



BONDED LABOR

TACKLING THE
SYSTEM OF SLAVERY
IN SOUTH ASIA

SIDDHARTH
KARA



Bonded Labor

AN OVERVIEW

The system of bonded labour has been prevalent in various parts of the country since long prior to the attainment of political freedom and it constitutes an ugly and shameful feature of our national life. This system based on exploitation by a few socially and economically powerful persons trading on the misery and suffering of large numbers of men and holding them in bondage is a relic of a feudal hierarchical society which hypocritically proclaims the divinity of men but treats large masses of people belonging to the lower rungs of the social ladder or economically impoverished segments of society as dirt and chattel. This system . . . is not only an affront to basic human dignity but also constitutes a gross and revolting violation of constitutional values.

—CHIEF JUSTICE P. N. BHAGWATI,
BANDHUA MukTI MORCHA VS. UNION OF INDIA, 1983

A MAN NAMED AJAY

An elderly man named Ajay led me to his thatched hut to have a cup of tea.¹ We sat on mats in the dirt, amid his meager possessions and a small cot on which he slept. Dust, insects, and lizards abounded. I gave Ajay a bottle of water, which he heated in a dented pot over a small firepit dug into the ground. With shaky hands, he produced two small metal mugs. As we waited for the water to boil, Ajay rubbed his fragile legs. His skin was so brittle, I feared it would crack if he pressed any harder.

Depleted after a long day of research, I turned my gaze outside, toward the setting sun. A bright orange light set the heavens afire, and a resplendent golden hue radiated from the vast mustard fields. Sensing twilight was near, swarming blue jays erupted into song, and intrepid mosquitoes emerged to track down fresh blood.

The water warmed slowly, so Ajay added another piece of wood to the fire. It hissed and cracked as it burned to ash. Though his workday was completed, his two sons and grandchildren were still toiling not far away at brick kilns. His beloved wife, Sarika, was no longer with him. Barely able to make it through each day, Ajay's withering body and weathered face cried countless tales of woe. His frayed skin scarcely covered the crumbling bones beneath, and he labored to draw sufficient air into his lungs. He had no money, no assets, nothing of his own, not even the dilapidated roof over his head. The spark of life had long ago been extinguished from Ajay's body when I met him that day in the rural reaches of Bihar, India, after he had suffered almost five decades of exploitation as a bonded laborer. No one I ever met had been a slave longer than he.

The water did not quite come to a boil, but Ajay asked for the tea. I broke open a few tea bags from my backpack and poured the tea into the water. A few minutes later, Ajay poured two cups for us to drink. Interspersed with long pauses and painful recollections, Ajay shared his story:²

I took the loan of Rs. 800 (\$18) for my marriage to Sarika. My father and mother died when I was young, so it was up to me to arrange our wedding. I promised Sarika after we finished our *pheras*³ that I would make her a happy life. I felt so proud. I was only seventeen at that time. What did I know?

Since the time of our wedding, we worked in these fields for the landowner, who loaned me the money. When he died, we worked for his son. From the beginning, we were promised wages each day of a few rupees. I felt my debt would be repaid in two years at most, but the landowner made so many deductions from our wages, and each year we had to take more loans for food or tenancy. Sometimes, the landowner would tell me at the end of the season that I owe him this amount or that amount, but I could never know what the real amount was. He did not allow us to leave this place for other work, even when there was no work here to do. My brothers and I have worked in this area all our lives. My two sons will inherit my debt when I am gone.

When Sarika became very ill three years ago, the landowner refused to give me a loan for medicines. There was no doctor here, and he would not send us to a medical clinic. He said my debts were too high and I was too old to repay this expense. I pleaded with him to save Sarika, but he told me only God can determine her fate. I was desperate, but I did not

know what to do. Sarika did not want our sons to take more debts for her medicine, so she forbade me from telling them when she was ill. How could I deny her wish?

Our lives are filled with so much pain. I did not give Sarika a good life. For many years, I wanted to take my life. I told Sarika I had cursed us, but she said that the suffering in our lives was not so great as others. I told her she should have married a rich man and been happy. Maybe then she would still be alive.

I am old now, and I can no longer work. The landowner has little use for me. My life is almost over. I wait only for the end. No one in this country cares about people like us. We live and die, and no one but ourselves knows we have drawn breath.

WHAT IS BONDED LABOR?

Bonded labor is the most extensive form of slavery in the world today. There were approximately eighteen to 20.5 million bonded laborers in the world at the end of 2011, roughly 84 percent to 88 percent of whom were in South Asia. This means that approximately half of the slaves in the world are bonded laborers in South Asia and that approximately 1.1 percent of the total population of South Asia is ensnared in bonded labor.

Bonded labor is at once the most ancient and most contemporary face of human servitude. While it spans the breadth and depth of all manner of servile labor going back millennia, the products of present-day bonded labor touch almost every aspect of the global economy, including frozen shrimp and fish, tea, coffee, rice, wheat, diamonds, gems, cubic zirconia, glassware, brassware, carpets, limestone, marble, slate, salt, matches, cigarettes, bidis (Indian cigarettes), apparel, fireworks, knives, sporting goods, and many other products. Virtually everyone's life, everywhere in the world, is touched by bonded labor in South Asia. For this reason alone, it is incumbent that we understand, confront, and eliminate this evil.

In its most essential form, bonded labor involves the exploitative interlinking of labor and credit agreements between parties. On one side of the agreement, a party possessing an abundance of assets and capital provides credit to the other party, who, because he lacks almost any assets or capital, pledges his labor to work off the loan. Given the severe power imbalances between the parties, the laborer is often severely exploited. Bonded

labor occurs when the exploitation ascends to the level of slavlike abuse. In these cases, once the capital is borrowed, numerous tactics are used by the lender to extract the slave labor. The borrower is often coerced to work at paltry wage levels to repay the debt. Exorbitant interest rates are charged (from 10 percent to more than 20 percent per month), and money lent for future medicine, clothes, or basic subsistence is added to the debt. In most cases of bonded labor, up to half or more of the day's wage is deducted for debt repayment, and further deductions are often made as penalties for breaking rules or poor work performance. The laborer uses what paltry income remains to buy food and supplies from the lender, at heavily inflated prices. The bonded laborers rarely have enough money to meet their subsistence needs, so they are forced to borrow more money to survive. Any illness or injury spells disaster. Incremental money must be borrowed not only for medicine but also because the injured individuals cannot work, and thus the family is not earning enough income for daily consumption, requiring more loans and deeper indebtedness. Sometimes the debts last a few years, and sometimes the debts are passed on to future generations if the original borrower perishes without having repaid the debt (according to the lender). In my experience, this generational debt bondage is a waning phenomenon, though it does still occur throughout South Asia. More often, the terms of debt bondage agreements last a few years or even just a season. However, because of a severe lack of any reasonable alternative income or credit source, the laborer must return time and again to the lender, which recommences his exploitation in an ongoing cycle of debt bondage. This vicious cycle of bonded labor is represented in figure 1.1.

The term "bonded labor" is typically used interchangeably with "debt bondage," though the former term has been more often used to describe the distinctive mode of debt bondage that has persisted in South Asia across centuries. Beyond South Asia, there have been numerous variations on tied labor-credit economic arrangements spanning centuries of human history, commencing with the early agricultural economies. Aristotle wrote about bonded labor and other forms of slavery in his *Politics*,⁴ and various forms of bonded labor were prevalent in ancient Rome and Egypt. The medieval Western European economy from the ninth to the sixteenth centuries was typified by a manorial arrangement between a landed class of lords that exploited the unpaid agricultural labor of landless serfs. The agricultural system of Mughal India (1526–1707) constitutes an Indian variant of this traditional European feudalism. The economic system of Tokugawa

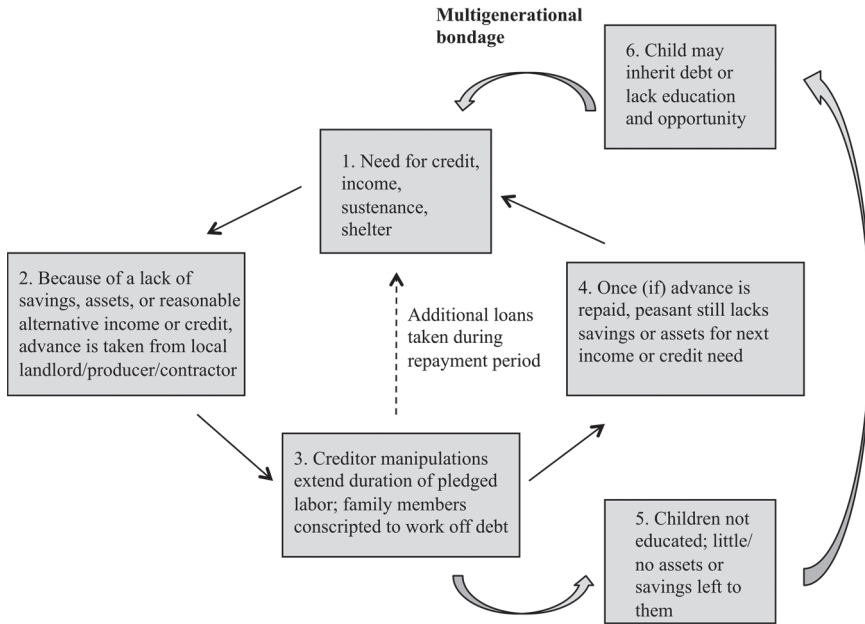


Figure 1.1. Bonded labor vicious cycle.

Japan (1603–1868) provides another example in which a landed class, the shogunate, exploited the bonded labor of landless peasants and untouchables (*burakumin*) within the structure of a highly stratified class society. Finally, the peonage system in the American South after the U.S. Civil War was also typified by exploitative debt bondage arrangements.⁵ These and other forms of debt bondage–based economic relations were almost entirely overturned throughout much of the world by a mix of social revolution and transition to industrialized market economies. No such revolution ever took place in South Asia. As a result, more than four out of five debt bondage slaves in the world today reside in the region. There are still informal systems of debt bondage throughout the world—in particular with the widespread practice of recruiting migrant domestic servants into debt bondage⁶—but only in South Asia can one still find a truly systemic, archaic, feudal system of slave-labor exploitation of one class of individuals by another. This system represents a severe and reprehensible violation of basic human rights. It is a form of slavery that is perpetuated by custom, corruption, greed, and social apathy. It is an oppressive arrangement that

degrades human dignity through the pitiless exploitation of the vulnerable and desperate. The phenomenon is complex and ever evolving, but there are several salient features that are almost always shared by bonded laborers in South Asia.

KEY FEATURES SHARED BY BONDED LABORERS

Perhaps the most important feature shared by bonded laborers in South Asia is extreme poverty. Each and every bonded laborer I met lived in abject poverty without a reliable means of securing sufficient subsistence income. Almost 1.2 billion people in South Asia live on incomes of less than \$2 per day, approximately nine hundred million of whom are in India alone (see appendix F). Adjusting the \$2 metric for inflation (especially food inflation) from its inception in 2000 results in a number that exceeds \$3 at the end of 2011, which would capture an even greater share of India's population as living in poverty, despite the country's stellar economic growth across the last two decades. Today, there are more billionaires in India than in the United Kingdom, but the number of people living on less than \$2 per day in India is more than fifteen times the entire population of the United Kingdom. This staggering chasm in income distribution utterly debases social relationships. This debasement, in turn, allows one set of privileged people to self-justifiably exploit (or ignore the exploitation of) the masses of "inferior" classes. Both sets tend to accept this formula, the rich with entitlement and the poor with fatalism. This self-entitlement may also explain the embarrassing lack of charity among rich and middle-class Indians. Individuals and corporations in India are responsible for only 10 percent of the nation's charitable giving, whereas in the United States the number is 75 percent and in the United Kingdom 34 percent.⁷ Unethical and unsustainable income asymmetries and acute and grinding poverty across South Asia are unquestionably among the most powerful forces promoting numerous forms of suffering and exploitation, including bonded labor.

The second feature shared by almost all bonded laborers in South Asia is that they belong to a minority ethnic group or caste. The issue of caste will be discussed in more detail later in this chapter, but, in summary, it is crucial to understand that there remains a stratum of human beings in South Asia who are deemed exploitable and expendable by society at large. Be they *dalits* or *tharu*, *adivasi* or *janjati*, minority ethnicities and castes

in South Asia are the victims of a social system that at best exiles them and at worst disdains them.

Almost all bonded laborers lack access to formal credit markets. This is primarily because, other than their labor, they typically have no collateral to offer against a loan.⁸ Coupled with an inability to earn sufficient income to save money, this lack of access drives poor peasants to informal creditors, such as exploitative local moneylenders, landowners, shopkeepers, and work contractors (*jamadars*), who capitalize on their desperation to ensnare them in bonded slavery.

Other common features shared by bonded laborers include a lack of education and literacy, which renders them easier to exploit, especially when it comes to keeping track of their debits and credits. Landlessness is another near-universal feature shared by bonded laborers. Without land, individuals have no security or means to cultivate basic food for consumption. As a result, they often mortgage their labor simply to secure shelter and food, and the threat of eviction is often used to ensnare them in severely exploitative labor conditions. Bonded laborers are almost always socially isolated, and they tend to be located a great distance from markets, which renders them reliant on lender-slaveowners to monetize the output of their labor (agricultural products, bricks, carpets, etc.), and these lenders do so inequitably in order to extend the bondage.

Finally, the most important quality aside from poverty and minority ethnicity shared by each and every bonded laborer I met is a *lack of any reasonable alternative*. The power of this force should not be underestimated, as it is the absence of alternative sources of income, credit, shelter, food, water, and basic security that drives each and every bonded laborer I met to enter into a debt bondage agreement with an exploiter.⁹ The lack of reasonable alternative also provides immense bargaining power to the lender; he can all but dictate the terms of credit, wages, and employment and manipulate the contracts at will, because the destitute laborer has no other option that would empower him to bargain for better terms or walk away. I believe this essential duress negates any argument that the bonded laborer is entering into the agreement voluntarily, which some have suggested as a reason that bonded labor is not a form of slavery. On the contrary, it is a well-established tenet of contract law that duress to person (physical threats), duress to goods (the threat to seize or damage the contracting party's property or, in the case of a bonded laborer, to evict him), and economic duress (forces of economic compulsion without a reasonable

alternative to the original agreement or renegotiations) render the agreement voidable.¹⁰ Consent is vitiated in the presence of any of these forms of duress, and in almost all cases of bonded labor that I have documented, one if not all of these forms of duress was present at the time of the supposed agreement. Accordingly, few if any of these agreements can be construed as voluntarily entered.

There are other qualities shared by many of the bonded laborers I have documented—such as an inability to diversify household occupations (which would help attenuate the lack of income when one sector is depressed or out of season), a propensity to migrate for income opportunity (migrants are inherently more isolated and vulnerable to exploitation),¹¹ a sense of fatalism that bondage is the only life available to them, and the tendency of male heads of household to abuse alcohol or abuse their family members.

Tables 1.1 and 1.2 provide a summary of some of the overall statistics from the bonded laborer cases I have documented across South Asia. Average initial debts range from \$151 in Pakistan to \$169 in Bangladesh, with a regional weighted average of \$161. The average debt outstanding for the laborers at the time of my interviews ranged from \$254 in Nepal to \$282 in India, with a regional weighted average of \$276. The initial debts in Bangladesh skewed slightly higher because of the disproportionate level of bonded laborers in aquaculture (shrimp and fish farming), who must take out very high loans to lease land on which they farm. The increase in overall debt outstanding at the time of my interviews versus the size of the original loan taken is caused by additional loans that were taken across time—as well as the accrual of interest expense. Nepal and Bangladesh had slightly lower durations of bondage at 5.5 and 5.7 years, respectively, while India and Pakistan were higher at 6.5 and 6.8 years, respectively. The average annual interest rates on loans were enormous, ranging from 51 percent in Bangladesh to 62 percent in India. Though it was difficult to confirm, my sense was that the lower level of interest in Bangladesh was partially a function of the proportionally higher availability of microcredit, whose interest rates tend to hover around 15 percent to 20 percent per year. In many cases, the annual interest rates on bonded labor loans exceeded 100 percent. By my calculation, the total aggregate debt of all bonded laborers in South Asia at the end of 2011 was \$4.5 billion dollars.¹² Of course, the solution to bonded labor is not as simple as coming up with \$4.5 billion and freeing every bonded laborer in South Asia. First, it is morally questionable

TABLE 1.1

Bonded Labor Cases Documented by Industry

Bricks	110
Agriculture	94
Construction	67
Carpets	57
Stonebreaking	55
Bidis	32
Shrimp	29
Domestic	18
Tea	18
Other	24
Total	504

The number of cases by sector that I have captured is not rigidly proportional to the incidence of bonded labor occurring in those industries in relation to the others, particularly for agriculture. Even though agriculture has by far the highest gross number of bonded laborers of any industry in South Asia, it has a comparatively low incidence of bonded labor, because there are at least 440 million laborers in agriculture in South Asia. There will be some bias in the data by virtue of the industry weightings of the cases I managed to document, but I do not believe that a strictly proportional data set would result in materially different metrics from the data I present in this book.

to respond to slavery of any kind by freeing slaves through the payment of supposed debts. Second, all bonded debts are specifically illegal in India, Pakistan, and Nepal. (Bangladesh, Afghanistan, and Sri Lanka do not have specific laws abolishing bonded labor.) Third, much more than \$4.5 billion would be necessary for the long-term training, education, asset acquisition, basic consumption, microcredit expansion, and other assistance (along with a host of systemic and social changes) that would be required to allow individuals to achieve a self-sustaining existence in which they are no longer vulnerable to exploitation. Having said this, the \$4.5 billion number provides a general sense of the overall credit needs of South Asia's bonded laborers. A significant multiple of this number would represent the overall credit needs that remain unmet by formal credit markets for the poor across South Asia.

TABLE 1.2

Summary Statistics on Bonded Labor Cases Documented

	No. of Bonded Laborers Documented	Average Initial Debt (\$) ¹	Average Debt Outstanding (\$) ²	Average Aggregate Duration of Bondage (yrs.)	Average Duration of Each Loan (yrs.)	Average No. of Loans Taken During Bondage	Average Interest Rate on Loans (%)
India	327	162	282	6.5	2.5	2.6	62
Nepal	76	153	254	5.5	1.4	4.0	56
Bangladesh	71	169	277	5.7	1.6	3.5	51
Pakistan	30	151	266	6.8	2.4	2.8	60
Total/Avg.	504	161	276	6.3	2.2	2.9	59

Dollar values in 2011 U.S. dollars.

These data represent averages of all the cases I documented across all industries. Even though there are wide ranges in the sizes of advances and interest rates from one case to another, in general there is remarkable similarity across industries and across countries in terms of the average size of advances, average interest rates, and average aggregate durations of bondage, which indicate at some level that there are efficient market forces at play within the bonded labor industry. Also, the number of cases I documented in each country is not strictly proportional to the overall incidence of bonded labor in each country relative to the others; however, I do not believe that extrapolating for data based on the proportional incidence of bonded labor in each country would yield materially different results.

¹ 2011 U.S. dollar valuation based on country-specific CPI adjustment from the date initial loan was taken.

² For those laborers still in bondage, calculated at the time of interview; includes 2011 U.S. dollar valuation on aggregate loans taken as well as aggregate interest accrued based on country-specific CPI adjustment. In many cases, these values had to be calculated based on data gathered from the laborers, as they did not have a sufficiently precise sense of debt outstanding.

KEY FEATURES OF BONDED LABOR AGREEMENTS

The specific mode of entry into bondage and the nature and function of bonded labor agreements vary by industry and region, though there are several common features to most agreements. For example, bonded laborers in construction will typically be recruited by *jamadars* who solicit them with advances in exchange for work at the construction site. Once on the site, the debt bondage begins, typically in the form of subhuman work conditions and severely underpaid wages. In the western Terai of Nepal, *kamaiya* bonded laborers enter into one-year debt bondage contracts each season during Maghi (early January), in which they are offered advances that can include a plot of land, paddy,¹³ cash, meals, and clothes, in exchange for one full season of agricultural labor, which may on rare occasions include

TABLE 1.3
Reasons for Taking a Loan

Reason	Percentage
Consumption	24
Income-generating activity	17
Repay previous loan	15
Wedding	12
Medicine or illness	12
Funeral	8
Repairs	6
Home upgrade	4
Other	2
Total	100

As with table 1.2, the data in this table represent an aggregate of all cases I documented across all industries and countries. The proportions of the reasons for taking a loan will vary from one industry or region to the next, but the aggregate data give a sense of the overall credit needs of the bonded laborers I documented across South Asia.

a small share of the output. The *kamaiya* almost always end the season in debt, which is carried over to the next season when they enter a new contract. In Bangladesh, many shrimp farmers take loans to lease land, but their yields are almost always below the prevailing lease rate—not to mention that they need additional advances for food or medicine, so they also enter into perpetual states of indebtedness from one year to the next. Seasonal brick workers in all four major South Asian countries similarly take advances of various kinds, including cash, food, and shelter, which they attempt to work off for seven to eight months during the brickmaking season. Manipulation of debts, underpaid wages, and exorbitant interest rates, among other tactics, exacerbate debt levels for these individuals at the end of the season, and the debt is carried over, year after year.

Since loans are the fundamental vehicle of entry into the condition of bonded labor, it is important to understand the spectrum of reasons for which the loans are taken. Table 1.3 shows the primary reasons that loans were taken among the bonded labor cases I documented. Once a peasant takes a loan, he must always pledge to repay the advance with the only asset he has—his labor. Typically, the labor of family members is added to

the bargain (including children), in order to meet exorbitant production requirements by the lender (a certain number of bricks per month, a certain number of kilograms of rice per season, etc.). The agreements are rarely written or put down in print, and when they are, the illiterate bonded laborer signs the agreement with a thumbprint, relying solely on the lender to describe the terms of the agreement. There are always high exit costs to the bonded laborer for breaking the agreement. Landless bonded laborers can be evicted, physically beaten or tortured, or denied future credit, and, in some cases, family members may be forcibly sold to human traffickers to repay the outstanding debts. Fellow bonded laborers may even apply pressure to finish repaying debts as a matter of custom or duty. Exploitative terms are almost always introduced into the agreement after it is formalized. Deductions of wages for debt repayment may exceed what was promised, along with deductions from wages for breaking rules or working poorly (according to the lender). Movement is restricted on threat of punishment, and no other employment or sources of credit are allowed. There is almost always highly asymmetric information between the lender and the laborer. The laborer rarely has access to any sort of balance of accounts or statement of his debits and credits. Even if he does, there is little he can do about any discrepancies. Where a share in the output of the labor (usually agriculture) may be the primary form of compensation, only the lender knows the final prices of the products sold at the market, and what is reported back to the bonded laborer is invariably much lower than reality.

In sum, bonded labor agreements are typified by numerous features that deeply disfavor the laborer and extend the term of his indebtedness and servitude. Ongoing labor pledged toward repayment of a fictitious debt becomes nothing less than slave labor.

THE ECONOMICS OF BONDED LABOR

From an economic standpoint, bonded labor agreements are highly inefficient for all parties involved, including society at large—except the exploiter. Total output in most any industry in which bonded labor takes place is by necessity less than it would be if free and fair market forces were allowed to prevail.¹⁴ This is largely because in a freer market environment, producers must compete for workers through the payment of competitive wages and benefits, and workers are in turn incentivized to perform well

(which increases overall productivity) in order to pursue better and more productive opportunities for themselves and society. The only party in the more competitive environment that suffers is the producer-exploiter, who enjoys less profitability, given the increased labor and recruitment costs that result from the absence of a tied and low-wage labor force that is readily available during peak production times. The compensation provided to the worker at the outset must only exceed the laborer's alternative less an insurance premium. The "insurance premium" means having the fixed wage in the form of an upfront loan, as opposed to a day wage for the same job, whose rate on a daily basis is usually higher than the amortized daily value of the loan but is not guaranteed from one day to the next. This is the insurance the bonded laborer receives, and because destitute peasants are highly risk averse and often exist at the brink of starvation, they place a high value on this premium. When the peasant's reasonable alternative is nothing or next to nothing, he values the perceived fixed wage and insurance as even greater, which empowers the producer-exploiter to offer the lowest possible terms, in order to entice the peasant into the bonded agreement. At that point, the insurance often transforms from a fixed wage for a period of time into outright enslavement. The more destitute the peasant, the more severe his absence of any alternative opportunity, and the more he values any level of fixed income in the form of a loan, the lower that loan has to be in order to secure a bonded agreement. In some cases, loans as small as \$20 or \$30 have resulted in years of bonded labor.

The producer-exploiter can, and almost always does, leverage his position in society to ensure that the peasant's alternatives remain almost nonexistent.¹⁵ With the help of an apathetic society and an ineffective, if not corrupt, system of law enforcement and justice, the landowner easily keeps the peasant's alternatives close to nil. Closing off access to other sources of income, credit, assets, unionization, or opportunities of any kind negates bargaining power for the laborer, which renders him readily available, pliant, and desperate to accept even the most exploitative of agreements. Reinforcing the lack of alternatives with a stratified caste (or gender) system that dictates a pathetic horizon of opportunity for the lowest stratum of society further consigns an entire subclass of individuals to slavlike exploitation. The system clearly benefits those who control land, local government, assets, and means of production in the rural and informal sectors, but the economy at large and each individual laborer suffer considerably. Fair opportunity to access reasonable wages, land, and credit

would not only increase overall incomes (because the lender must always exceed the laborer's alternate income, less the insurance premium, or credit, less the interest rate), but it also would incentivize production by providing the laborer with a stake in the output. In other words, if the laborer is working for himself rather than for the exploitative producer-lender, he will typically be motivated to work harder. Multiplied across millions of bonded laborers in numerous industries, overall output (and perhaps quality) would be significantly increased, boosting both the economy at large and the human-development potential of each and every laborer in the system. Only the producer-exploiter suffers in a scenario of fair and competitive labor agreements that are reinforced by the rule of law and more equitable bargaining power. It is an unfathomable mystery of modern times that South Asia's bonded labor exploiters have managed to repress the lives of millions of peasants across the region, as well as their overall economies at large, for so many decades, solely for the sake of maintaining their interests in maximizing profits through this ignoble and unlawful practice. Furthermore, when one sector of society is allowed to flaunt justice and basic human rights, the entire society suffers from a general disregard for the rule of law. This human debasement seeps into and permeates the consciousness and conscience of a society, rendering it more difficult to overcome the degrading systems that promote bondage and slavery. The Supreme Court of Pakistan put it best in the Court's first bonded labor case, *Darshan Mashih vs. State*: "This total degradation of this section of society is bound to affect the entire social fabric of our society if allowed to continue. The open violation of the Fundamental Rights of the supreme law of the land will give way to a 'non-respect' to laws of the country."¹⁶

THE BUSINESS OF BONDED LABOR

From its ancient beginnings in feudal agricultural economies, bonded labor has expanded to dozens of industries in the era of the global economy.¹⁷ Transnational competition to provide the lowest-cost production environments to both domestic and international businesses has resulted in the growth of informal, underregulated labor markets in developing nations—be it sweatshops or outright slavery. For almost any legitimate business in the world, labor is typically the largest component of that business'

operating expenses. Thus throughout history, producers have tried to find ways to minimize labor costs. Slavery is the extreme outcome of this impetus. Slaves afford a virtually nil cost of labor, which in turn reduces total operating costs substantially, allowing the slaveowner to maximize profit. Drastically reduced labor costs also allow producers to become more competitive, by lowering retail prices. The retail price of any product or service is largely based on the costs of producing, distributing, and marketing that product or service, along with the available supply of the product or alternatives and whatever brand premium the market will bear. If a major component of cost is stripped out of the production model, then producers can finely balance their desire to maximize profit and lower retail price. Because consumers in general almost always prefer the lower-priced version of the same product or service (if all other variables, such as quality, are the same), producers often compete with one another by minimizing price, and one of the most effective ways to do so while retaining profitability is to exploit labor. Bonded, forced, and child labor are three of the many faces of this phenomenon.

While agriculture, brickmaking, and construction are the industries that tend to exploit the highest number of bonded laborers across South Asia, I have also documented bonded labor exploitation in numerous other sectors, including carpet weaving, domestic work, stonebreaking, fish and shrimp farming/catching/processing, tea harvesting/processing, bidi rolling, leather processing, silk production, sari embroidery, glass bangle making, mineral mining, precious stone and gem cutting, and commercial sex. Other industries that often exploit bonded laborers that I did not personally document include pottery, coffee harvesting/processing, rubber production, rice mills, match manufacture, and fireworks production.

In appendix B, I provide sample profit-and-loss tables for some of the key bonded labor industries in South Asia. In appendix C, I provide supply chain charts for select industries, in which I have reliably traced goods tainted by bonded, forced, or child labor in South Asia to consumers in the United States and European Union. This profit and supply chain data is vital for identifying the most strategic points of intervention in the highly variegated sectors in which bonded laborers are exploited (discussed in more detail in chapter 8). The brickmaking sector is easily the most cash-profitable bonded labor industry in South Asia, with average annual net profits per bonded laborer of approximately \$1,990 U.S. dollars (see table B.3 in appendix B). At the other end of the spectrum, agricultural bondage

such as the *kamaiya* and *hari* (tables B.1 and B.2) generate average annual cash profits per bonded laborer closer to \$300 and \$380 respectively. Construction and glass bangle production are closer to the middle range of all bonded labor sectors, at approximately \$1,000 and \$900 in average annual net profits per bonded laborer, respectively (tables B.6 and B.10). The net profit margins for most bonded labor industries hover between 45 and 55 percent, with shrimp farming in Bangladesh being by far the most profitable, at almost 68 percent. Overall, I calculate that approximately \$15.0 billion in net profits was generated in South Asia during 2011 through the exploitation of bonded laborers (\$17.6 billion worldwide). On the one hand, this is a comparatively small sum that represents less than 1 percent of the combined GDP of South Asia in 2011. On the other hand, it is a considerable number for the producer-exploiters, a number that clearly motivates their ongoing demand to maintain this ancient system for their economic benefit.

A HISTORY OF SLAVERY AND BONDAGE IN SOUTH ASIA

Though bonded labor continues to evolve into the modern era, the contemporary manifestation of the phenomenon in South Asia is shaped by an ancient history of slavery dating back to Vedic times, up to and including the British colonial period. When discussing “ancient India,” this includes the territories that would become present-day Pakistan and Bangladesh after 1947 and 1971, respectively. Until that time, “India” refers to all three countries. Understanding the history of slavery in ancient India is vital for formulating more effective efforts in tackling all forms of bondage and servitude in the region.

Slavery in Ancient India

The concept of slavery in ancient India begins with the word *dasa*. This word appears often in Sanskrit, Prakrit, and Pali texts and is generally translated as meaning “slave.” However, it is a complex term that covers a range of subservient conditions, classes of individuals, and even certain tribes in ancient India. Aryan invaders identified the people they conquered and

forced into servile labor in the Indian subcontinent as *dasas*.¹⁸ Throughout ancient texts, different categories of *dasas* are described as being held in complete servitude or other forms of limited or conditional bondage. Certain categories of *dasas* could own property; others were listed as a master's assets alongside animals.¹⁹ Unlike the ancient Western civilizations of Greece and Rome, there were no stark opposites of free and enslaved peoples in ancient India but rather a continuum of various degrees of subservience based on numerous qualities, including class, gender, tribe, economic condition, and caste. From these complex beginnings, a spectrum of servitude continues to the present day and evades more simplistic Western concepts or legal definitions of slavery and forced labor. This complexity necessitates a deeper understanding of the evolution of servile labor in South Asia and its treatment in the modern context.

While signs of slavery have been documented in South Asia as far back as the Harappan period (2600–1900 B.C.E.) at Mohenjo-Daro in present-day Pakistan,²⁰ it was not until the significant expansion of the agricultural economy in South Asia during post-Vedic times (after 500 B.C.E.) that a wide-scale class of servile laborers developed across the region. As agriculture expanded, land became an increasingly valuable asset whose ownership was concentrated in the hands of the upper-class *gahapati* (“householder”) stratum of society. This wealthy landowning class utilized the labor of landless *dasas* and *karmakaras* (laborers) to work their land. The *gahapati* had complete control over the *dasas* and *karmakaras* and could treat them however they pleased. Pali texts from the fourth and fifth centuries B.C.E. describe the extreme poverty and destitution of the *dasas* and *karmakaras*, who lacked assets, land, and capital and were forced to sell their freedom (*dasas*) or low-wage labor (*karmakaras*) in order to survive.²¹

During the Mauryan period of the second and third centuries B.C.E., the *Arthashastra* (“The Science of Material Gain” or “The Science of Political Economy”) as set down by the Hindu scholar Kautilya codified comprehensive regulations on labor and slavery for the first time. Kautilya defined nine categories of *dasas*, including the first definition of the concept of debt bondage (*ahitaka*) as an individual who becomes a slave upon acceptance of money from a master. The *Arthashastra* also refers to the *dasa-karmakaras* as *visti*, or “those who provide free labor.”²²

The next and perhaps most important development in the evolution of slavery and bondage in ancient India occurred during the post-Mauryan

period, with the Brahmanical scholars Yajnavalkya, Narada, and Katayayana. These scholars established caste as an increasingly forceful determinant of destiny among ancient Indian people, a force that continues today to shape the fates of tens of millions of low-caste South Asians. As part of their efforts, these scholars also expanded the number of *dasa* categories. Narada provides the most comprehensive classification, one involving fifteen different categories of slavery:

1. *grihajata*: One born at his master's house of a female slave
2. *kreeta*: One purchased by the payment of a price
3. *lubdha*: One received as a gift
4. *dayadopaguta*: One obtained by inheritance
5. *ankulabritta*: One whose life was saved during famine in exchange for enslavement
6. *ahita*: One pledged to be a slave upon acceptance of money by a master
7. *rinadasa*: One who becomes a slave upon release from a heavy debt
8. *joodhprapta*: One acquired as a slave during war
9. *punajita*: One won during a wager (i.e., "If I lose this bet, I will be your slave")
10. *oopagata*: One who voluntarily offers himself as a slave
11. *prubrujeabusita*: One who has faltered from the vow of asceticism
12. *kritakala*: One enslaved for a stipulated period of time
13. *bhuktadasa*: One who becomes a slave in order to receive basic maintenance
14. *burrubabhritta*: One who marries a female who is a slave
15. *atmavikrayee*: One who sells himself as a slave.²³

Categories 5, 6, 7, and 13 contain those that would later be called bonded laborers.

The Role of Caste in Ancient India

One of India's most revered crusaders against bonded labor, Swami Agnivesh, told me in the New Delhi headquarters of his organization Bandhua Mukti Morcha (Bonded Labour Liberation Front) that "India's abominable

caste system” was the distinctive force that promoted the “parallel social and economic exploitation” of tens of millions of people in the country. The former lawyer and government minister who founded BMM more than thirty-five years ago explained that India’s caste system was “abominable” because it consigned individuals to an inescapable fate, which may be fine if you happened to be born at the top of the hierarchy, but it proved a bleak sentence if you happened to be born at the bottom. Estimates vary, but most studies calculate that 95 to 98 percent of all bonded laborers across South Asia belong to subordinated castes and ethnic groups. My own data indicates the number is 97 percent. Along with poverty, caste is the single most powerful force that continues to promote the exploitation of bonded laborers in South Asia.²⁴

Each South Asian country has its own distinctive system of caste and social stratification, but these systems are largely based on the caste system that evolved in ancient India during the post-Mauryan period. Set down at some point between 200 B.C.E. and 200 C.E., the *Manusmṛiti*, or *Laws of Manu*, represent the laws of all social classes as ostensibly established by the Hindu god, Brahma, which he taught to his son, Manu, the father of mankind. Consisting of 2,694 verses, the text outlines legal rules to govern society. These rules include strict social stratifications based on four Varnas, or “types,” which are said to be created from different parts of Brahma’s body.²⁵ In descending order of prominence, the Varnas were: Brahmin (teacher, scholar, priest), created from Brahma’s mouth; Kshatriya (royalty, warrior), created from Brahma’s arms; Vaishya (trader, landowner), created from Brahma’s stomach; and Shudra (craftsman, agriculture, service provider), created from Brahma’s thighs. Shudras were created to serve the other three groups, and slavery was deemed innate to them.²⁶ Even if freed by their masters, they were still slaves, because this was their nature.²⁷ There was absolutely no mobility between castes, so if an individual was born to the servile caste, this was his destiny, and he should perform it dutifully in the hopes of being reborn to a higher caste in his next life.

Within this basic four-part system there are literally thousands of subdivisions, known as *jati*, or subcastes. These subdivisions are based on professional specializations, geography, and other factors. Beneath all castes and subcastes, subsisting even beneath the Shudras at the lowest level of all, are the “untouchables,” deemed so because they were relegated to tasks

considered impure, such as clearing sewage, leather processing, and handling carcasses. Later called *dalits* and then Scheduled Castes,²⁸ there are at least three hundred million such individuals across South Asia. Along with the indigenous tribal people referred to as Scheduled Tribes,²⁹ these are by far the most severely impoverished, disenfranchised, and frequently exploited individuals in the region.

While the strict caste system that solidified in the post-Mauryan period may no longer be quite as forceful to day-to-day South Asian social life as it once was, legacies persist, particularly in rural areas. These legacies promote the exploitation of lower castes and *dalits* by upper castes, and they continue to limit access to reasonable income, opportunity, security, health, and justice for lower-caste groups. Across the centuries, the caste system has been increasingly internalized by South Asian society, resulting in its self-perpetuation, even among those who are most exploited. In speaking with numerous *dalit* bonded laborers, many told me that bondage and servility were their divinely ordained fates, which they must perform dutifully if they hoped to accrue a positive karmic balance that may elevate them upward in the next life. The sedimented and centuries-old fatalism inherent to the caste system of ancient India is a deplorable anachronism in modern times. In discussing India's caste system, the great anthropologist Claude Lévi-Strauss once wrote:

It is tragic for mankind that this great experiment failed; I mean that, in the course of history, the various castes did not succeed in reaching a state in which they could remain equal because they were different. Men can coexist on condition that they recognize each other as being all equally, though differently, human, but they can also coexist by denying each other a comparable degree of humanity, and thus establishing a system of subordination. India's great failure can teach us a lesson.³⁰

The inability to achieve comparable humanity for all people in South Asia is perhaps the region's greatest failure. In a time of rationality and the pursuit of basic human rights for all, the persistence of severe caste-based (and gender-based) asymmetries can only be construed as indicating that the preponderance of those in power in South Asia—if not the preponderance of South Asian society at large—deem these people to be less than human. So long as this is the case, the disgraceful exploitation of subcastes by upper castes will continue.