to employers was around two-thirds. Two-thirds of the employer-indebted households (numbering 129) reported that they were prohibited from seeking other employment unless they repaid their debt in full. Of these 129 households 89 households further reported that they were prohibited from looking other jobs altogether. Over two-thirds of the households indebted to employers further reported facing restrictions of movement -- they were obliged to seek their employer’s permission to go anywhere they wanted. This restriction also applied to a fifth of the households who were not indebted employers.

Two-fifths of the households indebted to employers reported receiving lower-than-market remuneration. Such a reduction was experienced by only 4.6 per cent of the other households. Over half (55 per cent) of employer-indebted households also reported that they had accepted adverse working conditions due to employer pressure. Other households did not report succumbing to such pressure.

Nearly two-thirds of the households indebted to employers reported that they faced threats of various types against leaving their jobs without repaying the debt. These threats were virtually non-existent among households not indebted to employers. Nearly half of the households indebted to their employers (46 per cent) reported being subjected to verbal abuse by their employers. Over two-fifths of these households (42 per cent) also reported physical violence directed against them by their employers. Households who were not indebted to employers were relatively free from these forms of abuse – with over four-fifths of them reporting that they were never abused verbally or subjected to physical violence. Even among those not indebted to employers, nearly one out of every five households reported being subjected to verbal abuse and physical violence.

#### **5.4 Insights from Qualitative Data**

The main advantages (for workers) of bonded labour were that work was assured over the production cycle, and even during relatively lean periods. They were able to borrow during the lean period, at times of adverse shock, or to finance life cycle events such as weddings. The main disadvantages were that they suffered the loss of personal freedom, were not free to take advantage of positive economic opportunities if they arose, and were vulnerable to interference on the part of the employers even in their private lives.

### **6. LABOUR-CREDIT LINKAGE –SHARECROPPERS IN SINDH**

#### **6.1 Prior View of the Labour System**

The sharecropper-landlord relationship involves a credit component from the landlord to the sharecropper. In contrast to the traditional technology, the normal crop cycle currently requires considerable cash investment upfront. It is considered quite normal for the landlord to take on the initial cash liability of these and other inputs and for the accounts to be then settled at harvest time. The outstanding debt of a sharecropper is transactable – i.e. a landlord who wants to engage a new sharecropper can (or must) settle the sharecropper's outstanding debt with the previous landlord. Workers are also vulnerable to bonded labour, and extreme forms of exploitation because for the duration of the credit cycle they are restrained to transacting only with the creditor-landlord.

#### **6.2 Survey Findings**

295 out of the 300 sharecropper households in the survey were indebted. Out of these 295 households, 292 or 98.6 per cent reported that none of their outstanding debt had been inherited from the previous generation.

Out of the 281 households indebted to their employers, 103 households, or 35 per cent, had loans for which the repayment period had been specified as six months, while another 176 households or 60 per cent had contracted for twelve-month loans. Only 16 households, or around 5 per cent, had debts for which the period of the loan was unspecified.

All of the sharecropper households in the sample reported that arrangement for work and remuneration was according to a sharecropping contract.

Out of the 281 employer-indebted households 147 or over half, reported repaying debts in kind. Another 70 (or 25 per cent) said that they repaid their loans through a combination of cash, kind and work. Only 11 households (4 per cent) said that they repaid their loans through work alone.

Only sixteen per cent of the loans from employers attracted any interest, and twenty-two per cent of loans from shopkeepers were on interest.

#### **6.3 Extreme Forms of Coercion**

Out of the 281 households who were indebted to their employers, 159 households, or 57 per cent did not properly understand the employer/creditor's calculations concerning their debt. Hardly any households (6 per cent), moreover, reported keeping a written record of their debt. While under half of those indebted to employers felt that they had some influence in determining the terms of the

employment contract, the corresponding ratio of those not indebted to employers was around two-thirds.

Over two-thirds of the employer-indebted households (numbering 196) reported that they were prohibited from seeking other employment unless they repaid their debt in full. Of these 196 households 105 households (37 per cent) further reported that they were prohibited from looking other jobs altogether. Over a quarter of the households indebted to employers further reported facing restrictions of movement -- they were obliged to seek their landlord-employer's permission to go anywhere they wanted.

Over two-fifths of the households indebted to landlords reported that they faced threats of various types against leaving without repaying the debt. Threats were also reported by around a quarter of the households not indebted to employers. Around a quarter of all sharecroppers reported being subjected to verbal abuse by their landlords. A similar proportion also reported physical violence directed against them by their landlords.

#### **6.4 Insights from Qualitative Data**

The main advantages of bonded labour – understood by informants as the condition of having taken advances for consumption or capital needs, but not for financing current production costs – from the sharecropper point of view was that it helped them to gain protection from hardships due to crop failure. The main cause of such hardship was considered to be the scarcity and uncertainty of irrigation water supply. Many workers were of the view the after the harvest they were “free” of their obligations. The main disadvantages of bonded labour from the sharecroppers' point of view was that the workers were in a perpetual cycle of creating and repaying debts. It is interesting to note that sharecroppers did not chose to comment on the loss of personal autonomy as a result of bonded labour. Instead, a common view was that the bonded labour system, in general, induced complacent economic behaviour on the part of the sharecropper.

### **7. VULNERABILITY TO DEBT BONDAGE**

#### **7.1 Who are the Poorest?**

Among brick kiln workers households all poverty indices except for food insecurity (inferior foods) were much higher among the illiterate households compared with their literate counterparts. In the sharecropper sub-sample apart from dilapidated housing and the absence of electricity the literate households actually had a higher incidence of poverty in terms of the other indicators. In terms of reliance on inferior foods, in fact, the literate households were much poorer than the illiterate ones.

Caste status appeared to be strongly associated with three aspects of poverty analysed here: food insecurity (inadequate food), food insecurity (inferior food), and absence of electricity. In terms of dilapidated housing, the “other castes” were clearly worse off, and there was little difference between the two groups in terms of their subjective rankings. In the sharecropper “low” caste households had a high incidence of poverty. The caste factor appeared to be particularly salient with respect to the subjective rankings of poverty.

#### **7.2 Who is Most Vulnerable to Debt Bondage?**

Eleven different indicators of bondage are used here to understand the patterns of vulnerability.

There was a close association between household illiteracy and bondage among the brick kiln workers. Every single indicator of bondage was considerably worse among the illiterates than the literates. For many of the indicators of bondage, such as no understanding of creditor's calculations, prohibition from seeking alternative employment, reduced payments, adverse working conditions, threats of various types, and verbal abuse, the illiterate were twice as worse off as the literates.

For the sharecroppers also household illiteracy was generally closely associated with a high incidence of bondage. The overall picture was not as unambiguous as in the case of the brick kiln workers, but here too forms of coercion such as threats of various types, and verbal abuse were much more prevalent for illiterate than literate households.

For the brick kiln workers caste status was unambiguously associated with a high incidence of bondage. Every single of the eleven indicators of bondage was far more adverse for households belonging to “low” castes, compared with the reference group of “other castes”. This result was all the more striking considering that over half of the sample (55 per cent) had been identified as belonging to “low” castes. The loss of personal autonomy, in terms of prohibition from seeking alternative employment, and vulnerability to threats, verbal abuse and physical violence were markedly higher among the “low” castes.

For the sharecropper sample, the position of the “low” castes in terms of bondage was more complex. Apart from two indicators of bondage – lack of knowledge of the minimum wage, and lack of understanding of the creditor’s calculations – the “low” castes were actually better off than the reference group of “other castes”.

## **8. CONCLUSIONS**

### **8.1 Vulnerability and Bondage in the Two Sectors**

This survey has found support for the received view that brick kilns in Punjab and sharecropping in Sindh were sectors of concern from the point of view of labour bondage. A large proportion of the households in these two sectors appear to conform to the legal definition of debt bondage: these households are indebted to their employers and the dominant mode of repayment is from labour services.

The practice of getting credit from employers was widespread and this practice was associated with adverse conditions of work, exploitation, and outright coercion. There was, nevertheless, a wide range of conditions of bondage experienced by the sample households in general and those indebted to their employers in particular. Taken together, it was found that around a sixth of the households were in conditions of extreme bondage, including exposure to employer threats, verbal abuse and physical violence. There were also less extreme, but nevertheless serious, violations of individual rights, such as restrictions of movement and limitations on seeking alternative employment.

Many of the extreme forms of bondage – such as physical violence, verbal abuse, threats of various types, and restrictions on mobility – are in violation of individual rights regardless of the existence of employer credit.

In terms of the economic relationship, the survey confirmed the importance of the linkage between work and credit as a determinant of bondage. Workers who were indebted to employers were more vulnerable to debt bondage as well as the specific forms of coercion and personal violations.

This means that factors other than the precise contractual conditions – or indeed, legal definitions – conventionally associated with bonded labour, need to be considered. Besides the issue of employer debt, therefore, the survey also identified four other distinct types of determinants of bondage and coercion:

First, almost across the board, literacy, education, and school participation, were associated with relative freedom from conditions of bondage and extreme forms of coercion. Second, asset ownership, was an important factor that was associated with protection from not only poverty but also bondage and extreme forms of coercion. Third, a household’s position in the caste hierarchy was an important correlate of both poverty as well as vulnerability to bondage. Fourth, bonded labour and free labour were seen as providing opportunities for households to manage different types of (opposing) risks.

### **8.2 Brick Kiln Workers in Punjab**

The survey data revealed that among brick kiln workers in Punjab the incidence of indebtedness was far from universal. A large proportion of the workers were not indebted, and even among those who were indebted, not all were indebted to their employers. Those indebted to their employers, however, did experience particularly adverse conditions of bondage and coercion.

There were some features of employer credit among the brick kiln workers that are worth noting. Firstly, the credit was mostly for non-productive uses and was not linked to any specific production cycle. Secondly, the credit contracts were mostly open-ended in terms of the repayment schedule.

The caste hierarchy turned out to be a significant factor in the brick kiln sector. In particular, people belonging to “low” castes represented a large proportion of the workforce, and appeared to be more vulnerable to extreme forms of coercion.

### **8.3 Sharecroppers in Sindh**

Among the Sindh sharecroppers there was relatively little variation in terms of reliance on employer/landlord credit. Virtually all of the sharecropper households had outstanding debts from their landlords. Landlord credit, however, was quite largely linked to the production cycle, and the loan period also coincided with the cropping pattern. In this regard, the credit from employers for sharecroppers was quite different from the credit among brick kiln workers.

An important specific source of risk (which bonded labour was thought to ameliorate) was the uncertainty and volatility associated with the supply of irrigation water. There were many people in the sample who were either unemployed or worked outside the sector. The main constraint appeared to be the relatively scarcity of non-farm employment.

The caste hierarchy appeared to operate in this sector in a complex manner. While the groups presumed to be “low” caste and socially marginalized were, indeed, among the poorest in terms of their overall wealth rankings, they did not appear to suffer disproportionately from debt bondage or other forms of extreme coercion.

## **9. RECOMMENDATIONS**

### **9.1 Policy Framework**

The survey suggests five distinct policy directions to deal with labour bondage and other coercive practices in the two sectors.

First, the survey confirms the importance of the labour-credit linkage as a key source of worker vulnerability to bondage. The association of employer credit with bondage is particularly strong in the brick kiln sector of Punjab. Those workers indebted to their employers are particularly vulnerable. Among sharecroppers in Sindh, however, since the labour-credit linkage is almost universal, differences in vulnerability to bondage need to be sought elsewhere.

Second, there are many aspects of vulnerability and bondage that need to be addressed more vigorously within the existing legal framework. These aspects such as violence against the person, and restrictions on movement and mobility, are sometimes exacerbated by indebtedness. But they also exist independently of employer credit. Ordinary laws for the protection of the individual against violence need to be applied comprehensively without needing any prerequisite of proving the existing of debt bondage.

Third, the survey results have shown that education -- even minimal basic literacy -- is one of the most powerful factors reducing vulnerability to bondage. Expansion of basic education among vulnerable populations can be a highly effective policy to counter bonded labour.

Fourth, caste and social hierarchy are critical correlates of some of the extreme forms of bondage. This is particularly the case in the brick kiln sector in Punjab. The policy framework for dealing with bonded labour as well as other issues in poverty needs to take the problem of social hierarchy and social marginalization seriously. The possibility of social group-based targeting might be worth serious consideration in this regard.

Fifth, overall economic conditions in general, and the economic risk in particular, need to be seen as important contributory factors to bondage. Bonded labour is seen by workers and employers alike as a way of managing different types of risk. An expansion in economic opportunities and the reduction in the volatility of labour demand will reduce vulnerability to bondage in general.

## **9.2 Future Data and Research**

The FBS survey has demonstrated that it is possible to collect usable statistical data on a sensitive and complex issue like bonded labour. Four specific points can be made with reference to future data and research on the subject. First, there is scope, obviously, for follow-up surveys, and for frequent updates that will built upon the work done in the present survey. Second, it might be possible to incorporate some features of a “bonded labour module” in the regular, larger, surveys of the FBS, such as the Labour Force Survey. Third, there is scope for more detailed micro-level work on the issue of caste and social hierarchy, and to gain a clearer picture of social marginalization and exclusion. Fourth, the role of intra-household inequalities, and particularly gender inequalities, in the bonded labour is an area that needs more attention in future data collection and research.