

Today, floor coverings constitute India's third largest earner of foreign exchange and hand-knotted carpets constitute an importance share of that market. The primary buyers are in the United States, Germany, Switzerland, Canada, Netherlands, Austria, England, Italy and other European countries . (See table below)

Table 1: Indian Hand-knotted Carpet Exports by Major Importing Country, 1993.

Australia - New Zealand	\$2,402,000
Austria	\$2,283,000
Belgium - Luxembourg	\$2,329,000
Canada	\$3,858,000
Germany	\$57,458,000
Italy	\$1,369,000
Netherlands	\$3,581,000
Switzerland	\$5,731,000
United Kingdom	\$1,085,000
U.S.A.	\$86,378,000
World Total	\$152,080,000

In modern times, however carpet weaving came to be considered an unwholesome occupation for children. From the 1930s, restrictions were placed on the conditions in which children could legally work . As long as carpets were a small cottage industry producing for the domestic market, the numbers of children employed outside their own families was small. However, from about 1975 in response to the decision by the Shah of Iran to ban child labour from that country's carpet looms, Indian Prime Minister Indira Gandhi decided to take up Iran's place in the export market by greatly expanding production. " Schools " were established in the carpet producing areas particularly eastern Uttar Pradesh State, under government auspices which soon degenerated into government -run carpet factories and the growing demand for export soon brought a need for increasing numbers of workers to produce the carpets. Recruitment of poor, lower caste and dalit children from the neighbouring areas of Bihar State and elsewhere began to fill the quotas of a growing industry. But this recruitment was often conducted under false promises or coercion and led to abusive forms of bondage and slave labour in which small children were subjected to inhuman conditions and forced under threat of serious harm or starvation to work hundreds of miles away from their families.

The National Council for Applied Economic Research (NCAER) carried out a survey in the year 1994 in the Carpet Industry and found that the child labour component in the carpet Industry accounted for only 7.5% of the total workforce.