

2.12 If carpet labelling is a good strategy, why RUGMARK as the particular scheme?

The distinguishing element of RUGMARK is its insistence that licensees submit to random inspections. This is critical if the challenge of regulating labour in a dispersed cottage industry environment is to be met.

2.13 As a labelling scheme does it work? Does it do more harm than good?

Assessments so far have praised the cooperation which RUGMARK is getting from Indian exporters, and the effective work of the inspection teams which monitor compliance. In these respects, the scheme appears to be working well, although the size of the inspection force needs to be expanded. However, concern has been expressed about the slow start of the rehabilitative component of the system. UNICEF India, (which is represented on the Board of RUGMARK) does not believe that children displaced from carpet work have come to any harm, since they have been cared for by local NGOs. However, hard evidence of the impact of RUGMARK on the released children's life prospects is not yet available.

At the importers' end, there is fear that the scheme could have perverse consequences by confusing consumers, and causing them to avoid buying carpets generally, or to shun carpets from a particular country, whether labelled or not. It is worth noting that while it is frequently pointed out that RUGMARK developed out of the initiative of carpet importers and exporters, this initiative was taken *after* a major anti-child labour campaign in Germany, and a subsequent 20% contraction in the German market for Indian carpets.

The ability of RUGMARK (and schemes like it) to avoid unintended harm depends on a sustained and simultaneous commitment to several projects:

1. The consumer education campaign must be thorough enough to prevent misunderstanding among consumers.
2. A sufficient number of licensed suppliers must be available for importers and retailers to obtain labelled products.
3. The inspection system on the ground must be provided with sufficient resources to ensure that all exporters receive equal scrutiny.
4. Rehabilitative activities must not lag behind the inspections, leaving displaced children at risk.
5. The ultimate welfare of children must be constantly monitored as the main indicator of the success of the scheme.